South Dakota

SINGLE AUDIT REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

MARTIN L. GUINDON, AUDITOR GENERAL
DEPARTMENT OF LEGISLATIVE AUDIT

South Dakota

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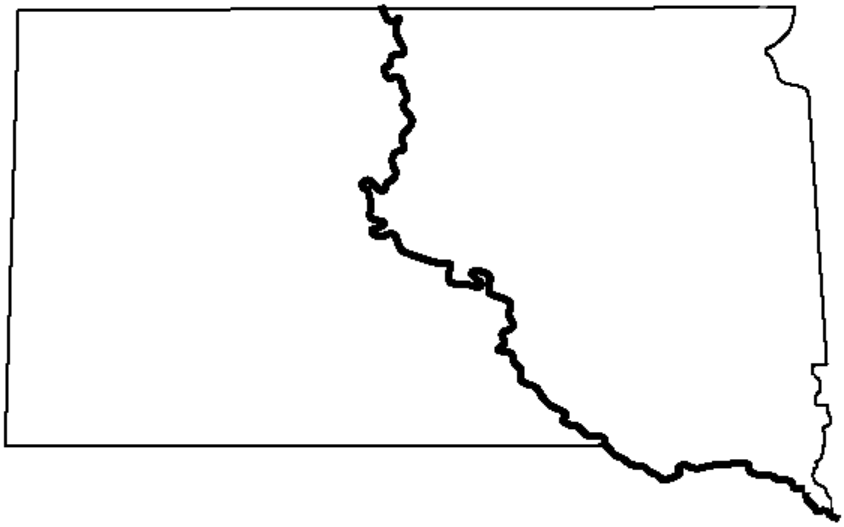
STATE OF SOUTH DAKOTA

SINGLE AUDIT REPORT

FOR THE YEAR ENDED JUNE 30, 2013



DENNIS DAUGAARD, GOVERNOR
MATT MICHELS, LT. GOVERNOR

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

MARTIN L. GUINDON, AUDITOR GENERAL
DEPARTMENT OF LEGISLATIVE AUDIT

To the Citizens of the State of South Dakota,

The Honorable Dennis Daugaard, Governor

and

Members of the South Dakota Legislature

We submit to you herein, the *Single Audit Report of the State of South Dakota* for the fiscal year ended June 30, 2013. This report includes the financial statements for the state of South Dakota as of June 30, 2013 and for the year then ended. The report also presents the results of audit of the state's compliance with state and federal laws and regulations.

In submitting this report, we would like to express our appreciation to the staffs of the Bureau of Finance and Management and the Department of Legislative Audit for their efforts in completing this report. We also thank the many people in the various departments and agencies of state government that assisted by providing information necessary for completing the report.

Jason C. Dilges, Commissioner
Bureau of Finance and Management

Martin L. Guindon, Auditor General
Department of Legislative Audit

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South Dakota

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INTRODUCTORY SECTION

South Dakota

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DEPARTMENT OF EXECUTIVE MANAGEMENT
BUREAU OF FINANCE AND MANAGEMENT

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TO THE HONORABLE DENNIS M. DAUGAARD, GOVERNOR OF SOUTH DAKOTA

MEMBERS OF THE SOUTH DAKOTA LEGISLATURE

It is my privilege to present the Comprehensive Annual Financial Report (CAFR) on the operation of the State of South Dakota (hereinafter referred to as the State) for the fiscal year ended June 30, 2013.

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

The CAFR is presented in three sections: *Introductory, Financial,* and *Statistical*. The *Introductory Section,* which provides information on the general contents of the report, contains this letter of transmittal, a list of principal State officials, fiscal year 2013 functions of State government, and an organizational chart of State government. The *Financial Section* includes the Independent Auditor's Report on the Basic Financial Statements; Management's Discussion and Analysis (MD&A) that provides an introduction, overview, and analysis to the Basic Financial Statements; the Basic Financial Statements that present the government-wide financial statements, fund financial statements, notes to the Basic Financial Statements; Required Supplementary Information that includes budgetary comparison schedules and information about the State's other postemployment benefits; and Other Supplemental Information that includes combining financial statements and schedules for individual funds. The *Statistical Section* includes financial trends, revenue capacity, debt capacity, demographic, economic, and operating information.

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

Independent Auditors. The South Dakota Department of Legislative Audit, a division of the legislative branch of State government, performs the audit of *South Dakota's Comprehensive Annual Financial Report*. The audit is conducted in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards (GAS) issued by the Comptroller General of the United States. The Independent Auditor's Report (issued by the Department of Legislative Audit) includes an expression of opinion on the financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the State of South Dakota as of June 30, 2013, and the respective changes in financial position and cash flows, where applicable, for the fiscal year then ended.

In conjunction with the audit of the State's financial statements, the Department of Legislative Audit also performs audits of major federal and state programs and issues an opinion on the State's compliance with the requirements of

major federal programs. The results of the audit of federal and state programs are presented in the *South Dakota Single Audit Report*.

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

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

PROFILE OF THE GOVERNMENT

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

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

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

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

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

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

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

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

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

Total investment income for all funds invested by the Investment Council was $1.681 billion for fiscal year 2013. Income for the most recent five years totaled $3.350 billion and, since inception, has exceeded $12.5 billion. The Investment Council has grown from $133.0 million in assets under management at the end of its first year to $11.3 billion at June 30, 2013.

Investment Council management of the Cash Flow Fund portfolio resulted in earnings this year of $17.4 million, a yield of 1.47%. The Cash Flow Portfolio has earned taxpayers $1.05 billion over the past 41 years.

The South Dakota Retirement System's assets have returned 10.6% for the past 40 years (since inception of the Council's management responsibilities for SDRS). This performance has placed the Council in the top one percentile against other state pension funds.

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

Lottery. The South Dakota Lottery Fund was created during the 1987 legislative session to market instant scratch games. Video lottery was authorized during the 1989 legislative session and operations commenced in October 1989. Legislative approval to participate in a multi-state lotto game was given during the 1990 legislative session. That same year, the State joined the Multi-State Lottery Association (MUSL), a consortium of 32 lottery jurisdictions that currently offer the Powerball game. The purpose of the lottery is to provide additional monies to fund vital public programs and projects, and as of June 30, 2013, $2.25 billion has been generated to fund many public programs and projects. Lottery provided $107.5 million income (before transfers) during fiscal year 2013.

Retirement System. The South Dakota Retirement System is the largest of the defined benefit plans for which the State is responsible for providing funding.

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

The unfunded actuarial accrued liability as a percent of covered payroll went from 9.8% in 2004 to 0% in 2013. The funded ratio increased from 97.7% in 2004 to 100% in 2013. The funded ratio is the ratio of the actuarial value of the assets of the system to the actuarial accrued liabilities of the system as of the date of calculation. In fiscal year 2013, SDRS experienced a 19.53% market return, more than the assumed rate of return of 7.25%.

Plan assets at fair value in 2013 were $9.0 billion compared to plan assets in 2004 of $5.5 billion.

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

Additional information on the State's retirement plans can be found in the Notes to the Financial Statements.

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

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

ECONOMIC CONDITIONS AND OUTLOOK

Employment growth is an important indicator of the state's economic health. The national economic recession had a negative impact on employment during 2009 and 2010, but positive employment growth returned for the past three years. South Dakota nonfarm employment declined 1.9% in 2009 and 0.1% in 2010, but rebounded with growth rates of 1.1% in 2011, 1.7% in 2012, and 1.4% in 2013 on a calendar year basis. This compares to the United States nonfarm employment growth of -4.3% in 2009, -0.7% in 2010, 1.2% in 2011, 1.7% in 2012, and 1.7% in 2013.

In fiscal year 2013 (July 2012 – June 2013), nonfarm employment in South Dakota grew 1.4% compared to the national growth rate of 1.6% over the same time period. Although South Dakota's employment growth during the fiscal year was slightly lower than the national growth rate, South Dakota's fiscal year 2013 level of employment was 1.8% higher than the previous peak employment (fiscal year 2008), while the national level of employment was still 2.1% below the previous peak employment (fiscal year 2008). Sectors that experienced growth in fiscal year 2013 in South Dakota included: manufacturing; trade, transportation, and utilities; financial activities; education and health services; leisure and hospitality; other services; and government. Sectors that experienced declines during fiscal year 2013 include: mining, logging, and construction; information; and professional and business services.

The unemployment rate in South Dakota declined over the course of fiscal year 2013 and continued to remain one of the lowest in the nation due to an improving economy. In June of 2013, South Dakota's unemployment rate was 3.9%, a full 0.5% lower than the 4.4% rate from a year earlier. The state unemployment rate in June of 2013 was nearly half the U.S. unemployment rate of 7.5% for the same month.

Income growth is another important indicator of the state's economic health. In calendar year 2012, which is the most recent annual data that is available, South Dakota's personal income grew 2.4%. The lower growth rate in 2012 is primarily due to a decrease in farm income due to a severe drought that covered much of the state in 2012. However, over the past four years, the trend in total personal income growth has been strong. From 2008 through 2012, South Dakota's average personal income growth rate was 4.1%, which ranked second in the nation over this time period. This was much higher than the national growth rate of 2.5% and the seven state Plains region growth of 2.8%. Over the same time period the other Plains region states of Iowa, Kansas, Minnesota, Missouri, Nebraska, and North Dakota experienced average income growth rates of 3.2%, 2.2%, 2.8%, 1.6%, 3.5%, and 9.3%, respectively. South Dakota's per capita personal income was $45,381 in 2012, 3.8% higher than the U.S. average per capita income. In the past 10 years, South Dakota per capita personal income has improved from 90.0% of the US average in 2002 to 103.7% of the US average in 2012.

In the past several years, a strong agriculture economy helped the State's economy grow during challenging economic times. From 2008-2012, farm income averaged over $2.9 billion per year, with 2011 being the highest farm income on record in South Dakota at $4.0 billion. In 2013, farm income is anticipated to be strong due to strong crop production and higher livestock prices compared to 2012.

The outlook for South Dakota's economy is cautiously optimistic. Continued employment and income growth with a strong agriculture sector have contributed to economic growth since the national recession. As of December 2013, South Dakota's nonfarm employment levels were 6,000 jobs, or 1.4% higher when compared to a year earlier. In addition, the unemployment rate in South Dakota is currently at 3.6%, much lower than the U.S. unemployment rate of 6.7% as of December 2013. South Dakota's economy is expected to continue to grow in 2014 and 2015 as the State continues to boast one of the lowest state per capita taxes in the nation. The state's business friendly environment combined with a healthy farm economy will help South Dakota's economy expand in the future.

MAJOR INITIATIVES

Governor Daugaard is focusing on strengthening the State's financial condition, improving the State's criminal justice system, advancing research and promotion at the Sanford Underground Research Facility, and providing quality education, and economic development opportunities to the citizens of South Dakota.

Listed below are some of the major initiatives the State has implemented in recent years in an effort to accomplish our goals:

Strengthening the State's financial condition and bond rating. South Dakota recently made the cover of Barron's, the Dow Jones financial weekly, as the best-run state in the nation. Our state earned the top spot due to our low debt and responsible pension funding compared to our Gross Domestic Product. Despite being the best, Governor Daugaard is committed to further strengthening the financial condition of the State and pledges to never lose sight of those values that keep our state strong. In doing so, the State has taken action to clarify the State's Constitutional balance budget requirement, maintain healthy reserves and highly funded pension plans, and work towards timely financial reporting and longer term financial planning with very low debt levels.

- The State has always taken the position that the Constitution of the State of South Dakota requires the State's budget be balanced and thus the State Legislature has always passed a balanced budget. However the language in the Constitution was unclear and ambiguous. At the request of Governor Daugaard, HJR 1007 was passed during the 2012 Legislative Session. This resolution legislatively referred a constitutional amendment to a public vote. At the November 6, 2012 General Election, the voters of South Dakota passed this constitutional amendment which clarified the balanced budget provisions within the Constitution of the State of South Dakota. Specifically, it requires the Governor to propose and the Legislature to pass an annual budget in which expenditures and appropriations may not exceed anticipated revenue. Although this Constitutional amendment provided clarity, it did not change the balanced budget philosophy that the State has followed since statehood.

- In 1991 South Dakota Legislature established a General Fund Budget Reserve, and in 1996 created the Property Tax Reduction Fund. The combined accrual basis balance of these two reserve accounts for fiscal years 2009, 2010 and 2011 was $111.8 million, $111.6 million and $111.2 million. Through sound budgeting and spending practices, these combined reserves accrual basis balances have remained stable during that three year fiscal period and has increased to $139.0 million in FY12 and $163.1 million in FY13.

- The long-term experience of SDRS has been very favorable, resulting in a funded status that exceeds virtually all other statewide public retirement systems. The SDRS Funded Ratio based on market value of assets was 103.2% in June 2013 compared to 76% for an average of statewide public systems and 93% in June 2012 compared to 70% for other statewide public systems.

- In 1987 the State of South Dakota issued its first CAFR. That report contained an unqualified opinion from the Department of Legislative Audit (the independent auditors). The Independent Auditor's Report included in this report represents the 27th consecutive year South Dakota has received an unqualified opinion on our CAFR. Additionally, it is Governor Daugaard's goal for future CAFRs to be issued 6 months after the close of the fiscal year. To achieve this goal, Governor Daugaard's FY15 Budget Request to the 89th Legislative Assembly asked for additional resources geared toward achieving that goal. The Governor's FY16 Budget Request will also call for additional resources. Should those resources be appropriated, it is anticipated the FY16 CAFR will be issued by December 31, 2016, six months after the close of the fiscal year.

- Another aspect of strengthening the state's financial practices is for longer term financial planning. Per current state law, the Governor is required to propose and the Legislature is required to adopt an annual budget plan each fiscal year. In addition to focusing on the short-term annual budget as required by state law, the state's goal is to also implement longer range budget planning. Implementing longer term budget forecasting and planning will help identify long term financial risks earlier in the process. This enhancement to current practices will provide decision makers with additional information to make sound decisions regarding the annual budget as well as the issuance of debt over a longer period of time. Additionally, on March 14, 2013, the EEFC issued Series 2013A Tobacco Settlement Revenue Bonds (taxable) in the amount of $123,010,000 and Series 2013B Tobacco Settlement Revenue Bonds (tax exempt) in the amount of $46,635,000 which refunded the Series 2002A taxable bonds in the outstanding amount of $54,035,000 and the Series 2002B tax exempt bonds in the outstanding amount of

$129,540,000. The Series 2013A and B bond interest rates ranged from 0.8% to 5.0% compared to 6.5% to 6.72% for the Series 2002 A and B bonds. The projected present value savings of the Series 2013A and B bonds is $42,929,150 which will be realized in the Education Enhancement Trust Fund. These bonds received a dual rating by Standard and Poor's. The Series 2013 bonds are rated A through the June 1, 2023 maturity and A- for the bonds maturing on June 1, 2024 through June 1, 2027.

- House Bill 1206 from the 2014 Legislative Session if passed and signed by the Governor will provide $56.3 million for lease rental agreements. This would remove three state bonds from the South Dakota Building Authority's balance sheet. This also includes principle and interest for a fourth bond if that bond is called at its call date.

- Senate Bill 152 from the 2014 Legislative Session if passed and signed by the Governor will appropriate the funding needed to move the South Dakota Cement Plant Retirement System from a funded status of 87.7% as of June 30, 2013, to a 107% funded status when compared with the South Dakota Retirement System. The plans will then be consolidated, providing a more secure future for the South Dakota Cement Plant Retirement System.

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

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

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

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

Building South Dakota. The sunset of the SDCL 10-45B large project refund program and the defeat of referred law 14 left South Dakota without optimal economic development tools. In response, a bipartisan team of legislative leadership worked together to formulate a comprehensive economic development package with built in safeguards

to ensure fiscal responsibility, transparency and accountability. The multi-faceted approach set forth in Senate Bill 235 from the 2013 Legislative Session focuses on education, housing, infrastructure, local economic development efforts, and large and small project needs. One component of the legislation provides for the Board of Economic Development to approve discretionary reinvestment payments, up to the amount of sales and use tax paid on project costs, for new or expanded facilities with a total project cost in excess of $20 million, and for equipment upgrades with a total project cost in excess of $2 million. This bill also creates the Building South Dakota fund, and allocates a one-time appropriation of $7.0 million in fiscal year 2014 for the initial capitalization of the fund.

Senate Bill 158 from the 2014 Legislative Session if passed and signed by the Governor amends the ongoing funding mechanism for the Building South Dakota Fund. Instead of using unclaimed property revenue, the bill guarantees a lump sum of funds to ensure adequate resources for multiple years. This funding mechanism occurs if the budget reserve and property tax reduction fund combined has a cash balance over ten percent of the general fund appropriations from the general appropriations act for the prior year. Also, the combined cash balances of the Building South Dakota fund and its subfunds would receive additional year end funds not to exceed one percent of the general fund appropriations in the general appropriations act for the previous fiscal year. In the 2014 Legislative Session, Senate Bill 157 also appropriates $30 million to the Building South Dakota fund, with $10 million being disbursed to the five subfunds each fiscal year starting in FY2014.

The Building South Dakota fund is allocated as follows:

- 30% to the Workforce Education fund to provide grants to schools to fund the limited English proficiency adjustment and provide grants for secondary career and technical education programs
- 25% to the South Dakota Housing Opportunity fund to preserve and expand sustainable, affordable and safe housing targeted at low and moderate income families and individuals
- 25% to the Local Infrastructure Improvement grant fund to issue grants to political subdivisions or local development corporations to construct or reconstruct infrastructure for the purpose of serving economic development projects
- 15% to the Economic Development Partnership fund to issue grants to nonprofit development corporations, municipalities, counties, or other political subdivisions of this state on a matching basis for the purpose of development or expanding local, community, and economic development programs
- 5% to the Revolving Economic Development and Initiative fund to provide grants to projects having a total project cost of less than twenty million dollars

ACKNOWLEDGMENTS

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

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

Respectfully Submitted,

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

SOUTH DAKOTA
FY2013 PRINCIPAL STATE OFFICIALS

EXECUTIVE BRANCH

THE HONORABLE DENNIS DAUGAARD, GOVERNOR
THE HONORABLE MATT MICHELS, LIEUTENANT GOVERNOR

CONSTITUTIONAL OFFICERS

The Honorable Marty J. Jackley, Attorney General
The Honorable Jason M. Gant, Secretary of State
The Honorable Rich Sattgast, Treasurer
The Honorable Steve Barnett, Auditor
The Honorable Vern Larson, 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 Brian Gosch
Speaker of the House

The Honorable Russell Olson
Senate Majority Leader

The Honorable Jason Frerichs
Senate Minority Leader

The Honorable David Lust
House Majority Leader

The Honorable Bernie Hunhoff
House Minority Leader

JUDICIAL BRANCH

The Honorable David E. Gilbertson
Chief Justice

The Honorable John K. Konenkamp
Associate Justice

The Honorable Steven L. Zinter
Associate Justice

The Honorable Glen A. Severson
Associate Justice

The Honorable Lori S. Wilbur
Associate Justice

SOUTH DAKOTA
FY2013 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

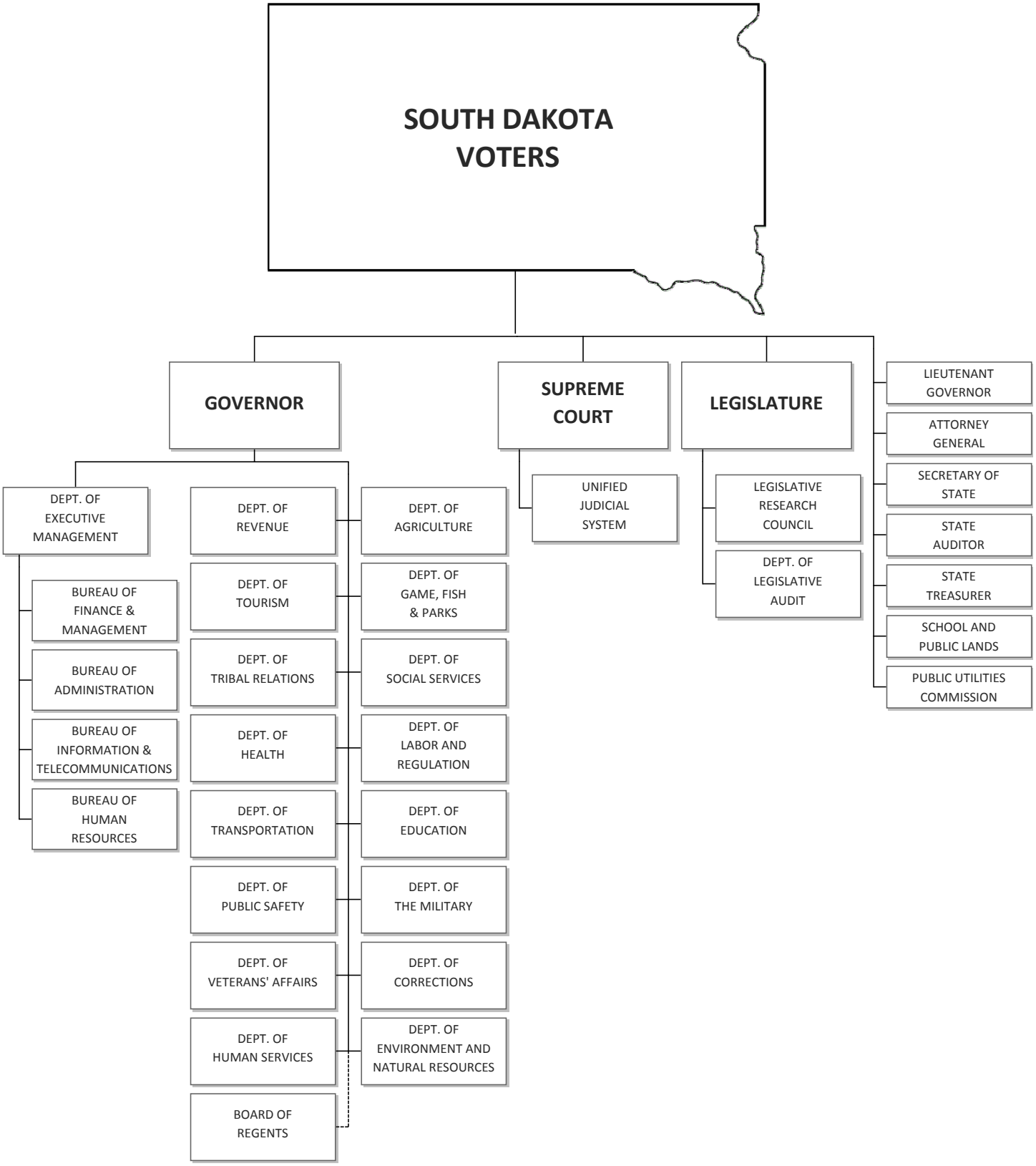
EDUCATION

EDUCATION
- ELEMENTARY, SECONDARY, AND VOCATIONAL SCHOOLS

HIGHER EDUCATION
- STATE AID TO UNIVERSITIES

ECONOMIC RESOURCES

TOURISM
ECONOMIC DEVELOPMENT
TRIBAL RELATIONS


SOUTH DAKOTA VOTERS
GOVERNOR
SUPREME COURT
LEGISLATURE
LIEUTENANT GOVERNOR
ATTORNEY GENERAL
SECRETARY OF STATE
STATE AUDITOR
STATE TREASURER
SCHOOL AND PUBLIC LANDS
PUBLIC UTILITIES COMMISSION
DEPT. OF EXECUTIVE MANAGEMENT
BUREAU OF FINANCE & MANAGEMENT
BUREAU OF ADMINISTRATION
BUREAU OF INFORMATION & TELECOMMUNICATIONS
BUREAU OF HUMAN RESOURCES
DEPT. OF REVENUE
DEPT. OF TOURISM
DEPT. OF TRIBAL RELATIONS
DEPT. OF HEALTH
DEPT. OF TRANSPORTATION
DEPT. OF PUBLIC SAFETY
DEPT. OF VETERANS' AFFAIRS
DEPT. OF HUMAN SERVICES
BOARD OF REGENTS
DEPT. OF AGRICULTURE
DEPT. OF GAME, FISH & PARKS
DEPT. OF SOCIAL SERVICES
DEPT. OF LABOR AND REGULATION
DEPT. OF EDUCATION
DEPT. OF THE MILITARY
DEPT. OF CORRECTIONS
DEPT. OF ENVIRONMENT AND NATURAL RESOURCES
UNIFIED JUDICIAL SYSTEM
LEGISLATIVE RESEARCH COUNCIL
DEPT. OF LEGISLATIVE AUDIT

FINANCIAL SECTION

South Dakota

GREAT FACES. GREAT PLACES.

STATE OF SOUTH DAKOTA
DEPARTMENT OF LEGISLATIVE AUDIT

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MARTIN L. GUINDON, CPA
AUDITOR GENERAL

INDEPENDENT AUDITOR'S REPORT

The Honorable Dennis Daugaard
Governor of South Dakota

and

Members of the Legislature
State of South Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of South Dakota, as of and for the year ended June 30, 2013, 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 Authority, the South Dakota Ellsworth Development Authority and certain foundations of Higher Education. Those financial statements reflect total assets and revenue and additions of the business-type activities, the aggregate discretely presented component units, and the aggregate remaining fund information as follows:

	Percent of Total Assets	Percent of Total Revenues/Additions
Government-wide financial statements:		
Business-type activities:		
Unemployment Insurance Fund	7.4%	19.2%
Fund financial statements:		
Aggregate discretely presented component units:		
South Dakota Housing Authority	51.6%	10.0%
South Dakota Ellsworth Development Authority	.3%	.1%
Foundations of Higher Education	13.7%	18.8%

Aggregate remaining fund information:		
Unemployment Insurance Fund	.6%	1.3%
South Dakota Retirement System	87.5%	42.0%

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.

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

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

Opinion

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State as of June 30, 2013, 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 15 through 32, the budgetary comparison schedules on pages 108 through 123 and information about the State's other postemployment benefit plan on page 124 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State's basic financial statements. The combining and individual fund financial statements on pages 126 through 163 and the introductory and statistical sections on pages 1 through 10 and 165

through 184, 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 March 14, 2014 on our consideration of the State's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State's internal control over financial reporting and compliance.

Martin L. Guindon, CPA
Auditor General

March 14, 2014

South Dakota
GREAT FACES. GREAT PLACES.

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, 2013. Please read it in conjunction with the transmittal letter in the Introductory Section of this report and with the State's financial statements that follow this section.

FINANCIAL HIGHLIGHTS

Government-wide

- Total assets of the State exceeded its total liabilities at the close of the fiscal year by $5.5 billion (reported as net position), an increase of $269.0 million from the previous year. Certain resources within the total net position balance have restrictions and internally imposed limitations that are discussed within the *Government-wide Financial Analysis* section of this document. Component units reported net position of $1.6 billion, an increase of $102.1 million from the previous year.

Fund Level

- At the close of the fiscal year, the State's governmental funds reported combined ending fund balances of $1.7 billion, an increase of $146.4 million. Of the $1.7 billion in combined ending fund balance, $720.5 million is nonspendable and $552.0 million is restricted by outside sources or enabling legislation. Another $44.0 million is committed by state law and $176.6 million has been assigned for various specific purposes. The remaining $185.0 million is unassigned according to GASB 54. Please refer to the Notes to the Financial Statements for further explanation and breakdown of these balances. Certain resources within the $185.0 million of the unassigned fund balance have internally imposed limitations that are discussed throughout the *Financial Analysis of the State's Funds* section of this document and the Notes to the Financial Statements.

- Proprietary funds reported net position at year-end of $567.3 million, an increase of $24.6 million during the year.

Long-Term Debt

- The primary government's total long-term debt (Revenue Bonds, Trust Certificates and Capital Leases) as of June 30, 2013, totaled $496.1 million, a decrease of $35.0 million from the last fiscal year-end. The decrease represents the net difference between new issuances, payments and refundings of outstanding debt.

- During the fiscal year, the South Dakota Building Authority did not issue any new bonds for Governmental Activities. The State incurred no new long-term general indebtedness under Business-type Activities. The South Dakota Building Authority issued $9.7 million in Revenue Bonds for Higher Education (a discretely presented component unit).

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are 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 and liabilities, with the difference between the two reported as "net position." Over an extended period of time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the State is improving or deteriorating.

- ***The Statement of Activities*** presents information depicting how the State's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

- ***Governmental Activities.*** The governmental activities of the State include 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; and, unallocated depreciation. Taxes, fees, unrestricted investment earnings, and intergovernmental revenues (federal grants) finance most of the costs of these activities.

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

- ***Discretely Presented Component Units.*** Component units are legally separate organizations for which the State is financially accountable, or the nature and significance of the unit's relationship with the State is such that exclusion of the unit would cause the State's financial statements to be misleading, or incomplete. The following entities are included in the component unit columns of the State's Government-wide Financial Statements:

  - ✓ Higher Education
  - ✓ South Dakota Housing Development Authority
  - ✓ South Dakota Science and Technology Authority
  - ✓ South Dakota Economic Development Finance Authority
  - ✓ South Dakota Ellsworth Development Authority
  - ✓ South Dakota Value Added Finance Authority
  - ✓ Conservation Reserve Enhancement Program (CREP)

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

Fund Financial Statements

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

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

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

  The State maintains several individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Transportation Fund, Social Services Federal Fund, Dakota Cement Trust Fund, and Education Enhancement Trust Fund, which are considered to be major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for some nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

  1. Enterprise funds (e.g., Lottery Fund) are used to account for activities that largely involve customers outside of state government, and are reported as business-type activities in the Government-wide Financial Statements.

  2. Internal service funds (e.g., Fleet and Travel Management) are used to account for activities that largely involve other state agencies. The internal service fund activities are consolidated with the governmental activities in the Government-wide Financial Statement 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 full 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 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 a Budgetary Comparison Schedule and related notes 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. This section also contains information about the State's Other Postemployment Benefit plans.

The Budgetary Comparison Schedule presents both the original and the final appropriated budgets for the fiscal year. The Budgetary Comparison Schedule also lists the actual outflows and balances stated on a budgetary basis. A variance column is included to compare the final appropriated budget with the actual budget results.

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

The information about the State's Other Postemployment Benefit plans includes the Schedule of Funding Progress and the Schedule of Employer Contributions.

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 of the State on June 30, 2013 were $6.5 billion, while total liabilities were $1.0 billion, resulting in combined net position (governmental and business-type activities) of $5.5 billion.

State of South Dakota
Net Position
(Expressed in Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**
Current and Other Assets, as restated	$2,063,447	$1,945,551	$776,168	$758,668	$2,839,615	$2,704,219
Capital Assets	3,670,081	3,591,131	4,379	3,893	3,674,460	3,595,024
Total Assets	**5,733,528**	**5,536,682**	**780,547**	**762,561**	**6,514,075**	**6,299,243**
Long-Term Liabilities Outstanding	402,984	417,457	214,167	223,993	617,151	641,450
Other Liabilities, as restated	337,756	369,399	15,334	13,576	353,090	382,975
Total Liabilities	**740,740**	**786,856**	**229,501**	**237,569**	**970,241**	**1,024,425**
Net Position:						
Net Investment in Capital Assets	3,548,433	3,480,152	4,379	3,893	3,552,812	3,484,045
Restricted, as restated	1,241,520	1,114,962	916	891	1,242,436	1,115,853
Unrestricted, as restated	202,835	154,712	545,751	520,208	748,586	674,920
Total Net Position	**$4,992,788**	**$4,749,826**	**$551,046**	**$524,992**	**$5,543,834**	**$5,274,818**

The largest component of the State's net position, 64.1%, is investments in capital assets (land; land improvements; land improvements – roads; buildings; equipment; vehicles; infrastructure; and construction in progress), less depreciation and all outstanding debt that was issued to buy or build those assets. 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 makes up 22.4% of total net position. The net position is subject to restrictions either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws/regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation on how they can be used. The majority of the restricted net position is restricted for funds held as permanent investments, either as expendable ($155.8 million) or nonexpendable ($696.3 million). These include the following funds:

- ***Dakota Cement Trust Fund.*** This fund consists of the proceeds from the sale of the State Cement Plant and all investment earnings thereon. Article XIII, section 21 of the Constitution of the State of South Dakota states: "Except as provided in Article XIII, section 20 of the Constitution of the State of South Dakota, the original principal of the trust fund shall forever remain inviolate. However, the Legislature shall, by appropriation, make distributions from the difference between the twelve million dollar annual general fund transfer and five percent of the market value of the trust fund for the support of education, but not for the replacement of state aid to general education or special education, if the increase in the market value of the trust fund in that fiscal year was sufficient to maintain the original principal of the trust fund after such distributions. Beginning with fiscal year 2006, the market value of the trust fund shall be determined by adding the market value of the trust fund at the end of the sixteen most recent calendar quarters, and dividing that sum by sixteen. At the November 6, 2012 General Election, the voters of South Dakota passed a constitutional amendment that replaces the $12.0 million yearly transfer to the General Fund with a yearly transfer of 4% of the market value of the State Cement Plant to the General Fund for the support of education starting in fiscal year 2013. The fund balance in the Dakota Cement Trust Fund at June 30, 2013 was $268.8 million, an increase of $32.1 million from the previous year. The increase resulted primarily from investment income exceeding the minimum required transfer to the General Fund. The Dakota Cement Trust Fund transferred $9.4 million to the General Fund in fiscal year 2013.

- ***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." The fund balance in the Health Care Trust Fund at June 30, 2013 was $117.1 million, an increase of $14.2 million from the previous year due primarily to investment income exceeding the minimum required transfer to the General Fund. On an accrual basis, the Health Care Trust Fund transferred $4.0 million to the General Fund in fiscal year 2013.

- ***Education Enhancement Trust Fund.*** This fund consists of monies received from the Tobacco Settlement Agreement, monies transferred from the Tobacco Securitization Fund, and monies from the Youth-at-Risk Fund. 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 fund balance in the Education Enhancement Trust Fund at June 30, 2013 was $426.6 million, an increase of $53.8 million from the previous year. The increase resulted primarily from investment income exceeding the minimum required transfer to the General Fund. On an accrual basis, the Education Enhancement Trust Fund transferred $14.4 million to the General Fund in fiscal year 2013.

The combined fund balance of these three trust funds totals $812.6 million. Aside from the constitutionally authorized annual distributions described above, these trust funds can only be accessed through a constitutional amendment (Dakota Cement Trust Fund) or by a three-fourths vote of the legislature (Health Care Trust Fund and Education Enhancement Trust Fund).

The remaining balance, $748.6 million, is defined by accounting standards as "unrestricted" net position. However, much of the unrestricted net position balances cannot be used to meet the State's general ongoing obligations to citizens and creditors as resources because of limitations imposed by federal regulations, bond convents, constitutional provision or state law. Limitations on unrestricted net position imposed by federal regulations and bond covenants include $194.7 million within the Clean Water State Revolving Fund and $154.9 million within the Drinking Water State Revolving Fund. Other federal and state regulation limitations include, but are not limited to, $103.1 million within the Revolving Economic Development and Initiative Fund, $57.6 million for unemployment insurance claims, $7.0 million for revolving loan programs, and $5.7 million for health and public assistance.

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

- ***General Fund Budget Reserve.*** The 1991 South Dakota Legislature established a General Fund Budget Reserve whereas expenditures out of the budget reserve fund shall only be used by special appropriation (which requires a two-thirds vote of all the members of each branch of the Legislature) and shall only redress such unforeseen expenditure obligations or such unforeseen revenue shortfalls as may constitute an emergency pursuant to S.D. Const., Art. III, § 1. The balance in the General Fund Budget Reserve at June 30, 2013 was $95.3 million, an increase of $24.2 million from the previous year.

- ***Property Tax Reduction Fund.*** Senate Bill 225, passed during the 1996 legislative session, created the "Property Tax Reduction Fund" (PTRF). Its intent is to fund property tax relief in South Dakota by decreasing local effect and increasing the state share in funding education. This law provides that the Commissioner of Bureau of Finance and Management may transfer monies available from the PTRF to the General Fund to provide property tax relief through state aid to education. Revenues deposited in the PTRF come from four sources: (1) 49.5% of video lottery net machine income, (2) 60% of the revenue from the 4% tax on the gross receipts of telecommunications services, (3) 33% share of revenue generated from the tobacco tax in excess of $35 million; and (4) unobligated cash remaining at the end of a fiscal year after the transfer into the Budget Reserve, if the amount in the PTRF does not exceed 15% of the General Fund appropriations in the General Appropriations Act for the previous fiscal year. This statutorily created fund does not qualify as a special revenue fund under GASB 54. Starting in FY11, it is being reported as a subfund of the General Fund. It is and will

continue to be budgeted for, accounted for and tracked separately on the State's budget and accounting system. The fund balance in the Property Tax Reduction Fund at June 30, 2013 was $67.8 million, a decrease of $0.1 million from the previous year. $107.3 million from the property tax reduction fund was used to provide property tax relief though state aid to education in FY2013.

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 2013.

(Expressed in Thousands)	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program Revenues:						
Charges for Service, as restated	$ 421,983	$ 380,322	$ 246,958	$ 248,132	$ 668,941	$ 628,454
Operating Grants and Contributions	1,588,413	1,670,046	30,519	30,910	1,618,932	1,700,956
Capital Grants and Contributions	1,046	1,608			1,046	1,608
General Revenues:						
Sales Taxes	802,700	779,002			802,700	779,002
Motor Fuel Taxes	139,048	130,864			139,048	130,864
Contractors Excise Taxes	94,967	90,636			94,967	90,636
Bank Card and Franchise Taxes, as restated	49,493	29,337			49,493	29,337
Other Taxes	299,726	297,750			299,726	297,750
Investment Earnings	130,881	29,925			130,881	29,925
Gain on Sale of Capital Assets	2,127	3,915			2,127	3,915
Miscellaneous	76,047	51,652			76,047	51,652
Total Revenue	**3,606,431**	**3,465,057**	**277,477**	**279,042**	**3,883,908**	**3,744,099**
Program Expenses:						
General Government	169,843	164,005			169,843	164,005
Education – Elementary, Secondary and Vocational Schools	201,177	211,413			201,177	211,413
Education – State Support to Higher Education	176,294	171,701			176,294	171,701
Health, Human and Social Services	1,367,355	1,354,764			1,367,355	1,354,764
Law, Justice, Public Protection and Regulation	277,223	286,127			277,223	286,127
Agriculture and Natural Resources	144,245	130,279			144,245	130,279
Economic Resources	43,300	40,865			43,300	40,865
Transportation	537,497	482,400			537,497	482,400
Intergovernmental – Payments to School Districts	394,857	375,008			394,857	375,008
Intergovernmental – Revenue Sharing	141,514	122,320			141,514	122,320
Unallocated Interest Expense	14,537	17,393			14,537	17,393
Unallocated Depreciation	53	53			53	53
Lottery			44,114	39,877	44,114	39,877
Clean Water State Revolving			10,898	16,406	10,898	16,406
Drinking Water State Revolving			10,337	10,936	10,337	10,936
Other			81,648	92,096	81,648	92,096
Total Expenses	**3,467,895**	**3,356,328**	**146,997**	**159,315**	**3,614,892**	**3,515,643**
Excess (Deficiency) Before Transfers	138,536	108,729	130,480	119,727	269,016	228,456
Transfers	104,426	100,257	(104,426)	(100,257)	0	0
Change in Net Position	242,962	208,986	26,054	19,470	269,016	228,456
Net Position – Beginning, as restated	4,749,826	4,540,840	524,992	505,522	5,274,818	5,046,362
Net Position – Ending, as restated	**$ 4,992,788**	**$ 4,749,826**	**$ 551,046**	**$ 524,992**	**$ 5,543,834**	**$ 5,274,818**

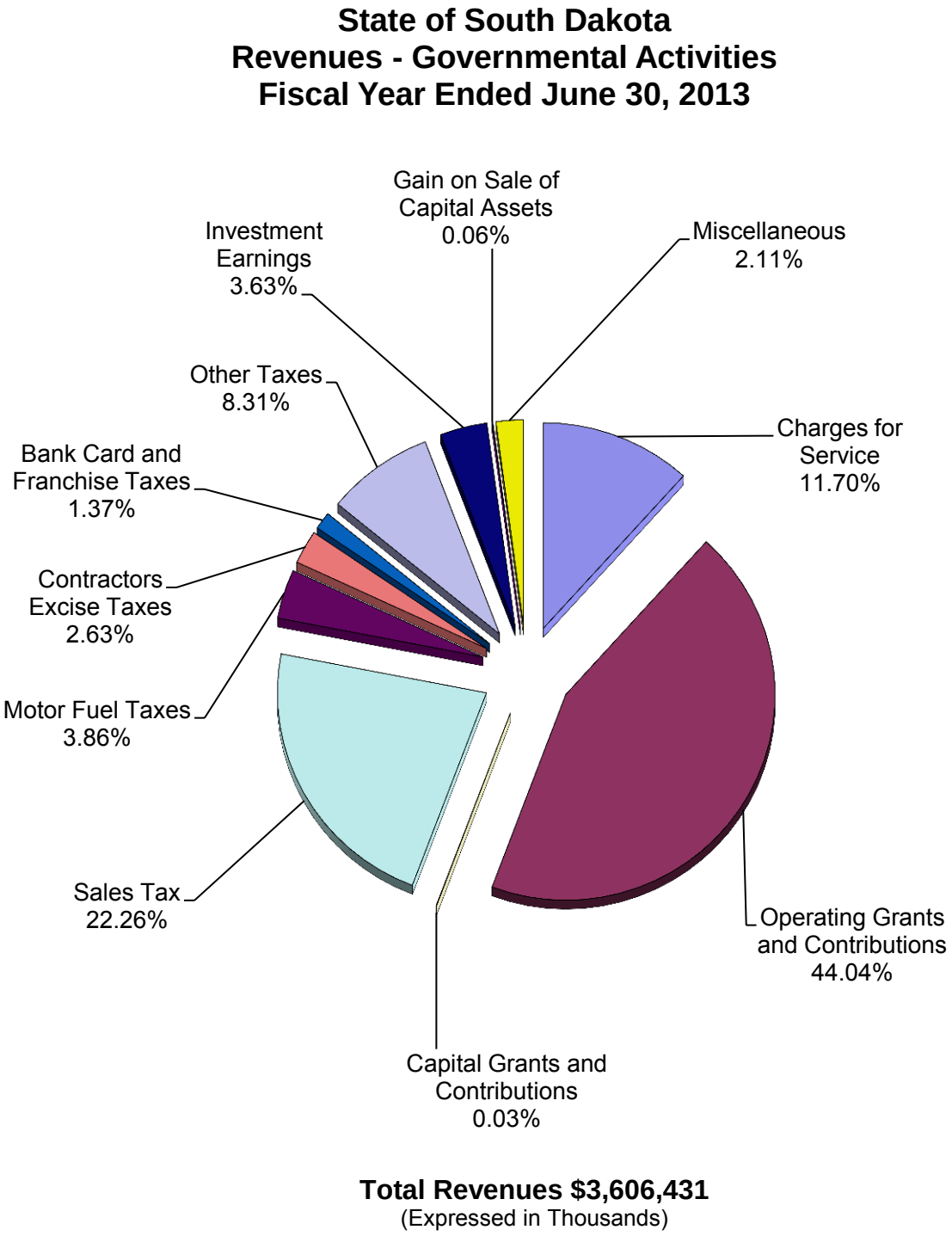
Governmental Activities:

The State's net position for Governmental Activities increased by $243.0 million, or 5.1%, from its current operations. This was the result of the net effect of the following: (1) $3.6 billion revenues (an increase from the prior year of $141.4 million); less (2) $3.5 billion expenses (an increase over the prior year of $111.6 million); plus (3) net transfers of $104.4 million (primarily from "transfers in" from the South Dakota Lottery in the amount of $107.7 million).

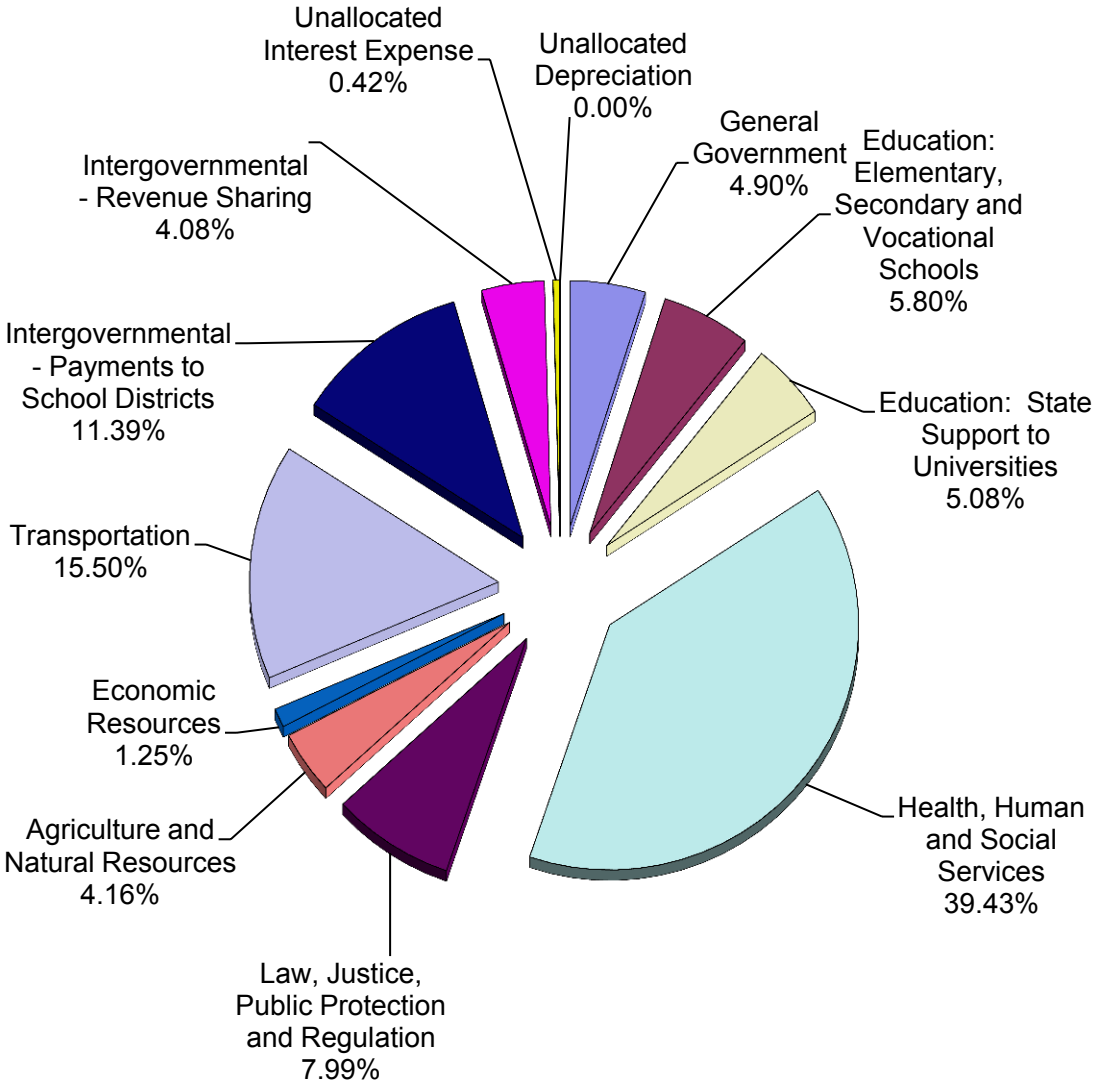
- The increase in revenues was primarily due to a $101.0 million increase in investment earnings, $41.7 million increase in charges for services and a $23.7 million increase in sales taxes offset by a $81.6 million decrease in operating grants and contributions.

- The increase in expenses was primarily due to a $55.1 million and $19.8 million increase in Transportation and Payments to School Districts functions of government, respectively.

The following two charts illustrate the above program revenues and expenses for Governmental Activities for fiscal year ending June 30, 2013:



State of South Dakota
Expenses - Governmental Activities
Fiscal Year Ended June 30, 2013



Total Expenses $3,467,895
(Expressed in Thousands)

Business-type Activities:

- Net position of the business-type activities increased by $26.1 million due to total revenues exceeding total expenses and transfers out.

FINANCIAL ANALYSIS OF THE STATE'S FUNDS

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

Governmental Funds

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

At the end of the current fiscal year, the State's governmental funds reported combined ending fund balances of $1.7 billion, an increase of $146.4 million during the year.

Approximately 43.0%, or $720.5 million, of the combined ending fund balances, is nonspendable; predominately made up of the Dakota Cement Trust, Health Care Trust, and the Education Enhancement Trust funds to be held as permanent investments. Approximately 32.9%, or $552.0 million, of the combined ending fund balances, is restricted by outside sources or enabling legislation. 2.6%, or $44.0 million, of the combined balance is committed by state law and 10.5%, or $176.6 million, has been assigned internally for specific purposes. The remaining $185.0 million or 11.0% is unassigned according to GASB 54. Certain resources within the $185.0 million of the unassigned fund balance have other internally imposed limitations as discussed below. (Please refer to Notes to the Financial Statements for a further explanations and breakdown of these balances.)

The following governmental funds are major funds and had significant impact on the state's financial position during fiscal year 2013:

- ***General Fund.*** The General Fund is the chief operating fund of the State. With the implementation of GASB 54 in FY11, seven statutorily created accounts no longer qualify as Special Revenue Funds and were required to be combined with the State's General Fund. During FY13, an additional two funds were combined with the State's General Fund. The General Fund and these nine funds were, and will continue to be budgeted for, accounted for and tracked separately on the State's budget and accounting systems.

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

		General Fund Beginning Fund Balance		General Fund Ending Fund Balance
Fund Balance - General Fund, as restated		**$ 285,465**		**$ 317,753**
Less: Statutorily Created Funds Combined with the General Fund	**Beginning Balance**		**Ending Balance**	
Property Tax Reduction - assigned for Education	$ 67,941		$ 67,781	
Tourism Promotion - assigned for Tourism Promotion	2,908		2,565	
Investment Council Operating - assigned for Other	1,297		805	
Private Activity Bond - assigned for Other	69		74	
Teen Court - assigned for Other			105	
Proof of Concept - assigned for Economic Resources			500	
Tax Relief - unassigned	2,631		392	
Extraordinary Litigation Expense - unassigned	1,219		1,184	
Unclaimed Property - unassigned	31		(18)	
Total GASB 54 combinations		**76,096**		**73,388**
Fund Balance - General Fund - excluding GASB 54 combinations		**$ 209,369**		**$ 244,365**

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

In evaluating a contract between SDRC, Inc. and GOED, relating to the EB-5 program, it was determined the SDRC Indemnification Fund One Account and the SDRC Expense Fund Account should be reported in the State's General Fund. As of June 30, 2013 the following equity balances were included within the State's General Fund in (expressed in thousands):

		General Fund Beginning Fund Balance		General Fund Ending Fund Balance
Fund Balance - General Fund - excluding GASB 54 combinations		**$ 209,369**		**$ 244,365**
Less: SDRC Funds Combined with the General Fund	**Beginning Balance**		**Ending Balance**	
SDRC Indemnification Fund One Account - restricted for Economic Resources, as restated	$ 568		$ 990	
SDRC Expense Fund Account - restricted for Economic Resources, as restated	28		28	
Total SDRC combinations		**596**		**1,018**
Fund Balance - General Fund - excluding all combinations		**$ 208,773**		**$ 243,347**

At the end of the fiscal year, total fund balance of the General Fund was $317.8 million (including GASB 54 combination and the SDRC accounts). $3.4 million of the total fund balance is nonspendable, $1.0 million is restricted, $126.9 million is assigned for specific purposes and the remaining $186.4 million was unassigned. It is important to note that some of this unassigned fund balance has other limiting 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; $95.3 million is the General Fund Budget Reserve which is created by state law and only to be used to address emergency situations without having to raise taxes or cut spending; and $1.6 million is intended for use within the statutorily created funds combined with the General Fund. Other limitations on the General Fund include:

- $33.3 million represents tax revenue that was received in FY13, recognized in the General Fund in FY13 for financial reporting purposes, but not distributed on a cash basis to the General Fund until FY14 for purposes of meeting the State's ongoing obligations to the citizens and creditors for the next fiscal year.

- $51.1 million is not part of cash and cash equivalents, but rather a net effect of receivables and other assets in excess of liabilities.

As a measure of 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 9.9% of the total General Fund operating expenditures, while the unassigned fund balance (including the Budget Reserve) represents 14.6% of that same amount.

- ***Transportation.*** The total fund balance at the end of the current fiscal year for the Transportation Fund was $134.6 million, a decrease of $18.6 million from the prior fiscal year resulting from a decrease in Federal reimbursement revenue from converting projects from federal participating to non-participating.

- ***Dakota Cement Trust.*** The total fund balance at the end of the current fiscal year for the Dakota Cement Trust Fund was $268.8 million, an increase of $32.1 million from the prior fiscal year. The increase resulted primarily from investment income during the fiscal year exceeding the minimum required transfer out.

- ***Education Enhancement Trust.*** The total fund balance at the end of the current fiscal year for the Education Enhancement Trust Fund was $426.6 million, an increase of $53.8 million from the prior fiscal year. The increase resulted primarily from investment income during the fiscal year exceeding the minimum required transfer out.

Proprietary Funds

The State's proprietary funds are presented on the full accrual basis of accounting and include the State's enterprise funds and internal service funds. The following proprietary funds had significant activity or changes to net position during fiscal year 2013:

- ***Lottery Fund.*** The Lottery Fund accounts for the operations of the South Dakota State Lottery which markets instant tickets and lotto games, and regulates video lottery to raise revenue for State programs and projects. At the end of the current fiscal year, the Lottery Fund reported total net position of $7.8 million, an increase of $1.0 million in comparison with the prior year. During the current fiscal year, the State Lottery produced income (before transfers) in the amount of $107.5 million on total revenue of $151.3 million, compared to the previous fiscal year's income (before transfers) of $103.5 million on total revenue of $143.0 million. The increase in revenues was the result of an increase in sales of instant tickets, lotto games and video lottery. During fiscal year 2013, the State Lottery distributed approximately $91.4 million to the Property Tax Reduction Fund (a subfund of the General Fund), $7.2 million to the General Fund, $9.0 million to the Capital Construction Fund, and $0.16 million to the Department of Human Services.

- ***Clean Water State Revolving Fund.*** The Clean Water State Revolving Fund program provides low interest loans to governmental entities for wastewater, storm sewer, and nonpoint source pollution projects. Projects with compliance or health and safety concerns receive highest priority. At the end of the current fiscal year, the Clean Water State Revolving Fund reported total net position of $194.7 million, an increase of $0.9 million in comparison with the prior fiscal year. The increase resulted primarily from $4.0 million in loan interest income, $3.4 million in investment income, $2.6 million in federal grant revenue, and $1.7 million in other revenue sources. This was offset by $2.8 million in admin expenses, $5.4 million in interest expenses, $1.9 million in grant expenses, and $0.7 million in other expenses.

- ***Drinking Water State Revolving Fund.*** The Drinking Water State Revolving Fund program provides low interest loans for drinking water projects. Projects with compliance or health and safety concerns receive highest priority. At the end of the current fiscal year, the Drinking Water Revolving Fund reported total net position of $154.9 million, an increase of $6.1 million in comparison with the prior year. This increase resulted primarily from $9.4 million in federal grant revenue, $3.4 million in loan interest income, $2.6 million in investment income, and $1.1 million in other revenue sources. This was offset by $6.9 million in grant expenses, $2.4 million in interest expenses, $0.8 million in admin expenses and $0.3 million in other 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 any actual appropriation amounts carried forward by law from prior years; including special appropriations, maintenance and repair, and carryovers. The final budget is defined as the original budget, adjusted by all reserves, transfers, allocations, supplemental appropriations, and other legally authorized legislative and executive changes after the beginning of the fiscal year.

General Fund. The difference between the original and the final amended budget was a $48.7 million increase in appropriations. That increase can be attributed to two separate appropriation areas comprised of emergency specials and general bill adjustments.

The general fund had $32.0 million worth of emergency special appropriations during fiscal year 2013 that consisted of the following:

- $6.0 million appropriation to the Department of Social Services for costs related to dismantling, demolishing, preserving, or rehabilitating buildings on the Human Services Center campus.
- $0.5 million appropriation to the Department of Revenue for costs related to the tax refunds for elderly and disabled individuals.
- $6.3 million appropriation to the Department of Education for costs related to the one-time payment to postsecondary technical institutes.
- $6.2 million appropriation to the Department of Agriculture for costs related to the suppression of wildfires and pine beetle suppression.
- $0.9 million appropriation to the Board of Regents for costs related to the information systems programs and cyber security programs.
- $7.0 million appropriation to the Bureau of Finance and Management for costs related to the enhancement of economic development and education.
- $3.0 million appropriation to the Education Enhancement Trust Fund to provide annual funding for the critical teaching needs scholarship program and the need-based grant.
- $0.3 million appropriation to the Department of Military for costs related to the land purchase in Sioux Falls.
- $1.3 million appropriation to the Bureau or Administration for costs related to the installation and implementation of a heating system at the new veterans' home.
- $0.5 million appropriation to the Department of Agriculture for costs related to the construction and renovation of office buildings.

The general fund had general bill adjustments that increased the original budget by $16.7 million during fiscal year 2013 which consisted of the following:

- $0.2 million increase in appropriation to the Department of Executive Management for programs in Office of the Governor, Governor's Office of Economic Development, South Dakota Public Broadcasting and State Radio Engineering.

- $0.1 million increase in appropriation to the Department of Agriculture for programs in Secretary of Agriculture Administration, Agricultural Services and Assistance, Agricultural Development and Promotion and Animal Industry Board.

- $0.1 million increase in appropriation to the Department of Tourism for programs in History.

- $0.1 million increase in appropriation to the Department of Game, Fish and Parks for programs in Secretary of Game, Fish and Parks Administration and State Parks and Recreation.

- $0.3 million increase in appropriation to the Department of Social Services for programs in Secretary of Social Services Administration, Economic Assistance, Medical and Adult Services, Children Services, Behavioral Health and Nonrecurring Provider Allocation.

- $0.1 million increase in appropriation to the Department of Health for programs in Secretary of Health Administration, Health Systems Development and Regulation and Health and Medical Services.

- $3.1 million increase in appropriation to the Department of Education for programs in Secretary of Education Administration, Sparsity Payments, Education Resources, Technology in Schools, Postsecondary Vocational Education, State Library and State Aid to Education.

- $0.1 million increase in appropriation to the Department of Public Safety for programs in Secretary of Public Safety Administration, Highway Patrol, Emergency Services & Homeland Security and Inspection and Licensing.

- $5.4 million increase in appropriation to the Board of Regents for programs in the Regents Central Office, University of South Dakota Proper, University of South Dakota School of Medicine, South Dakota State University Proper, Cooperative Extension Service, Agricultural Experiment Station, South Dakota School of Mines and Technology, Northern State University, Black Hills State University, Dakota State University, South Dakota School for the Deaf, South Dakota School for the Blind and Visually Impaired and Health Insurance.

- $0.7 million increase in appropriation to the Department of Veterans' Affairs for programs in Veterans' Benefits and Services and State Veterans' Home.

- $2.4 million increase in appropriation to the Department of Corrections for programs in the Central Office Administration, Mike Durfee State Prison, State Penitentiary, Women's Prison, Parole Services, Juvenile Community Corrections, Youth Challenge Center, Patrick Henry Brady Academy, State Treatment and Rehabilitation Academy, QUEST and ExCEL and Nonrecurring Provider Allocation.

- $1.3 million increase in appropriation to the Department of Human Services for programs in the Secretary of Human Services Administration, Developmental Disabilities, South Dakota Developmental Center, Rehabilitation Services, Services to the Blind and Visually Impaired and Nonrecurring Provider Allocation.

- $0.1 million increase in appropriation to the Department of Environment and Natural Resources for programs in Financial and Technical Assistance and Environmental Services.

- $1.7 million increase in appropriation to the Unified Judicial System for programs in the Unified Judicial System.

- $0.1 million increase in appropriation to the Legislature for programs in the Legislative Operations and Auditor General.

- $0.8 million increase in appropriation to the Attorney General for programs in the Legal Services Program, Criminal Investigation and Law Enforcement Training.

- $0.1 million increase in appropriation to the Secretary of State for programs in the Secretary of State.

The net effect of the emergency special appropriations and the general bill adjustments resulted in a $48.7 million increase in appropriations. Overall, there were no over-expenditures by any State departments. The difference between the final amended budget and actual spending was $33.2 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, 2013 is $3.7 billion (net of accumulated depreciation). This investment in capital assets includes land; land improvements; land improvements – roads; buildings; equipment; vehicles; infrastructure; and construction in progress.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Land	$ 110,713	$ 110,453	$ 295	$ 295	$ 111,008	$ 110,748
Land Improvements	36,398	32,686	924	924	37,322	33,610
Land Improvements - Roads	604,819	602,085			604,819	602,085
Buildings, as restated	550,953	506,810	4,008	4,008	554,961	510,818
Equipment	193,145	184,091	5,686	4,535	198,831	188,626
Intangible Assets – Software	61,924	54,547	725	725	62,649	55,272
Vehicles	137,857	133,484			137,857	133,484
Infrastructure	3,571,449	3,476,514			3,571,449	3,476,514
Construction in Progress, as restated	225,731	244,653	110		225,841	244,653
Total Capital Assets	**5,492,989**	**5,345,323**	**11,748**	**10,487**	**5,504,737**	**5,355,810**
Accumulated Depreciation	(1,822,908)	(1,754,192)	(7,369)	(6,594)	(1,830,277)	(1,760,786)
Total Capital Assets, Net	**$ 3,670,081**	**$ 3,591,131**	**$ 4,379**	**$ 3,893**	**$ 3,674,460**	**$ 3,595,024**

The most significant capital asset the State reported in fiscal year 2013 was infrastructure assets. Infrastructure assets are long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. Examples of infrastructure assets include roads, bridges, tunnels, drainage systems, water and sewer systems, dams, and lighting systems. Infrastructure assets account for $2.2 billion (net of accumulated depreciation), which is 59.2% of total capital assets (net of accumulated depreciation).

The State's investment in capital assets (net of accumulated depreciation) increased from fiscal year 2012 to 2013 by approximately 2.2%. This change was primarily due to ongoing construction and completion of segments of infrastructure - highways, bridges, and railroads. The increase consisted of:

- Construction in progress for highways and bridges increased by $121.7 million for new projects and decreased by $121.8 million for projects completed and capitalized.

- Other construction in progress as a whole decreased by $18.8 million. This decrease was the result of projects completed and capitalized by the Department of Military ($10 million, net of new and ongoing projects), the Department of Corrections ($5.6 million, net of new and ongoing projects), the Department of Social Services ($4.4 million, net of new and ongoing projects), the Bureau of Finance and Management ($1.3 million, net of new and ongoing projects), and the department of Public Safety ($0.5 million, net of new and ongoing projects). However, some agencies had increases in construction in progress from new and ongoing projects: the Department of Transportation ($3.4 million, net of projects completed and capitalized), the Department of Veterans Affairs ($1.6 million, net of projects completed and capitalized), and the Bureau of Administration ($0.9 million, net of projects completed and capitalized).

- Building and building improvements increased by $44.1 million. New buildings included the Watertown Readiness Center ($19.5 million), Phase III of the Mickelson Building at Western Dakota Tech ($12.6

million), the Rapid City Minimum Unit ($5.4 million), and the Dietary Service Building at the HSC ($4.7 million). Building Improvements included the Troop Medical Clinic Expansion ($1.7 million).

- Equipment assets increased by $10.2 million. This was mainly due to the purchase of new equipment and replacing of aged equipment by the Department of Transportation ($4.2 million, net of disposals), the Department of Executive Management ($1.7 million), the Department of Corrections ($1.7 million), Department of Public Safety ($0.7 million), and assets obtained through contract negotiation by the Department of Revenue ($1.3 million, net of disposals).

- Intangible assets increased by $7.4 million, comprised of new software for the Unified Judicial System ($2.1 million, net of disposals), the Department of Executive Management ($2.0 million), the Department of Corrections ($1.9 million), and the Department of Public Safety ($1.1 million).

- Land and land improvements increased by $6.7 million which consisted primarily of land and land improvements by the Department of Transportation ($4.2 million), the Department of Military ($1.2 million), and the Department of Game, Fish, and Parks ($0.4 million).

- Vehicles increased by $4.4 million which consisted of replacing aged vehicles by the Department of Executive Management ($2.0 million), the Department of Transportation ($1.9 million, net of disposals) and the Department of Public Safety ($0.5 million, net of disposals).

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

Debt Administration

The authority of the State to incur limited debt for specific purposes is described in Article XIII, Section 2, of the State's Constitution. Generally, the State Constitution prohibits the State from having general obligation indebtedness in excess of $100,000. At June 30, 2013 the issuer credit rating (ICR) for the State of South Dakota from Standard and Poor's was AA+. The South Dakota Building Authority, a legally separate blended component unit of the State, was created and organized by Chapter 5-12 of the South Dakota Codified Laws to issue debt on behalf of the primary government.

The South Dakota Building Authority issues bonds, certificates of participation, and trust certificates to finance the cost to acquire, construct, remodel, maintain, and equip buildings and other facilities of State departments and institutions. These obligations are payable from revenue generated through lease agreements between the South Dakota Building Authority and other State departments and institutions. The South Dakota Building Authority is a blended component unit of the State. At June 30, 2013, the uninsured rating was Aa2 from Moody's and AA from Standard and Poor's. The indebtedness, bonds, or obligations incurred or created by the South Dakota Building Authority may not be or become a lien, charge, or liability against the State. The bonds and all related financial transactions used to finance buildings of State departments and institutions are reported as part of governmental activities in the State's Basic Financial Statements, except for debt of universities, which is reported as part of the discretely presented component unit information. The South Dakota Building Authority did not issue any new bonds for Governmental Activities. The State incurred no new long-term general indebtedness under Business-type Activities. The South Dakota Building Authority issued $9.7 million in Revenue Bonds for Higher Education (a discretely presented component unit).

The Educational Enhancement Funding Corporation (EEFC) is a special purpose corporation, organized by Chapter 5-12 of the South Dakota Codified Laws. EEFC is an instrumentality of, but separate and apart from the State. Although legally separate from the State, EEFC is a blended component unit of the State and accordingly, is included in the State's financial statements. Pursuant to a Purchase and Sale Agreement with the State, the State sold to EEFC its future rights, title, and interest in the Tobacco Settlement Revenues (TSRs) under the Master Settlement Agreement. The purchase price of the State's future right, title and interest in the TSRs has been financed by the issuance of the Bonds and the Residual Certificate. The Residual Certificate represents the right of the State to receive all amounts required to be distributed after payment of all outstanding bonds and other liabilities of EEFC as set forth in the Trust Indenture. Pursuant to the resolution, EEFC is prohibited from selling additional bonds, other than refunding bonds. The bonds represent limited obligations of EEFC, payable solely from and secured solely by the pledged TSRs and the pledged amounts. The bonds are not a debt or liability of the State or of any political subdivision or agency thereof. EEFC has no taxing power. On March 14, 2013, the EEFC issued Series 2013A Tobacco Settlement Revenue Bonds (taxable) in the amount of

$123,010,000 and Series 2013B Tobacco Settlement Revenue Bonds (tax exempt) in the amount of $46,635,000. These bonds refunded the Series 2002A taxable bonds in the outstanding amount of $54,035,000 and the Series 2002B tax exempt bonds in the outstanding amount of $129,540,000. The Series 2013A and B bond interest rates ranged from 0.8% to 5.0% compared to 6.5% to 6.72% for the Series 2002 A and B bonds. The Series 2013 A and B bonds received a dual rating by Standard and Poor's. The Series 2013 A and B bonds are rated A through the June 1, 2023 maturity and A- for the bonds maturing on June 1, 2024 through June 1, 2027.

The South Dakota Conservancy District 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. At June 30, 2013, the South Dakota Conservancy District had maintained its long-term rating of Aaa from Moody's and AAA from Standard & Poor's on all outstanding State Revolving Fund Program Bonds. The South Dakota Conservancy District bonds do not constitute a debt or liability of the State or a pledge of the faith and credit of the State.

The bonds are paid solely from CWSRF and DWSRF loan repayments. 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. No new bonds were issued for the CWSRF and DWSRF programs in FY13.

At June 30, 2013, primary government had total notes and bonded debt outstanding as follows:

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Revenue Bonds:						
South Dakota Building Authority	$ 37,365	$ 45,199	$	$	$ 37,365	$ 45,199
Educational Enhancement Funding Corporation	153,931	182,388			153,931	182,388
South Dakota Conservancy District			212,523	222,705	212,523	222,705
Trust Certificates:						
South Dakota Building Authority	13,595	16,490			13,595	16,490
Capital Leases:	78,682	64,279			78,682	64,279
Total	**$ 283,573**	**$ 308,356**	**$ 212,523**	**$ 222,705**	**$ 496,096**	**$ 531,061**

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

ECONOMIC CONDITIONS AND OUTLOOK

Nonfarm employment in South Dakota increased during fiscal year 2013 and continues to expand higher than the previous peak employment levels that were reached before the 2007-2009 national recession. In fiscal year 2013, nonfarm employment in the state increased 1.4%, or 5,700 jobs. Although South Dakota's employment growth during the fiscal year was slightly lower than the national growth rate of 1.6%, South Dakota's fiscal year 2013 level of employment was 1.8% higher than the previous peak employment (fiscal year 2008), while the national employment level was still 2.1% below the previous peak employment (fiscal year 2008). The unemployment rate in South Dakota remained one of the lowest in the nation in fiscal year 2013. South Dakota's unemployment rate was 3.9% in June 2013, while the U.S. unemployment rate was 7.5% the same month. In calendar year 2012, the most recent annual data that is available, South Dakota's personal income grew 2.4% as declines in farm income slowed the total personal income growth rate compared to 2011. However, over the past four years (2008-2012), South Dakota's personal income growth rate averaged 4.1% per year, which was the second highest average growth rate of all states over the same time period.

