

GENERAL FUND CONDITION STATEMENT

	ACTUAL FY2004	ACTUAL FY2005	REVISED FY2006	PROJECTED FY2007
RECEIPTS				
Sales and Use Tax	\$ 508,241,448	\$ 534,196,029	\$ 568,514,437	\$ 600,257,858
Contractor's Excise Tax	59,378,041	65,404,711	71,659,704	75,907,730
Property Tax Reduction Fund ^G	44,311,001 ^K	114,206,290	116,687,502	119,230,163
Bank Franchise Tax	35,255,228	36,362,714	44,784,381	41,078,381
Insurance Company Tax	51,397,593	55,461,545	59,943,819	64,643,440
Other ^{A, B, D, F}	152,949,986	152,360,836	154,037,498	158,216,016 ^Q
One-Time Receipts	22,837,373 ^N	7,375,000 ^O	2,321,698 ^P	0
Transfer from Property Tax Reserves ^R	15,974,511	24,578,419	26,157,064	5,302,735
Obligated Cash Carried Forward	1,355,714	1,182,209	819,857	0
TOTAL RECEIPTS	\$ 891,700,895	\$ 991,127,751	\$ 1,044,925,960	\$ 1,064,636,323
EXPENDITURES				
General Bill Excluding State Aid to Education ^{B, C, D}	\$ 577,296,639 ^J	\$ 639,618,783 ^L	\$ 676,094,571	\$ 722,642,802
State Aid to Education	272,090,902 ^J	329,965,971	332,677,160	335,137,230
Special Appropriations	1,442,093	6,791,878	8,433,364	4,657,437
Emergency Special Appropriations	36,491,029	10,851,130	24,856,196 ^M	0
Continuing Appropriations ^E	1,842,310	1,897,924	2,044,812	2,198,854
TOTAL EXPENDITURES	\$ 889,162,973	\$ 989,125,686	\$ 1,044,106,103	\$ 1,064,636,323
TRANSFERS				
Budget Reserve Fund ^H	\$ 1,355,714	\$ 1,182,209	\$ 819,857	\$ 0
Property Tax Reduction Fund ^I	0	0	0	0
TOTAL TRANSFERS	\$ 1,355,714	\$ 1,182,209	\$ 819,857	\$ 0
Beginning Unobligated Cash Balance	\$ 0	\$ 0	\$ 0	\$ 0
Net (Receipts less Expenditures/Transfers)	1,182,209	819,857	0	0
OBLIGATIONS AGAINST CASH				
Budget Reserve Fund ^H	(1,182,209)	(819,857)	0	0
Property Tax Reduction Fund ^I	0	0	0	0
TOTAL OBLIGATIONS AGAINST CASH	(1,182,209)	(819,857)	0	0
Ending Unobligated Cash Balance	\$ 0	\$ 0	\$ 0	\$ 0

SOURCE: State of South Dakota Bureau of Finance and Management

NOTE: This document was prepared on a cash basis for budgeting purposes and reflects obligations against cash.

^A Includes \$12,478,191 for FY2004, \$11,835,491 for FY2005, \$11,175,075 for FY2006, and \$10,498,875 for FY2007 derived from annuity contract payments.

^B Includes revenue and expenditure authority due to legislation passed by the 1988 legislature which allows the Department of Game, Fish, and Parks to make lease payments to the Building Authority, which are used to retire bonds issued to lease land in the Conservation Reserve Program with a lump sum payment in return for the annual federal government payment. The annual payments from the federal government are deposited in the general fund and used to make the Department of Game, Fish, and Parks' lease payment.

^C Includes \$12,473,308 for FY2004, \$11,833,425 for FY2005, \$11,167,786 for FY2006, and \$10,495,128 for FY2007 as appropriated to the Bureau of Administration and to the Bureau of Finance and Management to make lease payments pursuant to the leases entered into with the South Dakota Building Authority dated December 1, 1986.

- ^D Includes expenditure authority (\$367,000 for FY2006 and \$373,546 for FY2007) due to legislation passed by the 1989 legislature that allows the Department of Game, Fish, and Parks to make lease payments to the Building Authority, which are used to retire revenue bonds issued to make improvements in Custer State Park. Funds from the Custer State Park Concession Bond Redemption Fund, where funding is derived from concession contracts at Custer State Park, are deposited into the general fund and used to make the Department of Game, Fish, and Parks' lease payment.
- ^E Includes continuous appropriations for the fire premium tax refund (SDCL 10-44-9.1) and payment of special assessments (SDCL 5-14-20). Included in FY2006 and FY2007 is \$80,000 for payment of special assessments and \$1,964,812 and \$2,118,854, respectively, for fire premium tax refunds.
- ^F Includes \$17,605,523 in FY2004, \$17,820,625 in FY2005, \$18,687,113 in FY2006, and \$18,725,901 in FY2007 in interest proceeds from the Education Enhancement and Health Care Trust Funds. Under the current statutes, the market values of the Education Enhancement and Health Care Trust Funds are to be calculated using a 16-quarter average rather than the market values as of December 31st for FY2007. Since using a 16-quarter average this year takes into account two quarters where South Dakota had not received its securitized proceeds from the Tobacco Master Settlement Agreement, using a 16-quarter average market value results in a significantly lower transfer from the trust funds to the general fund for FY2007 than if the December 31st market values were used. Therefore, the Governor is proposing to delay this smoothing one year for the Education Enhancement and Health Care Trust Funds. The additional \$2.5 million that is projected to be available if this occurs is included in the FY2007 estimate.
- ^G SB 225, passed during the 1996 legislative session, requires that the state's proceeds from video lottery be deposited into the Property Tax Reduction Fund. In addition, the bill provides that the Commissioner of the Bureau of Finance and Management may transfer monies available from the Property Tax Reduction Fund to the general fund necessary to provide property tax relief through state aid to education. HB 1104, passed by the 2003 legislature, imposed a tax of 4% upon the gross receipts of telecommunication services. Sixty percent of the revenue collected from this tax is deposited into the Property Tax Reduction Fund.
- ^H HB 1287 provided that on July 1, 1991, \$20.0 million of the general fund ending unobligated cash balance from FY1991 be transferred into the Budget Reserve Fund. For each year thereafter, the maximum level of funds in the reserve was set at 5% of the general funds appropriated for the prior year in the General Appropriations Act, with the funding coming from any unobligated cash remaining in the general fund at the end of the fiscal year. HB 1195, passed by the 2002 legislature, changed the maximum level of funds in the reserve to 10% of the general funds appropriated for the prior year in the General Appropriations Act.
- ^I HB 1186, passed during the 1998 legislative session, transfers all remaining unobligated cash at year-end to the Property Tax Reduction Fund, after the transfer to the Budget Reserve Fund. HB 1198, passed during the 2002 legislative session, states the Commissioner of the Bureau of Finance and Management shall transfer any unobligated cash remaining after the transfer into the Budget Reserve Fund into the Property Tax Reduction Fund, if the amount in the Property Tax Reduction Fund does not exceed 15% of the general fund appropriations in the General Appropriations Act for the previous fiscal year.
- ^J The general bill for FY2004 reflects the passage of SB 1, passed during the special session of the 2003 legislature. This bill amended the FY2004 appropriation bill, spending an additional \$500,000 in general funds for a risk pool for health insurance purposes. The FY2004 General Appropriations Act was also revised by the 2004 legislature through HB 1031 and SB 150. HB 1031 provided for funding for the shortfall in the Medicaid Program in the Department of Social Services (+\$11.0 million) and reduced the appropriations for the Departments of Social Services, Education, Corrections, and Human Services to account for the change in the Federal Medical Assistance Percentage (FMAP) rate and fiscal relief provided in the Jobs and Growth Tax Relief Reconciliation Act of 2003 (-\$66.3 million). SB 150 increased the FY2004 general bill by \$2.8 million for the distribution of additional Education Enhancement Trust Fund earnings.
- ^K The 2004 legislature reduced general fund expenditures in the FY2004 General Appropriations Act by \$66.3 million in HB 1031 due to the federal fiscal relief provided to South Dakota in FY2004. Therefore, the transfer from the Property Tax Reduction Fund to the general fund was reduced by \$66.3 million in FY2004.
- ^L The market value of the Dakota Cement Trust Fund at the end of FY2004 made available an additional \$633,125 to be spent for education enhancement in FY2005. Therefore, SB 188, passed during the 2005 legislative session, revised the FY2005 General Appropriations Act by spending an additional \$633,125 for South Dakota Opportunity Scholarships.
- ^M HB 1001, passed during the 2005 Special Session, appropriated \$19,887,630 to the Science and Technology Authority for the underground laboratory at the former Homestake Mine.
- ^N HB 1099, passed by the 2003 legislature, accelerated the proration of interest earnings in the cash flow fund by having 90% of the estimated proration due to the general fund for the next fiscal year transferred to the general fund in the year in which the interest is earned. This resulted in one year (FY2004) where the general fund received two years of earnings deposits. The additional one-time revenue in FY2004 from the acceleration of interest earnings was \$7.8 million. HB 1069, passed by the 2003 legislature, transferred \$15.0 million to the Petroleum Release Compensation Fund. These funds were transferred to the Highway Fund during the 2002 legislative session to cover an expected deficit in matching federal highway dollars. This shortfall never occurred; therefore, HB 1069 moved the dollars back to the Petroleum Release Compensation Fund. HB 1283, the general appropriations bill, transferred the \$15.0 million from the Petroleum Release Compensation Fund to the general fund in FY2004.

- O This figure includes a one-time transfer of \$3.0 million from the Video Lottery Operating Fund to the general fund to help cover the budget shortfall in FY2005. Also included is \$4.4 million from part of South Dakota's share of a global settlement with various large brokerage firms that settled securities violations.
- P Included in this figure is \$0.9 million from refunding gains due to refinancing bonds, \$0.9 million from a settlement for incorrect food services charges, and \$0.5 million from part of South Dakota's share of a global settlement with various large brokerage firms that settled securities violations.
- Q Included in this category is the general fund's share of revenues from the sale of on-line lottery tickets. Currently, the first \$1.4 million of the net proceeds from the sale of on-line lottery tickets are deposited in the general fund, and the remaining net proceeds are deposited in the Capital Construction Fund. The Governor is proposing that all of the net proceeds from the sale of on-line lottery tickets be deposited in the general fund starting in FY2007. The additional \$3.0 million the general fund is projected to receive from this is included in the FY2007 estimate.
- R In FY2004 and FY2005, \$16.0 million and \$24.6 million, respectively, was transferred from the Property Tax Reserves to the general fund to help balance the budgets. In FY2006 and FY2007, it is projected that \$26.2 million and \$5.3 million, respectively, in one-time receipts from the Property Tax Reduction Fund will need to be transferred to the general fund to balance the budgets.

