

The Financial State of South Dakota

As of June 30, 2010



The State's Assets Exceed Its Bills

Assets	\$9,742,285,000
Less: Capital Assets	\$4,071,319,000
Restricted Assets	\$1,870,726,000
Assets Available to Pay Bills	\$3,800,240,000
Less: Bills	\$3,452,252,000
Assets Left After Bills Are Funded	\$347,988,000
Each Taxpayer's Surplus*	\$1,400

The state of South Dakota has \$9.7 billion in assets but most of these assets are not available to meet the State's bills.

The \$4.1 billion of capital assets, such as roads, buildings and land, should not be sold to pay bills. The use of \$1.9 billion of the assets is restricted by law or contract.

That leaves \$3.8 billion of State assets available to pay a total of \$3.5 billion of bills as they come due.

The \$348 million surplus is available to pay future bills. Unlike most states, South Dakota has the money needed to pay State employees' retirement benefits and other costs.

Each Taxpayer's* Share of the Financial Surplus \$1,400

All Liabilities Not Clearly Disclosed

Reported Retirement Liabilities	\$15,218,000
Total Retirement Obligations	\$187,341,000
Retirement Liabilities Not Clearly Disclosed	\$172,123,000

The state of South Dakota reported retirement liabilities of \$15.2 million. The Institute for Truth in Accounting's detailed analysis discovered that \$187.3 million of additional retirement benefits have been promised but not reported on the State's balance sheet. This means retirement liabilities of \$172.1 million are not clearly disclosed.

State statutes require the legislature to pass a balanced budget. The South Dakota legislatures, unlike those in other states, have lived up to the intent of these statutes. But during these tough economic times, citizens need to be vigilant to make sure legislators do not start to use the budgeting tactics that other states use.

These budget tactics include:

- Hiding current payroll costs by offering pension and state retirees' health care benefits without providing adequate funding;
- Borrowing money to pay current bills; and
- Charging current bills to the State's "credit card" by delaying the payment of bills.

Truthful budgetary accounting would include the portion of retirement benefits employees earn in current compensation costs every year they work.

Accurate accounting requires all real and certain expenses be reported in the State's budget and financial statements when incurred not when paid.

The Bills the State Has Accumulated

State Bonds	\$2,835,008,000
Other Liabilities	\$789,526,000
Less: Debt Related to Capital Assets	\$359,623,000
Unfunded Pension Benefits	\$116,793,000
Unfunded Retirees' Health Care Benefits	\$70,548,000
Bills	\$3,452,252,000

The State has accumulated bonds of \$2.8 billion and other liabilities of \$789.5 million. The calculation of assets available to pay bills does not include capital assets so \$359.6 million of related debt is removed from the calculation of the State's bills.

Unfunded employees' retirement benefits represent 5% of the State's bills. Unfunded pension benefits total \$116.8 million and unfunded retirees' health care benefits total \$70.5 million. But unlike most states, South Dakota has other assets available to pay these liabilities.

South Dakota elected officials seem to promise only what they can afford.

Data is derived from the state of South Dakota's June 30, 2010 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

**Based on the number of South Dakota federal tax filers with a tax liability. This approximates the number of households in the state.*