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 Fund Financial Statements, the Proprietary Fund Financial Statements, the Fiduciary Fund 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, 2013
(Expressed in Thousands)

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and Cash Equivalents	$ 787,893	$ 233,758	$ 1,021,651
Receivables (Net)	398,114	416,305	814,419
Due From Component Units	1,549	17	1,566
Due From Primary Government			0
Internal Balances	6,837	(6,837)	0
Investments	817,105	123,716	940,821
Inventory	22,891	2,670	25,561
Other Assets	7,807	1,501	9,308
Assets Held for Resale		302	302
Advances to Component Units		3,326	3,326
Restricted Assets:			
Cash and Cash Equivalents	21,251	25	21,276
Investments		568	568
Other		817	817
Capital Assets:			
Land and Other Non-depreciable Assets	723,309	295	723,604
Infrastructure (net)	2,176,225		2,176,225
Property, Plant and Equipment (net)	544,816	3,974	548,790
Construction in Progress	225,731	110	225,841
Total Assets	5,733,528	780,547	6,514,075
Deferred Outflows of Resources			
Deferred Swap Outflow			
Total Deferred Outflows of Resources	0	0	0
Liabilities			
Accounts Payable and Other Liabilities	265,951	9,657	275,608
Due To Primary Government			0
Due To Component Units	1,838		1,838
Accrued Interest Payable	11,353	3,228	14,581
Unearned Revenue	58,614	2,449	61,063
Noncurrent Liabilities:			
Due Within One Year	61,263	12,600	73,863
Due In More Than One Year	341,721	201,567	543,288
Total Liabilities	740,740	229,501	970,241
Deferred Inflows of Resources			
Deferred Forward Contract Inflow			
Total Deferred Inflows of Resources	0	0	0
Net Position			
Net Investment In Capital Assets	3,548,433	4,379	3,552,812
Restricted For:			
Education	7,269		7,269
Highways	124,467		124,467
Railroads	38,146		38,146
Law, Justice, Public Protection and Regulation	9,713		9,713
Agriculture and Natural Resources	79,312		79,312
Game and Fish	4,051		4,051
Parks and Recreation	1,810		1,810
Health and Public Assistance	8,765		8,765
Economic Development	55,551		55,551
Debt Service	37,784	99	37,883
Capital Projects	111		111
HOME and NSP Program			0
Energy Conservation Programs	14,699		14,699
Higher Education - Expendable			0
Higher Education - Nonexpendable			0
Funds held as Permanent Investments			
Expendable	155,796		155,796
Nonexpendable	696,324		696,324
Interim Lab			0
Sanford Center for Science Education			0
Other Purposes	7,722	817	8,539
Unrestricted	202,835	545,751	748,586
Net Position	$ 4,992,788	$ 551,046	$ 5,543,834

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

Component Units			
Housing Authority	Science and Technology Authority	Higher Education	Nonmajor
$ 166,518	$ 36,315	$ 185,892	$ 3,910
1,141,867	1,138	128,992	20,391
		1,838	
594,124		366,602	3,359
1,586	2,746	7,485	
10,880	558	6,244	48
			6,324
		11,504	51
		44,308	6,034
		10,962	
220	18,365	37,013	197
6,411	46,292	768,638	1
	4,141	75,717	5,864
1,921,606	109,555	1,645,195	46,179
24,584			
24,584	0	0	0
15,203	886	44,302	2,889
36		1,530	
8,207		3,912	282
		8,314	
46,278	444	53,526	1,825
1,406,545	914	506,124	26,098
1,476,269	2,244	617,708	31,094
269			
269	0	0	0
132	67,995	465,961	1,291
397,761		3,817	5,000
64,666			
		151,308	
		332,311	
	3,384		
	20,000		
7,093	11,348		250
	4,584	74,090	8,544
$ 469,652	$ 107,311	$ 1,027,487	$ 15,085

STATE OF SOUTH DAKOTA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2013
(Expressed in Thousands)

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	$ 169,843	$ 212,529	$ 18,176	$
Education - Elementary, Secondary and Vocational Schools	201,177	7,888	168,753	
Education - State Support to Higher Education	176,294			
Health, Human and Social Services	1,367,355	38,098	883,290	67
Law, Justice, Public Protection and Regulation	277,223	80,750	83,158	
Agriculture and Natural Resources	144,245	72,972	37,077	
Economic Resources	43,300	3,064	17,315	
Transportation	537,497	6,682	380,644	979
Intergovernmental - Payments to School Districts	394,857			
Intergovernmental - Revenue Sharing	141,514			
Unallocated Interest Expense	14,537			
Unallocated Depreciation	53			
Total Governmental Activities	3,467,895	421,983	1,588,413	1,046
Business-type Activities:				
Lottery	44,114	151,414	1,449	
Clean Water State Revolving	10,898	5,277	6,507	
Drinking Water State Revolving	10,337	4,321	12,169	
Revolving Economic Development and Initiative	1,172	1,712	649	
Unemployment Insurance	37,901	43,314	8,307	
Second Injury	1,636	80	23	
State Fair	2,864	2,461	24	
Federal Surplus Property	4,089	4,401	4	
Rural Rehabilitation	628	175	361	
Prison Industries	2,356	2,562	19	
Health Insurance Risk Pool	6,695	6,020	796	
Professional and Licensing	6,941	7,424	163	
Banking and Insurance	4,734	5,300	36	
Other	12,632	12,497	12	
Total Business-type Activities	146,997	246,958	30,519	0
Total Primary Government	$ 3,614,892	$ 668,941	$ 1,618,932	$ 1,046
Component Units:				
Housing Authority	$ 97,083	$ 58,485	$ 31,937	$
Science and Technology Authority	17,461	271	14,622	15,124
Higher Education	682,650	389,581	154,563	12,980
Nonmajor	2,703	1,212	1,016	
Total Component Units	$ 799,897	$ 449,549	$ 202,138	$ 28,104

General Revenues:
Taxes:
Sales Taxes
Motor Fuel Taxes
Contractors Excise Taxes
Bank Card and Franchise Taxes
Other Taxes
Investment Earnings
State Support to Higher Education
Gain on Sale of Capital Assets
Miscellaneous
Additions to Endowments
Transfers
Total General Revenues, Additions to Endowments and Transfers
Changes in Net Position
Net Position - Beginning, as restated
Net Position - Ending

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
$ 60,862	$	$ 60,862				
(24,536)		(24,536)				
(176,294)		(176,294)				
(445,900)		(445,900)				
(113,315)		(113,315)				
(34,196)		(34,196)				
(22,921)		(22,921)				
(149,192)		(149,192)				
(394,857)		(394,857)				
(141,514)		(141,514)				
(14,537)		(14,537)				
(53)		(53)				
(1,456,453)	0	(1,456,453)				
	108,749	108,749				
	886	886				
	6,153	6,153				
	1,189	1,189				
	13,720	13,720				
	(1,533)	(1,533)				
	(379)	(379)				
	316	316				
	(92)	(92)				
	225	225				
	121	121				
	646	646				
	602	602				
	(123)	(123)				
0	130,480	130,480				
(1,456,453)	130,480	(1,325,973)				
			$ (6,661)	$	$	$
				12,556		
					(125,526)	
						(475)
			(6,661)	12,556	(125,526)	(475)
802,700		802,700				
139,048		139,048				
94,967		94,967				
49,493		49,493				
299,726		299,726				
130,881		130,881		362	34,424	44
		0			176,294	
2,127		2,127				
76,047		76,047				
		0			11,097	
104,426	(104,426)	0				
1,699,415	(104,426)	1,594,989	0	362	221,815	44
242,962	26,054	269,016	(6,661)	12,918	96,289	(431)
4,749,826	524,992	5,274,818	476,313	94,393	931,198	15,516
$ 4,992,788	$ 551,046	$ 5,543,834	$ 469,652	$ 107,311	$ 1,027,487	$ 15,085

STATE OF SOUTH DAKOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2013
(Expressed in Thousands)

	General Fund	Transportation	Social Services Federal	Dakota Cement Trust	Education Enhancement Trust	Nonmajor	Total
Assets							
Cash and Cash Equivalents	$ 265,643	$ 101,715	$	$ 17,560	$ 38,391	$ 312,350	$ 735,659
Restricted Cash	1,018					20,233	21,251
Investments				250,555	401,176	165,374	817,105
Receivables From:							
Taxes (net)	104,412	12,076				3,781	120,269
Interest and Dividends	1,233	300	1	828	1,598	1,551	5,511
Other Funds	37,941	2,097	6			6,399	46,443
Component Units	583	10				69	662
Other Governments	916	52,798	36,531			79,814	170,059
Loans and Notes (net)		145				67,437	67,582
Other (net)	6,681	835	7,144	10	17	18,676	33,363
Inventory	2,286	16,394	102			2,378	21,160
Other Assets	1,133	223	73			1,613	3,042
Total Assets	$ 421,846	$ 186,593	$ 43,857	$ 268,953	$ 441,182	$ 679,675	$ 2,042,106
Liabilities and Fund Balances							
Liabilities:							
Accounts Payable and Other Liabilities	$ 55,946	$ 44,023	$ 35,846	$ 110	$ 170	$ 30,620	$ 166,715
Payable To:							
Other Funds	3,826	1,057	5,732		14,413	20,461	45,489
Component Units	117	90	122			1,449	1,778
Other Governments	16,427	4,548	226			62,678	83,879
Claims, Judgments and Compensated Absences	132	11	21			113	277
Unearned/Unavailable Revenue	27,645	2,308	69			35,782	65,804
Total Liabilities	104,093	52,037	42,016	110	14,583	151,103	363,942
Fund Balances:							
Nonspendable	3,419	16,617	175	238,000	334,013	128,303	720,527
Restricted	1,018	117,939		30,843	92,586	309,646	552,032
Committed						43,993	43,993
Assigned	126,872		1,666			48,092	176,630
Unassigned	186,444					(1,462)	184,982
Total Fund Balances	317,753	134,556	1,841	268,843	426,599	528,572	1,678,164
Total Liabilities and Fund Balances	$ 421,846	$ 186,593	$ 43,857	$ 268,953	$ 441,182	$ 679,675	$ 2,042,106

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, 2013
(Expressed in Thousands)

Total Fund Balances - Governmental Funds		$ 1,678,164
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	$ 948,904	
Infrastructure	3,571,450	
Other Capital Assets	877,820	
Accumulated Depreciation	(1,754,728)	
Total Capital Assets		3,643,446
Some of the state's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are unearned in the funds.		17,148
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.		16,219
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	(204,890)	
Accrued Interest on Bonds	(11,353)	
Capital Leases	(68,861)	
Compensated Absences	(48,399)	
Net OPEB Obligation	(17,619)	
Pollution Remediation	(13,296)	
Total Long-Term Liabilities		(364,418)
Bond issuance costs are reported as current expenditures in the funds. However, Issuance costs are amortized over the life of the bonds and are included in governmental activities in the Statement of Net Position.		2,229
Net Position of Governmental Activities		$ 4,992,788

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, 2013
(Expressed in Thousands)

	General Fund	Transportation	Social Services Federal	Dakota Cement Trust	Education Enhancement Trust	Nonmajor	Total
Revenue:							
Taxes	$ 1,074,297	$ 205,934	$	$	$	$ 105,686	$ 1,385,917
Licenses, Permits and Fees	9,622	5,111				237,687	252,420
Fines, Forfeits and Penalties	460					15,729	16,189
Use of Money and Property	7,311	986	5	42,005	64,593	38,579	153,479
Sales and Services	16,484	383				20,812	37,679
Administering Programs	39	379,006	698,648			495,633	1,573,326
Tobacco Settlement						24,128	24,128
Other Revenue	38,245	783	4,962			21,282	65,272
Total Revenue	1,146,458	592,203	703,615	42,005	64,593	959,536	3,508,410
Expenditures:							
Current:							
General Government	37,043			529	1,066	35,756	74,394
Education	21,347					187,983	209,330
Education - Payments to School Districts	396,652						396,652
Education - State Support to Higher Education	176,294						176,294
Health, Human and Social Services	453,929		703,972			207,032	1,364,933
Law, Justice, Public Protection and Regulation	135,271	16,849				128,571	280,691
Agriculture and Natural Resources	13,699					126,162	139,861
Economic Resources	22,299					20,809	43,108
Transportation		598,379				5,669	604,048
State Shared Revenue Paid to Other Governments	22,228					119,286	141,514
Capital Outlay						387	387
Debt Service:							
Principal						30,059	30,059
Interest						13,896	13,896
Bond Issuance Costs						1,817	1,817
Payment to Refunded Bond Escrow Agent						8,016	8,016
Total Expenditures	1,278,762	615,228	703,972	529	1,066	885,443	3,485,000
Excess of Revenues Over (Under) Expenditures	(132,304)	(23,025)	(357)	41,476	63,527	74,093	23,410
Other Financing Sources (Uses):							
Capital Leases						12,605	12,605
Proceeds of Refunding Bonds						169,645	169,645
Premiums on Refunding Bonds						9,026	9,026
Proceeds from Sale of Capital Assets	974	1,459	3			2,718	5,154
Payments to Refunded Bond Escrow Agent						(176,854)	(176,854)
Transfers In	196,799	6,924			4,683	45,688	254,094
Transfers Out	(33,181)	(4,007)	(219)	(9,357)	(14,413)	(89,522)	(150,699)
Net Other Financing Sources (Uses)	164,592	4,376	(216)	(9,357)	(9,730)	(26,694)	122,971
Net Change in Fund Balances	32,288	(18,649)	(573)	32,119	53,797	47,399	146,381
Fund Balances at Beginning of Year (Restated)	285,465	153,205	2,414	236,724	372,802	481,173	1,531,783
Fund Balances at End of Year	$ 317,753	$ 134,556	$ 1,841	$ 268,843	$ 426,599	$ 528,572	$ 1,678,164

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, 2013
(Expressed in Thousands)

Net Change in Fund Balances - Total Governmental Funds		$ 146,381
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	$ 178,786	
Depreciation Expense	(94,796)	
Excess of Capital Outlay Over Depreciation Expense		83,990
The net effect of various miscellaneous transactions involving capital assets, including sales, donations and trade-ins is to decrease net position.		(7,852)
Capital leases entered into during the fiscal year are reported as other financing sources in the governmental funds. However, it is not reported in the Statement of Activities as it is shown as an increase in long-term liabilities in the Statement of Net Position.		(12,605)
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	214,929	
Capital Lease Payments	1,816	
Total Long-Term Debt Repayment		216,745
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.		(1,495)
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.		1,867
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 issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are recognized in future periods in the Statement of Activities.		
Bonds Issued	(169,645)	
Bond Issuance and Refunding Costs	1,546	
Bond Premium	(9,026)	
		(177,125)
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	(222)	
(Increase) Decrease in Compensated Absences	(2,211)	
(Increase) Decrease in Net OPEB Obligation	(2,372)	
(Increase) Decrease in Pollution Remediation	(2,139)	
Total Additional Expenditures		(6,944)
Change in Net Position of Governmental Activities		$ 242,962

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, 2013
(Expressed in Thousands)

	Business-type Activities - Enterprise Funds					Governmental Activities
	Major					
	Lottery	Clean Water State Revolving	Drinking Water State Revolving	Nonmajor	Total	Internal Service Funds
Assets						
Current Assets:						
Cash and Cash Equivalents	$ 9,612	$ 55,148	$ 15,918	$ 153,080	$ 233,758	$ 52,234
Receivables:						
Interest and Dividends	45	2,360	1,875	358	4,638	116
Other Funds				252	252	7,490
Component Units				17	17	887
Other Governments		367	416	608	1,391	164
Loans and Notes (Net)		17,193	10,334	11,300	38,827	
Other (Net)	4,403			1,835	6,238	850
Inventory				2,670	2,670	642
Other Assets		52	28	184	264	2,536
Total Current Assets	14,060	75,120	28,571	170,304	288,055	64,919
Assets Held for Resale				302	302	
Restricted Assets:						
Restricted Cash	22	3			25	
Restricted Investments	472	96			568	
Other	817				817	
Investments		70,231	53,485		123,716	
Capital Assets:						
Land and Other Non-depreciable Assets				295	295	
Property, Plant and Equipment	4,255			7,088	11,343	94,680
Accumulated Depreciation	(1,706)			(5,663)	(7,369)	(68,181)
Construction in Progress				110	110	136
Total Capital Assets	2,549	0	0	1,830	4,379	26,635
Advances to Component Units		3,326			3,326	
Other Noncurrent Assets		197,257	138,829	30,342	366,428	
Total Assets	17,920	346,033	220,885	202,778	787,616	91,554
Liabilities						
Current Liabilities:						
Accounts Payable and Other Liabilities	2,670	990	292	4,808	8,760	4,342
Payable To:						
Other Funds	6,737			343	7,080	1,507
Component Units					0	60
Escrow Payable	68				68	
Bonds, Notes and Leases Payable		7,589	4,228		11,817	2,153
Claims, Judgments and Compensated Absences	166	40	24	1,371	1,601	24,229
Accrued Interest Payable		2,292	936		3,228	
Unearned Revenue	286			2,163	2,449	8,869
Total Current Liabilities	9,927	10,911	5,480	8,685	35,003	41,160
Noncurrent Liabilities:						
Bonds, Notes and Leases Payable		140,203	60,503		200,706	7,672
Claims, Judgments and Compensated Absences	145	35	21	472	673	26,476
Other Noncurrent Liabilities		184	4		188	27
Total Noncurrent Liabilities	145	140,422	60,528	472	201,567	34,175
Total Liabilities	10,072	151,333	66,008	9,157	236,570	75,335
Net Position						
Net Investment in Capital Assets	2,549			1,830	4,379	16,810
Restricted For:						
Debt Service		99			99	
Other	817				817	
Unrestricted	4,482	194,601	154,877	191,791	545,751	(591)
Total Net Position	$ 7,848	$ 194,700	$ 154,877	$ 193,621	$ 551,046	$ 16,219

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, 2013
(Expressed in Thousands)

	Business-type Activities - Enterprise Funds					Governmental Activities
	Major					
	Lottery	Clean Water State Revolving	Drinking Water State Revolving	Nonmajor	Total	Internal Service Funds
Operating Revenue:						
Licenses, Permits and Fees	$ 1,615	$	$	$ 12,728	$ 14,343	$
Use of Money and Property		4,039	3,392	1,852	9,283	9
Sales and Services	149,667	1,238	929	17,108	168,942	219,823
Administering Programs				6,526	6,526	
Assessments				43,394	43,394	
Other Revenue				10,624	10,624	1,991
Total Operating Revenue	151,282	5,277	4,321	92,232	253,112	221,823
Operating Expenses:						
Personal Services and Benefits	1,626	268	209	9,637	11,740	33,540
Travel	137	13	11	1,018	1,179	700
Contractual Services	8,191	642	560	9,770	19,163	40,128
Supplies and Materials	876	3	3	5,174	6,056	16,629
Grant and Other	70	4,488	7,085	534	12,177	10
Interest		5,404	2,436		7,840	214
Depreciation/Amortization	784	52	28	133	997	5,302
Lottery Prizes	32,419				32,419	
Insurance Claims				55,067	55,067	126,839
Total Operating Expenses	44,103	10,870	10,332	81,333	146,638	223,362
Operating Income (Loss)	107,179	(5,593)	(6,011)	10,899	106,474	(1,539)
Nonoperating Revenue (Expenses):						
Gain on Disposal of Assets				3	3	637
Loss on Disposal of Assets				(5)	(5)	(64)
Interest Income	152	3,429	2,563	2,814	8,958	348
Other Expense	(11)	(28)	(5)	(310)	(354)	(29)
Capital Contribution					0	71
Grant and Other Income	132	3,078	9,606	1,291	14,107	50
Total Nonoperating Revenue (Expenses)	273	6,479	12,164	3,793	22,709	1,013
Income (Loss) Before Transfers and Special Items	107,452	886	6,153	14,692	129,183	(526)
Transfers:						
Transfers In				6,156	6,156	1,485
Transfers Out	(107,704)	(30)	(26)	(2,822)	(110,582)	(2,454)
Net Transfers In (Out)	(107,704)	(30)	(26)	3,334	(104,426)	(969)
Special Items						
Lotto Signs Provided by Contract Extension	1,297				1,297	
Total Special Items	1,297	0	0	0	1,297	0
Change in Net Position	1,045	856	6,127	18,026	26,054	(1,495)
Net Position at Beginning of Year	6,803	193,844	148,750	175,595	524,992	17,714
Net Position at End of Year	$ 7,848	$ 194,700	$ 154,877	$ 193,621	$ 551,046	$ 16,219

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, 2013
(Expressed in Thousands)

	Business-type Activities - Enterprise Funds					Governmental Activities
	Major					
	Lottery	Clean Water State Revolving	Drinking Water State Revolving	Nonmajor	Total	Internal Service Funds
Cash Flows from Operating Activities:						
Receipts from Customers and Users	$ 151,168	$ 1,227	$ 908	$ 87,446	$ 240,749	$ 88,366
Receipts from Interfund Services Provided				4,295	4,295	134,480
Receipts from Federal Agencies				282	282	
Receipts from Loan Payments		24,315	19,808	11,110	55,233	
Payments to Suppliers and for Benefits and Claims	(8,557)	(4,669)	(7,559)	(69,271)	(90,056)	(171,958)
Payments for Employee Services	(1,547)	(255)	(220)	(9,490)	(11,512)	(33,129)
Payments for Interfund Services Used	(676)			(2,105)	(2,781)	(7,655)
Payments for Lottery Prizes	(32,229)				(32,229)	
Payments for Loans Originated		(35,545)	(24,796)	(4,466)	(64,807)	
Other Receipts (Payments)	15	(15)	(14)	1	(13)	168
Net Cash Provided (Used) by Operating Activities	108,174	(14,942)	(11,873)	17,802	99,161	10,272
Cash Flows From Capital and Related Financing Activities:						
Purchases of Capital Assets				(110)	(110)	(2,218)
Sales of Capital Assets				2	2	1,183
Payments on Capital Lease Obligations						(2,471)
Net Cash Provided (Used) by Capital and Related Financing Activities	0	0	0	(108)	(108)	(3,506)
Cash Flows From Noncapital Financing Activities:						
Transfers In				6,157	6,157	1,485
Transfers Out	(107,813)	(30)	(26)	(2,821)	(110,690)	(2,454)
Received (Paid) on Interfund Borrowing						(116)
Borrowings from Federal Government				2	2	
Payments on Bonds and Notes		(6,110)	(4,050)		(10,160)	
Bond Issuance Costs		(149)	(52)		(201)	
Interest Payments on Bonds and Notes		(4,694)	(2,122)		(6,816)	
Other Noncapital Financing Activities		3,079	9,656	1,104	13,839	55
Net Cash Provided (Used) by Noncapital Financing Activities	(107,813)	(7,904)	3,406	4,442	(107,869)	(1,030)
Cash Flows From Investing Activities:						
Investment Income	157	3,228	2,400	2,834	8,619	396
Investment Expense	(11)	(28)	(5)	(58)	(102)	(30)
Purchase of Investment Securities		(14,859)	(8,771)		(23,630)	
Proceeds from the Sale and Maturity of Investments		4,952	5,652		10,604	
Net Cash Provided (Used) by Investing Activities	146	(6,707)	(724)	2,776	(4,509)	366
Net Increase (Decrease) in Cash and Cash Equivalents During the Fiscal Year	507	(29,553)	(9,191)	24,912	(13,325)	6,102
Cash and Cash Equivalents at Beginning of Year, Restated	9,127	84,704	25,109	128,168	247,108	46,132
Cash and Cash Equivalents at End of Year	$ 9,634	$ 55,151	$ 15,918	$ 153,080	$ 233,783	$ 52,234

Continued on next page

STATE OF SOUTH DAKOTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (continued)
For the Fiscal Year Ended June 30, 2013
(Expressed in Thousands)

	Business-type Activities - Enterprise Funds					Governmental Activities
	Major					
	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)	$ 107,179	$ (5,593)	$ (6,011)	$ 10,899	$ 106,474	$ (1,539)
Adjustments to Reconcile Operating Income (Loss):						
Depreciation/Amortization Expense	784	52	28	133	997	5,302
Interest Expense		5,404	2,436		7,840	194
Miscellaneous Nonoperating Items	132			2	134	
Decrease/(Increase) in Assets:						
Accounts Receivable	(103)			779	676	126
Interest, Dividends & Penalties Receivable		(124)	(149)	17	(256)	
Loans and Notes Receivable		(11,864)	(8,231)	5,291	(14,804)	
Due From Other Funds				(20)	(20)	14
Due From Component Units		(3,326)		(7)	(3,333)	(22)
Due From Other Governments		(10)	(21)	1,164	1,133	(42)
Inventory				(159)	(159)	3
Other Assets		45		(303)	(258)	3
Other Restricted Assets	6				6	
Increase/(Decrease) in Liabilities:						
Accounts Payable	149	(119)	(33)	1,756	1,753	830
Accrued Liabilities	81	1	(2)	77	157	137
Compensated Absences Payable		13	(8)	43	48	272
Due To Other Funds	(15)	(197)		(230)	(442)	62
Due To Component Units				(48)	(48)	(1)
Due To Other Governments	(3)	776	118	(63)	828	49
Unearned Revenue	(3)			(103)	(106)	754
Escrow Payable	(9)				(9)	
Policy Claim Liabilities				(1,424)	(1,424)	4,130
Other Liabilities	(24)			(2)	(26)	
Net Cash Provided (Used) by Operating Activities	$ 108,174	$ (14,942)	$ (11,873)	$ 17,802	$ 99,161	$ 10,272
Noncash Investing, Capital and Financing Activities:						
Gain (Loss) on Disposal of Fixed Assets	$	$	$	$ (4)	$ (4)	$ 558
Capital Lease Obligations Entered Into						5,893
Transfers In (Out) of Fixed Assets						22

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, 2013
(Expressed in Thousands)

	Pension Trust Funds	Private Purpose Trust Funds	Agency Funds
Assets			
Cash and Cash Equivalents	$ 9,286	$ 18,503	$ 42,749
Receivables:			
Employer	2,223		
Employee	2,594		
Benefits	62		
Unsettled Investment Sales	28,044		
Taxes Receivable			37,472
Due From Other Funds		111	
Due From Other Governments			413
Investment Income	18,468	561	28
Other		22	346
Total Receivables	51,391	694	38,259
Investments, at Fair Value:			
Fixed Income	1,969,651		
Equities	5,046,784		
Real Estate	1,292,447		
Private Equity	865,059		
Pooled Investment Funds		166,647	
Total Investments	9,173,941	166,647	0
Due from brokers - futures transactions	1,870		
Properties, at Cost	16	13,878	
Accumulated Depreciation	(11)		
Other Assets	21	6	
Total Assets	9,236,514	199,728	$ 81,008
Liabilities			
Payables:			
Accounts Payable and Other Liabilities	1,894	297	$ 10,535
Refunds - Contractors Excise Tax			14,987
Due To Other Funds	43	177	
Due To Other Governments			55,486
Compensated Absences Payable	296		
Securities Sold, But Not Yet Purchased, at Fair Value	55,977		
Unsettled Investment Purchases	38,369		
Total Liabilities	96,579	474	$ 81,008
Net Position			
Restricted for Pension Benefits	9,139,935		
Restricted for Individuals and Other Governments		199,254	
Total Net Position	$ 9,139,935	$ 199,254	

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, 2013
(Expressed in Thousands)

	Pension Trust Funds	Private Purpose Trust Funds
Additions		
Contributions:		
Employee	$ 101,679	$
Employer	100,376	
From Clients and Inmates		8,471
Other		8,495
Total Contributions	202,055	16,966
Investment Income:		
From Investing Activities		
Net Increase (Decrease) in Fair Value of Investments	1,285,689	21,445
Interest	74,669	
Dividends	127,209	
Real Estate	23,406	
Securities Lending, Net	886	14
Pooled Interest and Dividends		4,221
Investment Activity Income	1,511,859	25,680
Less Investment Activity Expenses	(35,859)	
Net Investment Income (Loss)	1,476,000	25,680
Escheated Property		5
Miscellaneous Income		763
Transfers From Other Funds	2,000	
Total Additions	1,680,055	43,414
Deductions		
Benefits	401,451	
Refunds of Contributions	25,161	
Distribution to School Districts		7,422
Payments made for Trust Purposes		9,453
Administrative Expenses	3,652	2
Total Deductions	430,264	16,877
Change in Net Position	1,249,791	26,537
Net Position at Beginning of Year	7,890,144	172,717
Net Position at End of Year	$ 9,139,935	$ 199,254

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

South Dakota

GREAT FACES. GREAT PLACES.

NOTES TO THE FINANCIAL STATEMENTS

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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

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).

B. Reporting Entity

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

Blended Component Units

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

The State's blended component units are South Dakota Building Authority, South Dakota Conservancy District, and Education Enhancement Funding Corporation.

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

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

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

Discretely Presented Component Units

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

The State's major discretely presented component units are South Dakota Housing Development Authority, South Dakota Science and Technology Authority, and Higher Education.

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

The South Dakota Science and Technology Authority (SDSTA) 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 the SDSTA was to support the transfer of the Homestake Gold Mine in Lead, South Dakota for development by the research community to become the world's premier underground Science and Engineering Laboratory. Past history has established a pattern of the State of South Dakota assuming the obligation to finance the organization which has created a financial benefit/burden relationship, but does not meet any of GASB's criteria for blending, it is considered a discretely presented component unit of the State. This financial presentation does not change the legal liability of the indebtedness.

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

The State's nonmajor discretely presented component units are South Dakota Value Added Finance Authority, Conservation Reserve Enhancement Program, South Dakota Economic Development Finance Authority and South Dakota Ellsworth Development Authority.

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

The Conservation Reserve Enhancement Program was created by the Legislature under Chapter 05-12-7 of the South Dakota Codified Law to provide funding, using the bonding authority of the South Dakota Building Authority, to advance to Conservation Reserve Program (CRP) participants a one-time lump sum of money representing a certain present value percentage of their remaining CRP payments. Because the State of South Dakota is able to impose its will over the program, but does not meet any of GASB's criteria for blending, it is considered a discretely presented component unit of the State. This financial presentation does not change the legal liability of the indebtedness.

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

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

Related Organizations

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

Separately issued financial statements of the South Dakota Building Authority, Conservation Reserve Enhancement Program, South Dakota Economic Development Finance Authority, South Dakota Housing Development Authority, Science and Technology Authority and South Dakota Ellsworth Development Authority are available from the Department of Legislative Audit, 427 South Chapelle, c/o 500 East Capitol, by calling (605) 773-3595, or online at http://legislativeaudit.sd.gov/Reports/State/state_reports_all.htm

C. Government-Wide and Fund Financial Statements

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

The Statement of Net Position presents the reporting entity's nonfiduciary assets and liabilities, 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 with 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, 2013, there was $26,737,000 of bank tax receipts that was not recognizable in the State's financial statements because a reasonable estimate was unable to be determined for how much is considered measurable. Revenue from grants and similar items are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met.

Governmental Fund Financial Statements

Governmental Fund Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period, or soon enough thereafter to pay liabilities of the current period. Sales tax, motor fuel taxes, bank card 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. 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 accrual accounting. However, expenditures related to debt service, compensated absences, capital leases, and claims and judgments are recorded only when payment is due and payable.

Proprietary, Fiduciary, and Similar Component Units Financial Statements

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

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

Financial Statement Presentation

The State reports the following major governmental funds:

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

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

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

The Dakota Cement Trust Fund was created with the proceeds from the sale of the State Cement Plant. Income from the fund is used to fund general state government and public school districts.

The Education Enhancement Trust Fund 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, fiduciary, or component units funds.

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

Proprietary Funds:

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

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

Fiduciary Funds:

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

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

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

E. Budgetary Accounting

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

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

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, 2013 totaled $26,375,402. The encumbrance amount is broken down by Major Fund and Nonmajor Fund below:

Fund	Amount Encumbered	
Major Fund:		
General Fund	$	7,710,543
Transportation		7,995,890
Non-Major:		
Non-Major Total		10,668,969
TOTAL	**$**	**26,375,402**

F. Assets, Liabilities, and Net Position/Fund Balance

Cash and Cash Equivalents and Investments

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

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

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Fair values for the fixed income securities are obtained from Bloomberg Financial Markets, Bank of America Merrill Lynch, and Citigroup Global Markets. Domestic and Canadian equity security fair values are obtained from FT Interactive Data, non-Canadian foreign equity security fair values are obtained from Exshare, and spot foreign currency exchange rates are obtained from Reuters. Investments denominated in foreign currencies and foreign currency cash balances are translated into U.S. dollars using the year-end spot foreign currency exchange rates. Fair values of foreign currency forward contracts are obtained from Bloomberg Financial Markets. Fair values of limited partnership investments are based on valuations on the underlying companies of the limited partnerships as reported by the general partner.

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

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

Receivables

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

Inventories

Inventories reported in the governmental fund types are reported at cost using the weighted average cost method. Proprietary fund type inventories are valued at the lower of cost or market, using the moving average cost method. Inventories reported in the Higher Education component unit discrete presentation are reported at cost using the FIFO method, except livestock inventories, which are reported at June 30, 2013 market prices. 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, 2013, the commodities inventory was reported in the amount of $1,089,452.

Capital Assets

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

All land is capitalized regardless of cost. Land improvements are capitalized when the cost of the improvement is $50,000 or more. Buildings and building improvements are capitalized when the cost is $100,000 or more. Equipment (including purchased software licenses) is capitalized when the cost of individual items is $5,000 or more. Infrastructure assets are capitalized when the cost of the assets is $1,000,000 or more for governmental funds and fiduciary funds, and $50,000 or more for proprietary funds and component units. Intangible assets such as easements, patents, trademarks, internally generated computer software, etc. (as defined by GASB Statement 51) are capitalized when the cost is $250,000 or more. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an assets 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 treasurers and collections. The exceptions to this policy are the Memorial Art Center Collection at the South Dakota State University and the Oscar Howe paintings collection at the University of South Dakota. The collections are valued at the historical cost or estimated fair

market value at the time of donation. The reported capitalized value of these collections was $8,656,860 and $375,585, respectively, as of June 30, 2013. All proceeds from the sale of items within these collections will be used to acquire other items for the collections.

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, as well as issuance costs, 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. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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.

Net Position and *Fund Balances*

The difference between assets and liabilities is "Net Position" on the Government-wide, Proprietary, and Fiduciary Funds Financial Statements and "Fund Balance" on the Governmental Fund Financial Statements. 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 consist 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 consist of assets that do not meet the definition of the two preceding categories.

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

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

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

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

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

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

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

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

G. Compensated Absences

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

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

H. Lottery Security Deposits

State law requires video lottery operators to furnish security to the Lottery. Security may be in the form of a surety bond, deposit in cash, an irrevocable letter of credit, or a certificate of deposit issued by a South Dakota financial institution with the Lottery endorsed on it as a payee. As of June 30, 2013, the amount of certificate of deposits being held by the Lottery was $472,199 and is included in cash and cash equivalents on the balance sheet. The amount of $4,939,000 was in the form of surety bonds, deposits in cash, or irrevocable letters of credit and is not reported on the Statement of Net Position.

I. Interfund Activity and Balances

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

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

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

2. ACCOUNTING CHANGES, RESTATEMENTS, AND RECLASSIFICATIONS

Restatements-Primary Government

The beginning fund balance for the General Fund, reported as a major governmental fund, decreased by a net total of $5,602,000, which consists of the following three changes:

Decrease in beginning fund balance of $3,604,000 for tax revenue that was recognized in previous years that was not earned until the current fiscal year. The beginning net position reported for governmental activities in the Government-wide Statement of Activities decreased by the same amount.

Decrease in beginning fund balance of $2,594,000 to recognize the entire unclaimed property liability in the fund financial statements. The portion of this liability that was not expected to require the near-term outflow of current financial resources was previously only reported in the governmental activities portion of the Government-wide Financial Statements.

Increase in beginning fund balance of $596,000 for the inclusion of the SDRC Indemnification Fund and the SDRC Expense Fund accounts that were not previously reported in the State's financial statements. The beginning net position reported for governmental activities in the Government-wide Statement of Activities increased by the same amount.

Restatements-Component Units

The beginning net position balance reported for Higher Education was increased by $2,301,000 for errors in the reporting of receivables, liabilities, fixed assets, and other miscellaneous reporting errors in prior years.

Restatements-Note 6 Capital Assets

The beginning balance of Primary Government's construction in progress in Note 6 section A of the Notes to the Financial Statements was reduced by $59,764,000 and included in the beginning buildings balance due to the completion of this project during the prior fiscal years. This will have no effect on the Government-wide Statement of Net Position.

South Dakota Ellsworth Development Authority (SDEDA), a discretely presented component unit, has restated a total of $877,751 from assets held for resale during the prior fiscal year to the beginning balance of construction in progress for $873,795 and equipment for $3,956 in Note 6 section B of the Notes to the Financial Statements due to the creation of an asset that will be retained in the SDEDA. This will have no effect on the Government-wide Statement of Net Position.

Change in Account Classification:

Clean Water and Drinking Water State Revolving funds in prior years have shown federal capitalization grant revenue as operating income in the statement of revenues, expenses and changes in net position. In FY13 federal capitalization grant revenue has been classified as nonoperating income to reflect a more generally accepted method of reporting.

Recently Issued Pronouncements

In March 2012, the GASB issued Statement 65, Items Previously Reported as Assets and Liabilities. This Statement establishes accounting and financial reporting standards that reclassify previously reported assets and liabilities as deferred outflows or deferred inflows of resources. The requirements of GASB Statement No. 65 are effective for the State's fiscal year 2014 financial statements.

In March 2012, the GASB issued Statement 66, Technical Corrections – 2012 (an amendment of GASB Statement No. 10 and No. 62). This Statements objective is to improve governmental accounting and financial reporting by cleaning up conflicting guidance issued from Statement No. 54, Fund balance Reporting and Governmental Fund Type Definitions, and No. 62, Codification of Accounting and Financial Reporting Guidance (Pre-November 1989 FASB and AICPA Pronouncements). The requirements of GASB Statement No. 66 are effective for the State's fiscal year 2014 financial statements.

In June 2012, the GASB issued Statement 67, Financial Reporting for Pension Plans (an amendment of GASB Statement No. 25). This Statements objective is to improve financial reporting by state and local government pension plans. This statement replaces Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and No. 50, Pension Disclosures, where they relate to pension plans administered through trusts or equivalent arrangements. Both Statement No. 25 and No. 50 remain in effect for all other scopes. The requirements of GASB Statement No. 67 are effective for the State's fiscal year 2014 financial statements.

In June 2012, the GASB issued Statement 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27. This Statements objective is to improve financial reporting by state and local governments relative to pensions and its supporting documents usefulness. This statement replaces the requirements found in Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, and No. 50, Pension Disclosures, where they relate to pension plans administered through trusts or equivalent arrangements. Both Statement No. 27 and No. 50 remain in effect for all other scopes. The requirements of GASB Statement No. 68 are effective for the State's fiscal year 2015 financial statements.

In January 2013, the GASB issued Statement 69, Government Combinations and Disposals of Government Operations. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The requirements of GASB Statement No. 69 are effective for the State's fiscal year 2015 financial statements.

In April 2013, the GASB issued Statement 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees. The objective of this statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. The requirements of GASB Statement No. 70 are effective for the State's fiscal year 2014 financial statements.

Management has not yet determined the impact that the unimplemented GASB statements will have on the State's 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 $13,450,046 for deficit cash balances that existed in various state funds at June 30, 2013, 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.

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 81% of the Cash Flow Portfolio) and discretely presented component units (comprising 19% of the Cash Flow Portfolio). Higher Education and the Science and Technology Authority are discretely presented component units and have deposits and investments in the Cash Flow Portfolio. Because of the pooled deposit and investment concept of the Cash Flow Portfolio, the discretely presented component units' share of the portfolio cannot be broken out separately for risk disclosure purposes. For risk disclosure purposes, their share of the Cash Flow Portfolio is included in the Primary Government. The second category is the Retirement Portfolios. This category represents the investments of the South Dakota Retirement System and the Cement Plant Retirement Fund. The third category is the Trust Portfolios. This category includes the portfolios of School and Public Lands, Dakota Cement Trust Fund, Education Enhancement Trust Fund and Health Care Trust Fund. The fourth category is Other Funds. This category represents funds that are not managed by the

South Dakota Investment Council (SDIC) and includes Educational Enhancement Funding Corporation, Clean Water State Revolving Fund, Drinking Water State Revolving Fund, and the Vocational Education Program.

Deposits

Custodial Credit Risk. Custodial credit risk is the risk that, in the event of the failure of a depository institution, the State of South Dakota will not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. The Cash Flow Portfolio's certificates of deposit and other deposits in state financial institutions in excess of depository insurance must be 100% collateralized. Collateral is valued at the lower of cost or market as reported in the quarterly call reports prepared by the qualified public depositories pursuant to SDCL 4-6A-7. Collateral is required to be segregated by each depository as approved by the South Dakota Public Deposit Protection Commission. Collateral may not be held in any safety deposit vault owned or controlled either directly or indirectly by the pledging financial institution but must be deposited for safekeeping in a financial institution that is a member of the Federal Reserve. At June 30, 2013, pledged collateral for three depositories did not equal at least 100 percent of the total public deposits in excess of depository insurance. As a result, $77,367 of the Cash Flow Portfolio's certificates of deposit was exposed to custodial credit risk.

The Retirement Portfolios have no formal deposit policy specific to custodial credit risk. At June 30, 2013, the Retirement Portfolios had bank balances in foreign currencies in various foreign countries. These deposits are not collateralized or covered by depository insurance. As a result, the Retirement Portfolios were exposed to custodial credit risk of $11,493,210.

The Trust Portfolios have no formal deposit policy specific to custodial credit risk. At June 30, 2013, the Trust Portfolios had bank balances in foreign currencies in various foreign countries. These deposits are not collateralized or covered by depository insurance. As a result, the Trust Portfolios were exposed to custodial credit risk of $107,449.

The Other Funds have no formal deposit policy specific to custodial credit risk. At June 30, 2013, 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 $21,042,144.

Investments

Securities Lending. State statutes and the 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. The fair value of securities on loan as of June 30, 2013 was $49,256,929 and the collateral held on the same date was $52,135,990. 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 US Dollars, 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, 2013 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 $127,718,590 in guaranteed investment contracts at June 30, 2013.

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

The Cash Flow Portfolio policy limits average portfolio duration to 2.88 years, and no holding's maturity can exceed 5 years. One exception to the 5 year maturity rule is that the portfolio may participate in the initial offering of securities with a maturity of up to 5 years, 3 months. The Retirement Portfolios fixed income portfolio duration must fall between 70% and 130% of the duration of the Citigroup Broad Investment Grade (BIG) Index. The Trust Portfolios investment-grade fixed income portfolios are benchmarked to the duration of the Citigroup BIG Index. The internally managed high yield fixed income portfolios have a duration range of 85% to 115% of the Citigroup High-Yield Cash Pay Capped Index duration. The Treasury Inflation Protected Securities (TIPS) investments have a range of 5 to 10 years to maturity at purchase. No formal interest rate risk policy exists for the fixed income portfolios of the Other Funds.

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

	Cash Flow Portfolio		Retirement Portfolios		Trust Portfolios		Other Funds	
Investment Type	Fair Value	Mod. Dur.	Fair Value	Mod. Dur.	Fair Value	Mod. Dur.	Fair Value	Mod. Dur.
U.S. Treasuries	$		$ 129,759	6.46	$ 24,621	6.46	$	
U.S. Treasury bills			22,108	0.22				
U.S. Treasury STRIPS			44,093	9.99	1,974	9.99		
U.S. Treasury Inflation Protected Securities			1,789	1.54	42,935	1.61		
U.S. agencies	180,329	1.75	57,625	4.57	17,317	7.00	3,906	1.00
U.S Government-backed loans					1,476	12.75		
Investment grade corporates	843,665	2.31	365,214	4.12	61,639	4.24		
High-yield corporates			173,824	3.61	11,348	4.03		
High-yield bond mutual fund								
Agency Mortgage-backed securities			321,523	4.97	60,892	4.78		
Non-agency Mortgage-backed securities			435,504	0.58	38,851	0.57		
Municipal bonds					46,736	5.39		
Investment agreements							123,813	13.41
Total	**$ 1,023,994**		**$ 1,551,439**		**$ 307,789**		**$ 127,719**	
Portfolio modified duration		2.21		3.57		4.92		13.03

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

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

Statutes authorize the Vocational Education Program to invest in direct obligations of the U.S., obligations issued by any agency or instrumentality of the U.S., in 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, in 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, in short-term discount obligations of the FNMA or in obligations issued by any state of the U.S.

The Education Enhancement Funding Corporation and the Building Authority CREP do not have formal policies on investment credit risk.

As of June 30, 2013, 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	$ 268,448	$ 460,463	$ 146,719	$ 24,882
Aa	168,284	65,604	35,817	
A	592,983	110,843	37,729	1,104
Baa	67,253	187,022	29,258	121,844
Ba		64,070	5,447	865
B		113,344	10,469	
Caa		178,406	15,216	
Ca		134,981	10,725	
C				
P-1				
Unrated		111,425	10,094	17,501
Total	**$ 1,096,968**	**$ 1,426,158**	**$ 301,474**	**$ 166,196**

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 U.S. dollars (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, 2013, are as follows (in U.S. dollar fair value, expressed in thousands):

	Retirement Portfolios				Trust Portfolios		
Currency	Equities U.S. Dollar Fair Value	Fixed Income U.S.	Cash U.S Dollar Fair Value	Total	Equities U.S. Dollar Fair Value	Cash U.S Dollar Fair Value	Total
Australian Dollar	$ 10,132	$	$ 239	$ 10,371	$	$	$
Brazilian Real	1,869			1,869			
British Pound	269,530		4,941	274,471	27,997		27,997
Canadian Dollar	65,383		351	65,734	3,642	35	3,677
Danish Kroner	8,310		29	8,339			
Euro	314,463		2,952	317,415	31,591		31,591
Hong Kong Dollar	2,937		49	2,986			
Hungarian Forint	863		71	934			
Japanese Yen	182,168		1,784	183,952	15,469	73	15,542
Korean Won	30,888		2	30,890			
Norwegian Krone	1,463		1,062	2,525			
Singapore Dollar	676		4	680			
Swedish Krona	479			479			
Swiss Franc	249,363		9	249,372	30,323		30,323
Total Fair Value	**$1,138,524**	**$**	**$ 11,493**	**$ 1,150,017**	**$ 109,022**	**$ 108**	**$ 109,130**

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, 2013 was $160,753,670. For the Retirement Portfolios, the total fair value of investments in real estate and private equity limited partnerships as of June 30, 2013 was $2,259,295,344. The total fair value of global equity investments managed by outside managers was $218,486,827. The total fair value of arbitrage equity investments managed by outside managers was $92,334,867.

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 Portfolios 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, 2013.

Derivative Financial Instruments in Primary Government

Retirement Portfolios. Derivatives are generally defined as contracts whose value depends on, or derives from, the value of an underlying asset, reference rate or index. The Retirement Portfolios are exposed to a variety of derivative products through the investment management of the SDIC and their outside managers. The following notes detail the derivatives instruments used in the SDIC's internally managed portfolios. All of the SDIC's derivatives are classified as investment derivatives.

Futures Contracts. A futures contract is a contract to buy or sell units of an index or financial instrument at a specified future date at a price agreed upon when the contract is originated. The SDIC purchases and sells financial and interest rate futures as a means of adjusting the Retirement Portfolios mix and at a lower transaction cost substitute for transactions that would otherwise occur in the underlying portfolios. During fiscal year ended June 30, 2013, S&P 500 futures and 10-year U.S. Treasury note futures were utilized. Upon entering into such a contract, the SDIC pledges to the broker cash or U.S. government securities equal to the minimum initial margin requirement of the futures exchange. Additionally, the portfolios receive or pay a daily variation margin, which is an amount of cash equal to the daily fluctuation in value of the contract. The pending variation margin at June 30, 2013 of $1,875,343 is presented in the Statement of Net Position as "Due from brokers – futures transactions." The change in fair value of the futures contracts is presented in the Statement of Changes in Net Position as "Net appreciation in fair value of investments." The net change in fair value from futures contracts for fiscal year ended June 30, 2013 was $1,175,916. Futures contracts outstanding at June 30, 2013 were as follows:

	Open Position	Contracts	Notional Contract size	Fair Value
U.S. Treasury Note future due September 2013	Long	1,528	$100,000 par value 6% U.S. Treasury note	$ 193,387,501
S&P 500 future due September 2013	Short	(1,087)	$250 x S&P 500 futures price	$(437,008,725)

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." The net change in fair value from foreign currency forward contracts for fiscal year ended June 30, 2013 was $3,189,401. At June 30, 2013, the foreign currency forward contracts outstanding were as follows:

Description	Notional Amount		Maturity Date	Fair Value (U.S. Dollars)
Forward sale	(1,943,536)	CHF	07/25/2013	$ 12,753
Forward sale	(19,770,519)	CHF	08/02/2013	316,745
Forward sale	(20,777,375)	EUR	09/20/2013	355,975
Forward sale	(115,000,000)	JPY	08/08/2013	1,721
Forward purchase	129,400,000	CNY	07/24/2014	548,163
Forward purchase	128,050,000	CNY	07/28/2014	330,883
Forward purchase	117,237,600	CNY	09/10/2015	359,684
Forward purchase	150,250,000	CNY	03/30/2015	(1,337,837)
Forward purchase	158,375,000	CNY	11/30/2016	(473,115)
Forward sale	282,573	EUR	08/08/2013	2,019

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, 2013, the net fair value of foreign currency forward contracts was $1,923,906. This represents the maximum loss that would be recognized at the reporting date if all counterparties failed to perform as contracted. The credit ratings of the counterparties are as follows:

Moody's Credit Rating	Number of Counterparties	Fair Value
A1	1	$ (1,913,172)
Aa3	1	(10,734)

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 contacts because they are denominated in foreign currencies. The net fair value of the foreign currency forward contracts in U.S. dollars is $116,991.

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 component units do not have deposit policies for custodial credit risk. As of June 30, 2013 the component units had deposits that were not collateralized or covered by depository insurance in the amount of $1,675,753.

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, 2013, investments in the amount of $1,930,410 were uninsured and unregistered, with the securities held by the counterparty, or by its trust department or agent, but not in the component unit's name.

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

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

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

As of June 30, 2013, component units had investments maturing as follows (expressed in thousands):

		Investment Maturities (in Years)			
Investment Type	**Fair Value**	**Less than 1**	**1 to 5**	**6 to 10**	**Greater than 10**
U.S. Treasury bills	$ 10,584	$ 10,584	$	$	$
U.S. Treasury notes	71,515	1,571	33,547	35,356	1,041
U.S. Treasury strips	63	63			
U.S. agencies	499,644	21,408	204,018	30,571	243,647
Mutual funds	163,311	163,311			
State Obligations	6,249	1,268	4,441		540
Investment agreements	15,000	7,986	6,390		624
Total	**$ 766,366**	**$ 206,191**	**$ 248,396**	**$ 65,927**	**$ 245,852**

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

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

As of June 30, 2013, the Housing Development Authority and the Economic Development Finance Authority investments had the following ratings (expressed in thousands):

Moody's Rating	**Fair Value**
Aaa	$ 275,226
Aa	294,874
A	
Baa	
Unrated	12,993
Total Fair Value	**$ 583,093**

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. As of June 30, 2013 the Economic Development Finance Authority has the maximum portfolio exposure to permitted investments:

	Restricted Account Portfolio Exposure		**Unrestricted Account 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%
Money Market Funds	25%	25%	25%	25%

The Housing Development Authority will minimize Concentration Credit Risk by diversifying the investment portfolio and reducing the impact potential losses from any one type of security or issuer. As of June 30, 2013, the following issuers held 5% or more of the Housing Development Authority's investments: Federal Home Loan Bank (14.85%), Federal National Mortgage Association (19.88%), and Federal Home Loan Mortgage Corporation (15.01%).

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, 2013, 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 (expressed in thousands).

Bond Series	Current Notional Amount	Effective Date	Fixed Rate	Variable Rate Received	Termination Date	Counterparty Credit Rating*	Fair Value
Merrill Lynch Capital Services							
2003 C-1	$	06/18/2004	3.40%	57% of LIBOR plus 0.42%	05/01/2013	Baa2	$
2005 D	6,925	04/13/2005	3.29%	57.3 % of LIBOR plus 0.40%	05/01/2015	Baa2	(369)
2007 I	34,000	10/16/2007	4.14%	63.8% of LIBOR plus 0.30%	05/01/2038	Baa2	(4,025)
JPMorgan Chase Bank, N.A.							
2004 G	33,000	10/20/2004	3.90%	63.4% of LIBOR plus 0.29%	05/01/2034	Aa3	(1,575)
2005 C	41,000	04/13/2005	3.93%	63.3% of LIBOR plus 0.30%	05/01/2035	Aa3	(2,526)
2008 F	34,000	09/04/2008	3.85%	63.7% of LIBOR plus 0.31%	05/03/2039	Aa3	(3,685)
The Bank of New York, Mellon, N.A. (Novated from UBS on 7/22/2010)							
2003 F		06/21/2005	3.76%	63.8% of LIBOR plus 0.29%	05/01/2034	Aa1	
2003 I	28,000	06/21/2005	3.76%	63.8% of LIBOR plus 0.29%	05/01/2034	Aa1	(462)
2004 C	34,000	06/21/2005	3.75%	63.8% of LIBOR plus 0.29%	05/01/2034	Aa1	(1,045)
Bank of America, N.A.							
2009 C	22,000	11/18/2009	3.14%	64.0% of LIBOR plus 0.22%	05/01/2039	A3	(1,304)
Merrill Lynch Derivative Products, AG.							
2005 G	25,000	07/19/2005	3.77%	63.8% of LIBOR plus 0.29%	05/01/2035	Aa3	(1,612)
2006 C	45,000	06/14/2006	4.42%	64% of LIBOR plus 0.29%	05/01/2037	Aa3	(4,667)
2008 C	41,210	03/26/2008	3.42%	63.7% of LIBOR plus 0.30%	05/01/2039	Aa3	(2,668)
MPB 2008 A	7,070	08/02/2008	3.55%	63.8% of LIBOR plus 0.20%	05/01/2048	Aa3	(646)

* Moody's Investors Service

The fair values presented above were estimated by the Housing Development Authority's counterparty to the swaps. The valuation was determined by calculating the difference between the present values of each fixed cash flow to be paid and each floating cash flow to be received by the Authority based upon the current market yield curve. The present value factors for each cash flow are based on the implied zero coupon yield curve determined by current market rates. Additionally, the values of the call options are determined by calculating the present value of each predicted option outcome, whose interest rate prediction variance is determined by current market implied volatility. Together these calculations determine the current fair value of the Authority's swap contracts. The fair values in the table above represent the termination payments that would have been due had the swaps been terminated as of June 30, 2013. 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, 2013 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, 2013, the weighted average interest rate on the Authority's variable rate debt associated with swaps was 1.58% per annum, while the weighted average interest rate on the swaps was 1.60% 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. As of June 30, 2013, outstanding debt principal exceeds current swap notional amounts by $7,290,000.

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

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

Swap Payments and Associated Debt. As rates vary, variable-rate bond interest payments and net swap payments will vary. Debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same for their term, were as follows using rates as of June 30, 2013 (expressed in thousands):

Year End	Variable-Rate Bond		Interest Rate	
30-Jun	Principal	Interest	Swap – Net	Total
2014	$ 90	$ 310	$ 11,291	$ 11,691
2015	95	310	10,946	11,351
2016	100	309	10,721	11,130
2017	100	309	10,660	11,069
2018	105	309	10,642	11,056
2019-2023	610	1,543	53,156	55,309
2024-2028	13,480	1,535	52,893	67,908
2029-2033	136,785	1,286	45,039	183,110
2034-2038	190,175	341	14,161	204,677
2039-2043	15,215	25	738	15,978
2044-2048	1,740	7	159	1,906
2049-2051				
Total	$ 358,495	$ 6,284	$ 220,406	$ 585,185

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 is exposed to rollover risk on the following debt:

Bond Series	Debt Maturity Date	Swap Termination Date
2005 D	11/01/2031	05/01/2015

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

Outstanding forward sales contracts as of June 30, 2013 are as follows:

Forward Contracts to sell TBA Mortgage-Backed Securities	Notional Amount June 30, 2013	Trade Date	Delivery Date	Coupon Rate	Fair Values June 30, 2013	Moody's Credit Rating
Bank of America Merrill Lynch						
GNMA II	$ 551,700	6/17/2013	8/20/2013	3.00%	$ 16,982	Not rated
GNMA II	1,000,000	6/17/2013	8/20/2013	3.00%	30,781	Not rated
GNMA II	370,000	6/17/2013	8/20/2013	3.50%	8,094	Not rated
Bank of New York Mellon						
FNMA	1,000,000	5/7/2013	7/15/2013	3.00%	57,344	Aa1
FNMA	245,000	6/7/2013	7/15/2013	3.00%	6,048	Aa1
GNMA II	1,000,000	4/24/2013	7/22/2013	3.00%	68,594	Aa1
GNMA II	1,000,000	5/15/2013	7/22/2013	3.50%	37,656	Aa1
GNMA II	500,000	5/24/2013	8/20/2013	3.50%	14,844	Aa1
GNMA II	400,000	6/12/2013	8/20/2013	3.50%	6,125	Aa1
GNMA II	300,000	6/12/2013	8/20/2013	4.00%	3,328	Aa1
GNMA II	626,650	6/17/2013	8/20/2013	3.50%	12,729	Aa1
FNMA	500,000	6/28/2013	9/12/2013	4.50%		Aa1
Simmons First						
GNMA II	400,000	6/7/2013	8/20/2013	3.50%	6,438	Not rated
GNMA II	1,800,000	6/28/2013	9/19/2013	4.00%	843	Not rated
GNMA II	800,000	6/28/2013	9/19/2013	4.50%	(500)	Not rated
	$ 10,493,350				**$ 269,306**	

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	$115,787	$ 12,101	$	$	$	$ 3,782	$	$ 131,670
Allowance	(11,375)	(25)				(1)		(11,401)
Accounts Receivable	7,971	1,307	7,144	10	17	23,582	850	40,881
Allowance	(1,290)	(472)				(4,905)		(6,667)
Due From Other Governments	916	52,798	36,531			79,814	164	170,223
Interest Receivable	1,233	300	1	828	1,598	1,551	116	5,627
Current Loans and Notes						6,325		6,325
Allowance						(175)		(175)
Non-current Loans and Notes		145				61,298		61,443
Allowance						(11)		(11)
Due From Fiduciary Funds	36					120	43	199
Receivables, net	**$113,278**	**$ 66,154**	**$ 43,676**	**$ 838**	**$ 1,615**	**$ 171,380**	**$1,173**	**$ 398,114**

	Business-type Activities				
	Lottery Fund	Clean Water State Revolving Fund	Drinking Water State Revolving Fund	Non-major Enterprise Funds	Total
Accounts Receivable	$ 4,417	$	$	$ 5,058	$ 9,475
Allowance	(14)			(3,223)	(3,237)
Due From Other Governments		367	416	608	1,391
Interest Receivable	45	2,360	1,875	357	4,637
Current Loans Receivable		17,193	10,334	11,300	38,827
Allowance					
Noncurrent Loans Receivable		196,436	138,413	32,770	367,619
Allowance				(2,428)	(2,428)
Due From Fiduciary Funds				21	21
Receivables, net	**$ 4,448**	**$216,356**	**$151,038**	**$ 44,463**	**$ 416,305**

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	Educational Enhancement Trust	Non-major Govermental Funds	Internal Service Funds	Total
Payroll and Withholdings	$11,398	$ 4,281	$ 2,090	$	$	$ 8,306	$ 1,998	$ 28,073
Accounts Payable	10,806	39,742	4,751	110	170	16,223	2,191	73,993
Bank Tax Refund	5,313							5,313
Medicaid and CHIP Claims	22,201		29,005			6,091		57,297
Due to Other Governments	3,261	4,548	226			29,219	153	37,407
Shared Revenue Distribution	13,166					33,459		46,625
Claims Payable							17,143	17,143
Due to Fiduciary Funds	47					53		100
Total	**$66,192**	**$ 48,571**	**$ 36,072**	**$ 110**	**$ 170**	**$ 93,351**	**$21,485**	**$ 265,951**

	Business-type Activities				
	Lottery Fund	Clean Water State Revolving Fund	Drinking Water State Revolving Fund	Non-major Enterprise Funds	Total
Payroll and Withholdings	$ 122	$ 16	$ 12	$ 561	$ 711
Accounts Payable	2,054	973	280	4,229	7,536
Due to Fiduciary Funds				11	11
Escrow Payable	68				68
Claims Payable				818	818
Other Liabilities	494			19	513
Total	**$ 2,738**	**$ 989**	**$ 292**	**$ 5,638**	**$ 9,657**

5. INTERFUND TRANSACTIONS

The composition of interfund balances at June 30, 2013 is as follows (expressed in thousands):

A. Interfund Receivables and Payables

	Due From									
Due To	General Fund	Trans-portation Fund	Social Services Federal Fund	Education Enhancement Fund	Non-major Governmental Funds	Lottery Fund	Non-major Enterprise Funds	Internal Service Funds	Fiduciary Funds	Total
General Fund	$	$	$ 4,797	$ 14,413	$ 14,395	$ 4,282	$ 5	$ 13	$ 36	$ 37,941
Transportation Fund					1,437	62	1	597		2,097
Social Services Federal Fund					6					6
Non-major Governmental Funds	445	42	276		1,855	2,331	172	156	120	5,397
Non-major Enterprise Funds	38		15		86			92	21	252
Internal Service Funds	2,294	1,015	644		2,629	62	154	649	43	7,490
Fiduciary Funds	47				53		11			111
Total	**$ 2,824**	**$ 1,057**	**$ 5,732**	**$ 14,413**	**$ 20,461**	**$ 6,737**	**$ 343**	**$ 1,507**	**$ 220**	**$ 53,294**

Interfund receivables and payables are recorded for: 1) interfund goods or services provided or other reimbursable transactions occurring between funds; 2) year-end entries eliminating deficit cash balances in funds as described further in Note 3; and, 3) other payables existing between funds.

Advances between funds also existed at June 30, 2013 which are not shown in the above table. These are amounts owed between funds that are not due within one year. In fiscal year 2013, advances include $1,002,432 from the Energy Conservation Fund, reported as a non-major governmental fund, to the General Fund for energy conservation projects.

B. Interfund Transfers

	Transferred To							
Transferred From	General Fund	Transportation Fund	Education Enhancement Trust Fund	Non-major Governmental Funds	Non-major Enterprise Funds	Internal Service Funds	Fiduciary Funds	Total
General Fund	$	$ 50	$ 3,000	$ 24,622	$ 2,281	$ 1,228	$ 2,000	$ 33,181
Transportation Fund	2,832			1,175				4,007
Social Services Federal Fund				219				219
Dakota Cement Trust Fund	9,357							9,357
Education Enhancement Trust Fund	14,413							14,413
Non-major Governmental Funds	69,801	6,640	1,683	7,535	3,863			89,522
Lottery Fund	98,554	234		8,916				107,704
Clean Water State Revolving Fund				30				30
Drinking Water State Revolving Fund				26				26
Non-major Enterprise Funds	2			2,820				2,822
Internal Service Funds	1,840			345	12	257		2,454
Total	**$ 196,799**	**$ 6,924**	**$ 4,683**	**$ 45,688**	**$ 6,156**	**$ 1,485**	**$ 2,000**	**$ 263,735**

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

In fiscal year 2013, $176,294,491 of State appropriations was used to support state-run universities, which are reported under Higher Education, a component unit. The amounts are reported as expenditures in the Governmental Fund Balance Sheet and as expenses in the governmental activities column of the Statement of Activities. They are reported as revenues in the component unit's column of the Statement of Activities.

6. CAPITAL ASSETS

A. Primary Government

Capital Assets consisted of the following for fiscal year 2013 (expressed in thousands):

Governmental Activities	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets not Being Depreciated:				
Land	$ 110,453	$ 1,109	$ 849	$ 110,713
Land Improvements	7,139	638		7,777
Land & Improvements - Roads	602,085	2,734		604,819
Construction in Progress, as restated	244,653	150,109	169,031	225,731
Total Capital Assets Not Being Depreciated	**964,330**	**154,590**	**169,880**	**949,040**
Capital Assets Being Depreciated:				
Land Improvements	25,547	3,074		28,621
Buildings, as restated	506,810	48,100	3,957	550,953
Equipment	184,091	16,561	7,507	193,145
Intangible Assets - Software	54,547	7,549	172	61,924
Vehicles	133,484	13,159	8,786	137,857
Infrastructure	3,476,514	116,886	21,951	3,571,449
Total Capital Assets Being Depreciated	**4,380,993**	**205,329**	**42,373**	**4,543,949**
Less: Accumulated Depreciation for:				
Land Improvements	8,558	1,318	84	9,792
Buildings	169,569	15,899	2,152	183,316
Equipment	105,381	13,873	6,657	112,597
Intangible Assets - Software	38,714	4,394	151	42,957
Vehicles	78,643	8,019	7,640	79,022
Infrastructure	1,353,327	59,799	17,902	1,395,224
Total Accumulated Depreciation	**1,754,192**	**103,302**	**34,586**	**1,822,908**
Total Capital Assets Being Depreciated, Net	2,626,801	102,027	7,787	2,721,041
Total Governmental Activities, Net	**$ 3,591,131**	**$ 256,617**	**$ 177,667**	**$ 3,670,081**

Business-type Activities	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets not Being Depreciated:				
Land	$ 295	$	$	$ 295
Construction in Progress		110		110
Total Capital Assets Not Being Depreciated	**295**	**110**		**405**
Capital Assets Being Depreciated:				
Land Improvements	924			924
Buildings	4,008			4,008
Equipment	4,535	1,297	146	5,686
Intangible Assets - Software	725			725
Total Capital Assets Being Depreciated	**10,192**	**1,297**	**146**	**11,343**
Less: Accumulated Depreciation for:				
Land Improvements	576	14		590
Buildings	3,037	65		3,102
Equipment	2,269	835	143	2,961
Intangible Assets - Software	712	4		716
Total Accumulated Depreciation	**6,594**	**918**	**143**	**7,369**
Total Capital Assets Being Depreciated, Net	3,598	379	3	3,974
Total Business-type Activities, Net	**$ 3,893**	**$ 489**	**$ 3**	**$ 4,379**

Depreciation was charged to the function of government as follows:

Governmental Activities	Amount
Unallocated	$ 53
General Government	9,731
Health, Human and Social Services	3,079
Law, Justice, Public Protection and Regulation	12,586
Agriculture and Natural Resources	4,023
Transportation	71,862
Education	1,874
Economic Resources	94
Total Governmental Activities	**$103,302**
Business-type Activities	
Enterprise Funds	**$ 918**

B. Component Units

Capital Assets for Component Units consisted of the following for fiscal year 2013 (expressed in thousands):

Higher Education:	Beginning Balance	Additions	Deletions	Balance
Capital Assets Not Being Depreciated:				
Land	$ 23,651	$ 133	$	$ 23,784
Construction in Progress, as restated	48,477	73,854	46,760	75,571
Works of Art and Historical Treasures	8,716	316		9,032
Total Capital Assets Not Being Depreciated	**80,844**	**74,303**	**46,760**	**108,387**
Capital Assets Being Depreciated:				
Land Improvements, as restated	30,317	4,400		34,717
Infrastructure, as restated	43,606	9,413		53,019
Buildings	886,991	34,483		921,474
Equipment and Other Assets, as restated	232,029	16,179	5,802	242,406
Intangible Assets	103			103
Total Capital Assets Being Depreciated	**1,193,046**	**64,475**	**5,802**	**1,251,719**
Less: Accumulated Depreciation for:				
Land Improvements, as restated	13,021	1,395		14,416
Infrastructure, as restated	16,095	1,856		17,951
Buildings	262,385	25,098		287,483
Equipment and Other Assets, as restated	174,225	12,958	5,374	181,809
Intangible Assets	6	10		16
Total Accumulated Depreciation	**465,732**	**41,317**	**5,374**	**501,675**
Total Capital Assets Being Depreciated, Net	727,314	23,158	428	750,044
Total Higher Education Capital Assets, Net	**808,158**	**97,461**	**47,188**	**858,431**
South Dakota Housing Development Authority:				
Capital Assets Not Being Depreciated:				
Land	220			220
Total Capital Assets Not Being Depreciated	**220**			**220**
Capital Assets Being Depreciated:				
Land Improvements	1,210			1,210
Buildings	4,949			4,949
Equipment	3,557	532	81	4,008
Total Capital Assets Being Depreciated	**9,716**	**532**	**81**	**10,167**
Less: Accumulated Depreciation for:				
Land Improvements	487	58		545
Buildings	460	125		585
Equipment and Other Assets	2,480	227	81	2,626
Total Accumulated Depreciation	**3,427**	**410**	**81**	**3,756**
Total Capital Assets Being Depreciated, Net	6,289	122		6,411
Total Housing Authority Capital Assets, Net	**6,509**	**122**		**6,631**

Continued on next page

Science and Technology Authority:	Beginning Balance	Additions	Deletions	Balance
Capital Assets Not Being Depreciated:				
Land	1,534			1,534
Underground Mine	16,709	52		16,761
Archive Materials	70			70
Construction in Progress	9,673	3,207	8,739	4,141
Total Capital Assets Not Being Depreciated	**27,986**	**3,259**	**8,739**	**22,506**
Capital Assets Being Depreciated:				
Building Improvements	25,167	8,646		33,813
Buildings	7,223			7,223
Equipment	7,166	1,193		8,359
Equipment Under Capital Leases		884		884
Vehicles	79			79
Infrastructure	1,659			1,659
Total Capital Assets Being Depreciated	**41,294**	**10,723**		**52,017**
Less: Accumulated Depreciation for:				
Building Improvements	1,570	751		2,321
Buildings	1,025	147		1,172
Equipment	1,393	580		1,973
Equipment Under Capital Leases		82		82
Vehicles	34	10		44
Infrastructure	95	39		134
Total Accumulated Depreciation	**4,117**	**1,609**		**5,726**
Total Capital Assets Being Depreciated, Net	37,177	9,114		46,291
Total Science and Technology Authority Capital Assets, Net	**65,163**	**12,373**	**8,739**	**68,797**
Ellsworth Development Authority				
Capital Assets Not Being Depreciated:				
Land and Easements		237	40	197
Construction in Progress, as restated	874	4,990		5,864
Total Capital Assets Not Being Depreciated	**874**	**5,227**	**40**	**6,061**
Capital Assets Being Depreciated:				
Equipment, as restated	4			4
Total Capital Assets Being Depreciated	**4**			**4**
Less: Accumulated Depreciation for:				
Equipment		3		3
Total Accumulated Depreciation		**3**		**3**
Total Capital Assets Being Depreciated, Net	4	(3)		1
Total Ellsworth Development Authority Capital Assets, Net	**878**	**5,224**	**40**	**6,062**
Total Discretely Presented Component Units, Net	**$ 880,708**	**$ 115,180**	**$ 55,967**	**$ 939,921**

During Fiscal Year 2013, the South Dakota School of Mines and Technology (SDSM&T), which is reported as part of the Higher Education discretely presented component unit, received a donation of multiple three-year software licenses from Schlumberger Company. The total list price of the software licenses, as provided by Schlumberger Company, was $49,090,970. The related maintenance on the software licenses was also donated to SDSM&T, and the list value provided by Schlumberger for this service was $29,451,960. Because of the specialized nature of the software, the inability to determine service capacity, and the lack of available market information on it, a fair market value for the licenses placed in operation could not be reasonably estimated. As such, the software licenses and maintenance agreement, along with the related revenue and expense, were not reported in the financial statements.

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, 2013 are as follow (expressed in thousands):

Primary Government		**Amount**
Governmental Activities		
Land Improvements	$	495
Buildings and Structures		11,778
Equipment		5,507
Intangibles - Computer Software		51,907
Infrastructure		156,044
Total Governmental Activities	**$**	**225,731**
Business - Type Activities		
Buildings and Structures	$	110
Total Business - Type Activities	**$**	**110**
Total Primary Government	**$**	**225,841**
Discretely Presented Component Units		
Higher Education		
Land Improvements	$	653
Buildings and Structures		73,483
Infrastructure		1,435
Science and Technology		
Buildings and Structures		429
Infrastructure		3,712
Ellsworth Development		
Buildings and Structures		5,864
Total Discretely Presented Component Units	**$**	**85,576**

7. RETIREMENT PLANS

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

As of June 30, 2013, the number of participating governmental employers was:

School Districts	166
State of South Dakota	1
Board of Regents	1
Municipalities	154
Counties	64
Boards and Commissions	88
Total Employers	474

The SDRS financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America applicable to governmental accounting for a pension trust fund. Revenue is recorded when earned and expenses recorded when incurred. Employee and employer contributions are recognized when due pursuant to formal commitment as well as statutory requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Investments are carried at fair value to properly reflect the asset values of the fund at June 30, 2013. Fair values were determined based on closing market prices at June 30, 2013 for those securities traded on national and international stock exchanges and at the average of bid-and-asked quotations for those securities traded in the over-the-counter market. For alternative investments where no readily ascertainable market value exists, management, in consultation with their investment advisors, values these investments in good faith based upon the investment's current financial statements or other information provided by the underlying investment advisor. The value of foreign securities in foreign currency amounts is expressed in U.S. dollars at the closing daily rate of exchange. Purchases and sales are recorded as of the trade date.

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

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

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

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

Class A members - 6%
Class B Judicial members - 9%
Class B Public Safety members - 8%

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

Contributions for all participating employers during fiscal year 2013 totaling $202,055,202 ($101,678,721 employee and $100,376,481 employer) were made in accordance with statutory rates. The primary government and its discretely presented component units' share was $74,390,938 ($37,221,236 employee and $37,169,702 employer). These contributions represent 100% of current year covered payroll for all participating units. The employee contributions exceed the employer contributions because of optional spouse coverage contributions and employee service purchase payments. The employer

contributions for all participating employers for fiscal years 2012, 2011, and 2010 were $98,866,649; $98,624,737; and $96,194,192 respectively.

SDRS is funded by fixed member and employer contributions at a rate established by South Dakota law. On an annual basis, an independent actuarial valuation of SDRS is performed to determine the adequacy of the fixed contributions to pay the normal costs and expenses if the System is fully funded or pay the normal costs, expenses and amortize the unfunded actuarial accrued liability (UAAL) if the System is not fully funded. The June 30, 2013 actuarial valuation of the plan determined that the System is fully funded and that the statutorily required employer contributions meet the requirements for the annual required contributions of the employers under Governmental Accounting Standards Board (GASB) Statement No. 25, *Financial reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*; and the statutorily required employer contributions are sufficient to pay the employer normal cost and expenses.

SDRS allows participating entities to pay their deferred contributions for funding of accrued benefits over periods of up to 20 years and members to pay for the purchase of certain prior service over periods of up to 10 years. Interest is charged at rates of 5% to 8%. As of June 30, 2013, deferred contribution payments will be received as follows (expressed in thousands):

Year Ending June 30	Employees
2014	231
2015	56
2016	44
2017	31
2018	8
Later	6
Total	$ 376

South Dakota Cement Commission Retirement Plans: On July 1, 2010, the South Dakota Retirement System (SDRS) began administering the South Dakota Cement Plant Retirement Fund (CPRF), in conjunction to the dissolution of the South Dakota Cement Commission. The Fund is a single-employer public employee retirement system (PERS). The Fund consists of six defined benefit pension plans covering all former employees of the State Cement Plant. The Plans are actuarially funded using the entry age normal, level percent of pay, funding method. The Plan's funding policy provides for the unfunded actuarial accrued liability to be amortized as a level dollar over an open 20 year period. The most recent actuarial evaluation was prepared as of July 1, 2013.

On March 16, 2001, the State of South Dakota sold the State Cement Plant to a private corporation. As of that date the Plans were frozen as to new participants, final average earnings, credited service, and primary social security benefits.

Copies of a separately issued financial report on the plans may be obtained by writing to the South Dakota Department of Legislative Audit, 427 South Chapelle, c/o 500 East Capitol, or by calling (605) 773-3595.

The Funds' financial statements are prepared on the accrual basis of accounting. Benefits are recorded when payable by administrative rule.

Investments are carried at fair value which is based on the quoted market price of each investment traded on stock exchanges in accordance with GASB Statement No. 31. For alternative investments where no readily ascertainable market value exists, management, in consultation with their investment advisors, values these investments in good faith based upon the investment's current financial statements or other information provided by the underlying investment advisor. Interest and dividends are accrued in the period they are earned. The unrealized appreciation or depreciation in the current value of the investments held at June 30, 2013 and the realized gain or loss on sales of investments during the period then ended are determined using the average cost of the investments. At June 30, 2013 the fair value of assets held in trust for pension benefits was $54,228,036.

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, 2012 (the most recent actuarial valuation date) the plan had 27 active participants, 2 vested terminated participants and 219 retired participants and beneficiaries.

8. DEFERRED COMPENSATION PLAN

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

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

The assets of the deferred compensation plan are not included in the accompanying financial statements because the assets are remitted to a third-party who administers and markets the plan for the participants.

9. SPECIAL PAY PLAN

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

10. OTHER POSTEMPLOYMENT BENEFITS

The State of South Dakota implemented GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions" (GASB 45) during the year ended June 30, 2008.

Plan Description: In accordance with Administrative Rules 55:08:04 other postemployment benefits (OPEB) are available to health plan retirees that are receiving a retirement benefit from the South Dakota Retirement System. In order to receive an SDRS benefit, the retiree must be at least age 55 with three years of service. Certain Public Safety employees qualify for SDRS at age 45 with three years of service.

Pre-Medicare retirees are eligible to be covered under the same medical plans that are provided to active employees as authorized by SDCL 3-6E-1 until the age of 65. However, retirees must contribute towards the cost of this coverage based on the contribution scale determined by the South Dakota Bureau of Human Resources. Dependents at the time of retirement can continue to be covered during retirement for as long as they are eligible as dependents under the plan and contribute towards the cost of the coverage. Although the retirees generally must pay 100% of the premium rate, GASB 45

requires that employers recognize the Implicit Rate Subsidy that exists in postretirement medical plans provided by governmental employers.

The Implicit Rate Subsidy refers to the concept that retirees under the age of 65 (i.e. not eligible for Medicare) generate higher claims on average than active participants. When a medical plan is self-insured or fully insured through a third-party administrator, a premium is usually determined by analyzing the claims of the entire population in that plan and adjusting for administrative costs. The resulting premium is called a blended premium because it blends the claims of active and retired participants. Since individuals generally have more and higher claims as they get older, the blended premium paid for retirees is lower than their expected claims. Another way of considering this is that if the retirees were removed from the plan, the premium for the active group would be lower; therefore, the retirees' premiums are being subsidized by the active group. Since the employer generally pays a large portion or all of the premiums for the active group, this subsidy creates a liability for the employer. The difference between the expected claims for the retiree group and the blended premium is called the Implicit Rate Subsidy.

The State operates an agent defined multiple employer retiree benefit plan which provides medical insurance benefits for retirees. There were 559 retirees as of July 1, 2012. The State has a self–insured health plan with the choice of three different deductibles for the participants to choose from.

Funding Policy: The contribution requirements of the plan participants are established by the Bureau of Personnel. The State currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation: The state's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions." The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a thirty year amortization period using a 3.519% discount rate. For year ending June 30, 2013, the state's ARC is $7,771,151.

The following table shows the components of the state's annual OPEB cost for the year, the amount contributed to the plan, and the changes to the state's net OPEB obligation. Because Higher Education is a discretely presented component unit that contributes 36% of the revenue for active employees 36% of the Net OPEB Obligation was reported by Higher Education.

Annual Required Contribution (ARC)	$ 7,771,151
Interest on Net OPEB Obligation (NOO)	838,350
Amortization Adjustment to ARC	(1,254,266)
Annual OPEB Cost (Expense)	7,355,235
Contributions	(3,649,024)
Increase in Net OPEB Obligation (NOO)	3,706,211
NOO, Beginning Balance	23,823,533
NOO, Ending	**$ 27,529,744**

The state's annual OPEB cost, the percentage of annual OPEB cost contributed to this plan, and the net OPEB obligation for FY 2009 through FY 2013 are as follows:

Fiscal Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	$7,560,788	39.68%	$10,485,515
2010	8,184,906	42.20%	15,218,459
2011	7,808,235	37.10%	20,132,845
2012	7,027,371	47.48%	23,823,533
2013	7,355,235	49.61%	27,529,744

Funded Status and Funding Progress: As of July 1, 2012, the most recent actuarial valuation date, the actuarial accrued liability (AAL) for benefits and the unfunded actuarial accrued liability (UAAL) was $67.8 million. The actuarial value of assets

is zero as no assets have been deposited into an irrevocable OPEB trust for future benefits. The covered payroll for active employees was $662.5 million and the ratio of the UAAL to the covered payroll was 10.23%.

Actuarial Methods and Assumptions: Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumption about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2012 actuarial valuation date, the Projected Unit Credit Actuarial Cost Method was used. The actuarial assumption included a 3.519% discount rate based on the State's average bond portfolio yield for the valuation period. The annual medical trend rate is assumed to grade from 8.0 percent to 7.5 percent in 2015 and to reduce .5% each year through 2019. The annual pharmacy trend rate is assumed to grade from 7.0% to 6.5% in 2015 and to reduce by.5% the next two years then remain at 5.0% for all future years. This trend curve reflects current general medical and pharmacy trend and an assumption that trend rates will gradually lower over the next 6 years.

Mortality rates are from the 1995 Buck Mortality Table for males and females.

The UAAL is being amortized on an open, level dollar basis over 30 years.

11. COMMITMENTS

Construction and Other Commitments: At June 30, 2013, the Department of Transportation had contractual construction commitments of $326,759,655 for various highway projects and maintenance commitments (including stockpile) of $8,057,331. Financing for these future expenditures will be primarily from approved federal grants and highway use taxes.