GENERAL FUND RECEIPTS

	ACTUAL FY2004	ACTUAL FY2005	REVISED FY2006	PROJECTED FY2007
CONTINUING RECEIPTS				
Sales and Use Tax	\$ 508,241,448	\$ 534,196,029	\$ 568,514,437	\$ 600,257,858
Contractor's Excise Tax	59,378,041	65,404,711	71,659,704	75,907,730
Alcohol Beverage Tax	8,489,478	8,507,013	8,715,414	8,814,476
Alcohol Beverage 2% Wholesale Tax	949,263	938,212	983,460	1,033,061
Cigarette Tax	27,633,238	27,663,802	27,555,227	26,958,742
Bank Franchise Tax	35,255,228	36,362,714	44,784,381	41,078,381
Insurance Company Tax	51,397,593	55,461,545	59,943,819	64,643,440
Inheritance and Estate Tax	8,386,341	3,992,862	1,000,000	500,000
Licenses, Permits, and Fees	30,519,626	33,198,427	34,890,961	36,938,536
Investment Income and Interest	11,066,377	9,273,336	9,434,697	10,685,080
Charges for Goods and Services	10,487,849	10,594,603	10,633,430	11,557,253
Net Transfers In	5,838,590	7,026,274	9,345,657	8,706,654
Trust Funds	29,605,523	30,453,750	32,009,283	31,305,080
Severance Taxes	1,182,749	1,616,393	1,973,711	1,684,585
Unexpended Carryovers	403,142	1,240,905	0	0
Lottery	4,756,834	4,863,115	5,204,927	8,425,249
Property Tax Reduction Fund	44,311,001	114,206,290	116,687,502	119,230,163
Sale-Leaseback	12,478,191	11,835,491	11,175,075	10,498,875
CRP Program	1,152,786	1,156,654	1,115,656	1,108,425
SUBTOTAL (CONTINUING RECEIPTS)	\$ 851,533,297	\$ 957,992,124	\$ 1,015,627,341	\$ 1,059,333,588
ONE-TIME RECEIPTS				
Acceleration of Interest Earnings	\$ 7,837,373	\$ 0	\$ 0	\$ 0
Transfer from Petroleum Release Fund	15,000,000	0	0	0
Refinancing Gains	0	0	945,289	0
Food Services Settlement	0	0	872,408	0
Securities Global Settlement	0	4,375,000	504,000	0
Transfer from Video Lottery Fund	0	3,000,000	0	0
Transfer from Property Tax Reserves	15,974,511	24,578,419	26,157,064	5,302,735
Obligated Cash Carried Forward	1,355,714	1,182,209	819,857	0
SUBTOTAL (ONE-TIME RECEIPTS)	\$ 40,167,598	\$ 33,135,627	\$ 29,298,619	\$ 5,302,735
GRAND TOTAL	\$ 891,700,895	\$ 991,127,751	\$ 1,044,925,960	\$ 1,064,636,323

EXPLANATION OF CONTINUING GENERAL FUND RECEIPTS

Sales and Use Tax (SDCL 10-45 and 10-46): A tax of 4% is imposed upon the gross receipts from selling, leasing, and renting tangible personal property and the sale of services, except for the gross receipts from the sale and lease of agricultural machinery, irrigation equipment, and oil and gas field services, which are currently taxed at 3%. Starting 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 is imposed on goods and services that are used, stored, or consumed in South Dakota on which South Dakota sales tax was not paid. SB 262, passed by the 1994 legislature, created the Sales and Use Tax Fund into which a portion of the sales tax is deposited to cover the Department of Revenue and Regulation's cost of administering the tax. SB 63, passed by the 2003 legislature, broadened the sales tax to include interstate telecommunication services. HB 1180, passed by the 2004 legislature, exempted certain transportation services from the sales and use tax.

Contractor's Excise Tax (SDCL 10-46A and 10-46B): An excise tax of 2% is imposed on the gross receipts of all prime contractors on construction projects. Subcontractor's gross receipts are not subject to the 2% tax if they are furnished a valid prime contractor's exemption certificate by the prime contractor for each specific job performed. The gross receipts of both prime contractors and subcontractors providing construction services or realty improvement projects for qualifying utilities are subject to a 2% excise tax.

Alcohol Beverage Tax (SDCL 35-5): This tax is computed and levied on all alcoholic beverages purchased, received, or imported from a distiller, manufacturer, or foreign wholesaler for sale to a retail dealer. The taxation rates are as follows: 1) \$8.50 per 31 gallon barrel (or a prorata share thereof) on malt beverages; 2) all light wines and diluted beverages (except sparkling wines and cider) having more than 3.2% and not more than 14% alcohol by weight, 93¢ per gallon; 3) all wines (except sparkling wines) having more than 14% and not more than

20% alcohol by weight, \$1.45 per gallon; 4) all wines (except sparkling wines) having more than 20% and not more than 24% alcohol by weight, and all sparkling wines containing alcohol, \$2.07 per gallon; 5) all cider having not more than 10% alcohol by weight, 28¢ per gallon; and, 6) all other alcoholic beverages, \$3.93 per gallon. The state receives 75% of the total tax collected, and 25% of the collections are returned to the municipalities.

Alcohol Beverage 2% Wholesale Tax (SDCL 35-5-6.1): This tax is in addition to the tax imposed by SDCL 35-5-3, and is levied at the rate of 2% of the purchase price upon the purchase of alcoholic beverages, except malt beverages, by a wholesaler from a distiller, manufacturer, or supplier.

Cigarette Tax (SDCL 10-50): HB 1297, passed by the 1995 legislature, increased the cigarette tax from 23¢ to 33¢ per pack and imposed a tax upon all tobacco products at the rate of 10% of the wholesale purchase price, beginning in FY1996. HB 1147, passed by the 2003 legislature, increased the cigarette tax from 33¢ per pack to 53¢ per pack. The new tax rate became effective in March 2003.

Bank Franchise Tax (SDCL 10-43): An annual tax is imposed on banks, financial institutions, and savings and loan associations based upon net income assignable to South Dakota. The tax rates are as follows: 1) 6% on net income of \$400 million or less; 2) 5% on net income exceeding \$400 million but equal to or less than \$425 million; 3) 4% on net income exceeding \$425 million but equal to or less than \$450 million; 4) 3% on net income exceeding \$450 million but equal to or less than \$475 million; 5) 2% on net income exceeding \$475 million but equal to or less than \$500 million; 6) 1% on net income exceeding \$500 million but equal to or less than \$600 million; 7) 0.5% on net income exceeding \$600 million but equal to or less than \$1.2 billion; and, 8) 0.25% on net income exceeding \$1.2 billion. Ninety-five percent of the taxes paid by banks organized under SDCL 51-16-40 to 51-16-44 are deposited in the general fund, and 5% of the taxes collected are returned to the county where the bank or financial institution is located. Twenty-six and two-thirds percent of all other revenues collected from the tax are deposited in the general fund, and 73 1/3% are remitted to the county where the bank or financial institution is located.

Insurance Company Tax (SDCL 10-44): A tax of 2.5% of premiums on policies insuring risks located in South Dakota is imposed on insurance companies. In addition, the insurer must also pay a tax of 0.5% of the gross premium receipts on all fire insurance business done in the state. The tax imposed on insurance companies for life insurance policies is 2.5% of premiums on the first \$100,000 of annual life premiums per policy, and eight one-hundredths of a percent for that portion of the annual life premiums per policy exceeding \$100,000. A life insurance policy (other than credit life as defined in SDCL 58-19) of a face amount of \$7,000 or less is taxed at the rate of 1.25% of premiums. The tax imposed on insurance companies for annuities is 1.25% of the consideration for annuity contracts on the first \$500,000 of annual consideration per annuity contract, and eight one-hundredths of a percent for that portion of the annual consideration per annuity contract exceeding \$500,000. Farm mutual insurers and fraternal benefit societies are exempt from insurance company taxes.

Inheritance and Estate Tax (SDCL 10-40 and 10-40A): Amendment C, passed by the voters in November 2000, repealed the inheritance tax effective July 1, 2001. The inheritance tax was imposed upon the inheritance of an heir and the rate varied according to the amount inherited and the relationship between the deceased and the heir. The estate tax is imposed upon estates subject to the federal estate tax. The tax is equal to the credit on the federal tax return for state estate taxes. The state estate tax has no effect on the total amount of tax paid by a deceased person's estate. Ninety percent of the tax is deposited in the general fund, and 10% is remitted to the deceased person's county.

Licenses, Permits, and Fees: This receipt classification includes revenues received from the sales of a broad variety of licenses, permits, and filing fees that are assessed to defray administrative costs. State agencies collecting these revenues include the Departments of Agriculture; Health; Labor; Public Safety; Social Services; Revenue and Regulation; the Unified Judicial System; and, the Secretary of State.

Investment Income and Interest: Revenues included in this category are from interest and the investment earnings of the general fund and nonparticipating funds in the cash flow fund.

Charges for Goods and Services: Receipts included in this category are from charges made by institutions under the Department of Human Services; audit charges made by the Auditor General to state and local governments; child support collections paid back to the state received by the Department of Social Services; funds received from unclaimed property; 35% of fines, penalties, and forfeitures collected on county, township, or municipal offenses; and, other miscellaneous charges.

Net Transfers In: Receipts included in this category are general fund reimbursements by the Highway Fund; receipts from the Department of Game, Fish, and Parks; the Motor Vehicle Fund; the Soil and Water Conservation Fund; the state's share of the Deadwood gaming revenue; and, other miscellaneous receipts.

