

Financial state of the state

# 6 SOUTH DAKOTA



MONEY LEFT  
AFTER  
PAYING  
BILLS: \$948  
MILLION



\$3,300  
TAXPAYER  
SURPLUS



# THE FINANCIAL STATE OF SOUTH DAKOTA

## The state's assets exceed its bills

|   |                  |
|---|------------------|
| Assets                                  | \$10,780,050,000 |
| Minus: <i>Capital assets</i>            | \$4,976,886,000  |
| <i>Restricted assets</i>                | \$2,745,849,000  |
| Assets available to pay bills           | \$3,057,315,000  |
| Minus: <i>Bills</i>                     | \$2,109,236,000  |
| Money available to pay future bills     | \$948,079,000    |
| <b>Each taxpayer's share of surplus</b> | <b>\$3,300</b>   |

South Dakota has \$10.8 billion in assets, but most of these assets are not available to pay state bills.

The \$5 billion of capital assets, such as roads, buildings, and land should not be sold to pay bills. The use of \$2.7 billion of the assets is restricted by law or contract.

That leaves \$3.1 billion of state's assets available to pay \$2.1 billion of bills as they come

South Dakota's elected officials seem to promise only the amount of benefits they can afford to pay.

**Each Taxpayer's Share of the  
Financial Surplus is  
\$3,300**



Truth in Accounting is committed to educating and empowering citizens with understandable, reliable and transparent government financial information.

We call on governments to truthfully balance their budgets by including all real and certain expenses when incurred not when paid.

To be knowledgeable participants in their government and its budget process, citizens need to be provided with truthful and transparent financial information.

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## The bills South Dakota has accumulated

|  |                        |
|--|------------------------|
| Bonds  | \$2,044,113,000        |
| Other liabilities                            | \$859,487,000          |
| Minus: <i>Debt related to capital assets</i> | \$632,056,000          |
| Unfunded pension benefits *                  | (\$162,308,000)        |
| Unfunded retiree health care benefits        | \$0                    |
| <b>Bills</b>                                 | <b>\$2,109,236,000</b> |

The state has accumulated bonds of \$2 billion and other liabilities of \$859.5 million. The calculation of assets available to pay bills does not include capital assets, so \$632.1 million of related debt is removed from the calculation of state bills.

Unlike most states, South Dakota has enough assets needed to pay its liabilities. Although the state fully funds its pension funds, it is not correctly reporting its fully funded status. Because South Dakota used 2014 pension numbers, even though 2015 data was available, its fully funded status is less than the \$275.7 million reported. In reality it is only fully funded by \$162.3 million.

\* The state's pension plan is extremely well funded, resulting in a negative unfunded amount. South Dakota endeavors to have enough assets to pay benefits, so the amount of assets on hand attempts to take into account downturns in the market.

South Dakota is one of the few states that has fully funded its retirement funds. It is also the *only* state that has not hidden any unfunded pension or retiree health care liabilities from its balance sheet. This is because it has none to hide!

South Dakota's finances are in good shape. Elected officials have avoided the budget gimmicks that have put other states in financial crisis. Citizens should be vigilant that their elected officials don't start to promise pension and retiree health care benefits without providing adequate funding.

Data is derived from the State of South Dakota's June 30, 2015 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

Number of taxpayers is based on an estimation of the state's population with a federal tax liability.

[www.StateDataLab.org](http://www.StateDataLab.org)