The Department of Environment and Natural Resources had construction and other contractual commitments of $151,118,295 for various water development projects. Financing for these future expenditures will be from approved federal grants, legislative appropriations, and a bond issue. These commitments relate to the following funds/programs:

Clean Water State Revolving Fund	$ 93,439,010
Drinking Water State Revolving Fund	$ 21,763,607
Water and Environment Fund Program	$ 30,254,222
Federal Funds	$ 5,661,456

The Building Authority has contracts and other construction commitments of $1,106,572.

The South Dakota Housing Development Authority had commitments to purchase home-ownership mortgage loans aggregating approximately $41,829,042. Financing for these commitments will be from home-ownership mortgage bonds.

The Governor's Office of Economic Development had construction and other contractual commitments of $59,075,681. Financing for these future expenditures will be from approved federal grants, bond issuances, from a previous 1% sales tax, and an employer's investment in South Dakota's future fee. These commitments relate to the following funds/programs:

Revolving Economic Development Initiative (REDI) Fund Grants/Loans	
Value-Added Agriculture Sub Fund	$ 57,632
REDI Fund Loans	$ 23,309,450
SD Economic Development Authority	$ 325,000
Economic Development Finance Authority, Agriculture Processing and Export Program (APEX)	$ 106,250
Economic Development Finance Authority, Pooled Loans	$ 15,000,000
Community Development Block Grant (CDBG)	$ 9,244,050
Future Fund Program	$ 6,714,491
Energy Program Loans	$ 1,618,808
State Small Business Credit Initiative Loans	$ 2,700,000

The South Dakota Science and Technology Authority had a contractual commitment of $4,482,500 for the Homestake Mine for the installation and maintenance of a deep level pump system and had contractual commitments of $8,562,501 to outfit the underground Davis Campus at the Homestake Mine.

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 $17,312,000 at June 30, 2013. The Workers' Compensation Fund liability at June 30, 2013 and the changes to the liability during fiscal years ended June 30, 2013 and 2012 listed on the following page were as follows (expressed in thousands):

	FY2013	FY2012
Unpaid claims and claim adjustment expenses at beginning of fiscal year	$ 22,142	$ 21,034
Incurred claims and claim adjustment expenses		
Provision for insured events of current fiscal year	4,740	1,074
Changes in provision for insured events of prior fiscal years	124	3,283
Total incurred claims and claim adjustment expenses	4,864	4,357
Payments		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	1,463	1,117
Claims and claim adjustment expenses attributable to insured events of prior fiscal year	2,136	2,132
Total payments	3,599	3,249
Unpaid claims and claim adjustment expenses at end of fiscal year	$ 23,407	$ 22,142

B. Health and Life Insurance

The State (rather than an insurance carrier) assumes substantially all risk associated with claims of covered public employees for health insurance and life insurance benefits (an insurance carrier, however, provides claims administration services for health insurance). The health and life insurance programs are accounted for in the Self-Insurance Fund, reported as an internal service fund. "Premiums" are charged to state funds for all covered employees. Employees may purchase varying levels of health and/or life coverage for their spouses and/or dependents. Claims payable for health insurance is reported using an actuarial estimate based on historical experience that includes actual claims submitted as well as claims incurred, but not reported. Allocated claim adjustment expenses are included in the determination of claims payable. Unallocated claim adjustment expenses are not included. Estimated recoveries on unsettled and/or settled claims reduce claims liability and are considered in the actuarial estimate. Claims expenses and liabilities for life insurance are reported using a case-by-case review of claims. Allocated claim adjustment expenses are uncommon and immaterial. Unallocated claim adjustment expenses are not included. At the end of fiscal year 2013, $725,000 of the net assets balance in the Self-Insurance Fund was designated for future catastrophic losses relating to life insurance. The health and life

insurance programs liability at June 30, 2013 and the changes to the liability during fiscal years ended June 30, 2013 and 2012 were as follows (expressed in thousands):

	Health Insurance		Life Insurance	
	FY2013	FY2012	FY2013	FY2012
Unpaid claims and claim adjustment expenses at beginning of fiscal year	$ 12,556	$ 11,181	$ 131	$ 177
Incurred claims and claim adjustment expenses	111,121	103,239	3,054	3,120
Payments:				
Claims and claim adjustment expenses attributable to insured events of current fiscal year	95,169	90,683	2,407	2,989
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	12,556	11,181	131	177
Total payments	107,725	101,864	2,538	3,166
Unpaid claims and claim adjustment expenses at end of fiscal year	$ 15,952	$ 12,556	$ 647	$ 131

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. Beginning in FY2001 through FY2003 the State purchased reinsurance for claims costs over $250,000 with 100% of the remaining $750,000. In FY2004 the State purchased reinsurance for claims costs over $250,000 with 90% of the remaining $750,000. In FY2005 through FY2013 the State purchased reinsurance for claims costs over $250,000 with 75% of the remaining $750,000.Claims expenses and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred, but not reported, based on historical experience. Allocated claim adjustment expenses are included in the determination of claims payable. Unallocated claim adjustment expenses are not included. Estimated recoveries on unsettled and/or settled claims reduce claims liability and are considered in the actuarial estimate. At the end of fiscal year 2013, $4,788,807 of the net assets balance in the PEPL Fund was designated for future catastrophic losses. The PEPL Fund liability at June 30, 2013 and the changes to the liability during fiscal years ended June 30, 2013 and 2012 were as follows (expressed in thousands):

	FY2013	FY2012
Unpaid claims and claim adjustment expenses at beginning of fiscal year	$ 4,586	$ 4,835
Incurred claims and claim adjustment expenses		
Provision for insured events of current fiscal year	993	1,370
Changes in provision for insured events of prior fiscal years	1,007	(643)
Total incurred claims and claim adjustment expenses	2,000	727
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	517	403
Claims and claim adjustment expenses attributable to insured events of prior fiscal year	943	573
Total payments	1,460	976
Unpaid claims and claim adjustment expenses at end of fiscal year	$ 5,126	$ 4,586

D. Risk Management

The State is commercially insured for boiler insurance, aircraft, and crime bonds through outside insurance companies. Entities participating in this insurance coverage are only billed for premiums applicable to their coverage needs. The State is 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.

A contract between GOED (formerly the Department of Tourism and State Development) and SDRC dated December 22, 2009 was created to stimulate the economy through job creation and capital investment by foreign investors in order to obtain a green card through the United States Citizenship and Immigration Service (USCIS). An indemnification account was created through the contract with SDRC to protect against and cover legal or litigation cost for itself and the State of South Dakota. The balance in the EB-5 Indemnification Fund One account at June 30, 2013 was $989,946. Additionally, the contract required the SDRC Inc. to purchase professional liability insurance with the GOED named as an insured party and to fund a separate indemnification fund, named Indemnification Fund Two. The limits of the liability coverage are to be not less than $3,000,000 per occurrence and are to cover SDRC's obligations to indemnify the GOED.

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, 2013 (expressed in thousands):

Year Ending June 30	Primary Government	Component Units
2014	$ 7,737	$ 2,004
2015	7,037	1,527
2016	6,526	1,051
2017	5,886	461
2018	4,556	211
2019-2023	16,210	964
2024-2028	7,333	39
2029-2033	2,787	
2034-2038	390	
2039-2043	3	
Total Minimum Payments	**$ 58,465**	**$ 6,257**

The total rental expenses for all operating leases for the fiscal year ended June 30, 2013 was $14,118,110 for the primary government and $2,785,245 for component units.

14. LONG-TERM LIABILITIES

Long-term obligations at June 30, 2013 and changes to long-term liabilities during the fiscal year then ended are as follows (expressed in thousands):

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Governmental Activities *					
Revenue Bonds	$ 228,948	$169,645	$ (210,739)	$ 187,854	$ 17,831
Less Unamortized Discount	(1,774)		1,738	(36)	(6)
Less Deferred Loss on Refunding	(200)		(5,557)	(5,757)	
Add Unamortized Premium	612	8,841	(219)	9,234	48
Net Revenue Bonds	227,586	178,486	(214,777)	191,295	17,873
Trust Certificates	16,490		(2,895)	13,595	3,040
Compensated Absences	51,190	36,185	(33,645)	53,730	28,944
Policy Claims Liability	4,586	2,000	(1,460)	5,126	1,386
Workers Compensation	22,146	4,864	(3,598)	23,412	3,019
Capital Leases	64,279	18,232	(3,829)	78,682	3,717
Pollution Remediation Obligation	11,158	2,831	(692)	13,297	200
Escheat Property	4,775	4,711	(3,258)	6,228	3,084
Net OPEB Obligation	15,247	4,707	(2,335)	17,619	-
Total Governmental Activities	**$ 417,457**	**$252,016**	**$ (266,489)**	**$ 402,984**	**$ 61,263**
Business-type Activities					
Revenue Bonds	$ 217,666	$	$ (10,160)	207,506	$ 11,795
Less Deferred Loss on Refunding	(8,019)		638	(7,381)	(638)
Add Unamortized Premium	13,058		(660)	12,398	660
Net Revenue Bonds	222,705		(10,182)	212,523	11,817
Other Noncurrent Liabilities		188		188	
Compensated Absences	1,288	905	(737)	1,456	783
Total Business-type Activities	**$ 223,993**	**$ 1,093**	**$ (10,919)**	**$ 214,167**	**$ 12,600**
Component Units					
Revenue Bonds	$ 2,072,382	$216,963	$ (437,770)	$1,851,575	$ 64,409
Less Deferred Loss on Refunding	(3,312)	707	(1,366)	(3,971)	(212)
Less Unamortized Discount	(280)	11		(269)	(11)
Add Unamortized Premium	19,085	5,194	(3,918)	20,361	595
Net Revenue Bonds	2,087,875	222,875	(443,054)	1,867,696	64,781
Compensated Absences	37,026	13,883	(12,576)	38,333	12,186
Capital Leases (as restated)	2,400	3,202	(2,199)	3,403	1,537
Rural Development Loans	4,122		(235)	3,887	225
Federal Portion of Perkins Loan Program	37,796	32		37,828	
Advances from Primary Government		3,326		3,326	
Net OPEB Obligation	8,577	2,648	(1,314)	9,911	
Total Component Units	**$ 2,177,796**	**$245,966**	**$ (459,378)**	**$1,964,384**	**$ 78,729**

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

Revenue Bonds and Trust Certificates

A. Governmental Activities

1. South Dakota Building Authority

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

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

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

Following are SDBA bonds and trust certificates outstanding at June 30, 2013 (expressed in thousands):

Bond Series:	Maturity Through	Interest Rates	Amount
1996A	2016	5.800% - 5.950%	$ 6,327
2003	2015	4.000% - 4.125%	120
2005B	2026	4.000% - 5.000%	6,025
2006A	2026	4.250% - 5.000%	8,815
2007	2032	4.250% - 5.000%	4,535
2008	2033	4.000% - 5.000%	1,805
2010B	2035	1.900% - 6.200%	5,145
2010C	2031	3.300% - 5.850%	3,610
2010D	2019	2.250% - 3.250%	628
Add Unamortized Premium			393
Less Unamortized Discount			(36)
Less Deferred Loss on Refunding			(2)
Total Bonds			37,365
Trust Certificate Series:			
1991 (A&B)	2016	6.625%-6.750%	1,835
1993A	2017	6.700%	11,760
Total Trust Certificates			13,595
Total			**$ 50,960**

As of June 30, 2013, debt service requirements for principal and interest for the SDBA were as follows (expressed in thousands):

Year Ended June 30	Principal	Interest	Total
2014	$ 6,918	$ 5,367	$ 12,285
2015	6,349	5,232	11,581
2016	5,766	4,738	10,504
2017	5,682	4,238	9,920
2018	4,393	1,209	5,602
2019 - 2023	9,527	4,372	13,899
2024 - 2028	9,125	1,945	11,070
2029 - 2033	2,225	542	2,767
2034 - 2038	620	56	676
Total	**$50,605**	**$27,699**	**$ 78,304**

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, 2013 (expressed in thousands):

Bond Series:	Maturity Through	Interest Rates	Amount
2013A	2027	.855% - 3.539%	$104,210
2013B	2027	5.00%	46,635
Add Unamortized Premium			8,841
Less Unamortized Deferred Amount of Refunding			(5,755)
Total			**$153,931**

As of June 30, 2013, 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
2014	$ 13,995	$ 4,730	$ 18,725
2015	13,225	4,611	17,836
2016	12,535	4,453	16,988
2017	11,935	4,259	16,194
2018	11,500	4,031	15,531
2019-2023	50,990	15,194	66,184
2024-2027	36,665	4,368	41,033
Total	**$150,845**	**$ 41,646**	**$192,491**

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, 2013 (expressed in thousands):

Bond Series	Maturity Through	Interest Rates	Amount
Clean Water State Revolving Fund			
1996A	2017	5.625%	$ 100
2010AB	2030-2031	4.084%-5.646%	52,150
2012AB	2027-2033	.25%-5.00%	89,385
Less Unamortized Deferred Loss on Refunding			(4,339)
Add Unamortized Premium			10,496
Total			**147,792**
Drinking Water State Revolving Fund			
2010AB	2030 - 2031	2.00%-5.646%	33,715
2012AB	2023 - 2027	.25%-5.00%	32,155
Less Unamortized Deferred Amount of Refunding			(3,041)
Add Unamortized Premium			1,902
Total			**64,731**
Total Revenue Bonds			**$ 212,523**

As of June 30, 2013, 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			
2014	$ 7,415	$ 5,427	$ 12,842
2015	7,580	5,241	12,821
2016	7,460	5,024	12,484
2017	7,500	4,800	12,300
2018	7,710	4,556	12,266
2019-2023	38,575	18,990	57,565
2024-2028	40,475	10,619	51,094
2029-2033	24,920	2,625	27,545
Total	**141,635**	**57,282**	**198,917**
Drinking Water State Revolving Fund			
2014	4,380	2,197	6,577
2015	4,475	2,088	6,563
2016	4,575	1,969	6,544
2017	4,685	1,844	6,529
2018	4,825	1,707	6,532
2019-2023	21,895	6,475	28,370
2024-2028	15,465	3,023	18,488
2029-2033	5,570	376	5,946
Total	**65,870**	**19,679**	**85,549**
Total	**$ 207,505**	**$ 76,961**	**$ 284,466**

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, 2013 (expressed in thousands):

	Maturity Through	Interest Rates	Amount
Home-Ownership Mortgage Program	2013-2043	.05%-6.25%	
Serial Bonds			$ 244,045
Term Bonds			790,658
Add Unamortized Premium			9,811
Less Deferred Loss on Refunding			(1,147)
Total			**1,043,367**
Single Family Mortgage Revenue Bonds	2013-2041	.80%-5.00%	
Serial Bonds			55,210
Term Bonds			249,750
Add Unamortized Premium			1,705
Total			**306,665**
Multifamily Housing Trust Funds	2013-2048	.14%-5.15%	
Serial Bonds			15,005
Term Bonds			16,055
Less Deferred Loss on Refunding			(629)
Total			**30,431**
Multifamily Housing Revenue Bonds			
Serial Bonds	2013-2044	.06%-6.15%	2,788
Term Bonds			26,575
Total			**29,363**
Multifamily Mortgage Pass-Through			
Term Bonds	2013-2017	3.75%-7.50%	**4,816**
Multifamily Risk Sharing Bonds			
Term Bonds	2013-2043	5.35%-5.85%	**12,785**
Total Bonds			**$1,427,427**

As of June 30, 2013, debt service requirements for principal and interest for the SDHDA were as follows (expressed in thousands):

Year Ended June 30	Principal	Interest	Total
2014	$ 46,152	$ 50,725	$ 96,877
2015	44,280	49,507	93,787
2016	44,630	48,288	92,918
2017	45,280	46,739	92,019
2018	40,350	45,292	85,642
2019-2023	186,202	205,457	391,659
2024-2028	183,809	169,417	353,226
2029-2033	338,239	125,420	463,659
2034-2038	330,997	52,770	383,767
2039-2043	82,360	17,673	100,033
2044-2048	75,173	234	75,407
2049-2052	215	-	215
Total	**$1,417,687**	**$ 811,522**	**$ 2,229,209**

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, 2013, the balance in the Capital Reserve Account was $5,000,000 and the reserve requirement was $2,317,500.

The following is a schedule of outstanding bonds as of June 30, 2013 (expressed in thousands):

Bond Series	Maturity Through	Interest Rates	Amount
2004A	2014-2029	5.00%-6.00%	$ 3,960
2004B	2014-2024	5.00%-5.95%	2,475
2005A	2016-2026	5.50%-6.05%	3,795
2008	2015-2028	4.75%-5.875%	6,370
2009A&B	2016-2019	4.00%-5.00%	1,940
Total			**$ 18,540**

As of June 30, 2013, debt service requirements for principal and interest for the EDFA were as follows (expressed in thousands):

Year Ended June 30	Principal	Interest	Total
2014	$ 1,035	$ 1,067	$ 2,102
2015	1,090	1,018	2,108
2016	1,145	962	2,107
2017	1,215	900	2,115
2018	1,275	830	2,105
2019-2023	5,920	3,092	9,012
2024-2028	6,145	1,215	7,360
2029	715	43	758
Total	**$18,540**	**$ 9,127**	**$27,667**

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 2013 equaled $26,893,850.

Following are revenue bonds outstanding at June 30, 2013 (expressed in thousands):

Bond Series	Maturity Through	Interest Rates	Amount
School of Mines and Technology			
2003	2033	2.350%-5.300%	$ 6,410
2008	2028	4.550%	3,530
2009	2039	2.150%-6.250%	9,685
Less Unamortized Discount			(22)
University of South Dakota			
2005A	2030	4.000%-5.000%	10,590
2009	2039	2.150%-6.250%	41,785
2013	2028	2.000%-5.000%	11,990
Less Deferred Loss on Refunding			(252)
Less Unamortized Discount			(180)
Add Unamortized Premium			1,177
South Dakota State University			
2004	2024	2.500%-5.000%	19,520
2005A	2030	4.000%-5.000%	2,415
2006	2060	3.920%	5,880
2009	2039	2.150%-6.250%	30,445
2011	2031	2.000%-5.000%	57,700
Less Deferred Loss on Refunding			(388)
Less Unamortized Discount			(65)
Add Unamortized Premium			3,370
Northern State University			
2004A	2029	3.000%-5.000%	4,825
2008	2038	4.550%	935
2009	2039	2.150%-6.250%	1,275
2011	2031	2.000%-5.000%	5,635
Less Deferred Loss on Refunding			(54)
Less Unamortized Discount			(3)
Add Unamortized Premium			377
Dakota State University			
2004A	2025	3.000%-5.000%	2,265
2007	2029	3.760%	330
2008	2028	3.760%	3,890
Less Deferred Loss on Refunding			(88)
Add Unamortized Premium			75
Black Hills State University			
2004	2023	4.000%	3,175
2004A	2026	3.000%-5.000%	2,445
2006	2026	3.920%	965
2007	2029	3.880%	6,980
Less Deferred Loss on Refunding			(63)
Add Unamortized Premium			70
Total			**$236,624**

As of June 30, 2013, debt service requirements for principal and interest were as follows (expressed in thousands):

Year Ended June 30	Principal	Interest	Total
2014	$ 8,930	$ 10,596	$ 19,526
2015	9,150	10,228	19,378
2016	9,515	9,873	19,388
2017	9,955	9,482	19,437
2018	10,360	9,054	19,414
2019-2023	57,880	37,675	95,555
2024-2028	55,880	24,317	80,197
2029-2033	45,315	12,008	57,323
2034-2038	23,905	2,502	26,407
2039-2043	1,780	72	1,852
Total	**$ 232,670**	**$ 125,807**	**$ 358,477**

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 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, 2013 (expressed in thousands):

Bond Series	Maturity Through	Interest Rates	Amount
Revenue Bonds			
2003	2015	3.500%-5.000%	$ 1,385
2003A	2028	2.000%-5.000%	680
2005C	2029	3.500%-5.000%	13,855
2006A	2026	4.250%-5.000%	2,025
2007	2032	4.250%-5.000%	41,990
2008	2033	4.000%-5.000%	64,195
2009	2034	2.650%-6.760%	12,050
2010A	2027	.900%-5.650%	9,705
2010B	2035	.900%-6.200%	8,970
2010D	2019	2.250%-3.250%	206
2011	2026	3.000%-4.000%	11,630
2011A	2026	3.000%-4.000%	6,925
2012A	2028	1.500%-5.000%	9,740
Less Deferred Loss on Refunding			(1,239)
Add Unamortized Premium			3,920
Total Revenue Bonds			**$ 186,037**

As of June 30, 2013, debt service requirements for principal and interest for the Building Authority (Higher Education portion) were as follows (expressed in thousands):

Year Ended June 30	Principal	Interest	Total
2014	$ 8,292	$ 8,492	$ 16,784
2015	8,142	8,162	16,304
2016	8,232	7,826	16,058
2017	8,211	7,485	15,696
2018	8,542	7,133	15,675
2019-2023	45,983	29,665	75,648
2024-2028	49,625	18,569	68,194
2029-2033	42,520	7,371	49,891
2034-2038	3,130	264	3,394
Total	**$ 182,677**	**$ 94,967**	**$277,644**

Capital Leases

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

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

The following schedule is a summary of the future minimum lease payments under capital leases, together with the present value of the net minimum lease payments as of June 30, 2013 (expressed in thousands):

Fiscal Year Ending June 30	Primary Government Governmental Activities	Component Units
2014	$ 7,482	$ 1,651
2015	7,238	1,065
2016	7,016	228
2017	6,875	228
2018	6,666	130
2019-2023	26,176	357
2024-2028	24,233	
2029-2033	23,726	
2034-2038	22,991	
2039-2043	7,520	
Total Minimum Lease Payments	139,923	3,659
Less: Amount Representing Interest	61,241	256
Present Value of Net Minimum Lease Payments	**$ 78,682**	**$ 3,403**

The historical cost and depreciation of assets acquired under capital leases and included in capital assets on the government-wide financial statements at June 30, 2013 are as follows (expressed in thousands):

	Primary Government Governmental Activities
Buildings	$ 97,667
Equipment	3,800
Vehicles	9,625
Total	111,092
Less: Accumulated Depreciation	22,124
Total, Net	**$ 88,968**

Conduit Debt Obligations

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

1. South Dakota Value Added Finance Authority

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

As of June 30, 2013, there were 186 Beginning Farmer Bond Program series Revenue Bonds outstanding. The aggregate principal amount payable on June 30, 2013 could not be determined; however, the original issue amount totaled $28,001,607.

As of June 30, 2013, there were 6 Agribusiness Bonding Program series Revenue Bonds outstanding. The aggregate principal amount payable on June 30, 2013 could not be determined; however, the original issue amount totaled $8,837,500.

As of June 30, 2013, there were 16 Livestock Nutrient Management Bond Program series Revenue Bonds outstanding. The aggregate principal amount payable on June 30, 2013 could not be determined; however, the original issue amount totaled $8,518,775.

As of June 30, 2013, there were 10 Agribusiness Relending Program Loans outstanding. The outstanding loan balance at June 30, 2013 was $285,543.

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, 2013 could not be determined; however, the original issue amount totaled $24,750,000.

2. South Dakota Economic Development Finance Authority

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

As of June 30, 2013, the aggregate amount of stand-alone bond principal outstanding was $22,572,681. The original issue amount of stand-alone bonds totaled $30,870,000.

Refunded and Defeased Bonds

On October 11, 2012 the South Dakota Building Authority (SDBA) issued $9,740,000 in Revenue Bonds Series 2012A to refund the remaining Series 2003A bonds. The refunding portion with an average interest rate of 3.52 percent was used to refund $8,950,000 of outstanding Series 2003A bonds with an average interest rate of 4.67 percent. The net proceeds of the refunding portion of $9,325,334 (after payment of $147,344 in underwriting fees and other issuance costs plus $879,783 savings) were deposited in an irrevocable trust with an escrow agent to provide for all the future debt service payments on the refunded portion of the Series 2003A bonds. As a result, the refunded portion of the Series 2003A bonds are considered to be defeased and the liability for those bonds has been removed from the Statement of Net Position.

The advanced refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $375,826. This difference is being charged to operations through fiscal year 2027 using the effective-interest method. The SDBA completed the advanced refunding for a net economic gain of $27,754. The difference between the cash flows of the refunded bonds and the refunding bonds is a $38,407 reduction in debt service payments, the actual cash amount realized was $879,783.

On March 14, 2013, Education Enhancement Funding Corporation (EEFC) issued The Series 2013A and 2013B bonds in an aggregate principal amount of $169,645,000 with an average interest rate of 3.96 percent to current refund $54,035,000 and $129,540,000 of outstanding maturities in the EEFC Series 2002A bonds and Series 2002B bonds, which had interest rates of 6.72 percent and 6.5 percent, respectively. The net proceeds of approximately $184,870,400, including bond premiums, other sources of funds and after payment of underwriting fees and issuance costs were used to retire $35,215,000 and $18,820,000 of outstanding maturities in the Series 2002A bonds on March 29, 2013 and June 1, 2013, respectively, and to retire $129,540,000 of outstanding maturities in the Series 2002B bonds on March 29, 2013. The current refundings resulted in a difference between the reacquisition prices and the net carrying amount of the old debts of $5,875,858. This difference is being charged to operations through fiscal year 2018 using the effective-interest method. The EEFC completed the current refunding for a net economic gain of $108,373,461. The difference between the cash flows of the Series 2002A and Series 2002B refunded bonds and the Series 2013A and Series 2013B refunding bonds is a $151,270,857 reduction in debt service payments.

In past years the SDBA defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Statement of Net Position. At June 30, 2013 the total amount outstanding in escrowed funds was $18,935,000.

Pollution Remediation Obligations

The state of South Dakota has pollutions remediation obligation liabilities as of June 30, 2013 of $13,296,751.

1. Gilt Edge Superfund Site

The state of South Dakota, acting through the Department of Environment and Natural Resources, has contracted with the United States Environmental Protection Agency for participation in the reclamation and remediation of the former Brohm Mine, the Gilt Edge Superfund Site in Lawrence County. The EPA's current estimate of total cleanup cost is $158 million. The State is required by law to pay 10% of the total costs of reclamation and remediation of the site or $15.8 million. The State has already spent approximately $6.1 million with a remaining outstanding liability as of June 30, 2013 of $9.7 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 $2.9 million, but will grow with future penalties collected for environmental violations deposited into the fund and interest earned on the cash deposit. After reclamation is completed, and after a holding period by the United States, the State will take control of the site and use the reclamation bond to pay 100% of the ongoing water treatment costs. The State had a cash balance of approximately $7.8 million from the cash reclamation bond deposited by Brohm and $8.4 million in a cash settlement as of June 30, 2013. 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 was established under SDCL 34A-13. As of June 30, 2013, PRCF was currently involved with 51 active cases, 23 active/monitoring cases, and 5 pending cases (spill report not yet filed), for a total of 79 cases. The estimated cost remaining for sites that have received at least one payment is $896,750, the estimated cost for sites that haven't received any payments is $2,100,000 and the estimated cost for the Abandoned Tank Removal Program is $600,000. The total liability as of June 30, 2013 for this program is $3,596,750. The cash balance in the PRCF on June 30, 2013 is $5,413,466.

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 as of June 30, 2013 as recommended by NACUBO (expressed in thousands):

Function	Personal Services	Travel	Contractual	Supplies & Noncapitalized Equipment	Grants & Subsidies	Interest & Other Expenses	Depreciation	Total
Instruction	$ 165,524	$ 3,331	$ 12,672	$ 9,692	$ 474	$	$ 3,826	$ 195,519
Research	43,945	2,899	6,721	9,262	11,479	6	4,720	79,032
Public Service	27,709	1,595	7,392	4,283	2,260	3	224	43,466
Academic Support	39,031	1,030	6,042	6,793	796		1,771	55,463
Student Services	30,443	5,828	7,827	5,819	299		843	51,059
Institutional Support	40,267	1,008	17,356	4,561	1,027	651	1,038	65,908
O&M of Plant	16,698	190	12,643	6,619	62	16	26,320	62,548
Scholarships and Fellowships	1,321	12	24	237	23,687	248		25,529
Auxilliary Enterprises	10,992	143	28,253	13,105	186		1,477	54,156
Other						103	1,100	1,203
Total	**$ 375,930**	**$ 16,036**	**$ 98,930**	**$ 60,371**	**$ 40,270**	**$ 1,027**	**$ 41,319**	**$ 633,883**

16. 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, 2013 (expressed in thousands):

	General	Trans-portation	Social Services Federal	Dakota Cement Trust	Education Enhancement Trust	Non-Major Special Revenue Funds	Total
Non-Spendable							
Inventory	$ 2,286	$ 16,394	$ 102	$	$	$ 2,378	$ 21,160
Prepaids	1,133	223	73			1,613	3,042
Permanent Fund Principal				238,000	334,013	124,312	696,325
Total Non-Spendable Fund Balances	3,419	16,617	175	238,000	334,013	128,303	720,527
Restricted							
Education					92,586	8,137	100,723
Health and Public Assistance						40,589	40,589
Law, Justice and Public Protection						10,285	10,285
Economic Development	1,018					54,541	55,559
Transportation		117,939					117,939
Agriculture and Natural Resources						89,526	89,526
Energy Conservation or Development						13,615	13,615
Game and Fish						5,646	5,646
Parks and Recreation						2,696	2,696
Public Buildings						404	404
Public Broadcasting						996	996
Railroads						38,145	38,145
Debt Service						38,537	38,537
Capital Projects						111	111
Other				30,843		6,418	37,261
Total Restricted Fund Balances	1,018	117,939	0	30,843	92,586	309,646	552,032
Committed							
Education						285	285
Health and Public Assistance						4,078	4,078
Law, Justice and Public Protection						11,130	11,130
Agriculture and Natural Resources						8,539	8,539
Environmental Cleanup						5,675	5,675
Energy Conservation or Development						3,690	3,690
Public Buildings						2,463	2,463
Railroads						332	332
Other						7,801	7,801
Total Committed Fund Balances	0	0	0	0	0	43,993	43,993
Assigned							
Education	75,461					4,395	79,856
Higher Education	3,226						3,226
Health and Public Assistance	23,125		1,666			12,983	37,774
Law, Justice and Public Protection	3,474					19,606	23,080
Agriculture and Natural Resources	911					2,807	3,718
Tourism Promotion	2,565						2,565
Public Buildings	4,142					4,775	8,917
Economic Development	4,861					2,811	7,672
Other	9,107					715	9,822
Total Assigned Fund Balances	126,872	0	1,666	0	0	48,092	176,630
Unassigned Fund Balances *	186,444					(1,462)	184,982
Total Fund Balances	$ 317,753	$ 134,556	$ 1,841	$ 268,843	$ 426,599	$ 528,572	$ 1,678,164

* This amount includes $95,326,000 of equity from the Budget Reserve established by the 1991 South Dakota Legislature as discussed further in the following paragraph.

Budget Reserve Account

The 1991 South Dakota Legislature established a budget reserve funded from any unobligated cash in the General Fund. The maximum balance of the budget reserve is 10% of the prior year's General Fund appropriation. Expenditures out of the budget reserve fund shall only be used by special appropriation (which requires a two-thirds vote of all the members of each house of the Legislature) and shall only redress such unforeseen expenditure obligations or such unforeseen revenue shortfalls as may constitute an emergency pursuant to South Dakota Constitution, Article III, Section 1. The balance in the budget reserve at June 30, 2013 was $95,326,000 and is reported as unassigned fund balance within the General Fund.

General Fund

- ***GASB 54***
  With the implementation of GASB 54 in FY11, seven statutorily created accounts no longer qualify as Special Revenue Funds and were required to be combined with the State's General Fund. During FY13, an additional two funds were combined with the State's General Fund. As of June 30, 2013 the following equity balances were included within the State's General Fund in accordance with GASB 54 (expressed in thousands):

Fund Balance - June 30, 2013 as reported	**$ 317,753**
Less: Statutorily Created Funds Combined with the General Fund	
Property Tax Reduction - assigned for Education	67,781
Tourism Promotion - assigned for Tourism Promotion	2,565
Investment Council Operating - assigned for Other	805
Private Activity Bond - assigned for Other	74
Teen Court - assigned for Other	105
Proof of Concept - assigned for Economic Resources	500
Tax Relief - unassigned	392
Extraordinary Litigation Expense - unassigned	1,184
Unclaimed Property - unassigned	(18)
Fund Balance - June 30, 2013 excluding GASB 54 combinations	**$ 244,365**

- ***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 and the SDRC Expense Fund Account should be reported in the State's General Fund. As of June 30, 2013 the following equity balances were included within the State's General Fund in (expressed in thousands):

Fund Balance - June 30, 2013 excluding GASB 54 combinations	**$ 244,365**
Less: SDRC Funds Combined with the General Fund	
SDRC Indemnification Fund One Account - restricted for Economic Resources	990
SDRC Expense Fund Account - restricted for Economic Resources	28
Fund Balance - June 30, 2013 excluding all combinations	**$ 243,347**

Net Position Restricted by Enabling Legislation

The government-wide Statement of Net Position reports $1.24 billion of restricted net position for the primary government of which $181.8 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, 2013 is shown as expendable.

- ***Dakota Cement Trust Fund.*** This fund consists of the proceeds from the sale of the State Cement Plant and all investment earnings thereon. Article XIII, section 21 of the Constitution of the State of South Dakota states: "Except as provided in Article XIII, section 20 of the Constitution of the State of South Dakota, the original principal of the trust fund shall forever remain inviolate. However, the Legislature shall, by appropriation, make distributions from the difference between the twelve million dollar annual general fund transfer and five percent of the market value of the trust fund for the support of education, but not for the replacement of state aid to general education or special education, if the increase in the market value of the trust fund in that fiscal year was sufficient to maintain the original principal of the trust fund after such distributions."

- ***Education Enhancement Trust Fund.*** This fund consists of monies received from the Tobacco Settlement Agreement, monies transferred from the Tobacco Securitization Fund, and monies from the Youth-at-Risk Fund. 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, 2013 are summarized as follows (expressed in thousands):

Fund	Expendable	Nonexpendable	Total Restriction
Dakota Cement Trust	$ 30,843	$ 238,000	$ 268,843
Education Enhancement Trust	92,586	334,013	426,599
Health Care Trust	31,516	85,631	117,147
Permanent	851	38,681	39,532
Total	**$ 155,796**	**$ 696,325**	**$ 852,121**

Individual Fund Deficits

The following individual funds had deficit fund equity at June 30, 2013 (expressed in thousands):

Fund Type/Fund	Deficit
Internal Service:	
State Worker's Compensation	$ 17,312
Insurance Administration	4,353
Special Revenue:	
Law Enforcement Revolving	672
Public Utilities Commission Federal	117

17. VOCATIONAL TECHNICAL INSTITUTES

The State primary government has an ongoing financial responsibility for the funding of four technical institutes in the State. The technical institutes are considered part of the local school districts in the district where they are located. By law, the State may adopt rules governing the operation of the technical institutes including curriculum, tuition payments and other charges, and plans for construction or renovation of facilities. During fiscal year 2013, the State provided $19,603,000 in General Fund state aid payments to the technical institutes.

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

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

18. RELATED PARTY TRANSACTIONS

The Sanford Research/University of South Dakota (USD) was created by the Sioux Valley (Sanford) Health Care Systems and the USD School of Medicine to facilitate medical research and technology transfer. USD is a part of Higher Education and is a component unit of the State of South Dakota. The University of South Dakota subcontracted research awards totaling $1,083,498 to Sanford Research/USD. The research conducted included areas of profiling breast cancer markers, developing immune adjuvant to improve the cure for HPV, reviewing the mechanisms of seasonal phenotypic flexibility in passerine birds, and the Center for Health Research with Tribes in SD/MT/WY. The funding sources were the National Science Foundation for $27,114; the National Institutes of Health for $973,070; South Dakota Governor's Research and Commercialization Council for $78,793; and the remaining was funded from other revenues.

South Dakota Railroad Board has a loan program which enables Regional Railroad Authority's and Industries to rehab or build new rail lines. In December 2012, Brookings County Regional Railroad Authority and South Dakota Soybean Processors, LLC was approved for a loan in the amount of $964,070 to expand existing industrial siding at the facility site located near Volga, South Dakota. Sheldon Cotton was contracted consultant for South Dakota Soybean Processors, LLC and also serves on the Railroad Board. Sheldon Cotton recused himself from the discussion and vote.

The South Dakota Development Corporation (SDDC) is a South Dakota non-profit corporation and a Certified Development Company created for the purpose of administering the U.S. Small Business Administration's (SBA) 503/504 loan programs and the Microloan Program. The Microloan Program was formed as a partnership between Citibank (South Dakota) N.A., the SDDC and the GOED. Citibank is no longer a part of this partnership. GOED has agreed to provide certain staff services and related support of the SBA 504 loans and Microloan Program loans made by SDDC. GOED provides these services out of GOED funds. GOED grants are provided to SDDC to be used for loans to businesses in South Dakota. The purpose of the SBA's 503/504 loan program and the Microloan program, is to help facilitate economic development and the creation of jobs in South Dakota. These loans are used to assist companies either operating in the state or moving to the State. Businesses use the loan funds to expand their operations, improve their facilities, or set up operations in South Dakota. The 503/504 loans awarded during FY2013 were $4,698,000. Funding for these loans came from the SBA. In addition, the SDDC has loaned out $500,911 for the Microloan Program loans as of June 30, 2013. The GOED has disbursed grants in the amount of $2,060,000 from the Employer's Investment in South Dakota's Future Fund to the SDDC in FY2013. The SDDC returned $50,000 in unused grants to the Employer's Investment in South Dakota's Future Fund in FY2013. In FY2012 the GOED made a $2,000,000 grant to the SDDC to be used by the SDDC to provide assistance to the Northern Beef Packers, L.P. in the form of a loan. Upon repayment of the loan to SDDC, which has occurred, the grant stipulates that the SDDC shall hold the proceeds in trust for GOED to be utilized for future economic development purposes as directed by GOED.

19. CONTINGENCIES AND LITIGATION

The State of South Dakota is party to numerous legal proceedings, many of which occur in the normal course of governmental operation. Adverse judgment of these lawsuits could negatively impact 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, 2013 are as follows:

Citibank, N.A., v. South Dakota Department of Revenue. Banks and financial institutions are subject to South Dakota's Income Tax on Banks and Financial Corporations as outlined in SDCL ch. 10-43. In 2012, the Department of Revenue received claims for refund of bank franchise tax in the aggregate amount of $29,944,132. The Department of Revenue reviewed and denied the requests for refund. In March of 2013 the Office of Hearing Examiners entered its Findings of Fact, Conclusions of Law and Final Order granting the Department's motion to dismiss. Citibank appealed the Decision and the Second Judicial Circuit Court heard oral argument on November 18, 2013. On November 22, 2013 the Judge entered a Memorandum Decision which affirmed the Hearing Examiner's decision to dismiss Citibank's refund request for lack of jurisdiction. On January 9, 2014, Citibank, N.A. filed a Notice of Appeal, appealing the matter to the South Dakota Supreme Court. The Department of Revenue intends to continue to vigorously assert the correctness of the denial of the request for refund. If the Department is unsuccessful in defending against the refund action of Citibank, N.A. the state may be required to also pay interest on the refund pursuant to SDCL 10-43-55 at a fixed rate of six percent per year. The Department's counsel is not in a position to offer an opinion at this time as to the risk of an unfavorable outcome, which could have a material impact on the State's General Fund.

First Gold Hotel, Mineral Palace Hotel and Gaming, and Four Aces Gaming v. South Dakota Department of Revenue. Several Deadwood gaming establishments filed a declaratory judgment action on June 29, 2010, in the Sixth Judicial Circuit Court, Hughes County, seeking a determination whether certain "free play" promotions on slot machines in Deadwood casinos are subject to taxation under SDCL ch. 42-7B. The Department contends the gaming activity is subject to taxation. The Department intends to vigorously defend this action. The matter has been submitted to the circuit court judge and the parties are awaiting a ruling. However, due to the current stage of litigation and the nature of the claims and potential defenses, counsel is not in the position to give any opinion as to the risk of an unfavorable outcome. If the decision is unfavorable, it could have a material impact on the Gaming Commission Fund.

Northern Border Pipeline Company v. South Dakota Department of Revenue. The Department conducted an audit of Northern Border Pipeline Company. On September 6, 2011, the Department issued a Certificate of Assessment against Northern Border Pipeline in the amount of $5,760,120.25, consisting of $4,160,756.59 of tax and $1,599,374.66 of interest. On November 3, 2011, Northern Border Pipeline requested an administrative hearing contesting the assessment stating the Department made mistakes of fact or errors of law in issuing the assessment. The Department received a favorable proposed decision from the Office of Hearing Examiners and the Secretary of the Department of Revenue entered a Final Decision on September 12, 2013. Northern Border Pipeline Company appealed the Secretary's Final Decision to the Sixth Judicial Circuit Court, Hughes County, on October 10, 2013. The Department intends to continue to assert that the certificate of assessment issued is correct. If the Department is successful, the State will benefit in the amount of the certificate and accrued interest. However, due to the nature of the litigation counsel is not in a position to give any opinion at this time as to the risk of a favorable or unfavorable outcome regarding this matter. If the decision is unfavorable, it could have a material impact on the State's General Fund.

Midwest Railcar Repair, Inc. v. South Dakota Department of Revenue. Midwest Railcar Repair requested an administrative hearing concerning a Certificate of Assessment issued January 31, 2007. Midwest Railcar Repair also filed requests for sales tax refunds exceeding $1,000,000 along with any interest pursuant to SDCL 10-59-24. The audit assessment and refund issues are currently pending before the Second Circuit Court, Minnehaha, South Dakota. The Department is vigorously defending this action however; due to the nature of procedural and substantive defenses, counsel is not in a position at this time to give any opinion as to the risk of an unfavorable outcome regarding this case. If the decision is unfavorable, it could have a material impact on the State's General Fund.

South Dakota Department of Transportation Workers Compensation Claim. On November 16, 2011, an employee of the South Dakota Department of Transportation was involved in a car accident. The employee was on the way back from a work trip to Yankton. The car accident occurred in an area where the employee would not have been expected or required to travel for their employment on that day. The claim for workers' compensation benefits was denied on the basis the car accident occurred outside the scope of employment with South Dakota Department of Transportation. The claimant's attorney filed a Petition for medical and indemnity/disability benefits. The Workers' Compensation Program plans to contest the responsibility and liability and defend vigorously on the basis the car accident did not arise out of and in the course of

employment. The Present Value of indemnity/disability benefits is $466,793.95. An estimate of the medical expenses will exceed $1,000,000. On June 19, 2013, the South Dakota Department of Labor and Regulation ruled the injury arose out of and in the course of employment. The Workers' Compensation Office appealed to Circuit Court in Hughes County. If the decision is unfavorable, it could have a material impact on the State Employee Workers' Compensation Fund.

Hall et al v. State of South Dakota. The case was filed in Pennington County Circuit Court On August 1, 2001 on the issue of whether the State had taken or damaged the Plaintiffs' property. The case involved two appeals to the South Dakota Supreme Court. In the second appeal, the Supreme Court determined a compensable taking had occurred when South Dakota Department of Transportation eliminated an interstate exchange abutting the Plaintiffs' property. After an appraisal of the property by the Department of Transportation, just compensation for the damaging of the Plaintiffs' property was estimated to be $3,050,000. On December 31, 2013 the Department of Transportation made an offer to settle at that amount plus interest from the date of the taking to the date of the settlement. If accepted, the settlement will be paid out of the Highway Fund.

In Re: 2004 NPM Adjustment Proceedings. In 1998 the largest tobacco manufacturers and the states entered into the Master Settlement Agreement (MSA). Under the terms of the MSA, South Dakota receives approximately $23 million per year in exchange for diligently enforcing its tobacco enforcement statutes, including against tobacco companies that are not part of the MSA. In 2002 and again in 2013 South Dakota securitized its annual payments from the MSA. The tobacco companies are alleging that all of the states failed to diligently enforce their tobacco statutes in 2004. The MSA requires a neutral arbitration panel to determine if a state diligently enforced its statutes. The process to arbitrate that issue has been started. If it is found that South Dakota did not diligently enforce the statues in 2004, the State would need to repay the $23 million it received for 2004. The State intends to assert that all statutes were diligently enforced. If the decision is unfavorable, it could have a material impact on the State's Tobacco Securitization Debt Service Fund.

20. SUBSEQUENT EVENTS

Board of Regents

On January 9, 2014, the South Dakota Board of Regents issued $39,905,000 of Housing and Auxiliary Facilities System Revenue Bonds, 2014A. The bonds were issued to (i) pay the costs of financing the acquisition of, improvements to, or remodeling or renovation of, student housing and/or recreational facilities for Black Hills State University, South Dakota School of Mines & Technology, and South Dakota State University; (ii) provide funds for the current refunding of the South Dakota Board of Regents Black Hills State University Housing and Auxiliary Facilities Revenue Bonds, Series 2004, and certain of the South Dakota Board of Regents South Dakota State University Housing and Auxiliary Facilities Revenue Bonds, Series 2004; (iii) fund the interest costs on a portion of the Series 2014A Bonds through October 1, 2014; and (iv) pay certain expenses incident to the issuance of the Series 2014A Bonds.

Building Authority

The South Dakota Building Authority, on November 26, 2013 issued $67,340,000 Revenue Bonds, Series 2013B (Tax-Exempt), $10,000,000 Revenue Bonds, Series 2013C (Taxable) and $4,500,000 Revenue Bonds, Series 2013D (Taxable). The Series 2013B bonds were used to finance infrastructure upgrades and improvements on various campuses, BHSU Jonas Science Center renovation, NSU Johnson Fine Arts Center renovation and addition, SDSU headhouse/greenhouse, SDSU Architecture, Math and Science building, SDSU Cow/Calf Research facility, USD Science, Health and Research Lab building, USD Patterson Hall renovation, and USD Sports Complex. The Series 2013C bonds were used to finance the USD Sports Complex. The Series 2013D bonds were used to finance the Department of Game, Fish and Parks Angostura Recreation Area Waste Water System and the Cedar Shores Recreation Area Stabilization Project.

South Dakota Housing Development Authority

On November 6, 2013 the SDHDA Board of Commissioners authorized the issuance of Homeownership Mortgage Bonds, 2013 Series E and 2013 Series F in an aggregate principal amount not to exceed $100,000,000. On November 25, 2013, the Authority issued $22,335,000 of Homeownership Mortgage Bonds 2013 Series E and $27,015,000 of Homeownership Mortgage Bonds 2013 Series F. The bonds will mature May 1, 2014 through November 1, 2044.

Governor's Office of Economic Development

A contract between GOED (formerly the Department of Tourism and State Development) and SDRC dated December 22, 2009 was created to stimulate the economy through job creation and capital investment by foreign investors in order to obtain a green card through the United States Citizenship and Immigration Service (USCIS). An indemnification account was created through the contract with SDRC to protect against and cover legal or litigation cost for itself and the State of South Dakota. The balance in the EB-5 Indemnification Fund One account at June 30, 2013 was $989,946. Additionally, the contract required the SDRC Inc. to purchase professional liability insurance with the GOED named as an insured party and to fund a separate indemnification fund, named Indemnification Fund Two. The limits of the liability coverage are to be not less than $3,000,000 per occurrence and are to cover SDRC's obligations to indemnify the GOED.

Notice was given by GOED on September 19, 2013 terminating the Amended and Restated Consulting Contract between SDRC and GOED (formerly the Department of Tourism and State Development) dated December 22, 2009, for cause, effective immediately. A demand was made, pursuant to paragraph 8 of the Contract, to turn over to GOED, payable to the South Dakota State Treasurer, the balance of the Expense Fund (as defined and described in the Contract). On January 30, 2014 the balance was deposited into the State General Fund.

On January 14 and 16, 2014 respectively, the funding commitments for the Revolving Economic Development and Initiative Fund and the Economic Development Finance Authority were reduced by $5,000,000 each.

Economic Development Finance Authority

On November 12, 2013 the Finance authority issued taxable bonds in the amount of $10,000,000. These are to fund the loan for Marmen Energy Co.

Value Added Finance Authority

On July 26, 2013 Bonds were issued in the amount of $106,715 for Livestock Nutrient Management Bond Program, and on July 19, 2013 bonds were issued in the amount of $500,000 for Agribusiness Bond Program.

Revolving Economic Development & Initiative Fund

During the 2013 Legislative Session the legislature transferred the Value Added Agriculture Subfund (VASF) program to the South Dakota Department of Agriculture. The transfer was conducted on July 1, 2013.

Cement Plant Retirement Fund

On July 1, 2013, $2,000,000 was transferred from the General Fund to the Cement Plant Retirement Fund per House Bill 1185 of the 2013 Legislative Session.

21. SPECIAL ITEM

South Dakota Lottery

In September 2012, the South Dakota Lottery received 600 new jackpot signs. The signs were obtained at no cost to the Lottery but were part of a 5 year contract extension with the on-line system vendor, GTECH Corporation.

South Dakota

GREAT FACES. GREAT PLACES.

REQUIRED SUPPLEMENTARY INFORMATION

The "Required Supplementary Information" includes the Budgetary Reporting and Other Postemployment Benefits Information. The following individual statements 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

Information about the State of South Dakota's Other Postemployment Benefits

STATE OF SOUTH DAKOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2013
(Expressed in Thousands)

	BUDGETED AMOUNTS			Variance with
	Original	Final	Actual Amounts	Final Budget
OFFICE OF THE GOVERNOR				
Personal Services	$ 1,698	$ 1,713	$ 1,713	$ 0
Operating Expenses	381	398	398	0
TOTAL	2,079	2,111	2,111	0
GOVERNOR'S CONTINGENCY FUND				
Personal Services	0	0	0	0
Operating Expenses	75	75	47	28
TOTAL	75	75	47	28
GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT				
Personal Services	1,779	1,796	1,796	0
Operating Expenses	6,045	6,054	5,804	250
TOTAL	7,824	7,850	7,600	250
OFFICE OF RESEARCH COMMERCE				
Personal Services	161	163	163	0
Operating Expenses	3,690	3,690	3,690	0
TOTAL	3,851	3,853	3,853	0
LIEUTENANT GOVERNOR				
Personal Services	20	20	20	0
Operating Expenses	13	13	13	0
TOTAL	33	33	33	0
BUILDING SOUTH DAKOTA FUND				
Personal Services	0	0	0	0
Operating Expenses	0	7,000	7,000	0
TOTAL	0	7,000	7,000	0
BUREAU OF FINANCE AND MANAGEMENT				
Personal Services	566	576	568	8
Operating Expenses	247	3,249	3,249	0
TOTAL	813	3,825	3,817	8
SALE LEASEBACK, B.F.M.				
Personal Services	0	0	0	0
Operating Expenses	6,023	6,023	6,023	0
TOTAL	6,023	6,023	6,023	0
ADMINISTRATIVE SERVICES, BUREAU OF ADMINISTRATION				
Personal Services	0	0	0	0
Operating Expenses	731	731	651	80
TOTAL	731	731	651	80
SALE LEASEBACK, B.O.A.				
Personal Services	0	0	0	0
Operating Expenses	443	443	443	0
TOTAL	443	443	443	0
CENTRAL SERVICES				
Personal Services	161	168	168	0
Operating Expenses	208	208	208	0
TOTAL	369	376	376	0

STATE OF SOUTH DAKOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2013
(Expressed in Thousands)

	BUDGETED AMOUNTS			
	Original	Final	Actual Amounts	Variance with Final Budget
STATEWIDE MAINTENANCE & REPAIR				
Personal Services	$ 0	$ 0	$ 0	$ 0
Operating Expenses	7,044	14,351	4,859	9,492
TOTAL	7,044	14,351	4,859	9,492
OFFICE OF HEARING EXAMINERS				
Personal Services	223	229	216	13
Operating Expenses	66	71	71	0
TOTAL	289	300	287	13
SOUTH DAKOTA PUBLIC BROADCASTING				
Personal Services	2,365	2,425	2,425	0
Operating Expenses	1,217	1,220	1,220	0
TOTAL	3,582	3,645	3,645	0
STATE RADIO ENGINEERING				
Personal Services	592	602	602	0
Operating Expenses	2,129	2,134	2,134	0
TOTAL	2,721	2,736	2,736	0
PERSONNEL MANAGEMENT & EMPLOYEE BENEFITS				
Personal Services	184	190	190	0
Operating Expenses	55	59	59	0
TOTAL	239	249	249	0
SOUTH DAKOTA RISK POOL				
Personal Services	0	2	2	0
Operating Expenses	643	643	643	0
TOTAL	643	645	645	0
DEPARTMENT TOTAL, EXECUTIVE MANAGEMENT				
Personal Services	7,749	7,884	7,863	21
Operating Expenses	29,010	46,362	36,512	9,850
TOTAL	36,759	54,246	44,375	9,871
PROPERTY AND SPECIAL TAXES				
Personal Services	813	836	810	26
Operating Expenses	900	1,356	702	654
TOTAL	1,713	2,192	1,512	680
DEPARTMENT TOTAL, REVENUE				
Personal Services	813	836	810	26
Operating Expenses	900	1,356	702	654
TOTAL	1,713	2,192	1,512	680
ADMINISTRATION, SECRETARY OF AGRICULTURE				
Personal Services	593	584	584	0
Operating Expenses	179	191	191	0
TOTAL	772	775	775	0
AGRICULTURAL SERVICES & ASSISTANCE				
Personal Services	1,173	1,146	1,146	0
Operating Expenses	535	4,864	4,864	0
TOTAL	1,708	6,010	6,010	0

STATE OF SOUTH DAKOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2013
(Expressed in Thousands)

	BUDGETED AMOUNTS			
	Original	Final	Actual Amounts	Variance with Final Budget
AGRICULTURAL DEVELOPMENT & PROMOTION				
Personal Services	$ 779	$ 872	$ 872	$ 0
Operating Expenses	736	3,227	2,361	866
TOTAL	1,515	4,099	3,233	866
ANIMAL INDUSTRY BOARD				
Personal Services	1,515	1,430	1,430	0
Operating Expenses	298	298	298	0
TOTAL	1,813	1,728	1,728	0
STATE FAIR				
Personal Services	0	0	0	0
Operating Expenses	269	269	269	0
TOTAL	269	269	269	0
DEPARTMENT TOTAL, AGRICULTURE				
Personal Services	4,060	4,032	4,032	0
Operating Expenses	2,017	8,849	7,983	866
TOTAL	6,077	12,881	12,015	866
HISTORY				
Personal Services	819	843	843	0
Operating Expenses	912	986	986	0
TOTAL	1,731	1,829	1,829	0
DEPARTMENT TOTAL, TOURISM				
Personal Services	819	843	843	0
Operating Expenses	912	986	986	0
TOTAL	1,731	1,829	1,829	0
ADMINISTRATION, SECRETARY OF GAME, FISH & PARKS				
Personal Services	90	105	105	0
Operating Expenses	826	826	826	0
TOTAL	916	931	931	0
STATE PARKS & RECREATION				
Personal Services	2,270	2,316	2,316	0
Operating Expenses	1,153	1,153	1,153	0
TOTAL	3,423	3,469	3,469	0
DEPARTMENT TOTAL, GAME, FISH & PARKS				
Personal Services	2,360	2,421	2,421	0
Operating Expenses	1,979	1,979	1,979	0
TOTAL	4,339	4,400	4,400	0
OFFICE OF TRIBAL RELATIONS				
Personal Services	311	318	276	42
Operating Expenses	52	52	52	0
TOTAL	363	370	328	42
DEPARTMENT TOTAL, TRIBAL RELATIONS				
Personal Services	311	318	276	42
Operating Expenses	52	52	52	0
TOTAL	363	370	328	42

STATE OF SOUTH DAKOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2013
(Expressed in Thousands)

	BUDGETED AMOUNTS			
	Original	Final	Actual Amounts	Variance with Final Budget
ADMINISTRATION, SECRETARY OF SOCIAL SERVICES				
Personal Services	$ 3,750	$ 3,872	$ 3,872	$ 0
Operating Expenses	3,928	4,220	4,220	0
TOTAL	7,678	8,092	8,092	0
ECONOMIC ASSISTANCE				
Personal Services	6,865	7,092	7,092	0
Operating Expenses	15,315	18,043	17,512	531
TOTAL	22,180	25,135	24,604	531
MEDICAL AND ADULT SERVICES				
Personal Services	2,662	2,729	2,729	0
Operating Expenses	288,790	279,274	269,512	9,762
TOTAL	291,452	282,003	272,241	9,762
CHILDREN'S SERVICES				
Personal Services	9,119	9,336	9,336	0
Operating Expenses	26,163	30,927	30,927	0
TOTAL	35,282	40,263	40,263	0
BEHAVIORAL HEALTH				
Personal Services	24,794	25,555	25,555	0
Operating Expenses	34,755	35,445	35,445	0
TOTAL	59,549	61,000	61,000	0
DEPARTMENT TOTAL, SOCIAL SERVICES				
Personal Services	47,190	48,584	48,584	0
Operating Expenses	368,951	367,909	357,616	10,293
TOTAL	416,141	416,493	406,200	10,293
ADMINISTRATION, SECRETARY OF HEALTH				
Personal Services	623	639	639	0
Operating Expenses	584	587	587	0
TOTAL	1,207	1,226	1,226	0
HEALTH SYSTEMS DEVELOPMENT AND REGULATION				
Personal Services	1,409	1,388	1,388	0
Operating Expenses	1,041	1,102	1,102	0
TOTAL	2,450	2,490	2,490	0
HEALTH AND MEDICAL SERVICES				
Personal Services	1,666	1,712	1,712	0
Operating Expenses	2,829	2,833	2,818	15
TOTAL	4,495	4,545	4,530	15
DEPARTMENT TOTAL, HEALTH				
Personal Services	3,698	3,739	3,739	0
Operating Expenses	4,454	4,522	4,507	15
TOTAL	8,152	8,261	8,246	15
ADMINISTRATION, SECRETARY OF LABOR				
Personal Services	0	0	0	0
Operating Expenses	472	472	472	0
TOTAL	472	472	472	0

STATE OF SOUTH DAKOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2013
(Expressed in Thousands)

	BUDGETED AMOUNTS			Variance with
	Original	Final	Actual Amounts	Final Budget
STATE LABOR LAW ADMINISTRATION				
Personal Services	$ 525	$ 541	$ 541	$ 0
Operating Expenses	88	91	91	0
TOTAL	613	632	632	0
DEPARTMENT TOTAL, LABOR & REGULATION				
Personal Services	525	541	541	0
Operating Expenses	560	563	563	0
TOTAL	1,085	1,104	1,104	0
GENERAL OPERATIONS				
Personal Services	459	474	474	0
Operating Expenses	26	21	21	0
TOTAL	485	495	495	0
DEPARTMENT TOTAL, TRANSPORTATION				
Personal Services	459	474	474	0
Operating Expenses	26	21	21	0
TOTAL	485	495	495	0
ADMINISTRATION, SECRETARY OF EDUCATION				
Personal Services	1,247	1,372	1,372	0
Operating Expenses	443	815	815	0
TOTAL	1,690	2,187	2,187	0
STATE AID TO GENERAL EDUCATION				
Personal Services	0	0	0	0
Operating Expenses	318,875	326,000	326,000	0
TOTAL	318,875	326,000	326,000	0
STATE AID TO SPECIAL EDUCATION				
Personal Services	0	0	0	0
Operating Expenses	50,030	51,849	51,849	0
TOTAL	50,030	51,849	51,849	0
SPARSITY PAYMENTS				
Personal Services	0	0	0	0
Operating Expenses	1,820	1,832	1,832	0
TOTAL	1,820	1,832	1,832	0
CONSOLIDATION INCENTIVES				
Personal Services	0	0	0	0
Operating Expenses	134	134	134	0
TOTAL	134	134	134	0
TECHNOLOGY IN SCHOOLS				
Personal Services	0	0	0	0
Operating Expenses	6,300	6,313	6,313	0
TOTAL	6,300	6,313	6,313	0
POST-SECONDARY VOCATIONAL EDUCATION				
Personal Services	0	0	0	0
Operating Expenses	21,811	21,253	21,253	0
TOTAL	21,811	21,253	21,253	0

STATE OF SOUTH DAKOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2013
(Expressed in Thousands)

	BUDGETED AMOUNTS			Variance with
	Original	Final	Actual Amounts	Final Budget
NON-RECURRING POST-SECONDARY FORMULA				
Personal Services	$ 0	$ 0	$ 0	$ 0
Operating Expenses	0	200	200	0
TOTAL	0	200	200	0
EDUCATION RESOURCES				
Personal Services	1,290	1,281	1,281	0
Operating Expenses	14,361	14,711	8,689	6,022
TOTAL	15,651	15,992	9,970	6,022
STATE LIBRARY				
Personal Services	1,103	1,089	1,089	0
Operating Expenses	564	514	514	0
TOTAL	1,667	1,603	1,603	0
DEPARTMENT TOTAL, EDUCATION				
Personal Services	3,640	3,742	3,742	0
Operating Expenses	414,338	423,621	417,599	6,022
TOTAL	417,978	427,363	421,341	6,022
ADMINISTRATION, SECRETARY OF PUBLIC SAFETY				
Personal Services	109	110	110	0
Operating Expenses	13	13	13	0
TOTAL	122	123	123	0
HIGHWAY PATROL				
Personal Services	1,106	1,008	961	47
Operating Expenses	125	126	126	0
TOTAL	1,231	1,134	1,087	47
EMERGENCY SERVICES & HOMELAND SECURITY				
Personal Services	1,071	1,133	1,133	0
Operating Expenses	2,808	2,889	2,888	1
TOTAL	3,879	4,022	4,021	1
INSPECTION AND LICENSING				
Personal Services	59	70	68	2
Operating Expenses	538	550	550	0
TOTAL	597	620	618	2
DEPARTMENT TOTAL, PUBLIC SAFETY				
Personal Services	2,345	2,321	2,272	49
Operating Expenses	3,484	3,578	3,577	1
TOTAL	5,829	5,899	5,849	50
REGENTS CENTRAL OFFICE				
Personal Services	3,700	3,741	3,741	0
Operating Expenses	14,276	11,371	9,877	1,494
TOTAL	17,976	15,112	13,618	1,494
SOUTH DAKOTA SCHOLARSHIPS				
Personal Services	0	0	0	0
Operating Expenses	4,318	4,318	4,318	0
TOTAL	4,318	4,318	4,318	0

STATE OF SOUTH DAKOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2013
(Expressed in Thousands)

	BUDGETED AMOUNTS			
	Original	Final	Actual Amounts	Variance with Final Budget
UNIVERSITY OF SOUTH DAKOTA PROPER				
Personal Services	$ 28,011	$ 29,055	$ 29,055	$ 0
Operating Expenses	2,980	2,980	2,980	0
TOTAL	30,991	32,035	32,035	0
UNIVERSITY OF SOUTH DAKOTA SCHOOL OF MEDICINE				
Personal Services	16,217	16,430	16,430	0
Operating Expenses	2,436	2,463	2,463	0
TOTAL	18,653	18,893	18,893	0
SOUTH DAKOTA STATE UNIVERSITY PROPER				
Personal Services	34,672	36,242	36,242	0
Operating Expenses	5,298	5,371	5,371	0
TOTAL	39,970	41,613	41,613	0
COOPERATIVE EXTENSION SERVICE				
Personal Services	7,326	7,443	7,443	0
Operating Expenses	329	329	329	0
TOTAL	7,655	7,772	7,772	0
AGRICULTURAL EXPERIMENT STATION				
Personal Services	9,584	9,485	9,485	0
Operating Expenses	314	539	539	0
TOTAL	9,898	10,024	10,024	0
AGRICULTURAL EXPERIMENT STATION				
Personal Services	0	0	0	0
Operating Expenses	0	500	500	0
TOTAL	0	500	500	0
SOUTH DAKOTA SCHOOL OF MINES & TECHNOLOGY				
Personal Services	13,165	13,535	13,535	0
Operating Expenses	977	977	977	0
TOTAL	14,142	14,512	14,512	0
NORTHERN STATE UNIVERSITY				
Personal Services	10,629	10,981	10,981	0
Operating Expenses	1,005	1,005	1,005	0
TOTAL	11,634	11,986	11,986	0
BLACK HILLS STATE UNIVERSITY				
Personal Services	7,274	7,642	7,604	38
Operating Expenses	796	796	726	70
TOTAL	8,070	8,438	8,330	108
DAKOTA STATE UNIVERSITY				
Personal Services	7,962	9,087	8,257	830
Operating Expenses	608	678	608	70
TOTAL	8,570	9,765	8,865	900
SOUTH DAKOTA SCHOOL FOR THE DEAF				
Personal Services	1,457	1,501	1,501	0
Operating Expenses	1,136	1,112	1,112	0
TOTAL	2,593	2,613	2,613	0

STATE OF SOUTH DAKOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2013
(Expressed in Thousands)

	BUDGETED AMOUNTS			
	Original	Final	Actual Amounts	Variance with Final Budget
SOUTH DAKOTA SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED				
Personal Services	$ 2,363	$ 2,417	$ 2,417	$ 0
Operating Expenses	220	220	220	0
TOTAL	2,583	2,637	2,637	0
DEPARTMENT TOTAL, BOARD OF REGENTS				
Personal Services	142,360	147,559	146,691	868
Operating Expenses	34,693	32,659	31,025	1,634
TOTAL	177,053	180,218	177,716	2,502
ADJUTANT GENERAL				
Personal Services	425	434	433	1
Operating Expenses	459	447	447	0
TOTAL	884	881	880	1
ARMY GUARD				
Personal Services	274	286	286	0
Operating Expenses	1,964	2,310	1,731	579
TOTAL	2,238	2,596	2,017	579
AIR GUARD				
Personal Services	166	172	168	4
Operating Expenses	205	229	229	0
TOTAL	371	401	397	4
DEPARTMENT TOTAL, MILITARY				
Personal Services	865	892	887	5
Operating Expenses	2,628	2,986	2,407	579
TOTAL	3,493	3,878	3,294	584
VETERANS' BENEFITS AND SERVICES				
Personal Services	856	882	868	14
Operating Expenses	1,349	1,952	981	971
TOTAL	2,205	2,834	1,849	985
STATE VETERANS' HOME				
Personal Services	1,503	1,551	1,551	0
Operating Expenses	678	679	679	0
TOTAL	2,181	2,230	2,230	0
DEPARTMENT TOTAL, VETERANS' AFFAIRS				
Personal Services	2,359	2,433	2,419	14
Operating Expenses	2,027	2,631	1,660	971
TOTAL	4,386	5,064	4,079	985
ADMINISTRATION, CENTRAL OFFICE				
Personal Services	1,360	1,445	1,445	0
Operating Expenses	410	709	708	1
TOTAL	1,770	2,154	2,153	1
MIKE DURFEE STATE PRISON				
Personal Services	9,404	9,874	9,874	0
Operating Expenses	4,652	4,945	4,943	2
TOTAL	14,056	14,819	14,817	2

STATE OF SOUTH DAKOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2013
(Expressed in Thousands)

	BUDGETED AMOUNTS			
	Original	Final	Actual Amounts	Variance with Final Budget
STATE PENITENTIARY				
Personal Services	$ 13,604	$ 14,450	$ 14,450	$ 0
Operating Expenses	4,122	4,738	4,737	1
TOTAL	17,726	19,188	19,187	1
WOMEN'S PRISON				
Personal Services	3,265	3,326	3,326	0
Operating Expenses	1,225	1,226	1,226	0
TOTAL	4,490	4,552	4,552	0
INMATE SERVICES				
Personal Services	861	913	913	0
Operating Expenses	16,414	16,414	16,414	0
TOTAL	17,275	17,327	17,327	0
PAROLE SERVICES				
Personal Services	2,378	2,460	2,460	0
Operating Expenses	958	1,758	1,751	7
TOTAL	3,336	4,218	4,211	7
NONRECURRING PROVIDER ALLOCATION				
Personal Services	0	0	0	0
Operating Expenses	0	128	128	0
TOTAL	0	128	128	0
JUVENILE COMMUNITY CORRECTIONS				
Personal Services	2,346	2,345	2,345	0
Operating Expenses	13,187	11,494	11,494	0
TOTAL	15,533	13,839	13,839	0
YOUTH CHALLENGE CENTER				
Personal Services	1,286	1,384	1,384	0
Operating Expenses	105	118	118	0
TOTAL	1,391	1,502	1,502	0
PATRICK HENRY BRADY ACADEMY				
Personal Services	1,330	1,376	1,376	0
Operating Expenses	89	108	107	1
TOTAL	1,419	1,484	1,483	1
STATE TREATMENT AND REHABILITATION ACADEMY				
Personal Services	2,207	2,269	2,269	0
Operating Expenses	2,079	2,200	2,198	2
TOTAL	4,286	4,469	4,467	2
QUEST/ExCEL				
Personal Services	1,438	1,391	1,391	0
Operating Expenses	108	125	125	0
TOTAL	1,546	1,516	1,516	0
DEPARTMENT TOTAL, CORRECTIONS				
Personal Services	39,479	41,233	41,233	0
Operating Expenses	43,349	43,963	43,949	14
TOTAL	82,828	85,196	85,182	14

STATE OF SOUTH DAKOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2013
(Expressed in Thousands)

	BUDGETED AMOUNTS			Variance with
	Original	Final	Actual Amounts	Final Budget
ADMINISTRATION, SECRETARY OF HUMAN SERVICES				
Personal Services	$ 489	$ 528	$ 528	$ 0
Operating Expenses	271	274	274	0
TOTAL	760	802	802	0
DEVELOPMENTAL DISABILITIES				
Personal Services	574	647	583	64
Operating Expenses	45,211	46,259	46,259	0
TOTAL	45,785	46,906	46,842	64
SOUTH DAKOTA DEVELOPMENTAL CENTER - REDFIELD				
Personal Services	7,933	8,001	7,614	387
Operating Expenses	2,244	2,255	2,132	123
TOTAL	10,177	10,256	9,746	510
REHABILITATION SERVICES				
Personal Services	708	729	729	0
Operating Expenses	3,207	3,241	3,241	0
TOTAL	3,915	3,970	3,970	0
SERVICES TO THE BLIND & VISUALLY IMPAIRED				
Personal Services	431	442	442	0
Operating Expenses	446	447	447	0
TOTAL	877	889	889	0
DEPARTMENT TOTAL, HUMAN SERVICES				
Personal Services	10,135	10,347	9,896	451
Operating Expenses	51,379	52,476	52,353	123
TOTAL	61,514	62,823	62,249	574
FINANCIAL AND TECHNICAL ASSISTANCE				
Personal Services	1,790	1,828	1,828	0
Operating Expenses	335	339	339	0
TOTAL	2,125	2,167	2,167	0
ENVIRONMENTAL SERVICES				
Personal Services	2,857	2,922	2,922	0
Operating Expenses	551	561	561	0
TOTAL	3,408	3,483	3,483	0
DEPARTMENT TOTAL, ENVIRONMENT & NATURAL RESOURCES				
Personal Services	4,647	4,750	4,750	0
Operating Expenses	886	900	900	0
TOTAL	5,533	5,650	5,650	0
ADMINISTRATION, PUBLIC UTILITIES COMMISSION				
Personal Services	423	431	431	0
Operating Expenses	54	54	54	0
TOTAL	477	485	485	0
DEPARTMENT TOTAL, PUBLIC UTILITIES COMMISSION				
Personal Services	423	431	431	0
Operating Expenses	54	54	54	0
TOTAL	477	485	485	0

STATE OF SOUTH DAKOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2013
(Expressed in Thousands)

	BUDGETED AMOUNTS			
	Original	Final	Actual Amounts	Variance with Final Budget
UNIFIED JUDICIAL SYSTEM				
Personal Services	$ 31,034	$ 31,831	$ 31,831	$ 0
Operating Expenses	2,696	3,558	3,558	0
TOTAL	33,730	35,389	35,389	0
NONRECURRING PROVIDER ALLOCATION				
Personal Services	0	0	0	0
Operating Expenses	0	17	13	4
TOTAL	0	17	13	4
DEPARTMENT TOTAL, UNIFIED JUDICIAL SYSTEM				
Personal Services	31,034	31,831	31,831	0
Operating Expenses	2,696	3,575	3,571	4
TOTAL	33,730	35,406	35,402	4
LEGISLATIVE OPERATIONS				
Appropriation	4,859	4,928	4,928	0
TOTAL	4,859	4,928	4,928	0
AUDITOR GENERAL				
Personal Services	2,507	2,559	2,539	20
Operating Expenses	316	316	315	1
TOTAL	2,823	2,875	2,854	21
DEPARTMENT TOTAL, LEGISLATIVE DEPARTMENT				
Personal Services	2,507	2,559	2,539	20
Operating Expenses	316	316	315	1
Appropriation	4,859	4,928	4,928	0
TOTAL	7,682	7,803	7,782	21
LEGAL SERVICES PROGRAM				
Personal Services	4,222	4,310	4,310	0
Operating Expenses	618	635	635	0
TOTAL	4,840	4,945	4,945	0
CRIMINAL INVESTIGATION				
Personal Services	2,546	2,599	2,599	0
Operating Expenses	1,582	2,144	2,142	2
TOTAL	4,128	4,743	4,741	2
LAW ENFORCEMENT TRAINING				
Personal Services	0	0	0	0
Operating Expenses	328	363	363	0
TOTAL	328	363	363	0
DEPARTMENT TOTAL, ATTORNEY GENERAL				
Personal Services	6,768	6,909	6,909	0
Operating Expenses	2,528	3,142	3,140	2
TOTAL	9,296	10,051	10,049	2
ADMINISTRATION OF SCHOOL AND PUBLIC LANDS				
Personal Services	391	403	403	0
Operating Expenses	608	608	99	509
TOTAL	999	1,011	502	509

STATE OF SOUTH DAKOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2013
(Expressed in Thousands)

	BUDGETED AMOUNTS			
	Original	Final	Actual Amounts	Variance with Final Budget
DEPARTMENT TOTAL, SCHOOL AND PUBLIC LANDS				
Personal Services	$ 391	$ 403	$ 403	$ 0
Operating Expenses	608	608	99	509
TOTAL	999	1,011	502	509
SECRETARY OF STATE				
Personal Services	641	655	653	2
Operating Expenses	463	537	498	39
TOTAL	1,104	1,192	1,151	41
DEPARTMENT TOTAL, SECRETARY OF STATE				
Personal Services	641	655	653	2
Operating Expenses	463	537	498	39
TOTAL	1,104	1,192	1,151	41
TREASURY MANAGEMENT				
Personal Services	349	358	353	5
Operating Expenses	119	139	135	4
TOTAL	468	497	488	9
DEPARTMENT TOTAL, STATE TREASURER				
Personal Services	349	358	353	5
Operating Expenses	119	139	135	4
TOTAL	468	497	488	9
STATE AUDITOR				
Personal Services	1,008	1,034	977	57
Operating Expenses	128	132	116	16
TOTAL	1,136	1,166	1,093	73
DEPARTMENT TOTAL, STATE AUDITOR				
Personal Services	1,008	1,034	977	57
Operating Expenses	128	132	116	16
TOTAL	1,136	1,166	1,093	73
STATE TOTAL				
Personal Services	316,935	327,129	325,569	1,560
Operating Expenses	968,557	1,003,916	972,319	31,597
Appropriation	4,859	4,928	4,928	0
TOTAL	$ 1,290,351	$ 1,335,973	$ 1,302,816	$ 33,157

STATE OF SOUTH DAKOTA
BUDGETARY COMPARISON SCHEDULE
TRANSPORTATION FUND
For the Fiscal Year Ended June 30, 2013
(Expressed in Thousands)

Department	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
GENERAL OPERATIONS				
Personal Services	$ 59,117	$ 60,608	$ 57,031	$ 3,577
Operating Expenses	117,399	117,544	94,627	22,917
TOTAL	176,516	178,152	151,658	26,494
CONTRACT CONSTRUCTION--INFORMATIONAL				
Personal Services	0	0	0	0
Operating Expenses	421,045	475,871	466,332	9,539
TOTAL	421,045	475,871	466,332	9,539
ENFORCEMENT				
Personal Services	12,498	12,067	11,370	697
Operating Expenses	5,336	6,132	6,097	35
TOTAL	17,834	18,199	17,467	732
FUND TOTAL, TRANSPORTATION				
Personal Services	71,615	72,675	68,401	4,274
Operating Expenses	543,780	599,547	567,056	32,491
TOTAL	$ 615,395	$ 672,222	$ 635,457	$ 36,765

STATE OF SOUTH DAKOTA
BUDGETARY COMPARISON SCHEDULE
SOCIAL SERVICES FEDERAL FUND
For the Fiscal Year Ended June 30, 2013
(Expressed in Thousands)

Department	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
ADMINISTRATION				
Personal Services	$ 4,898	$ 5,057	$ 4,433	$ 624
Operating Expenses	14,844	15,720	5,043	10,677
TOTAL	19,742	20,777	9,476	11,301
ECONOMIC ASSISTANCE				
Personal Services	9,685	9,961	8,780	1,181
Operating Expenses	49,619	49,972	40,819	9,153
TOTAL	59,304	59,933	49,599	10,334
MEDICAL AND ADULT SERVICES				
Personal Services	5,559	5,712	4,325	1,387
Operating Expenses	527,995	524,026	435,930	88,096
TOTAL	533,554	529,738	440,255	89,483
CHILDREN'S SERVICES				
Personal Services	8,542	8,827	8,201	626
Operating Expenses	41,837	42,166	34,355	7,811
TOTAL	50,379	50,993	42,556	8,437
BEHAVIORAL HEALTH				
Personal Services	9,419	9,671	8,846	825
Operating Expenses	28,018	28,278	23,877	4,401
TOTAL	37,437	37,949	32,723	5,226
DEPARTMENT TOTAL, SOCIAL SERVICES				
Personal Services	38,103	39,228	34,585	4,643
Operating Expenses	662,313	660,162	540,024	120,138
TOTAL	$ 700,416	$ 699,390	$ 574,609	$ 124,781

STATE OF SOUTH DAKOTA
BUDGETARY COMPARISON SCHEDULE
BUDGET-TO-GAAP RECONCILIATION
For the Fiscal Year Ended June 30, 2013
(Expressed in Thousands)

	General Fund	Transportation Fund	Social Services Federal Fund
Uses/Outflows of resources			
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	$1,302,816	$635,457	$574,609
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.	(33,114)	(17,229)	(23,669)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(16,494)		
To adjust expenditures/expenses for accruals	4,346	(3,000)	153,032
To adjust expenditures/expenses for reclassification under GASB 54	21,208		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances-governmental funds	$1,278,762	$615,228	$703,972

Required Supplementary Information
Notes to Required Supplementary Information - Budgetary Reporting

The Budgetary Comparison Schedule presents comparisons of the original budget and legally revised final budget, with actual amounts for each program of the State of South Dakota on a budgetary basis. A Budgetary Comparison Schedule is presented for the General Fund and for each major special revenue fund that has a legally adopted annual budget. There are currently two major special revenue funds that fit this criterion: the Social Services Federal Fund and the Transportation Fund. The Budget Comparison Schedule follows the same format, terminology, and classification as the State's General Appropriations Act (General Bill). Also included is a column that compares the variance between the final budget and actual amounts. A positive variance refers to unused budget, while a negative variance refers to an over-expended budget. For the year ended June 30, 2013, there were no over-expenditures by any State department.