Trust Funds (SDCL 4-5-29.1, SDCL 4-5-29.2, and Article 13, Section 20 and 21 of the State Constitution): Receipts included in this category are transfers from the Health Care Trust Fund, the Education Enhancement Trust Fund, and the Dakota Cement Trust Fund. Four percent of the market value is transferred from the Health Care Trust Fund and the Education Enhancement Trust Fund to the general fund as long as the principal of the trust funds is not invaded. The earnings from the Health Care Trust Fund are to be used for health care related programs, and the earnings from the Education Enhancement Trust Fund are to be used for education enhancement programs. Each fiscal year, a transfer of \$12 million is made from the Dakota Cement Trust Fund to the general fund. Other than this transfer, the original principal of the trust fund is to remain intact. However, the legislature shall, by appropriation, make distributions from the difference between the \$12 million annual transfer and 5% 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 is sufficient to maintain the original principal of the trust fund after such distributions. Under the current statutes, the market values of the Education

Enhancement and Health Care Trust Funds are to be calculated using a 16-quarter average rather than the market values as of December 31st for FY2007. Since using a 16-quarter average this year takes into account two quarters where South Dakota had not received its securitized proceeds from the Tobacco Master Settlement Agreement, using a 16-quarter average market value results in a significantly lower transfer from the trust funds to the general fund for FY2007 than if the December 31st market values were used. Therefore, the Governor is proposing to delay this smoothing one year for the Education Enhancement and Health Care Trust Funds. The additional \$2.5 million that is projected to be available if this occurs is included in the FY2007 estimate.

Severance Taxes (SDCL 10-39 and 10-39A): A severance tax is imposed at the rate of \$4 per ounce of gold severed in South Dakota. In addition, there is a tax of 10% of the net profits from the sale of precious metals severed. For persons severing precious metals that were in business in the state prior to January 1, 1981, 100% of the revenues collected are deposited in the general fund. For persons permitted on or after January 1, 1981, for the purpose of severing precious metals, 80% of the revenues collected are deposited in the general fund, and 20% are remitted to the county in which the precious metals were severed. Owners or operators of energy minerals must pay a tax equal to 4.5% of the taxable value of any energy minerals severed. One-half of the energy mineral severance taxes received are returned to the county where the energy minerals were severed, one-sixth of the taxes are deposited in the Energy Development Impact Fund, and one-third of the taxes are deposited in the general fund. Any excess over \$100,000 in the Energy Development Impact Fund is credited to the general fund.

Unexpended Carryovers: Unexpended balances that revert to the general fund from prior years for special appropriations and emergency special appropriations are reflected in receipts as unexpended carryovers.

Lottery (SDCL 42-7A): Receipts under this classification include the general fund's share of revenues from the sale of instant and on-line lottery tickets. All of the net proceeds from the sale of instant lottery tickets are deposited in the general fund. The first \$1.4 million of the net proceeds from the sale of on-line lottery tickets are deposited in the general fund, and the remaining net proceeds are deposited in the Capital Construction Fund. The Governor is proposing that all of the net proceeds from the sale of on-line lottery tickets be deposited in the general fund starting in FY2007. The additional \$3.0 million the general fund is projected to receive from this is included in the FY2007 estimate.

Property Tax Reduction Fund: The Property Tax Reduction Fund (PTRF) was created to fund property tax relief in South Dakota. SB 225, passed during the 1996 legislative session, provides that the Commissioner of the 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 three sources: 1) 49.5% of video lottery net machine income; 2) 60% of the revenue from the 4% tax on the gross receipts of telecommunication services, which was imposed by HB 1104 passed by the 2003 legislature; and, 3) unobligated cash remaining at the end of a fiscal year after the transfer into the Budget Reserve Fund, 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.

Sale-Leaseback: Receipts under this classification are derived from the annuity contract purchased with the proceeds from the sale of certificates of participation associated with the December 1986 sale-leaseback transaction.

CRP Program: Receipts under this classification are derived from federal Conservation Reserve Program payments that farmers signed over to the state in exchange for lump sum payments.

EXPLANATION OF ONE-TIME GENERAL FUND RECEIPTS

Acceleration of Interest Earnings (FY2004): HB 1099, passed by the 2003 legislature, accelerated the proration of interest earnings in the cash flow fund by having 90% of the estimated proration due to the general fund for the next fiscal year transferred to the general fund in the year in which the interest is earned. This resulted in one year (FY2004) where the general fund received two years of earnings deposits. Included in this category is the amount of FY2004 interest earnings that were deposited into the general fund.

Transfer from Petroleum Release Compensation Fund (FY2004): HB 1069, passed by the 2003 legislature, transferred \$15 million to the Petroleum Release Compensation Fund. These funds were transferred to the highway fund during the 2002 legislative session to cover an expected deficit in matching federal highway dollars. This shortfall never occurred; therefore, HB 1069 moved the dollars back to the Petroleum Release Compensation Fund. HB 1283, the General Appropriations Act, transferred the \$15 million from the Petroleum Release Compensation Fund to the general fund in FY2004.

Refinancing Gains (FY2006): This represents refunding gains from the South Dakota Health and Educational Facilities Authority and the South Dakota Building Authority refinancing bonds.

Food Services Settlement (FY2006): This represents money received from a settlement for incorrect food services charges.

Securities Global Settlement (FY2005 and FY2006): This represents South Dakota's share of a global settlement with various large brokerage firms that settled securities violations in regards to securities analyst's conflicts of interests.

Transfer from Video Lottery Fund (FY2005): This represents a one-time transfer from the Video Lottery Operating Fund to the general fund to help cover the budget shortfall in FY2005.

Transfer from Property Tax Reserves: SB 225, passed during the 1996 legislative session, gave the Commissioner of the Bureau of Finance and Management the authority to transfer monies available from the Property Tax Reduction Fund to the general fund to provide property tax relief through state aid to education. In FY2004 and FY2005, \$16.0 million and \$24.6 million, respectively, was transferred from the Property Tax Reserves to the general fund to cover the budget shortfalls in those years. In FY2006 and FY2007, it is projected that \$26.2 million and \$5.3 million, respectively, will need to be transferred from the Property Tax Reserves to the general fund to balance the budgets.

Obligated Cash Carried Forward: This is the amount of prior year cash carried forward to meet obligations that existed at the end of the previous year. In FY2004, FY2005, and FY2006, \$1.4 million, \$1.2 million, and \$0.8 million, respectively, was carried forward and transferred to the Budget Reserve Fund.

**SOUTH DAKOTA DEPARTMENT OF TRANSPORTATION
HIGHWAY FUND CONDITION STATEMENT**

	ACTUAL FY2004	ACTUAL FY2005	PROJECTED FY2006	PROJECTED FY2007
REVENUE:				
Departmental (Schedule I)	\$ 17,270,320	\$ 12,717,586	\$ 14,849,876	\$ 14,230,399
Federal	220,123,140	213,551,045	218,890,110	229,133,000
Transferred In (Schedule II)	180,443,117	185,276,583	180,448,000	188,022,500
TOTAL REVENUE	\$ 417,836,578	\$ 411,545,214	\$ 414,187,986	\$ 431,385,899
EXPENDITURES:				
Construction and Maintenance	\$ 339,960,571	\$ 364,666,094	\$ 377,620,514	\$ 395,162,000
Remainder of Department	31,068,263	37,318,307	37,315,369	41,666,608
Public Safety	14,628,195	15,712,260	16,884,986	17,339,410
Radio Communications	1,444,230	1,853,793	1,954,453	1,977,254
Governor's Office	81,166	83,601	86,109	88,692
TOTAL EXPENDITURES	\$ 387,182,425	\$ 419,634,055	\$ 433,861,431	\$ 456,233,964
Transfer from Ethanol Fuel Fund	4,738,788	4,816,887	2,800,000	2,800,000
Transfer from Capitol Construction Fund	216,891	241,089	225,000	225,000
Net of Operating Transfers To / (From)	3,817,258	7,941,619		
Net Change in Payables and Receivables	(16,664,372)	16,506,643		
Net Change in Fund Balance	22,762,717	21,417,397	(16,648,445)	(21,823,065)
Beginning Cash Balance	\$ 50,427,307	\$ 73,190,025	\$ 94,607,422	\$ 77,958,977
ENDING CASH BALANCE	\$ 73,190,025	\$ 94,607,422	\$ 77,958,977	\$ 56,135,912

**SCHEDULE I
SCHEDULE OF DEPARTMENT COLLECTED REVENUE**

Project Reimbursements	\$ 11,798,242	\$ 6,147,895	\$ 10,123,059	\$ 9,356,399
Dividends and Interest	1,540,935	1,455,533	500,000	500,000
Sales and Services	672,162	973,099	950,000	1,000,000
Rent	28,722	39,507	45,000	45,000
Logo Sign Fees	268,559	266,745	275,000	275,000
Tourist - Oriented Directional Signs	33,518	33,670	35,000	35,000
Billboard Permits	52,654	53,592	55,000	55,000
Miscellaneous Collections	14,236	3,551	4,000	4,000
Sale of Assets	1,051,663	2,219,498	1,250,000	1,350,000
Sale of Salvage Materials	-	53,341	65,000	60,000
Depreciations Recovery	1,440,691	1,184,922	1,200,000	1,200,000
Damage Collections	266,138	241,987	275,000	275,000
Refunds	74,443	23,477	42,817	45,000
Accident Records	19,737	18,056	20,000	20,000
Other Revenue	8,620	2,713	15,000	10,000
TOTAL	\$ 17,270,320	\$ 12,717,586	\$ 14,854,876	\$ 14,230,399

**SCHEDULE II
SCHEDULE OF HIGHWAY FUND REVENUES
COLLECTED BY OTHER AGENCIES**

Motor Fuel Tax	\$ 120,300,671	\$ 124,052,666	\$ 120,951,000	\$ 126,534,000
Vehicle 3% Excise Tax	56,866,794	57,878,039	56,142,000	58,107,000
Commercial Proration License Fees	252,183	244,137	260,000	265,000
Interest Collected by the Department of Revenue & Regulation	594,366	463,116	600,000	530,000
Special Highway Permits	2,177,676	2,353,211	2,200,000	2,260,500
Miscellaneous Prorate Fees	94,998	98,563	105,000	131,250
Highway Patrol Revenues	156,430	186,851	190,000	194,750
TOTAL	\$ 180,443,117	\$ 185,276,583	\$ 180,448,000	\$ 188,022,500
TOTAL SCHEDULE I & II REVENUE	\$ 197,713,438	\$ 197,994,169	\$ 195,302,876	\$ 202,252,899