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

The Budgetary Comparison Schedule reports amounts on a budgetary basis. The accounting principles applied for reporting on a budgetary basis differ from those used to present the financial statements in accordance with Generally Accepted Accounting Principles (GAAP). Since the budget is prepared principally on a cash basis, the Budgetary Comparison Schedule includes information presented on this basis for the fiscal year. A reconciliation of the two methods for the fiscal year ended June 30, 2013 has also been included as Required Supplementary Information.

INFORMATION ABOUT THE STATE OF SOUTH DAKOTA'S OTHER POSTEMPLOYMENT BENEFITS

The State's other postemployment benefits (OPEB) are available to health plan retirees that are receiving a retirement benefit from the South Dakota Retirement System. In order to receive an SDRS benefit, the retiree must be at least age 55 with three years of service. Certain Public Safety employees qualify for SDRS at age 45 with three years of service.

The following factors contributed to changes in the elements presented below in the Schedule of Funding Progress the State Employee OPEB Plan from July 1, 2010 to July 1, 2012: 1) The actuarial assumption moved from a 3.000% to a 3.519% discount rate based on the State's average bond portfolio yield for the valuation period. 2) A change was made to a separate rather than combined inflation trend rates for medical, prescription drugs, retiree and spouse contributions. 3) Combined trend rate changed from 7.67% in 2010 to medical trend rate of 8.0%; annual pharmacy trend rate of 7.0%; Administration and Retiree and Spouse Contribution of 5%.

The following schedules present the funding progress and required employer contributions for the State's other postemployment benefits plan from the recent actuarial valuation and the two preceding valuations (using the projected unit credit actuarial cost method):

State Employee OPEB Plan
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)* (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b) - (a)] / (c)
07/01/2010	$ 0	$ 74,398,195	$ 74,398,195	0%	$ 634,017,694	11.73%
07/01/2011	0	65,808,599	65,808,599	0%	658,086,666	10.00%
07/01/2012	0	67,774,025	67,774,025	0%	662,546,682	10.23%

State Employee OPEB Plan
Schedule of Employer Contributions

Year Ended	Annual Required Contribution	Percentage Contributed	Contribution
June 30, 2011	$ 8,105,443	35.70%	$ 2,893,849
June 30, 2012	$ 7,364,512	45.31%	$ 3,336,683
June 30, 2013	$ 7,771,151	46.96%	$ 3,649,024

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 – Pension Trust Funds

Combining Statement of Changes in Fiduciary Net Position – Pension Trust 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, 2013
(Expressed in Thousands)

	Special Revenue	Debt Service	Capital Projects	Permanent	Total
Assets					
Cash and Cash Equivalents	$ 310,747	$ 759	$ 135	$ 709	$ 312,350
Restricted Cash		20,233			20,233
Investments	109,024	17,551		38,799	165,374
Receivables From:					
Taxes (Net)	3,781				3,781
Interest and Dividends	1,427		4	120	1,551
Other Funds	6,399				6,399
Component Units	69				69
Other Governments	79,814				79,814
Loans and Notes (Net)	67,437				67,437
Other (Net)	6,662	12,013		1	18,676
Inventory	2,378				2,378
Other Assets	1,606	7			1,613
Total Assets	$ 589,344	$ 50,563	$ 139	$ 39,629	$ 679,675
Liabilities and Fund Balances					
Liabilities:					
Accounts Payable and Other Liabilities	$ 30,585	$ 6	$	$ 29	$ 30,620
Payable To:					
Other Funds	20,365		28	68	20,461
Component Units	1,449				1,449
Other Governments	62,678				62,678
Claims, Judgments and Compensated Absences	113				113
Unearned/Unavailable Revenue	23,769	12,013			35,782
Total Liabilities	138,959	12,019	28	97	151,103
Fund Balances:					
Nonspendable	89,615	7		38,681	128,303
Restricted	270,147	38,537	111	851	309,646
Committed	43,993				43,993
Assigned	48,092				48,092
Unassigned	(1,462)				(1,462)
Total Fund Balances	450,385	38,544	111	39,532	528,572
Total Liabilities and Fund Balances	$ 589,344	$ 50,563	$ 139	$ 39,629	$ 679,675

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, 2013
(Expressed in Thousands)

	Special Revenue	Debt Service	Capital Projects	Permanent	Total
Revenue:					
Taxes	$ 105,686	$	$	$	$ 105,686
Licenses, Permits and Fees	237,687				237,687
Fines, Forfeits and Penalties	15,729				15,729
Use of Money and Property	24,739	6,434	(9)	7,415	38,579
Sales and Services	20,812				20,812
Administering Programs	495,633				495,633
Tobacco Settlement		24,128			24,128
Other Revenue	21,167	115			21,282
Total Revenue	921,453	30,677	(9)	7,415	959,536
Expenditures:					
Current:					
General Government	33,602	401		1,753	35,756
Education	187,983				187,983
Health, Human and Social Services	207,032				207,032
Law, Justice, Public Protection and Regulation	128,571				128,571
Agriculture and Natural Resources	126,162				126,162
Economic Resources	20,809				20,809
Transportation	5,669				5,669
State Shared Revenue Paid to Other Governments	119,286				119,286
Capital Outlay			387		387
Debt Service:					
Principal		30,059			30,059
Interest		13,896			13,896
Bond Issuance Costs		1,817			1,817
Payment to Refunded Bond Escrow Agent		8,016			8,016
Total Expenditures	829,114	54,189	387	1,753	885,443
Excess of Revenue Over (Under) Expenditures	92,339	(23,512)	(396)	5,662	74,093
Other Financing Sources (Uses):					
Capital Leases	12,605				12,605
Proceeds of Refunding Bonds		169,645			169,645
Premiums on Refunding Bonds		9,026			9,026
Proceeds from Sale of Capital Assets	759			1,959	2,718
Payments to Refunded Bond Escrow Agent		(176,854)			(176,854)
Transfers In	37,047	8,596	45		45,688
Transfers Out	(87,458)	(1,743)		(321)	(89,522)
Total Other Financing Sources (Uses)	(37,047)	8,670	45	1,638	(26,694)
Net Change in Fund Balances	55,292	(14,842)	(351)	7,300	47,399
Fund Balances at Beginning of Year	395,093	53,386	462	32,232	481,173
Fund Balances at End of Year	$ 450,385	$ 38,544	$ 111	$ 39,532	$ 528,572

STATE OF SOUTH DAKOTA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2013
(Expressed in Thousands)

	Education Federal	Human Services	Labor	Health Federal	Governor's Office and State Development Federal
Assets					
Cash and Cash Equivalents	$ 757	$ 1,611	$ 3,399	$	$ 6,291
Investments					
Receivables From:					
Taxes (Net)					
Interest and Dividends			2		111
Other Funds	58	48	357	30	
Component Units	22				20
Other Governments	23,270	8,543	1,301	2,299	1,061
Loans and Notes (Net)					2,994
Other (Net)			5		
Inventory		149	77	1,471	
Other Assets	11				4
Total Assets	$ 24,118	$ 10,351	$ 5,141	$ 3,800	$ 10,481
Liabilities and Fund Balances					
Liabilities:					
Accounts Payable and Other Liabilities	$ 2,887	$ 7,132	$ 1,455	$ 1,710	$ 11
Payable To:					
Other Funds	153	1,079	305	457	131
Component Units	241	35	5	78	
Other Governments	20,150	121	7	59	929
Claims, Judgments and Compensated Absences		12	57	6	
Unearned/Unavailable Revenue	461	81	47		548
Total Liabilities	23,892	8,460	1,876	2,310	1,619
Fund Balances:					
Nonspendable	11	149	77	1,471	4
Restricted					8,858
Committed					
Assigned	215	1,742	3,188	19	
Unassigned					
Total Fund Balances	226	1,891	3,265	1,490	8,862
Total Liabilities and Fund Balances	$ 24,118	$ 10,351	$ 5,141	$ 3,800	$ 10,481

Public Safety Emergency Management	Natural Resources Federal	Game, Fish and Parks Federal	Game and Fish	Parks and Recreation	Securities and Insurance	Health	Gaming Commission
$ 634	$	$	$ 6,898	$ 3,870	$ 657	$ 4,715	$ 7,096
							776
			25	3	20		5
		42	492	51		101	
	8						
3,246	1,376	3,005		271		74	
3,743							
			535	1,591		65	
						582	
506							
$ 8,129	$ 1,384	$ 3,047	$ 7,950	$ 5,786	$ 677	$ 5,537	$ 7,877
$ 649	$ 547	$ 748	$ 1,639	$ 1,669	$ 132	$ 359	$ 54
92	503	1,433	525	208	36	408	574
	7	508	24				
1,469	282		116	13		18	809
				2	12		1
		364		1,209			6,152
2,210	1,339	3,053	2,304	3,101	180	785	7,590
506						582	
			5,646	2,685		2,653	
					204		287
5,413	45				293	1,517	
		(6)					
5,919	45	(6)	5,646	2,685	497	4,752	287
$ 8,129	$ 1,384	$ 3,047	$ 7,950	$ 5,786	$ 677	$ 5,537	$ 7,877

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STATE OF SOUTH DAKOTA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (continued)
June 30, 2013
(Expressed in Thousands)

	Motor Vehicle	Revenue	Future	Vocational Education Facilities	Petroleum Release Compensation	Maintenance and Repair
Assets						
Cash and Cash Equivalents	$ 20,437	$ 357	$ 46,545	$ 5,743	$ 5,643	$ 6,815
Investments						
Receivables From:						
Taxes (Net)	257				158	
Interest and Dividends	11	3	110	4	14	8
Other Funds			7			726
Component Units						
Other Governments	16,006	427		111		
Loans and Notes (Net)						
Other (Net)	32					
Inventory						
Other Assets	33					
Total Assets	$ 36,776	$ 787	$ 46,662	$ 5,858	$ 5,815	$ 7,549
Liabilities and Fund Equity						
Liabilities:						
Accounts Payable and Other Liabilities	$ 475	$ 489	$ 355	$	$ 136	$ 301
Payable To:						
Other Funds	1,359	203			4	10
Component Units			428			
Other Governments	31,599		196			
Claims, Judgments and Compensated Absences	9					
Unearned/Unavailable Revenue						
Total Liabilities	33,442	692	979	0	140	311
Fund Balances:						
Nonspendable	33					
Restricted			45,683	5,858		
Committed	3,301	679			5,675	2,463
Assigned						4,775
Unassigned		(584)				
Total Fund Balances	3,334	95	45,683	5,858	5,675	7,238
Total Liabilities and Fund Balances	$ 36,776	$ 787	$ 46,662	$ 5,858	$ 5,815	$ 7,549

Water and Environment	Energy Conservation	Federal Stimulus (ARRA)	Health Care Trust	Railroad Trust	Other	Total
$ 22,102	$ 8,955	$	$ 11,943	$ 7,260	$ 139,019	$ 310,747
			108,842		182	109,024
425					2,165	3,781
71	32		365	354	289	1,427
1,714	1,002				1,771	6,399
					19	69
193		2,401			16,230	79,814
26,076	2,707	2,086		29,681	150	67,437
			4	30	4,400	6,662
					99	2,378
		18			1,034	1,606
$ 50,581	$ 12,696	$ 4,505	$ 121,154	$ 37,325	$ 165,358	$ 589,344
$ 213	$ 2	$ 1,120	$ 47	$ 145	$ 8,310	$ 30,585
		422	3,960		8,503	20,365
		46			77	1,449
887		789			5,234	62,678
		5			9	113
		19			14,888	23,769
1,100	2	2,401	4,007	145	37,021	138,959
		18	85,631		1,133	89,615
49,481	11,529	2,086	31,516	36,848	67,304	270,147
	1,165			332	29,887	43,993
					30,885	48,092
					(872)	(1,462)
49,481	12,694	2,104	117,147	37,180	128,337	450,385
$ 50,581	$ 12,696	$ 4,505	$ 121,154	$ 37,325	$ 165,358	$ 589,344

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, 2013
(Expressed in Thousands)

	Education Federal	Human Services	Labor	Health Federal	Governor's Office and State Development Federal
Revenue:					
Taxes	$	$	$ 510	$	$
Licenses, Permits and Fees		79		21	
Fines, Forfeits and Penalties					
Use of Money and Property		38	8		242
Sales and Services		999			1
Administering Programs	162,632	93,531	25,575	51,081	13,533
Other Revenue	27	33	6	61	
Total Revenue	162,659	94,680	26,099	51,163	13,776
Expenditures:					
General Government					
Education	162,714				
Health, Human and Social Services		94,510	27,005	52,219	
Law, Justice, Public Protection and Regulation			317		
Agriculture and Natural Resources					
Economic Resources					6,944
Transportation					
State Shared Revenue Paid to Other Governments					
Total Expenditures	162,714	94,510	27,322	52,219	6,944
Excess of Revenue Over (Under) Expenditures	(55)	170	(1,223)	(1,056)	6,832
Other Financing Sources (Uses):					
Capital Leases					
Proceeds from Sale of Capital Assets		27	2		
Transfers In		230	3,347	197	396
Transfers Out		(390)	(1,772)		
Total Other Financing Sources (Uses)	0	(133)	1,577	197	396
Net Change in Fund Balances	(55)	37	354	(859)	7,228
Fund Balances at Beginning of Year	281	1,854	2,911	2,349	1,634
Fund Balances at End of Year	$ 226	$ 1,891	$ 3,265	$ 1,490	$ 8,862

Public Safety Emergency Management	Natural Resources Federal	Game, Fish and Parks Federal	Game and Fish	Parks and Recreation	Securities and Insurance	Health	Gaming Commission
$	$	$	$	$ 1,552	$ 20,267	$ 9	$ 9,590
			26,161	13,350	21,462	8,977	7,544
			3		36	1	6
74		16	408	2,061	78		18
			131	597	6	1	
37,695	8,313	14,986	53	87			
269	1	15	257		31	1,518	
38,038	8,314	15,017	27,013	17,647	41,880	10,506	17,158
						7,905	
39,718					2,548		1,411
	8,376	13,514	29,592	18,317			
							8,681
39,718	8,376	13,514	29,592	18,317	2,548	7,905	10,092
(1,680)	(62)	1,503	(2,579)	(670)	39,332	2,601	7,066
3			124	18			
	51	7	1,434	261			
		(1,517)	(1,332)	(1,681)	(39,348)	(904)	(7,033)
3	51	(1,510)	226	(1,402)	(39,348)	(904)	(7,033)
(1,677)	(11)	(7)	(2,353)	(2,072)	(16)	1,697	33
7,596	56	1	7,999	4,757	513	3,055	254
$ 5,919	$ 45	$ (6)	$ 5,646	$ 2,685	$ 497	$ 4,752	$ 287

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, 2013
(Expressed in Thousands)

	Motor Vehicle	Revenue	Future	Vocational Education Facilities	Petroleum Release Compensation	Maintenance and Repair
Revenue:						
Taxes	$ 3,724	$ 9,738	$ 14,028	$	$ 1,819	$
Licenses, Permits and Fees	107,654	3,095		3,934		
Fines, Forfeits and Penalties						
Use of Money and Property	40	9	400	20	51	25
Sales and Services	2,329					1,657
Administering Programs						467
Other Revenue	5		450	872	703	589
Total Revenue	113,752	12,842	14,878	4,826	2,573	2,738
Expenditures:						
General Government	6,281	10,141				2,827
Education				18,820		
Health, Human and Social Services						
Law, Justice, Public Protection and Regulation	7,522					
Agriculture and Natural Resources					1,092	
Economic Resources			7,257			
Transportation						
State Shared Revenue Paid to Other Governments	98,698	1,900				
Total Expenditures	112,501	12,041	7,257	18,820	1,092	2,827
Excess of Revenue Over (Under) Expenditures	1,251	801	7,621	(13,994)	1,481	(89)
Other Financing Sources (Uses):						
Capital Leases				12,605		
Proceeds from Sale of Capital Assets						10
Transfers In	1,033		2,000	1,650		878
Transfers Out	(1,564)	(666)				
Total Other Financing Sources (Uses)	(531)	(666)	2,000	14,255	0	888
Net Change in Fund Balances	720	135	9,621	261	1,481	799
Fund Balances at Beginning of Year	2,614	(40)	36,062	5,597	4,194	6,439
Fund Balances at End of Year	$ 3,334	$ 95	$ 45,683	$ 5,858	$ 5,675	$ 7,238

Water and Environment	Energy Conservation	Federal Stimulus (ARRA)	Health Care Trust	Railroad Trust	Other	Total
$ 5,106	$ 1,001	$	$	$	$ 38,342	$ 105,686
1,727				269	43,414	237,687
					15,683	15,729
333	109		18,365	786	1,658	24,739
	96				14,995	20,812
		16,115			71,565	495,633
49		1			16,280	21,167
7,215	1,206	16,116	18,365	1,055	201,937	921,453
		1,030	223		13,100	33,602
		3,222			3,227	187,983
		8,251			17,142	207,032
		800			76,255	128,571
6,826		155			48,290	126,162
	563	1,484			4,561	20,809
		991		1,198	3,480	5,669
					10,007	119,286
6,826	563	15,933	223	1,198	176,062	829,114
389	643	183	18,142	(143)	25,875	92,339
						12,605
				280	295	759
6,483				142	18,938	37,047
(463)		(507)	(3,960)		(26,321)	(87,458)
6,020	0	(507)	(3,960)	422	(7,088)	(37,047)
6,409	643	(324)	14,182	279	18,787	55,292
43,072	12,051	2,428	102,965	36,901	109,550	395,093
$ 49,481	$ 12,694	$ 2,104	$ 117,147	$ 37,180	$ 128,337	$ 450,385

STATE OF SOUTH DAKOTA
COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
June 30, 2013
(Expressed in Thousands)

	Building Authority	Tobacco Securitization	Total
Assets			
Cash and Cash Equivalents	$ 15	$ 744	$ 759
Restricted Cash		20,233	20,233
Investments	17,551		17,551
Receivables From:			
Other (net)		12,013	12,013
Other Assets		7	7
Total Assets	$ 17,566	$ 32,997	$ 50,563
Liabilities and Fund Balances			
Liabilities:			
Accounts Payable and Other Liabilities	$	$ 6	$ 6
Unearned/Unavailable Revenue		12,013	12,013
Total Liabilities	0	12,019	12,019
Fund Balances:			
Nonspendable		7	7
Restricted	17,566	20,971	38,537
Total Fund Balances	17,566	20,978	38,544
Total Liabilities and Fund Balances	$ 17,566	$ 32,997	$ 50,563

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, 2013
(Expressed in Thousands)

	Building Authority	Tobacco Securitization	Total
Revenue:			
Use of Money and Property	$	$ 6,434	$ 6,434
Tobacco Settlement		24,128	24,128
Other Revenue	115		115
Total Revenue	115	30,562	30,677
Expenditures:			
Current:			
General Government	255	146	401
Debt Service:			
Principal	10,714	19,345	30,059
Interest	2,640	11,256	13,896
Bond Issuance Costs		1,817	1,817
Payment to Refunded Bond Escrow Agent		8,016	8,016
Total Expenditures	13,609	40,580	54,189
Excess of Revenue Over (Under) Expenditures	(13,494)	(10,018)	(23,512)
Other Financing Sources (Uses):			
Proceeds of Refunding Bonds		169,645	169,645
Payments to Refunded Bond Escrow Agent		(176,854)	(176,854)
Premiums on Refunding Bonds		9,026	9,026
Transfers In	8,596		8,596
Transfers Out	(60)	(1,683)	(1,743)
Total Other Financing Sources (Uses)	8,536	134	8,670
Net Change in Fund Balances	(4,958)	(9,884)	(14,842)
Fund Balances at Beginning of Year	22,524	30,862	53,386
Fund Balances at End of Year	$ 17,566	$ 20,978	$ 38,544

STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
June 30, 2013
(Expressed in Thousands)

	Revolving Economic Development and Initiative	Unemployment Insurance	Second Injury	State Fair	Federal Surplus Property
Assets					
Current Assets:					
Cash and Cash Equivalents	$ 62,776	$ 55,929	$ 1,377	$ 1,327	$ 541
Receivables:					
Interest and Dividends	251		7	2	1
Other Funds		92			
Component Units					
Other Governments		212			146
Loans and Notes (Net)	10,964				
Other (Net)	69	1,530		41	11
Inventory					1,549
Other Assets					
Total Current Assets	74,060	57,763	1,384	1,370	2,248
Assets Held for Resale	302				
Capital Assets:					
Land and Other Non-depreciable Assets				192	103
Property, Plant and Equipment	28			3,353	559
Accumulated Depreciation	(20)			(2,965)	(428)
Construction in Progress					
Total Capital Assets	8	0	0	580	234
Other Noncurrent Assets	28,871				
Total Assets	103,241	57,763	1,384	1,950	2,482
Liabilities					
Current Liabilities:					
Accounts Payable and Other Liabilities	53		1	260	70
Payable To:					
Other Funds	7	170		10	3
Claims, Judgments and Compensated Absences	18		1	23	42
Unearned Revenue				523	6
Total Current Liabilities	78	170	2	816	121
Noncurrent Liabilities:					
Claims, Judgments and Compensated Absences	16		1	20	37
Total Noncurrent Liabilities	16	0	1	20	37
Total Liabilities	94	170	3	836	158
Net Position					
Net Investment in Capital Assets	8			580	234
Unrestricted	103,139	57,593	1,381	534	2,090
Total Net Position	$ 103,147	$ 57,593	$ 1,381	$ 1,114	$ 2,324

Rural Rehabilitation	Prison Industries	Health Insurance Risk Pool	Professional and Licensing	Banking and Insurance	Other	Total
$ 5,267	$ 2,196	$ 7,197	$ 9,678	$ 5,074	$ 1,718	$ 153,080
33	8	19	26	8	3	358
	146		14			252
	17					17
					250	608
336						11,300
	81	86	5		12	1,835
	1,054				67	2,670
	29	9			146	184
5,636	3,531	7,311	9,723	5,082	2,196	170,304
						302
						295
18	2,212		48		870	7,088
(12)	(1,342)		(46)		(850)	(5,663)
					110	110
6	870	0	2	0	130	1,830
1,471						30,342
7,113	4,401	7,311	9,725	5,082	2,326	202,778
53	90	29	344	3,806	102	4,808
8	30	1	66	10	38	343
31	72	585	195	116	288	1,371
	7	1,041	544		42	2,163
92	199	1,656	1,149	3,932	470	8,685
27	51	3	170	102	45	472
27	51	3	170	102	45	472
119	250	1,659	1,319	4,034	515	9,157
6	870		2		130	1,830
6,988	3,281	5,652	8,404	1,048	1,681	191,791
$ 6,994	$ 4,151	$ 5,652	$ 8,406	$ 1,048	$ 1,811	$ 193,621

STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
For the Fiscal Year Ended June 30, 2013
(Expressed in Thousands)

	Revolving Economic Development and Initiative	Unemployment Insurance	Second Injury	State Fair	Federal Surplus Property
Operating Revenue:					
Licenses, Permits and Fees	$	$	$	$	$
Use of Money and Property	1,358			424	
Sales and Services				1,750	4,401
Administering Programs		6,438		16	
Assessments		43,314	80		
Other Revenue	354			260	
Total Operating Revenue	1,712	49,752	80	2,450	4,401
Operating Expenses:					
Personal Services and Benefits	142		24	701	527
Travel	11			6	5
Contractual Services	301		2	1,544	709
Supplies and Materials	19			530	2,839
Other	403			63	
Depreciation/Amortization	4			19	9
Insurance Claims		37,901	1,610		
Total Operating Expenses	880	37,901	1,636	2,863	4,089
Operating Income (Loss)	832	11,851	(1,556)	(413)	312
Nonoperating Revenue (Expenses):					
Gain on Disposal of Assets				2	
Loss on Disposal of Assets					
Interest Income	649	1,869	23	8	4
Other Expense	(292)			(1)	
Grant and Other Income				25	
Total Nonoperating Revenue (Expenses)	357	1,869	23	34	4
Income (Loss) Before Transfers	1,189	13,720	(1,533)	(379)	316
Transfers:					
Transfers In	3,231	1,771		269	
Transfers Out		(1,730)	(1)		
Net Transfers In (Out)	3,231	41	(1)	269	0
Change in Net Position	4,420	13,761	(1,534)	(110)	316
Net Position at Beginning of Year	98,727	43,832	2,915	1,224	2,008
Net Position at End of Year	$ 103,147	$ 57,593	$ 1,381	$ 1,114	$ 2,324

Rural Rehabilitation	Prison Industries	Health Insurance Risk Pool	Professional and Licensing	Banking and Insurance	Other	Total
$ 36	$	$	$ 6,888	$ 4,115	$ 1,689	$ 12,728
70						1,852
69	2,561	5,806	210	183	2,128	17,108
			72			6,526
						43,394
		214	236	1,002	8,558	10,624
175	2,561	6,020	7,406	5,300	12,375	92,232
308	673	100	3,625	1,747	1,790	9,637
68	11		597	175	145	1,018
153	383	548	2,423	2,756	951	9,770
61	1,197	1	250	55	222	5,174
32			35	1		534
3	85		4		9	133
		6,041			9,515	55,067
625	2,349	6,690	6,934	4,734	12,632	81,333
(450)	212	(670)	472	566	(257)	10,899
	1					3
	(5)					(5)
43	19	60	91	36	12	2,814
(3)	(2)	(5)	(7)			(310)
318		736	90		122	1,291
358	13	791	174	36	134	3,793
(92)	225	121	646	602	(123)	14,692
1	1	645	95	36	107	6,156
(2)	(920)		(92)	(77)		(2,822)
(1)	(919)	645	3	(41)	107	3,334
(93)	(694)	766	649	561	(16)	18,026
7,087	4,845	4,886	7,757	487	1,827	175,595
$ 6,994	$ 4,151	$ 5,652	$ 8,406	$ 1,048	$ 1,811	$ 193,621

STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR ENTERPRISE FUNDS
For the Fiscal Year Ended June 30, 2013
(Expressed in Thousands)

	Revolving Economic Development and Initiative	Unemployment Insurance	Second Injury	State Fair	Federal Surplus Property	Rural Rehabilitation
Cash Flows from Operating Activities:						
Receipts from Customers and Users	$ 61	$ 50,193	$ 78	$ 2,452	$ 2,756	$ 106
Receipts from Interfund Services Provided					1,481	
Receipts from Federal Agencies					197	
Receipts from Loan Payments	10,422					688
Payments to Suppliers and for Benefits and Claims	(282)	(37,901)	(1,703)	(1,884)	(3,693)	(301)
Payments for Employee Services	(99)		(24)	(681)	(539)	(342)
Payments for Interfund Services Used	(61)	(122)		(166)	(72)	(31)
Payments for Loans Originated	(3,681)					(785)
Other Receipts (Payments)						
Net Cash Provided (Used) by Operating Activities	6,360	12,170	(1,649)	(279)	130	(665)
Cash Flows From Capital and Related Financing Activities:						
Purchases of Capital Assets						
Sales of Capital Assets				1		
Net Cash Provided (Used) by Capital and Related Financing Activities	0	0	0	1	0	0
Cash Flows From Noncapital Financing Activities:						
Transfers In	3,231	1,771		269		1
Transfers Out		(1,729)	(1)			(2)
Borrowings from Federal Government						
Other Noncapital Financing Activities	(252)			25		373
Net Cash Provided (Used) by Noncapital Financing Activities	2,979	42	(1)	294	0	372
Cash Flows From Investing Activities:						
Investment Income	657	1,869	22	8	4	46
Investment Expense	(40)			(1)		(3)
Net Cash Provided (Used) by Investing Activities	617	1,869	22	7	4	43
Net Increase (Decrease) in Cash and Cash Equivalents During the Fiscal Year	9,956	14,081	(1,628)	23	134	(250)
Cash and Cash Equivalents at Beginning of Year	52,820	41,848	3,005	1,304	407	5,517
Cash and Cash Equivalents at End of Year	$ 62,776	$ 55,929	$ 1,377	$ 1,327	$ 541	$ 5,267
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Operating Income (Loss)	$ 832	$ 11,851	$ (1,556)	$ (413)	$ 312	$ (450)
Adjustments to Reconcile Operating Income (Loss):						
Depreciation/Amortization Expense	4			19	9	3
Miscellaneous Nonoperating Items			2			
Decrease/(Increase) in Assets:						
Accounts Receivable	349	441		(6)	44	
Interest, Dividends & Penalties Receivable	(30)					47
Loans and Notes Receivable	5,505					(214)
Due From Other Funds		(24)			1	
Due From Component Units						
Due From Other Governments		166			(7)	
Inventory					(202)	
Other Assets	(302)					
Increase/(Decrease) in Liabilities:						
Accounts Payable	(5)		(95)	146	(13)	1
Accrued Liabilities	1			9	(12)	14
Compensated Absences Payable	3			11	1	(47)
Due To Other Funds	3	(264)		(5)		(3)
Due To Other Component Units				(48)		
Due To Other Governments						(16)
Unearned Revenue				8	(3)	
Policy Claim Liabilities						
Other Liabilities						
Net Cash Provided (Used) by Operating Activities	$ 6,360	$ 12,170	$ (1,649)	$ (279)	$ 130	$ (665)
Noncash Investing, Capital and Financing Activities:						
Loss/(Gain) on Disposal of Fixed Assets						

Prison Industries	Health Insurance Risk Pool	Professional and Licensing	Banking and Insurance	Other	Total
$ 465	$ 6,038	$ 6,975	$ 5,300	$ 13,022	$ 87,446
2,286		377		151	4,295
				85	282
					11,110
(1,388)	(7,157)	(2,570)	(1,087)	(11,305)	(69,271)
(650)	(96)	(3,551)	(1,685)	(1,823)	(9,490)
(421)	(14)	(698)	(78)	(442)	(2,105)
					(4,466)
		1			1
292	(1,229)	534	2,450	(312)	17,802
				(110)	(110)
1					2
1	0	0	0	(110)	(108)
1	645	95	36	108	6,157
(920)		(92)	(77)		(2,821)
				2	2
	736	90		132	1,104
(919)	1,381	93	(41)	242	4,442
25	65	93	32	13	2,834
(2)	(5)	(7)			(58)
23	60	86	32	13	2,776
(603)	212	713	2,441	(167)	24,912
2,799	6,985	8,965	2,633	1,885	128,168
$ 2,196	$ 7,197	$ 9,678	$ 5,074	$ 1,718	$ 153,080
$ 212	$ (670)	$ 472	$ 566	$ (257)	$ 10,899
85		4		9	133
					2
(33)	(20)	(1)		5	779
					17
					5,291
4		(1)			(20)
(7)					(7)
				1,005	1,164
45				(2)	(159)
(9)	(9)			17	(303)
(45)	(21)	14	1,822	(48)	1,756
10		41	22	(8)	77
27	4	31	41	(28)	43
(4)		47	(2)	(2)	(230)
					(48)
		(48)	1		(63)
7	39	(25)		(129)	(103)
	(552)			(872)	(1,424)
				(2)	(2)
$ 292	$ (1,229)	$ 534	$ 2,450	$ (312)	$ 17,802
(4)					(4)

STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2013
(Expressed in Thousands)

	Self-Insurance	Information Services	Tele-communi-cations	Accounting and Payroll	Buildings and Grounds	Central Mail
Assets						
Current Assets:						
Cash and Cash Equivalents	$ 21,039	$ 3,397	$ 2,023	$ 873	$ 663	$ 526
Receivables:						
Interest and Dividends	37	7	4	7		1
Other Funds		1,812	917	881	1,309	275
Component Units		4	369	70		
Other Governments						
Other	689	30	31			4
Inventory		13	125			244
Other Assets	395	1,136	336	608	4	
Total Current Assets	22,160	6,399	3,805	2,439	1,976	1,050
Capital Assets:						
Property, Plant and Equipment		16,076	2,944	11,522	1,310	422
Accumulated Depreciation		(13,483)	(2,638)	(10,213)	(1,197)	(310)
Construction in Progress			49			
Total Capital Assets	0	2,593	355	1,309	113	112
Total Assets	22,160	8,992	4,160	3,748	2,089	1,162
Liabilities						
Current Liabilities:						
Accounts Payable and Other Liabilities	403	1,525	530	77	379	38
Payable To:						
Other Funds	37	125	191	80	30	5
Component Units						
Bonds, Notes and Leases Payable		532	16			
Claims, Judgments and Compensated Absences	17,181	1,104	423	130	166	28
Unearned Revenue	8,833					
Total Current Liabilities	26,454	3,286	1,160	287	575	71
Noncurrent Liabilities:						
Bonds, Notes and Leases Payable		371				
Claims, Judgments and Compensated Absences	33	965	370	114	145	25
Other Noncurrent Liabilities	27					
Total Noncurrent Liabilities	60	1,336	370	114	145	25
Total Liabilities	26,514	4,622	1,530	401	720	96
Net Position						
Net Investment in Capital Assets		1,690	339	1,309	113	112
Unrestricted	(4,354)	2,680	2,291	2,038	1,256	954
Total Net Position	$ (4,354)	$ 4,370	$ 2,630	$ 3,347	$ 1,369	$ 1,066

Rural Development Telecommunica-tions Network	Public Entity Pool for Liability	Fleet and Travel Management	Personnel	Workers Compensation	Other	Total
$ 516	$ 9,974	$ 2,451	$ 916	$ 6,088	$ 3,768	$ 52,234
1	26	1	2	19	11	116
99		1,346	225		626	7,490
103		277	1		63	887
					164	164
2		12	8	9	65	850
					260	642
8				38	11	2,536
729	10,000	4,087	1,152	6,154	4,968	64,919
2,194	58	50,293	17		9,844	94,680
(1,968)	(58)	(34,662)	(16)		(3,636)	(68,181)
87						136
313	0	15,631	1	0	6,208	26,635
1,042	10,000	19,718	1,153	6,154	11,176	91,554
124	34	513	211	25	483	4,342
26	7	724	56	3	223	1,507
		54			6	60
		1,534			71	2,153
42	1,411	29	233	3,033	449	24,229
22		1			13	8,869
214	1,452	2,855	500	3,061	1,245	41,160
		7,089			212	7,672
36	3,760	26	204	20,406	392	26,476
						27
36	3,760	7,115	204	20,406	604	34,175
250	5,212	9,970	704	23,467	1,849	75,335
313		7,008	1		5,925	16,810
479	4,788	2,740	448	(17,313)	3,402	(591)
$ 792	$ 4,788	$ 9,748	$ 449	$ (17,313)	$ 9,327	$ 16,219

STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2013
(Expressed in Thousands)

	Self-Insurance	Information Services	Tele-communi-cations	Accounting and Payroll	Buildings and Grounds	Central Mail
Operating Revenue:						
Use of Money and Property	$	$	$	$	$	$
Sales and Services	138,342	19,544	13,840	3,299	5,836	3,391
Other Revenue	1,784	25	23	11	2	
Total Operating Revenue:	140,126	19,569	13,863	3,310	5,838	3,391
Operating Expenses:						
Personal Services and Benefits	639	13,579	4,799	1,214	2,861	346
Travel	21	92	122	6	3	
Contractual Services	17,861	4,115	8,056	1,719	1,957	179
Supplies and Materials	35	525	236	83	943	2,937
Grant and Other						
Interest		37	5			
Depreciation/Amortization		1,289	222	355	23	14
Insurance Claims	119,567					
Total Operating Expenses	138,123	19,637	13,440	3,377	5,787	3,476
Operating Income (Loss)	2,003	(68)	423	(67)	51	(85)
Nonoperating Revenue (Expenses):						
Gain on Disposal of Assets						
Loss on Disposal of Assets			(15)		(1)	
Interest Income	81	19	14	25	2	5
Other Expense	(9)	(2)	(1)	(2)		
Capital Contribution					22	
Grant and Other Income			50			
Total Nonoperating Revenue (Expenses)	72	17	48	23	23	5
Income (Loss) Before Transfers	2,075	(51)	471	(44)	74	(80)
Transfers:						
Transfers In				484	200	
Transfers Out				(1,840)		
Net Transfers In (Out)	0	0	0	(1,356)	200	0
Change in Net Position	2,075	(51)	471	(1,400)	274	(80)
Net Position at Beginning of Year	(6,429)	4,421	2,159	4,747	1,095	1,146
Net Position at End of Year	$ (4,354)	$ 4,370	$ 2,630	$ 3,347	$ 1,369	$ 1,066

Rural Development Telecommunica-tions Network	Public Entity Pool for Liability	Fleet and Travel Management	Personnel	Workers Compensation	Other	Total
$	$	$	$	$	$ 9	$ 9
710	1,966	16,576	3,727	2,460	10,132	219,823
		10		50	86	1,991
710	1,966	16,586	3,727	2,510	10,227	221,823
352	242	612	3,175	151	5,570	33,540
13	15	6	78	1	343	700
274	917	2,356	657	274	1,763	40,128
23	5	9,692	141	8	2,001	16,629
					10	10
		159			13	214
129		2,881			389	5,302
	2,000			4,864	408	126,839
791	3,179	15,706	4,051	5,298	10,497	223,362
(81)	(1,213)	880	(324)	(2,788)	(270)	(1,539)
		620			17	637
		(42)			(6)	(64)
3	91	3	8	61	36	348
	(7)		(1)	(5)	(2)	(29)
					49	71
						50
3	84	581	7	56	94	1,013
(78)	(1,129)	1,461	(317)	(2,732)	(176)	(526)
			249		552	1,485
					(614)	(2,454)
0	0	0	249	0	(62)	(969)
(78)	(1,129)	1,461	(68)	(2,732)	(238)	(1,495)
870	5,917	8,287	517	(14,581)	9,565	17,714
$ 792	$ 4,788	$ 9,748	$ 449	$ (17,313)	$ 9,327	$ 16,219

STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2013
(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	$ 76,115	$ 375	$ 4,442	$ 318	$ 7	$ 164
Receipts from Interfund Services Provided	64,850	19,280	9,310	2,891	6,034	3,227
Payments to Suppliers and for Benefits and Claims	(134,018)	(3,687)	(7,397)	(1,023)	(2,186)	(3,043)
Payments for Employee Services	(580)	(13,353)	(4,732)	(1,201)	(2,819)	(352)
Payments for Interfund Services Used	(528)	(1,285)	(1,018)	(807)	(641)	(83)
Other Receipts (Payments)		25	23	11	2	
Net Cash Provided (Used) by Operating Activities	5,839	1,355	628	189	397	(87)
Cash Flows From Capital and Related Financing Activities:						
Purchases of Capital Assets		(196)	(139)	(6)	(26)	(81)
Sales of Capital Assets						
Payments on Capital Lease Obligations		(707)	(125)			
Net Cash Provided (Used) by Capital and Related Financing Activities	0	(903)	(264)	(6)	(26)	(81)
Cash Flows From Noncapital Financing Activities:						
Transfers In				484	200	
Transfers Out				(1,840)		
Received (Paid) on Interfund Borrowing						
Other Noncapital Financing Activities			50			
Net Cash Provided (Used) From Noncapital Financing Activities	0	0	50	(1,356)	200	0
Cash Flows From Investing Activities						
Investment Income	114	23	14	25	2	5
Investment Expense	(9)	(2)	(1)	(2)		
Net Cash Provided (Used) by Investing Activities	105	21	13	23	2	5
Net Increase (Decrease) in Cash and Cash Equivalents During the Fiscal Year	5,944	473	427	(1,150)	573	(163)
Cash and Cash Equivalents at Beginning of Year	15,095	2,924	1,596	2,023	90	689
Cash and Cash Equivalents at End of Year	$ 21,039	$ 3,397	$ 2,023	$ 873	$ 663	$ 526
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Operating Income (Loss)	$ 2,003	$ (68)	$ 423	$ (67)	$ 51	$ (85)
Adjustments to Reconcile Operating Income (Loss):						
Depreciation/Amortization Expense		1,289	222	355	23	14
Interest Expense		37	5			
Decrease/(Increase) in Assets:						
Accounts Receivable	71	(29)	(3)			1
Due From Other Funds		(201)	(87)	(89)	205	2
Due From Component Units			(28)	(1)		
Due From Other Governments						
Inventory		2	(4)		14	(20)
Other Assets	(95)	(22)	117	(27)		9
Increase/(Decrease) in Liabilities:						
Accounts Payable	(7)	169	(104)		17	(1)
Accrued Liabilities	18	69	13	2	11	1
Compensated Absences Payable	41	157	54	11	30	(7)
Due To Other Funds	(2)	(48)	20	5	(4)	
Due To Component Units						
Due To Other Governments					50	(1)
Unearned Revenue	770					
Policy Claim Liabilities	3,040					
Net Cash Provided (Used) by Operating Activities	$ 5,839	$ 1,355	$ 628	$ 189	$ 397	$ (87)
Noncash Investing, Capital and Financing Activities:						
Gain (Loss) on Disposal of Fixed Assets	$	$	$ (15)	$	$ (1)	$
Capital Lease Obligations Entered Into		375				
Transfers In (Out) of Fixed Assets					22	

Rural Development Telecommunications Network	Public Entity Pool for Liability	Fleet and Travel Management	Personnel	Workers Compensation	Other	Total
$ 349	$ 574	$ 3,130	$ 41	$ 692	$ 2,159	$ 88,366
328	1,391	13,558	3,744	1,822	8,045	134,480
(170)	(2,311)	(10,838)	(406)	(3,837)	(3,042)	(171,958)
(340)	(245)	(614)	(3,179)	(153)	(5,561)	(33,129)
(119)	(92)	(1,114)	(440)	(40)	(1,488)	(7,655)
		13			94	168
48	(683)	4,135	(240)	(1,516)	207	10,272
(10)		(1,416)			(344)	(2,218)
		1,146			37	1,183
		(1,581)			(58)	(2,471)
(10)	0	(1,851)	0	0	(365)	(3,506)
			249		552	1,485
					(614)	(2,454)
					(116)	(116)
					5	55
0	0	0	249	0	(173)	(1,030)
4	93	3	9	66	38	396
	(7)		(1)	(5)	(3)	(30)
4	86	3	8	61	35	366
42	(597)	2,287	17	(1,455)	(296)	6,102
474	10,571	164	899	7,543	4,064	46,132
$ 516	$ 9,974	$ 2,451	$ 916	$ 6,088	$ 3,768	$ 52,234
$ (81)	$ (1,213)	$ 880	$ (324)	$ (2,788)	$ (270)	$ (1,539)
129		2,881			389	5,302
		139			13	194
		(1)	(1)	(1)	89	126
(4)		104	62		22	14
(8)		11	(1)		5	(22)
					(42)	(42)
					11	3
12					9	3
7	(7)	58	22	725	(49)	830
4	(2)	(1)	12	(1)	11	137
7	(1)		(17)	(1)	(2)	272
2		71	7		11	62
		(7)			6	(1)
						49
(20)					4	754
	540			550		4,130
$ 48	$ (683)	$ 4,135	$ (240)	$ (1,516)	$ 207	$ 10,272
$	$	$ 578	$	$	$ (4)	$ 558
		5,345			173	5,893
						22

STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS
June 30, 2013
(Expressed in Thousands)

	South Dakota Retirement System	Cement Plant Retirement System	Total
Assets			
Cash and Cash Equivalents	$ 6,348	$ 2,938	$ 9,286
Receivables:			
Employer	2,223		2,223
Employee	2,594		2,594
Benefits	62		62
Unsettled Investment Sales	27,807	237	28,044
Investment Income	18,341	127	18,468
Total Receivables	51,027	364	51,391
Investments, at Fair Value:			
Fixed Income	1,958,996	10,655	1,969,651
Equities	5,020,038	26,746	5,046,784
Real Estate	1,284,335	8,112	1,292,447
Private Equity	859,355	5,704	865,059
Total Investments	9,122,724	51,217	9,173,941
Due from brokers - futures transactions	1,870		1,870
Properties, at Cost	16		16
Accumulated Depreciation	(11)		(11)
Other Assets	21		21
Total Assets	9,181,995	54,519	9,236,514
Liabilities			
Payables:			
Accounts Payable and Other Liabilities	1,894		1,894
Due to Other Funds	43		43
Compensated Absences Payable	296		296
Securities Sold, But Not Yet Purchased, at Fair Value	55,977		55,977
Unsettled Investment Purchases	38,078	291	38,369
Total Liabilities	96,288	291	96,579
Net Position			
Restricted for Pension Benefits	$ 9,085,707	$ 54,228	$ 9,139,935

STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS
For the Fiscal Year Ended June 30, 2013
(Expressed in Thousands)

	South Dakota Retirement System	Cement Plant Retirement System	Total
Additions			
Contributions:			
Employee	$ 101,679	$	$ 101,679
Employer	100,376		100,376
Total Contributions	202,055	0	202,055
Investment Income:			
From Investing Activities			
Net Increase (Decrease) in Fair Value of Investments	1,278,300	7,389	1,285,689
Interest	74,194	475	74,669
Dividends	126,515	694	127,209
Real Estate	23,274	132	23,406
Securities Lending, Net	881	5	886
Investment Activity Income	1,503,164	8,695	1,511,859
Less Investment Activity Expenses	(35,666)	(193)	(35,859)
Net Investment Income (Loss)	1,467,498	8,502	1,476,000
Transfers From Other Funds		2,000	2,000
Total Additions	1,669,553	10,502	1,680,055
Deductions			
Benefits	397,620	3,831	401,451
Refunds of Contributions	25,161		25,161
Administrative Expenses	3,589	63	3,652
Total Deductions	426,370	3,894	430,264
Change in Net position	1,243,183	6,608	1,249,791
Net Position at Beginning of Year	7,842,524	47,620	7,890,144
Net Position at End of Year	$ 9,085,707	$ 54,228	$ 9,139,935

STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUNDS
June 30, 2013
(Expressed in Thousands)

	Common School	Child's Own	Corrections	Other	Total
Assets					
Cash and Cash Equivalents	$ 15,567	$ 274	$ 1,891	$ 771	$ 18,503
Receivables:					
Due from Other Funds			111		111
Investment Income	560			1	561
Other	10	12			22
Total Receivables	570	12	111	1	694
Investments, at Fair Value:					
Pooled Investment Funds	166,647				166,647
Total Investments	166,647	0	0	0	166,647
Properties, at Cost	13,868			10	13,878
Other Assets				6	6
Total Assets	196,652	286	2,002	788	199,728
Liabilities					
Payables:					
Accounts Payable and Other Liabilities	134	161		2	297
Due To Other Funds			153	24	177
Total Liabilities	134	161	153	26	474
Net Position - Restricted For Others	$ 196,518	$ 125	$ 1,849	$ 762	$ 199,254

STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUNDS
For the Fiscal Year Ended June 30, 2013
(Expressed in Thousands)

	Common School	Child's Own	Corrections	Other	Total
Additions					
Contributions:					
From Clients and Inmates	$	$	$ 6,988	$ 1,483	$ 8,471
Other	8,495				8,495
Total Contributions	8,495	0	6,988	1,483	16,966
Investment Income:					
From Investing Activities					
Net Increase (Decrease) in Fair Value of Investments	21,445				21,445
Pooled Interest and Dividends	4,214	1		6	4,221
Securities Lending, Net	14				14
Net Investment Income (Loss)	25,673	1	0	6	25,680
Escheated Property	5				5
Miscellaneous Income	3	727		33	763
Total Additions	34,176	728	6,988	1,522	43,414
Deductions					
Distribution to School Districts	7,422				7,422
Payments made for Trust Purposes		750	7,271	1,432	9,453
Administrative Expenses				2	2
Total Deductions	7,422	750	7,271	1,434	16,877
Change in Net Position	26,754	(22)	(283)	88	26,537
Net Position at Beginning of Year	169,764	147	2,132	674	172,717
Net Position at End of Year	$ 196,518	$ 125	$ 1,849	$ 762	$ 199,254

South Dakota
GREAT FACES. GREAT PLACES.

STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
June 30, 2013
(Expressed in Thousands)

	Department of Revenue - Tax Collections	Social Services - Child Support	State Auditor - Payroll Withholding	State Clerk of Courts	Other	Total
Assets						
Cash and Cash Equivalents	$ 25,279	$ 1,643	$ 7,179	$ 7,091	$ 1,557	$ 42,749
Receivables:						
Taxes Receivable (net)	37,472					37,472
Due From Other Governments	413					413
Interest and Dividends Receivable	27				1	28
Other	308				38	346
Total Receivables	38,220	0	0	0	39	38,259
Total Assets	$ 63,499	$ 1,643	$ 7,179	$ 7,091	$ 1,596	$ 81,008
Liabilities						
Payables:						
Accounts Payable and Other Liabilities	$ 988	$ 1,643	$ 27	$ 7,091	$ 786	$ 10,535
Refunds - Contractors Excise Tax	14,987					14,987
Due To Other Governments	47,524		7,152		810	55,486
Total Liabilities	$ 63,499	$ 1,643	$ 7,179	$ 7,091	$ 1,596	$ 81,008

STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF CHANGES
IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the Fiscal Year Ended June 30, 2013
(Expressed in Thousands)

Department of Revenue - Tax Collections	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
Assets:				
Cash and Cash Equivalents	$ 46,173	$ 360,508	$ 381,402	$ 25,279
Accounts Receivable	1,165	308	1,165	308
Taxes Receivable (Net)	38,252	37,491	38,271	37,472
Interest and Dividends Receivable	37	27	37	27
Due From Other Governments	332	413	332	413
Total Assets	$ 85,959	$ 398,747	$ 421,207	$ 63,499
Liabilities:				
Accounts Payable and Other Liabilities	$ 2,277	$ 231	$ 1,520	$ 988
Refunds - Contractors Excise Tax	33,785	765	19,563	14,987
Due To Other Governments	49,897	397,751	400,124	47,524
Total Liabilities	$ 85,959	$ 398,747	$ 421,207	$ 63,499
Social Services - Child Support				
Assets:				
Cash and Cash Equivalents	$ 1,933	$ 108,243	$ 108,533	$ 1,643
Total Assets	$ 1,933	$ 108,243	$ 108,533	$ 1,643
Liabilities:				
Accounts Payable and Other Liabilities	$ 1,933	$ 108,243	$ 108,533	$ 1,643
Total Liabilities	$ 1,933	$ 108,243	$ 108,533	$ 1,643
State Auditor - Payroll Withholding				
Assets:				
Cash and Cash Equivalents	$ 5,643	$ 203,829	$ 202,293	$ 7,179
Total Assets	$ 5,643	$ 203,829	$ 202,293	$ 7,179
Liabilities:				
Accounts Payable and Other Liabilities	$ 28	$ 2,247	$ 2,248	$ 27
Due To Other Governments	5,615	201,582	200,045	7,152
Total Liabilities	$ 5,643	$ 203,829	$ 202,293	$ 7,179
State Clerk of Courts				
Assets:				
Cash and Cash Equivalents	$ 6,047	$ 14,535	$ 13,491	$ 7,091
Total Assets	$ 6,047	$ 14,535	$ 13,491	$ 7,091
Liabilities:				
Accounts Payable and Other Liabilities	$ 6,047	$ 14,535	$ 13,491	$ 7,091
Total Liabilities	$ 6,047	$ 14,535	$ 13,491	$ 7,091

STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF CHANGES
IN ASSETS AND LIABILITIES
AGENCY FUNDS (continued)
For the Fiscal Year Ended June 30, 2013
(Expressed in Thousands)

Other Agency Funds	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
Assets:				
Cash and Cash Equivalents	$ 1,438	$ 45,451	$ 45,332	$ 1,557
Accounts Receivable	60	38	60	38
Interest and Dividends Receivable	1	1	1	1
Total Assets	$ 1,499	$ 45,490	$ 45,393	$ 1,596
Liabilities:				
Accounts Payable and Other Liabilities	$ 648	$ 44,073	$ 43,935	$ 786
Due To Other Governments	851	1,417	1,458	810
Total Liabilities	$ 1,499	$ 45,490	$ 45,393	$ 1,596
Total All Agency Funds				
Assets:				
Cash and Cash Equivalents	$ 61,234	$ 732,566	$ 751,051	$ 42,749
Accounts Receivable	1,225	346	1,225	346
Taxes Receivable (Net)	38,252	37,491	38,271	37,472
Interest and Dividends Receivable	38	28	38	28
Due From Other Governments	332	413	332	413
Total Assets	$ 101,081	$ 770,844	$ 790,917	$ 81,008
Liabilities:				
Accounts Payable and Other Liabilities	$ 10,933	$ 169,329	$ 169,727	$ 10,535
Refunds - Contractors Excise Tax	33,785	765	19,563	14,987
Due To Other Governments	56,363	600,750	601,627	55,486
Total Liabilities	$ 101,081	$ 770,844	$ 790,917	$ 81,008

STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
June 30, 2013
(Expressed in Thousands)

	Business-type Activities				
	Housing Authority	Science and Technology Authority	Higher Education	Nonmajor	Total
Assets					
Current Assets:					
Cash and Cash Equivalents	$ 166,518	$ 36,315	$ 185,892	$ 3,910	$ 392,635
Receivables:					
Interest and Dividends	9,132	109	896	111	10,248
Primary Government			1,838		1,838
Other Governments			20,909		20,909
Loans and Notes (Net)	60,980		5,351	1,678	68,009
Other (Net)		1,029	21,078	58	22,165
Investments	36,250		13,318	2,395	51,963
Inventory	1,586	2,746	7,485		11,817
Other Assets	269	558	6,244		7,071
Total Current Assets	274,735	40,757	263,011	8,152	586,655
Investments	557,874		353,284	964	912,122
Assets Held for Resale				6,324	6,324
Restricted Assets:					
Cash and Cash Equivalents			11,504	51	11,555
Investments			44,308	6,034	50,342
Other			10,962		10,962
Capital Assets:					
Land and Other Non-depreciable Assets	220	18,365	37,013	197	55,795
Property, Plant and Equipment	10,167	47,899	1,275,571	4	1,333,641
Accumulated Depreciation	(3,756)	(1,607)	(506,933)	(3)	(512,299)
Construction in Progress		4,141	75,717	5,864	85,722
Total Capital Assets	6,631	68,798	881,368	6,062	962,859
Other Noncurrent Assets (net)	1,082,366		80,758	18,592	1,181,716
Total Assets	1,921,606	109,555	1,645,195	46,179	3,722,535
Deferred Outflows of Resources					
Deferred Swap Outflow	24,584				24,584
Total Deferred Outflows of Resources	24,584	0	0	0	24,584
Liabilities					
Current Liabilities:					
Accounts Payable and Other Liabilities	668	886	44,302	1,803	47,659
Payable To:					
Primary Government	36		1,530		1,566
Escrow Payable	14,535				14,535
Bonds, Notes and Leases Payable	46,151	166	22,850	1,702	70,869
Claims, Judgments and Compensated Absences	127	278	11,553		11,958
Accrued Interest Payable	8,207		3,912	282	12,401
Unearned Revenue			8,314		8,314
Other Current Liabilities			19,123	123	19,246
Total Current Liabilities	69,724	1,330	111,584	3,910	186,548
Noncurrent Liabilities:					
Bonds, Notes and Leases Payable	1,381,275	636	418,327	22,772	1,823,010
Claims, Judgments and Compensated Absences	518	278	25,803		26,599
Federal Capital Contribution Refundable Advance			37,828		37,828
Advances to Component Units				3,326	3,326
Hedging Derivatives	24,584				24,584
Other Noncurrent Liabilities	168		24,166	1,086	25,420
Total Noncurrent Liabilities	1,406,545	914	506,124	27,184	1,940,767
Total Liabilities	1,476,269	2,244	617,708	31,094	2,127,315
Deferred Inflows of Resources					
Deferred Forward Contract Inflow	269				269
Total Deferred Inflows of Resources	269	0	0	0	269
Net Position					
Net Investment In Capital Assets	132	67,995	465,961	1,291	535,379
Restricted For:					
Debt Service	397,761		3,817	5,000	406,578
HOME and NSP Program	64,666				64,666
Higher Education - Expendable			151,308		151,308
Higher Education - Nonexpendable			332,311		332,311
Interim Lab		3,384			3,384
Sanford Center for Science Education		20,000			20,000
Indemnification		10,000			10,000
Land Development				250	250
Other	7,093	1,348			8,441
Unrestricted		4,584	74,090	8,544	87,218
Total Net Position	$ 469,652	$ 107,311	$ 1,027,487	$ 15,085	$ 1,619,535

STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
COMPONENT UNITS
For the Fiscal Year Ended June 30, 2013
(Expressed in Thousands)

	Business-type Activities				
	Housing Authority	Science and Technology Authority	Higher Education	Nonmajor	Total
Operating Revenue:					
Tuition and Fees (net of discounts and allowances for scholarships of $35,199)	$	$	$ 220,761	$	$ 220,761
Use of Money and Property	51,563			1,212	52,775
Sales and Services (net of discounts and allowances for scholarships of Higher Education of $9,769)		196	98,212		98,408
Administering Programs	31,937	14,622	141,389	1,014	188,962
Other Revenue	6,922	75	70,608		77,605
Total Operating Revenue	90,422	14,893	530,970	2,226	638,511
Operating Expenses:					
Personal Services and Benefits	3,302	9,657	381,278		394,237
Travel	171	151	16,966	10	17,298
Contractual Services	4,365	3,710	97,580	593	106,248
Supplies and Materials	130	2,054	62,715	47	64,946
Grants and Subsidies	29,263		40,497	867	70,627
Other	2,035		7,082		9,117
Interest	54,549		81	1,171	55,801
Depreciation/Amortization	3,268	1,607	41,827	3	46,705
Total Operating Expenses	97,083	17,179	648,026	2,691	764,979
Operating Income (Loss)	(6,661)	(2,286)	(117,056)	(465)	(126,468)
Nonoperating Revenue (Expenses):					
Loss on Disposal of Assets		(282)	(402)		(684)
Interest Income		362	34,424	44	34,830
Interest Expense			(20,647)	(12)	(20,659)
Other Expense			(13,575)		(13,575)
State Aid from Primary Government			176,294		176,294
Federal Appropriation			8,166		8,166
Grant and Other Income			5,008	2	5,010
Total Nonoperating Revenue (Expenses)	0	80	189,268	34	189,382
Income (Loss) Before Capital Grants and Additions to Endowments	(6,661)	(2,206)	72,212	(431)	62,914
Capital Grants		15,124	12,980		28,104
Additions to Endowments			11,097		11,097
Change in Net Position	(6,661)	12,918	96,289	(431)	102,115
Net Position At Beginning of Year, as reatated	476,313	94,393	931,198	15,516	1,517,420
Net Position at End of Year	$ 469,652	$ 107,311	$ 1,027,487	$ 15,085	$ 1,619,535

STATE OF SOUTH DAKOTA
STATEMENT OF CASH FLOWS
HIGHER EDUCATION
For the Fiscal Year Ended June 30, 2013
(Expressed in Thousands)

	Higher Education
Cash Flows from Operating Activities:	
Tuition and Fees	$ 217,046
Auxiliaries	57,644
Sales & Services - General	39,698
Federal Contracts & Grants	114,895
State Contracts & Grants	6,909
Private Contracts & Grants	20,920
Other Revenue and Additions	59
Loans Issued to Students	(5,043)
Perkins Loans Collected from Students	4,620
Student Loan Interest	586
Payments for Personal Services Expenditures	(366,202)
Payments for Travel Expenditures	(16,026)
Payments for Contractual Expenditures	(92,985)
Payments for Supply Expenditures and Non-Capitalized Equipment	(60,849)
Payments for Grant and Subsidy Expenditures	(40,919)
Payments for Other Expenditures	(97)
Foundation Activity	2,740
Net Cash Provided (Used) by Operating Activities	(117,004)
Cash Flows from Noncapital Financing Activities:	
General Fund Appropriations	176,295
School & Public Lands	1,707
Federal Fund Appropriations	6,749
Endo/Ecto Tax	779
Federal loan Disbursements	(171,367)
Federal Loan Receipts	171,367
Private Loan Disbursements	(6,757)
Private Loan Receipts	6,757
Federal Capital Contribution - Student Loan	31
Other Revenues & Additions	2,240
Payments for Other Expenditures	48
Foundation Activity	23,567
Net Cash Provided (Used) by Noncapital Financing Activities	211,416
Cash Flows from Capital and Related Financing Activities:	
Capital Grants & Contracts	9,362
Build America Bond Subsidy	1,702
South Dakota Building Authority Funding	8,290
Proceeds from Capital Debt (Leases)	23,750
Revenue Bond Discounts and Related Costs	(1,689)
Principal Paid on Capital Debt and Leases	(37,927)
Interest Paid on Capital Debt and Leases	(20,860)
Purchase of Capital Assets	(98,544)
Foundation Activity	(243)
Net Cash Provided (Used) by Capital and Related Financing Activities	(116,159)
Cash Flows from Investing Activities:	
Investment Income	1,605
Sale of Investment	4
Foundation Activity	(6,291)
Net Cash Provided (Used) by Investing Activities	(4,682)
Net Increase (Decrease) in Cash and Cash Equivalents during the Fiscal Year	(26,429)
Cash and Cash Equivalents at Beginning of Year	223,824
Cash and Cash Equivalents at End of Year	$ 197,395

Continued on next page

STATE OF SOUTH DAKOTA
STATEMENT OF CASH FLOWS
HIGHER EDUCATION
For the Fiscal Year Ended June 30, 2013
(Expressed in Thousands)

		Higher Education
Reconcilation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	$	(117,056)
Adjustments to Reconcile Operating Income (Loss):		
Depreciation Expense		41,827
Bad Debt Expense		111
Loan Cancellation Expense		815
Foundation Activity		(50,060)
Decrease/(Increase) in Assets:		
Accounts Receivable Students		(688)
Accounts Receivable - Dept		(663)
Interest Receivable		27
Notes Receivable		(1,149)
Due From Federal Sources		1,817
Due From Primary Govt		(349)
Prepaid Expense and Deferred Charges		(466)
Contributions / Pledges Receivable		(123)
Inventory		138
Other Assets		45
Increase/(Decrease) in Liabilities:		
Accounts Payable		(1,178)
Accrued Wages & Benefits		7,129
Due to Federal Sources		(231)
Due to Primary Government		396
Student Deposits		86
Compensated Absences		1,290
Deferred Revenue		(74)
Agency Funds Held for Others		18
Other Non-Current Liabilities		1,334
Net Cash Provided (Used) by Operating Activities	$	(117,004)
Noncash Investing, Capital and Financing Activities:		
Transfers In (Out) of Fixed Assets	$	2,070

STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF NET POSITION
NONMAJOR COMPONENT UNITS
June 30, 2013
(Expressed in Thousands)

	Business-type Activities				
	Finance Authority	CREP Program	Value Added Finance Authority	S.D. Ellsworth Development Authority	Total
Assets					
Current Assets:					
Cash and Cash Equivalents	$ 2,053	$ 50	$ 1,541	$ 266	$ 3,910
Receivables:					
Interest and Dividends	111				111
Loans and Notes (Net)	1,580	14	84		1,678
Other (Net)	9	2		47	58
Investments	2,395				2,395
Total Current Assets	6,148	66	1,625	313	8,152
Investments	964				964
Assets Held for Resale				6,324	6,324
Restricted Assets:					
Cash and Cash Equivalents	51				51
Investments	6,034				6,034
Capital Assets:					
Land and Other Non-depreciable Assets				197	197
Property, Plant and Equipment				4	4
Accumulated Depreciation				(3)	(3)
Construction in Progress				5,864	5,864
Total Capital Assets	0	0	0	6,062	6,062
Other Noncurrent Assets (net)	18,381		157	54	18,592
Total Assets	31,578	66	1,782	12,753	46,179
Liabilities					
Current Liabilities:					
Accounts Payable and Other Liabilities	15	1		1,787	1,803
Bonds, Notes and Leases Payable	1,221		52	429	1,702
Accrued Interest Payable	274		8		282
Other Current Liabilities	119			4	123
Total Current Liabilities	1,629	1	60	2,220	3,910
Noncurrent Liabilities:					
Bonds, Notes and Leases Payable	19,963		1,189	1,620	22,772
Advances from Primary Government				3,326	3,326
Other Noncurrent Liabilities	1,086				1,086
Total Noncurrent Liabilities	21,049		1,189	4,946	27,184
Total Liabilities	22,678	1	1,249	7,166	31,094
Net Position					
Net Investment in Capital Assets				1,291	1,291
Restricted For:					
Debt Service	5,000				5,000
Land Development				250	250
Unrestricted	3,900	65	533	4,046	8,544
Total Net Position	$ 8,900	$ 65	$ 533	$ 5,587	$ 15,085

STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
NONMAJOR COMPONENT UNITS
For the Fiscal Year Ended June 30, 2013
(Expressed in Thousands)

	Business-type Activities				
	Finance Authority	CREP Program	Value Added Finance Authority	S.D. Ellsworth Development Authority	Total
Operating Revenue:					
Use of Money and Property	$ 1,195	$ 1	$ 16	$	$ 1,212
Administering Programs				1,014	1,014
Total Operating Revenue	1,195	1	16	1,014	2,226
Operating Expenses:					
Travel				10	10
Contractual Services	69	11		513	593
Supplies and Materials				47	47
Grant and Subsidies				867	867
Interest	1,146			25	1,171
Depreciation/Amortization				3	3
Total Operating Expenses	1,215	11	0	1,465	2,691
Operating Income (Loss)	(20)	(10)	16	(451)	(465)
Nonoperating Revenue (Expenses):					
Interest Income	44				44
Interest Expense			(12)		(12)
Grant and Other Income			2		2
Total Nonoperating Revenue (Expenses)	44	0	(10)	0	34
Change in Net Position	24	(10)	6	(451)	(431)
Net Position At Beginning of Year	8,876	75	527	6,038	15,516
Net Position at End of Year	$ 8,900	$ 65	$ 533	$ 5,587	$ 15,085

South Dakota

GREAT FACES. GREAT PLACES.

STATISTICAL SECTION

South Dakota

GREAT FACES. GREAT PLACES.

State of South Dakota
Net Position by Component,
Last Ten Fiscal Years
(accrual basis of accounting, dollars in thousands)

	Fiscal Year				
	2013	**2012**	**2011**	**2010**	**2009**
Governmental activities:					
Net Investment in capital assets	$ 3,548,433	$ 3,480,152	$ 3,300,829	$ 3,211,673	$ 3,101,101
Restricted	1,241,520	1,114,366	1,144,456	1,004,704	897,491
Unrestricted	202,835	158,316	95,317	79,854	67,523
Total governmental activities net position	**$ 4,992,788**	**$ 4,752,834**	**$ 4,540,602**	**$ 4,296,231**	**$ 4,066,115**
Business-type activities					
Net Investment in capital assets	$ 4,379	$ 3,893	$ 4,360	$ 4,863	$ 2,299
Restricted	916	891	1,931	2,138	302,713
Unrestricted	545,751	520,208	498,567	445,444	102,607
Total business-type activities net position	**$ 551,046**	**$ 524,992**	**$ 504,858**	**$ 452,445**	**$ 407,619**
Primary government					
Net Investment in capital assets	$ 3,552,812	$ 3,484,045	$ 3,305,189	$ 3,216,536	$ 3,103,400
Restricted	1,242,436	1,115,257	1,146,387	1,006,842	1,200,204
Unrestricted	748,586	678,524	593,884	525,298	170,130
Total primary government net position	**$ 5,543,834**	**$ 5,277,826**	**$ 5,045,460**	**$ 4,748,676**	**$ 4,473,734**

	Fiscal Year				
	2008	**2007**	**2006**	**2005**	**2004**
Governmental activities:					
Net Investment in capital assets	$ 3,053,427	$ 2,947,980	$ 2,829,173	$ 2,690,656	$ 2,572,130
Restricted	1,032,035	1,091,917	1,012,357	280,219	253,780
Unrestricted	67,587	70,308	85,670	821,458	804,023
Total governmental activities net position	**$ 4,153,049**	**$ 4,110,205**	**$ 3,927,200**	**$ 3,792,333**	**$ 3,629,933**
Business-type activities					
Net Investment in capital assets	$ 2,565	$ 2,829	$ 3,184	$ 2,817	$ 2,737
Restricted	284,272	284,322	262,293	227,167	215,957
Unrestricted	122,595	94,300	89,879	95,195	95,578
Total business-type activities net position	**$ 409,432**	**$ 381,451**	**$ 355,356**	**$ 325,179**	**$ 314,272**
Primary government					
Net Investment in capital assets	$ 3,055,992	$ 2,950,809	$ 2,832,357	$ 2,693,473	$ 2,574,867
Restricted	1,316,307	1,376,239	1,274,650	507,386	469,737
Unrestricted	190,182	164,608	175,549	916,653	899,601
Total primary government net position	**$ 4,562,481**	**$ 4,491,656**	**$ 4,282,556**	**$ 4,117,512**	**$ 3,944,205**

Source: South Dakota Comprehensive Annual Financial Reports (FY 2004-2013).

Note: (a) The increase in restricted net position from FY 2005 to FY 2006 was primarily due to implementation of GASB 46 - Net Assets Restricted by Enabling Legislation.

State of South Dakota
Changes in Net Position,
Last Ten Fiscal Years
(accrual basis of accounting, dollars in thousands)

	Fiscal Year									
	2013	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**	**2005**	**2004**
Expenses										
Governmental Activities:										
General Government	$ 169,843	$ 164,005	$ 157,405	$ 146,193	$ 170,900	$ 175,272	$ 194,266	$ 175,826	$ 131,411	$ 131,737
Education - Elementary, Secondary and Vocational Schools	201,177	211,413	218,959	212,919	195,534	200,226	186,599	191,460	176,700	156,652
Education - State Support to Higher Education	176,294	171,701	185,757	182,681	196,007	170,348	160,725	149,040	143,358	137,028
Health, Human and Social Services	1,367,355	1,354,764	1,354,829	1,337,922	1,200,436	1,127,618	1,043,771	1,012,533	978,950	903,644
Law, Justice, Public Protection and Regulation	277,223	286,127	286,824	241,217	243,805	233,676	232,526	212,600	200,024	180,802
Agriculture and Natural Resources	144,245	130,279	151,116	130,943	118,686	114,783	123,135	109,904	100,275	96,077
Commerce and Regulation			-	-	-	-	-	-	-	-
Economic Resources	43,300	40,865	51,157	52,966	45,006	47,226	39,371	58,235	42,419	37,260
Transportation	537,497	482,400	508,548	457,081	408,482	316,113	362,680	316,125	320,379	336,259
Intergovernmental - Payments to School Districts	394,857	375,008	412,310	405,947	400,162	376,843	346,582	338,008	337,507	326,559
Intergovernmental - Revenue Sharing	141,514	122,320	100,493	103,425	99,064	103,633	101,669	99,171	87,105	82,878
Unallocated Interest Expense	14,537	17,393	18,711	19,820	21,514	22,805	23,191	23,998	24,599	25,410
Unallocated Depreciation	53	53	58	58	58	58	58	58	53	53
Total Governmental activities expenses	**3,467,895**	**3,356,328**	**3,446,167**	**3,291,172**	**3,099,654**	**2,888,601**	**2,814,573**	**2,686,958**	**2,542,780**	**2,414,359**
Business-type activities:										
Lottery	44,114	39,877	36,775	35,411	32,767	33,419	31,404	32,409	27,516	28,034
Clean Water State Revolving	10,898	16,406	11,109	4,455	4,777	4,486	3,996	3,286	1,114	1,616
Drinking Water State Revolving	10,337	10,936	11,964	5,066	3,253	2,855	2,720	2,574	1,976	1,253
Other	81,648	92,096	100,406	125,993	89,451	54,688	56,247	60,613	63,057	61,464
Total business-type activities expenses	**146,997**	**159,315**	**160,254**	**170,925**	**130,248**	**95,448**	**94,367**	**98,882**	**93,663**	**92,367**
Total primary government expenses	**$ 3,614,892**	**$ 3,515,643**	**$ 3,606,421**	**$ 3,462,097**	**$ 3,229,902**	**$ 2,984,049**	**$ 2,908,940**	**$ 2,785,840**	**$ 2,636,443**	**$ 2,506,726**
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	$ 212,529	$ 194,439	$ 170,598	$ 166,457	$ 158,248	$ 147,597	$ 142,225	$ 137,188	$ 130,213	$ 124,877
Education - Elementary,Secondary and Vocational Schools	7,888	6,147	5,843	6,204	2,489	3,451	4,137	4,055	2,024	1,776
Education - State Support to Higher Education			-	-	-	-	-	-	-	-
Health, Human and Social Services	38,098	33,030	36,256	36,758	25,865	25,858	25,506	30,665	25,589	25,104
Law, Justice, Public Protection and Regulation	80,750	66,235	60,555	57,213	50,888	50,335	49,435	44,624	42,534	38,491
Agriculture and Natural Resources	72,972	69,331	67,815	64,940	61,572	65,783	54,403	52,962	48,436	53,609
Commerce and Regulation			-	-	-	-	-	-	-	-
Economic Resources	3,064	3,268	1,332	1,796	2,379	2,011	1,788	2,183	1,752	1,806
Transportation	6,682	7,514	7,776	6,301	6,052	6,815	6,007	13,718	8,510	9,177
Operating grants and contributions	1,588,413	1,670,046	1,838,312	1,768,957	1,447,753	1,246,925	1,258,548	1,205,317	1,197,637	1,134,512
Capital grants and contributions	1,046	1,608	3,945	2,275	2,519	25,395	1,000	6,570	6,564	922
Total governmental activities program revenues	**2,011,442**	**2,051,618**	**2,192,432**	**2,110,901**	**1,757,765**	**1,574,170**	**1,543,049**	**1,497,282**	**1,463,259**	**1,390,274**
Business-type activities:										
Charges for Services:										
Lottery	151,414	143,078	144,460	154,669	152,590	156,241	152,697	151,647	143,976	144,091
Clean Water State Revolving	5,277	5,677	6,014	5,781	4,954	4,826	4,479	3,659	3,441	3,152
Drinking Water State Revolving	4,321	4,922	4,807	3,997	3,696	3,582	3,460	2,773	2,102	1,585
Other	85,946	94,455	112,210	119,048	60,925	59,152	54,166	57,684	50,952	45,577
Operating grants and contributions	30,519	30,910	52,926	50,927	26,272	21,879	26,262	30,098	22,606	31,995
Total business-type activities program revenues	**277,477**	**279,042**	**320,417**	**334,422**	**248,437**	**245,680**	**241,064**	**245,861**	**223,077**	**226,400**
Total primary government program revenues	**$ 2,288,919**	**$ 2,330,660**	**$ 2,512,849**	**$ 2,445,323**	**$ 2,006,202**	**$ 1,819,850**	**$ 1,784,113**	**$ 1,743,143**	**$ 1,686,336**	**$ 1,616,674**
Net (Expense)/Revenue										
Governmental activities	$ (1,456,453)	$ (1,304,710)	$ (1,253,735)	$ (1,180,271)	$ (1,341,889)	$ (1,314,431)	$ (1,271,524)	$ (1,189,676)	$ (1,079,521)	$ (1,024,085)
Business-type activities	130,480	119,727	160,163	163,497	118,189	150,232	146,697	146,979	129,414	134,033
Total primary government net (expense)/revenue	**$ (1,325,973)**	**$ (1,184,983)**	**$ (1,093,572)**	**$ (1,016,774)**	**$ (1,223,700)**	**$ (1,164,199)**	**$ (1,124,827)**	**$ (1,042,697)**	**$ (950,107)**	**$ (890,052)**
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Sales taxes	$ 802,700	$ 779,002	$ 741,455	$ 663,146	$ 675,652	$ 668,123	$ 625,133	$ 597,230	$ 554,647	$ 524,705
Motor fuel taxes	139,048	130,864	130,542	127,807	124,442	125,005	146,851	145,415	153,846	156,212
Contractors excise taxes	94,967	90,636	66,518	85,973	71,533	79,137	81,069	76,979	66,555	60,322
Bank card and franchise taxes	49,493	32,941	16,954	16,674	55,260	62,036	76,497	65,187	51,281	47,458
Other taxes	299,726	297,750	266,415	273,535	261,176	264,944	211,452	183,236	184,452	179,866
Investment Earnings	130,881	29,925	143,106	101,246	(91,586)	(18,946)	137,568	60,956	81,543	54,190
Gain on sale of capital assets	2,127	3,915	819	526	919	1,135	1,305	42,344	1,747	398
Miscellaneous	76,047	51,652	41,519	36,625	52,288	41,805	39,667	35,493	32,526	33,854
Transfers	104,426	100,257	107,750	118,671	120,002	122,251	120,065	117,703	118,507	112,762
Total governmental activities	1,699,415	1,516,942	1,515,078	1,424,203	1,269,686	1,345,490	1,439,607	1,324,543	1,245,104	1,169,767
Business-type activities:										
Transfers	(104,426)	(100,257)	(107,750)	(118,671)	(120,002)	(122,251)	(120,065)	(117,703)	(118,507)	(112,762)
Total business-type activities	**(104,426)**	**(100,257)**	**(107,750)**	**(118,671)**	**(120,002)**	**(122,251)**	**(120,065)**	**(117,703)**	**(118,507)**	**(112,762)**
Total primary government	**$ 1,594,989**	**$ 1,416,685**	**$ 1,407,328**	**$ 1,305,532**	**$ 1,149,684**	**$ 1,223,239**	**$ 1,319,542**	**$ 1,206,840**	**$ 1,126,597**	**$ 1,057,005**
Change in Net Position										
Governmental activities	$ 242,962	$ 212,232	$ 261,343	$ 243,932	$ (72,203)	$ 31,059	$ 168,083	$ 134,867	$ 165,583	$ 145,682
Business-type activities	26,054	19,470	52,413	44,826	(1,813)	27,981	26,632	29,276	10,907	21,271
Total primary government	**$ 269,016**	**$ 231,702**	**$ 313,756**	**$ 288,758**	**$ (74,016)**	**$ 59,040**	**$ 194,715**	**$ 164,143**	**$ 176,490**	**$ 166,953**

Source South Dakota Comprehensive Annual Financial Reports (FY 2004-2013).

State of South Dakota
Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting, dollars in thousands)

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Fund (Per GASB 54):										
Non-Spendable	$ 3,419	$ 2,916	$ 3,148							
Restricted	1,018									
Committed										
Assigned	126,872	140,706	148,137							
Unassigned	186,444	147,445	136,018							
Total General Fund	**$ 317,753**	**$ 291,067**	**$ 287,303**							
Other Governmental Funds (Per GASB 54):										
Non-Spendable	$ 717,108	$ 706,054	$ 683,786							
Restricted	551,014	460,450	493,638							
Committed	43,993	38,930	36,844							
Assigned	49,758	43,815	34,684							
Unassigned	(1,462)	(2,931)	(18,859)							
Total Other Governmental Funds	**$ 1,360,411**	**$ 1,246,318**	**$ 1,230,093**							
General Fund (Prior to GASB 54):										
Reserved				$ 21,104	$ 21,215	$ 31,139	$ 32,581	$ 22,993	$ 23,326	$ 18,771
Unreserved				133,962	131,363	138,883	142,809	142,505	128,781	118,800
Total General Fund				**$ 155,066**	**$ 152,578**	**$ 170,022**	**$ 175,390**	**$ 165,498**	**$ 152,107**	**$ 137,571**
Other Governmental Funds (Prior to GASB 54):										
Reserved				$ 873,931	$ 872,653	$ 886,761	$ 848,892	$ 836,770	$ 190,036	$ 203,256
Unreserved, Reported in:										
Special Revenue Funds				332,270	232,200	342,384	446,152	394,636	1,070,412	1,056,614
Capital Projects Funds				148	2,484	2,460	7,084	10,068	3,140	420
Total Other Governmental Funds				**$ 1,206,349**	**$ 1,107,337**	**$ 1,231,605**	**$ 1,302,128**	**$ 1,241,474**	**$ 1,263,588**	**$ 1,260,290**

Note: The State of South Dakota implemented GASB Statement 54 in Fiscal Year 2011, which significantly changed the fund balance classifications. Fiscal Year 2013 fund balance classifications are not comparable to classifications to years prior to 2011.

Source: South Dakota Comprehensive Annual Financial Reports (FY 2004-2013).

State of South Dakota
Changes in Fund Balances, All Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting, dollars in thousands)

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Revenues										
Taxes										
Sales & Use	$ 802,700	$ 779,002	$ 741,455	$ 663,146	$ 675,652	$ 668,123	$ 625,133	$ 597,230	$ 554,647	$ 524,706
Insurance Company	70,740	66,679	61,799	62,499	61,669	60,930	55,900	55,810	56,295	52,623
Liquor	15,835	14,519	14,953	14,247	14,782	13,044	13,138	12,602	12,349	12,281
Cigarette	51,940	50,704	46,700	62,918	56,607	57,160	43,998	26,689	26,246	26,270
Bank Franchise	49,493	32,941	16,954	16,674	55,260	62,036	76,497	65,187	51,281	47,458
Contractor's Excise	94,967	90,636	66,518	85,973	71,533	79,137	81,069	76,980	66,555	60,322
Severance	9,141	15,153	9,748	9,229	7,972	6,847	5,160	4,422	3,060	1,989
Other Tobacco	6,562	6,495	6,075	4,912	6,273	5,368	2,230	1,460	1,456	1,341
Motor Fuel & Vehicle	212,521	206,259	192,198	184,953	179,125	187,654	176,788	171,095	179,424	181,935
Other	72,018	68,807	65,482	62,584	59,190	59,005	61,088	56,573	59,462	59,639
Licenses, Permits & Fees	252,420	225,803	202,449	197,006	180,337	175,989	166,133	159,597	150,695	144,392
Fines, Forfeits & Penalties	16,189	13,490	12,142	11,306	11,327	11,141	8,637	7,397	8,601	7,549
Use of Money & Property	153,479	42,881	162,577	123,020	(77,407)	(2,123)	160,057	86,306	96,156	66,892
Sales & Services	37,679	34,290	32,499	32,659	35,114	33,885	31,764	27,204	26,645	26,267
Admin. Programs	1,573,326	1,657,602	1,820,205	1,745,559	1,434,664	1,222,191	1,232,755	1,195,842	1,185,536	1,125,402
Tobacco Settlement	24,128	24,135	23,673	25,175	29,986	27,616	21,369	20,415	22,239	21,911
Other Revenue	65,272	42,676	40,008	33,437	27,858	26,215	27,864	32,442	24,409	24,817
Total Revenues	3,508,410	3,372,072	3,515,435	3,335,297	2,829,942	2,694,218	2,789,580	2,597,251	2,525,056	2,385,794
Expenditures										
General Government	74,394	73,714	70,493	71,532	76,533	76,431	79,349	76,734	71,221	63,634
Education	782,276	778,707	832,936	816,454	787,670	743,024	690,874	675,100	653,690	616,440
Health, Human & Social Services	1,364,933	1,351,100	1,350,402	1,364,846	1,222,021	1,124,311	1,038,035	1,010,287	976,328	903,694
Law, Justice, Public Protection & Regulation	280,691	303,237	311,583	263,499	240,601	231,559	224,404	232,803	211,421	195,300
Agriculture & Natural Resources	139,861	138,598	155,064	132,683	125,640	123,257	123,367	109,781	100,920	97,095
Economic Resources	43,108	40,553	50,986	52,872	44,940	46,893	39,124	57,981	42,436	37,354
Transportation	604,048	625,661	576,777	495,796	448,159	400,200	492,073	477,845	440,681	390,903
State Shared Revenue	141,514	122,320	100,493	103,425	99,064	103,633	101,669	99,171	87,105	82,878
Capital Outlay	387	4,773	4,381	2,336	2,172	4,622	8,982			1
Debt Service:										
Principal	30,059	25,622	22,225	22,958	26,951	24,582	21,419	15,704	16,955	16,528
Interest	13,896	16,219	17,504	18,550	20,174	21,542	21,832	22,980	23,501	24,426
Bond Issuance Costs	1,817									
Payment to Refunded Bond Escrow Agent	8,016									
Total Expenditures	3,485,000	3,480,504	3,492,844	3,344,951	3,093,925	2,900,054	2,841,128	2,778,386	2,624,258	2,428,253
Excess of Revenues Over (Under) Expenditures	23,410	(108,432)	22,591	(9,654)	(263,983)	(205,836)	(51,548)	(181,135)	(99,202)	(42,459)
Other Financing Sources (Uses):										
Capital Leases	12,605	23,770	19,465							
Insurance Proceeds		222		809						
Bonds Issued			9,505		2,175		5,950	10,000	12,635	
Premiums on Bond Issuance			154		44		15	280		
Discount on Bond Issuances									(80)	
Proceeds of Refunding Bonds	169,645		801				25,855	2,864		
Premiums on Refunding Bonds	9,026		24				1,165	149	10	
Proceeds from Sale of Capital Assets	5,154	6,096	1,588	4,963	3,296	2,757	2,707	10,799		
Payments to Refunded Bond Escrow Agent	(176,854)		(741)				(26,715)	(2,932)		
Transfers In	254,094	270,315	237,968	413,897	383,285	436,670	370,854	415,783	361,842	295,628
Transfers Out	(150,699)	(171,982)	(135,374)	(294,699)	(265,348)	(311,538)	(257,737)	(298,868)	(244,727)	(183,247)
Net Other Financing Sources (Uses)	122,971	128,421	133,390	124,970	123,452	127,889	122,094	138,075	129,680	112,381
Special Item										
Sale of Railroad Infrastructure								34,337		
Total Special Items	0	0	0	0	0	0	0	34,337	0	0
Net Change in Fund Balances	**$ 146,381**	**$ 19,989**	**$ 155,981**	**$ 115,316**	**$ (140,531)**	**$ (77,947)**	**$ 70,546**	**$ (8,723)**	**$ 30,478**	**$ 69,922**
Debt Service as a Percentage of Noncapital Expenditures	1.63%	1.31%	1.21%	1.30%	1.63%	1.71%	1.67%	1.51%	1.62%	1.82%

Source: South Dakota Comprehensive Annual Financial Reports (FY 2004-2013).

State of South Dakota
Taxable Sales by Industry,
Last Ten Fiscal Years
(dollars in thousands)

	Fiscal Year				
	2013	**2012**	**2011**	**2010**	**2009**
Taxable Sales by Industry					
Agriculture, Forestry, and Fishing	$ 253,605	$ 241,819	$ 224,548	$ 206,139	$ 206,927
Mining	102,408	112,925	95,566	62,308	106,421
Construction	25,832	23,842	19,479	20,345	38,652
Manufacturing	778,735	788,163	944,070	592,309	642,782
Transportation and Public Utilities	2,556,524	2,422,870	2,920,135	2,536,794	2,464,786
Wholesale Trade	1,403,736	1,460,278	1,300,644	1,131,812	1,262,986
Retail Trade	10,162,245	9,764,051	8,930,620	8,588,168	8,654,677
Finance, Insurance, and Real Estate	367,556	308,237	291,692	307,204	301,474
Services	3,231,543	3,090,080	2,980,187	2,773,413	2,784,114
Public Administration	4,082	1,799	2,082	1,584	1,629
Nonclassifiable Establishments			-	6	8
Totals	**$ 18,886,266**	**$ 18,214,064**	**$ 17,709,023**	**$ 16,220,082**	**$ 16,464,456**
Direct Sales Tax Rate	4.00%	4.00%	4.00%	4.00%	4.00%

	Fiscal Year				
	2008	**2007**	**2006**	**2005**	**2004**
Taxable Sales by Industry					
Agriculture, Forestry, and Fishing	$ 199,715	$ 178,366	$ 170,983	$ 157,489	$ 149,210
Mining	87,996	79,841	73,130	48,785	36,058
Construction	34,042	18,338	20,626	16,761	16,041
Manufacturing	658,846	675,156	611,195	482,265	400,590
Transportation and Public Utilities	2,324,638	2,010,946	1,853,628	1,743,112	1,756,328
Wholesale Trade	1,253,201	1,151,922	1,115,834	998,408	1,434,049
Retail Trade	8,572,397	8,080,893	7,870,890	7,510,802	6,506,744
Finance, Insurance, and Real Estate	320,208	318,811	317,054	289,072	265,752
Services	2,721,315	2,561,395	2,346,888	2,219,300	2,134,617
Public Administration	1,456	1,337	1,307	1,219	560
Nonclassifiable Establishments	36	8	9	5	117
Totals	**$ 16,173,850**	**$ 15,077,013**	**$ 14,381,544**	**$ 13,467,218**	**$ 12,700,066**
Direct Sales Tax Rate	4.00%	4.00%	3.98%	3.97%	3.97%

Source: South Dakota Sales and Use Tax Report, Department of Revenue and Regulation.

Notes:

(a) Due to confidentiality issues, the names of the ten largest sales tax revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the State's sales tax resources.

(b) Taxable sales: This is the amount of sales and use taxable sales of tangible personal property, services and products transferred electronically which are subject to state tax or reservation tax. No Contractors Excise taxes are included.

(c) Prior to 2007, whenever there was less than 3 licenses in any one classification, the information was combined into the the "Nonclassifiable Establishments" category.

(d) Prior to January 1, 2006, a tax was imposed upon gross receipts from selling, leasing, and renting tangible personal property and the sales of services, except for the gross receipts from the sale and lease of agricultural machinery, irrigation equipment, and oil and gas field services, which were taxed at 3%. Beginning January 1, 2006, all items subject to the state sales tax will be taxed at 4% to conform to the Streamlined Sales Tax Project. A use tax of the same rate as the sales tax rate is imposed on goods and services that are used, stored, or consumed in South Dakota on which South Dakota sales tax was not paid.

(e) The taxable figures could include amended returns that were due in prior periods.

State of South Dakota
Sales Tax Revenue Payers by Industry,
Last Ten Fiscal Years
(dollars in thousands)

	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 2007			
	Number of Filers	**Percent of Total**	**Taxable sales**	**Percent of Total**
Agriculture, Forestry, and Fishing	2,665	3.87%	$ 178,366	1.18%
Mining	170	0.25%	79,841	0.53%
Construction	461	0.67%	18,338	0.12%
Manufacturing	2,778	4.04%	675,156	4.48%
Transportation and Public Utilities	3,077	4.47%	2,010,946	13.34%
Wholesale Trade	5,444	7.91%	1,151,922	7.64%
Retail Trade	25,655	37.27%	8,080,893	53.60%
Finance, Insurance, and Real Estate	1,846	2.68%	318,811	2.12%
Services	26,711	38.80%	2,561,395	16.99%
Public Administration	35	0.05%	1,337	0.01%
Nonclassifiable Establishments	1	0.00%	8	0.00%
Total	**68,843**	**100.00%**	**$ 15,077,013**	**100.00%**

	Fiscal Year 2004			
	Number of Filers	**Percent of Total**	**Taxable sales**	**Percent of Total**
Agriculture, Forestry, and Fishing	2,409	3.92%	$ 149,210	1.18%
Mining	136	0.22%	36,058	0.28%
Construction	495	0.81%	16,041	0.13%
Manufacturing	1,769	2.88%	400,590	3.15%
Transportation and Public Utilities	3,568	5.81%	1,756,328	13.83%
Wholesale Trade	4,820	7.85%	1,434,049	11.29%
Retail Trade	21,780	35.48%	6,506,744	51.24%
Finance, Insurance, and Real Estate	1,516	2.47%	265,752	2.09%
Services	24,864	40.51%	2,134,617	16.81%
Public Administration	23	0.04%	560	0.00%
Nonclassifiable Establishments	4	0.01%	117	0.00%
Total	**61,384**	**100.00%**	**$ 12,700,066**	**100.00%**

Fiscal Year 2012				Fiscal Year 2011			
Number of Filers	Percent of Total	Taxable sales	Percent of Total	Number of Filers	Percent of Total	Taxable sales	Percent of Total
3,274	4.05%	$ 241,819	1.33%	3,165	3.99%	$ 224,548	1.27%
218	0.27%	112,925	0.62%	223	0.28%	95,566	0.54%
469	0.58%	23,842	0.13%	447	0.56%	19,479	0.11%
3,399	4.20%	788,163	4.33%	3,306	4.17%	944,070	5.33%
3,034	3.75%	2,422,870	13.30%	3,297	4.16%	2,920,135	16.49%
7,186	8.88%	1,460,278	8.02%	6,741	8.50%	1,300,644	7.35%
29,963	37.02%	9,764,051	53.61%	29,017	36.59%	8,930,620	50.43%
2,116	2.62%	308,237	1.69%	2,121	2.67%	291,692	1.65%
31,216	38.57%	3,090,080	16.97%	30,934	39.01%	2,980,187	16.83%
56	0.07%	1,799	0.01%	55	0.07%	2,082	0.01%
	0.00%		0.00%	-	0.00%	-	0.00%
80,931	**100.00%**	**$ 18,214,064**	**100.00%**	**79,306**	**100.00%**	**$ 17,709,023**	**100.00%**

Fiscal Year 2009				Fiscal Year 2008			
Number of Filers	Percent of Total	Taxable sales	Percent of Total	Number of Filers	Percent of Total	Taxable sales	Percent of Total
2,933	3.54%	$ 206,927	1.26%	2,856	3.84%	$ 199,715	1.24%
218	0.26%	106,421	0.65%	185	0.25%	87,996	0.54%
547	0.66%	38,652	0.24%	514	0.69%	34,042	0.21%
3,397	4.10%	642,782	3.90%	2,882	3.87%	658,846	4.07%
3,817	4.61%	2,464,786	14.97%	3,137	4.22%	2,324,638	14.37%
7,318	8.83%	1,262,986	7.67%	5,780	7.77%	1,253,201	7.75%
32,538	39.26%	8,654,677	52.57%	28,216	37.92%	8,572,397	53.00%
2,196	2.65%	301,474	1.83%	1,994	2.68%	320,208	1.98%
29,880	36.05%	2,784,114	16.91%	28,817	38.72%	2,721,315	16.83%
38	0.05%	1,629	0.01%	33	0.04%	1,456	0.01%
3	0.00%	8	0.00%	4	0.01%	36	0.00%
82,885	**100.00%**	**$ 16,464,456**	**100.00%**	**74,418**	**100.00%**	**$ 16,173,850**	**100.00%**

Fiscal Year 2006				Fiscal Year 2005			
Number of Filers	Percent of Total	Taxable sales	Percent of Total	Number of Filers	Percent of Total	Taxable sales	Percent of Total
2,711	4.21%	$ 170,983	1.19%	2,599	3.95%	$ 157,489	1.169%
153	0.24%	73,130	0.51%	140	0.21%	48,785	0.362%
502	0.78%	20,626	0.14%	482	0.73%	16,761	0.124%
2,120	3.29%	611,195	4.25%	1,973	3.00%	482,265	3.58%
2,722	4.23%	1,853,628	12.89%	3,564	5.41%	1,743,112	12.943%
3,932	6.11%	1,115,834	7.76%	4,769	7.24%	998,408	7.414%
23,505	36.50%	7,870,890	54.73%	23,974	36.42%	7,510,802	55.771%
1,678	2.61%	317,054	2.21%	1,623	2.47%	289,072	2.146%
27,037	41.98%	2,346,888	16.32%	26,675	40.52%	2,219,300	16.48%
34	0.05%	1,307	0.01%	30	0.05%	1,219	0.009%
1	0.00%	9	0.00%	2	0.00%	5	0.000%
64,395	**100.00%**	**$ 14,381,544**	**100.00%**	**65,831**	**100.00%**	**$ 13,467,218**	**100.00%**

Source: South Dakota Sales and Use Tax Report, Department of Revenue and Regulation.

Notes:

(a) Due to confidentiality issues, the names of the ten largest sales tax revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the State's sales tax resources.

(b) Taxable sales: This is the amount of sales and use taxable sales of tangible personal property, services and products transferred electronically which are subject to state tax or reservation tax. No Contractors Excise taxes are included.

(c) Prior to 2007, whenever there was less than 3 licenses in any one classification, the information was combined into the the "Nonclassifiable Establishments" category.

(d) Prior to January 1, 2006, a tax was imposed upon gross receipts from selling, leasing, and renting tangible personal property and the sales of services, except for the gross receipts from the sale and lease of agricultural machinery, irrigation equipment, and oil and gas field services, which were taxed at 3%. Beginning January 1, 2006, all items subject to the state sales tax will be taxed at 4% to conform to the Streamlined Sales Tax Project. A use tax of the same rate as the sales tax rate is imposed on goods and services that are used, stored, or consumed in South Dakota on which South Dakota sales tax was not paid.

(e) The taxable figures could include amended returns that were due in prior periods.

State of South Dakota
Ratios of Outstanding Long-Term Debt,
Last Ten Fiscal Years
(dollars in thousands)

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Governmental Activities:										
Revenue Bonds	$ 191,295	$ 227,586	$ 250,376	$ 260,168	$ 280,501	$ 302,663	$ 324,250	$ 336,976	$ 339,676	$ 341,468
Trust Certificates	13,595	16,490	19,250	21,895	24,435	26,870	29,730	32,465	35,080	37,575
Capital Leases	78,682	64,279	40,187	25,480	29,632	30,971	30,992	30,925	34,413	34,729
Total Governmental Activities	283,572	308,355	309,813	307,543	334,568	360,504	384,972	400,366	409,169	413,772
Business-type Activities:										
Revenue Bonds	212,523	222,705	174,218	126,510	131,097	135,525	99,798	102,322	52,272	28,853
Capital Leases								4	13	21
Total Business-type Activities	212,523	222,705	174,218	126,510	131,097	135,525	99,798	102,326	52,285	28,874
Total Primary Government	**$ 496,095**	**$ 531,060**	**$ 484,031**	**$ 434,053**	**$ 465,665**	**$ 496,029**	**$ 484,770**	**$ 502,692**	**$ 461,454**	**$ 442,646**
South Dakota Total Personal Income	$ 37,818,750	$ 36,932,450	$ 34,569,500	$ 31,218,250	$ 31,274,250	$ 31,090,547	$ 29,034,171	$ 26,587,390	$ 25,834,413	$ 24,888,315
Debt as a Percentage of Personal Income	1.3%	1.4%	1.4%	1.4%	1.5%	1.6%	1.7%	1.9%	1.8%	1.8%
South Dakota Population (in thousands)	845	833	824	816	812	804	796	787	779	774
Long-Term Debt per Capita	$ 587.09	$ 637.53	$ 587.42	$ 531.93	$ 573.48	$ 616.95	$ 609.01	$ 638.74	$ 592.37	$ 571.89

Source: Debt information obtained from the South Dakota Comprehensive Annual Financial Reports (FY 2004-2013)
Total Personal Income and Population data: US Bureau of Economic Analysis

Note:
(a) South Dakota Total Personal Income figure for 2013 is preliminary.
(b) Data for Total Personal Income for 2012 has been revised.
(c) Detail about the State's debt can be found in Note 14 of the financial statements.
(d) Generally, the State Constitution prohibits the State from having general obligation indebtedness in excess of $100,000.
(e) 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.

State of South Dakota
Ratios of Outstanding Long-Term Debt,
Last Ten Fiscal Years
(dollars in thousands)

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Revenue Bonds and Trust Certificates										
- Building Authority										
Revenue - lease payments	$ 13,569	$ 14,646	$ 15,052	$ 15,276	$ 15,940	$ 17,003	$ 16,778	$ 16,989	$ 17,182	$ 17,811
Less: Operating expenses										
Net available revenue	$ 13,569	$ 14,646	$ 15,052	$ 15,276	$ 15,940	$ 17,003	$ 16,778	$ 16,989	$ 17,182	$ 17,811
Debt service										
Principal	$ 10,713	$ 11,243	$ 11,240	$ 11,218	$ 11,196	$ 11,791	$ 11,479	$ 11,196	$ 11,255	$ 11,265
Interest	2,559	3,355	3,731	3,989	4,558	5,071	4,003	5,844	5,985	6,121
Total	$ 13,272	$ 14,598	$ 14,971	$ 15,207	$ 15,754	$ 16,862	$ 15,482	$ 17,040	$ 17,240	$ 17,386
Coverage	1.02	1.00	1.01	1.00	1.01	1.01	1.08	1.00	1.00	1.02
Revenue Bonds										
-Educational Enhancement Funding Corp.										
Revenue -										
Tobacco settlement	$ 23,914	$ 24,359	$ 22,908	$ 22,751	$ 31,161	$ 27,679	$ 25,071	$ 19,471	$ 22,324	$ 22,056
Investment Earnings	1,079	1,202	1,098	1,126	1,204	1,437	1,401	1,509	1,258	1,113
Less: Operating expenses	165	152	152	149	161	149	158	148	176	179
Net available revenue	$ 24,828	$ 25,409	$ 23,854	$ 23,728	$ 32,204	$ 28,967	$ 26,314	$ 20,832	$ 23,406	$ 22,990
Debt service										
Principal	18,800									
Interest	10,828	12,975	13,799	14,583	15,615	16,480	16,841	17,134	17,522	17,868
Total	$ 29,628	$ 12,975	$ 13,799	$ 14,583	$ 15,615	$ 16,480	$ 16,841	$ 17,134	$ 17,522	$ 17,868
Coverage	0.84	1.96	1.73	1.63	2.06	1.76	1.56	1.22	1.34	1.29
Revenue Bonds										
-Clean Water State Revolving Fund										
Revenue:										
Loan Repayments	$ 24,394	$ 29,078	$ 43,202	$ 16,789	$ 16,089	$ 14,689	$ 10,780	$ 9,702	$ 11,593	$ 9,460
Investment Income	3,402	3,494	3,259	2,722	2,600	2,258	3,104	4,046	3,048	2,972
Other Income	1,238	1,243	1,320	1,301	1,242	1,212	1,122	866	793	694
Less: Operating expenses	2,476	1,304	982	948	779	1,710	1,448	1,219	485	471
Net available revenue	$ 26,558	$ 32,511	$ 46,799	$ 19,864	$ 19,152	$ 16,449	$ 13,558	$ 13,395	$ 14,949	$ 12,655
Debt service										
Principal	$ 6,110	$ 4,320	$ 3,665	$ 2,820	$ 2,730	$ 2,635	$ 1,210	$ 1,165	$ 150	$ 1,125
Interest	5,578	4,063	3,188	2,872	2,562	2,477	2,376	1,709	260	1,007
Total	$ 11,688	$ 8,383	$ 6,853	$ 5,692	$ 5,292	$ 5,112	$ 3,586	$ 2,874	$ 410	$ 2,132
Coverage	2.27	3.88	6.83	3.49	3.62	3.22	3.78	4.66	36.46	5.94
Revenue Bonds										
-Drinking Water State Revolving Fund										
Revenue:										
Loan Repayments	$ 19,956	$ 34,599	$ 31,338	$ 13,987	$ 12,824	$ 10,599	$ 9,230	$ 5,322	$ 4,348	$ 5,816
Investment Income	2,558	2,351	1,987	1,681	1,780	1,641	1,828	2,055	1,995	520
Other Income	929	1,064	1,034	886	897	868	835	678	511	388
Less: Operating expenses	146	137	164	213	57	70	50	-	-	-
Net available revenue	$ 23,297	$ 37,877	$ 34,195	$ 16,341	$ 15,444	$ 13,038	$ 11,843	$ 8,055	$ 6,854	$ 6,724
Debt service										
Principal	$ 4,050	$ 2,845	$ 2,495	$ 1,815	$ 1,745	$ 1,685	$ 1,360	$ 440	$ 415	$ 400
Interest	2,284	2,676	2,517	2,281	2,223	2,142	2,074	2,147	1,732	511
Total	$ 6,334	$ 5,521	$ 5,012	$ 4,096	$ 3,968	$ 3,827	$ 3,434	$ 2,587	$ 2,147	$ 911
Coverage	3.68	6.86	6.82	3.99	3.89	3.41	3.45	3.11	3.19	7.38

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 Corp: Based upon the adjusted mandatory principal payments. Not in the calculation, $92,265,000 in principal has been turbo redeemed from June 1, 2003 through June 30, 2013.

(c) Debt coverage on Clean Water bonds in FY 2005 is 36.46% because all but one previous bond issue was refunded during that fiscal year, so there was not any debt services payment on those bonds during that fiscal year.

(d) The Educational Enhancement Funding Corporation was created in FY 2003.

(e) All funds are presented on a accrual basis except for the Building Authority Fund which is presented on a cash basis.

POPULATION (THOUSANDS)

YEAR	UNITED STATES	PERCENT CHANGE	WEST N. CENTRAL*	PERCENT CHANGE	SOUTH DAKOTA	PERCENT CHANGE
2013	316,129	0.7%	20,885	0.6%	845	1.3%
2012	313,874	0.7%	20,755	0.6%	834	1.2%
2011	311,583	0.7%	20,641	0.5%	824	1.0%
2010	309,326	0.8%	20,537	0.7%	816	0.5%
2009	306,772	0.9%	20,392	0.7%	812	0.9%
2008	304,094	1.0%	20,249	0.7%	805	1.0%
2007	301,231	1.0%	20,106	0.7%	797	1.0%
2006	298,380	1.0%	19,957	0.8%	789	1.2%
2005	295,517	0.9%	19,803	0.6%	780	0.8%
2004	292,805	0.9%	19,688	0.6%	774	0.9%

Note: Midyear (July 1) population estimates. Revised estimates for 2010, 2011 and 2012
With each new release of July 1 population estimates,
the Census Bureau Revises estimates for years back to the last census.

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

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

TOTAL PERSONAL INCOME (MILLIONS)

YEAR	UNITED STATES	PERCENT CHANGE	PLAINS*	PERCENT CHANGE	SOUTH DAKOTA	PERCENT CHANGE
2012	13,729,063	12.7%	907,004	4.2%	37,819	2.4%
2011r	12,179,561	-2.0%	870,220	7.3%	36,932	11.5%
2010r	12,423,332	2.9%	811,127	2.6%	33,136	4.8%
2009r	12,073,738	-2.9%	790,940	-2.6%	31,605	-2.0%
2008r	12,429,284	3.7%	812,334	6.2%	32,251	9.6%
2007r	11,990,244	5.4%	765,202	6.3%	29,435	10.8%
2006r	11,376,460	7.3%	719,571	5.9%	26,555	2.4%
2005r	10,605,645	5.6%	679,574	3.6%	25,934	3.2%
2004r	10,043,284	5.9%	655,828	5.4%	25,124	5.9%
2003r	9,479,611	3.6%	621,970	4.5%	23,718	9.1%

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

r = Revised Estimates
* The Plains states include Iowa, Kansas, Minnesota, Missouri, Nebraska, N. Dakota and S. Dakota

Source: U.S. Department of Commerce, Bureau of Economic Analysis, Last Updated September 2013

UNEMPLOYMENT RATE
(Seasonally Adjusted)

YEAR	SOUTH DAKOTA	UNITED STATES
2013p	3.9%	7.4%
2012r	4.4%	8.1%
2011r	4.8%	8.9%
2010r	5.1%	9.6%
2009r	5.2%	9.3%
2008r	3.0%	5.8%
2007	2.9%	4.6%
2006	3.1%	4.6%
2005	3.6%	5.1%
2004	3.7%	5.5%

p = Preliminary r = Revised Estimates
Estimates for 2008 through 2012 have been recently updated.

Source: U.S. Burea of Labor Statistics and Labor Market Information Center

PER CAPITA PERSONAL INCOME

YEAR	UNITED STATES	PERCENT CHANGE	PLAINS*	PERCENT CHANGE	SOUTH DAKOTA	PERCENT CHANGE
2012	$ 43,735	3.4%	$ 43,712	3.7%	$ 45,381	1.2%
2011r	42,298	5.3%	42,159	22.2%	44,843	10.5%
2010r	40,163	2.0%	34,497	-11.1%	40,596	3.7%
2009r	39,357	-3.7%	38,786	-3.3%	39,161	-3.0%
2008r	40,873	2.7%	40,118	5.4%	40,358	8.5%
2007r	39,804	4.4%	38,059	5.6%	37,183	9.6%
2006r	38,127	6.2%	36,056	5.1%	33,913	1.4%
2005r	35,888	4.6%	34,317	3.0%	33,443	2.5%
2004r	34,300	5.0%	33,311	4.8%	32,612	5.0%
2003r	32,676	2.8%	31,783	4.0%	31,055	8.6%

Note: Per Capita personal income is total personal income divided by total mid-year population estimate. Midyear (July 1) population estimates source: U.S. Census Bureau.

r = Revised Estimates

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

Source: U.S. Department of Commerce, September 2013

State of South Dakota
Top Ten Employers
2013 as Compared to 2004

2013 Rank	Employer	South Dakota Employees	Percentage of Total South Dakota Employment
1	Avera System-Wide (SD)	15,145	3.8%
2	South Dakota State Government*	14,494	3.6%
3	Federal Government (Statewide)	11,449	2.8%
4	Sanford System-Wide (SD)	9,743	2.4%
5	Sioux Falls MSA Local Government**	8,701	2.2%
6	Rapid City MSA Local Government**	5,904	1.5%
7	Rapid City Regional Hospital, Inc. (System Wide)	4,882	1.2%
8	Walmart Associates (10/31/13)	4,808	1.2%
9	HyVee Food Store	4,385	1.1%
10	Wells Fargo Bank	3,585	0.9%
	Total Top Ten Employers	83,096	20.6%
	Total SD Employment 2013	402,412	

* Includes Board of Regent Employees, a component unit of the State of South Dakota

** Labor Market Information Center (LMIC) only provides data for covered workers for Sioux Falls and Rapid City Metropolitain Statistical Areas (MSA). Other cities are not available.

Sources: Compiled by the Governor's Office of Economic Development February 2014
List of Companies: SD Dept. of Labor, Labor Market Information Center (LMIC)
Employment Numbers: Private Companies (HR Departments & Corporate websites), LMIC for government employers

Note: a) Sioux Falls MSA includes the following counties: Lincoln, McCook, Minnehaha and Turner.

b) Rapid City MSA includes the following counties: Pennington and Meade.

2004 Rank	Employer	South Dakota Employees	Percentage of Total South Dakota Employment
1	South Dakota State Government*	13,586	3.3%
2	Federal Government (Statewide)	11,360	2.7%
3	Sioux Falls MSA Local Government**	8,169	2.0%
4	Rapid City MSA Local Government**	5,885	1.4%
5	Sioux Valley Hospital (Sioux Falls)	5,400	1.3%
6	Wal-Mart (Statewide)	4,115	1.0%
7	Avera McKennan Hospital (Sioux Falls)	3,450	0.8%
8	John Morrell & Company (Sioux Falls)	3,300	0.8%
9	Citibank South Dakota NA (Sioux Falls)	3,200	0.8%
10	Wells Fargo (Sioux Falls)	2,300	0.6%
10	Regional City Regional Hospital (Rapid City)	2,300	0.6%
	Total Top Ten Employers	63,065	15.2%
	Total SD Employment 2004	416,000	

* Includes Board of Regent Employees, a component unit of the State of South Dakota

** Labor Market Information Center (LMIC) only provides data for covered workers for Sioux Falls and Rapid City Metropolitain Statistical Areas (MSA). Other cities are not available.

Sources: Governor's Office of Economic Development, October 2003; Development Corportations and Individual companies. Compiled by SD State Data Center, USD Business Research Bureau, and Labor Market Information Center (LMIC).

Note: a) Sioux Falls MSA includes the following counties: Lincoln, McCook, Minnehaha and Turner.

b) Rapid City MSA includes the following counties: Pennington and Meade.

c) Per LMIC, school district employment data is not available.

NONFARM WAGE AND SALARY EMPLOYMENT BY INDUSTRY[1]
(Expressed in Thousands)

	2013p	2012r	2011r	2010	2009	2008	2007	2006	2005	2004
Natural Resources/Mining/Construction*	20.3	21.0	21.1	21.0	21.8	23.3	23.1	22.8	21.9	20.7
Manufacturing	41.8	41.3	39.2	36.9	37.7	42.7	42.0	41.6	39.8	38.9
Trade/Transportation/Utilities	85.0	83.0	81.7	80.6	80.7	82.2	81.6	80.1	78.9	77.2
Wholesale Trade	19.6	19.5	19.0	18.6	18.3	18.7	18.5	18.2	17.6	17.1
Retail Trade	52.9	51.0	50.2	49.5	49.6	50.2	50.2	49.2	49.3	48.5
Trans/Warehsing/Util	12.6	12.5	12.5	12.5	12.8	13.2	12.9	12.7	12.1	11.5
Information	6.1	6.2	6.4	6.5	6.7	6.9	7.2	6.9	6.8	6.7
Financial Activities	29.6	28.7	28.1	28.9	30.4	31.0	30.8	29.5	28.5	27.8
Professional/Business Srvs.	28.5	29.0	28.7	27.5	26.9	28.0	27.6	25.7	24.5	24.2
Educational/Health Services	68.5	67.2	65.3	64.5	63.2	62.0	60.0	58.5	57.4	56.5
Leisure and Hospitality	46.0	44.3	43.4	43.0	42.9	43.2	42.8	42.5	41.7	40.7
Other Services (Except Public Administration)	15.8	15.8	15.6	15.6	15.7	15.9	15.8	15.6	15.5	15.9
Government	78.0	77.5	78.0	78.7	77.8	76.2	75.6	75.3	75.3	75.0
TOTAL	419.7	414.0	407.5	403.2	403.7	411.4	406.4	398.6	390.1	383.7
% Change in Nonfarm Employment	1.4%	1.6%	1.1%	-0.1%	-1.9%	1.2%	2.0%	2.2%	1.7%	1.4%

Note: Numbers may not add due to rounding. Data not seasonally adjusted. Effective January 2001, an economic code change moved tribal workers from non-government to government.

[1] Based on North American Industry Classification System (NAICS)

* Effective January 1, 2008, the construction category is no longer separated out for nonfarm wage and salaried workers. It is now combined with Natural Resouces and Mining.

p = Preliminary Data

r = Revised Data

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

EXPANDED AND NEW INDUSTRIES
(Dollars Expressed in Millions)

	EXPANSIONS		NEW		TOTAL	
	NUMBER	NEW CAPITAL INVESTMENT	NUMBER	NEW CAPITAL INVESTMENT	NUMBER	NEW CAPITAL INVESTMENT
2013	283	$278.6	8	$204.7	291	$483.3
2012r	406	$403.3	3	$0.0	409	$403.3
2011r	367	$276.5	4	$0.9	371	$277.4
2010r	323	$111.2	12	$0.3	335	$111.5
2009r	398	$215.5	9	$0.0	408	$217.0
2008	522	$342.3	13	$59.5	535	$401.8
2007	528	$733.4	8	$2.7	536	$736.1
2006	461	$263.6	13	$143.9	474	$407.5
2005	344	$221.0	16	$54.1	360	$275.1
2004	476	$169.5	20	$72.3	496	$241.8

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

r = Revised Data

Source: Governor's Office of Economic Development

State of South Dakota
Capital Asset Statistics by Function
as of June 30, 2013

	Fiscal Year			
General Government	2013	2012	2011	2010
Vehicles	2,862	2,852	2,949	2,743
Land (Acres)	760,804	760,828	760,828	760,828
Equipment	1,388	1,406	1,296	1,275
Buildings	15	17	17	16
Infrastructure	0	0	0	0
Health, Human, and Social Services				
Vehicles	8	8	8	7
Land (Acres)	777	710	710	710
Equipment	610	590	554	539
Buildings	48	47	47	46
Infrastructure	0	0	0	0
Law, Justice, Public Protection, and Regulation				
Vehicles	339	324	320	312
Land (Acres)	1,484	1,387	2,066	2,067
Equipment	932	826	762	682
Buildings	71	74	74	76
Infrastructure	0	0	0	0
Agriculture and Natural Resources				
Vehicles	373	377	365	340
Land (Acres)	360,137	360,039	360,039	352,128
Equipment	1,490	1,457	1,357	1,292
Buildings	55	52	52	53
Infrastructure	0	0	0	0
Transportation				
Vehicles	1,183	1,206	1,268	1,241
Land (Acres)	3,294	3,498	3,618	3,747
Land, ROW Roads	$ 92,689,993	$ 89,954,671	$ 86,389,686	$ 84,159,719
Land Improvements, Roads	$ 512,129,195	$ 512,129,195	$ 512,410,674	$ 512,410,674
Equipment	3,211	3,081	3,043	2,828
Buildings	115	109	104	102
Infrastructure				
-Roads: Lane Miles	8,850	8,858	8,858	8,858
-Bridges: Number of	1,798	1,799	1,805	1,803
-Railroads: Track Miles	530	513	513	513
Education				
Vehicles	0	0	0	0
Land (Acres)	77	77	45	45
Equipment	17	11	15	24
Buildings	26	22	22	22
Infrastructure	0	0	0	0
Economic Resources				
Vehicles	1	2	2	2
Land (Acres)	0	0	0	0
Equipment	45	42	48	49
Buildings	0	0	0	0
Infrastructure	0	0	0	0

***** Restated balances

Source: Survey conducted by BFM of the department's finance personnel.

Note: Because of the complicated nature of retrieving this data, only FY 2006, FY 2007, FY 2008, FY 2009, FY 2010, FY 2011, FY 2012 & FY 2013 will be shown.
Data will be added to future CAFR reports until the data shown reaches ten years.

Fiscal Year			
2009	2008	2007	2006
2,683	2,879	2,711	2,636
760,828	760,832	760,832	761,295
1,291	1,416	1,477	1,970
15	13	13	21*
0	0	0	0
7	12	6	5
906	901	901	901
479	510	566	540
46	46	46	46
0	0	0	0
281	314	313	323
2,313	2,313	2,313	2,313
596	607	627	599
68	67	70	54*
0	0	0	0
309	326	326	300
350,245	348,552	297,796	293,775
1,208	1,173	1,123	1,095
48	48	35	34
0	0	0	0
1,149	1,607	1,259	1,194
3,891	3,875	3,883	3,950
$ 76,597,880	$ 73,884,865	$ 69,080,371	$ 48,033,462
$ 512,410,674	$ 512,410,674	$ 512,498,327	$ 512,216,849
2,603	2,511	2,402	2,258
98	96	96	88
8,862	8,862	8,864	8,886
1,809	1,805	1,800	1,805
513	513	513	328
0	0	0	0
33	33	33	33
30	32	47	53
22	22	22	25
0	0	0	0
1	1	3	2
0	0	0	0
36	37	39	41
0	0	0	0
0	0	0	0

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

	Fiscal Year		
General Government	2013	2012	2011
Executive Management			
Bureau of Finance and Management			
Complete Governors Budget Book	Annual	Annual	Annual
Finalize State Operating Budget	Annual	Annual	Annual
Bureau of Information and Telecommunications			
Data Storage (GB)	N/A	N/A	N/A
SDPB Local Production (Hours)	3,656	2,056	2,456
Radio Calls through Digital Network	26,968,003	26,052,239	24,122,503
Bureau of Personnel			
Health: Employees, COBRA, Retirees/Dependents	13,296 / 13,305	13,234 / 13,008	13,372 / 12,488
Bureau of Administration			
Pieces of Mail Handled/Year	8,047,767	8,631,113	8,991,825
Total Miles Driven	38,739,712	38,755,956	37,663,512
Revenue			
Total Active Business Licenses	81,047	80,130	78,399
Vehicles Registered	1,402,128	1,081,516	1,156,109
Misc. Special Tax Licenses	5,430	5,333	5,332
Lottery			
Licensed Lottery Retailers--Instant	12	12	13
Licensed Lottery Retailers--On-line	597	591	584
Legislature			
Legislative Research Council	N/A	N/A	N/A
Auditor General			
Audits Performed	49	73	59
Audits Reviewed (IPA reports)	338	327	356
School and Public Lands			
Apportion common school interest fund and income to school districts (in Thousands)	$ 7,422	$ 7,433	$ 8,274
Apportion endowed income and interest fund to ten endowed institutions (in Thousands)	$ 1,991	$ 1,957	$ 1,629
Secretary of State			
Business and Secured Transaction Filings	100,492	92,608	90,291
State Treasurer			
Cash Receipts (Thousands)	$ 4,621,725	$ 4,667,076	$ 4,435,684
Unclaimed Property - Claims Paid	3,973	2,992	4,619
State Auditor			
Vouchers Audited	289,083	291,219	293,522
Warrants Written	318,863	400,307	433,121
Health, Human, and Social Services			
Social Services			
Medicaid Enrolled/Month	116,128	115,731	114,405
Long Term Care Services - Clients Served	4,053	4,138	4,276
Health			
Immunization Rate, Children 19-35 months 4:3:1:3:3 shot series	N/A	N/A	N/A
Public Health Investigations	12,618	10,386	10,379
Labor			
State Labor Force	446,990	444,805	444,980
Unemployment Rate	4.30%	4.50%	4.90%
South Dakota Retirement System			
Budget Compared to Assets	0.040%	0.042%	0.053%
Budget Compared to Benefits	0.870%	0.900%	1.120%
Veterans Benefits and Services			
South Dakota Veteran Population	75,000	72,000	72,000
State Veterans' Home			
Average Daily Census	118	130	129
Human Services			
People with Developmental disabilities served	3,032	2,970	2,899
People with mental illness served	16,110	15,572	14,915
People with substance abuse issues served	12,305	14,307	14,893
People receiving vocational rehabilitation services	6,166	6,477	6,224

Fiscal Year						
2010	2009	2008	2007	2006	2005	2004
Annual	Annual	Annual	Annual	Annual	Annual	Annual
Annual	Annual	Annual	Annual	Annual	Annual	Annual
N/A	N/A	N/A	10,347	6,273	1,732	822
1,528	1,480	736	740	719	615	533
22,188,596	21,468,474	21,885,767	22,584,630	18,719,091	14,377,144	13,200,000
13,427 / 11,876	13,316 / 11,568	13,171 / 11,696	13,133 / 11,846	13,105 / 11,713	12,853 / 11,093	12,535 / 10,856
9,274,640	9,687,084	9,909,143	11,638,363	9,977,094	10,286,652	10,381,413
37,506,764	37,136,509	38,788,928	38,180,716	39,406,852	39,017,332	37,488,578
78,919	76,367	73,456	72,315	70,685	68,691	67,219
1,137,621	1,113,254	1,168,616	1,129,972	1,135,960	1,102,710	1,081,123
5,346	5,298	5,580	5,672	8,030	7,977	7,532
14	129	620	615	609	597	589
579	480	476	447	407	365	353
N/A	N/A	N/A	N/A	N/A	N/A	N/A
58	59	56	81	69	73	83
349	286	285	322	293	271	308
$ 8,672	$ 10,997	$ 8,771	$ 8,453	$ 8,265	$ 4,297	$ 6,649
$ 1,905	$ 1,990	$ 1,967	$ 2,026	$ 1,753	$ 1,464	$ 1,275
91,288	97,572	100,959	101,215	95,518	102,162	90,387
$ 4,196,085	$ 3,812,475	$ 3,843,830	$ 3,705,226	$ 3,625,844	$ 3,402,620	$ 3,300,787
7,390	6,113	6,505	5,084	6,138	8,398	13,410
288,997	283,596	287,358	287,076	309,479	310,579	292,110
451,581	473,409	507,447	595,412	634,882	737,425	899,687
111,005	104,520	102,310	100,393	100,274	97,810	95,043
4,346	4,347	4,359	4,419	4,452	4,642	4,634
N/A	N/A	N/A	N/A	N/A	87%	86%
15,292	12,365	13,014	12,922	15,416	16,711	13,080
442,940	447,275	443,765	440,030	432,442	427,374	426,196
5.00%	4.10%	2.80%	3.00%	3.50%	3.80%	3.50%
0.057%	0.063%	0.045%	0.044%	0.044%	0.049%	0.049%
1.140%	1.180%	1.110%	1.220%	1.260%	1.300%	1.400%
72,400	73,500	74,273	73,325	74,224	75,104	75,966
132	129	124	119	119	122	121
2,837	2,814	2,776	2,762	2,727	2,668	2,521
13,998	13,261	12,901	12,246	11,591	10,389	9,665
15,131	15,338	15,146	15,069	14,180	16,394	16,524
5,710	5,606	5,714	6,508	6,819	6,717	6,401

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

	Fiscal Year		
Law, Justice, Public Protection, and Regulation	2013	2012	2011
Corrections			
Adult System ADP (Average Daily Population)	3,637	3,565	3,479
Avg. Daily Population on Supervision	2,473	2,418	2,452
Juvenile Institutional and Placement ADP	688	526	459
Unified Judicial System			
Felony Offenses Filings/Pending	6,856	7,225	6,456 / N/A
Class one Misdemeanor Filings/Pending	22,720	21,690	19,929 / N/A
Class two Misdemeanor Filings/Pending	111,461 / N/A	117,594 / N/A	112,853 / N/A
Attorney General			
New Cases Opened/Closed/Pending (thousands)	1.2 / 2.2 / 1.6	.85 / 2.1 / 1.5	1.0 / 1.3 / 2.5
Investigations Conducted by DCI	1,013	1,012	902
Public Safety			
Patrol of Public Highways (Percentage)	45%	46%	45%
Patrol of Public Highways (Hours)	N/A	N/A	131,508
Driver Licenses Issued	198,733	201,766	198,871
Military and Veterans Affairs			
Assigned Strength of the Army Guard	3,220	3,266	3,420
Assigned Strength of the Air Guard	1,030	1,038	1,057
Appraiser Program			
New / Renewed licenses	20 / 399	15 / 383	11 / 381
Revenue Financial Services			
Banking Institutions Examined	534	563	562
Dealer, Broker & Investment Advisor Agents Licensed	81,567	79,886	77,038
Renewed & Issued Insurance Appointments/Licenses	286,078	243,465	270,412
Revenue Boards and Commissions			
New & Renewed Licenses Issued	7,137	7,517	6,853
Public Utilities Commission			
Dockets Opened	265	238	143
Agriculture and Natural Resources			
Agriculture			
Wildfires Suppressed: (Fires/Acres)	1,253 / 148,604	1,267 / 123,484	468 / 7,100
Dairy Inspections	713	831	956
Marketing Consultations	390	375	375
Insect & Disease Individual Assists	491	354	307
Game, Fish and Parks			
Total Park Visitations	8,091,937	7,682,751	7,469,331
Acres of Walk-In Areas	1,277,000	1,271,743	1,300,000
Environment and Natural Resources			
Dollars Awarded/Number of Grants and Loans (added water quality grants in FY05 & FY06)	88.8M / 108	96.4M / 129	119.1M / 155
Total number of Regulated Facilities	27,820	27,331	26,679
Petroleum Release Compensation			
Petroleum Release Cases Initiated	120	95	62
Abandoned Tank site Cases Initiated	81	45	36
Transportation			
Transportation			
Percent of Non-interstate State Highway system main lane pavement mileage rated good or better on condition index	88	93	88
Percent of interstate pavement in excellent condition based on condition index	45	53	33
Education			
Student K-12 public school fall enrollment	127,169	125,152	123,629
Economic Resources			
Tourism and State Development			
Capital Investment Reported (Millions)	$ 400.00	$ 282.00	$ 118.00
New Jobs Created (calendar year)	3,000	4,248	4,462
Tourism's Impact on South Dakota Economy (billions)	$ 1.95	$ 1.86	$ 1.76

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

Fiscal Year						
2010	2009	2008	2007	2006	2005	2004
3,490	3,428	3,373	3,412	3,466	3,177	3,059
2,385	2,311	2,379	2,312	2,011	2,243	1,945
446	497	461	489	510	512	520
6,126 / N/A	5,745 / 7,249	5,797 / 7,104	5,660 / 7,388	6,970 / 7,462	7,032 / 7,970	6,895 / 6,936
20,141 / N/A	21,896 / 23,039	22,611 / 22,924	23,464 / 22,296	24,064 / 22,570	22,094 / 20,330	20,542 / 18,144
124,965 / N/A	134,617 / 44,143	139,262 / 46,389	139,933 / 43,043	141,405 / 43,614	142,605 / 40,449	142,025 / 36,983
.8 / 1.3 / 2.3	.8 / 1.1 / 2.1	1.1 / .9 / 2.0	1.1 / 1.0 / 1.9	1.2 / 1.2 / 1.9	1.3 / 1.2 / 1.9	1.5 / 1.4 / 1.8
867	772	759	534	599	580	683
N/A	N/A	N/A	N/A	N/A	N/A	N/A
130,700	130,503	124,763	139,828	136,428	125,844	129,575
176,153	150,056	195,900	205,260	198,755	189,727	134,282
3,441	3,391	3,368	3,360	3,425	3,425	3,425
1,103	1,108	1,012	1,008	1,015	1,030	1,025
18 / 354	17 / 372	22 / 354	17 / 360	33 / 361	30 / 360	33 / 331
538	538	553	376	609	606	618
62,262	61,995	63,004	60,015	54,396	51,146	47,593
269,361	254,327	223,240	210,739	211,904	196,873	218,679
8,191	7,425	8,387	7,351	7,759	6,577	7,861
178	199	227	306	258	306	435
398 / 10,335	337 / 5,803	595 / 55,731	904 / 288,616	762 / 47,860	412 / 7,309	622 / 73,585
1,078	1,444	1,300	1,350	1,549	1,532	1,691
385	360	396	300	220	240	280
333	400	500	792	390	373	430
7,785,508	7,638,828	7,371,201	7,326,503	7,202,975	7,148,102	7,413,106
1,250,000	1,201,430	1,152,653	1,000,000	1,080,000	935,163	903,000
80.6M / 109	100M / 129	99.3M / 113	34.8M / 102	91.4M / 135	108.2M / 150	34.5M / 117
26,365	26,328	25,677	24,445	23,123	20,711	20,525
64	70	45	22	29	27	21
45	53	33	45	38	53	69
85	84	83	83	78	77	75
31	45	40	41	35	24	34
122,055	121,015	121,089	120,278	120,682	121,327	123,058
$ 217.00	$ 401.80	$ 736.10	$ 407.50	$ 275.10	$ 241.80	$ 397.50
3,298	3,952	4,083	3,044	3,202	3,046	2,190
$ 2.42	$ 2.74	$ 2.42	$ 2.35	$ 2.16	$ 2.02	$ 1.75

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 2013	2012	2011	2010	2009
General Government	970	967	1,003	1,020	1,019
Health, Human, and Social Services	3,009	3,004	3,040	3,121	3,064
Law, Justice, Public Protection, and Regulation	2,186	2,142	2,160	2,130	2,119
Agriculture and Natural Resources	941	925	938	942	918
Transportation	978	965	987	1,004	1,000
Education	130	132	133	135	130
Economic Resources	197	170	264	257	199
State Total	**8,411**	**8,305**	**8,525**	**8,609**	**8,449**

Function of State Government:	Fiscal Year 2008	2007	2006	2005	2004
General Government	1,000	993	990	979	964
Health, Human, and Social Services	3,051	3,054	3,113	3,083	2,995
Law, Justice, Public Protection, and Regulation	2,131	2,110	2,081	2,012	1,969
Agriculture and Natural Resources	908	899	907	911	891
Transportation	1,015	1,012	1,024	1,020	1,007
Education	134	139	136	130	122
Economic Resources	180	168	170	168	164
State Total	**8,419**	**8,375**	**8,421**	**8,303**	**8,112**

Source: State's Budget System RB12

Note:
(a) A full-time equivalent employee, or FTE, represents one full-time position, or a number of part-time or seasonal positions.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

South Dakota

GREAT FACES. GREAT PLACES.

STATE OF SOUTH DAKOTA
DEPARTMENT OF LEGISLATIVE AUDIT

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

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Honorable Dennis Daugaard
Governor of South Dakota

and

Members of the Legislature
State of South Dakota

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of South Dakota as of and for the year ended June 30, 2013, which collectively comprise the State's basic financial statements as listed in the table of contents and have issued our report thereon dated March 14, 2014, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming our opinions on the financial statements that collectively comprise the State of South Dakota's basic financial statements. Our opinion expressed therein, insofar as it relates to entities' financial statements that were audited by other auditors, was based solely on the reports of the other auditors. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB *Circular A-133*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied by us and other auditors in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

Basis of Accounting

As described in Note 2C of the Notes to the Schedule of Expenditures of Federal Awards, the accompanying schedule is prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Unmodified Opinion

In our opinion, based on our audit and the reports of other auditors, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole in accordance with the cash basis of accounting described in Note 2.C. to the Schedule of Expenditures of Federal Awards.

Martin L. Guindon, CPA
Auditor General

March 28, 2014

STATE OF SOUTH DAKOTA

Schedule of Expenditures of Federal Awards by Federal Department

For the Fiscal Year Ended June 30, 2013

CFDA Number	Federal Agency	Program	Contract Number	State Agency	Expenditures/ Disbursements/ Issuances
Aging Cluster					
93.044	Administration on Aging	Special Programs for the Aging-Title III, Part B - Grants for Supportive Services & Senior Centers		Social Services	2,586,801
93.045	Administration on Aging	Special Programs for the Aging-Title III, Part C- Nutrition Services		Social Services	2,836,148
93.053	Administration on Aging	Nutrition Services Incentive Program		Social Services	907,249
Total Aging Cluster					**6,330,198**
Agriculture					
10.025	Animal and Plant Health Inspection Service	Plant and Animal Disease, Pest Control, and Animal Care - Animal Disease Traceability (ADT)	12-9746-2132-CA	Animal Industry Board	89,333
10.025	Animal and Plant Health Inspection Service	Plant and Animal Disease, Pest Control, and Animal Care	12-8446-0087-CA	Agriculture	260,853
10.025	Animal and Plant Health Inspection Service	Plant and Animal Disease, Pest Control, and Animal Care - Animal Disease Traceability (ADT)	10-9746-2036-CA	Animal Industry Board	9,803
10.025	Animal and Plant Health Inspection Service	Plant and Animal Disease, Pest Control, and Animal Care - Chronic Wasting Disease		Game, Fish & Parks	2,074
10.025	Animal and Plant Health Inspection Service	Plant and Animal Disease, Pest Control, and Animal Care - National Surveillance and Response for Animal Health Activities (Umbrella)	13-9746-2216-CA	Animal Industry Board	15,012
10.025	Animal and Plant Health Inspection Service	Plant and Animal Disease, Pest Control, and Animal Care - Notifiable Avian Influenza (NAI)	11-9746-2001-CA	Animal Industry Board	9,010
10.025	Animal and Plant Health Inspection Service	Plant and Animal Disease, Pest Control, and Animal Care - Notifiable Avian Influenza (NAI)	12-9746-2142-CA	Animal Industry Board	65,518
10.025	Animal and Plant Health Inspection Service	Plant and Animal Disease, Pest Control, and Animal Care - Scrapie (SCR)	10-9746-1807-CA	Animal Industry Board	174
10.025	Animal and Plant Health Inspection Service	Plant and Animal Disease, Pest Control, and Animal Care - Zoonotic Disease Management Program	12-9746-2161-CA	Animal Industry Board	15,500
10.025	Animal and Plant Health Inspection Service	Plant and Animal Disease, Pest Control, and Animal Care - Animal Disease Traceability (ADT)	13-9746-2132-CA	Animal Industry Board	7,805
10.093	Farm Service Agency	Voluntary Public Access and Habitat Incentive Program (VPA-HIP)		Game, Fish & Parks	431,036
10.153	Agricultural Marketing Service	Market News - National Organic Certification Cost Share Program	12-25-A-4479	Agriculture	48,310
10.153	Agricultural Marketing Service	Market News	12-25-A-5354	Agriculture	39,704

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

STATE OF SOUTH DAKOTA

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Agriculture (continued)					
10.163	Agricultural Marketing Service	Market Protection and Promotion - Pesticide Recordkeeping	12-25-A-4424	Agriculture	4,647
10.170	Agricultural Marketing Service	Specialty Crop Block Grant Program - SDDA Dakota Flavor Marketplace	12-25-B-0949/1094/1254	Agriculture	139,457
10.206	University of Nebraska/Lincoln - flow through	Grants for Agricultural Research - Competitive Research Grants	25-6324-0089-011	SDSU	7,219
10.215	University of Minnesota - flow through	Sustainable Agriculture Research and Education	H002484830: 2011-38640-30539 P	SDSU	1,265
10.215	University of Minnesota - flow through	Sustainable Agriculture Research and Education	H408626329	SDSU	6,219
10.215	University of Minnesota - flow through	Sustainable Agriculture Research and Education	H001911519, LNC10-326	SDSU	18,534
10.215	University of Minnesota - flow through	Sustainable Agriculture Research and Education	H001226925	SDSU	19,747
10.217	Kansas State University - flow through	Higher Education Challenge Grants	S10106, 2009-38411-19766	SDSU	23,248
10.217	University of Idaho - flow through	Higher Education Challenge Grants	GRK997-SB-005, 2010-34811-2137	SDSU	13,866
10.217	National Institute of Food and Agriculture	Higher Education Challenge Grants	2010-38411-21398	SDSU	79,348
10.217	North Dakota State University - flow through	Higher Education Challenge Grants	13950; 2005-38411-19055 (P)	SDSU	8,772
10.217	National Institute of Food and Agriculture	Higher Education Challenge Grants	20-38411-30625	SDSU	41,984
10.303	The Board of Trustees of the University of Illinois - flow through	Integrated Programs	2012-00748-05, A0853	SDSU	6,250
10.304	Purdue University - flow through	Homeland Security Agricultural	8000040142-AG, 09-37620-20106	SDSU	2,351
10.304	Kansas State University - flow through	Homeland Security Agricultural	S13014, 2012-37620-19627 (PR)	SDSU	14,051
10.311	National Institute of Food and Agriculture	Beginning Farmer and Rancher Development Program	2009-49400-05899	SDSU	165,589
10.311	National Institute of Food and Agriculture	Beginning Farmer and Rancher Development Program	2010-49400-21744	SDSU	338,426

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Agriculture (continued)					
10.435	Farm Service Agency	State Mediation Grants		Agriculture	112,191
10.443	Departmental Management	Rural Housing Preservation Grants	2008-51200-19380	SDSU	92,000
10.446	Rural Housing Service	Rural Community Development Initiative (B)		SDSU	164,969
10.459	Risk Management Agency	Commodity Partnerships for Small Ag Risk Managment Educ Sessions	11-IE-53102-098	SDSU	4,867
10.475	Food Safety and Inspection Service	Cooperative Agreements with States for Intrastate Meat and Poultry Inspection		Animal Industry Board	867,368
10.475	Food Safety and Inspection Service	Cooperative Agreements with States for Intrastate Meat and Poultry Inspection - Animal and Egg Production Food Safety	FSIS-C-23-2004	Animal Industry Board	416
10.477	North Dakota Department of Agriculture - flow through	Meat Poultry and Egg Products Inspection	12-155: FSIS-C-32-2010/01	SDSU	187
10.500	National Institute of Food and Agriculture	Cooperative Extension Service	2010-41534-21781	SDSU	160,900
10.500	University of Minnesota - flow through	Cooperative Extension Service	H001911912	SDSU	22,014
10.500	University Of Minnesota - flow through	Cooperative Extension Service	H002484617, 2011-47001-30538	SDSU	300
10.500	Purdue University - flow through	Cooperative Extension Service	8000045536-AG;2011-41530-30818	SDSU	7,419
10.500	Kansas State University - flow through	Cooperative Extension Service	S13127, 2010-48713-21882 (P)	SDSU	1,693
10.500	Kansas State University - flow through	Cooperative Extension Service	S12222:2010-48713-21882(P)	SDSU	46,558
10.500	Kansas State University - flow through	Cooperative Extension Service	S12053, 201048661-21868(P)	SDSU	36,722
10.500	Kansas State University - flow through	Cooperative Extension Service	201048661-21868(P)	SDSU	22,113
10.500	Kansas State University - flow through	Cooperative Extension Service		SDSU	10,583
10.500	National Institute of Food and Agriculture	Cooperative Extension Service	2012-48679-20248	SDSU	38
10.500	National Institute of Food and Agriculture	Cooperative Extension Service	2011-41580-30977	SDSU	86,172

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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CFDA Number	Federal Agency	Program	Contract Number	State Agency	Expenditures/ Disbursements/ Issuances
Agriculture (continued)					
10.500	National Institute of Food and Agriculture	Cooperative Extension Service	2009-41580-05327	SDSU	112,690
10.500	National Institute of Food and Agriculture	Cooperative Extension Service	2010-46100-21784	SDSU	66,765
10.500	Enviromental Protection Agency	Cooperative Extension Service	2011-48679-31064	SDSU	5,998
10.500	University of Nebraska/Lincoln - flow through	Cooperative Extension Service	2010-49200-06200 (P)	SDSU	24,336
10.500	Kansas State University - flow through	Cooperative Extension Service	S12117; 2010-41520-21878 (P)	SDSU	7,219
10.500	National Institute of Food and Agriculture	Cooperative Extension Service	2009-41580-05335	SDSU	74,077
10.557	Food and Nutrition Service	Special Supplemental Nutrition Program for Women, Infants, and Children (Note 3J)		Health	16,331,946
10.558	Food and Nutrition Service	Child and Adult Care Food Program		Education	9,417,066
10.560	Food and Nutrition Service	State Administrative Expenses for Child Nutrition		Education	1,003,866
10.560	Food and Nutrition Service	State Administrative Expenses for Child Nutrition - Child Nutrition Meal Pattern TA		Education	182,108
10.574	Food and Nutrition Service	Team Nutrition Grants		Education	130,862
10.578	Food and Nutrition Service	WIC Grants to States (WGS)		Health	261,194
10.578	Food and Nutrition Service	ARRA - WIC Grants to States (WGS)		Health	570,123
10.582	Food and Nutrition Service	Fresh Fruit and Vegetable Program		Education	1,625,540
10.582	Food and Nutrition Service	Fresh Fruit and Vegetable Program - Administrative Review an Training Method II		Education	41,977
10.652	Forest Service	Forestry Research - Forest Inventory Analysis	11-JV-11242305-025	Agriculture	48,896
10.664	Forest Service	Cooperative Forestry Assistance	06-DG-11020000-006/007/008	Agriculture	3,272,092
10.672	Forest Service	Rural Development, Forestry, and Communities - Hazardous Fuels Reduction	07-DG-11020000-045 / 08-DG-11020000-029	Agriculture	219,810
10.672	Forest Service	Rural Development, Forestry, and Communities		Agriculture	199,192
10.676	Forest Service	Forest Legacy Program	07-DG-11020000-052 / 053	Agriculture	51,228
10.680	Forest Service	Forest Health Protection - Western Bark Beetle	10-DG-11020000-021	Agriculture	92,531

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CFDA Number	Federal Agency	Program	Contract Number	State Agency	Expenditures/ Disbursements/ Issuances
Agriculture (continued)					
10.680	Forest Service	Forest Health Protection		Agriculture	2,804
10.680	Forest Service	Forest Health Protection - Woody Biomass Initiative	12-DG-11020000-057	Agriculture	1,990
10.688	Forest Service	ARRA - Wildland Fire Management - Spearfish Canyon	10-DG-110282B1-002	Agriculture	104,845
10.767	Rural Business - Cooperative Service	Intermediary Relending Program (Note 3I)		Governor's Office of Economic Development	2,643,568
10.773	Rural Business - Cooperative Service	Rural Business Opportunity Grants (B)		SDSU	15,117
10.861	Rural Utility Services	Public Television Station Digital Transition Grant Program	SD 1606-C33	Bureau of Information and Telecommunications	712,678
10.912	Natural Resources Conservation Service	Environmental Quality Incentives Program (Conservation Technician)	65-6740-11-16	Agriculture	715
10.912	Natural Resources Conservation Service	Environmental Quality Incentives Program - Thinning	65-6740-12-03	Agriculture	70,000
10.912	Natural Resources Conservation Service	Environmental Quality Incentives Program - Thinning	65-6740-11-01	Agriculture	6,091
Total Agriculture					**40,818,939**
CCDF Cluster					
93.575	Administration for Children and Families	Child Care & Development Block Grant		Social Services	5,921,297
93.596	Administration for Children and Families	Child Care & Development Fund Mandatory		Social Services	6,742,114
Total CCDF Cluster					**12,663,411**
CDBG - State-Administered CDBG Cluster					
14.228	Office of Community Planning and Development	Community Development Block Grants/State's Program		Governor's Office of Economic Development/Housing Development Authority	6,381,724
14.228	Office of Community Planning and Development	Community Development Block Grants/State's Program		Housing Development Authority	20,399,125
Total CDBG - State-Administered CDBG Cluster					**26,780,849**

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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CFDA Number	Federal Agency	Program	Contract Number	State Agency	Expenditures/ Disbursements/ Issuances
Child Nutrition Cluster					
10.553	Food and Nutrition Service	School Breakfast Program		Education	6,612,754
10.555	Food and Nutrition Service	National School Lunch Program (Note 3A)		Education	28,726,710
10.556	Food and Nutrition Service	Special Milk Program for Children		Education	39,769
10.559	Food and Nutrition Service	Summer Food Service Program for Children		Education	1,224,625
Total Child Nutrition Cluster					**36,603,858**
Commerce					
11.303	Economic Development Administration	Economic Development Technical Assistance	05-66-05037	SDSU	135,896
11.558	National Telecommunications and Information Administration	ARRA - State Broadband Data and Development Grant Program	46-50-M09053	Bureau of Information and Telecommunications	960,264
11.611	National Institute for Standards and Technology	Manufacturing Extension Partnership		USD	197,312
Total Commerce					**1,293,472**
Corporation for National and Community Service					
94.002	Corporation for National and Community Service	Retired and Senior Volunteer Program	12SRNSD002	BHSU	59,490
Total Corporation for National and Community Service					**59,490**
Defense					
12.002	Defense Logistics Agency	Procurement Technical Assistance For Business Firms		USD	189,944
12.112	Department of the Army, Office of the Chief of Engineers	Payments to States in Lieu of Real Estate Taxes		State Treasurer	7,547
12.113	Department of the Army, Office of the Chief of Engineers	State Memorandum of Agreement Program for the Reimbursement of Technical Services - Defense Environmental Restoration Program		Environment & Natural Resources	76,578
12.116	Department of the Army, Office of the Chief of Engineers	Department of Defense Appropriation Act of 2003 (J)	NAFB1-13-M-0191	SDSU	13,946
12.217	Federal Voting Assistance Program	Electronic Absentee Systems for Elections - Federal Voting Assistance Program (FVAP)		Secretary of State	1,733

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CFDA Number	Federal Agency	Program	Contract Number	State Agency	Expenditures/ Disbursements/ Issuances
Defense (continued)					
12.400	National Guard Bureau	Military Construction, National Guard - Joint Starc Readiness Center	W912MM-04-2-2001	Military	160,681
12.400	National Guard Bureau	Military Construction, National Guard - Troop Medical Clinic Expansion	W912MM-09-2-2002	Military	3,252
12.400	National Guard Bureau	Military Construction, National Guard - Joint Starc Readiness Center	W912MM-09-2-2001	Military	67,092
12.400	National Guard Bureau	Military Construction, National Guard - Watertown Readiness Center	W912MM-06-2-2002	Military	8,783,402
12.401	National Guard Bureau	National Guard Military Operations and Maintenance (O&M) Projects - Master Cooperative Agreement: ANG Fire Protection Activities	W912MM-11-2-1024	Military	442,928
12.401	National Guard Bureau	National Guard Military Operations and Maintenance (O&M) Projects - Master Cooperative Agreement: ANG Security Guard Activities	W912MM-11-2-1023	Military	971,600
12.401	National Guard Bureau	National Guard Military Operations and Maintenance (O&M) Projects - Master Cooperative Agreement: ANG Fire Protection Activities	W912MM-13-2-1024	Military	1,443,664
12.401	National Guard Bureau	National Guard Military Operations and Maintenance (O&M) Projects - Master Cooperative Agreement: ANG Facilities Operations and Maintenance Activities	W912MM-11-2-1021	Military	1,130,439
12.401	National Guard Bureau	National Guard Military Operations and Maintenance (O&M) Projects - Master Cooperative Agreement: ARNG Training Ranges/Range Training	W912MM-07-2-1007	Military	51,205
12.401	National Guard Bureau	National Guard Military Operations and Maintenance (O&M) Projects - Interservice Support Agreement: Aberdeen Armed Forces Reserve Center	W5BM2T-87001-001	Military	54,660
12.401	National Guard Bureau	National Guard Military Operations and Maintenance (O&M) Projects - Master Cooperative Agreement: ARNG Telecommunications	DAHA39-04-2-1005	Military	470,065
12.401	National Guard Bureau	National Guard Military Operations and Maintenance (O&M) Projects - Master Cooperative Agreement: ARNG Real Property Operations and Maintenance	DAHA39-04-2-1001	Military	9,065,913
12.401	National Guard Bureau	National Guard Military Operations and Maintenance (O&M) Projects - Master Cooperative Agreement: ARNG Electronic Security	DAHA39-04-2-1004	Military	386,150