**GAME, FISH, AND PARKS
GAME AND FISH CONDITION STATEMENT**

	<u>ACTUAL FY2004</u>	<u>ACTUAL FY2005</u>	<u>ESTIMATED FY2006</u>	<u>PROJECTED FY2007</u>
REVENUE				
License Sales	\$ 21,941,353	\$ 23,939,884	\$ 24,866,630	\$ 24,866,630
Federal Aid	10,576,975	10,510,516	7,661,736	7,661,736
Other	1,693,090	1,564,600	2,295,000	2,295,000
Transfers-In	356,836	195,201		
TOTAL REVENUE	<u>\$ 34,568,254</u>	<u>\$ 36,210,200</u>	<u>\$ 34,823,366</u>	<u>\$ 34,823,366</u>
EXPENDITURES				
Salaries	\$ 8,741,380	\$ 9,435,638	\$ 10,080,876	\$ 9,823,910
Employee Benefits	2,414,597	2,699,284	2,773,755	2,740,661
Travel	514,341	554,202	674,532	668,532
Contractual Services	7,359,029	8,928,373	9,489,063	9,789,928
Supplies & Materials	2,349,501	2,383,044	2,806,347	2,825,047
Grants & Subsidies	1,405,578	1,604,375	2,202,059	2,367,071
Capital Assets	5,367,804	2,530,951	2,499,510	2,895,295
Other Expenditures	3,806	3,271	2,000	2,000
Transfers-Out	4,182,930	3,935,531	4,222,121	4,162,493
Cash Balance Adjustment	(431)			
Encumbrances			552,176	
2nd Year Development Budget			495,844	
TOTAL EXPENDITURES	<u>\$ 32,338,535</u>	<u>\$ 32,074,668</u>	<u>\$ 35,798,284</u>	<u>\$ 35,274,937</u>
NET (Revenues less Expenditures)	\$ 2,229,719	\$ 4,135,532	\$ (974,918)	\$ (451,571)
BEGINNING CASH BALANCE	\$ 13,969,013	\$ 16,198,732	\$ 20,334,264	\$ 19,359,346
ENDING CASH BALANCE	<u>\$ 16,198,732</u>	<u>\$ 20,334,264</u>	<u>\$ 19,359,346</u>	<u>\$ 18,907,775</u>
SPECIAL DEDICATED FUNDS				
Missouri River Transition	\$ 2,962,411	\$ 5,282,248	\$ 4,276,181	\$ 2,962,411
Homestake Mining Settlement	\$ 2,980,485	\$ 3,069,819	\$ 3,069,819	\$ 2,980,485
ADJUSTED BALANCE	<u>\$ 10,255,836</u>	<u>\$ 11,982,197</u>	<u>\$ 12,013,347</u>	<u>\$ 12,964,880</u>

By law, revenue generated by license sales and other miscellaneous sources is dedicated for specific services which are delivered by the programs in the Division of Wildlife. Current law authorizes the Game, Fish and Parks Commission to appropriate and expend revenue received into this fund. A detailed annual report is available upon request to the Department of Game, Fish and Parks, Foss Building, Pierre, SD 57501.

Revenue estimates for FY2006 and FY2007 represent calendar year estimates instead of fiscal year estimates. Historically, the Game, Fish and Parks Commission has to rely solely on the revenue generated to the Game, Fish and Parks Fund to fund the activities it is charged with. In order to have adequate management information to react to license sales and their effect on funding available, the Commission established the calendar year revenue budget. At the end of a calendar year the Commission has sufficient information on license sales to determine if adjustments to the budget are necessary to maintain solvency.

Each year an amount designated in the General Appropriations Bill for the use of the State Radio Network is transferred from this fund to the General Fund. Other transfers consist of the fund's support for the Division of Administration, the Animal Damage Control Fund, and the Land Acquisition Fund.

**SCHOOL AND PUBLIC LANDS FUND -- PROJECTED REVENUES FOR HIGHER EDUCATION
DECEMBER 2005**

	BHSU	DSU	NSU	SDSMT	SDSU	USD	TOTAL UNIVERSITIES	AG. EXP.	SDSD	SDSBVI	GRAND TOTAL
FY05 Beg. Cash Balance	40,856.35	0.43	(0.31)	(0.18)	(1,333.64)	(0.18)	39,522.47	57,453.76	7,851.27	28,548.19	133,375.69
Actual FY05 Interest Proration	52,234.47	52,234.49	55,216.93	43,946.67	158,972.52	78,434.56	441,039.64	31,211.74	33,609.32	41,401.15	547,261.85
Payments/Surface Leasing & CRP	67,795.40	67,795.42	68,558.13	47,734.48	256,345.96	40,851.05	549,080.44	11,397.99	27,904.23	48,864.08	637,246.74
Actual FY05 Mineral Monies	9,485.76	9,485.76	9,487.04	7,115.04	28,455.61	15,309.82	79,339.03	4,447.24	7,115.07	4,446.77	95,348.11
Actual FY05 Interest on Deferred	1,206.80	294.43	282.22	58.55	121.77	443.65	2,407.42	1,370.99	0.00	0.00	3,778.41
Total Revenue Available	130,722.43	129,810.10	133,544.32	98,854.74	443,895.86	135,039.08	1,071,866.53	48,427.96	68,628.62	94,712.00	1,283,635.11
Total Cash Available:	171,578.78	129,810.53	133,544.01	98,854.56	442,562.22	135,038.90	1,111,389.00	105,881.72	76,479.89	123,260.19	1,417,010.80
Less Amount Expended in FY05	(171,578.45)	(129,810.10)	(133,544.32)	(98,854.74)	(442,562.21)	(135,039.08)	(1,111,388.90)	(77,745.00)	(76,479.23)	(94,712.00)	(1,360,325.13)
FY05 Unobligated End Cash	0.33	0.43	(0.31)	(0.18)	0.01	(0.18)	0.10	28,136.72	0.66	28,548.19	56,685.67
FY06 Beg. Cash Balance	0.33	0.43	(0.31)	(0.18)	0.01	(0.18)	0.10	28,136.72	0.66	28,548.19	56,685.67
Projected FY06 Interest Proration	52,234.47	52,234.49	55,216.93	43,946.67	158,972.52	78,434.56	441,039.64	31,211.74	33,609.32	41,401.15	547,261.85
Payments/Surface Leasing & CRP	67,795.40	67,795.42	68,558.13	47,734.48	256,345.96	40,851.05	549,080.44	11,397.99	27,904.23	48,864.08	637,246.74
Proj. FY06 Mineral Monies	9,485.76	9,485.76	9,487.04	7,115.04	28,455.61	15,309.82	79,339.03	4,447.24	7,115.07	4,446.77	95,348.11
Proj. FY06 Int. on Deferred	1,206.80	294.43	282.22	58.55	121.77	443.65	2,407.42	1,370.99	0.00	0.00	3,778.41
Total Revenue Available	130,722.43	129,810.10	133,544.32	98,854.74	443,895.86	135,039.08	1,071,866.53	48,427.96	68,628.62	94,712.00	1,283,635.11
Total Cash Available:	130,722.76	129,810.53	133,544.01	98,854.56	443,895.87	135,038.90	1,071,866.63	76,564.68	68,629.28	123,260.19	1,340,320.78
Projected FY06 Expenditures	(173,360.00)	(173,360.00)	(183,393.00)	(133,022.00)	(548,451.00)	(236,041.00)	(1,447,627.00)	(77,745.00)	(97,959.00)	(94,712.00)	(1,718,043.00)
FY06 Unobligated End Cash	(42,637.24)	(43,549.47)	(49,848.99)	(34,167.44)	(104,555.13)	(101,002.10)	(375,760.37)	(1,180.32)	(29,329.72)	28,548.19	(377,722.22)
FY07 Beg. Cash Balance	(42,637.24)	(43,549.47)	(49,848.99)	(34,167.44)	(104,555.13)	(101,002.10)	(375,760.37)	(1,180.32)	(29,329.72)	28,548.19	(377,722.22)
Projected FY07 Interest Proration	52,234.47	52,234.49	55,216.93	43,946.67	158,972.52	78,434.56	441,039.64	31,211.74	33,609.32	41,401.15	547,261.85
Payments/Surface Leasing & CRP	67,795.40	67,795.42	68,558.13	47,734.48	256,345.96	40,851.05	549,080.44	11,397.99	27,904.23	48,864.08	637,246.74
Proj. FY07 Mineral Monies	9,485.76	9,485.76	9,487.04	7,115.04	28,455.61	15,309.82	79,339.03	4,447.24	7,115.07	4,446.77	95,348.11
Proj. FY07 Int. on Deferred	1,206.80	294.43	282.22	58.55	121.77	443.65	2,407.42	1,370.99	0.00	0.00	3,778.41
Total Revenue Available *	130,722.43	129,810.10	133,544.32	98,854.74	443,895.86	135,039.08	1,071,866.53	48,427.96	68,628.62	94,712.00	1,283,635.11
Total Cash Available:	88,085.19	86,260.63	83,695.33	64,687.30	339,340.73	34,036.98	696,106.16	47,247.64	39,298.90	123,260.19	905,912.89
Projected FY07 Expenditures	(173,360.00)	(173,360.00)	(183,393.00)	(133,022.00)	(548,451.00)	(236,041.00)	(1,447,627.00)	(77,745.00)	(97,959.00)	(94,712.00)	(1,718,043.00)
FY07 Unobligated End Cash	(85,274.81)	(87,099.37)	(99,697.67)	(68,334.70)	(209,110.27)	(202,004.02)	(751,520.84)	(30,497.36)	(58,660.10)	28,548.19	(812,130.11)

NOTES:

Source: Bureau of Finance and Management, School and Public Lands, Board of Regents.

*Revenues for School and Public Lands are assumed to remain constant for FY2006.

Numbers may not add due to rounding.