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Defense (continued)					
12.401	National Guard Bureau	National Guard Military Operations and Maintenance (O&M) Projects - Master Cooperative Agreement: ARNG Security Guard Activities	DAHA39-04-2-1003	Military	737,690
12.401	National Guard Bureau	National Guard Military Operations and Maintenance (O&M) Projects - Master Cooperative Agreement: ARNG Distance Learning	DAHA39-04-2-1040	Military	117,995
12.401	National Guard Bureau	National Guard Military Operations and Maintenance (O&M) Projects - Master Cooperative Agreement: ARNG Environmental Resource Management	DAHA39-04-2-1002	Military	584,080
12.404	National Guard Bureau	National Guard ChalleNGe Program (STARBASE)	W912MM-10-2-4000	Military	913,831
12.610	Office of Economic Adjustment (OEA)	Community Economic Adjustment Planning Assistance for Joint Land Use Study	EN1022-12-02	Office of the Governor	6,178
12.800	Department of the Air Force, Materil Command	Air Force Defense Research Sciences Program	FA4690-12-P-0107	SDSU	1,116
12.902	National Security Agency	Information Security Grant Program		DSU	3,695
12.FA811712C0023	American Science & Technology Corp - flow through	Air Force Defense Research Sciences Program	FA8117-12-C-0023 (PR)	SDSU	20,153
12.UNKNOWN	Department of the Army	Pallid Sturgeon Study		Game, Fish & Parks	230,766
12.UNKNOWN	Department of the Army	Cultural Resource Agreements		Game, Fish & Parks	295,149
Total Defense					**26,231,452**
Disability Insurance/SSI Cluster					
96.001	Social Security Administration	Social Security - Disability Insurance	04-0804SDDI00	Human Services	3,504,237
Total Disability Insurance/SSI Cluster					**3,504,237**
Education					
84.002	Office of Vocational and Adult Education	Adult Education - State Grant Program		Labor & Regulation	1,256,160
84.011	Office of Elementary and Secondary Education	Migrant Education - State Grant Program		Education	1,050,691
84.013	Office of Elementary and Secondary Education	Title I Program for Neglected and Delinquent Children		Education	141,682

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Education (continued)					
84.048	Office of Vocational and Adult Education	Career and Technical Education -- Basic Grants to States		Education	3,974,678
84.116	Office of Postsecondary Education	Fund for the Improvement of Postsecondary Education	P116Z090065 & 84	USD	209,877
84.126	Office of Special Education and Rehabilitative Services	Rehabilitation Services -Vocational Rehabilitation Grants to States		Human Services	9,052,249
84.129	Office of Special Education and Rehabilitative Services	Rehabilitation Long-Term Training	H129B100009	SDSU	81,669
84.144	Office of Elementary and Secondary Education	Migrant Education - Coordination Program		Education	167,952
84.161	Office of Special Education and Rehabilitative Services	Rehabilitation Services - Client Assistance Program		Human Services	119,882
84.169	Office of Special Education and Rehabilitative Services	Independent Living - State Grants		Human Services	261,388
84.177	Office of Special Education and Rehabilitative Services	Rehabilitation Services-Independent Living Services for Older Individuals Who Are Blind		Human Services	187,249
84.181	Office of Special Education and Rehabilitative Services	Special Education - Grants for Infants and Families With Disabilities		Education	2,167,982
84.187	Office of Special Education and Rehabilitative Services	Supported Employment Services for Individuals with Severe Disabilities		Human Services	352,033
84.196	Office of Elementary and Secondary Education	Education for Homeless Children and Youth		Education	202,040
84.213	Office of Elementary and Secondary Education	Even Start - State Educational Agencies		Education	36
84.215	Tea South Dakota School District - flow through	Fund for the Improvement of Education		SDSU	10,072
84.224	Office of Special Education and Rehabilitative Services	Assistive Technology		Human Services	371,467
84.240	Office of Special Education and Rehabilitative Services	Program of Protection and Advocacy of Individual Rights		Human Services	201,396
84.243	Office of Vocational and Adult Education	Tech-Prep Education		Education	71,211
84.265	Office of Special Education and Rehabilitative Services	Rehabilitation Training-State Vocational Rehabilitation Unit In-Service Training		Human Services	37,377

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Education (continued)					
84.287	Office of Educational Research and Improvement	Twenty-First Century Community Learning Centers		Education	6,148,866
84.298	University of California - flow through	State Grants for Innovative Programs		USD	4,807
84.299	Office of Elementary and Secondary Education	Indian Education -- Special Programs for Indian Children		USD	268,968
84.326	Office of Special Education and Rehabilitative Services	Special Education - Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities		USD	107,597
84.327	Dept of Education	Special Education-Technology and Media Services for Individuals with Disabilities		USD	5,784
84.330	Office of Elementary and Secondary Education	Advanced Placement Test Fee Program		Education	13,416
84.330	Technology in Education - flow through	Advanced Placement Incentive Program	BHSU/CAMSE-TIE 09-02 (APIP)	BHSU	10,063
84.330	Technology in Education - flow through	Advanced Placement Incentive Program	BHSU/CAMSE-TIE 13-01 (APPLE)	BHSU	2,898
84.334	Office of Postsecondary Education	Gaining Early Awareness and Readiness for Undergraduate Programs		Education	2,636,994
84.343	Office of Special Education and Rehabilitative Services	Assistive Technology-State Grants for Protection and Advocacy		Human Services	60,489
84.350	Black Hills Special Services Cooperative - flow through	Transition to Teaching	BHSSC-BHSU (TTT)	BHSU	6,670
84.358	Office of Elementary and Secondary Education	Rural Education		Education	98,402
84.365	Office of Elementary and Secondary Education	English Language Acquisition Grants		Education	584,612
84.366	Office of Elementary and Secondary Education	Mathematics and Science Partnerships		Education	720,766
84.367	Office of Elementary and Secondary Education	Improving Teacher Quality State Grants		Education/Board of Regents	12,169,675
84.367	University of California - flow through	Improving Teacher Quality State Grants		USD	3,856
84.369	Office of Elementary and Secondary Education	Grants for State Assessments and Related Activities		Education	3,129,091

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Education (continued)					
84.373	University of Minnesota - flow through	Special Education - Technical Assistance on State Data Collection		Education	104,331
84.378	Mid Central Education Cooperative - flow through	College Access Challenge Grant Program	MCEC2012-002	SDSU	55,005
84.378	Office of Postsecondary Education	College Access Challenge Grant Program		NSU/SDSMT/SDSU/ Education	1,398,329
84.395	Office of Superintendent Public Instruction	ARRA - Race to the Top		Education	56,232
84.902	Office of Educational Research and Improvement	National Assessment of Educational Progress (NAEP)		Education	101,817
84.UNKNOWN	National Center for Educational Statistics	Grants and Contract Services		Education	71,915
Total Education					**47,677,674**
Educational Technology State Grants Cluster					
84.318	Office of Elementary and Secondary Education	Education Technology State Grants		Education	105,415
Total Educational Technology State Grants Cluster					**105,415**
Election Assistance Commission					
90.401	Election Assistance Commission	Help America Vote Act Requirements Payments		Secretary of State	1,586,804
Total Election Assistance Commission					**1,586,804**
Employment Service Cluster					
17.207	Employment Training Administration	Employment Service/Wagner-Peyser Funded Activities		Labor & Regulation	5,931,374
17.801	Veteran's Employment and Training Service	Disabled Veterans' Outreach Program (DVOP)		Labor & Regulation	597,565
17.804	Veteran's Employment and Training Service	Local Veterans' Employment Representative Program		Labor & Regulation	72,882
Total Employment Service Cluster					**6,601,821**

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Energy					
81.041	Department of Energy	State Energy Program		Governor's Office of Economic Development	386,205
81.042	Office of Energy Efficiency and Renewable Energy	ARRA - Weatherization Assistance for Low-Income Persons		Social Services	4,464,565
81.042	Office of Energy Efficiency and Renewable Energy	Weatherization Assistance for Low-Income Persons		Social Services	558,362
81.087	National Renewable Energy Laboratory - flow through	Renewable Energy Research and Development - Biomass research and development initiative	XEE-8-8900501	SDSU	21,991
81.117	Department of Energy	Energy Efficiency and Renewable Energy Information Dissemination	DE-EE0004059	BHSU	999,678
81.122	Western Governor's Association - flow through	Electricity Delivery and Energy Reliability, Research, Development and Analysis	DE-OE0000422	Game, Fish & Parks	69,382
81.122	University of Minnesota - flow through	Electricity Delivery and Energy Reliability, Research, Development and Analysis (B)	A000211591, DE-OE0000427	SDSU	1,326
81.128	Department of Energy	ARRA - Local Government Energy Efficiency Block Grant	DE-EE0000953	Governor's Office of Economic Development	1,703,187
81.UNKNOWN	University of North Carolina at Chapel Hill - flow through	University of North Carolina at Chapel Hill Department of Physics and Astronomy	5-44819	Science & Technology Authority	24,873
81.UNKNOWN	Lawrence Berkeley National Lab - flow through	Lawrence Berkley National Lab contract	6994297	Science & Technology Authority	13,589,983
81.UNKNOWN	Fermi Research Alliance, LLC - Fermi National Accelerator Laboratory - flow through	Fermi National Accelerator Laboratory contract	608844	Science & Technology Authority	314,570
Total Energy					**22,134,122**
Environmental Protection Agency					
66.034	Office of Air and Radiation	Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act		Environment & Natural Resources	242,885
66.040	Office of Air and Radiation	State Clean Diesel Grant Program		Environment & Natural Resources	214,864
66.419	Office of Water	Water Pollution Control State, Interstate, and Tribal Program Support		Environment & Natural Resources	298,858
66.454	Office of Water	Water Quality Management Planning		Environment & Natural Resources	52,302

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Environmental Protection Agency (continued)					
66.458	Office of Water	Capitalization Grants for Clean Water State Revolving Funds (Note 3G)		Environment & Natural Resources	216,955,765
66.458	Office of Water	Capitalization Grants for Clean Water State Revolving Funds (Note 3G)		Environment & Natural Resources	346,924
66.460	East Dakota Water Development District - flow through	Nonpoint Source Implementation Grants		SDSU	14,724
66.460	Office of Water	Nonpoint Source Implementation Grants		Environment & Natural Resources	2,763,928
66.468	Office of Water	Capitalization Grants for Drinking Water State Revolving Funds (Note 3G)		Environment & Natural Resources	761,304
66.468	Office of Water	Capitalization Grants for Drinking Water State Revolving Funds (Note 3G)		Environment & Natural Resources	148,747,300
66.468	Office of Water	ARRA - Capitalization Grants for Drinking Water State Revolving Funds (Note 3G)		Environment & Natural Resources	9,768
66.471	Office of Water	State Grants to Reimburse Operators of Small Water Systems for Training and Certification Costs		Environment & Natural Resources	38,820
66.474	Office of Water	Water Protection Grants to the States		Environment & Natural Resources	97,207
66.605	Office of the Administrator	Performance Partnership Grants	BG-99875108	Agriculture	370,893
66.605	Office of the Administrator	Performance Partnership Grants		Environment & Natural Resources	3,454,449
66.608	Office of Environmental Information	Environmental Information Exchange Network Grant Program and Related Assistance		Environment & Natural Resources	118,103
66.802	Office of Solid Waste and Emergency Response	Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements		Environment & Natural Resources	94,285
66.804	Office of Solid Waste and Emergency Response	Underground Storage Tank Prevention, Detection and Compliance Program		Environment & Natural Resources	242,819
66.805	Office of Solid Waste and Emergency Response	Leaking Underground Storage Tank Trust Fund Corrective Action Program		Environment & Natural Resources	351,002
66.809	Office of Solid Waste and Emergency Response	Superfund State and Indian Tribe Core Program Cooperative Agreements		Environment & Natural Resources	1,614
66.817	Office of Solid Waste and Emergency Response	State and Tribal Response Program Grants		Environment & Natural Resources	354,126

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

STATE OF SOUTH DAKOTA

Schedule of Expenditures of Federal Awards by Federal Department

For the Fiscal Year Ended June 30, 2013

CFDA Number	Federal Agency	Program	Contract Number	State Agency	Expenditures/ Disbursements/ Issuances
Total Environmental Protection Agency					**375,531,940**
Equal Employment Opportunity Commission					
30.002	Equal Employment Opportunity Commission	Employment Discrimination - State and Local Fair Employment Practices Agency Contracts	EECCN100108	Labor & Regulation	79,223
Total Equal Employment Opportunity Commission					**79,223**
Executive Office of the President					
95.001	Office of National Drug Control Policy	High Intensity Drug Trafficking Areas Program		Attorney General	896,939
Total Executive Office of the President					**896,939**
Federal Transit Cluster					
20.500	Federal Transit Administration	Federal Transit - Capital Investment Grants		Transportation	979,081
Total Federal Transit Cluster					**979,081**
Fish and Wildlife Cluster					
15.605	Fish and Wildlife Service	Sport Fish Restoration Program		Game, Fish & Parks	4,159,228
15.611	Fish and Wildlife Service	Wildlife Restoration and Basic Hunter Education		Game, Fish & Parks	3,773,783
Total Fish and Wildlife Cluster					**7,933,011**
Food Distribution Cluster					
10.565	Food and Nutrition Service	Commodity Supplemental Food Program		Education	212,108
10.568	Food and Nutrition Service	Emergency Food Assistance Program (Administrative Costs) (Note 3A)		Education	636,879
Total Food Distribution Cluster					**848,987**
Forest Service Schools and Roads Cluster					
10.665	Forest Service	Schools and Roads - Grants to States		State Auditor	1,600,459
Total Forest Service Schools and Roads Cluster					**1,600,459**

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

STATE OF SOUTH DAKOTA

Schedule of Expenditures of Federal Awards by Federal Department

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CFDA Number	Federal Agency	Program	Contract Number	State Agency	Expenditures/ Disbursements/ Issuances
General Services Administration					
39.003	General Services Administration	Donation of Federal Surplus Personal property (Note 3C)		Bureau of Administration	1,336,956
39.011	General Services Administration	Election Reform Payments - Help America Vote Act		Secretary of State	193,259
Total General Services Administration					**1,530,215**
Health and Human Services					
93.041	Administration on Aging	Special Programs for the Aging_Title VII, Chapter 3_Programs for Prevention of Elder Abuse, Neglect, and Exploitation		Social Services	42,779
93.042	Administration on Aging	Special Programs for the Aging-Title VII, Chapter 2-Long Term Care Ombudsman Services for Older Individuals.		Social Services	83,446
93.043	Administration on Aging	Special Programs for the Aging-Title III, Part D - Disease Prevention and Health Promotion Services		Social Services	25,470
93.048	Aging and Disability Resource Center (ADRC)	ARRA - Special Programs for the Aging_Title IV_and Title II_Discretionary Projects - Storm Support		Social Services	245,111
93.052	Administration on Aging	National Family Caregiver Support, Title III, Part E		Social Services	377,990
93.069	Centers for Disease Control and Prevention	Public Health Emergency Preparedness		Health	4,566,406
93.090	Administration for Children and Families	Guardianship Assistance		Social Services	1,860
93.092	Administration for Children and Families	Affordable Care Act (ACA) Personal Responsibility Education Program		Health	221,875
93.110	Health Resources and Services Administration	Maternal and Child Health Federal Consolidated Programs		USD	652,436
93.110	Association of University Centers on Disabilities - flow through	Maternal and Child Health Federal Consolidated Programs		USD	5,238
93.110	Arkansas Children's Hospital Research Institute - flow through	Maternal and Child Health Federal Consolidated Programs - Individual Health Plan for Youth Genetic Conditions		USD	29,921
93.110	Health Resources and Services Administration	Maternal and Child Health Federal Consolidated Programs - SD State Systems Development Initiative and Children's Oral Healthcare Access Program		Health	63,307

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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CFDA Number	Federal Agency	Program	Contract Number	State Agency	Expenditures/ Disbursements/ Issuances
Health and Human Services (continued)					
93.116	Centers for Disease Control and Prevention	Project Grants and Cooperative Agreements for Tuberculosis Control Programs		Health	215,311
93.127	Health Resources and Services Administration	Emergency Medical Services for Children		USD	130,927
93.130	Health Resources and Services Administration	Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices		Health	125,847
93.136	Centers for Disease Control and Prevention	Injury Prevention and Control Research and State and Community Based Programs - Sexual Violence Prevention and Education		Health	128,297
93.138	Substance Abuse and Mental Health Services Administration	Protection and Advocacy for Individuals With Mental Illness		Human Services	391,111
93.150	Substance Abuse and Mental Health Services Administration	Projects for Assistance in Transition from Homelessness (PATH)		Social Services	287,029
93.165	Health Resources and Services Administration	Grants to States for Loan Repayment Program		Health	15,000
93.217	Office of Population Affairs	Family Planning Services		Health	1,055,991
93.228	Flandreau Santee Sioux Tribe and Ho-Chunk Neenk Chunk Ho Chee Inc. - flow through	Indian Health Service - Health Management Development Program		USD	11,790
93.230	Substance Abuse and Mental Health Services Administration	Fetal Alcohol Spectrum Disorders Center for Excellence	283-07-3001	Social Services	2,752
93.235	Administration for Children and Families	Affordable Care Act Abstinence Education Program		Health	98,063
93.236	Health Resources and Services Administration	Grants to States to Support Oral Health Workforce Activities		Health	47,338
93.241	Health Resources and Services Administration	State Rural Hospital Flexibility Program		Health	698,285
93.243	Substance Abuse and Mental Health Services Administration	Strategic Prevention Enhancement (SPE)	1U79SP018636-01	Social Services	298,055
93.243	Substance Abuse and Mental Health Services Administration	Substance Abuse and Mental Health Services - Projects of Regional and National Significance		Social Services	3,193,286
93.243	Substance Abuse and Mental Health Services Administration	Substance Abuse and Mental Health Services - Projects of Regional and National Significance - Co-Occurring State Incentive Grant	1 KD1 T1018385-01	Social Services	402,665

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Schedule of Expenditures of Federal Awards by Federal Department

For the Fiscal Year Ended June 30, 2013

CFDA Number	Federal Agency	Program	Contract Number	State Agency	Expenditures/ Disbursements/ Issuances
Health and Human Services (continued)					
93.247	Health Resources and Services Administration	Advanced Nursing Education Grant Program	11-9419-0100-CA	SDSU	32,180
93.247	Health Resources and Services Administration	Advanced Nursing Education Grant Program	D09HP22594	SDSU	203,990
93.247	Health Resources and Services Administration	Advanced Nursing Education Grant Program	1 D09HP22594-01-00	SDSU	2,263
93.267	Health Resources and Services Administration	State Grants for Protection and Advocacy Services		Human Services	57,313
93.268	Centers for Disease Control and Prevention	Immunization Cooperative Agreements		Health	11,795,975
93.273	National Institutes of Health	Alcohol Research Programs - Fellowship for Tyler Wray		USD	10,838
93.283	Kennedy Krieger Children's Hospital - pass through	Centers for Disease Control and Prevention - Investigations and Technical Assistance		USD	50,409
93.283	Centers for Disease Control and Prevention	Centers for Disease Control and Prevention - Investigations and Technical Assistance - Drug and Alcohol Service Information System (DASIS & SEOW Awards)	283-02-9026	Social Services	3,840
93.283	Centers for Disease Control and Prevention	Centers for Disease Control and Prevention - Investigations and Technical Assistance		Health/USD	3,853,285
93.301	Health Resources and Services Administration	Small Rural Hospital Improvement Grant Program		Health	357,925
93.359	Health Resources and Services Administration	Nurse Education, Practice and Retention Grants	1 D11HP22198-01-00	SDSU	495,000
93.505	Health Resources and Services Administration	Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program		Health	519,576
93.511	Centers for Medicare & Medicaid Services	Affordable Care Act (ACA) Grants to States for Health Insurance Premium Review		Labor & Regulation	119,859
93.518	Administration on Aging	Affordable Care Act - Medicare Improvements for Patients and Providers		Social Services	18,834
93.521	Centers for Disease Control and Prevention	The Affordable Care Act: Building Epidemiology, Laboratory, and Health Information Systems Capacity in the Epidemiology and Laboratory Capacity for Infectious Disease (ELC) and Emerging Infections Program (EIP) Cooperative Agreements		Health	646,571

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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CFDA Number	Federal Agency	Program	Contract Number	State Agency	Expenditures/ Disbursements/ Issuances
Health and Human Services (continued)					
93.525	Centers for Medicare & Medicaid Services	State Planning & Establishment Grant for Affordable Care Act Exchanges		Governor's Office of Economic Development/Labor/Social Services	259,504
93.531	Centers for Disease Control and Prevention	Patient Protection and Affordable Care Act of 2010 (Affordable Act) authorizes Community Transformation Grants and National Dissemination and Support for Community Transformation Grants.		Health	1,047,243
93.544	Centers for Disease Control and Prevention	Patient Protection and Affordable Care Act of 2010 (Affordable Act) authorizes Coordinated Chronic Disease Prevention and Promotion Program.		Health	222,177
93.556	Administration for Children and Families	Promoting Safe and Stable Families		Social Services	971,508
93.563	Administration for Children and Families	Child Support Enforcement (Note 3O)		Social Services	4,675,724
93.566	Administration for Children and Families	Refugee & Entrant Assistance-State Administered Programs		Social Services	476,374
93.568	Administration for Children and Families	Low-Income Home Energy Assistance		Social Services	20,782,824
93.569	Administration for Children and Families	Community Services Block Grant		Social Services	2,993,056
93.586	Administration for Children and Families	State Court Improvement Program	1201SDSCIP	Unified Judicial System	179,576
93.590	Administration for Children and Families	Community-Based Family Resource & Support - Child Abuse Prevention & Treatment		Social Services	354,466
93.597	Administration for Children and Families	Grants to States for Access and Visitation Programs		Social Services	91,827
93.599	Administration for Children and Families	Chafee Education & Training Vouchers Program		Social Services	90,977
93.600	Administration for Children and Families	Head Start		USD/Education	2,166,671
93.603	Administration for Children and Families	Adoption Incentive Payments		Social Services	9,384
93.617	Administration for Children and Families	Voting Access for Individuals with Disabilities - Grants to States		Secretary of State	26,743

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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CFDA Number	Federal Agency	Program	Contract Number	State Agency	Expenditures/ Disbursements/ Issuances
Health and Human Services (continued)					
93.618	Administration for Community Living	Voting Access for Individuals with Disabilities - Grants for Protection and Advocacy Systems		Human Services	62,741
93.630	Administration for Community Living	Developmental Disabilities Basic Support and Advocacy Grants		Human Services	770,101
93.632	Administration for Children and Families	University Centers for Excellence in Developmental Disabilities Education, Research and Service		USD	553,537
93.643	Administration for Children and Families	Children's Justice Grants to States		Social Services	19,701
93.645	Administration for Children and Families	Stephanie Tubbs Jones Child Welfare Services Program		Social Services	439,129
93.648	University at Albany (New York) - flow through	Child Welfare Services Training Grants		USD	149,358
93.658	Administration for Children and Families	Foster Care - Title IV-E		Social Services	5,581,643
93.659	Administration for Children and Families	Adoption Assistance		Social Services	3,754,608
93.667	Administration for Children and Families	Social Services Block Grant		Social Services	3,513,051
93.669	Administration for Children and Families	Child Abuse & Neglect State Grants		Social Services	110,970
93.671	Administration for Children and Families	Family Violence Prevention & Services		Social Services	752,905
93.674	Administration for Children and Families	Chafee Foster Care Independence Program		Social Services	523,380
93.718	Office of the Secretary	ARRA - Health Information Technology Regional Extension Centers Program		DSU	1,448,609
93.719	Office of the Secretary	ARRA - State Grants to Promote Health Information Technology		Health	2,124,552
93.727	Belleview College - flow through	ARRA - Health Information Technology - Beacon Communities		DSU	190
93.729	Centers for Disease Control and Prevention	ARRA - Health Information Technology & Public Health		Health	496,495
93.744	Center for Disease Control and Prevention	Breast and Cervical Cancer Screening Opportunities for States, Tribes and Territories solely financed by 2012 Prevention and Public Health Funds		Health	63,606

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Schedule of Expenditures of Federal Awards by Federal Department

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CFDA Number	Federal Agency	Program	Contract Number	State Agency	Expenditures/ Disbursements/ Issuances
Health and Human Services (continued)					
93.767	Centers for Medicare and Medicaid Services	Children's Health Insurance Program		Social Services	19,365,542
93.768	Centers for Medicare and Medicaid Services	Medicaid Infrastructure Grants to Support the Competitive Employment of People with Disabilities		Human Services	67,398
93.779	Centers for Medicare and Medicaid Services	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations		Social Services	274,941
93.780	Centers for Medicare and Medicaid Services	Grants to States for Operation of Qualified High-Risk Pools		Bureau of Human Resources	736,071
93.791	Centers for Medicare and Medicaid Services	Money Follows the Person Rebalancing Demonstration		Social Services	25,086
93.824	North East South Dakota Area Health Education Center - flow through	Area Health Education Centers Infrastructure Development Awards		NSU	10,421
93.824	Health Resources and Services Administration	Area Health Education Centers Infrastructure Development Awards		USD	743,949
93.889	Office of the Secretary	National Bioterrorism Hospital Preparedness Program		Health	1,538,306
93.912	Health Resources and Services Administration	Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement Program - University of South Dakota Department of Dental Hygiene School-Based Preventive Dentistry Program will serve 16 rural commun		USD	152,717
93.913	Health Resources and Services Administration	Grants to States for Operation of Offices of Rural Health		Health	216,494
93.917	Health Resources and Services Administration	HIV Care Formula Grants - Ryan White Care Act Title II		Health	585,047
93.919	Centers for Disease Control and Prevention	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs		Health	797,394
93.938	Centers for Disease Control and Prevention	Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems		Education	436,009
93.940	Centers for Disease Control and Prevention	HIV Prevention Activities - Health Department Based		Health	645,914
93.944	Centers for Disease Control and Prevention	HIV/AIDS Surveillance		Health	54,571

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Schedule of Expenditures of Federal Awards by Federal Department

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CFDA Number	Federal Agency	Program	Contract Number	State Agency	Expenditures/ Disbursements/ Issuances
Health and Human Services (continued)					
93.958	Substance Abuse and Mental Health Services Administration	Block Grants for Community Mental Health Services		Social Services	837,985
93.959	Substance Abuse and Mental Health Services Administration	Block Grants for Prevention and Treatment of Substance Abuse		Social Services	4,493,867
93.970	University of North Dakota - flow through	Health Professions Recruitment Program for Indians - Indians into Medicine Program		USD	69,348
93.977	Centers for Disease Control and Prevention	Preventive Health Services - Sexually Transmitted Diseases Control Grants		Health	325,259
93.991	Centers for Disease Control and Prevention	Preventive Health and Health Services Block Grant		Health	151,889
93.994	Health Resources and Services Administration	Maternal and Child Health Services Block Grant to the States		Health	2,733,931
93.UNKNOWN	Food and Drug Administration	Medicated Feed		Agriculture	385,810
93.UNKNOWN	Substance Abuse and Mental Health Services Administration	Town Hall Meeting-Underage Drinking Prevention		SDSMT	500
Total Health and Human Services					**120,946,523**
Highway Planning and Construction Cluster					
20.205	Federal Highway Administration	Highway Planning and Construction		Transportation	324,095,952
20.205	Federal Highway Administration	ARRA-Highway Planning and Construction		Transportation	273,415
20.219	Federal Highway Administration	Recreational Trails Program		Game, Fish & Parks	886,122
Total Highway Planning and Construction Cluster					**325,255,489**
Highway Safety Cluster					
20.600	National Highway Traffic Safety Administration	State and Community Highway Safety		Public Safety	2,530,285
20.601	National Highway Traffic Safety Administration	Alcohol Impaired Driving Countermeasures Incentive Grants I		Public Safety	1,334,377
20.610	National Highway Traffic Safety Administration	State Traffic Safety Information System Improvement Grants		Public Safety	611,040
20.612	National Highway Traffic Safety Administration	Incentive Grant Program to Increase Motorcyclist Safety		Public Safety	72,536

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CFDA Number	Federal Agency	Program	Contract Number	State Agency	Expenditures/ Disbursements/ Issuances
Total Highway Safety Cluster					**4,548,238**
Homeland Security					
97.001	Homeland Security	Interoperable Emergency Communication Grant Program (IECGP)		Public Safety	252,500
97.012	Homeland Security	Boating Safety Financial Assistance		Game, Fish & Parks	637,289
97.023	Homeland Security	Community Assistance Program - State Support Services Element (CAP-SSSE)		Public Safety	30,485
97.036	Homeland Security	Disaster Grants - Public Assistance (Presidentially Declared Disasters)		Public Safety	25,085,113
97.039	Homeland Security	Hazard Mitigation Grant (HMGP)		Public Safety	4,183,655
97.041	Homeland Security	National Dam Safety Program		Environment & Natural Resources	150,804
97.042	Homeland Security	Emergency Management Performance Grants (EMPG)		Public Safety	2,984,608
97.047	Homeland Security	Pre-Disaster Mitigation (PDM) - Competitive Grants		Public Safety	404,931
97.089	Homeland Security	Driver's License Security Grant Program		Public Safety	1,240,916
Total Homeland Security					**34,970,301**
Homeland Security Cluster					
97.067	Homeland Security	Homeland Security Grant Program		Public Safety	5,336,920
Total Homeland Security Cluster					**5,336,920**
Housing and Urban Development					
14.169	Office of Housing-Federal Housing Commissioner	Housing Counseling Assistance Program		Housing Development Authority	173,494
14.171	Office of Housing-Federal Housing Commissioner	Manufactured Home Dispute Resolution		Public Safety	5,472
14.231	Office of Community Planning and Development	Emergency Solutions Grants Program		Housing Development Authority	359,205
14.235	Office of Community Planning and Development	Supportive Housing Program		Housing Development Authority	24,811
14.239	Office of Community Planning and Development	Home Investment Partnerships Program (Note 3G)		Housing Development Authority	546,463

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CFDA Number	Federal Agency	Program	Contract Number	State Agency	Expenditures/ Disbursements/ Issuances
Housing and Urban Development (continued)					
14.239	Office of Community Planning and Development	Home Investment Partnerships Program (Note 3G)		Housing Development Authority	55,680,345
14.257	Office of Community Planning and Development	ARRA - Homelessness Prevention and Rapid Re-Housing Program		Housing Development Authority	255,163
14.323	NeighborWorks America - flow through	Emergency Homeowners' Loan Program		Housing Development Authority	7,665
14.UNKNOWN	Housing	Financing Adjustment Factor (FAF) Refunds		Housing Development Authority	93,394
Total Housing and Urban Development					**57,146,012**
Institute of Museum and Library Services					
45.310	Office of Library Services	Grants to States		Education	1,091,691
Total Institute of Museum and Library Services					**1,091,691**
Interior					
15.021	Cheyenne River Sioux Tribe - flow through	Consolidated Tribal Government Program		SDSU	6,432
15.130	All Native Inc. - pass through	Indian Education - Assistance to Schools	USD-12031-01-S-001	USD	49,720
15.224	Bureau of Land Management	Archaeological Resource Management-Data Sharing	L11AP20006	Tourism	6,512
15.227	Bureau of Land Management	Distribution of Receipts to State and Local Governments - Mineral Leasing and Taylor Grazing		Education	1,688,609
15.228	Bureau of Land Management	National Fire Plan - Wildland Urban Interface Community Fire Assistance - Rural Fire Assistance 9183	ESA030006	Agriculture	104,598
15.228	Bureau of Land Management	National Fire Plan - Wildland Urban Interface Community Fire Assistance	ESA04D004	Agriculture	10,398
15.504	Bureau of Reclamation	Water Reclamation and Reuse Program - Handicap Accessibility & Retrofitting at Angostura, Shadehill and Rocky Point		Game, Fish & Parks	482,631
15.608	Fish and Wildlife Service	Fish and Wildlife Management Assistance - Low Head Dam Inventory	F12AP00837	Game, Fish & Parks	599
15.608	Fish and Wildlife Service	Fish and Wildlife Management Assistance		Transportation	40,000

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CFDA Number	Federal Agency	Program	Contract Number	State Agency	Expenditures/ Disbursements/ Issuances
Interior (continued)					
15.608	Fish and Wildlife Service	Fish and Wildlife Management Assistance - Lakescaping Demonstration Projects		Game, Fish & Parks	8,575
15.608	Fish and Wildlife Service	Fish and Wildlife Management Assistance - Landscape Conservation Cooperative Agreement	Grant X-1-R-1	Game, Fish & Parks	7,000
15.608	Fish and Wildlife Service	Fish and Wildlife Management Assistance - Aquatic Nuisance Species		Game, Fish & Parks	42,704
15.615	Fish and Wildlife Service	Cooperative Endangered Species Conservation Fund		Game, Fish & Parks	348
15.634	Fish and Wildlife Service	State Wildlife Grants		Game, Fish & Parks	600,913
15.637	Fish and Wildlife Service	Migratory Bird Joint Venture - Prairie Pothole Venture		Game, Fish & Parks	70,000
15.904	National Park Service	Historic Preservation Fund Grants-In-Aid		Tourism	758,379
15.904	U.S. Army Corps of Engineers - flow through	Cultural Resources Management Plans	W9128F-12-C-0087	Tourism	79,460
15.904	U.S. Army Corps of Engineers - flow through	Cultural Resources Management Plans	W9218-F-08-A-0025	Tourism	15,113
15.914	National Park Service	National Register of Historic Places - Missouri River Oral Histories	J6288-10-0008	USD	350
15.916	National Park Service	Outdoor Recreation - Acquisition, Development and Planning		Game, Fish & Parks	3,105
15.929	National Park Service	Save America's Treasurers - Preserve America Grant Program	46-10-AP-5048	Tourism	75,000
15.929	National Park Service	Save America's Treasures - Preserve America Online GIS Web Application & Digitization Project	46-10-AP-5023	Tourism	18,544
15.935	National Park Service	National Trails System Projects	P11AC60656 P11AC60664 X-2-R-1	USD	100,271
15.UNKNOWN	Forest Service	Miscellaneous Fisheries Agreements		Game, Fish & Parks	98,583
Total Interior					**4,267,844**
JAG Program Cluster					
16.803	Office of Justice Programs	ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories		Attorney General/Public Safety	542,091
Total JAG Program Cluster					**542,091**

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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CFDA Number	Federal Agency	Program	Contract Number	State Agency	Expenditures/ Disbursements/ Issuances
Justice					
16.017	Violence Against Women Office	Sexual Assault Services Formula Program		Social Services	154,708
16.111	Criminal Division	Joint Law Enforcement Operations		Attorney General	90,688
16.523	Office of Juvenile Justice and Delinquency Prevention	Juvenile Accountability Block Grants		Corrections	366,519
16.540	Office of Juvenile Justice and Delinquency Prevention	Juvenile Justice and Delinquency Prevention - Allocation to States		Corrections	442,969
16.543	Office of Juvenile Justice and Delinquency Prevention	Missing Children's Assistance - SD Internet Crimes Against Children		Attorney General	228,881
16.548	Office of Juvenile Justice and Delinquency Prevention	Title V Delinquency Prevention Program		Corrections	30,131
16.550	Bureau of Justice Statistics	State Justice Statistics Program for Statistical Analysis Centers		Attorney General	61,369
16.554	Bureau of Justice Statistics	National Criminal History Improvement Program (NCHIP)		Attorney General	126,531
16.560	National Institute of Justice	National Institute of Justice Research, Evaluation, and Development Project Grants		Attorney General	344,964
16.575	Office of Victims of Crime	Crime Victim Assistance		Social Services	1,409,970
16.576	Office of Victims of Crime	Crime Victim Compensation		Social Services	279,000
16.579	Bureau of Justice Assistance	Edward Byrne Memorial Formula Grant Program		Attorney General	629,719
16.588	Violence Against Women Office	Violence Against Women Formula Grants		Social Services	791,008
16.590	Violence Against Women Office	Grants to Encourage Arrest Policies and Enforcement of Protection Orders		Attorney General	381,000
16.593	Office of Justice Programs	Residential Substance Abuse Treatment for State Prisoners		Social Services	36,751
16.602	Bureau of Prisons	Corrections Research and Evaluation and Policy Formulation - Second Chance Act Youth Offender Reentry Initiative		Corrections	106,558
16.606	Bureau of Justice Assistance	State Criminal Alien Assistance Program		Corrections	33,226
16.609	Northeast Council of Governments - flow through	Project Safe Neighborhoods		Attorney General	40,706
16.710	Office of Community Oriented Policing Services	Public Safety Partnership and Community Policing Grants		Public Safety	67,559

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

STATE OF SOUTH DAKOTA

Schedule of Expenditures of Federal Awards by Federal Department

For the Fiscal Year Ended June 30, 2013

CFDA Number	Federal Agency	Program	Contract Number	State Agency	Expenditures/ Disbursements/ Issuances
Justice (continued)					
16.710	Office of Community Oriented Policing Services	Public Safety Partnership and Community Policing Grants - Methamphetamine Initiative Grant		Attorney General	28,574
16.726	National 4-H Council - flow through	Juvenile Mentoring Program	2012-JU-FX-0016	SDSU	3,840
16.726	National 4-H Council - flow through	Juvenile Mentoring Program	2011-MU-MU-026	SDSU	27,485
16.726	Office of Juvenile Justice and Delinquency Prevention	Juvenile Mentoring Program	2010-JU-FX-0016	SDSU	10,395
16.727	Office of Juvenile Justice and Delinquency Prevention	Enforcing Underage Drinking Laws Program		Public Safety	219,633
16.731	National 4-H Council - flow through	Tribal Youth Program (B)		SDSU	13,729
16.750	Office of Sex Offender Sentencing, Monitoring, Apprehending, Registering, and Tracking	Support for Adam Walsh Act Implementation Grant Program		Attorney General	103,109
16.751	Bureau of Justice Assistance	Edward Byrne Memorial Competitive Grant Program		Attorney General	71,218
16.754	Bureau of Justice Assistance	Harold Rogers Prescription Drug Monitoring Program		Attorney General	11,016
16.754	Bureau of Justice Assistance	Harold Rogers Prescription Drug Monitoring Program	2010-PM-BX-0005	Health	150,268
16.800	Office of Justice Programs	ARRA - Internet Crimes Against Children Task Force Program (ICAC)		Attorney General	92,851
16.801	Office of Victims of Crime	ARRA - State Victim Assistance Formula Grant Program		Social Services	20,100
16.812	Bureau of Justice Assistance	Second Chance Act Prisoner Reentry Initiative		Corrections	579,164
16.816	Bureau of Justice Assistance	John R. Justice Prosecutors and Defenders Incentive Act		Attorney General	54,758
Total Justice					**7,008,397**
Labor					
17.002	Bureau of Labor Statistics	Labor Force Statistics		Labor & Regulation	572,807
17.225	Employment Training Administration	ARRA - Unemployment Insurance (Note 3L)		Labor & Regulation	4,451,459
17.225	Employment Training Administration	Unemployment Insurance (Note 3L)		Labor & Regulation	41,578,555

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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CFDA Number	Federal Agency	Program	Contract Number	State Agency	Expenditures/ Disbursements/ Issuances
Labor (continued)					
17.235	Employment Training Administration	Senior Community Service Employment Program		Labor & Regulation	670,695
17.245	Employment Training Administration	Trade Adjustment Assistance		Labor & Regulation	1,004,069
17.260	Employment Training Administration	ARRA - WIA Dislocated Workers		Labor & Regulation	206,263
17.261	Employment Training Administration	WIA Pilots, Demonstrations, and Research Projects		Labor & Regulation	43,906
17.271	Employment Training Administration	Work Opportunity Tax Credit Program (WOTC)		Labor & Regulation	72,518
17.273	Employment Training Administration	Temporary Labor Certification for Foreign Workers		Labor & Regulation	94,629
17.275	Employment and Training Administration	ARRA-Program of Competitive Grants for Worker training and Placement in High Growth and Emerging Industry Sectors		USD	1,841,568
17.275	Employment Training Administration	ARRA - Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors - State Energy Sector Partnership and Training		Labor & Regulation	254,030
17.277	Employment Training Administration	WIA Dislocated Workers National Emergency Grant		Labor & Regulation	135,234
17.504	Occupational Safety and Health Administration	Consultation Agreements	CS-20934-CS1	SDSU	243,623
17.504	Occupational Safety and Health Administration	Consultation Agreements	CS-23662-CS3	SDSU	349,911
17.600	Mine Safety and Health Administration	Mine Health and Safety Grants - 2010	MS-20145-10-55-R-46	SDSMT	140
Total Labor					**51,519,407**
Library of Congress					
42.UNKNOWN	US Congress to Preserve America's Film Heritage	National Film Preservation Foundation	FED11-024	Tourism	2
Total Library of Congress					**2**

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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CFDA Number	Federal Agency	Program	Contract Number	State Agency	Expenditures/ Disbursements/ Issuances
Medicaid Cluster					
93.775	Centers for Medicare and Medicaid Services	State Medicaid Fraud Control Units		Attorney General	283,745
93.777	Centers for Medicare and Medicaid Services	State Survey and Certification of Health Care Providers and Suppliers		Health	2,115,864
93.778	Centers for Medicare and Medicaid Services	Medical Assistance Program		Social Services	505,095,959
Total Medicaid Cluster					**507,495,568**
National Aeronautics and Space Administration					
43.001	National Aeronautics and Space Administration	Science - Journey Museum "Journey Into Space"	Journey-BHSU 11-01	BHSU	3,160
Total National Aeronautics and Space Administration					**3,160**
National Archives and Records Administration					
89.003	National Historical Publications and Records Commission	State and National Archival Partnership (SNAP)	NAR12-RC-10117-12	Tourism	3,328
89.003	National Historical Publications and Records Commission	State and National Archival Partnership (SNAP)	NAR13-RC-10159-13	Tourism	126
89.003	National Historical Publications and Records Commission	State and National Archival Partnership (SNAP) - SD State Archives Government Records Backlog Project	NAR12-RH-50017-12	Tourism	19,849
Total National Archives and Records Administration					**23,303**
National Endowment for the Arts					
45.024	National Endowment for the Arts	Promotion of the Arts-Grants to Organizations and Individuals	12-7800-7044	SDSU	10,000
45.025	National Endowment for the Arts	Promotion of the Arts-Partnership Agreements		Tourism	764,963
Total National Endowment for the Arts					**774,963**
National Endowment for the Humanities					
45.129	National Endowment for the Humanities	Promotion of the Humanities Federal-State Partnership	1142	SDSMT	5,000
45.129	South Dakota Humanities Council - flow through	Promotion of the Humanities Federal-State Partnership	2020	SDSU	2,875

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CFDA Number	Federal Agency	Program	Contract Number	State Agency	Expenditures/ Disbursements/ Issuances
National Endowment for the Humanities (continued)					
45.129	South Dakota Humanities Council - flow through	Promotion of the Humanities Federal-State Partnership - "Mending the Sacred Hoop"	1017	BHSU	49
Total National Endowment for the Humanities					**7,924**
National Science Foundation					
47.049	University of California Berkeley - flow through	Mathematical and Physical Sciences - DUSEL	00007640	Science & Technology Authority	380,240
47.049	Case Western Reserve University - flow through	Mathematical and Physical Sciences - Case Western Reserve University contract	500028814	Science & Technology Authority	85,529
47.049	University of Notre Dame - flow through	Mathematical and Physical Sciences - University of Notre Dame contract	202041	Science & Technology Authority	75,299
47.050	National Science Foundation	Geosciences - Kliche D NSF Collab OLC OEDG	1107495	SDSMT	39,808
47.070	National Science Foundation	Computer and Information Science and Engineering		USD	89,713
47.074	National Science Foundation	Biological Sciences	DBI-1005068	SDSU	69,363
47.076	National Science Foundation	Education and Human Resources - Course Curriculum and Laboratory Improvement CCLI - Radioactivity by Inquiry for College Science Courses	DUE-0942699	BHSU	41,433
47.076	Salish Kootenai College - flow through	Education and Human Resources		SDSMT	6,300
47.076	National Science Foundation	Education and Human Resources - BHSU Integrative Genomics Transition Scholarship Program	DUE-0728553	BHSU	94,957
47.076	Black Hills Special Services Cooperative - flow through	Education and Human Resources - MSP Targeted Award - "PRIME"	0227521	BHSU	58,208
47.076	Salish Kootenai College - flow through	Education and Human Resources		SDSMT	9,294
47.076	National Science Foundation	Education and Human Resources	DUE-1148666	SDSU	411
47.076	National Science Foundation	Education and Human Resources - Tiospaye in Science	DUE-0966365	SDSMT	126,069
47.076	National Science Foundation	Education and Human Resources	DUE-0733691	SDSU	187,833
47.076	National Science Foundation	Education and Human Resources	DUE-1044419	SDSU	15,328
47.076	National Science Foundation	Education and Human Resources	DUE-0728584	SDSU	172
47.076	National Science Foundation	Education and Human Resources - Dakota Defenders Information Assurance Scholarship Program		DSU	117,507

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CFDA Number	Federal Agency	Program	Contract Number	State Agency	Expenditures/ Disbursements/ Issuances
National Science Foundation (continued)					
47.076	National Science Foundation	Education and Human Resources - Tiospaye In Engineering	DUE-0807218	SDSMT	142,199
47.082	National Science Foundation	Trans-NSF Recovery Act Research Support - Smith NSF ARI-R2 ARRA	DMR-0963535	SDSMT	528,162
Total National Science Foundation					**2,067,825**
Research and Development Cluster					
10.001	Agricultural Research Service	Agricultural Research-Basic and Applied Research	58-5447-0-321	SDSU	3,461
10.001	Agricultural Research Service	Agricultural Research-Basic and Applied Research	59-0206-0-058	SDSU	125
10.001	Agricultural Research Service	Agricultural Research-Basic and Applied Research	58-5447-0-320	SDSU	6,599
10.001	Agricultural Research Service	Agricultural Research-Basic and Applied Research	59-0206-0-060	SDSU	6,116
10.001	Agricultural Research Service	Agricultural Research-Basic and Applied Research	59-6208-2-155	SDSU	11,513
10.001	Agricultural Research Service	Agricultural Research-Basic and Applied Research	58-5447-1-349	SDSU	5,158
10.001	Agricultural Research Service	Agricultural Research-Basic and Applied Research	58-5440-2-310	SDSU	14,526
10.001	Agricultural Research Service	Agricultural Research-Basic and Applied Research	58-5430-0-341	SDSU	15,010
10.001	Agricultural Research Service	Agricultural Research-Basic and Applied Research	59-0206-9-060	SDSU	16,854
10.001	Agricultural Research Service	Agricultural Research-Basic and Applied Research	59-3645-1-708	SDSU	25,722
10.001	Agricultural Research Service	Agricultural Research-Basic and Applied Research	58-3625-2-653	SDSU	4,000
10.001	Agricultural Research Service	Agricultural Research-Basic and Applied Research	59-0790-8-066	SDSU	18,222
10.001	Agricultural Research Service	Agricultural Research-Basic and Applied Research	59-0206-1-118	SDSU	2,873
10.001	Agricultural Research Service	Agricultural Research-Basic and Applied Research	59-0206-9-052	SDSU	231,385
10.001	Agricultural Research Service	Agricultural Research-Basic and Applied Research	59-6645-2-069	SDSU	65,690
10.001	Agricultural Research Service	Agricultural Research-Basic and Applied Research	59-5428-0-322	SDSU	43,082
10.001	Agricultural Research Service	Agricultural Research-Basic and Applied Research	59-0206-9-051	SDSU	42,287
10.001	Agricultural Research Service	Agricultural Research-Basic and Applied Research	59-0206-9-050	SDSU	40,092
10.001	Agricultural Research Service	Agricultural Research-Basic and Applied Research	58-6645-1-022	SDSU	39,089
10.001	Agricultural Research Service	Agricultural Research-Basic and Applied Research	58-5447-1-350	SDSU	27,294
10.001	Agricultural Research Service	Agricultural Research-Basic and Applied Research	58-5447-0-345	SDSU	4,793

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CFDA Number	Federal Agency	Program	Contract Number	State Agency	Expenditures/ Disbursements/ Issuances
Research and Development Cluster (continued)					
10.025	Animal and Plant Health Inspection Service	Plant and Animal Disease Pest Control and Animal Care	12-9419-0212-CA	SDSU	5,441
10.025	Animal and Plant Health Inspection Service	Agricultural Research Service	11-9419-0100-CA	SDSU	10,057
10.025	Animal and Plant Health Inspection Service	Plant and Animal Disease Pest Control and Animal Care	12-9419-0100-CA	SDSU	31,510
10.156	Agricultural Marketing Service	Federal-State Marketing Improvement Program	12-25-G-1513	SDSU	3,929
10.200	Board of Trustees of Michigan State University - flow through	Grants for Agricultural Research Special Research Grants	RC101980SDSU, 2012-39571-20296	SDSU	23,631
10.200	Michigan State University - flow through	Grants for Agricultural Research Special Research Grants	RC100653B, 2011-34383-30569	SDSU	16,197
10.200	National Institute of Food and Agriculture	Grants for Agricultural Research, Special Research Grants	2009-34556-20195	SDSU	55,233
10.200	National Institute of Food and Agriculture	Grants for Agricultural Research, Special Research Grants	2009-34486-20045	SDSU	65,653
10.200	Michigan State University - flow through	Grants for Agricultural Research Special Research Grants	RC100876SDSU; 2011-51150-30887	SDSU	4,073
10.200	National Institute of Food and Agriculture	Grants for Agricultural Research, Special Research Grants	2008-38415-19596	SDSU	75,681
10.200	Colorado State University - flow through	Grants for Agricultural Research Special Research Grants	G-1474-15, 2010-39557-20194(P)	SDSU	17,015
10.200	National Institute of Food and Agriculture	Grants for Agricultural Research-Special Research Grants	2010-34486-21126	SDSU	142,914
10.200	Board of Trustees of Michigan State University - flow through	Grants for Agricultural Research Special Research Grants	RC101779B, 2012-34383-19785	SDSU	8,040
10.200	National Institute of Food and Agriculture	Grants for Agricultural Research Special Research Grants	2010-34473-21533	SDSU	79,000
10.200	National Institute of Food and Agriculture	Grants for Agricultural Research-Special Research Grants	2010-34556-21108	SDSU	257,774
10.202	National Institute of Food and Agriculture	Cooperative Forestry Research		SDSU	190,327
10.203	National Institute of Food and Agriculture	Payments to Agricultural Experiment Stations Under the Hatch Act	415-49-02	SDSU	2,692,388
10.206	National Institute of Food and Agriculture	Grants for Agricultural Research - Competitive Research Grants	2007-55618-18223	SDSU	23,691

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CFDA Number	Federal Agency	Program	Contract Number	State Agency	Expenditures/ Disbursements/ Issuances
Research and Development Cluster (continued)					
10.206	National Institute of Food and Agriculture	Grants for Agricultural Research - Competitive Research Grants	2009-35200-05008	SDSU	33,738
10.206	National Institute of Food and Agriculture	Grants for Agricultural Research - Competitive Research Grants	2009-55215-05460	SDSU	330,622
10.206	National Institute of Food and Agriculture	Grants for Agricultural Research - Competitive Research Grants	2008-35100-05969	SDSU	79,309
10.206	University of Illinois - flow through	Grants for Agricultural Research - Competitive Research Grants	2008-06280-01	SDSU	14,728
10.206	National Institute of Food and Agriculture	Grants for Agricultural Research - Competitive Research Grants	2008-35215-18814	SDSU	12,959
10.207	National Institute of Food and Agriculture	Animal Health and Disease Research		SDSU	32,849
10.215	University of Minnesota - flow through	Sustainable Agriculture Research and Education	H002484819: GNC12-148	SDSU	8,708
10.215	University of Minnesota - flow through	Sustainable Agriculture Research and Education	H002484808	SDSU	36,346
10.217	University of North Carolina Greensboro - flow through	Higher Education Challenge Grants	10-0319.1, 2010-38411-21349	SDSU	33,902
10.227	Fort Berthold Community College - flow through	1994 Institutions Research Program	2011-38424-30653	SDSU	25,752
10.227	Oglala Lakota College - flow through	1994 Institutions Research Program	2010-AG2010-001-SDSU	SDSU	4,843
10.303	Colorado State University - flow through	Integrated Programs	G-1483-4, 2008-51130-19548 (P)	SDSU	80,757
10.303	Western Michigan University - flow through	Integrated Programs	25-7011850, 2008-51101-19477(P	SDSU	6,163
10.303	Michigan State University - flow through	Integrated Programs	2007-51130-03875	SDSU	8
10.303	National Institute of Food and Agriculture	Integrated Programs	2009-51130-06014	SDSU	122,526
10.304	National Institute of Food and Agriculture	Homeland Security Agricultural	2009-37620-20083	SDSU	34,326
10.304	National Institute of Food and Agriculture	Homeland Security Agricultural	2012-37620-19803	SDSU	19,028

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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CFDA Number	Federal Agency	Program	Contract Number	State Agency	Expenditures/ Disbursements/ Issuances
Research and Development Cluster (continued)					
10.309	Cornell University - flow through	Specialty Crop Research Initiative	64188-9742; 2011-51181-30635(P	SDSU	55,119
10.309	Cornell University - flow through	Specialty Crop Research Initiative	64094-9755;2011-51181-30850(P)	SDSU	79,786
10.310	Ohio State University Foundation - flow through	Agriculture and Food Research Initiative (AFRI)	60033944, 2012-67019-19394	SDSU	13,129
10.310	Purdue University - flow through	Agriculture and Food Research Initiative (AFRI)	8000041934-AG; 11-68002-30220	SDSU	3,554
10.310	National Institute of Food and Agriculture	Agriculture and Food Research Initiative (AFRI)	2011-67010-20051	SDSU	57,546
10.310	Kansas State University - flow through	Agriculture and Food Research Initiative (AFRI)	S13150, 2008-55620-19132	SDSU	24,344
10.310	Kansas State University - flow through	Agriculture and Food Research Initiative (AFRI)	S11033, 2008-55620-19132(P)	SDSU	56,666
10.310	Kansas State University - flow through	Agriculture and Food Research Initiative (AFRI)	S13022: 2012-68001-19619(P)	SDSU	66,381
10.310	Kansas State University - flow through	Agriculture and Food Research Initiative (AFRI)	S11206, 2011-68001-30100	SDSU	90,336
10.310	National Institute of Food and Agriculture	Agriculture and Food Research Initiative (AFRI)	2011-67002-30202	SDSU	686,648
10.310	North Dakota State University - flow through	Agriculture and Food Research Initiative (AFRI)	FAR-0017317-3, 2011-68004-3005	SDSU	190,368
10.310	National Institute of Food and Agriculture	Agriculture and Food Research Initiative (AFRI)	2011-67009-30078	SDSU	178,765
10.310	University of Maine System - flow through	Agriculture and Food Research Initiative (AFRI)	UM-S880, 2012-68001-19605 (PR)	SDSU	42,203
10.310	University of Minnesota - flow through	Agriculture and Food Research Initiative (AFRI)	H001131503, 2010-85112-20520	SDSU	2,419
10.310	University of Nebraska/Lincoln - flow through	Agriculture and Food Research Initiative (AFRI)	25-6235-0173-004, 2010-85605-20546	SDSU	3,352
10.310	Virginia Polytechnic Institute & State University - flow through	Agriculture and Food Research Initiative (AFRI)	422262-19845; 201168004-30104P	SDSU	3,858
10.310	Virginia Polytechnic Institute & State University - flow through	Agriculture and Food Research Initiative (AFRI)	422183-19845; 201168004-30104P	SDSU	13,194

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CFDA Number	Federal Agency	Program	Contract Number	State Agency	Expenditures/ Disbursements/ Issuances
Research and Development Cluster (continued)					
10.310	National Institute of Food and Agriculture	Agriculture and Food Research Initiative (AFRI)	2010-65504-20372	SDSMT	155,717
10.310	North Dakota State University - flow through	Agriculture and Food Research Initiative (AFRI)	FAR0018564:2012-67018-30186(P)	SDSU	24,138
10.310	National Institute of Food and Agriculture	Agriculture and Food Research Initiative (AFRI)	2011-69004-30345	SDSU	48,914
10.310	National Institute of Food and Agriculture	Agriculture and Food Research Initiative (AFRI)	2009-65107-05775	SDSU	24,141
10.310	National Institute of Food and Agriculture	Agriculture and Food Research Initiative (AFRI)	2011-67009-30076	SDSU	27,461
10.310	National Institute of Food and Agriculture	Agriculture and Food Research Initiative (AFRI)	2012-67012-19831	SDSU	40,094
10.310	National Institute of Food and Agriculture	Agriculture and Food Research Initiative (AFRI)	2012-67015-19505	SDSU	40,272
10.310	National Institute of Food and Agriculture	Agriculture and Food Research Initiative (AFRI)	2012-67016-19507	SDSU	41,200
10.310	Iowa State University - flow through	Agriculture and Food Research Initiative (AFRI)	416-40-63E, 20011-68002-30190	SDSU	18,973
10.310	National Institute of Food and Agriculture	Agriculture and Food Research Initiative (AFRI)	2010-65504-20364	SDSU	46,823
10.310	National Institute of Food and Agriculture	Agriculture and Food Research Initiative (AFRI)	2010-65116-20514	SDSU	50,407
10.310	Texas A&M University - flow through	Agriculture and Food Research Initiative (AFRI)	99-S120213, 2012-67013-19346	SDSU	5,815
10.310	National Institute of Food and Agriculture	Agriculture and Food Research Initiative (AFRI)	2010-85605-20552	SDSU	4,168
10.310	National Institute of Food and Agriculture	Agriculture and Food Research Initiative (AFRI)	2010-65206-20667	SDSU	119,139
10.310	National Institute of Food and Agriculture	Agriculture and Food Research Initiative (AFRI)	2013-69004-20401	SDSU	152,196
10.310	National Institute of Food and Agriculture	Agriculture and Food Research Initiative (AFRI)	2011-67009-20030	SDSU	170,005
10.310	National Institute of Food and Agriculture	Agriculture and Food Research Initiative (AFRI)	2010-85117-20589	SDSU	170,754

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CFDA Number	Federal Agency	Program	Contract Number	State Agency	Expenditures/ Disbursements/ Issuances
Research and Development Cluster (continued)					
10.310	National Institute of Food and Agriculture	Agriculture and Food Research Initiative (AFRI)	2010-85112-20510	SDSU	41,741
10.320	National Institute of Food and Agriculture	Sun Grant Program	2010-38502-21861	SDSU	226,669
10.327	University of Nebraska/Lincoln - flow through	Common Bean Productivity Research for Global Food Security Competitive Program	25-6235-0206-002;2012-39571-20	SDSU	21,898
10.450	Risk Management Agency	Crop Insurance		SDSU	139,875
10.479	Food Safety And Inspection Service	Food Safety Cooperative Agreements	FSIS-C-23-2011	SDSU	33,676
10.479	Food Safety And Inspection Service	Food Safety Cooperative Agreements	FSIS-C-23-2012	SDSU	50,361
10.500	Agriculture	Cooperative Extension Service		SDSU	5,490,968
10.652	Board of Trustees of the University of Alabama - flow through	Forestry Research	UA11-063, 11-JV-11111133-127 P	SDSU	34,532
10.652	Agriculture	Forestry Research	11-CA-11330136-098	SDSU	21,970
10.652	Forest Service	Forestry Research	12-JV-11221632-141	SDSU	1,170
10.652	Forest Service	Forestry Research	08-JV-11221632-257	SDSU	1,586
10.652	Forest Service	Forestry Research	07-JV-11221609-262	SDSU	17,992
10.652	Iowa State University - flow through	Forestry Research	412-45-63, 09-JV-11330152-098	SDSU	9,008
10.652	Forest Service	Forestry Research	11-JV-11221632-189	SDSU	7,455
10.771	SD Value-Added Agriculture Development Center - flow through	Rural Technology Development Grants		SDSU	359
10.777	Foreign Agricultural Service	Norman E. Borlaug International Agricultural Science and Technology Fellowship	58-3148-1-149	SDSU	1,335
10.902	National Resources Conservation Service - flow through	Soil and Water Conservation - Sundareshwar CESU USDA NRCS Pothole	68-7482-12-500	SDSMT	14,113
10.912	Natural Resources Conservation Service	Environmental Quality Incentives Program	69-3A75-13-90	SDSU	1,188
10.912	Natural Resource Conservation Service	Environmental Quality Incentives Program	69-3A75-9-148	SDSU	169,539

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CFDA Number	Federal Agency	Program	Contract Number	State Agency	Expenditures/ Disbursements/ Issuances
Research and Development Cluster (continued)					
10.912	Natural Resource Conservation Service	Environmental Quality Incentives Program	69-3A75-11-174	SDSU	164,695
10.912	Natural Resource Conservation Service	Environmental Quality Incentives Program	65-6740-11-10	SDSU	37,066
10.912	North Dakota State University - flow through	Environmental Quality Incentives Program	FAR-0020783, 69-3A75-12-185	SDSU	15,906
10.912	Natural Resource Conservation Service	Environmental Quality Incentives Program	65-6740-11-18	SDSU	23,901
10.961	Foreign Agricultural Service	Scientific Cooperation and Research	58-3148-9-245	SDSU	428
10.961	Foreign Agricultural Service	Scientific Cooperation and Research	58-3148-1-164	SDSU	18,325
10.UNKNOWN	National Security Agency	NSA Cyber Security IPA	PO 519994	DSU	5,893
12.107	Department of the Army, Office of the Chief of Engineers	Navigation Projects	W912HZ-10-2-0009	USD	6,471
12.114	Dept of the Army, Office of the Chief of Engineers	Collaborative Research and Development - Missouri River Flood Effects	W912HZ-12-2-0009	USD	605,794
12.11STD00000033	Focus Hope-flow through	Focus Hope-flow through	11STD00000033	SDSMT	3,663
12.300	Department of the Navy, Office of the Chief of Naval Research	Basic and Applied Scientific Research - Novel Separation Technologies for Recovering Manganese from Process Streams	N00014-12-1-0618	SDSMT	111,584
12.300	Department of the Navy, Office of the Chief of Naval Research	Basic and Applied Scientific Research - Genetic Strategies		USD	125,998
12.300	Department of the Navy, Office of the Chief of Naval Research	Basic and Applied Scientific Research - Boyles Pulse Power Capacitors	N00014-08-1-0905	SDSMT	30,522
12.300	Department of the Navy, Office of the Chief of Naval Research	Basic and Applied Scientific Research	N00014-12-1-0347	SDSMT	32,082
12.300	Department of the Navy, Office of the Chief of Naval Research	Basic and Applied Scientific Research	N00244-12-2-0007	SDSMT	119,593
12.300	Armament Research Development and Engineering Center - flow through	Basic and Applied Scientific Research - ARDEC Nanomaterials	W15QKN-06-D-0006	SDSMT	100,153
12.300	Department of the Navy, Office of the Chief of Naval Research	Basic and Applied Scientific Research	N00014-12-1-0908	SDSMT	39,148
12.4000100770	Oak Ridge National Laboratory - flow through	UT Battelle/ SDSMT Electroforming for the MAJORANA Demonstrator	4000100770	SDSMT	189,842

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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CFDA Number	Federal Agency	Program	Contract Number	State Agency	Expenditures/ Disbursements/ Issuances
Research and Development Cluster (continued)					
12.420	US Army Medical Command	Military Medical Research and Development	W81XWH-12-2-0123	SDSU	118,494
12.420	US Army Medical Research & Material Command	Military Medical Research and Development - Neural and Behavioral Correlates of PTSD and Alcohol Use		USD	245,499
12.420	U.S. Army Medical Command	Military Medical Research and Development	W81XWH-11-1-0571	SDSU	55,833
12.431	U.S. Army Materiel Command	Basic Scientific Research	W911NF-09-2-0024	SDSU	783,354
12.431	U.S. Army Materiel Command	Basic Scientific Research	W15QKN-09-2-0002	SDSU	560,210
12.431	U.S. Army Materiel Command	Basic Scientific Research - Boyles DEPSCOR Polycarbonate Blends	W911NF-08-1-0324	SDSMT	5,707
12.431	U.S. Army Materiel Command	Basic Scientific Research		USD	141,455
12.630	Office of the Secretary of Defense	Basic, Applied, and Advanced Research in Science and Engineering	W911NF-08-2-0022	SDSMT	4,814
12.630	Office of the Secretary of Defense	Basic, Applied, and Advanced Research in Science and Engineering	P010117787	SDSMT	19,075
12.630	Office of the Secretary of Defense-ARL	Basic, Applied, and Advanced Research in Science and Engineering - Marteny Multi-Utility Materials	W911NF-08-2-0022	SDSMT	607,188
12.630	Office of the Secretary of Defense	Basic, Applied, and Advanced Research in Science and Engineering	12-87	SDSMT	2,600
12.800	Georgia Institute of Technology - flow through	Air Force Defense Research Sciences Program	RB267-G6, FA9550-10-1-0555	SDSU	130,767
12.800	Department of the Air Force, Materiel Command	Air Force Defense Research Sciences Program	FA9453-06-C-0366	SDSMT	5,774
12.902	National Security Agency	Information Security Grant Program		DSU	42,151
12.910	Advanced Research Projects Agency	Research and Technology Development - Anagnostou DARPA DOD Young Invest	N66001-11-1-4145	SDSMT	149,842
12.910	Advanced Research Projects Agency	Research and Technology Development - Airborne Charge & Electric Field Mapping System	5491-156-DA-1C	SDSMT	1,993
12.DOD004	Armament Research Development and Engineering Center - flow through from Western Illinois University	Armament Research Development and Engineering Center - flow through from Western Illinois University	DOD004	SDSMT	9,915
12.FA4819-11-C-0004	Air Force Research Laboratory	Energy Efficiency, Recovery and Generation (ENERGy)	FA4819-11-C-0004	SDSMT	27,173
12.FA8650-09-D-5037	Norfolk State University - flow through	Air Force Defense Research Sciences Program	P1040017; FA8650-09-D-5037 (P)	SDSU	11,972

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Research and Development Cluster (continued)					
12.FA9453-06-C-0366	Department of the Air Force, Materiel Command	Air Force Defense Research Sciences Program - Pillay AFRL FY06	FA9453-06-C-0366	SDSMT	39,932
12.N00014-08-D-0758	ACI Technologies Inc. - flow through	ACI Technologies Inc. - flow through	N00014-08-D-0758-008/S0017-B2PCOE-SDSM	SDSMT	458,661
12.N00014-10-C-0490	Office of Naval Research	Basic and Applied Scientific Research - Defense Threat Reduction	N00014-10-C-0490	SDSU	52,695
12.UNKNOWN	Pueblo Economic Development Corporation (PEDCO) - flow through	Defense		SDSMT	14,026
12.UNKNOWN	HF Webster - flow through	OSD Mantech Cold Spray Robotics and Control Systems Proposal		SDSMT	31,686
12.US001-0000296534	Battelle - flow through	Basic and Applied Scientific Research	US001-0000296534	SDSU	101,789
12.USD-1035-T-47-R	Lower Brule Sioux Tribe - flow through	Title VI - Cheyenne River Sioux Tribe, Lower Brule Sioux Tribe, and Terrestrial Wildlife Habitat Restoration, South Dakota	USD-1035-T-47-R	SDSU	19,632
12.W9113M-09-C-0037	U.S. Army Materiel Command	Basic Scientific Research	W9113M-09-C-0037	SDSU	774,235
12.W9128F-09-C-0003	US Army Corp of Engineers	Cooperative Science and Education Program	W9128F-09-C-0003	SDSU	77,112
12.W9128F-10-M-E013	US Army Corp of Engineers	Missouri River Survey and Salvage	W9128F-10-M-E013	SDSMT	25,000
12.W9128F10-P-0114	Cheyenne River Sioux Tribe - flow through	Title VI - Cheyenne River Sioux Tribe, Lower Brule Sioux Tribe, and Terrestrial Wildlife Habitat Restoration, South Dakota	W9128F10-P-0114	SDSU	67,081
12.W9128F12P0142	Defense	Flood Control Projects	W9128F-12-P-0142	SDSU	22,220
12.W912HZ-10-2-0050	US Army Corp of Engineers	Sundareshwar USACE CESU Kootenai	W912HZ-10-2-0050	SDSMT	127,187
15.08CRSA0627	Geological Survey	Sundareshwar CESU USGS Pothole	08CRSA0627	SDSMT	56
15.231	Bureau of Land Management	Fish, Wildlife and Plant Conservation Resource Management	J1526J5438	SDSU	6,081
15.605	North Dakota Game, Fish and Parks - flow through	Sport Fish Restoration Program		SDSU	33,723
15.608	Quality Deer Management Association - flow through	Fish and Wildlife Management Assistance	2011-0029-000, 25877	SDSU	1,972
15.608	Fish and Wildlife Service	Fish and Wildlife Management Assistance	30181AT016	SDSU	7,118
15.608	Fish and Wildlife Service	Fish and Wildlife Management Assistance - McMahon Fen HED Research		USD	15,865

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CFDA Number	Federal Agency	Program	Contract Number	State Agency	Expenditures/ Disbursements/ Issuances
Research and Development Cluster (continued)					
15.611	North Dakota Department Of Game Fish And Parks - flow through	Wildlife Restoration		SDSU	73,079
15.611	North Dakota Department Of Game Fish And Parks - flow through	Wildlife Restoration	W-67-R-52	SDSU	75,927
15.615	Illinois Dept. of Natural Resources - flow through	Cooperative Endangered Species Conservation Fund-Captive Rearing Program to facilitate habitat evaluation, head-starting, and population augmentation for the Hine's Emerald Dragonfly in Illinois		USD	14,102
15.630	Fish and Wildlife Service	Coastal Program - Population estimation and preliminary genetic baseline assessment for the Hine's emerald dragonfly in coastal wetlands of the Great Lakes		USD	55,734
15.630	Fish and Wildlife Service	Coastal Program - Development of Landscape-based Decision Tools for Guiding Management Actions for Hines Emerald Dragonfly		USD	59,229
15.634	Nebraska Game And Parks Commission - flow through	State Wildlife Grants	SA-1-2012-0004	SDSU	16,335
15.634	North Dakota Department Of Game Fish And Parks - flow through	State Wildlife Grants	T-36-R	SDSU	15,953
15.642	Fish and Wildlife Service	Challenge Cost Share (B)	64560-B-J001	SDSU	6,135
15.650	Fish and Wildlife Service	Research Grants (Generic)	F12AC01423, 0020013192	SDSU	7,449
15.650	Fish and Wildlife Service	Research Grants (Generic)	30181AT027, 6000A0100	SDSU	8,133
15.650	Fish and Wildlife Service	Research Grants (Generic) - Biological Assessments to Evaluate Agricultural Tile Drainage Exposure and Effects within Madison Wetland Management District		USD	17,134
15.650	Fish and Wildlife Service	Research Grants (Generic) - Costa Rica-Amphibian Disease Research		USD	13,910
15.655	Fish and Wildlife Service	Migratory Bird Monitoring, Assessment and Conservation		SDSU	5,982
15.655	Fish and Wildlife Service	Migratory Bird Monitoring, Assessment and Conservation	CAH6000060100, 982108J116	SDSU	5,018

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CFDA Number	Federal Agency	Program	Contract Number	State Agency	Expenditures/ Disbursements/ Issuances
Research and Development Cluster (continued)					
15.655	Fish and Wildlife Service	Migratory Bird Monitoring - Stopover Habitat Quality in Southeast South Dakota		USD	14,336
15.665	Fish and Wildlife Service	National Wetlands Inventory	F12AC01567	SDSU	38,250
15.669	Fish and Wildlife Service	Cooperative Landscape Conservation	F12AC00501, 20009320	SDSU	36,798
15.805	Geological Survey	Assistance to State Water Resources Research Institutes	G11AP20106	SDSU	93,419
15.808	Geological Survey	U.S. Geological Survey Research and Data Collection	05HQAG0097	SDSMT	55,918
15.808	Geological Survey	U.S. Geological Survey Research and Data Collection	08HQAG0003	SDSU	93,578
15.808	EROS - flow through	U.S. Geological Survey Research and Data Collection - EROS Uganda		SDSU	118,115
15.812	Geological Survey	Cooperative Research Units Program	G12AC20282, RWO 108	SDSU	27,576
15.812	Geological Survey	Cooperative Research Units Program	G13AC00031, RWO 110	SDSU	26,105
15.812	Geological Survey	Cooperative Research Units Program	1549 RWO 105; G12AC200005	SDSU	30,321
15.812	Geological Survey	Cooperative Research Units Program	G12AC20021, WO 106	SDSU	64,618
15.812	Geological Survey	Cooperative Research Units Program	G12AC20295, RWO 109	SDSU	88,599
15.812	Geological Survey	Cooperative Research Units Program	G11AC20379	SDSU	107,690
15.812	Geological Survey	Cooperative Research Units Program	G11AC20394	SDSU	128,210
15.812	Geological Survey	Cooperative Research Units Program	G12AC20063, RWO 107	SDSU	6,923
15.815	Geological Survey	U.S. Geological Survey_Research and Data Collection	AV06-SD02	SDSU	24,495
15.921	National Park Service	Rivers, Trails, and Conservation Assistance-Prairie Dogs Plague Research	J6067090010	USD	10,148
15.921	Great Plains Cooperative Studies Unit - flow through	Rivers, Trails, and Conservation Assistance - Water Trail, Phase II	P11AC60527	USD	32,982
15.921	Great Plains Cooperative Studies Unit - flow through	Rivers, Trails, and Conservation Assistance - Emergency River Bank Analysis	P11AC61056	USD	17,854

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CFDA Number	Federal Agency	Program	Contract Number	State Agency	Expenditures/ Disbursements/ Issuances
Research and Development Cluster (continued)					
15.945	Badlands National Park - flow through	Cooperative Research and Training Programs – Resources of the National Park System - Determine the Erosion Rates at Selected Fossil Sites to Develop a Paleontological Monitoring Program	H130005A026-J1300100029	SDSMT	44,920
15.CAH6000060100	National Park Service	Study Effects of Deltamethrin on Salamanders	CAH6000060100	BHSU	2,898
15.G11PX02222	United States Geological Survey	NAICS No. 541712 "Thiamine Analysist"	PO G11PX02222	BHSU	2,250
15.G12PC00069	Interior	Geological Survey Research and Data Acquisition	G12PC00069	SDSU	77,857
16.560	National Institute Of Justice	Justice Research Development and Evaluation Project	E2019641, 2009-DN-BX-K234	SDSU	74,808
17.600	Mine Safety and Health Administration	Mine Health and Safety Grants - Kliche C MSHA USDOL FY12	MS-23425-12-55-R-46	SDSMT	72,725
20.205	North Dakota State University - flow through	Highway Planning and Construction	FAR-0020824; 17-351-0306(P)	SDSU	19,117
20.205	North Dakota State University - flow through	Highway Planning and Construction	DTRT07-G-0008	SDSU	49,781
20.215	Univ of Wisconsin - Madison - flow through	Highway Training and Education	336K711, HR 17-49	SDSU	5,776
20.223	University Of Wisconsin/Madison - flow through	Transportation Infrastructure Finance and Innovation Act (TIFIA) Program	366K026: 1000-99-49 (P)	SDSU	34,750
20.600	Illinois State Toll Highway - flow through	State and Community Highway Safety - Evaluation of the endangered Hine's emerald dragonfly in the Des Plaines River Valley	I-05-7724	USD	234,395
20.701	University Of Wisconsin/Madison - flow through	University Transportation Centers Program	302K330, DTRT06-G-0020	SDSU	48,981
20.701	North Dakota State University - flow through	University Transportation Centers Program	DTRT12-G-UTC08 (PR)	SDSU	139,233
20.761	Research and Innovation Technology Administration	Biobased Transportation Research	DTOS59-07-G-00054	SDSU	602,804
20.DTFH61-06-C-00038	Federal Highway Administration	Quality Base Material Produced Using Full Depth Reclamation on Existing Asphalt Pavement Structure	DTFH61-06-C-00038	SDSMT	20,139
20.UNKNOWN	RESPEC, Inc. - flow through	Department of Transportation	2141	SDSMT	7,735
43.001	National Aeronautics and Space Administration	Science	NNX12AI13A	SDSMT	51,778