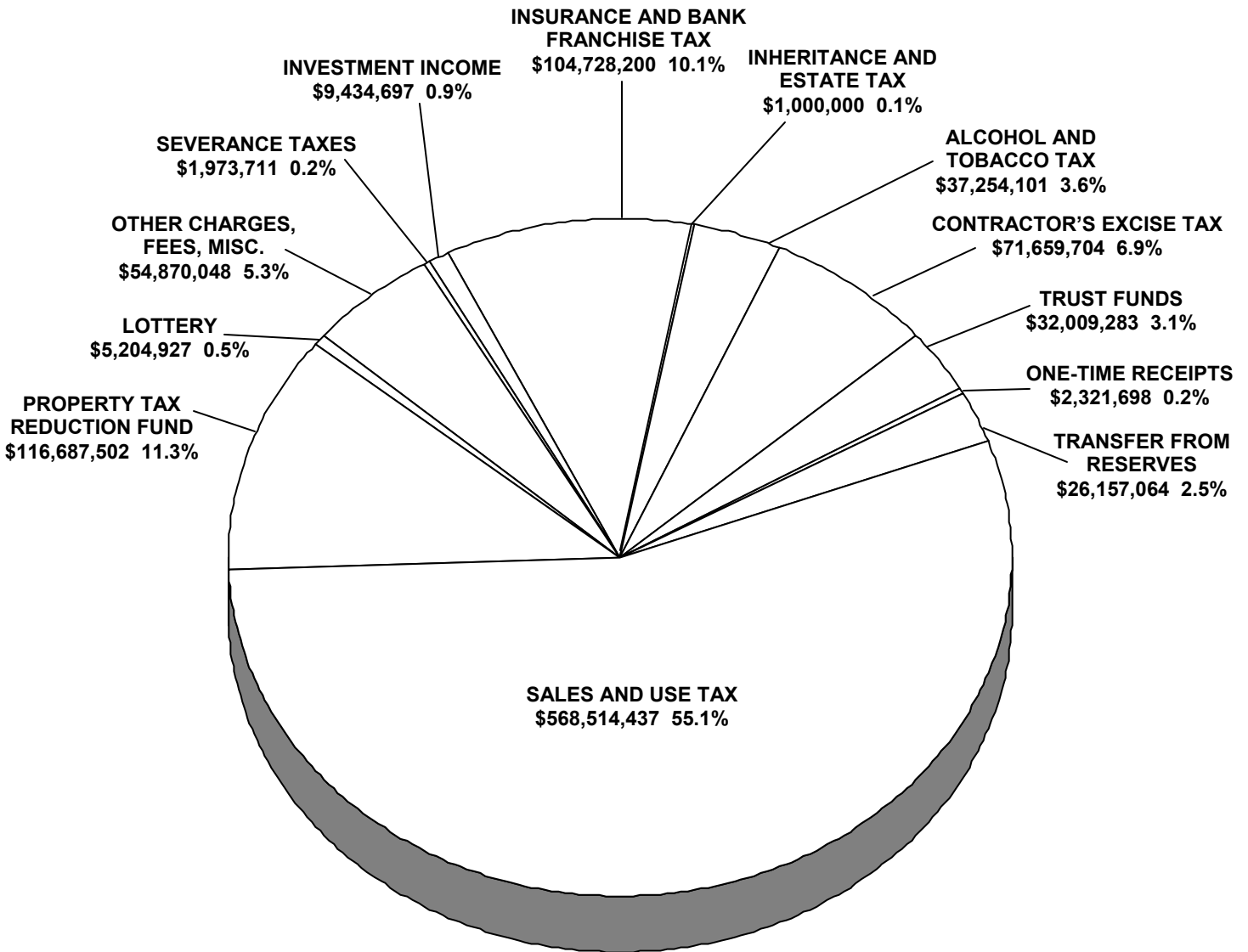
**HIGHER EDUCATION FACILITIES FUND CASH FLOW ANALYSIS
NOVEMBER 2005**

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Net 20% Tuition</u>	<u>Interest Revenue</u>	<u>Total Revenue</u>	<u>Current FY Expenditures</u>	<u>Lease Payment</u>	<u>Total Current Expenditures</u>	<u>Obligated Unexpended</u>	<u>Ending Cash Balance</u>	<u>Unobligated Balance</u>
2005	5,300,652	11,852,876	847,380	12,700,256	4,513,097	6,370,900	10,883,997	3,640,568	7,116,911	3,476,344
2006	7,116,911	12,266,104	284,676	12,550,780	7,071,039	6,493,259	13,564,298	2,000,000	6,103,394	4,103,394
2007	6,103,394	12,634,087	244,136	12,878,223	5,666,856	5,205,230	10,872,086	2,000,000	8,109,531	6,109,531
2008	8,109,531	13,013,110	324,381	13,337,491	5,904,758	7,231,117	13,135,874	2,000,000	8,311,148	6,311,148
2009	8,311,148	13,403,503	332,446	13,735,949	6,160,062	7,258,625	13,418,686	2,000,000	8,628,410	6,628,410
2010	8,628,410	13,805,608	345,136	14,150,745	6,418,246	6,949,866	13,368,112	2,000,000	9,411,042	7,411,042
2011	9,411,042	14,219,776	376,442	14,596,218	6,694,933	6,936,902	13,631,835	2,000,000	10,375,425	8,375,425
2012	10,375,425	14,646,370	415,017	15,061,387	7,710,874	8,572,706	16,283,580	2,000,000	9,153,232	7,153,232
2013	9,153,232	15,085,761	366,129	15,451,890	8,005,554	8,117,640	16,123,195	2,000,000	8,481,928	6,481,928
2014	8,481,928	15,538,334	339,277	15,877,611	8,312,022	7,512,420	15,824,441	2,000,000	8,535,097	6,535,097
2015	8,535,097	16,004,484	341,404	16,345,887	8,630,748	7,517,271	16,148,019	2,000,000	8,732,966	6,732,966

NOTES:

1. Assumes a 4% interest calculation based on the ending cash balance plus \$2.0 million for unexpended M&R projects.
2. Assumes stable enrollments and an annual tuition increase of 3.0%
3. Includes an annual inflationary growth to the M&R base equal to 4.0%
4. Lease payments include the M&R bond payment and the Sioux Falls Center rent starting in FY01.
5. Lease payment for M&R bond is satisfied in 2011 so the M&R allocation in 2012 increases by previous M&R bond lease payment amount.
6. Numbers may not add due to rounding.

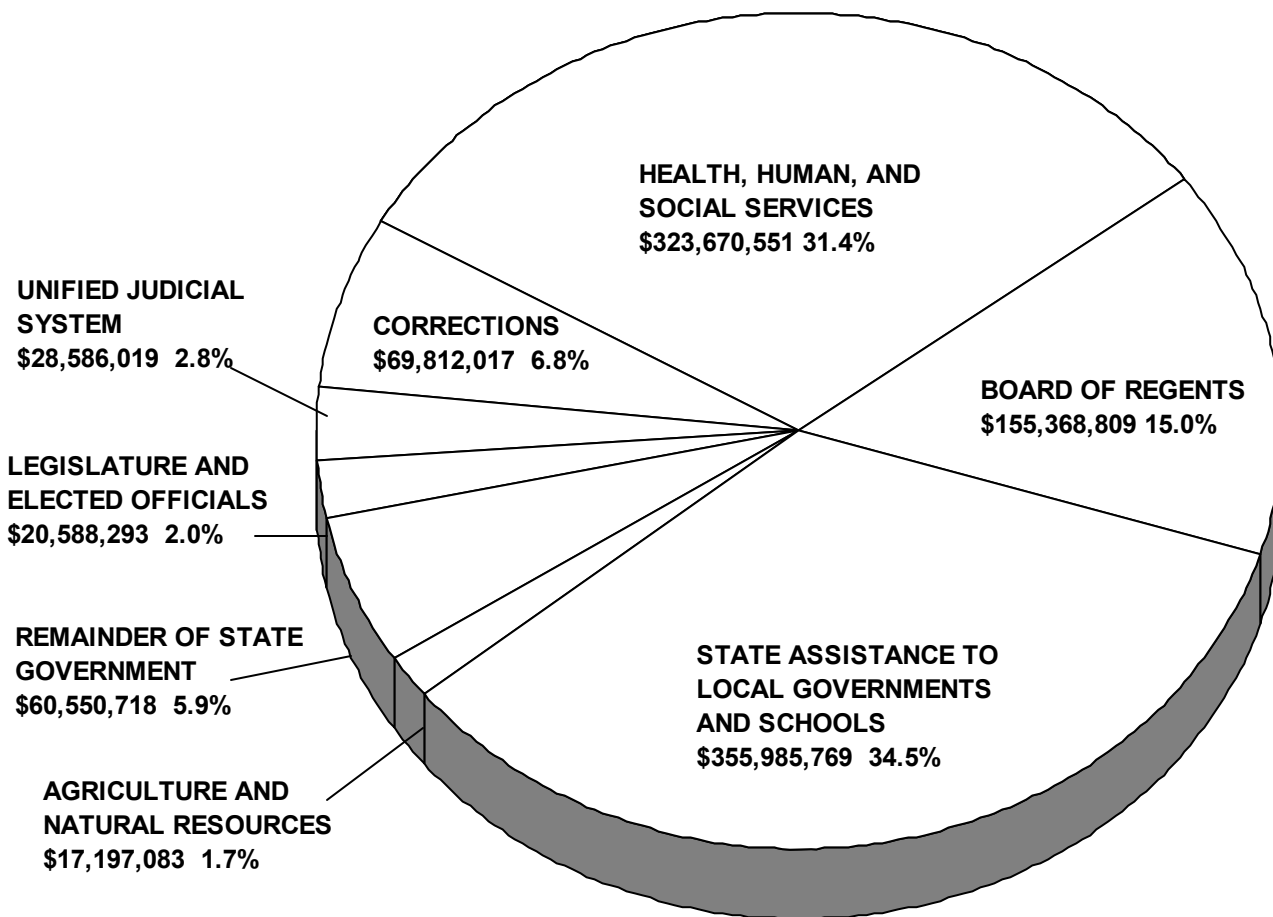
FY 2006 GENERAL FUND RECEIPTS



GENERAL FUND TOTAL: \$1,031,815,372

NOTE: THIS TOTAL EXCLUDES SALE-LEASEBACK ANNUITY,
CRP PAYMENT, AND ENDING CASH BALANCE

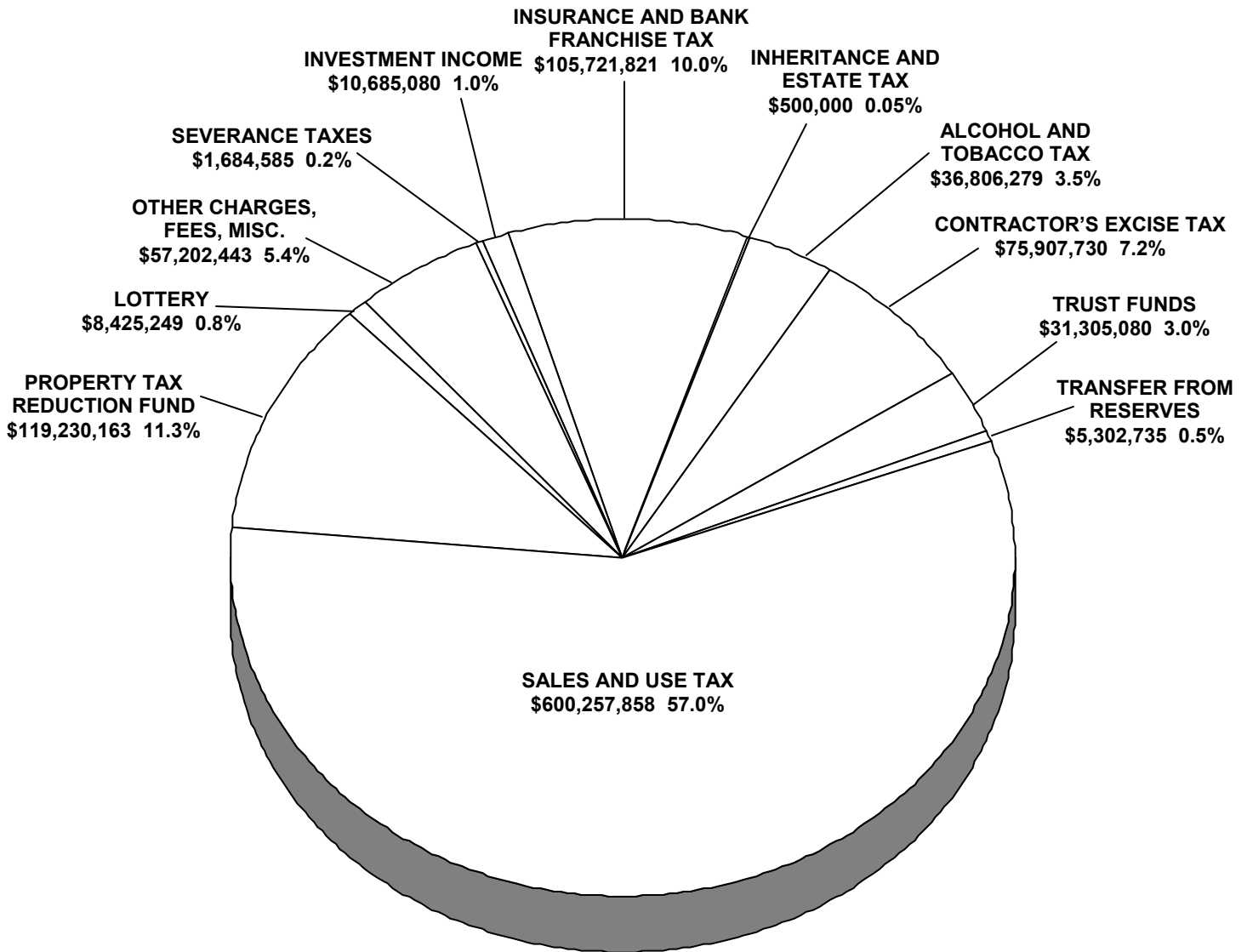
FY 2006 GENERAL FUND EXPENDITURES



GENERAL FUND TOTAL: \$1,031,759,259

NOTE: THIS TOTAL EXCLUDES SALE-LEASEBACK ANNUITY,
CRP PAYMENT, AND ENDING CASH BALANCE

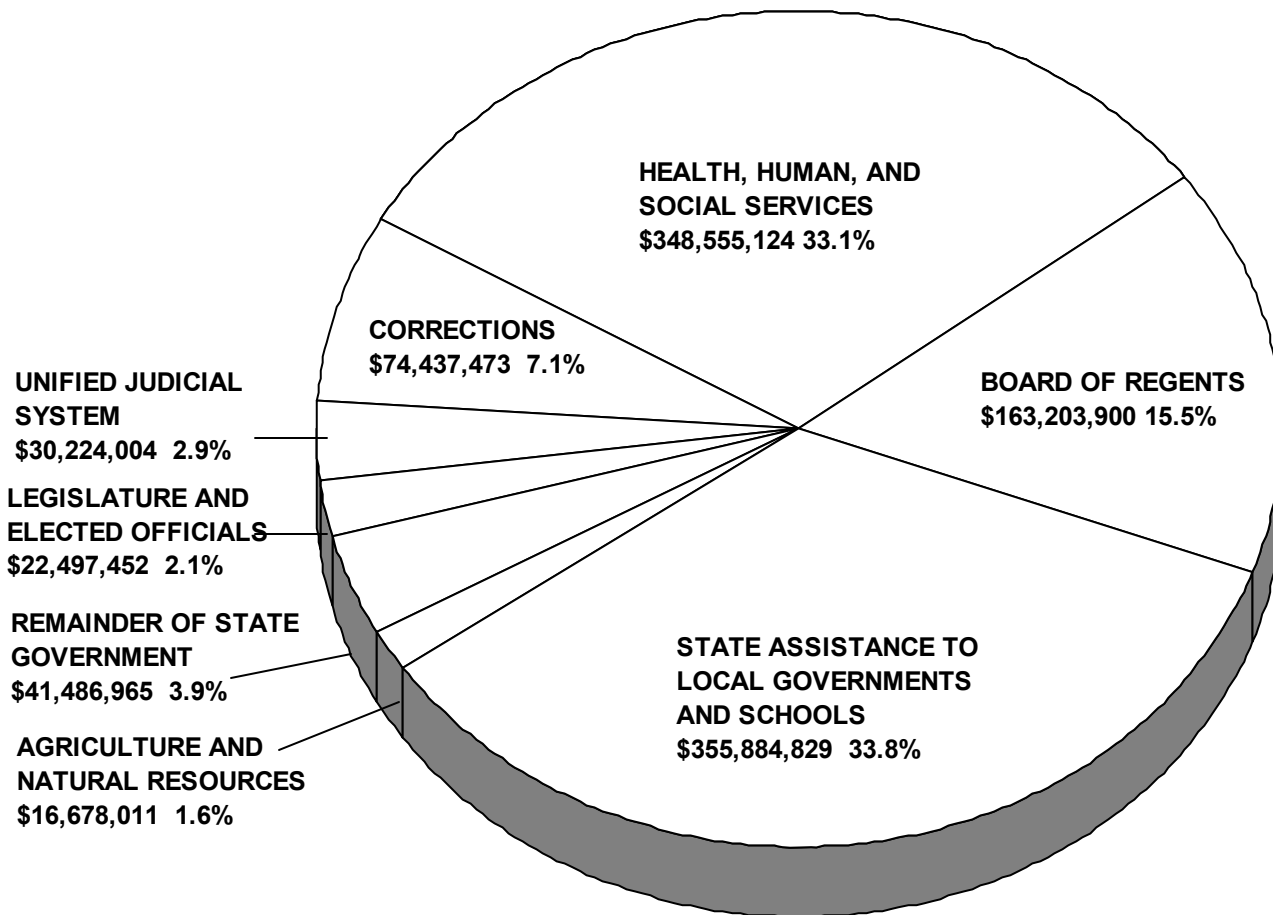
FY 2007 GENERAL FUND RECEIPTS



GENERAL FUND TOTAL: \$1,053,029,023

NOTE: THIS TOTAL EXCLUDES SALE-LEASEBACK ANNUITY,
CRP PAYMENT, AND ENDING CASH BALANCE

FY 2007 GENERAL FUND EXPENDITURES



GENERAL FUND TOTAL: \$1,052,967,758

NOTE: THIS TOTAL EXCLUDES SALE-LEASEBACK ANNUITY,
CRP PAYMENT, AND ENDING CASH BALANCE

SPECIAL APPROPRIATION RECOMMENDATIONS

FY 2007 SPECIAL APPROPRIATIONS	GENERAL FUNDS	FEDERAL FUNDS	OTHER FUNDS	TOTAL FUNDS
Sales Tax on Food Refund Program	\$ 3,000,000	\$ 0	\$ 1,250,000	\$ 4,250,000
Tax Refunds for the Elderly and Disabled	1,000,000	0	0	1,000,000
School District Consolidation Incentives	552,209	0	0	552,209
Physician Tuition Reimbursement`	105,228	0	0	105,228
Soil and Water Conservation Grants	<u>0</u>	<u>0</u>	<u>600,000</u>	<u>600,000</u>
TOTAL FY 2007 SPECIAL APPROPRIATIONS	<u>\$ 4,657,437</u>	<u>\$ 0</u>	<u>\$ 1,850,000</u>	<u>\$ 6,507,437</u>

NOTE: FY 2007 special appropriations become available for expenditure on July 1, 2006 and are included in the FY 2007 column of the General Fund Condition Statement.

The Governor is recommending a total special appropriation of \$4,657,437 in general funds, and \$1,850,000 in other fund expenditure authority. The following paragraphs highlight each recommended special appropriation.

- **Sales Tax on Food Refund Program:** The Governor is recommending \$3,000,000 in general funds and \$1,250,000 in other fund expenditure authority to continue the refund program established by the 2004 legislature. This program provides refunds for sales tax on food paid by households with incomes at 150% of the poverty level and below.
- **Tax Refunds for the Elderly and Disabled:** The Governor is recommending \$1,000,000 in general funds for tax refunds for elderly and disabled individuals who meet income guidelines.
- **School District Consolidation Incentives:** The Governor is recommending \$552,209 of general funds to reimburse certain school districts for consolidation incentives per SDCL 13:6:92.
- **Physician Tuition Reimbursement Program:** The Governor is recommending \$105,228 of general funds to reimburse two participants who have complied with the requirements of the South Dakota Physician Tuition Reimbursement Program per SDCL 1:16A:71.1.
- **Soil and Water Conservation Grants:** The Governor is recommending \$600,000 in other fund expenditure authority to be used to fund the conservation districts and address soil and water conservation in South Dakota.

FY 2006 EMERGENCY SPECIAL APPROPRIATIONS	GENERAL FUNDS	FEDERAL FUNDS	OTHER FUNDS	TOTAL FUNDS
K-12 Schools Energy Program	\$ 2,000,000	\$ 0	\$ 0	\$ 2,000,000
Cement Plant Earnings for Education Enhancement	1,208,296	0	0	1,208,296
State Fair	994,000	0	0	994,000
Fire Suppression Fund	756,270	0	0	756,270
Sex Offender Registry	<u>10,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL FY 2006 EMERGENCY SPECIAL APPROPRIATIONS	<u>\$ 4,968,566</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,958,566</u>

- **K-12 Schools Energy Program:** The Governor is recommending \$2,000,000 in general funds to provide relief to K-12 school districts for escalating energy costs. This is one-time money to help with unique problems during the 2005-2006 school year.
- **Cement Plant Earnings for Education Enhancement:** Due to the extra earnings from the Dakota Cement Trust fund, \$1,208,296 in earnings will be available to be spent for education enhancement. It is recommended that these funds be used to help in funding the SD Opportunity Scholarship.
- **State Fair:** The Governor is recommending \$994,000 in general funds to cover the operating loss and revenue shortfall of the 2005 South Dakota State Fair.
- **Fire Suppression Fund:** The Governor is recommending \$756,270 in general funds to be deposited into the Fire Suppression Fund for the costs related to the suppression of wildfires in South Dakota.
- **Sex Offender Registry:** The Governor is recommending \$10,000 in general funds to provide for a Web Services Interface so that the registry can be updated regularly on the internet.