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CFDA Number	Federal Agency	Program	Contract Number	State Agency	Expenditures/ Disbursements/ Issuances
Research and Development Cluster (continued)					
43.001	National Aeronautics and Space Administration	Science	NNX12AG62A	SDSU	54,827
43.001	State of Oklahoma - flow through	Science	2011-37, NNX11AB77G (P)	SDSU	103,296
43.001	National Aeronautics and Space Administration	Science	NNX12AQ88G	SDSU	73,843
43.001	National Aeronautics and Space Administration	Science	NNX11AF67G	SDSU	67,066
43.001	National Aeronautics and Space Administration	Science	NNX11AH99G	SDSU	135,597
43.001	National Aeronautics and Space Administration	Science	NNX09AK23G	SDSU	142,643
43.001	National Aeronautics and Space Administration	Science	NNX12AM89G	SDSU	289,817
43.001	National Aeronautics and Space Administration	Science	NNX11AP79H	SDSU	29,798
43.001	National Aeronautics and Space Administration	Science	NNX08AL93A	SDSU	544,106
43.001	National Aeronautics and Space Administration	Science	NNX09AH23A	SDSU	109,442
43.001	National Aeronautics and Space Administration	Science	NNX10AN72H	SDSU	26,656
43.001	National Aeronautics and Space Administration	Science	NNX11AB89G	SDSU	583,499
43.001	University Of North Dakota - flow through	Science	1176-16116, NNX10AH20G	SDSU	46,581
43.001	University of Maryland - flow through	Science	Z66801, NNX11AF19G	SDSU	25,985
43.001	Stennis Space Center - flow through	Science	NNX08AU94H	SDSU	4,840
43.001	University of Maryland - flow through	Science	Z662301, NNX11AF39G	SDSU	16,388
43.002	National Aeronautics and Space Administration	Technology Transfer	NNX12AR25A	SDSMT	31,049

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Research and Development Cluster (continued)					
43.002	National Aeronautics and Space Administration	Technology Transfer	NNG05GB83G	SDSU	491,647
43.003	National Aeronautics and Space Administration	Exploration - Foygel NASA Heat	NNX12AC56A	SDSMT	60,740
43.008	University of Idaho - flow through	Education	FPK004-SB-002	SDSMT	13,519
43.008	National Aeronautics and Space Administration	Education	NNX11AM03A	SDSMT	244,009
43.008	National Aeronautics and Space Administration	Education	NNX13AD31A	SDSMT	4,972
43.008	National Aeronautics and Space Administration	Education	NNX13AB25A	SDSMT	17,472
43.008	National Aeronautics and Space Administration	Education	NNX12AM63H	SDSMT	39,669
43.008	National Aeronautics and Space Administration	Education	NNX12AB176	SDSMT	169,738
43.AAA	National Aeronautics and Space Administration	Research Grants for the Space Program - Improved Thermal Management Systems using Advanced Materials and Fluids	NNX09AU83A	SDSMT	273,075
43.AAA	National Aeronautics and Space Administration	Research Grants for the Space Program - Development of an Advanced Photovoltaic Materials Research Cluster in South Dakota	NNX09AP67A	SDSMT	71,096
43.AAA	National Aeronautics and Space Administration	Technology Transfer - Duke NASA EPSCOR Core RID	NNX07AL04A	SDSMT	118,789
43.NNK09OL06P	National Aeronautics and Space Administration	National Aeronautics and Space Administration	NNK09OL06P	SDSMT	1,932
43.NNX10AJ58A	National Aeronautics and Space Administration	Petukhov NASA Doped Silicon	NNX10AJ58A	SDSMT	21,063
43.NNX10AL27H	National Aeronautics and Space Administration	South Dakota Space Grant Consortium	NNX10AL27H	SDSMT	494,131
43.NNX10AN34A	National Aeronautics and Space Administration	Enhanced Raman Detection of Minerals, Microbes, and Biomarkers through the Development of Advance Plasmonic Nanomaterials	NNX10AN34A	SDSMT	172,547
47.041	National Science Foundation	Engineering Grants	CMMI-1063263	SDSU	68,833

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Research and Development Cluster (continued)					
47.041	National Science Foundation	Engineering Grants - Collaborative Research: Coupled Thermal-Hydrological-Mechanical-Chemical-Biological Experimental Facility at DUSEL Homestake	CMMI-0927427	SDSMT	6,399
47.041	National Science Foundation	Engineering Grants	CMMI-0727921	SDSMT	55,309
47.041	National Science Foundation	Engineering Grants	CBET-1133951	SDSU	63,790
47.041	National Science Foundation	Engineering Grants	ECCS-0950731	SDSU	86,175
47.041	National Science Foundation	Engineering Grants	ECCS-1102356	SDSU	171,514
47.041	National Science Foundation	Engineering Grants	IIP-0832549	SDSMT	241,204
47.041	Agiltron - flow through	Engineering Grants	968257	SDSMT	32,557
47.041	National Science Foundation	Engineering Grants	CBET-0827844	SDSMT	39,679
47.041	University of Alaska Anchorage - flow through	Engineering Grants	P0387507	SDSMT	336
47.041	National Science Foundation	Engineering Grants	IIP-1248454	SDSU	34,995
47.041	National Science Foundation	Engineering Grants - Multi-Scale Artificial Dielectric Materials and Their Applications	ECCS-0824034	SDSMT	114,410
47.041	National Science Foundation	Engineering Grants - Cross NSF MRI Acquisition EQ Micro	1126848	SDSMT	3,884
47.041	National Science Foundation	Engineering Grants - Hong NSF Nano Workshop	1157528	SDSMT	949
47.041	National Science Foundation	Engineering Grants - REU Site: Security Printing and Anti-Counterfeiting Technology		USD	10,319
47.041	National Science Foundation	Engineering Grants - Shende NSF PRE Hydrogen Generation	1134570	SDSMT	142,119
47.041	National Science Foundation	Engineering Grants - Surovek NSF Workshop	1205229	SDSMT	525
47.041	National Science Foundation	Engineering Grants - Yang NSF Quantum Dots for Solar Cel	1143543	SDSMT	13,992
47.041	Applied Nanofilms LLC - flow through	Engineering Grants	1248970	SDSU	24,404
47.041	National Science Foundation	Engineering Grants	CBET-0756214	SDSMT	1,148
47.041	National Science Foundation	Engineering Grants	EEC-0644796	SDSMT	57,068
47.041	National Science Foundation	Engineering Grants	EEC-1263388	SDSU	4,984
47.041	National Science Foundation	Engineering Grants	EEC-1263343	SDSMT	48,217

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Research and Development Cluster (continued)					
47.049	National Science Foundation	Mathematical and Physical Sciences - DUSEL R&D for Measuring External Sources of Background (R&D) at Homestake for Double Beta Decay and Dark Matter Experiments	PHY-0758120	USD	47,011
47.049	National Science Foundation	Mathematical and Physical Sciences	DMR-1229577	SDSU	133,421
47.049	National Science Foundation	Mathematical and Physical Sciences - The Northern Plains Research Education Undergraduate Site		USD	122,074
47.049	University of Notre Dame - flow through	Mathematical and Physical Sciences - Physics Educ & Interdiscip Res "QuarkNet"	MOU 9-8-09	BHSU	1,290
47.049	Trustees of Princeton University - flow through	Mathematical and Physical Sciences - Office of Multidisciplinary AC Cooperative Agreement "MAX" Multi-ton Argon and Xenon	00001737	BHSU	15,494
47.049	National Science Foundation	Mathematical and Physical Sciences - Nuclear Astrophysics "SNO+ and DArTPC"	PHY-0903335	BHSU	82,337
47.049	National Science Foundation	Mathematical and Physical Sciences - MRI-Acquisition: 400 MHz NMR Spectrometer including PFG/HRMAS for Materials Chemistry Research: The Missing Instrument		USD	239,776
47.049	National Science Foundation	Mathematical and Physical Sciences - Major Research Instrumentation Program MRI - Developing a Custom Trace Gas Analyzer for Noble Gases"	PHY-0923557	BHSU	13,737
47.049	University of Minnesota - flow through	Mathematical and Physical Sciences - Integrative Simulation Tools for Underground Science		USD	62,903
47.049	University of California Berkeley - flow through	Mathematical and Physical Sciences - DUSEL	00007332	SDSMT	3,346
47.049	University of Minnesota - flow through	Mathematical and Physical Sciences - Deep Underground Science & Engineering Laboratory		USD	15,624
47.049	National Science Foundation	Mathematical and Physical Sciences - "Underground Astrophysics Research"	PHY-1207879	BHSU	39,977
47.049	National Science Foundation	Mathematical and Physical Sciences	DMR-1157074	SDSMT	96,013
47.049	Case Western - flow through	Mathematical and Physical Sciences	RES507395	SDSMT	6,753
47.049	National Science Foundation	Mathematical and Physical Sciences	CHE-1012648	SDSU	196,010
47.049	National Science Foundation	Mathematical and Physical Sciences	DMS-1156906	SDSU	77,415
47.049	University of California Berkeley - flow through	Mathematical and Physical Sciences - DUSEL Preliminary Design	00007085	SDSMT	4,848

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Research and Development Cluster (continued)					
47.049	Case Western Reserve University - flow through	Mathematical and Physical Sciences - LZ20 Development		USD	20,705
47.049	National Science Foundation	Mathematical and Physical Sciences		DSU	12,000
47.049	National Science Foundation	Mathematical and Physical Sciences	DMR-1206908	SDSMT	1,165
47.049	National Science Foundation	Mathematical and Physical Sciences - Education & Outreach Planning DUSEL	PHY-0970160	BHSU	407,260
47.049	National Science Foundation	Mathematical and Physical Sciences	DMR-1153514	SDSU	19,955
47.050	National Science Foundation	Geosciences - Helsdon NSF Lightning Analysis	1048103	SDSMT	153,244
47.050	University of California Berkeley - flow through	Geosciences	SA5864-11805	SDSMT	7,596
47.050	National Science Foundation	Geosciences	EAR-1264288	SDSMT	31,266
47.050	National Science Foundation	Geosciences	EAR-1264290	SDSMT	29,051
47.050	National Science Foundation	Geosciences	OCE-1128754	SDSU	47,326
47.070	National Science Foundation	Computer and Information Science and Engineering - NSF RET Site in Cyber Security - D.Xu		DSU	118,905
47.070	National Science Foundation	Computer and Information Science and Engineering - REU Site: Information Assurance and Security	CNS-1004843	DSU	61,532
47.070	National Science Foundation	Computer and Information Science and Engineering - MRI: Acquisition of Equipment to Establish Information Assurance Infrastructure		DSU	181,824
47.070	National Science Foundation	Computer and Information Science and Engineering - MRI: Acquisition of an Online Banking System for Information Assurance Research		DSU	50,219
47.070	National Science Foundation	Computer and Information Science and Engineering	CNS-1249364	SDSMT	65,802
47.070	National Science Foundation	Computer and Information Science and Engineering	CCF-1018322	SDSMT	24,095
47.074	National Science Foundation	Biological Sciences - Endocannabinoid Modulation of Nociceptive Synapses		USD	178,305
47.074	National Science Foundation	Biological Sciences	DBI-0953561	SDSU	108,941
47.074	National Science Foundation	Biological Sciences	DEB-1139096	SDSU	123,198
47.074	National Science Foundation	Biological Sciences	DEB-1212735	SDSU	170,798
47.074	National Science Foundation	Biological Sciences	DEB-1010465	SDSU	304,321

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CFDA Number	Federal Agency	Program	Contract Number	State Agency	Expenditures/ Disbursements/ Issuances
Research and Development Cluster (continued)					
47.074	Carnegie Institution - flow through	Biological Sciences	6-2091-03, DBI-0701731	SDSU	32,438
47.074	University of Minnesota - flow through	Biological Sciences	X4136278101, H413627801	SDSU	84
47.074	National Science Foundation	Biological Sciences - Division of Environmental Biology - Evolutionary Genetics - Collaborative Research: Multilocus Comparative Phylogeography of Pine-Oak Woodland Birds in North America	DEB-0814841	BHSU	29,058
47.074	National Science Foundation	Biological Sciences	IOS-1051397	SDSU	88,174
47.074	National Science Foundation	Biological Sciences - Collaborative Research - Kenneth Renner		USD	54,372
47.074	National Science Foundation	Biological Sciences	IOS-1021382	SDSU	122,017
47.074	National Science Foundation	Biological Sciences - Integrating the BioExtract Server with iPlant Collaborative		USD	223,920
47.074	National Science Foundation	Biological Sciences - Linking evolution to genomics using phenotype ontologies		USD	3,218
47.074	National Science Foundation	Biological Sciences - Mechanisms of Seasonal Phenotypic Flexibility in Passerine Birds		USD	155,842
47.074	National Science Foundation	Biological Sciences - Ontology-enabled reasoning across phenotypes from evolution and model organisms		USD	583,008
47.074	National Science Foundation	Biological Sciences - Participant Support Costs	DBI-0604755	SDSU	89,644
47.074	National Science Foundation	Biological Sciences - Phenotype Ontology Research Coordination Network		USD	119,576
47.074	National Science Foundation	Biological Sciences - The role of isolation in species diversification from the California Channel Islands		USD	51,809
47.074	National Science Foundation	Biological Sciences - Sundareshwar NSF Ecosystem Studies	DEB-0816593	SDSMT	11,527
47.074	National Science Foundation	Biological Sciences	DBI-1263335	SDSU	40,667
47.074	National Science Foundation	Biological Sciences	MCB-0914691	SDSU	1,463
47.074	National Science Foundation	Biological Sciences	EF-1065845	SDSU	124,298
47.074	National Science Foundation	Biological Sciences	EF-1114881	SDSU	47,563

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

STATE OF SOUTH DAKOTA

Schedule of Expenditures of Federal Awards by Federal Department

For the Fiscal Year Ended June 30, 2013

CFDA Number	Federal Agency	Program	Contract Number	State Agency	Expenditures/ Disbursements/ Issuances
Research and Development Cluster (continued)					
47.075	National Science Foundation	Social, Behavioral, & Economic Sciences - The Creation and Classroom Application of a Web Portal for Social Science Methods Education	SES-0968723	USD	44,329
47.075	National Science Foundation	Social, Behavioral, & Economic Sciences - Metabolic Mechanisms of Intertemporal Choice, Delay Discounting, and Impulsiveness		USD	69,625
47.076	National Science Foundation	Education and Human Resources - Culture and Attitude--Innovative Partnerships for Success	DUE-0850309	SDSMT	173,282
47.076	National Science Foundation	Education and Human Resources	HRD-1037708	SDSU	140,990
47.076	Idaho State University - flow through	Education and Human Resources - Logar ISU NSF AGEP	11-154A-RGSC07	SDSMT	29,467
47.076	National Science Foundation	Education and Human Resources - Information Assurance Faculty Development		DSU	331,938
47.076	National Science Foundation	Education and Human Resources - Division of Research on Learning "DRK-12 STEM"	DRL-1158615	BHSU	505,788
47.076	Lewis-Clark State College - flow through	Education and Human Resources	LCSC2011-10; DUE-1104078(P)	SDSU	4,032
47.076	National Science Foundation	Education and Human Resources	DGE-0903685	USD	529,726
47.076	National Science Foundation	Education and Human Resources - ADVANCE IT Start Award: South Dakota WISE Faculty: A Future of Excellence	HRD-0811258	SDSMT	92
47.076	National Science Foundation	Education and Human Resources - Division of Undergraduate Research "DUE TUES Instructional Milieu"	DUE-1141334	BHSU	74,716
47.076	National Science Foundation	Education and Human Resources	HRD-1037797	SDSMT	168,496
47.076	National Science Foundation	Education and Human Resources - EAGER	DUE-1256472	SDSMT	13,255
47.078	National Science Foundation	Polar Programs	ARC-1203533	SDSU	60,542
47.078	National Science Foundation	Polar Programs	ANT-1043508	SDSU	48,326
47.079	National Science Foundation	International Science and Engineering (OISE)	OISE-1004010	SDSU	24,596
47.081	National Science Foundation	Office of Experimental Program to Stimulate Competitive Research	EPS-0903804	SDSU	4,008,716
47.082	National Science Foundation	ARRA - Trans-NSF Recovery Act Research Support - Human Resources "Development of a Multi-Herbarium Web-Accessible Database"	DBI-0847960	BHSU	37,615

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

STATE OF SOUTH DAKOTA

Schedule of Expenditures of Federal Awards by Federal Department

For the Fiscal Year Ended June 30, 2013

CFDA Number	Federal Agency	Program	Contract Number	State Agency	Expenditures/ Disbursements/ Issuances
Research and Development Cluster (continued)					
47.082	National Science Foundation	ARRA - Trans-NSF Recovery Act Research Support - Collaborative Renewal Proposal: NSF Center for Friction Stir Welding IUCRC	IIP-0934383	SDSMT	208,575
47.082	National Science Foundation	ARRA - Trans-NSF Recovery Act Research Support	EPS-1006743	SDSU	298,938
47.082	National Science Foundation	ARRA - Trans-NSF Recovery Act Research Support	ANT-0839066	SDSU	33,445
47.082	National Science Foundation	ARRA - Trans-NSF Recovery Act Research Support	CHE-0922816	SDSU	575
47.082	National Science Foundation	ARRA - Trans-NSF Recovery Act Research Support	DMR-0923115	SDSU	44,699
47.082	National Science Foundation	ARRA - Trans-NSF Recovery Act Research Support - Acquisition of Genetic Instrumentation	DBI-0923419	USD	21,963
47.UNKNOWN	Stevens Inst Tech - flow through	Mathematical and Physical Sciences		SDSMT	2,276
66.001	Eastern Research Group Inc - flow through	Air Pollution Control Program Support	0305.01.008/1; EP-W-12-006 (P)	SDSU	13,230
66.951	Environmental Protection Agency	Environmental Education Grants - Benning USEPA Enviro Ed	NE-97898901-0	SDSMT	31,135
66.UNKNOWN	US Forest Service - flow through	Extent of off-site uranium contamination from Custer National Forest abandoned uranium mine sites	06-JV-11015600-019	SDSMT	39,975
81.049	Energy	Office of Science Financial Assistance Program	DE-FG02-08ER46503	SDSMT	41,997
81.049	State University of New York - flow through	Office of Science Financial Assistance Program - Tailoring Spin and Magnetism in Quantum Dots	R694039	SDSMT	56,996
81.049	Office of Science	Office of Science Financial Assistance Program - Crystal Growth and Detector Development at Homestake for DUSEL Experiments		USD	907,439
81.049	Office of Science	Office of Science Financial Assistance Program - Addressing Basic Research needs for Solar Energy Utilization		USD	614,498
81.049	Office of Science	Office of Science Financial Assistance Program - Cosmogenic Background and Shielding R&D for a Ge Neutrinoless Double - Beta Decay Experiment		USD	62,115
81.087	Energy	Renewable Energy Research and Development	DE-FG36-08GO88073	SDSU	2,164,168
81.087	Rutgers - flow through	Renewable Energy Research and Development - Biomass research and development initiative	3578, 68-3A75-7-600	SDSU	85
81.087	Energy	Renewable Energy Research and Development	DE-FC36-05GO85041	SDSU	2,815,018
81.4000110644	Oak Ridge National Laboratory-UT Battelle - flow through	Oak Ridge National Laboratory-UT-Battelle "Cleaning of Components of Majorana Demonstrator"	4000110644 Cost Type Subcontract	BHSU	85,325

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

STATE OF SOUTH DAKOTA

Schedule of Expenditures of Federal Awards by Federal Department

For the Fiscal Year Ended June 30, 2013

CFDA Number	Federal Agency	Program	Contract Number	State Agency	Expenditures/ Disbursements/ Issuances
Research and Development Cluster (continued)					
81.606630	Department of Energy	Long Baseline Neutrino Experiment far detector	606630	SDSMT	43,803
81.UNKNOWN	American Indian & Science Engineering Society - flow through	American Indian Research and Education Initiative		SDSMT	25,506
81.UNKNOWN	UT-Battelle, LLC, Oak Ridge, TN - flow through	Basic Energy Sciences University and Science Education - Majorana Demonstrator Project		USD	92,769
81.UNKNOWN	Sandia National Laboratory - flow through	Shale Disposal in the U.S.	PO 1252847	SDSMT	112,058
81.UNKNOWN	Idaho National Laboratory - flow through	System Identification (SysID) Research	00096988	SDSMT	57,046
84.200	Office of Postsecondary Education	Graduate Assistance in Areas of National Need	P200A100103	SDSU	149,154
84.396	Ohio State University - flow through	ARRA - State Fiscal Stabilization Fund - Investing in Innovation Fund - Reading Recovery: Scaling Up What Works		USD	293,699
93.103	Food and Drug Administration	Food and Drug Administration_Research	1U18FD004300-01	SDSU	67,355
93.103	Food and Drug Administration	Food and Drug Administration_Research	1U18FD004618-01	SDSU	7,230
93.111401060-7488191	St Jude Children's Research Hospital Inc - flow through	Dept of Health and Human Services	111401060-7488191	SDSU	21,748
93.121	National Institutes of Health	Oral Diseases and Disorders Research - Rechargeable Antimicrobial Dental Unit Waterline Tubing		USD	9,896
93.121	University of Massachussetts-Lowell - flow through	Oral Diseases and Disorders Research - Rechargable Dental Waterline Tubing		USD	21,623
93.121	National Institutes of Health	Oral Diseases and Disorders Research - Rechargeable Long-term Anticandidal Denture Materials		USD	126,887
93.134	Hennepin Healthcare System Inc - flow through	Grants to Increase Organ Donations	10001, R39OT24207-01(P)	SDSU	48,016
93.213	National Center for Complementary and Alternative Medicine	Research and Training in Complementary and Alternative Medicine	4R00AT004245-03	SDSU	225,768
93.228	Indian Health Service	Indian Health Service - Health Management Development Program	HHSI241	USD	90,325

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

STATE OF SOUTH DAKOTA

Schedule of Expenditures of Federal Awards by Federal Department

For the Fiscal Year Ended June 30, 2013

CFDA Number	Federal Agency	Program	Contract Number	State Agency	Expenditures/ Disbursements/ Issuances
Research and Development Cluster (continued)					
93.262	University of Minnesota - flow through	Occupational Safety and Health Program	P002332103	SDSMT	17,164
93.262	University Of Minnesota - flow through	Occupational Safety and Health Program	P002283007, U54OH010170	SDSU	3,202
93.273	National Institutes of Health	Alcohol Research Programs - Traumatic Stress and Alcohol Problems: Between and Within- Person Associations		USD	112,870
93.279	National Institutes of Health	Drug Abuse and Addiction Research Programs - Research of Neural sensitivity to stress during drug withdrawal		USD	338,247
93.307	National Institutes of Health	Minority Health and Health Disparities Research - EXPORT Project		USD	1,652,172
93.389	National Institutes of Health	National Center for Research Resources - Biomedical Technology -BRIN (Biomedical Research Infrastructure Network) for SD		USD	3,400,740
93.389	Sanford Research - flow through	National Center for Research Resources - Cancer Biology Research Center		USD	109,991
93.389	Sanford Research - flow through	National Center for Research Resources - Mechanisms for Cardio Remodeling		USD	899
93.390	National Institutes of Health	Academic Research Enhancement Award	1R15HL102777-01	SDSU	52,811
93.393	University of Washington - flow through	Cancer Cause and Prevention Research		USD	3,169
93.393	National Institutes of Health	Cancer Cause and Prevention Research	1R15CA134049-01A1	SDSU	13,744
93.395	National Institutes of Health	Cancer Treatment Research - Antiprogestin Therapy for Ovarian Cancer		USD	135,939
93.395	Sanford Research - flow through	Cancer Treatment Research - Aspects of MUC13 Mucin in Cancer		USD	37,314
93.397	Rapid City Regional Hospital & Health System - flow through	Cancer Centers Support	5U54CA142157-04 SDSU	SDSU	5,574
93.701	National Institutes of Health	ARRA - Trans-NIH Recovery Act Research Support	1R15GM093678-01	SDSU	146,574
93.701	National Institutes of Health	ARRA - Trans-NIH Recovery Act Research Support	3R21AI078177-02S1	SDSU	9,187
93.701	National Institutes of Health	ARRA - National Institute on Alcohol Abuse and Alcoholism - Self-control and alcohol problems: Psychological mechanisms		USD	5,617

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

STATE OF SOUTH DAKOTA

Schedule of Expenditures of Federal Awards by Federal Department

For the Fiscal Year Ended June 30, 2013

CFDA Number	Federal Agency	Program	Contract Number	State Agency	Expenditures/ Disbursements/ Issuances
Research and Development Cluster (continued)					
93.701	University of Missouri - flow through	ARRA - National Institute of Environmental Health Sciences - Bisphenol A: Urine flow disorder and prostate pathology		USD	62
93.837	Loyola University Chicago - flow through	Cardiovascular Diseases Research	1R01HL097106-01A2	SDSU	421,951
93.837	Feinstein Institute for Medical Research - flow through	Cardiovascular Diseases Research		USD	100,419
93.837	National Institutes of Health	Cardiovascular Diseases Research - Molecular pathogenesis of protein surplus cardiomyopathy		USD	275,344
93.837	National Institutes of Health	Cardiovascular Diseases Research - The COP9 Signalosome in the Heart		USD	383,287
93.853	University of Minnesota - flow through	Extramural Research Programs in the Neurosciences and Neurological Disorders	0000606519	SDSU	9,564
93.853	National Institutes of Health	Extramural Research Programs in the Neurosciences and Neurological Disorders - Role of TRPV Receptors and Endocannabinoids in Modulating Nociceptive Signaling		USD	47,413
93.853	National Institutes of Health	Extramural Research Programs in the Neurosciences and Neurological Disorders - Neuronal Pathways Underlying In Vitro Motor Learning		USD	344,569
93.853	National Institutes of Health	Extramural Research Programs in the Neurosciences and Neurological Disorders - Modeling Pathogenesis of Huntington's disease using patient-derived induced pluripotent stem cells free of viral and transgenic insertions		USD	134,208
93.853	National Institutes of Health	Extramural Research Programs in the Neurosciences and Neurological Disorders - Mechanisms of motor recovery after subtotal brain injury		USD	425,900
93.855	National Institutes of Health	Allergy, Immunology and Transplantation Research	1K02AI076125-01A1	SDSU	118,236
93.855	National Institutes of Health	Allergy, Immunology and Transplantation Research - Examination of eukaryotic SNARE syntaxin 6 localization to the chlamydial inclusion		USD	82,243
93.855	National Institutes of Health	Allergy, Immunology and Transplantation Research - Role of influenza-induced prothrombosis in Streptococcus pyogenes superinfections		USD	56,267
93.855	National Institutes of Health	Allergy Immunology and Transplantation Research	IR15AI089690-01A1	SDSU	114,938
93.855	National Institutes of Health	Allergy, Immunology and Transplantation Research	1R01AI079411-01	SDSU	188,745

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

STATE OF SOUTH DAKOTA

Schedule of Expenditures of Federal Awards by Federal Department

For the Fiscal Year Ended June 30, 2013

CFDA Number	Federal Agency	Program	Contract Number	State Agency	Expenditures/ Disbursements/ Issuances
Research and Development Cluster (continued)					
93.855	National Institutes of Health	Allergy, Immunology and Transplantation Research	1R15AI090582-01	SDSU	109,723
93.859	National Institutes of Health	Biomedical Research and Research Training	1R01GM083226-01A1	SDSU	201,594
93.859	University of Minnesota - flow through	Pharmacology Physiology and Biological Chemistry - Genetic Functions of an R Factor		USD	66,329
93.859	Sanford Research - flow through	Pharmacology Physiology and Biological Chemistry - UBXN2A stabilizes p53 tumor suppressor gene by inhibition of CHIP E3 ligase		USD	10,000
93.859	Sanford Research - flow through	Pharmacology Physiology and Biological Chemistry - Tumorigenic capacity of anchorage-independent multicellular aggregates in Ovarian Cancer		USD	10,000
93.HHSN275201100004C	National Institutes of Health	Child Health and Human Development Extramural Research	HHSN275201100004C	SDSU	416,473
93.UNKNOWN	St. Jude Children's Research Hospital - flow through	Child Health and Human Development Extramural Research - Surveillance of influenza viruses within the swine abattoir population	HHSN266200700005C	USD	69,352
93.UNKNOWN	University of Utah - flow through	Testing a Steady-state Genetic Alogorithm Approach to Warning Symbol Design	100211-SD June 2012	SDSMT	4,641
97.061	Kansas State University - flow through	Centers for Homeland Security (B)	S13036	SDSU	35,353
97.061	Kansas State University - flow through	Centers for Homeland Security (B)	S13037	SDSU	883
98.001	Colorado State University - flow through	USAID Foreign Assistance for Programs Overseas	G-9650-22: EEM-A-00-10-00001(P	SDSU	122,477
98.001	Agency for International Development	USAID Foreign Assistance for Programs Overseas (B)	G-9650-2, EEM-A-00-10-00001	SDSU	317
98.001	Agency for International Development	USAID Foreign Assistance for Programs Overseas (B)	570690, G-1090-1	SDSU	58,813
98.012	Agency for International Development	USAID Development Partnerships for University Cooperation and Development		SDSMT	97,089
99.95866	MITRE Corporation - flow through	MITRE Corporation - flow through	95866	SDSU	10,740
Total Research and Development Cluster					**59,327,149**

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

STATE OF SOUTH DAKOTA

Schedule of Expenditures of Federal Awards by Federal Department

For the Fiscal Year Ended June 30, 2013

CFDA Number	Federal Agency	Program	Contract Number	State Agency	Expenditures/ Disbursements/ Issuances
School improvement Grants Cluster					
84.377	Office of Elementary and Secondary Education	School Improvement Grants		Education	1,752,497
84.388	Office of Elementary and Secondary Education	ARRA - School Improvement Grant		Education	2,913,039
Total School improvement Grants Cluster					**4,665,536**
Section 8 Project-Based Cluster					
14.182	Housing	Section 8 New Construction and Substantial Rehabilitation		Housing Development Authority	24,606,828
Total Section 8 Project-Based Cluster					**24,606,828**
Small Business Administration					
59.037	Small Business Administration	Small Business Development Center		USD	608,391
59.043	Small Business Administration	Women's Business Ownership Assistance - Women's Business Center Program (I-2009)	9202400Z0117-01	BHSU	155,508
59.058	Small Business Administration	Federal and State Technology (FAST) Partnership Program	SBAHQ-11-G-0003	Governor's Office of Economic Development	38,131
59.058	Small Business Administration	Federal and State Technology (FAST) Partnership Program	SBAHQ-10-G-0007	Governor's Office of Economic Development	25,948
59.058	Small Business Administration	Federal and State Technology (FAST) Partnership Program	SBAHQ-12-G-0024	Governor's Office of Economic Development	27,333
59.061	Agricultural Development	State Trade & Export Promotion Program (STEP Program)	SBAHQ-11-IT-0006	Agriculture	158,038
Total Small Business Administration					**1,013,349**
SNAP Cluster					
10.551	Food and Nutrition Service	Supplemental Nutrition Assistance Program (Note 3F)		Social Services	163,510,568
10.561	Food and Nutrition Service	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program		Social Services	8,614,913
Total SNAP Cluster					**172,125,481**

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

STATE OF SOUTH DAKOTA

Schedule of Expenditures of Federal Awards by Federal Department

For the Fiscal Year Ended June 30, 2013

CFDA Number	Federal Agency	Program	Contract Number	State Agency	Expenditures/ Disbursements/ Issuances
Social Security Administration					
96.008	Social Security Administration	Social Security - Work Incentives Planning and Assistance Program		Human Services	45,997
Total Social Security Administration					**45,997**
Special Education Cluster (IDEA)					
84.027	Office of Special Education and Rehabilitative Services	Special Education - Grants to States		Education	31,582,231
84.173	Office of Special Education and Rehabilitative Services	Special Education - Preschool Grants		Education	1,463,848
Total Special Education Cluster (IDEA)					**33,046,079**
State					
19.014	Bureau of Educational & Cultural Affairs	One-Time International Exchange Grant Program		USD	24,018
Total State					**24,018**
Statewide Data Systems Cluster					
84.372	Institute of Education Sciences	Statewide Data System		Education	444,408
Total Statewide Data Systems Cluster					**444,408**
Student Financial Assistance Cluster					
84.007	Office Of Student Financial Assistance Programs	Federal Supplemental Educational Opportunity Grants (SEOG)		BHSU/DSU/NSU/SDSMT/ SDSU/USD	1,400,597
84.033	Office Of Student Financial Assistance Programs	Federal Work-Study Program		BHSU/DSU/NSU/SDSMT/ SDSU/USD	2,337,297
84.038	Office Of Student Financial Assistance Programs	Federal Perkins Loans - Federal Capital Contributions (Notes 3E & 3G)		BHSU/DSU/NSU/SDSMT/ SDSU/USD	26,548,466
84.038	Office Of Student Financial Assistance Programs	Federal Perkins Loans - Federal Capital Contributions (Notes 3E & 3G)		BHSU/DSU/NSU/SDSMT/ SDSU/USD	170,576
84.063	Office Of Student Financial Assistance Programs	Federal Pell Grant Program		BHSU/DSU/NSU/SDSMT/ SDSU/USD	33,997,949
84.268	Office of Student Financial Assistance Programs	Federal Direct Student Loans (Note 3H)		BHSU/DSU/NSU/SDSMT/ SDSU/USD	171,345,901

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

STATE OF SOUTH DAKOTA

Schedule of Expenditures of Federal Awards by Federal Department

For the Fiscal Year Ended June 30, 2013

CFDA Number	Federal Agency	Program	Contract Number	State Agency	Expenditures/ Disbursements/ Issuances
Student Financial Assistance Cluster (continued)					
84.379	Department of Education	Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)		BHSU/DSU/NSU/SDSU/USD	490,767
93.264	Health Resources and Services Administration	Nurse Faculty Loan Program (NFLP)		SDSU	505,496
93.342	Health Resources and Services Administration	Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students (Note 3G)		SDSU/USD	7,479,543
93.364	Health Resources and Services Administration	Nursing Student Loans (Note 3G)		SDSU/USD	2,185,054
Total Student Financial Assistance Cluster					**246,461,646**
TANF Cluster					
93.558	Administration for Children and Families	Temporary Assistance for Needy Families		Social Services	20,077,913
Total TANF Cluster					**20,077,913**
Teacher Incentive Fund Cluster					
84.374	Office of Elementary and Secondary Education	Teacher Incentive Fund		Education	2,797,969
Total Teacher Incentive Fund Cluster					**2,797,969**
Teacher Quality Partnership Grants Cluster					
84.336	Mid Central Education Cooperative - flow through	Teacher Quality Partnership Grants		USD	473,357
84.336	Black Hills Special Services Cooperative - flow through	Teacher Quality Partnership Grants	BHSSC-BHSU (TQE)	BHSU	3,095
Total Teacher Quality Partnership Grants Cluster					**476,452**
Title I, Part A Cluster					
84.010	Office of Elementary and Secondary Education	Title I Grants to Local Educational Agencies		Education	48,291,255
Total Title I, Part A Cluster					**48,291,255**

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

STATE OF SOUTH DAKOTA

Schedule of Expenditures of Federal Awards by Federal Department

For the Fiscal Year Ended June 30, 2013

CFDA Number	Federal Agency	Program	Contract Number	State Agency	Expenditures/ Disbursements/ Issuances
Transit Services Programs Cluster					
20.513	Federal Transit Administration	Enhanced Mobility of Seniors and Individuals with Disabilities		Transportation	703,701
20.516	Federal Transit Administration	Job Access and Reverse Commute - JARC		Transportation	447,767
20.521	Federal Transit Administration	New Freedom Program		Transportation	244,451
Total Transit Services Programs Cluster					**1,395,919**
Transportation					
20.106	Federal Aviation Administration	Airport Improvement Program (Note 3K)	0510692	Transportation	38,704,055
20.218	Federal Motor Carrier Safety Administration	National Motor Carrier Safety		Public Safety	570,209
20.232	Federal Motor Carrier Safety Administration	Commercial Drivers License Program Improvement Grant		Public Safety	9,741
20.237	Federal Motor Carrier Safety Administration	Commercial Vehicle Information Systems and Networks - Safety Data Improvement Program	IT064601G00000	Transportation	184,306
20.505	Federal Transit Administration	Federal Transit - Metropolitan Transportation Planning		Transportation	193
20.509	Federal Transit Administration	Formula Grants for Rural Areas		Transportation	5,272,786
20.608	National Highway Traffic Safety Administration	Minimum Penalties for Repeat Offenders for Driving While Intoxicated		Public Safety	6,364,278
20.614	National Highway Traffic Safety Administration	National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants - State Support of the Fatal Accident Reporting System (FARS)	DTNH22-92-Y-07045	Public Safety	28,024
20.703	Pipeline and Hazardous Materials Safety Administration	Interagency Hazardous Materials Public Sector Training and Planning Grants		Public Safety	101,534
Total Transportation					**51,235,126**
Treasury					
21.UNKNOWN	NeighborWorks America - flow through	National Foreclosure Mitigation Counseling		Housing Development Authority	112,447
Total Treasury					**112,447**
TRIO Cluster					
84.042	Office of Postsecondary Education	TRIO - Student Support Services		BHSU/NSU/SDSU/USD	830,303

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

STATE OF SOUTH DAKOTA

Schedule of Expenditures of Federal Awards by Federal Department

For the Fiscal Year Ended June 30, 2013

CFDA Number	Federal Agency	Program	Contract Number	State Agency	Expenditures/ Disbursements/ Issuances
TRIO Cluster (continued)					
84.044	Office of Postsecondary Education	TRIO - Talent Search		USD	444,375
84.047	Office of Postsecondary Education	TRIO - Upward Bound		USD/BHSU/NSU/SDSU	1,044,991
Total TRIO Cluster					**2,319,669**
Veterans Affairs					
64.010	Veterans Health Administration	Veteran Nursing Home Care	V263-13-D-0004	USD	415,809
64.014	Veterans Health Administration	Veterans State Domiciliary Care (Note 3D)		State Veterans Home	688,401
64.015	Veterans Health Administration	Veterans State Nursing Home Care (Note 3D)		State Veterans Home	1,588,552
64.125	Veterans Benefits Administration	Vocational and Educational Counseling For Servicemembers and Veterans	V101 (223C) P-5181	Veterans Affairs	149,706
64.UNKNOWN	Veterans Health Administration	Veterans Administration Reporting		BHSU	2,832
Total Veterans Affairs					**2,845,300**
WIA Cluster					
17.258	Employment Training Administration	Workforce Investment Act Adult Program		Labor & Regulation	2,548,735
17.259	Employment Training Administration	Workforce Investment Act Youth Activities		Labor & Regulation	1,835,889
17.278	Employment Training Administration	WIA Dislocated Worker Formula Grants		Labor & Regulation	825,810
Total WIA Cluster					**5,210,434**
GRAND TOTAL:					**2,421,320,230**

LEGEND

BHSU = Black Hills State University
DSU = Dakota State University
NSU = Northern State University
SDSMT = South Dakota School of Mines and Technology
SDSU = South Dakota State University
USD = University of South Dakota

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

STATE OF SOUTH DAKOTA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2013

NOTE 1: Purpose of the Schedule

Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments*, *and Non-Profit Organizations,* requires a Schedule of Expenditures of Federal Awards showing total expenditures for each federal financial assistance program as identified in the Catalog of Federal Domestic Assistance (CFDA). Significant federal financial assistance programs which have not been assigned a CFDA number have also been identified.

NOTE 2: Significant Accounting Policies

A. Reporting Entity - The accompanying schedule includes all federal financial assistance programs administered by the State of South Dakota for the fiscal year ended June 30, 2013.

B. Basis of Presentation - The information in the accompanying Schedule of Expenditures of Federal Awards is presented in accordance with OMB Circular A-133.

1. **Federal Awards** - Pursuant to the Single Audit Act Amendments of 1996 (Public Law 104-156) and OMB Circular A-133, federal award is defined as federal financial assistance and federal cost-reimbursement contracts that non-federal agencies receive directly or indirectly from federal agencies or pass-through entities. Federal financial assistance is defined as assistance that non-federal entities receive or administer in the form of grants, loans, loan guarantees, property, cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations and other assistance. Accordingly, non-monetary federal assistance, including vaccines and food commodities, is included in federal financial assistance and, therefore, is reported on the schedule of expenditures of federal awards. Federal financial assistance does not include direct federal cash assistance to individuals.

2. **Type A and Type B Programs** - The Single Audit Act Amendments of 1996 and OMB Circular A-133 establish the levels of expenditures or expenses to be used in defining Type A and Type B federal financial assistance programs. Type A programs for the State of South Dakota are those which equal or exceeded $7,000,000 in expenditures / disbursements / issuances for the fiscal year ended June 30, 2013. Type B programs for the State of South Dakota are those which are less than $7,000,000 in expenditures / disbursements / issuances for the fiscal year ended June 30, 2013.

C. Basis of Accounting - The information presented in the Schedule of Expenditures of Federal Awards is presented on the cash basis of accounting, which is consistent with the other federal grant reports. South Dakota's basic financial statements are reported on the accrual basis and modified accrual basis of accounting and, therefore, the schedule's data may not be directly traceable to the basic financial statements.

D. Expenditures and Expenses - When monies are received by one state grantee agency and re-distributed (expended) to another state grantee agency (i.e. a pass-through of funds by the primary recipient state grantee agency to a sub-recipient state grantee agency), the federal financial assistance is reflected in the primary receiving/expending state grantee agency's accounts. This is to avoid duplication and the overstatement of the aggregate level of federal financial assistance expended by the State of South Dakota.

NOTE 3: Other

A. Commodities administered through distributing agencies totaling $2,631,600 ($2,118,751 under CFDA # 10.555 and $512,849 under CFDA # 10.568) are included in the definition of expenditures of federal awards for the purpose of the accompanying schedule. Commodities are valued at the last purchase price.

B. All federal expenditures/disbursements/issuances included in the accompanying schedule are assistance received directly from federal government or indirectly through entities from outside the State of South Dakota.

C. As of June 30, 2013, donated federal surplus property (CFDA # 39.003) reported on the accompanying schedule totaled $1,336,956, which represents 23.3% of the original acquisition cost of the federal surplus property received by the State. This percentage approximates the fair market value of the property at the time of distribution as determined by the General Services Administration.

D. The amounts reported as federal expenditures for CFDA # 64.014 and 64.015 represent cash received. Federal reimbursements are based on approved rates for services provided, rather than reimbursement for specific expenditures.

E. Perkins/National Defense/Direct Student Loan and Loan Cancellation amounts include federal, state, and program revenues. The exact portion associated with federal dollars cannot be readily determined.

F. Electronic benefits under the Supplemental Nutrition Assistance Program (SNAP) (CFDA # 10.551) totaled $163,510,568 and were included in the definition of federal financial assistance for the purpose of the accompanying schedule.

G. Federally funded loan programs had the following current fiscal year disbursement and outstanding loan balances at year end:

CFDA Number	Grant Program	Current Year Administrative Expense	Current Year Loan Disbursement	Outstanding Loan Balance June 30, 2013
66.458	Clean Water State Revolving Fund*	$346,924	$35,544,705	$216,955,765
66.468	Drinking Water State Revolving Fund*	761,304	24,795,598	148,747,300
66.468	Drinking Water State Revolving Fund - ARRA	-	9,768	-
14.239	Home Investment Partnerships Program	546,463	4,229,695	55,680,345
14.228	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	154,521	4,438,944	20,399,125
84.038	Perkins Loans Funds	170,576	4,261,190	26,548,466
93.264	Nurse Faculty Loan Program	-	132,114	505,496
93.342	Health Professions Student Loans/ Loans For Disadvantaged Students	-	1,289,301	7,479,543
93.364	Nursing Student Loans	-	598,479	2,185,054

* 83.333% of the loans receivable balance is federal funds.

H. Loans disbursed under the Federal Direct Student Loan programs (CFDA # 84.268) and issued to parents of eligible students or eligible students attending state universities had the following values:

Direct Subsidized Loans	$ 57,275,946
Direct Unsubsidized Loans	98,102,384
Direct PLUS Program Loans	15,967,571

I. The Governor's Office of Economic Development, through the Economic Development Finance Authority (EDFA), participates in the Agricultural Processing and Export (APEX) Loan Program with funds obtained from the Rural Development Intermediary Relending Program (RDIRP) (CFDA # 10.767). The EDFA has entered into loan agreements with the RDIRP in the amount of $5,750,000. The EDFA makes loans to small businesses and draws down federal funds from the loan with the RDIRP to cover 70% of the loans made to small businesses. As of June 30, 2013 EDFA had $2,643,568 in outstanding loans.

J. During the fiscal year ended June 30, 2013 the South Dakota Department of Health received $5,259,243 in cash rebates from infant formula manufacturers on sales of formula to participants in the WIC Program (CFDA #10.557). Rebate contracts with infant formula manufacturers are authorized by 7 CFR 246.16(m) as a cost containment measure. Rebates represent a reduction of expenditures previously incurred for WIC food benefit costs. The rebate contract allowed the Department to serve 7,178 more persons during fiscal year 2013.

K. The South Dakota Department of Transportation acts as an agent for the various Airport Improvement Program grants (CFDA # 20.106) funded through the Federal Aviation Administration. The grants are between the Federal Aviation Administration and cities, counties and airport authorities, with the South Dakota Department of Transportation's duties primarily being the processing of requests for reimbursement and the payment of contractor estimates on the smaller projects. Total reimbursements processed in fiscal year 2013 were $38,704,055. These monies are reflected as expenditures of federal awards of the State of South Dakota.

L. The amount included as of June 30, 2013, on the unemployment section of the schedule of expenditures of federal awards (CFDA # 17.225) includes the amount of federal unemployment insurance; the amount of the State's expenditure for unemployment insurance benefits; and the amount of administrative expense as required by the U.S. Department of Labor and the Inspector General. The amounts are $2,437,052, $31,303,325, and $7,763,156 respectively; In addition, amounts are $4,160,355, $0 and $291,104 respectively for ARRA funds.

M. The South Dakota Department of Agriculture, through the South Dakota Value Added Finance Authority (VAFA), participates in the United States Department of Agriculture Rural Business Cooperative Service (RBCS) Intermediary Relending Program (IRP). As of June 30, 2013, VAFA had drawn down $1,571,581 of RBCS loan funds and had disbursed $1,560,280 of these RBCS funds. Total value of loans issued to date as of June 30, 2013 was $2,058,100 with total remaining loans outstanding as of June 30, 2013 equaling $285,453.

N. Department of Energy (DOE) programs were funded in part by Petroleum Violation Escrow (PVE) funds. These expenditures are not included in the Schedule of Expenditures of Federal Awards. PVE funds represent the State of South Dakota's share of settlement proceeds in various lawsuits between the Federal Government and oil producers. During FY13, the South Dakota Department of Tourism had $2,782,008 in expenditures from the trust fund in support of DOE programs and received $301,459 in loan payments.

O. The amount of expenditures reported for the Child Support Enforcement program (CFDA # 93.563) was not reduced by the $1,953,965 federal share of prior quarters' Title IV-A collections retained to fund the Child Support Enforcement program during the fiscal year.

AUDITOR'S REPORTS ON INTERNAL CONTROL AND COMPLIANCE

South Dakota

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STATE OF SOUTH DAKOTA
DEPARTMENT OF LEGISLATIVE AUDIT

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MARTIN L. GUINDON, CPA
AUDITOR GENERAL

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Honorable Dennis Daugaard
Governor of South Dakota

and

Members of the Legislature
State of South Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the 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, 2013, and the related notes to the financial statements, which collectively comprise the State's basic financial statements, and have issued our report thereon dated March 14, 2014. Our report includes a reference to other auditors who audited the financial statements of the Unemployment Insurance Fund, the South Dakota Retirement System, the South Dakota Housing Development Authority, the South Dakota Ellsworth Development Authority and certain foundations of Higher Education as described in our report on the State's financial statements. This report includes our consideration of the results of the other auditors' testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the State's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness the State's internal control. Accordingly, we do not express an opinion on the effectiveness of the State's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying "Schedule of Findings and Questioned Costs," we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or

detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying "Schedule of Findings and Questioned Costs" as finding numbers 2013-007, 2013-025 and 2013-027 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying "Schedule of Findings and Questioned Costs" as finding numbers 2013-002, 2013-003, 2013-009 and 2013-011 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the State's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying "Schedule of Findings and Questioned Costs" as finding numbers 2013-010 and 2013-024.

State's Response to Findings

The State's responses to the findings identified in our audit are described in the accompanying "Schedule of Findings and Questioned Costs." The State's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. As required by South Dakota Codified Law 4-11-11, this report is a matter of public record and its distribution is not limited.

Martin L. Guindon, CPA
Auditor General

March 14, 2014

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MARTIN L. GUINDON, CPA
AUDITOR GENERAL

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

The Honorable Dennis Daugaard
Governor of South Dakota

and

Members of the Legislature
State of South Dakota

Report on Compliance for Each Major Federal Program

We have audited the State of South Dakota's (State's) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the State's major federal programs for the year ended June 30, 2013. The State's major federal programs are identified in the "Summary of Auditor's Results" section of the accompanying "Schedule of Findings and Questioned Costs."

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the State's major federal programs based on our audit of the types of compliance requirements referred to above.

As stated in our report on the basic financial statements, we did not audit the financial statements of the Unemployment Insurance Fund, the South Dakota Retirement System, the South Dakota Housing Development Authority, the South Dakota Ellsworth Development Authority and certain foundations of Higher Education. Those statements were audited by other auditors whose reports, including reports on compliance and internal control over compliance, have been furnished to us. Our report on the basic financial statements and this report, insofar as it relates to the amounts included for these entities and their compliance and internal control over compliance, are based solely on the reports of the other auditors.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the

State's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the State's compliance.

Opinion on Each Major Federal Program

In our opinion, based on our audit and the reports of other auditors, the State complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs identified in the summary of auditor's results section of the accompanying "Schedule of Findings and Questioned Costs" for the year ended June 30, 2013.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying "Schedule of Findings and Questioned Costs" as items 2013-005, 2013-006, 2013-015, 2013-016, 2013-018, 2013-020 and 2013-023. Our opinion on each major federal program is not modified with respect to these matters.

The State's responses to the noncompliance findings identified in our audit are described in the accompanying "Schedule of Findings and Questioned Costs." The State's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of the State is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the State's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying "Schedule of Findings and Questioned Costs" as items 2013-013, 2013-014, 2013-015, 2013-017 and 2013-026 to be material weaknesses.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal

program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying "Schedule of Findings and Questioned Costs" as items 2013-004, 2013-005, 2013-012, 2013-019, 2013-020, 2013-021, 2013-022, 2013-023 and 2013-033 to be significant deficiencies.

The State's responses to the internal control over compliance findings identified in our audit are described in the accompanying "Schedule of Findings and Questioned Costs." The State's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Martin L. Guindon, CPA
Auditor General

March 28, 2014

South Dakota
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FINDINGS, QUESTIONED COSTS AND CORRECTIVE ACTION PLANS

South Dakota

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State of South Dakota
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2013
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Summary of Findings and Questioned Costs for Federal Awards:

State Agency	Federal Agency	Finding Number	Page
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Department of Health	DHHS	2013-015	289
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Department of Health	AG/DHHS	2013-018	293
Department of Agriculture	AG	2013-020	296
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Animal Industry Board	USDA	2013-005	273
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State of South Dakota
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2013
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State of South Dakota
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2013

Section I
Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	Yes
Significant deficiencies identified?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	Yes
Significant deficiencies identified?	Yes
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510 (a)	Yes

Identification of major federal programs:

CFDA Numbers	Name of Federal Program or Cluster
	Fish & Wildlife Cluster
	Medicaid Cluster
	CDBG – State Administered CDBG Cluster
	Disability Insurance SSI Cluster
	Student Financial Assistance Cluster
	Section 8 Project-Based Cluster
10.475	Cooperative Agreements with States for Intrastate Meat and Poultry Inspection
10.557	Special Supplemental Nutrition Program for Women, Infants and Children
10.578	WIC Grants to States (WGS)

10.578	ARRA – WIC Grants to States (WGS)
10.664	Cooperative Forestry Assistance
11.558	ARRA – State Broadband Data and Development Grant Program
12.400	National Guard Military Construction Projects
12.401	National Guard Military Operations and Maintenance Projects
14.239	Home Investment Partnerships Program
17.225	Unemployment Insurance
17.225	ARRA – Unemployment Insurance
20.106	Airport Improvement Program
66.458	Capitalization Grants for Clean Water State Revolving Funds
84.126	Rehabilitation Services – Vocational Rehabilitation Grants to States
93.217	Family Planning Services
93.268	Immunization Cooperative Agreements
93.283	Centers for Disease Control and Prevention – Investigations and Technical Assistance
93.719	ARRA – State Grants to Promote Health Information Technology
93.919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)

Dollar threshold used to distinguish between Type A and Type B programs - $7,000,000

Auditee Qualified as low-risk auditee? No

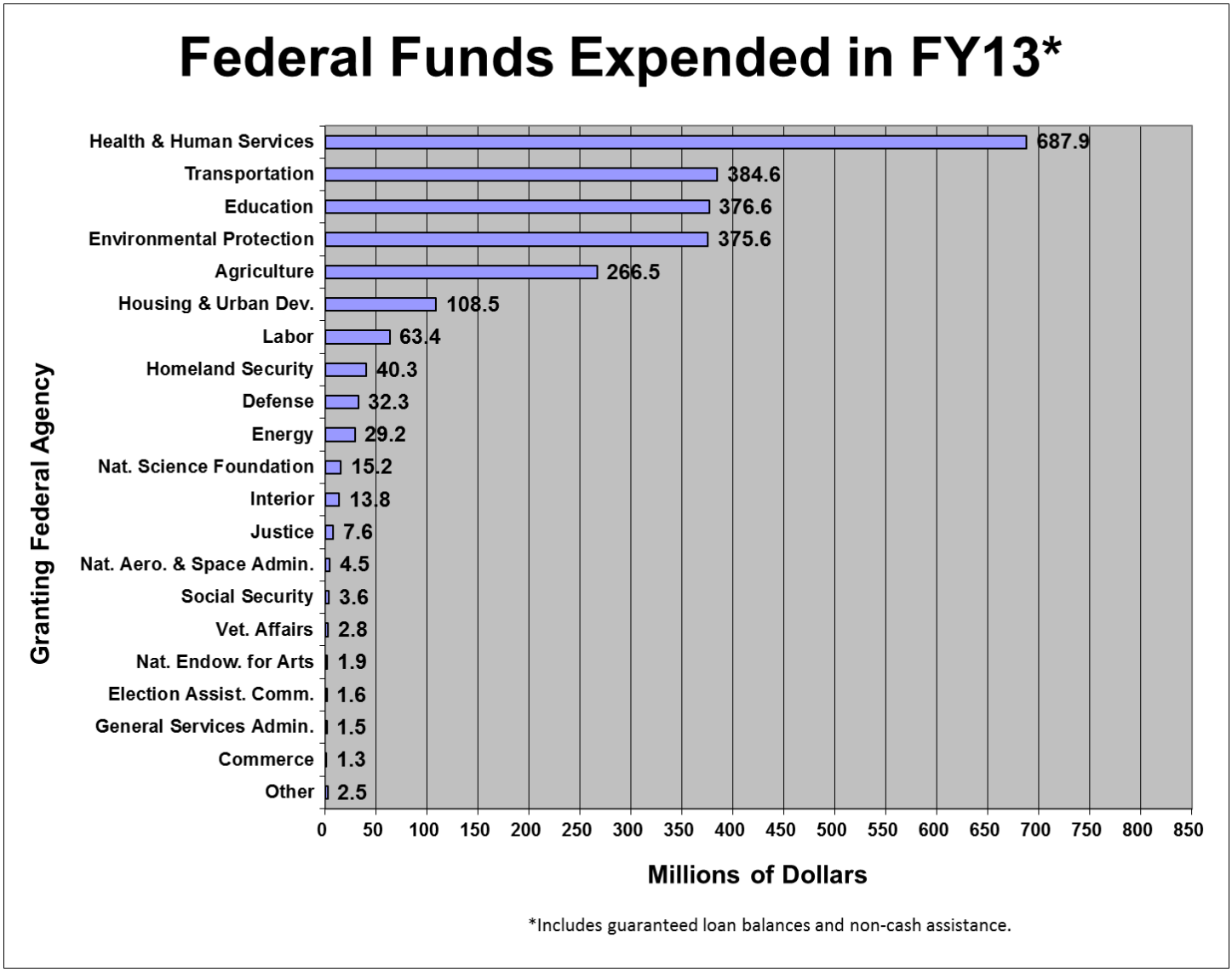
Post - Audit Authority

The Single Audit of the State of South Dakota was conducted by the Department of Legislative Audit pursuant to South Dakota Codified Law (SDCL) 4-11-2, the Single Audit Act Amendments of 1996 and the Office of Management and Budget, Circular A-133. A single audit encompasses the operations of the entire reporting entity. It includes an audit of the financial statements and report on internal control and compliance with state and federal laws and regulations.

Audit Scope

The State of South Dakota's entire reporting entity is included in the populations which are subjected to our audit procedures and testing. State and federal programs are tested for compliance with applicable laws, rules and regulations.

Various federal departments provide financial assistance to the State of South Dakota. These funds were expended during FY 2013 as depicted in the following graph. Included in the following graph are expenditures of Federal financial assistance received from the American Recovery and Reinvestment Act totaling $24,134,871.95.



Based on a mandated risk based approach prescribed in OMB Circular A-133, all individual federal programs in excess of $700,000 have a risk assessment performed on them annually. Any federal program in excess of $7,000,000 must be included within the audit scope at least once every three years regardless of the level of risk associated with the program. Any federal program identified by a federal department as being a high risk program must also be included within the audit scope. Based on these risk assessments and requirements, federal programs are selected to be included within the audit scope. For FY 2013, those federal programs identified as major federal programs in the summary provided above were included within the FY 2013 audit scope and were tested for compliance with federal laws, rules and regulations. Those federal programs make up approximately 52.7% of all federal funds expended by the state. Any State funding used to provide the required matching requirements of federal programs was also included within the scope of the testing. For example, for federal fiscal year 2013, Medicaid was funded with 56.19% federal dollars and 43.81% State dollars.

In addition to the audit testing over major federal programs, testing was also performed on State funds. The testing was performed by the Department of Legislative Audit and certified public accounting firms based upon: 1) state or federal laws requiring separately issued audit reports

for certain funds or entities; 2) state match funding for federal programs tested; and, 3) the significance of and the perceived audit risk associated with State funds and accounts.

Separately issued annual financial and compliance audits include the following funds/entities:

- Revolving Economic Development Loan Program Fund;
- Clean Water State Revolving Fund;
- Drinking Water State Revolving Fund;
- State Lottery Operating Fund;
- Cement Plant Retirement Fund;
- Unemployment Insurance Fund;
- South Dakota Building Authority;
- Housing Development Authority;
- Finance Authority;
- South Dakota Science and Technology Authority;
- Education Enhancement Funding Corporation;
- South Dakota Retirement System;
- South Dakota Ellsworth Development Authority;
- Portfolios managed by the South Dakota Investment Council, including;
    - Cash Flow Portfolio;
    - Dakota Cement Trust Portfolio;
    - Education Enhancement Trust Portfolio;
    - Health Care Trust Portfolio;
    - School and Public Lands Portfolio;
    - Cement Plant Retirement System Portfolio; and,

The significant areas identified and included in the testing of the financial statements were as follows:

Primary Government:

- Central payroll process;
- Central expenditure approval process;
- Department of Revenue tax collections including: sales and use, motor vehicle, motor fuel, cigarette, bank franchise and bank card;
- Selected internal service fund balances and/or operations for the Bureau of Human Resources Health Insurance Program and the Worker's Compensation Insurance Program, Bureau of Administration Purchasing and Printing, Bureau of Information and Telecommunications;
- State aid to education disbursements;
- Infrastructure assets maintained by the Department of Transportation;
- Central fixed asset system; and,
- Year-end accrual entries.

Component Unit:

- Higher Education, including balances and activity relating to tuition and fees, sales and services, payroll, disbursements, capital assets, bonds payable and cash. Affiliated organizations required to be reported in accordance with Government Accounting Standards were audited by other auditors.

Audit Results

Seventeen current written federal compliance audit findings were reported.

Sixteen current written audit findings were reported involving financial statement reporting and state compliance issues. For specifics on each written audit finding, please refer to the "Schedule of Audit Findings and Questioned Costs."

The Government Operations and Audit Committee of the South Dakota Legislature reviews the State's Single Audit Report and all separately issued audit reports involving the State of South Dakota reporting entity. The main audit related purposes of the committee are to review audit reports generated by the Department of Legislative Audit and investigate any areas of concern of the committee.

Section II
Summary Schedule of Prior Audit Year Findings

Governor's Office of Economic Development
Finding No. 01000201201:

Reports were not submitted as required by the Federal Funding Accountability and Transparency Act (Transparency Act) for the Community Development Block Grant Cluster.

CFDA Title: Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii
CFDA Number: 14.228
Federal Award Number: various
Federal Award Year: various
Federal Agency: Department of Housing and Urban Development
Type of Finding: Material Noncompliance
Category of Finding: Reporting

Auditee's Corrective Action Plan:

The previously submitted corrective action plan remains unchanged and has been implemented. We have not received any communications from the U.S. Department of Health and Human Services.

Statewide Financial Reporting Process
Finding No. 01001201201:

Controls were not adequate to ensure the accuracy of amounts reported in the State's financial statements including the identification and correction of reporting errors and omissions.

Auditee's Corrective Action Plan:

Although a similar audit finding was issued this current fiscal year, the State has made significant progress each year in resolving this prior audit finding. See Current Audit Finding No. 2013-027.

Department of Revenue
Finding No. 02000201201:

Internal controls were not adequate to ensure that bank taxes were accurately recorded and distributed on the State's accounting system and reported properly in the state's financial statements.

Auditee's Corrective Action Plan:

The Department of Revenue's previously submitted corrective action plan remains unchanged and has been implemented.

Finding No. 02000201202:

Internal controls were not adequate to ensure the accuracy of the estimated liability for large construction project refunds.

Auditee's Corrective Action Plan:

The Department of Revenue's previously submitted corrective action plan remains unchanged and has been implemented.

Soybean Research & Promotion Council
Finding No. 03140201201:

The Council does not have an internal control system designed to provide for the preparation of the financial statements being audited. As auditors, we were requested to draft the financial statements and accompanying notes to the financial statements.

Auditee's Corrective Action Plan:

Corrective action was taken and the audit finding was closed by the United Soybean Board in writing dated October 23, 2012.

Finding No. 03140201202:

The Council has a policy requiring oversight and review of monthly reconciliations of the funds held on deposit with the State of South Dakota (the State). The oversight and review of monthly reconciliations is occurring informally but is not being performed as a part of a consistent and documented process.

Auditee's Corrective Action Plan:

Corrective action was taken and the audit finding was closed by the United Soybean Board in writing dated October 23, 2012.

Finding No. 03140201203:

During the year under audit, the Council made 681 disbursements of check-off monies. We reviewed sixty of these disbursements and found that all of the disbursements tested complied with USB regulations regarding the use of check-off funds as defined by Section 1220.230 of the Soybean Promotion, Research, and Consumer Act of 1990. In connection with this procedure, we reviewed twenty-two contracts. We found three instances where contracts contain some, but not all of the information required by the USB. Exceptions included contracts with incomplete determination of project reporting requirements, and no documentation addressing rights of ownership of project results and/or retention of records. In addition we noted one disbursement that, while in compliance with USB regulations regarding use of check-off funds, did not have a contract but should have based on the nature of the disbursement.

Auditee's Corrective Action Plan:

Corrective action was taken and the audit finding was closed by the United Soybean Board in writing dated October 23, 2012.

Corn Utilization Council
Finding No. 03460201201:

Proper controls over financial reporting include an adequate system for recording and processing entries material to the financial statements, as well as the ability to prepare financial statements and accompanying notes to the financial statements that are materially correct.

Auditee's Corrective Action Plan:

The Council has contracted with an outside bookkeeping firm to assist in preparing financial statements. We will strive to make it better.

Finding No. 03460201202:

There is a lack of segregation of duties within the cash receipts/revenue and expenditures functions. The same individual, who reconciles revenue received to the remittance forms, prepares vouchers to request funds, prepares the deposit, records amounts to the general ledger and reconciles the bank statement. The individual also prepares checks, records disbursements to the general ledger and mails checks.

Auditee's Corrective Action Plan:

Our corrective action plan as submitted is still followed and we continue to strive to make it better. See Current Audit Finding No. 2013-031.

Department of Tourism
Finding No. 04000201201:

The Department did not have formal policies in place for the monitoring of subrecipients.

CFDA Title: Promotion of the Arts – Partnership Agreement
CFDA Number: 45.025
Federal Award Number: 11-6100-2047
Federal Award Year: 2012
Federal Agency: National Endowment for the Arts
Type of Finding: Significant Deficiency
Category of Finding: Subrecipient Monitoring

Auditee's Corrective Action Plan:

The previously submitted corrective action plan remains unchanged and has been implemented. We have not received any communications from the U.S. Department of Health & Human Services.

Department of Game, Fish and Parks
Finding No. 06000201201:

Reports were not submitted as required by the Federal Funding Accountability and Transparency Act (Transparency Act) for Federal Fiscal Year 2012 for the Fish and Wildlife Cluster programs.

CFDA Title: Fish and Wildlife Cluster
CFDA Number: 15.605 and 15.611
Federal Award Number: various
Federal Award Year: 2011
Federal Agency: Fish and Wildlife Service
Type of Finding: Material Noncompliance
Category of Finding: Reporting

Auditee's Corrective Action Plan:

The previously submitted corrective actions plans have been implemented and remain unchanged. The South Dakota Department of Game, Fish and Parks has received no communications from the U.S. Fish and Wildlife Service related to these findings.

Finding No. 06000201202:

Controls were not adequate to ensure compliance with suspension and debarment requirements.

CFDA Title: Fish and Wildlife Cluster
CFDA Number: 15.605 and 15.611
Federal Award Number: various
Federal Award Year: 2011
Federal Agency: Fish and Wildlife Service
Type of Finding: Significant Deficiency
Category of Finding: Suspension and Debarment

Auditee's Corrective Action Plan:

The previously submitted corrective action plans have been implemented and remain unchanged. The South Dakota Department of Game, Fish and Parks has received no communications from the U.S. Fish and Wildlife Service related to these findings.

Department of Labor Unemployment Insurance Fund
Finding No. 10000201201:

We were requested to draft the audited financial statements, related footnote disclosures and Schedule of Expenditures of Federal Awards as part of our regular audit services. Ultimately, it is management's responsibility to provide for the preparation of the Fund's financial statements, related footnote disclosures and Schedule of Expenditures of Federal Awards, and the responsibility of the auditor to determine the fairness of presentation of those financial statements, footnotes and supporting schedule. From a practical standpoint, we do both for the Fund at the same time in connection with our audit.

Auditee's Corrective Action Plan:

Corrective action was taken and the audit finding was closed by the U.S. Department of Labor on December 11, 2013.

Finding No. 10000201202:

During the year, the Fund implemented a quarterly review process over the general ledger balances and journal entries; however, due to staffing needs, for two out of twelve months the same individual posting journal entries was also completing the quarterly reviews.

Auditee's Corrective Action Plan:

Corrective action was taken and the audit finding was close by the U.S. Department of Labor on December 11, 2013.

Finding No. 10000201203:

During our testing of Emergency Unemployment Compensation (EUC) benefit payments, we noted three errors in the EUC calculations. One error was due to the Fund using the maximum unemployment benefit amount instead of the claimant's maximum regular unemployment benefit amount as a basis for calculating the maximum Tier II EUC benefit amount. Two errors were due to the Fund using the maximum Tier I EUC benefit amount as a basis for calculating the maximum EUC Tier II benefit amount instead of the maximum regular unemployment benefit amount.

CFDA Title: Unemployment Insurance
CFDA Number: 17.225
Federal Award Number:
Federal Award Year:
Federal Agency: Employment and Training Administration
Type of Finding: Material Weakness
Category of Finding: Eligibility

Auditee's Corrective Action Plan:

Corrective action was taken and the audit finding was close by the U.S. Department of Labor on December 11, 2013.

Board of Regents
Finding No. 15000201201:

Controls were not adequate to ensure the accuracy of amounts reported in the financial statements, including the identification and correction of reporting errors and omissions. This is the sixth consecutive audit to contain this finding.

Auditee's Corrective Action Plan:

Although a similar audit finding was issued this current fiscal year, the Board of Regents has made significant progress each year in resolving this audit finding. See Current Audit Finding No. 2013-025.

Housing Development Authority
Finding No. 40014201201:

The Authority did not follow up with non-signed certified contractor payrolls for two of the four NSP files selected for testing. For one of the four NSP files selected for testing, the Authority's review comments in the project files noted wages for three contractors that did not meet the required pay rates or overtime hours that were not paid to employees and resolution was not documented. Internal monitoring controls were not sufficiently designed to ensure compliance with Davis-Bacon requirements.

CFDA Title: Community Development Block Grants, HOME Investment Partnership Program
CFDA Number: 14.228, 14.239
Federal Agency: U.S. Department of Housing and Urban Development
Type of Finding: Significant Deficiency
Category of Finding: Davis Bacon

Auditee's Corrective Action Plan:

The previously submitted corrective action plan remains unchanged and has been implemented. We have not received any communications from the U.S. Department of Housing and Urban Development or U.S. Department of Health and Human Services.

Finding No. 40014201202:

For sub-awards awarded under the HOME Program and NSP #3 Program after the required timeframe, SDHDA's internal control structure did not identify this reporting was required and did not have controls in place to begin reporting sub-awards as required under 2 CFR Part 170.

CFDA Title: HOME Investment Partnerships Program, Community Development Block Grants
CFDA Number: 14.239, 14.228
Federal Agency: U.S. Department of Housing and Urban Development
Type of Finding: Significant Deficiency
Category of Finding: Transparency Act Reporting

Auditee's Corrective Action Plan:

The previously submitted corrective action plan remains unchanged and has been implemented. We have not received any communications from the U.S. Department of Housing and Urban Development or U.S. Department of Health and Human Services.

Section III
Schedule of Current Audit Findings and Questioned Costs

ECONOMIC DEVELOPMENT FINANCE AUTHORITY

CURRENT AUDIT FINDING AND RECOMMENDATION

State Compliance Audit Finding:

Finding No. 2013-001:

Sufficient documentation was not obtained from an Agricultural Processing and Exporting (APEX) borrower as required by state law and federal regulations.

Type of Finding: Noncompliance

Analysis:

The Economic Development Finance Authority issues APEX loans to encourage and assist the development of companies in communities which have a population of less than 25,000 that add value to raw agricultural products through processing. Certain state laws and federal regulations govern the requirements borrowers must meet when applying for APEX loans, including the following:

SDCL 1-16B-41 states:

> *Loans made only when other loans not available.* The authority shall require the applicant enterprise to investigate fully other sources of funding for a development project. Such loans shall be made only after a determination by the authority that sufficient development project loans are not otherwise available from private or public lenders upon reasonably equivalent terms and conditions.

Title 7 of the Code of Federal Regulations (CFR), part 4274, subpart D governs the Intermediary Relending Program (IRP), also known as the state APEX program. 7 CFR 4274.308 states:

> (b) To be eligible to receive loans from the IRP revolving loan fund, ultimate recipients:
>
> ....
>
> (3) Must be unable to finance the proposed project from its own resources or through commercial credit or other Federal, State, or local programs at reasonable rates and terms.

The two APEX loans issued during the fiscal year were reviewed to ensure they were made in accordance with state law and federal regulations. For one loan made in the amount of $106,250, sufficient documentation was not obtained by the Authority to satisfy the requirement that the applicant was unable to obtain a loan from public or private lenders at reasonably equivalent terms or conditions. The loan was made from IRP revolved funds which, although they are not considered federal funds, must still follow the federal regulations. As a result, the loan file did not contain adequate support showing compliance with state law and federal regulations.

RECOMMENDATION:

1. We recommend the Authority ensure loans are properly documented.

Auditee's Corrective Action Plan:

Staff will ensure the files contain documentation indicating the applicant was unable to obtain a loan from private or public lenders upon reasonably equivalent terms and conditions.

CURRENT AUDIT FINDINGS AND RECOMMENDATIONS

Financial Statement Audit Findings:

Finding No. 2013-002:

Internal controls were not adequate to 1) ensure that information being accepted from the banks is sufficient to verify the amount remitted is accurate, and 2) ensure bank taxes were accurately recorded and distributed on the State's accounting system and reported properly in the state's financial statements. This is the second consecutive audit to contain a similar finding.

Type of Finding: Significant Deficiency

Analysis:

As authorized by SDCL 10-43, the State imposes a tax on financial institutions which is assessed on an institution's net income from its annual federal income tax return. The Department of Revenue (DOR) distributes ninety-five percent of Bank Card Tax revenue and twenty-six and two-thirds percent of Bank Franchise Tax revenue to the State's General Fund and the balance is remitted to the county in which the banking institution is located. During fiscal year 2013, the Department of Revenue did not have adequate controls to ensure that Bank Card Taxes were accurately recorded. The following errors were noted:

- Six of the 33 bank returns selected did not contain proper documentation:
  - Four returns were submitted without a federal income tax return used to verify the amounts reported on the State return,
  - One return was submitted without the federal income tax return or portions of the state tax return (state apportionment and adjustment schedules) that provide information on the tax calculations,
  - One return was submitted late and without a federal tax return. No penalty or interest had been charged to date for this return.

- Two payments were incorrectly allocated:
  - One deposit for $15,500 was split with 73.33% going to the county, however, no county was listed on the bank return and as a result $11,366.62 was incorrectly deposited in the agency fund for distribution to the counties instead of going to the General Fund.
  - One deposit for $200 was not split between the General Fund and the counties, however 73.33% of the payment should have been deposited to the agency fund for distribution to the county during the reversion process.

Documentation did not exist to identify that these errors were detected or to show if they were corrected and communicated to finance personnel.

RECOMMENDATION:

1. We recommend that controls be implemented to ensure bank returns are reviewed for completeness and accuracy and that the reviews are performed in a timely manner

2. We recommend that controls be implemented to ensure that bank taxes are accurately recorded and distributed on the State's accounting system and any reviews or corrections be documented.

Auditee's Corrective Action Plan:

The Department of Revenue concurs with the audit findings and has implemented additional procedures to strengthen internal controls.

The Department routinely applies interest and penalty to returns that are submitted late and will continue to follow SDCL 10-59-6 and 10-59-6.1. The Department will also continue to charge applicable interest on filing extensions according to SDCL 10-43-30.1. The Department did not provide documentation for the corrections to the two payments originally allocated incorrectly. The Department understands the value of documentation and audit trails.

As a means to enhance documentation, audit trails, and the consistent application of penalty and interest charges, the Department and BIT have designed a module for bank franchise tax to reside on the Department's tax system. The go-live date for this bank franchise tax module is January 1, 2014. The functionality of the bank franchise tax module will automate the proper allocation of tax receipts and the appropriate application of penalty and interest charges. It will also provide a violation message noting returns that are filed with incomplete documentation and information, requiring additional account review.

To ensure proper notification to taxpayers of state tax returns filed with incomplete documentation, the Department has developed and implemented the following policy:

BANK FRANCHISE TAX FILING REQUIREMENTS

Financial institutions are required to file annual state tax returns with the South Dakota Department of Revenue. The financial institution is also required to submit a copy of their applicable federal tax return with the state tax return. Any financial institution filing a state tax return without submitting a federal tax return or other required information will be contacted. The taxpayer will receive a letter from the Department indicating the filed return is incomplete, what additional information is required and how the required information must be submitted to the Department. The Department will assess the potential liability of the account should the licensee not comply with the first request for additional information. The account assessment will determine if and what kind of additional follow-up is needed to obtain proper documentation. Any licensees with a tax liability of $500 or less will only be contacted a second time if reliable information has been received to warrant additional follow-up. The request for additional information

from the taxpayer does not delay the deposit of bank franchise taxes into the State's bank account.

Financial Statement Audit Findings:

Finding No. 2013-003:

Internal controls were not adequate to 1) ensure proper distribution of cigarette excise tax to tribal entities and 2) ensure proper reporting of the State's liability.

Type of Finding: Significant Deficiency

Analysis:

As authorized by SDCL 10-50, the State imposes a tax on cigarettes held for sale. The DOR is required to revert back the tax collected on the tribal reservations according to separate collection agreements with each individual tribe. To verify the number of cigarettes sold on each reservation, DOR requires cigarette distributors to report the number of cigarettes sold on the reservation and submit the information to DOR by the 10th of each month. DOR does not track which distributors are required to file this report or if the reports are filed as required. This resulted in incorrect distribution of cigarette taxes to tribal entities and inaccurate reporting of the State's liabilities in the amount of $2,503.80.