GOVERNOR ROUNDS' RECOMMENDATION FOR STATE EMPLOYEE COMPENSATION

	GENERAL FUNDS	FEDERAL FUNDS	OTHER FUNDS	TOTAL FUNDS
<p>PACE ADJUSTMENT TO JOB WORTH: The Governor is recommending that the Performance and Compensation Equity (PACE) system established in FY1990 be continued to include 2.5% adjustments to employees who are paid under the job-worth of their pay range.</p>	\$ 1,475,369	\$ 1,014,576	\$ 1,182,674	\$ 3,672,619
<p>ACROSS-THE-BOARD INCREASE: The Governor is recommending that all permanent state employees receive a 3% pay increase.</p>				
Executive Branch	\$ 3,456,301	\$ 2,811,085	\$ 4,169,574	\$ 10,436,960
Board of Regents	3,708,425	1,017,508	3,173,701	7,899,634
Legislative Branch	123,221	-	-	123,221
Judicial Branch	691,211	1,934	32,829	725,974
Subtotal	\$ 7,979,158	\$ 3,830,527	\$ 7,376,104	\$ 19,185,789
<p>HEALTH INSURANCE INCREASE: The costs associated with the employer-paid portion of the state employee's health insurance plan for FY2007 is projected to increase by 6.3%.</p>	\$ 1,660,617	\$ 821,397	\$ 1,461,639	\$ 3,943,653
<p>GRAND TOTAL INCREASE FOR STATE EMPLOYEE COMPENSATION:</p>	\$ 11,115,144	\$ 5,666,500	\$ 10,020,417	\$ 26,802,061

**TOTAL STATE GOVERNMENT BUDGET
(Excluding Information Budgets)**

GENERAL APPROPRIATIONS BILL

	ACTUAL FY 2004	ACTUAL FY 2005	BUDGETED FY 2006	REQUESTED FY 2007	GOVERNOR'S RECOMMENDED FY 2007	RECOMMENDED INC/(DEC) FY 2007
FUNDING SOURCE:						
General Funds	\$ 849,387,541	\$ 969,584,750	\$ 1,008,771,731	\$ 1,062,272,803	\$ 1,057,780,032	\$ 49,008,301
Federal Funds	917,417,134	906,236,286	1,026,027,515	1,030,210,159	1,037,691,021	11,663,506
Other Funds	442,629,592	471,293,792	538,357,956	555,545,535	549,572,329	11,214,373
Total	\$ 2,209,434,268	\$ 2,347,114,828	\$ 2,573,157,202	\$ 2,648,028,497	\$ 2,645,043,382	\$ 71,886,180
EXPENDITURE DETAIL:						
Personal Services	\$ 551,460,510	\$ 578,762,278	\$ 635,604,546	\$ 648,237,118	\$ 670,062,162	\$ 34,457,616
Operating Expenses	1,657,973,758	1,768,352,550	1,937,552,656	1,999,791,379	1,974,981,220	37,428,564
Total	\$ 2,209,434,268	\$ 2,347,114,828	\$ 2,573,157,202	\$ 2,648,028,497	\$ 2,645,043,382	\$ 71,886,180
Staffing Level FTE:	11,959.9	12,237.4	12,708.3	12,909.9	12,879.6	171.3

SPECIAL APPROPRIATIONS AND GENERAL FUND CONTINUING APPROPRIATIONS

FUNDING SOURCE:	REVISED BUDGETED FY 2006	GOVERNOR'S RECOMMENDED FY 2007	RECOMMENDED INC/(DEC) FY 2007
General Funds	\$ 35,334,372	\$ 6,856,291	(\$ 28,478,081)
Federal Funds	4,000,000	0	(4,000,000)
Other Funds	100,878,809	1,850,000	(99,028,809)
Total	\$ 140,213,181	\$ 8,706,291	(\$ 131,506,890)

TOTAL STATE GOVERNMENT BUDGET

FUNDING SOURCE:	REVISED BUDGETED FY 2006	GOVERNOR'S RECOMMENDED FY 2007	RECOMMENDED INC/(DEC) FY 2007
General Funds	\$ 1,044,106,103	\$ 1,064,636,323	\$ 20,530,220
Federal Funds	1,030,027,515	1,037,691,021	7,663,506
Other Funds	639,236,765	551,422,329	(87,814,436)
Total	\$ 2,713,370,383	\$ 2,653,749,673	(\$ 59,620,710)
Staffing Level FTE:	12,708.3	12,879.6	171.3

INFORMATION BUDGETS CONTAINED IN THE GENERAL APPROPRIATIONS BILL

	ACTUAL FY 2004	ACTUAL FY 2005	BUDGETED FY 2006	REQUESTED FY 2007	GOVERNOR'S RECOMMENDED FY 2007	RECOMMENDED INC/(DEC) FY 2007
FUNDING SOURCE:						
General Funds	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Federal Funds	255,703,026	251,203,995	273,977,345	315,655,614	287,440,582	13,463,237
Other Funds	192,715,763	233,396,148	210,409,200	216,774,492	254,854,780	44,445,580
Total	\$ 448,418,789	\$ 484,600,143	\$ 484,386,545	\$ 532,430,106	\$ 542,295,362	\$ 57,908,817
EXPENDITURE DETAIL:						
Personal Services	\$ 63,347,709	\$ 67,350,255	\$ 73,552,456	\$ 73,800,353	\$ 77,632,817	\$ 4,080,361
Operating Expenses	385,071,080	417,249,889	410,834,089	458,629,753	464,662,545	53,828,456
Total	\$ 448,418,789	\$ 484,600,143	\$ 484,386,545	\$ 532,430,106	\$ 542,295,362	\$ 57,908,817
Staffing Level FTE:	1,170.4	1,191.7	1,218.3	1,222.5	1,239.1	20.8

INFORMATION BUDGETS

Public Entity Pool for Liability (PEPL)

Administration
 PEPL Fund Claims
 American Dairy Association
 Wheat Commission
 Oilseeds Council
 Soybean Research and Promotion
 Brand Board
 Corn Utilization Council
 Division of Wildlife
 Snowmobile Trails Program
 Lottery Instant and On-Line Operations
 Highway Construction Contracts
 Petroleum Release Fund Payments
 Commission on Gaming
 South Dakota Housing Development Authority
 Insurance Fraud Unit
 Abstractors Board of Examiners
 Board of Accountancy
 Board of Counselor Examiners
 Board of Barber Examiners
 Board of Chiropractic Examiners
 Cosmetology Commission
 Board of Dentistry
 Board of Technical Professions
 Electrical Commission
 SD Energy Infrastructure Authority
 SD Pulse Corps Council

Board of Hearing Aid Dispensers
 Board of Funeral Service
 Board of Medical and Osteopathic Examiners
 Board of Nursing
 Board of Nursing Home Administrators
 Board of Examiners in Optometry
 Board of Pharmacy
 Plumbing Commission
 Board of Podiatry Examiners
 Board of Psychology
 Real Estate Commission
 Board of Social Work Examiners
 Board of Veterinary Medical Examiners
 Certification Board for Alcohol and Drug Professionals
 Fixed Utilities
 PUC Rate Case/Utility Investigation Fund
 Pipeline Safety
 One-Call Notification Board
 Transportation Warehouse
 Science and Technology Authority
 Army/Air National Guard
 Tuition and Fee Fund
 Regulated Response Fund
 Livestock Cleanup
 State Bar Association
 Unclaimed Property Fund
 Petroleum Release Fund
 Board of Massage Therapy

TOTAL STATE GOVERNMENT BUDGET (Including Information Budgets)

GENERAL APPROPRIATIONS BILL

	ACTUAL FY 2004	ACTUAL FY 2005	BUDGETED FY 2006	REQUESTED FY 2007	GOVERNOR'S RECOMMENDED FY 2007	RECOMMENDED INC/(DEC) FY 2007
FUNDING SOURCE:						
General Funds	\$ 849,387,541	\$ 969,584,750	\$ 1,008,771,731	\$ 1,062,272,803	\$ 1,057,780,032	\$ 49,008,301
Federal Funds	1,173,120,160	1,157,440,281	1,300,004,860	1,345,865,773	1,325,131,603	25,126,743
Other Funds	635,345,356	704,689,940	748,767,156	772,320,027	804,427,109	55,659,953
Total	<u>\$ 2,657,853,057</u>	<u>\$ 2,831,714,971</u>	<u>\$ 3,057,543,747</u>	<u>\$ 3,180,458,603</u>	<u>\$ 3,187,338,744</u>	<u>\$ 129,794,997</u>
EXPENDITURE DETAIL:						
Personal Services	\$ 614,808,219	\$ 646,112,532	\$ 709,157,002	\$ 722,037,471	\$ 747,694,979	\$ 38,537,977
Operating Expenses	2,043,044,838	2,185,602,439	2,348,386,745	2,458,421,132	2,439,643,765	91,257,020
Total	<u>\$ 2,657,853,057</u>	<u>\$ 2,831,714,971</u>	<u>\$ 3,057,543,747</u>	<u>\$ 3,180,458,603</u>	<u>\$ 3,187,338,744</u>	<u>\$ 129,794,997</u>
Staffing Level FTE:	13,130.3	13,429.1	13,926.6	14,132.4	14,118.7	192.1

SPECIAL APPROPRIATIONS AND GENERAL FUND CONTINUING APPROPRIATIONS

FUNDING SOURCE:	REVISED BUDGETED FY 2006	GOVERNOR'S RECOMMENDED FY 2007	RECOMMENDED INC/(DEC) FY 2007
General Funds	\$ 35,334,372	\$ 6,856,291	(\$ 28,478,081)
Federal Funds	4,000,000	0	(4,000,000)
Other Funds	100,878,809	1,850,000	(99,028,809)
Total	<u>\$ 140,213,181</u>	<u>\$ 8,706,291</u>	<u>(\$ 131,506,890)</u>

TOTAL STATE GOVERNMENT BUDGET

FUNDING SOURCE:	REVISED BUDGETED FY 2006	GOVERNOR'S RECOMMENDED FY 2007	RECOMMENDED INC/(DEC) FY 2007
General Funds	\$ 1,044,106,103	\$ 1,064,636,323	\$ 20,530,220
Federal Funds	1,304,004,860	1,325,131,603	21,126,743
Other Funds	849,645,965	806,277,109	(43,368,856)
Total	<u>\$ 3,197,756,928</u>	<u>\$ 3,196,045,035</u>	<u>(\$ 1,711,893)</u>
Staffing Level FTE:	13,926.6	14,118.7	192.1

**SELF-LIQUIDATING PROJECTS - INSTITUTIONS OF HIGHER EDUCATION
JUNE 30, 2005**

CONSOLIDATED SERIES	INSTITUTION	PROJECT NUMBER	ORIGINAL CONTRACT DATE	POOLING CONTRACT DATE	REVENUE BOND ORIGINAL ISSUE	AMOUNT OUTSTANDING
	BLACK HILLS STATE UNIVERSITY					
Series 2004	Apartment Complex/Heidepriem/Thomas		September 29, 1993	November-04	\$5,091,000	\$5,190,000
Series 2004A	Student Union and Thomas Hall Refinance		November 23, 2004	November-04	<u>\$3,460,000</u>	<u>\$3,460,000</u>
					<u>\$8,551,000</u>	<u>\$8,650,000</u>
	DAKOTA STATE UNIVERSITY					
Series 2004A	Higbee, Trojan, Emry, & Richardson Refinance		March 25, 1969	November-04	\$1,778,000	\$768,000
Series 1995	Trojan Center Expansion		May 1, 1995	November-04	<u>\$2,640,000</u>	<u>\$2,515,000</u>
					<u>\$4,418,000</u>	<u>\$3,283,000</u>
	NORTHERN STATE UNIVERSITY					
Series 2004A	Jerde Hall & Student Union Refinance		November 3, 2004	November-04	<u>\$6,245,000</u>	<u>\$6,245,000</u>
					<u>\$6,245,000</u>	<u>\$6,245,000</u>
	SOUTH DAKOTA SCHOOL OF MINES AND TECHNOLOGY					
Series 2003	Peterson Hall		April 1, 2003	November-04	<u>\$7,730,000</u>	<u>\$7,730,000</u>
					<u>\$7,730,000</u>	<u>\$7,730,000</u>
	SOUTH DAKOTA STATE UNIVERSITY					
Series 2004A	Housing & Auxiliary Facilities Rev Bonds		February 25, 2004	November-04	<u>\$31,300,000</u>	<u>\$31,300,000</u>
					<u>\$31,300,000</u>	<u>\$31,300,000</u>
	UNIVERSITY OF SOUTH DAKOTA					
Series 2003	Housing & Auxiliary Facilities		June 2, 2003	November-04	<u>\$16,435,000</u>	<u>\$15,820,000</u>
					\$16,435,000	\$15,820,000
	GRAND TOTAL				<u>\$74,679,000</u>	<u>\$73,028,000</u>

NOTES:

The Pooling Contract Date is the date in which all revenue generated by student housing is pledged towards the retirement of the debt. In November 2004 the Board of Regents entered into a new multi-institutional financing mechanism.

EXECUTIVE SALARIES

Vice President of Health Affairs and Dean, University of South Dakota School of Medicine	325,000	President, Dakota State University *	146,584
State Investment Officer **	270,080	Dean & Professor, Office of Medical Education, University of South Dakota	146,328
Psychiatrist, Human Services Center (3)	233,026	Vice President of Academic Affairs, South Dakota School of Mines and Technology	145,221
Director of Research Center and Professor of Basic Biomedical Sciences, University of South Dakota School of Medicine	232,818	Dean and Professor, College of Engineering, South Dakota State University	143,603
Chairperson, Professor of Family Medicine, University of South Dakota School of Medicine	230,000	Assistant Investment Officer **	141,086
Psychiatrist, Human Services Center	226,988	Chief Academic Officer, Board of Regents	138,687
Psychiatrist, Human Services Center	226,696	Assistant Investment Officer **	137,893
Psychiatrist, Human Service Center	212,205	Dean and Professor of Business, University of South Dakota	136,825
Psychiatrist, Human Services Center	205,000	Vice President of Academic Affairs, University of South Dakota	134,550
Executive Director, Board of Regents	201,151	Chief Information Technology Officer, Board of Regents	134,322
Executive Dean and Dean of Basic Sciences, Professor of Biomedical Sciences, University of South Dakota School of Medicine	197,599	Joint Dean of Education, University of South Dakota and South Dakota State University	133,954
President, South Dakota School of Mines and Technology */***	180,127	Dean and Professor, College of Nursing, South Dakota State University	132,673
President, South Dakota State University */***	180,127	Vice President, Finance and Administration, South Dakota State University	132,321
President, University of South Dakota */***	180,127	Dean of Arts & Sciences, University of South Dakota	130,378
Dean and Professor, Graduate Medical Education, University of South Dakota School of Medicine	170,661	VP of Research and Dean of Graduate School, South Dakota State University	130,000
Dean and Professor, Continuing Medical Education, University of South Dakota School of Medicine	166,613	System Vice President of Research, Board of Regents	129,375
Assistant Investment Officer **	162,000	Vice President of Research, South Dakota School of Mines and Technology	127,303
Chairperson and Professor of Internal Medicine, University of South Dakota School of Medicine	158,857	Medical Director, Human Services Center (Part-Time Position)	125,397
Chairperson and Professor of Obstetrics/Gynecology, University of South Dakota School of Medicine	158,857	Dean and Professor, College of Business and Information Systems, Dakota State University	121,384
Chairperson and Professor of Pediatrics, University of South Dakota School of Medicine	158,857	Vice President of Academic Affairs, Dakota State University	121,110
Chairperson and Professor of Psychiatry, University of South Dakota School of Medicine	158,857	Dean and, Professor, College of Arts and Sciences, South Dakota State University	120,006
Chairperson and Professor of Surgery, University of South Dakota School of Medicine	158,857	Dean of Research and Graduate Education, University of South Dakota	120,000
Dean and Professor, College of Agricultural and Biological Sciences, South Dakota State University	158,000	Associate Professor/Associate Dean of Basic Biomedical Science	119,825
Dean and Professor of Law, University of South Dakota	154,380	Commissioner, Bureau of Information and Telecommunications	119,604
President, Black Hills State University *	148,800	Interim VP of Academic Affairs and Dean and Professor, School of Business, Northern State University	118,594
Provost and Vice President of Academic Affairs, South Dakota State University	147,581		
Secretary, Department of Education	147,444		
President, Northern State University */***	146,769		

EXECUTIVE SALARIES

Dean and Professor, Library, South Dakota State University	117,722	Dean of Arts & Science, Black Hills State University	100,062
Dean and Professor, College of Family and Consumer Sciences, South Dakota State University	117,094	Dean of Arts & Science, Dakota State University	100,000
Vice President of Academic Affairs, Black Hills State University	116,315	Secretary, Department of Agriculture	99,874
Vice President, Finance and Administration, University of South Dakota	115,531	Secretary, Department of Environment and Natural Resources	99,874
Vice President, Finance and Administration, Northern State University	114,344	Secretary, Department of Game, Fish, and Parks	99,874
Dean of Business, Black Hills State University	113,795	Secretary, Department of Health	99,874
Director, Agricultural Experiment Station, South Dakota State University	113,688	Administrator, Division of Retirement	99,630
Director, Cooperative Extension Service, South Dakota State University	113,355	Secretary, Department of Labor	97,053
Dean of Student Affairs, Associate Professor of Basic Biomedical Sciences, University of South Dakota School of Medicine	113,220	Secretary, Department of Revenue and Regulation	97,053
Assistant Vice President, Finance and Administration, South Dakota State University	111,561	Secretary, Department of Social Services	97,053
Dean and Professor, General Registration, South Dakota State University	111,360	Administrator, Unified Judicial System	96,109
Dean & Associate Professor, Health Sciences	110,643	Director, Animal Industry Board	94,144
Supreme Court Chief Justice	110,145	Secretary, Department of Human Services	93,300
System General Counsel, Board of Regents	109,114	Secretary, Department of Corrections	92,740
System Director of Finance & Administration, Board of Regents	108,898	Commissioner, Bureau of Personnel	91,580
Supreme Court Justices	108,145	Warden, State Penitentiary	91,026
Chief of Staff, Governor's Office	105,754	Commissioner, Bureau of Administration	90,227
Governor *	105,544	Superintendent, South Dakota School for the Deaf	90,011
Assistant Professor/Executive Director, CD	105,175	Auditor General	90,000
Secretary, Department of Tourism and State Development	104,915	Director, Legislative Research Council	90,000
Dean of Education, Northern State University	104,437	Attorney General	89,618
Commissioner, Bureau of Finance and Management	104,170	Secretary, Department of Transportation	88,957
Circuit Court Presiding Judges	103,010	Secretary, Department of Military and Veterans' Affairs	86,269
Dean of Education, Dakota State University	102,403	Secretary, Department of Public Safety	86,269
Psychiatrist, Human Services Center (Part-Time Position)	102,241	Administrator, Human Services Center	83,956
Dean of Arts & Science, Northern State University	101,998	Director, South Dakota Development Center - Redfield	83,956
Circuit Court Judges	101,010	Warden, Mike Durfee State Prison	83,956
Superintendent, South Dakota School for the Blind and Visually Impaired	100,188	Commissioner, Public Utilities Commission (3)	83,634
		Deputy Chief of Staff, Governor's Office	81,800
		Executive Director, Public Utilities Commission	79,260
		Magistrate Judges	73,560
		Commissioner, School and Public Lands	71,713
		Secretary of State	71,713
		State Auditor	71,713
		State Treasurer	71,713

EXECUTIVE SALARIES

Warden, Women's Prison	68,079
Superintendent, State Veterans' Home	67,749
Superintendent, State Treatment and Rehabilitation Academy or STAR Academy	57,643
Lt. Governor (Part-Time Position)	14,399

* Housing Provided

**The State Investment Officer and Assistant Investment Officers are eligible to receive performance-based bonuses from zero to 95% of base salary.

*** Additional dollars may be funded through the institutional foundation.