RECOMMENDATION:

3. We recommend that controls be implemented to ensure cigarette distribution reports are submitted timely to DOR and also reviewed to ensure that reversions to tribal reservations are accurate.

Auditee's Corrective Action Plan:

The Department of Revenue concurs with the audit findings and has implemented additional procedures to strengthen internal controls.

To ensure that cigarette distribution reports indicating sales on any of the eight Indian country areas are submitted on a timely basis, the Department is establishing the following procedures:

1. Include a notice of the requirement to report any cigarette sales, by Indian country area, on any of the eight Indian country areas in the annual license renewal for tobacco distributors and wholesalers. This notice will also include the requirement to report cigarette sales by the 10th of the month following the sales.
2. Continue to utilize the spreadsheet developed to track the licensees who are reporting this tax. The Department will notify any licensee who has not submitted reports by the 10th of each month, and document the contact in the Department's tax system.

3. The Department will explore statutory changes to require tobacco wholesalers and distributors to file reports timely subject to monetary penalties and/or licensure action.

Educating the taxpayers on the requirement to report this information and to report on a timely basis will ensure the Department properly reports the State's liability.

CURRENT AUDIT FINDINGS AND RECOMMENDATIONS

Federal Compliance Audit Findings:

Finding No. 2013-004:

Procedures were not adequate to ensure the federal financial reports for the Cooperative Agreements with States for Intrastate Meat and Poultry Inspections were accurately prepared.

CFDA Title: Cooperative Agreements with States for Intrastate Meat and Poultry Inspection
CFDA Number: 10.475
Federal Award Numbers: 12-37-A389 and 12-37-A439
Federal Award Years: 2012 and 2013
Federal Agency: Food Safety and Inspection Services
Type of Finding: Significant Deficiency
Category of Finding: Reporting

Analysis:

The Animal Industry Board prepares quarterly Federal Financial Reports (SF-425) and Financial Status Reports (SF-269) for grants received under the Cooperative Agreements with States for Intrastate Meat and Poultry Inspection Program. Amounts reported in the FFY2012 SF-425 and SF-269 for the quarter ending 9/30/12 and the FFY2013 SF-425 and SF-269 for the quarter ending 12/31/12 were inaccurate. We noted that the federal share of expenditures and the recipient share of expenditures reported did not agree to the State's accounting system. As a result, amounts reported on the FFY2012 and FFY2013 SF-425 and SF-269 reports were not accurate. See the following table for specific variances noted:

	Federal Share	Recipient Share
FFY2012		
Reported on 9/30/12 SF-425	$ 818,138.02	$ 818,138.02
Amount from State's accounting system	803,297.12	841,217.23
Reported on 9/30/12 SF-269	818,135.02	818,135.02
Amount from State's accounting system	803,297.12	841,217.23
FFY2013		
Reported on 12/31/12 SF-425	212,673.08	212,673.08
Amount from State's accounting system	222,533.65	222,299.66
Reported on 12/31/12 SF-269	212,673.09	212,673.07
Amount from State's accounting system	222,533.65	222,299.66

RECOMMENDATION:

1. We recommend that internal controls be strengthened over the preparation of federal financial reports.

Auditee's Corrective Action Plan:

The Animal Industry Board will add steps within the existing internal review process to ensure a review of quarterly reports and SF425 reporting accurately reflects federal and state share of expenditures.

Finding No. 2013-005:

Controls were not adequate to ensure program costs incurred were charged to the proper funding period for the Cooperative Agreements with States for Intrastate Meat and Poultry Inspections program.

CFDA Title: Cooperative Agreements with States for Intrastate Meat and Poultry Inspection
CFDA Number: 10.475
Federal Award Number: 12-37-A439
Federal Award Year: 2013
Federal Agency: Food Safety and Inspection Services
Type of Finding: Significant Deficiency - Noncompliance
Category of Finding: Period of Availability

Questioned Cost: $17,678.87

Analysis:

Title 7 Code of Federal Regulations, Part 3016.23, section (a) states:

> Where a funding period is specified, a grantee may charge to the award only costs resulting from obligations of the funding period unless carryover of unobligated balances is permitted, in which case the carryover balances may be charged for costs resulting from obligations of the subsequent funding period.

For a sample of four cash receipt vouchers tested out of a population of thirteen, we noted one instance were Federal reimbursement was received for costs incurred outside the period of availability for the grant. The Animal Industry Board charged costs totaling $17,678.87 that were incurred prior to when the federal authorization period began for the grant award. As a result, grant funds were received for unauthorized costs.

RECOMMENDATION:

2. We recommend that internal controls be strengthened to ensure compliance with period of availability requirements.

Auditee's Corrective Action Plan:

The Animal Industry Board has designated a member of management to review federal financial reports to ensure reports were accurately prepared.

CURRENT AUDIT FINDING AND RECOMMENDATION

Federal Compliance Audit Finding:

Finding No. 2013-006:

Draws of federal funds were not made in accordance with the Cash Management Improvement Act Agreement for the National Guard Military Construction Projects grant.

CFDA Title: National Guard Military Construction Projects
CFDA Number: 12.400
Federal Award Number: various
Federal Award Year: various
Federal Agency: Department of Defense
Type of Finding: Noncompliance
Category of Finding: Cash Management

Analysis:

Section 6.2.4 of the Cash Management Improvement Act Agreement between the State of South Dakota and the United States Secretary of the Treasury states:

> *National Guard Pre-Issuance*
> *....The request for funds shall be made within 7 days of the entry date of the invoice into the State's accounting system and shall be made on a weekly basis....*

We reviewed a total of three cash receipts from a population of thirty. From the three cash receipts there were a total of twelve draws made. Seven of the twelve draws were not made within seven days from the date the expenditure was posted to the State's accounting system. The Department was not in compliance with the Cash Management Improvement Act Agreement. As a result, the State lost investment income by not drawing down federal funds in a timely manner.

RECOMMENDATION:

We recommend that Department comply with the Cash Management Improvement Act Agreement.

Auditee's Corrective Action Plan:

The Department of the Military recognizes that compliance with the CMIA is important to ensuring the timeliness of reimbursement of State monies. This finding has been resolved with the CMIA agreement being changed to comply with the 30 day request period. We will ensure this will be followed.

CURRENT AUDIT FINDINGS AND RECOMMENDATIONS

Financial Statement Audit Finding:

Finding No. 2013-007:

The former Department of Tourism and State Development (DTSD) and the current Governor's Office of Economic Development's (GOED) policies and procedures were inadequate for the monitoring of the contract with the SDRC Inc.

Type of Finding: Material Weakness

Analysis:

The state of South Dakota was approved as a Regional Center under the Immigrant Investor Pilot Program (EB-5 program) by the U.S. Citizenship and Immigration Services (CIS). As a part of the application process the boundaries and parameters for the industries that qualify under the EB-5 program were established. The Department of Tourism and State Development entered into a contract with the SDRC Inc. (SDRC) on December 22, 2009 which was later amended and restated on June 4, 2010, establishing the SDRC as the administrator of the Regional Center and the EB-5 program. Under the contract, the SDRC was responsible for all aspects of the EB-5 program including preparing requests for project approval from CIS, filing reports and notifications, responding to CIS inquiries, maintaining all records as required by 8 CFR 204.6 and collecting and depositing fees into specified accounts. The SDRC was also required to provide notice of fee payments to the state and copies of books, records and reports that are required to be provided to CIS not less than monthly. The state's responsibility was to approve the projects, to authorize transactions associated with two of the funds created under the contract; Indemnification Fund One and the Expense Fund, and, to approve the disbursements from the Expense Fund.

Three funds were established under the SDRC contract; 1) Expense Fund, 2) Indemnification Fund One, and 3) Indemnification Fund Two. Upon termination of contract or the SDRC, the Expense Fund and Indemnification Fund One are to eventually be paid over to the DTSD and Indemnification Fund Two will be paid over to the shareholders of the SDRC. Fees established under the contract were to be collected and deposited into Indemnification Fund One. Monies were to be swept from Indemnification Fund One to the Expense Fund as directed in writing by the DTSD. Indemnification Fund One was to be used for satisfying the obligations of the SDRC to indemnify the DTSD for items which are not paid by the SDRC's insurance coverage or Indemnification Fund Two and the Expense fund was to be used for paying current and future expenses incurred by the DTSD and others in providing information concerning projects undertaken by SDRC and in promoting and monitoring the EB-5 program.

The former DTSD and the current GOED should have had accountability for Indemnification Fund One and the Expense Fund. At the time fees were paid into Indemnification Fund One, the SDRC was to provide notice of the payment to DTSD and copies of records reasonably acceptable to DTSD verifying the amount collected by SDRC. The following deficiencies were noted:

- Although the SDRC was providing to the DTSD a monthly e-mail containing a report and the balances in the two funds, the report was not sufficient to ascertain that the correct amounts were being collected and deposited and copies of bank statements did not accompany the e-mail to corroborate the balances being reported.

- Documentation was not adequate to determine whether the DTSD or the GOED was receiving the copies of books, records and reports that were required to be provided to the CIS by the SDRC.

- Inadequate internal controls existed over the payment of expenses from the Expense Fund. Five disbursements were made from the Expense Fund totaling $67,259.97. The invoices were signed by the former Secretary of the DTSD and the DSTD's Administration Director. The invoices identified the expenses as being for meals, lodging and transportation. Other than the information contained in the invoices, there was no supporting documentation retained to evidence that the expenses were incurred, who incurred the expenses or the purpose of the expenses.

- The DTSD and GOED did not report Indemnification Fund One and the Expense Fund in the State's Comprehensive Annual Financial Reports for FY2010 through FY2012.

As a result, there existed a potential for the loss of assets and two funds were not properly reported in the State's Comprehensive Annual Financial Report.

RECOMMENDATIONS:

1. We recommend GOED improve its policies and procedures to ensure that all contracts are properly monitored.

2. We recommend GOED improve its internal controls to ensure accountability over all funds of the GOED.

3. We recommend GOED properly report all funds for which it has accountability in the State's Comprehensive Annual Financial Report.

Auditee's Corrective Action Plan:

1. GOED updated its existing loan database to include a follow up reporting system to better track and monitor contracts. This change will allow GOED to populate detailed monthly reports specifying the documentation or reports due on each contract that month.

2. GOED's Internal Control Document has been updated to specify what constitutes acceptable supporting documentation. Additionally, contracts will include the specific documentation required to evidence the fulfillment of the requirements contained therein.

3. Given the third-party origin of the Expense Fund and Indemnification Fund One and the contractual restrictions imposed upon the same, GOED did not report the

funds on the State's Comprehensive Annual Financial Report. GOED intended to audit the funds and account for the contributions and distributions if and when the funds were reverted to the State.

State Audit Finding:

Finding No. 2013-008:

The former Department of Tourism and State Development (DTSD) and the current Governor's Office of Economic Development (GOED) did not have a formal written policy and related procedures addressing ethics and potential conflicts of interest other than what is already provided in the employee handbook.

Type of Finding: Other Matter

Analysis:

The purpose of an ethics and conflict of interest policy is to prevent the professional and personal interests of the management and staff of the GOED from influencing the performance of their duties on behalf of the GOED. The DTSD and GOED did not have such written policy and related procedures in place for the period covered by our audit.

On December 2, 2010 Secretary Benda discussed a draft employment contract between Secretary Benda and the SDRC Inc. or a related entity for providing loan monitoring services related to NBP. On December 23, 2010, Secretary Benda amended two Future Fund grant agreements with the South Dakota Development Corporation (SDDC) for the purpose of making loans to Northern Beef Packers LP (NBP) which increased the aggregate total of the two agreements by $600,000 (from $1,450,000 to $2,050,000). On February 1, 2011, $1,200,000 of these funds was disbursed to NBP by the SDDC. $850,000 was returned to the Future Fund.

Secretary Benda's employment with the State of South Dakota ended on January 8, 2011. On January 13, 2011, subsequent to his employment by state government, Mr. Benda was notified by e-mail that he could pick up a check written by the State of South Dakota to NBP for payment of a $1,000,000 grant to NBP for reimbursement of construction costs. This check was deposited by NBP on January 26, 2011.

The GOED should have had a policy in place that would have required Secretary Benda to disclose his future employment plans and remove himself from involvement in subsequent matters relating to NBP. The lack of a formal written policy and related procedures by DTSD and GOED regarding ethics and conflicts of interest increases the risk that the personal interests of employees may compromise the public interests of the GOED.

RECOMMENDATION:

We recommend that in addition to existing state policy, GOED implement a formal written ethics and conflict of interest policy and related procedures document.

Auditee's Corrective Action Plan:

GOED implemented the attached Policy on Ethics and Conflicts of Interest.

South Dakota
Governor's Office of Economic Development

POLICY ON ETHICS AND CONFLICTS OF INTEREST

A. General Policy Statement. All GOED staff shall act ethically, including the avoidance of conflicts of interest, and exhibit good character.

B. Conflicts of Interest. A person has a conflict of interest if the person has a direct personal or financial interest in the matter under consideration. No GOED staff may participate in, vote on, or be involved in a matter in which that individual has a conflict of interest.

C. Ethical Behavior. All GOED staff must act ethically and exhibit good moral character. The following are examples of unethical behavior; GOED staff may not:

(1) Self-deal;

(2) Own an equity interest in a business that has received or is applying to receive financing from GOED or any of the boards or entities for which GOED provides administration or staff services. This prohibition includes equity ownership at any time during the term of the loan or within 6 months prior to the loan application;

(3) Knowingly misrepresent or make a false statement to GOED;

(4) Engage in conduct reflecting a lack of business integrity or honesty; or

(5) Fail to disclose a conflict of interest or circumstances which give the appearance of a conflict of interest.

D. Enforcement. Authority to enforce the terms of this policy is vested in the Commissioner of the Governor's Office of Economic Development, to include without limitation, the ability to terminate an individual for violating the terms hereof in the manner provided for by applicable law.

J. Pat Costello
Commissioner
Governor's Office of Economic Development

The undersigned employee of the Governor's Office of Economic Development acknowledges, understands and agrees to comply with the foregoing Policy on Ethics and Conflict of Interest.

Dated this ___ day of _____, 20__.

Employee Signature: _____

Employee Print Name: _____

Financial Statement Audit Finding:

Finding No. 2013-009:

Internal controls were inadequate over the processing of travel vouchers resulting in duplicate and unsupported travel payments.

Type of Finding: Significant Deficiency

Analysis:

We tested all travel vouchers submitted during the period of FY2010 through FY2013 by the former Secretary of the Department of Tourism and State Development as a result of duplicate payments being identified to us by management. We found that three duplicate payments were made for airline tickets totaling $5,559.80. The duplicate payments occurred on vouchers paid on 1/6/10 and 3/18/10 for two airline tickets in the amounts of $982.90 and $3,740.60, and vouchers paid on 3/18/10 and 4/29/10 for one airline ticket in the amount of $836.30.

We also noted six invoices included for reimbursement in the travel vouchers that were identified as having been for translation services. These services involved having legal documents and seminar documents associated with the EB-5 program translated into other languages. All six invoices indicated that the payment on the invoice was to be made in cash. Five of the payments totaling $13,500.00 were associated with invoices from an individual that had handwritten on them "only invoice available" and the instruction on the invoice was to "pay by cash when next trip." One invoice for $1,200.00 was on the letterhead of a Philippine hotel and had handwritten on it four names, "USD Cash $1,200.00", "translation and interpretation" and "only invoice available." No receipts were included with the travel vouchers to support that payment was tendered for the services provided on the invoices. As a result, $14,700.00 in expenditures paid from the General Fund was not properly supported.

RECOMMENDATION:

We recommend internal controls be strengthened to ensure that proper payments are made from state funds.

Auditee's Corrective Action Plan:

GOED updated its internal reimbursement policy to require two individuals to review reimbursement requests and supporting documentation. Requiring duplicate review provides an additional control to safeguard the integrity of the reimbursement process.

See attached response from the State Auditor dated January 22, 2014.

Office of the State Auditor
Steven J. Barnett, State Auditor
Jason Lutz, Deputy State Auditor

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Pat Costello, Commissioner
Governor's Office of Economic Development
711 East Wells Avenue
Pierre, SD 57501

Dear Commissioner Costello:

Thank you for the opportunity to discuss the findings of Eide Bailly's review of internal control policies and procedures at the Governor's Office of Economic Development (GOED) as it pertains to the employee reimbursement process. The concerns expressed by Eide Bailly are clearly valid, and any qualified recommendations and input that can lead to a more secure expense process are certainly worthwhile.

I wanted to use this opportunity to provide information relating to administrative rules currently in place that guide our office in the employee reimbursement process. The Travel Warrant Disbursements (3:05:03) chapter in the Administrative Rules of South Dakota help our office deter the possibility of reimbursing an employee for an expense that was directly billed to the agency by requiring that actual receipts and proof of payment be presented by the employee. In particular, please note the three rules below:

3:05:03:01. Lodging receipt required. An employee traveling on state business who is away from his home station for one or more nights, shall have a bona fide lodging receipt. Hotel or motel receipts shall be the original receipt or that receipt which each specific hotel or motel regularly gives to a customer. Such receipts shall indicate that they are paid. When the receipt is not a regular folio type, such receipt shall carry the signature of the hotel or motel owner or clerk.

Source: SL 1975, ch 16, § 1; transferred from § 5:01:03:05, 2 SDR 23, effective September 29, 1975; 11 SDR 51, effective October 18, 1984.

General Authority: SDCL 3-9-8, 4-9-1.1.

Law Implemented: SDCL 3-9-2, 3-9-8, 4-9-1.1.

3:05:03:02. Conference, seminar, or workshop attendance. In addition to other requirements for filing travel vouchers, those persons attending conferences, seminars, or workshops shall attach to their voucher:
(1) A copy of the program or official letter which give the dates and location of the conference, seminar or workshop;
(2) A receipt for any registration fee paid.

Source: SL 1975, ch 16, § 1; transferred from § 5:01:03:17, 2 SDR 23, effective September 29, 1975.

General Authority: SDCL 4-9-1.1.

Law Implemented: SDCL 3-9-8, 4-9-1.1.

3:05:03:10. Receipts of expenditures required. Original copies of receipts of expenditures in excess of one dollar except in cases of taxi fares under five dollars, including lodging but excluding meals, shall be submitted in support of claims for reimbursements. When the vendor requires the original copy for his files, the second copy shall be accepted by the auditor.

Source: SL 1975, ch 16, § 1; transferred from § 5:01:03:02, 2 SDR 23, effective September 29, 1975; 11 SDR 51, effective October 18, 1984.

General Authority: SDCL 4-9-1.1.

Law Implemented: SDCL 3-9-8.

Another area of concern identified deals with a potential time delay between the dates an expense is incurred by an employee and when the voucher is ultimately submitted. Our office is in the process of finalizing language for an Administrative Rule proposal which would impose a 60-day limit for an employee to submit a voucher after the last day of their travel. The rule would then impose additional guidelines that must be met if the employee fails to meet the time limit.

Again, I'd like to thank Eide Bailly for their input and recommendations for improvement in these processes. We look forward to continue working toward rules and controls that provide additional safeguards to the State in the reimbursement process, and commit to working with GOED and other state agencies in accomplishing those goals.

Kindest regards,

Steven J. Barnett
South Dakota State Auditor

State Audit Finding:

Finding No. 2013-010:

The former Department of Tourism and State Development and the current Governor's Office of Economic Development (GOED) did not have adequate documentation of the follow-up activities associated with Future Fund grants.

Type of Finding: Other Matter

Analysis:

SDCL 61-5-29.1 states:

> There is hereby created in the state treasury a special revenue fund to be known as the employer's investment in South Dakota's future fund. Such fund shall be used for purposes related to research and economic development for the state.

The GOED provides workforce development and technical assistance grants from the Future Fund to organizations in the state to promote economic development. We selected a sample of forty-eight grants issued between July 1, 2009 and June 30, 2013 to test for documentation relating to follow-up activities associated with the grants. The following deficiencies were noted:

1. We noted three grants were made to the South Dakota Development Corporation (SDDC) for the purposes of making loans to businesses. The loans were not made to the businesses and the money was ultimately returned to the Future Fund. For these three grants the money was returned to the Future Fund twenty-two months later, fourteen months later and thirteen months later. We noted one additional grant that was not part of our sample, which was returned to the Future Fund thirty-one months later. The money was not returned to the Future Fund on a timely basis resulting in lost interest income in the Future Fund.

2. Eleven grants tested were made to the SDDC, totaling $8,491,000, for the purposes of making loans or providing other forms of financial assistance to companies. Of the eleven grants to SDDC, four letters of agreement called for copies of the loan documents to be provided to the GOED. These documents were not in the grant files. One letter of agreement called for four monthly activity progress reports to be provided to the GOED. These progress reports were not in the grant file. One letter of agreement called for a final report to be provided to the GOED. This final report was not in the grant file. One letter of agreement called for copies of the term sheet to be provided to the GOED. The term sheet was not in the grant file. Of the eleven grants to SDDC, ten letters of agreement were silent as to what happened to the funds after the loan or financial assistance was repaid to the SDDC.

3. A workforce development grant for $47,000 was given to a company with four plants in the U.S. and Canada. One of those four plants is in South Dakota. There was inadequate documentation in the grant file to show the grant was used for training associated with the employees of the South Dakota plant.

4. We reviewed the grant files to determine if there had been follow-up with the grantee after the grant was made. For eighteen of the forty-eight grants tested, totaling $10,396,406, there was no documentation in the grant files that there had been follow-up after the grant was made.

As a result, there was not adequate documentation of the follow-up activities associated with the Future Fund grant program.

RECOMMENDATION:

We recommend that policies be implemented to ensure that the follow-up activities are adequately documented.

Auditee's Corrective Action Plan:

1. GOED updated its existing loan database to include a follow up reporting system to better track and monitor grant agreements. This change will allow GOED to populate detailed monthly reports specifying the documentation or reports due on each grant agreement that month.

2. GOED's Internal Control Document has been updated to specify what constitutes acceptable supporting documentation. Additionally, grant agreements will include the specific documentation required to evidence the fulfillment of the requirements contained therein.

Financial Statement Audit Finding:

Finding No. 2013-011:

Internal controls were inadequate over the cash receipting process.

Type of Finding: Significant Deficiency

Analysis:

SDCL 4-3-4.2 states:

> All money, emoluments, and perquisites other than personal salary received by any officer or employee of this state shall be remitted to the state treasury by the end of the working day following the day money is received or as specified by the state treasurer. The state treasurer shall establish rules and regulations to assure accountability.

Administrative Rule 6:03:01:01 states:

> Funds destined for the state treasurer's office may be held for more than one working day if the amount to be remitted is under $500. However, all funds held by an agency shall be remitted every Thursday.

Miscellaneous revenues, typically in the form of checks, are received in the mail by the Governor's Office of Economic Development (GOED). The mail is opened by a secretary and the checks are distributed to GOED personnel for further processing. A listing of the checks is not made at the time the mail is opened. As a result, internal controls were not adequate to ensure that checks are returned for deposit and deposits are made intact and on a timely basis. Our testing also identified that receipts of over $500 were not deposited within one day as required by SDCL 4-3-4.2.

RECOMMENDATION:

We recommend internal controls be strengthened to ensure that receipts are deposited timely and intact.

Auditee's Corrective Action Plan:

GOED updated its internal controls to require the receptionist opening mail to record the check/cash receipts in the incoming check/cash log, which is printed and signed daily. The receptionist then delivers the receipts to the accounting assistant, who is responsible for endorsing and depositing the receipts in compliance with SDCL 4-3-4.2.

CURRENT AUDIT FINDINGS AND RECOMMENDATIONS

Federal Compliance Audit Findings:

Finding No. 2013-012:

Internal control over performance of management evaluations was not adequate to ensure compliance with rotation of local agencies.

CFDA Title: Special Supplemental Nutrition Program for Women, Infants and Children (WIC)
CFDA Number: 10.557
Federal Award Number: 3SD700708
Federal Award Year: 2013
Federal Agency: Department of Agriculture
Type of Finding: Significant Deficiency
Category of Finding: Subrecipient Monitoring

Analysis:

Title 7 of the Code of Federal Regulations (CFR), part 246.19 (b) (3), states in part, "The State agency shall conduct monitoring reviews of each local agency at least once every two years. Such reviews shall include on-site reviews of a minimum of 20 percent of the clinics in each local agency or one clinic, whichever is greater."

The Department of Health operates 63 clinics throughout the state. The state is divided into seven regions, each overseen by a main local agency. In addition, the Department administers the program through 13 'Public Health Alliance' sites which are not overseen by a main local agency.

In the two year cycle from 2011 – 2012, the Department did not perform a management evaluation on one main local agency and one Public Health Alliance site. The lack of management evaluations exposed the program to an increased risk of noncompliance in program delivery at these sites, including participant enrollment and provision of benefits.

RECOMMENDATION:

1. We recommend the Department implement controls, including a schedule documenting at least two years of management evaluations, to ensure compliance with federal regulations.

Auditee's Corrective Action Plan:

In FY13 the Department of Health was required to perform 23 of 79 site reviews and 37 sites were reviewed. Unfortunately two clinics due for review were not reviewed. The Department has set up a schedule through 2020 to ensure compliance is met.

Finding No. 2013-013:

Internal control over the certification and issuance of food benefits was not sufficient to ensure participants received the full food benefits to which they were certified.

CFDA Title: Special Supplemental Nutrition Program for Women, Infants and Children (WIC)
CFDA Number: 10.557
Federal Award Number: 3SD700708
Federal Award Year: 2013
Federal Agency: Department of Agriculture
Type of Finding: Material Weakness
Category of Finding: Allowable Costs/Cost Principles

Analysis:

The Department of Health provides food benefits to qualifying participants through 63 clinics throughout the state. Health professionals determine participant eligibility and award food packages through a certification process. Once a certification is documented, the food package is manually uploaded to the Special Supplemental Nutrition Program for WIC information system that is used to issue monthly benefits to participants.

We reviewed a random sample of forty participant certifications and identified four participants certified for food benefits which were only partially fulfilled. The lack of oversight of the manual entering of certification data in the WIC information system created an increased risk that participants did not receive the full food benefit available to them.

RECOMMENDATION:

2. We recommend the Department implement controls, including adequate oversight of the certification and benefit provision process, to ensure food benefits are provided to participants in compliance with federal regulations.

Auditee's Corrective Action Plan:

Per federal regulations, staff may customize a food package for participants. This may include the removal/reduction/substitution of a food listed on a voucher to meet the individual needs or requests of the participant. The current federal policy requires that staff must document in the participant record when the maximum allowable food package is not issued and the reason for that change. The Department of Health will address documentation requirements through staff training and the management evaluation process.

Finding No. 2013-014:

Internal controls over the determination of eligibility were inadequate.

CFDA Title: National Breast and Cervical Cancer Early Detection Programs (NBCCEDP), Centers for Disease Control and Prevention Investigations and Technical Assistance
CFDA Numbers: 93.919, 93.283
Federal Award Numbers: 1U58DP003943-01, 5U58DP002038-04, 5U58DP001399-05
Federal Award Year: 2013
Federal Agency: Department of Health and Human Services
Type of Finding: Material Weakness
Category of Finding: Eligibility

Analysis:

Public Law 101-354 authorizing the NBCCEDP program states the following:

> "(h) Records and audits. The Secretary may not make a grant under section 1501 [42 U.S.C. § 300k] unless the State involved agrees that–
> (1) the State will establish such fiscal control and fund accounting procedures as may be necessary to ensure the proper disbursal of, and accounting for, amounts received by the State under such section;"

The NBCCEDP program is subject to the requirements of 45 CFR Part 92. Section 92.20 (a) of this CFR states:

> "A State must expend and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient to-....
> ....(2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes."

Federal guidelines require recipient income to be at or below 250% of the federal poverty level (the South Dakota programs use a 200% poverty level requirement) for enrollment in the NBCCEDP program and the Colorectal Cancer Screening and WISEWOMAN programs under the Centers for Disease Control and Prevention Investigations and Technical Assistance grant. Potential program participants self-report their income, insurance and Medicaid/Medicare eligibility on an enrollment form at a clinic or other qualified provider. Eligibility for patients is then determined by the providers of the services. If the provider determines that a patient is eligible, the provider would then receive payments from a contractor for providing services to the eligible patient at the Medicare rate for the procedure. The providers are not required to verify income or collect any kind of documentation of income, such as paystubs or tax returns. We were unable to verify compliance with eligibility requirements because the only documentation of income is the amount self-reported on the enrollment form. The providers, the contractor and the Department of Health do not maintain any income records beyond the program enrollment forms. There are no other controls in place that adequately mitigate the risk of error or fraud to an acceptable level. For these reasons,

we cannot determine that the funds paid to the providers through the contractor were actually made for eligible participants.

The determination of eligibility by the providers of these program services not only exposes the Department to additional fraud risk, but also creates a subrecipient relationship between the provider and the Department. According to Section 210 of the U.S. Office of Management and Budget Circular A-133, one of the characteristics of a subrecipient is the determination of who is eligible to receive federal financial assistance. A subrecipient relationship requires additional monitoring and audit requirements which are not currently being performed by the Department.

RECOMMENDATIONS:

3. We recommend that procedures be implemented to verify the income reported by program participants.

4. We recommend that the Department evaluate their relationship with providers to determine if there is a subrecipient relationship and implement procedures to meet subrecipient monitoring requirements, if necessary.

Auditee's Corrective Action Plan:

Public Law 101-354, which authorizes CDC to establish the National Breast and Cervical Cancer Early Detection Program, does not establish a requirement for documentation of eligibility based on income, nor does CDC policy. CDC gives grantees the flexibility to set their own policy. The Department of Health's All Women Count! Screening Site Manual (program policy) allows verbal verification of income as reported by the client to the participating healthcare provider.

The Department will work with participating healthcare providers to review their income verification process. The Department will work with the vendor and healthcare providers to develop a system to meet federal subrecipient requirements.

Finding No. 2013-015:

Internal controls were not adequate to ensure compliance with matching, level of effort, and earmarking requirements.

CFDA Title: National Breast and Cervical Cancer Early Detection Programs (NBCCEDP), Centers for Disease Control and Prevention Investigations and Technical Assistance
CFDA Numbers: 93.919, 93.283
Federal Award Numbers: 1U58DP003943-01
Federal Award Years: 2013
Federal Agency: Department of Health and Human Services
Type of Finding: Material Weakness – Material Noncompliance
Categories of Finding: Matching, Level of Effort and Earmarking; Allowable Costs

Questioned Costs: $149,136.15

Analysis:

The Cooperative Agreement with the Department of Health and Human Services (DHHS) requires the Department of Health to provide non-federal match of $1 for every $3 of federal expenditures for the NBCCEDP and National Program of Cancer Registries (NPCR) programs. The agreement also requires the Department of Health to maintain Maintenance of Effort (MOE) amounts, which may not include the non-federal match amount. According to Public Law 101-354, the MOE amount for the NBCCEDP is the amount of "....non-federal contributions in excess of the average amount of non-federal contributions made by the State involved toward the purpose described in section 1501 [42 U.S.C. § 300k] for the 2-year period preceding the first fiscal year for which the State is applying to receive a grant under such section." For the NPCR, Public Law 102-515 states that the MOE amount is "....the amount of such contributions made by the State toward the collection of data on cancer for the fiscal year preceding the first year for which a grant under subsection (a) is made with respect to the State."

Although the Department of Health does record and track non-federal matching amounts, there are no comparisons made to non-federal matching and MOE requirements to ensure that these requirements are actually met. This resulted in non-compliance with non-federal matching and MOE requirements for the NPCR grant. The non-federal matching requirement was $113,893 and the MOE requirement was $144,586 for the period of 6/30/12 through 6/29/13. Department records showed $116,498.45 of in-kind match for this period, however, the MOE requirement must be met before non-federal contributions can be counted toward match. The Department was below the MOE requirement by $28,087.55, and therefore, below the non-federal matching requirement by $141,980.55 and is considered questioned costs. Matching and MOE requirements were met for the NBCCEDP grant, however, the Department was exposed to the risk of non-compliance with federal requirements as a result of the deficiencies in internal controls.

Public Law 101-354 requires that 60% of NBCCEDP cooperative agreement funds awarded are to be used to provide direct client services, such as screening and diagnostic testing, for eligible women. Cooperative agreement funds supporting program management and planning, data management, quality assurance/quality improvement, evaluation, partnerships, professional development and recruitment and administrative costs may not exceed 40%. No more than 10% of cooperative agreement funds may be expended for administrative costs and administrative costs are to be included in the 40% component of the budget. Administrative costs are to be in lieu of and replace indirect costs.

The Department submits a budget to the DHHS which shows how the Department intends to meet the 60/40 earmarking requirements for the NBCCEDP grant, however, there is no ongoing monitoring throughout the year to ensure that this requirement is met. Additionally, the Department improperly charged $7,155.60 in indirect costs to the NBCCEDP grant and did not have procedures in place to determine whether the 10% administrative cost requirement was met. As a result, the Department was not in compliance with federal earmarking requirements.

RECOMMENDATION:

5. We recommend that the Department implement procedures to monitor matching, MOE and earmarking amounts to ensure compliance with federal requirements.

Auditee's Corrective Action Plan:

The Department believes its procedures to monitor match requirements are sufficient but this was not effectively communicated during the audit. Program grant managers collect and monitor match at the program level to ensure federal requirements are met. In addition, the fiscal office will begin contacting program managers on a quarterly basis to verify requirements are being met.

There is no federal required maintenance of effort (MOE) level for CFDA 93.919 and 93.283. However if any MOE exists it is required to be listed on the application. MOE will be included on all future applications even if the amount is zero.

Through the contract process, the Department of Health ensures that a minimum of 60% of funding is allocated to direct services. On future monthly grant reports issued to program managers, a separate ratio calculation will be added to enable tracking and monitoring of required earmarking at the program level.

Finding No. 2013-016:

Matching amounts were not reported on the federal financial report (SF-425).

CFDA Title: National Breast and Cervical Cancer Early Detection Programs (NBCCEDP), Centers for Disease Control and Prevention Investigations and Technical Assistance
CFDA Numbers: 93.919, 93.283
Federal Award Number: 1U58DP003943-01
Federal Award Years: 2013
Federal Agency: Department of Health and Human Services
Type of Finding: Material Noncompliance
Category of Finding: Federal Reporting

Analysis:

The Department of Health prepares annual Federal Financial Reports (SF-425) for grants received under the cooperative agreement with the Department of Health and Human Services (DHHS) for the National Breast and Cervical Cancer Early Detection Programs (NBCCEDP) and Centers for Disease Control and Prevention Investigations and Technical Assistance programs.

The Cooperative Agreement with the DHHS states:

> "Matching is calculated on the basis of the federal award amount and is comprised of grantee contributions proposed to support anticipated costs of the project during a specific budget period (confirmation of the existence of funding is supplied by the grantee via their financial status reports and/or Federal financial report)."

Five annual SF-425 Federal Financial Reports were tested and two of these reports were for grant awards requiring match. One of these reports, which included both programs noted above, did not report matching amounts. As a result, this financial report submitted to the federal government was inaccurate.

RECOMMENDATION:

6. We recommend that matching amounts be included on the SF-425 reports.

Auditee's Corrective Action Plan:

The Department of Health concurs that the match amount was not included on form SF-425. The SFY13 SF-425 report has been corrected and future reports will contain match amounts per grant guidance.

Finding No. 2013-017:

The Department of Health did not properly identify federal award information to the subrecipient at the time of subaward.

CFDA Title: Special Supplemental Nutrition Program for Women, Infants and Children (WIC), Family Planning Services, Centers for Disease Control and Prevention Investigations and Technical Assistance
CFDA Numbers: 10.557, 93.217, 93.283
Federal Award Number: 3SD700708, FPHPA080122-40, 1U58DP003943-01
Federal Award Years: 2013
Federal Agency: Department of Agriculture, Department of Health and Human Services
Type of Finding: Material Weakness
Category of Finding: Subrecipient Monitoring

Analysis:

The U.S. Office of Management and Budget Circular A-133 Compliance Supplement, Section 400 (d) (Compliance Supplement) indicates the following items are to be communicated to the subrecipient at the time of subaward: CFDA title and number, award name and number and name of federal awarding agency. Our review of subawards made under Special Supplemental Nutrition Program for WIC and Family Planning Services programs indicated that the Department of Health did not identify the required federal award information to subrecipients at the time of the subaward.

In addition, the Compliance Supplement indicates pass-through entities are to obtain a Dun and Bradstreet Data Universal Number System (DUNS) number at time of, or prior

to, subaward. Our review of subawards made under WIC and Family Planning Services programs revealed that the Department was not obtaining DUNS numbers at the time of, or prior to, subaward.

The Cooperative Agreement with the Department of Health and Human Services (DHHS) does not allow the Department to make subawards under the Centers for Disease Control and Prevention Investigations and Technical Assistance program. Our sample of twenty-two contracts identified two contracts with language that is consistent with subaward agreements which made it difficult to identify if there was a subrecipient or vendor relationship. We determined them to be vendor payments; however, the lack of controls over contracts and subaward agreements exposes the Department to non-compliance with federal requirements if the Department were to misclassify a subrecipient or vendor relationship.

RECOMMENDATIONS:

7. We recommend procedures be implemented to ensure all aspects of award identifying information are communicated to subrecipients.

8. We recommend procedures be implemented to collect DUNS numbers from subrecipients at the time of, or prior to, subaward; possibly including such information in the grant agreement.

9. We recommend procedures be implemented to improve language on vendor contracts and subaward agreements to more easily identify a subrecipient or vendor relationship.

Auditee's Corrective Action Plan:

The Department of Health concurs that FY13 subrecipient contracts had not all been modified to meet federal requirements. By the end of FY13 DOH had implemented new procedures to properly identify subrecipients vs. vendors and report requires dub awards on SFRS. The DUNS number will be added to all subrecipient contracts and grant awards.

Finding No. 2013-018:

Records were not submitted as required by the Federal Funding Accountability and Transparency Act (Transparency Act) for the Special Supplemental Nutrition Program for Women, Infants and Children (WIC) program and Family Planning Services programs.

CFDA Title: Special Supplemental Nutrition Program for Women, Infants and Children (WIC), Family Planning Services
CFDA Numbers: 10.557, 93.217
Federal Award Number: 3SD700708, FPHPA080122-40
Federal Award Years: 2013
Federal Agency: Department of Agriculture, Department of Health and Human Services
Type of Finding: Material Noncompliance
Category of Finding: Reporting

Analysis:

The Transparency Act requires prime awardees to file a Transparency Act Sub-award report by the end of the month following the month in which the prime recipient awards any sub-grant greater than or equal to $25,000. This reporting requirement became effective as of October 1, 2010.

The Department of Health did not prepare and submit Sub-award reports under the Transparency Act, in a timely manner. As a result, the Department did not comply with federal reporting requirements.

RECOMMENDATION:

10. We recommend the Department prepare and submit the required federal reports, in a timely manner.

Auditee's Corrective Action Plan:

The Department of Health concurs that contracts generated at the beginning of FY13 were not reported on SFRS. By the end of FY13 the Department implemented all reporting requirements and is including sub grantee information on the federal SFRS website.

CURRENT AUDIT FINDINGS AND RECOMMENDATIONS

Federal Compliance Audit Findings:

Finding No. 2013-019:

Controls were not adequate to ensure subrecipients were made aware of the award information and requirements imposed by laws, regulations and provisions of the grant agreements at the time the subaward was issued.

CFDA Title: Cooperative Forestry Assistance
CFDA Number: 10.664
Federal Award Numbers: various
Federal Award Years: various
Federal Agency: Department of Agriculture
Type of Finding: Significant Deficiency
Category of Finding: Subrecipient Monitoring

Analysis:

U.S. Office of Management and Budget (OMB) Circular A-133 requires a pass-through entity to inform subrecipients at the time of the subaward of the:

- Catalog of Federal Domestic Assistance (CFDA) title and number.
- Award name and number.
- Whether the award was for research and development.
- The name of Federal awarding agency.
- The requirements imposed by laws, regulations and the provisions of the grant agreement.

In the sample of grant expenditures, we reviewed six grant agreements. The six grant agreements did not include the CFDA number, four of the six grant agreements did not include the award name and number and two of the six did not include all details relating to the requirements imposed by laws and regulations.

RECOMMENDATION:

1. We recommend that internal controls be strengthened to ensure subrecipients are notified of all required award information in accordance with OMB Circular A-133.

Auditee's Corrective Action Plan:

The Department of Agriculture will issue a "Cover Letter and Appendix" form to be attached to all "contract and grant" agreements that have the potential to use federal funds as part of vendor/awardee compensation.

The additional forms will include:

- The Catalog of Federal Domestic Assistance (CFDA) title and number.
- The award name and number.
- A statement of whether the award is for "Research and Development".
- The name of Federal awarding agency.
- The requirements imposed by laws, regulations and the provisions of the grant agreement.

Finding No. 2013-020:

Procedures were not adequate to ensure the current year's indirect cost rate was properly implemented.

CFDA Title: Cooperative Forestry Assistance
CFDA Number: 10.664
Federal Award Numbers: various
Federal Award Years: various
Federal Agency: Department of Agriculture
Type of Finding: Significant Deficiency – Noncompliance
Category of Finding: Allowable Costs/Cost Principles

Questioned Costs: $4,083.71

Analysis:

The Cooperative Forestry Assistance grant has two divisions within the South Dakota Department of Agriculture; the Division of Wildland Fire Suppression and the Division of Resource Conservation and Forestry (RC&F). Grants relating to the Cooperative Forestry Assistance program can be open for up to five years. During the audit it was noted that the RC&F used the indirect cost rate that was approved at the issuance of the grant award. For example, for the 2008 grant award, the RC&F was using the 2008 indirect cost rate for all future periods of expenditures. For expenditures incurred during FY13, RC&F should have used the FY13 approved indirect cost rate. If the proper indirect cost rates had been used, the total indirect costs for the year should have been $34,915.99. The RC&F indirect costs drawn totaled $38,999.70. This caused the RC&F to overdraw indirect cost expenditures of $4,083.71.

RECOMMENDATION:

2. We recommend that internal controls be strengthened to ensure proper implementation of the current year's indirect cost rate.

Auditee's Corrective Action Plan:

The Department of Agriculture's Resource Conservation & Forestry Division has reconciled its FY2013 indirect cost "overdraw" through an "under recovery" in FY2014. The Division has implemented an internal procedure where the previous year's indirect cost rate will only be used in a future year's indirect cost reimbursement calculation when the current year's rate increases to a rate higher than the previous year.

Finding No. 2013-021:

Controls were not adequate to ensure federal reports for the Cooperative Forestry Assistance grant were accurately prepared.

CFDA Title: Cooperative Forestry Assistance
CFDA Number: 10.664
Federal Award Numbers: various
Federal Award Years: various
Federal Agency: Department of Agriculture
Type of Finding: Significant Deficiency
Category of Finding: Reporting

Analysis:

The Department of Agriculture used excel worksheets to track grant expenditures for the Cooperative Forestry Assistance grant. The worksheets were broken out by expenditures for each grant award and updated on a monthly basis.

The Department submits quarterly Federal Financial Reports (SF-425) and a Request for Advance or Reimbursement Report (SF-270) with each drawdown requested. The Department used these supporting worksheets to prepare their SF-425 report and SF-270 report for the Cooperative Forestry Assistance grant. Several variances were noted with the supporting worksheets as discussed below.

The Cooperative Forestry Assistance grant is administered by two divisions within the South Dakota Department of Agriculture; the Division of Wildland Fire Suppression and the Division of Resource Conservation and Forestry (RC&F).

For the Division of Wildland Fire Suppression we randomly selected three SF-425 reports that were filed in FY13 to verify the accuracy of the reports. For each report submitted, there were multiple projects reported. Within each report, we selected two projects to verify. Results were as follows:

Grant Year 2008, SF-425 report ending 12/31/12

Project 9005 & 9008:	
Expenditures per the South Dakota Accounting System (SDAS)	$ 1,300,835.11
Expenditures reported per worksheet	828,767.52
Variance (under-reported)	472,067.59
Project 9025:	
Expenditures per the SDAS	350,318.39
Expenditures reported per worksheet	337,338.74
Variance (under-reported)	12,979.65

Grant Year 2010, SF-425 report ending 12/31/12

Project 9005 & 9008, #1:	
Expenditures per the SDAS	$ 1,201,835.63
Expenditures reported per worksheet	1,163,692.55
Variance (under-reported)	38,143.08
Project 9005 & 9008, #2:	
Expenditures per the SDAS	626,955.03
Expenditures reported per worksheet	602,678.15
Variance (under-reported)	24,276.88

Grant Year 2011, SF-425 report ending 3/31/13

Project 9005 & 9008 #1:	
Expenditures per the SDAS	$ 982,900.45
Expenditures reported per worksheet	867,726.84
Variance (under-reported)	115,173.61
Project 9005 & 9008, #2:	
Expenditures per the SDAS	558,677.10
Expenditures reported per worksheet	607,375.56
Variance (over-reported)	(48,698.46)

For the RC&F we randomly selected two quarterly reports to verify for Grant Year 2012. Results were as follows:

SF-425 report ending 9/30/12

Expenditures per the SDAS, including proper indirect cost	$ 109,276.69
Expenditures reported per worksheet	136,605.56
Variance (over-reported)	(27,328.87)

SF-425 report ending 12/31/12

Expenditures per the SDAS, including proper indirect cost	$ 209,339.60
Expenditures reported per worksheet	108,215.12
Variance (under-reported)	101,124.48

For the RC&F SF-425 report ending 12/31/12, an error was made in which the Department only reported expenditures for that current quarter and not total expenditures through 12/31/12. Variances with the RC&F SF-425 were mainly due to using the improper indirect cost rate as discussed in finding 2013-021.

As noted above, the worksheets did not agree to the SDAS. We also noted that the worksheets did not properly break out federal and state expenditures based on actual costs incurred on the SDAS. As a result, we were unable to verify the accuracy of the SF-425 and SF-270 reports.

RECOMMENDATION:

3. We recommend that internal controls be strengthened over the preparation the federal reports.

Auditee's Corrective Action Plan:

To clarify the analysis described within audit finding 2013-021:

- The South Dakota Department of Agriculture uses cost/activity based accounting to track individually approved projects within the cooperative forestry assistance grant, as required by the US Forest Service.
- To track distinct project activity under the cooperative forestry assistance grant (awarded to multiple Divisions) the Department uses a combination of both a 3-digit fund source and 2-digit subfund to distinguish each individually authorized project.
- The Department works closely with the Federal awarding agency and designated grant contact to remain in good standing on all Department administered federal awards.
- To capture and account for fully weighted project costs the Department records all expenditures (general funds, federal funds, other funds) supporting a project to the pre-established fund source & subfund combination.
- The Department's procedures for coding all project specific expenses to a unique fund source & subfund combination results in state accounting system entries that capture both grant reimbursable and non-reimbursable expenses within a funding source.

To address the audit recommendation, the Department will explore reorganization of its cost/activity based chart of accounting codes to create individual 3-digit source codes for each project authorized within the cooperative forestry assistance grant.

Revisions from cost/activity based accounting codes to grant based accounting codes would establish many additional 3-digit source codes within the cooperative forestry assistance grant and allow for new subfund codes within each project to separate reimbursable from non-reimbursable expenses.

Finding No. 2013-022:

Controls were not adequate to ensure cash draws for the Cooperative Forestry Assistance grant were proper.

CFDA Title: Cooperative Forestry Assistance
CFDA Number: 10.664
Federal Award Numbers: various
Federal Award Years: various
Federal Agency: Department of Agriculture
Type of Finding: Significant Deficiency
Category of Finding: Cash Management

Analysis:

The Department of Agriculture used excel worksheets to track grant expenditures for the Cooperative Forestry Assistance grant. The worksheets were broken out by expenditures for each grant award and updated on a monthly basis. The worksheets did

not properly break out federal and state expenditures based on actual costs incurred on the SDAS. As a result, the worksheets could not be traced to the SDAS.
The Department used these supporting worksheets to determine the amount to draw from the Cooperative Forestry Assistance grant. Because the supporting worksheets could not be verified, we were unable to determine if either excessive positive or negative cash balances existed with regard to this reimbursement basis grant.

RECOMMENDATION:

4. We recommend that internal controls be strengthened over the preparation of the supporting worksheets used to prepare the cash draws.

Auditee's Corrective Action Plan:

To clarify the analysis described within audit finding 2013-022:

- The South Dakota Department of Agriculture uses cost/activity based accounting to track individually approved projects within the cooperative forestry assistance grant, as required by the US Forest Service.
- To track distinct project activity under the cooperative forestry assistance grant (awarded to multiple Divisions) the Department uses a combination of both a 3-digit fund source and 2-digit subfund to distinguish each individually authorized project.
- The Department works closely with the Federal awarding agency and designated grant contact to remain in good standing on all Department administered federal awards.
- To capture and account for fully weighted project costs the Department records all expenditures (general funds, federal funds, other funds) supporting a project to the pre-established fund source & subfund combination.
- The Department's procedures for coding all project specific expenses to a unique fund source & subfund combination results in state accounting system entries that capture both grant reimbursable and non-reimbursable expenses within a funding source.

To address the audit recommendation, the Department will explore reorganization of its cost/activity based chart of accounting codes to create individual 3-digit source codes for each project authorized within the cooperative forestry assistance grant.

Revisions from cost/activity based accounting codes to grant based accounting codes would establish many additional 3-digit source codes within the cooperative forestry assistance grant and allow for new subfund codes within each project to separate reimbursable from non-reimbursable expenses.

Separation of reimbursable and non-reimbursable expenses by subfund will allow for easier cash balance verification for auditing purposes.

Finding No. 2013-023:

Internal controls were not adequate to ensure proper approval of subrecipient expenditures.

CFDA Title: Cooperative Forestry Assistance
CFDA Number: 10.664
Federal Award Numbers: 12-DG-11020000-029
Federal Award Years: 2012
Federal Agency: Department of Agriculture
Type of Finding: Significant Deficiency – Noncompliance
Category of Finding: Activities Allowed or Unallowed

Questioned Costs: $2,153.92

Analysis:

The Department of Agriculture Wildland Fire Division issued subrecipient grant agreements under the Cooperative Forestry Assistance grant. The grant agreements state: "Reimbursement to be at completion of project and upon sending copies of all receipts, a completed Project Billing Statement, and a completed W-9 form to the Department of Agriculture...."

We tested 25 subrecipient expenditures related to the Cooperative Forestry Assistance program within the South Dakota Wildland Fire Suppression Division. There was one subrecipient payment which was deemed unallowable. The total payment made to the subrecipient was $3,624.98 of which $2,153.92 was determined to be unallowable. There were several receipts included for the total reimbursement. One receipt for $1,076.96 was submitted twice for reimbursement. We also noted that the receipt was a quote and not an actual paid invoice. There was nothing noted to show the items listed were actually purchased. As the receipt was not for an actual purchase made, this was deemed unallowable given the grant terms. This resulted in actual questioned costs of $2,153.92.

RECOMMENDATION:

5. We recommend internal controls be strengthened over approval of subrecipient expenditures.

Auditee's Corrective Action Plan:

The Department of Agriculture's Wildland Fire Division has coordinated with the subrecipient receiving the payment identified in audit finding 2013-023 to provide the additional documentation necessary to reconcile and balance the transaction. The Division has also implemented an additional level of staff review on purchasing procedures that will strengthen the internal control over subrecipient expenditures.

State Compliance Audit Finding:

Finding No. 2013-024:

Procedures were not adequate to ensure compliance with state laws over indirect cost reimbursements.

Type of Finding: Noncompliance

Analysis:

SDCL 4-4-7 states:

> *Deposit of indirect cost reimbursements from the federal government--Exemption*. Indirect cost reimbursements received from the federal government shall be deposited in the fund that incurred the indirect costs. Funds of the Board of Regents are exempt from this requirement.

SDCL 4-4-8 states:

> *Transfer of funds received from federal government as indirect cost reimbursements to fund that incurred expenditures--Exemption*. The state treasurer shall transfer that portion of cash balances in federal funds that have accumulated in each fund over two hundred fifty thousand dollars as of June thirtieth due to indirect cost reimbursements received from the federal government to those funds that incurred the indirect cost expenditures. Funds of the Board of Regents are exempt from this requirement.

The Department of Agriculture used a federal indirect cost fund to accumulate all indirect cost reimbursements associated with the drawdowns relating to indirect costs recovered from federal programs. The reimbursements were deposited into the federal indirect cost fund. In FY13, a total of $580,183.02 was transferred out of the federal indirect cost fund back into the federal grant programs.

Upon review of the indirect cost proposal, indirect costs associated with the Office of the Secretary, Division of Agricultural Services Administration and Division of Resource Conservation & Forestry Administration were charged to state funds. Because indirect cost reimbursements were deposited into the federal grant programs rather than the state funds that had incurred the costs, the Department was not in compliance with state law.

RECOMMENDATION:

6. We recommend the Department ensure compliance with state law associated with indirect cost reimbursements.

Auditee's Corrective Action Plan:

The Department of Agriculture will explore suspending its practice of processing secondary cash transfers back to program/activity sources within its federal company. The Department will also consider directly coding expenditures to non-program/activity (indirect cost) fund sources starting in FY2014. Under consideration will be the impact of reducing the Department's cost/activity based accounting practices to adhere to the recommendation.

CURRENT AUDIT FINDING AND RECOMMENDATION

Financial Statement Audit Finding:

Finding No. 2013-025:

Controls were not adequate to ensure the accuracy of amounts reported in the financial statements, including the identification and correction of reporting errors and omissions.

Type of Finding: Material Weakness

Analysis:

Various policies and procedures were implemented by the central office and universities during the South Dakota Board of Regents financial statement preparation. These policies and procedures attempted to provide specific guidance to the universities and address unique reporting considerations. In some instances, universities and the central office still did not have adequate written policies and procedures to identify how they were to apply the broad policies to their specific university. Additionally, procedures were not adequate in assessing the risk of potential reporting errors through performing trend analysis and reasonableness tests or other relevant reviews over the amounts being reported. As a result, the audit identified that some of the year-end entries and footnote disclosures completed by Black Hills State University, South Dakota School of Mines and Technology, South Dakota State University, the University of South Dakota and the central office had material reporting errors and omissions. Adjusting entries were posted to the accounting records as recommended by us during the audit.

Our audit identified significant deficiencies over financial reporting or material adjustments for the following areas:

- Cash and cash equivalents
- State aid from primary government
- Equity and equity restrictions
- Schedule of Expenditures of Federal Awards
- Footnote disclosures on long term debt, functional classification and leases

Because of the lack of adequate controls over the financial reporting process, there existed an increased exposure to inaccurate financial reporting.

RECOMMENDATION:

1. We recommend internal controls over external financial reporting be strengthened by: a) improving the written policies and procedures on the preparation of external financial statements and the identification and correction of reporting errors or omissions; and, b) increasing management oversight and involvement over the external financial reporting process.

Auditee's Corrective Action Plan:

The Board of Regents (Board) recognizes the importance of accurate and complete financial statements for external use. The position of Financial Compliance Officer was added in 2009 to provide training and assistance to the Regental institutions in identifying, developing and documenting specific policies and procedures. Policies and procedures continue to be reviewed and updated with an emphasis on clear and precise guidance, particularly in the areas of combining component units, proper recognition of assets and recording liabilities, revenues and expenses. Significant improvement has been made in this area, resulting in the number of audit adjustments decreasing by nearly 86% from fiscal year 2010 to fiscal year 2013.

The Board will continue to pursue the objective of improved controls and documentation of policies and procedures in an effort to eliminate potential errors and omissions. The Director of Finance will further support the Regental institution staff through training specifically targeted at items causing the audit finding during the spring of 2014.

The Board is confident it will maintain progress in these areas, but acknowledges the complexity of accounting issues in higher education and the very low threshold in auditing standards for reportable conditions will make the complete elimination of this finding difficult.

CURRENT AUDIT FINDING AND RECOMMENDATION

Federal Compliance Audit Finding:

Finding No. 2013-026:

Controls were not adequate to ensure proper billing and collection procedures were carried out for Federal Perkins Loans (FPL) as required under federal regulation.

CFDA Title: Student Financial Assistance Cluster – Federal Perkins Loan (FPL) – Federal Capital Contributions
CFDA Number: 84.038
Federal Award Number: various
Federal Award Year: various
Federal Agency: Department of Education
Type of Finding: Material Weakness
Category of Finding: Special Tests and Provisions – Student Loan Repayments

Analysis:

Title 34 of the Code of Federal Regulations (CFR), part 674.42(c) states:

> (1)(i) For loans with a nine-month initial grace period (....Federal Perkins loans), the institution shall contact the borrower three times within the initial grace period.
>
> ....
>
> (2)(i) The institution shall contact the borrower for the first time 90 days after the commencement of any grace period. The institution shall at this time remind the borrower of his or her responsibility to comply with the terms of the loan and shall send the borrower the following information:
>
> (A) The total amount remaining outstanding on the loan account, including principal and interest accruing over the remaining life of the loan.
>
> (B) The date and amount of the next required payment.
>
> (ii) The institution shall contact the borrower the second time 150 days after the commencement of any grace period. The institution shall at this time notify the borrower of the date and amount of the first required payment.
>
> (iii) The institution shall contact a borrower with a nine-month initial grace period a third time 240 days after the commencement of the grace period, and shall then inform him or her of the date and amount of the first required payment.

34 CFR Part 674.43 states:

(b)(1) An institution shall send a first overdue notice within 15 days after the due date for a payment if the institution has not received–

(i) A payment:

(ii) A request for deferment; or

(iii) A request for postponement or for cancellation.

....

(c) If the borrower does not satisfactorily respond to the first overdue notice, the institution shall continue to contact the borrower as follows, until the borrower makes satisfactory repayment arrangements or demonstrates entitlement to deferment, postponement, or cancellation:

(1) The institution shall send a second overdue notice within 30 days after the first overdue notice is sent.

(2) The institution shall send a final demand letter within 15 days after the second overdue notice. This letter must inform the borrower that unless the institution receives a payment or a request for deferment, postponement, or cancellation within 30 days of the date of the letter, it will refer the account for collection or litigation, and will report the default to a credit bureau.

The University of South Dakota contracts with University Accounting Systems (UAS) for the billing, collection and monitoring of the status of FPL loans. Controls were not adequate to ensure the University properly communicated the separation dates of withdrawn FPL students to UAS so that proper billing and collection procedures could be carried out. The University did not provide UAS with the separation dates for FPL recipients that withdrew from the University for the academic terms including the spring semester of 2009 through the spring semester of 2012 until July, 2012. Because UAS was not aware these students had withdrawn, the proper billing and collection procedures were not initiated within the required time frames.

As a result, the University did not comply with FPL billing and collection requirements as provided under federal regulation.

RECOMMENDATION:

We recommend the University implement controls necessary to ensure compliance with FPL billing and collection requirements.

Auditee's Corrective Action Plan:

Student separation data, including those that have withdrawn, is run by the USD IT department. During the period in question, new IT staff was hired to run the separation

data. The IT staff was not reporting withdrawn students to UAS for the 2010 fall, 2011 spring, 2011 summer or 2011 fall semesters. This failure impacted 495 students, before USD staff realized not all information was being sent on. Upon discovery of the omission, USD made contact with the impacted students the required number of times before the students were put into collection status. In addition to the separation files already mentioned, it was discovered that an additional 33 students from the 2009 spring, 2009 fall, 2010 spring and 2010 summer semesters had left USD, but their information had not been transmitted to UAS with the original separation files. Since this oversight was discovered in June 2012, USD has implemented procedures to ensure all separation data is sent on to UAS, as required. Beginning in the 2012 spring semester, all files have been sent to UAS in a timely and accurate manner and are in compliance with federal regulations.

CURRENT AUDIT FINDING AND RECOMMENDATIONS

Financial Statement Audit Finding:

Finding No. 2013-027:

Controls were not adequate to ensure the accuracy of amounts reported in the State's financial statements including the identification and correction of reporting errors and omissions.

Type of Finding: Material Weakness

Analysis:

In order for the State to compile the needed information for the State's financial statements, including the notes to the financial statements and the Schedule of Expenditures of Federal Awards, the Bureau of Finance and Management (BFM) issued a policies and procedures manual that the various agencies within State government used while preparing year-end entries and disclosures. These policies and procedures were not intended to be agency specific and did not identify unique reporting considerations of the different agencies. In many instances, agencies did not have adequate written policies and procedures to identify how they were to apply the broad BFM policies to their specific agency. In addition, many individuals responsible for the preparation of the year-end entries lacked adequate training, expertise or supervisor oversight. As a result, many year-end entries had material reporting errors and omissions. After the year-end entries were completed, the BFM's Accounting Analysis and Financial Reporting Division implemented controls to identify and remedy material reporting errors and omissions; however they were not adequate to fully identify and remedy all of the material errors and omissions.

A significant number of material adjustments were identified and proposed by us for the State's financial statements which include the notes to the financial statements. The BFM posted these adjusting entries to the accounting records as recommended by us during the audit or adjusted the financial statements or notes to the financial statements accordingly. Based on the testing performed, our audit identified significant deficiencies over financial reporting and/or material errors for the following areas:

- Proper recognition and classification of assets, liabilities, revenue, expenses and transfers,
- Proper inclusion of separately issued audited financial statements for funds of the State,
- Prior period adjustments,
- Equity reservations and restrictions,
- Financial Statement preparation,
- Note disclosures,
- The Schedule of Expenditures of Federal Awards

Because the various agencies of the State did not have adequate controls to ensure the accuracy of amounts reported in the financial statements and notes to the financial

statements and the BFM did not have adequate internal controls in place to identify and correct all material misstatements, there existed an increased exposure to inaccurate financial reporting.

RECOMMENDATIONS:

1. We recommend the BFM work with each agency to further develop specific written policies and procedures to follow while preparing their year-end financial statement entries.

2. We recommend the BFM continue to implement written internal control procedures to identify and correct reporting errors and omissions and ensure the accuracy of amounts reported in the financial statements.

Auditee's Corrective Action Plan:

The State is committed to timely and accurate financial reporting.

Recently, BFM added an Accounting Analysis and Financial Reporting Division. This division predominately acts as an internal control function for the State to help identify and correct agency specific accounting and financial reporting errors and to prepare the State's Comprehensive Annual Financial Report (CAFR). Additionally, this Division provides training and assistance to all state agencies regarding accounting and reporting issues and provides assistance in identifying, developing and documenting agency specific controls. Continued progress has been made each fiscal year. As a result, the number of adjustments proposed by the independent auditors for material errors and omissions and the number of agency specific audit findings continue to decrease significantly every year. We acknowledge that further improvements are necessary and we are confident this progress will continue as this division and the state agencies become more experienced and better trained. However, given the complexity of governmental accounting and financial reporting, the very low threshold in auditing standards for deficiencies, and the limited resources the State can direct to accounting and financial reporting, this finding will take significant time to resolve.

Additionally, BFM has added an Internal Control and Compliance position. This position functions as a liaison between BFM and the state agencies regarding internal control issues. Its main focus is to identify and strengthen statewide and agency specific internal controls. The Internal Control and Compliance position and the Accounting Analysis and Financial Reporting Division work in conjunction with each other and share resources but report independently and separately to the Chief Financial Officer of the State of South Dakota. As a direct result of the additional resources devoted to this area, agency specific findings related to internal control weaknesses have decreased significantly every year. We acknowledge that further improvements are necessary and we are confident improvements will continue.

BFM will continue to develop, document, and implement controls to identify and correct agency reporting errors and omissions, and will work with agencies to further develop agency specific accounting and financial reporting policies and procedures. However, it is unfeasible to develop control procedures or policies to cover every contingency that could occur within state government. Such a policy and procedures manual would be so

voluminous it would render itself inefficient and ineffective. Thus, it is important to focus resources on areas which provide value. Additionally, the process of documenting the control procedures that are currently in effect throughout state government is currently underway. However, it will take significant time to complete.

In addition to the action taken and continued improvements noted above, the State is currently reassessing its entire accounting and financial reporting processes. This assessment will focus on streamlining, simplifying and automating procedures; implementing new systems and processes; reevaluating resource needs; and requesting additional resources in the accounting and auditing fields with the goal of achieving more accurate and timely reporting.

The following was issued under a separate audit of the Soybean Research & Promotion Council by Eide Bailly, LLP.

CURRENT AUDIT FINDINGS AND RECOMMENDATIONS

Financial Statement Audit Findings:

Finding No. 2013-028:

The Council does not have an internal control system designed to provide for the preparation of the financial statements being audited. As auditors, we were requested to draft the financial statements and accompanying notes to the financial statements.

Criteria:

Proper controls over financial reporting include the ability to prepare financial statements and accompanying notes to the financial statements that are materially correct.

Cause:

The Council has limited staff. They cannot justify having an individual on staff with the proper accounting skills necessary for preparing the draft financial statements and accompanying notes to the financial statements.

Effect:

Inadequate controls over financial reporting of the Council could result in the likelihood that the Council would not be able to draft the financial statements and accompanying notes to the financial statements that are materially correct without the assistance of the auditors.

RECOMMENDATION:

1. While we recognize that this condition is not unusual for an organization of your size, it is important that you be aware of this condition for financial reporting purposes. Management and the Board should continually be aware of the financial accounting and reporting requirements of the Council as well as changes in these requirements.

Auditee's Corrective Action Plan:

Since it is not cost-effective for an organization of our size to have an individual on staff to prepare audit-ready financial statements, we have chosen to hire Eide Bailly, LLP, a public accounting firm, to prepare our financial statements as part of the annual audit. We have designated a member of management to review the propriety of the draft financial statements and accompanying notes to the financial statements.

Finding No. 2013-029:

Compliance with United Soybean Board (USB) regulations includes maintaining contracts and disbursing funds in accordance with guidelines established in the USB's Compliance Manual.

Condition:

During the year under audit, the Council made 705 disbursements of check-off monies. We reviewed sixty of these disbursements and found that all of the disbursements tested complied with USB regulations regarding the use of check-off funds as defined by Section 1220.230 of the Soybean Promotion, Research, and Consumer Act of 1990. In connection with this procedure, we reviewed twenty-one contracts. We found four instances where the contracts had no documentation addressing rights of ownership of project results and/or retention of records. These contract provisions were added in the contracts for fiscal year 2014. In addition we noted one disbursement that, while in compliance with USB regulations regarding use of check-off funds, did not have a contract but should have based on the nature of the disbursement.

Cause:

The Council established additional procedures designed to gather the required elements for the contracts. Two of the contracts noted above were initiated prior to the implementation of this new process by the Council.

Effect:

Not maintaining contracts in accordance with USB regulations could adversely affect the Council's compliance with USB regulations regarding the disbursement of check-off monies.

RECOMMENDATION:

2. We recommend that management review all contracts currently in place to ensure they contain all required provisions for compliance with USB rules. We recommend documenting in the contract file reasons for excluding required elements at the time the contract is drafted, if circumstances exist, where certain provisions are determined to not apply. We encourage the Council to maintain open communication with the USB and continue to review and develop procedures related to the securing of contracts.

Auditee's Corrective Action Plan:

We recognize that compliance with USB regulations regarding the maintenance of contract files is important to ensuring check-off monies are disbursed in accordance with USB regulations. We have reviewed the USB Compliance Manual and regularly discuss compliance requirements with USB. We will continue to make improvements to our procedures to ensure our contracts are in compliance with USB regulations and will thoroughly review all externally generated contracts to ensure they contain the items required by USB.

Specifically, in addressing Finding 2013-029, as stated in the condition, there was one program without a contract and it was also stated that in four contracts, there was no documentation addressing rights of ownership project results and/or retention of records. The missing contract was for Heartland Ag Network. The fiscal year in which this occurred, was two fiscal years ago (FY12). In FY13 we had a Memo of Understanding and in FY14 we have a much more comprehensive contract in place. So we've corrected this finding. As for the four contracts missing rights of ownership language and/or retention of records language: In discussing rights of ownership, our USB compliance coordinator stated to us, depending on the nature of the project, rights to ownership language is not necessarily needed, but the compliance manual used by Eide Bailly in making this finding, should be updated to reflect the rights to ownership language. Management will bring this up to the United Soybean Board. Of the 4 contracts noted in the Condition for Finding 2013-029:

- Heartland Ag Network – Rights to ownership/records retention has been addressed in the newly signed FY14 contract, however, rights to ownership language is not necessary for this project.
- National Biodiesel Board – Contract in question as listed in the Condition for 2013-029 is in reference to a FY12 contract, even though this is an audit for FY13. In FY13 and FY14 contracts for NBB, they have been corrected with the proper language in the contract they generate for us.
- National Biodiesel Board – Contract in question as listed in the Condition for 2013-029 is in reference to a FY12 contract, even though this is an audit for FY13. In FY13 and FY14 contracts for NBB, they have been corrected with the proper language in the contract they generate for us.
- Iowa Soybean contract – Iowa Soybean generates this contract which we sign. They are also overseen by the USDA and United Soybean Board. Since they generate the contract in which SD Soybean and other State Soybean Boards sign, we have brought it to their attention that future contracts need to address record retention and ownership issues, even though ownership language is not necessary for this project. Records retention language has been addressed with Iowa Soybean for the future.

The following was issued under a separate audit of the Corn Utilization Council by Eide Bailly, LLP.

CURRENT AUDIT FINDINGS AND RECOMMENDATIONS

Financial Statement Audit Findings:

Finding No. 2013-030:

Proper controls over financial reporting include an adequate system for recording and processing entries material to the financial statements, as well as the ability to prepare financial statements and accompanying notes to the financial statements that are materially correct.

Condition:

The Council does not have an internal control system designed to provide for the preparation of the financial statements being audited. As auditors, we proposed material audit adjustments that would not have been identified as a result of the Council's existing internal controls, and therefore could have resulted in a material misstatement of the Council's financial statements. We were also requested to draft the financial statements and accompanying notes to the financial statements.

Cause:

The Council has limited staff. They cannot justify having an individual on staff with the proper accounting skills necessary for preparing the draft financial statements and accompanying notes to the financial statements.

Effect:

This deficiency results in a reasonable possibility that the Council would not be able to draft the financial statements and accompanying notes to the financial statements that are materially correct without the assistance of the auditors.

RECOMMENDATION:

1. While we recognize that this condition is not unusual for an organization of your size, it is important that you be aware of this condition for financial reporting purposes. Management and the Board should continually be aware of the financial accounting and reporting requirements of the Council as well as changes in these requirements.

Auditee's Corrective Action Plan:

Since it is not cost-effective for an organization of our size to have an individual on staff to prepare audit-ready financial statements, we have chosen to hire Eide Bailly, a public accounting firm, to prepare our financial statements as part of the annual audit.

Management and the board of directors will review for propriety the draft financial statements and accompanying notes to the financial statements.

Finding No. 2013-031:

In order to achieve a high level of internal control, the functions of executing transactions, recording transactions and maintaining accountability for assets should be performed by different employees or be maintained under dual control.

Condition:

The Council did not have an internal control system to allow for the proper segregation of duties in certain areas of the accounting function. The oversight and review process by management, such as the monthly bank reconciliation and monthly financial reports, is not formally documented. Current policy requires checks over $500 to be signed by both an employee and a board member. Based on our testing, there were four instances out of twenty-five checks over $500 selected where the required dual signatures was missing.

Cause:

The Council has limited staff and cannot justify hiring an additional individual in order to better segregate accounting duties. Management oversight is done on an informal basis. Dual signatures were missing due to the timing of when the check was needed in some cases.

Effect:

Proper segregation of duties helps to minimize the chance of undetected errors or defalcations, since the work of one person is reviewed by the work of another.

RECOMMENDATION:

2. Due to the small size of the office, the Council is limited in the options available to them. Under this situation, the most effective control is management and the board's oversight and knowledge of matters relating to the operations of the Council.

Auditee's Corrective Action Plan:

We have evaluated the segregation of duties over the revenue function and over the expenditure function. Management and the board of directors will exercise oversight of the accounting functions, which we believe mitigates the risk of material misstatement to an acceptable level. In addition, the Council has engaged a contracted accountant to assist with many of the monthly accounting functions for next fiscal year.

Finding No. 2013-032:

Accounting records along with adequate supporting documentation should be maintained. All applicable grant agreements should be signed and dated and a copy of the completed agreement should be held by the Council. In addition, grant amendments should be formally documented. It is important to produce certain detailed information and to maintain these records for possible analysis by users such as management, independent auditors, or governmental bodies.

Condition:

The documents to support relevant grant agreements were not retained by the Council in some cases. Missing documents were obtained from the grantee organizations.

Cause:

The Council does not have an internal policy in place that provides for the retention of all relevant and complete grant agreements. Uncompleted grant agreements signed by the donee were retained in some cases; however, signed and dated copies were not maintained once the Council had completed the agreements.

Effect:

The determination of the appropriate amount of grants and subsidy expenditures for fiscal year 2013 was not easily obtained. In addition, proper record retention also minimizes the chance of undetected errors or defalcations.

RECOMMENDATION:

3. Management should adopt procedures to ensure adequate and complete accounting records are retained, including all relevant supporting documentation. Copies of signed and dated agreements should be retained and properly filed. Grant amendments should also be formally documented.

Auditee's Corrective Action Plan:

Management will review procedures and record retention policies and implement any necessary changes to ensure supporting documents are available.

The following was issued under a separate audit of the Unemployment Insurance Fund by Ketel Thorstenson, LLP.

CURRENT AUDIT FINDING AND RECOMMENDATION

Federal Compliance Audit Finding:

Finding No. 2013-033:

During our testing of Emergency Unemployment Compensation (EUC) benefit payments, we noted one instance where the EUC calculation was not based on the most recent Monetary Benefit Determination, resulting in the EUC maximum benefit being less than it should have been.

CFDA Title: Unemployment Insurance
CFDA Number: 17.225
Federal Award Number:
Federal Award Year:
Federal Agency: Employment and Training Administration
Type of Finding: Significant Deficiency
Category of Finding: Eligibility

Cause:

The EUC benefits are the result of a temporary federal program and therefore are unusual to the Fund's normal benefit payment processing. The Fund's review process did not identify the instance noted above.

Criteria:

The EUC maximum benefit amounts should be based on the most recent Monetary Benefit Determination.

Questioned Costs:

None

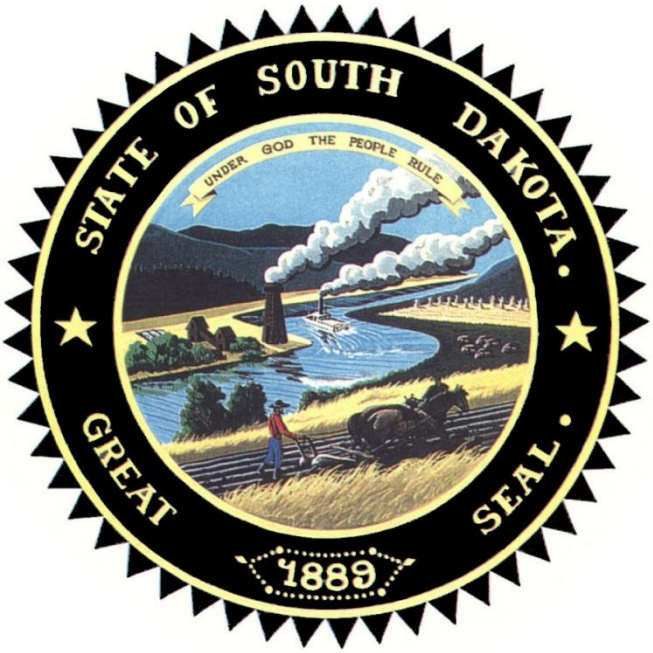
RECOMMENDATION:

EUC calculations were internally reviewed for propriety and accuracy prior to the claimant eligibility letter being generated. A process should be developed to ensure the most recent Monetary Benefit Determination is used.

Auditee's Corrective Action Plan:

The EUC determination was computed in August 2012 prior to a change in the review policy. The current policy requires review of every EUC claim to verify that the monetary

determination is correct and based on the most recent UI monetary determination. Since implementation of the current policy, no incorrect determinations were found during the annual audit. The current policy will remain in effect. The Deputy UI Director will be in charge of implementation of the corrective action plan.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