



South Dakota

Annual Comprehensive
Financial Report

For the fiscal year ended June 30, 2025

ACFR
Overview



AGA PDC

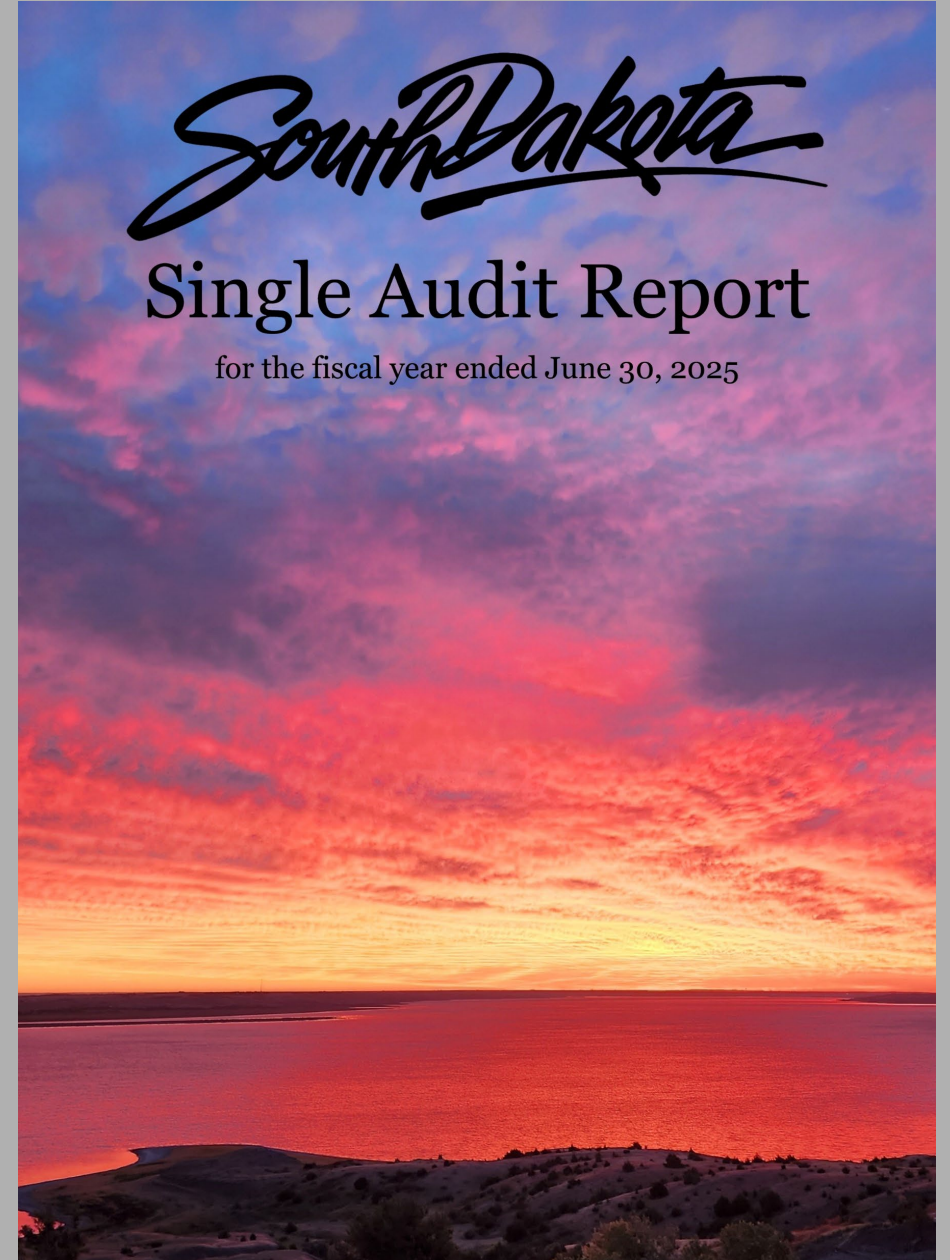
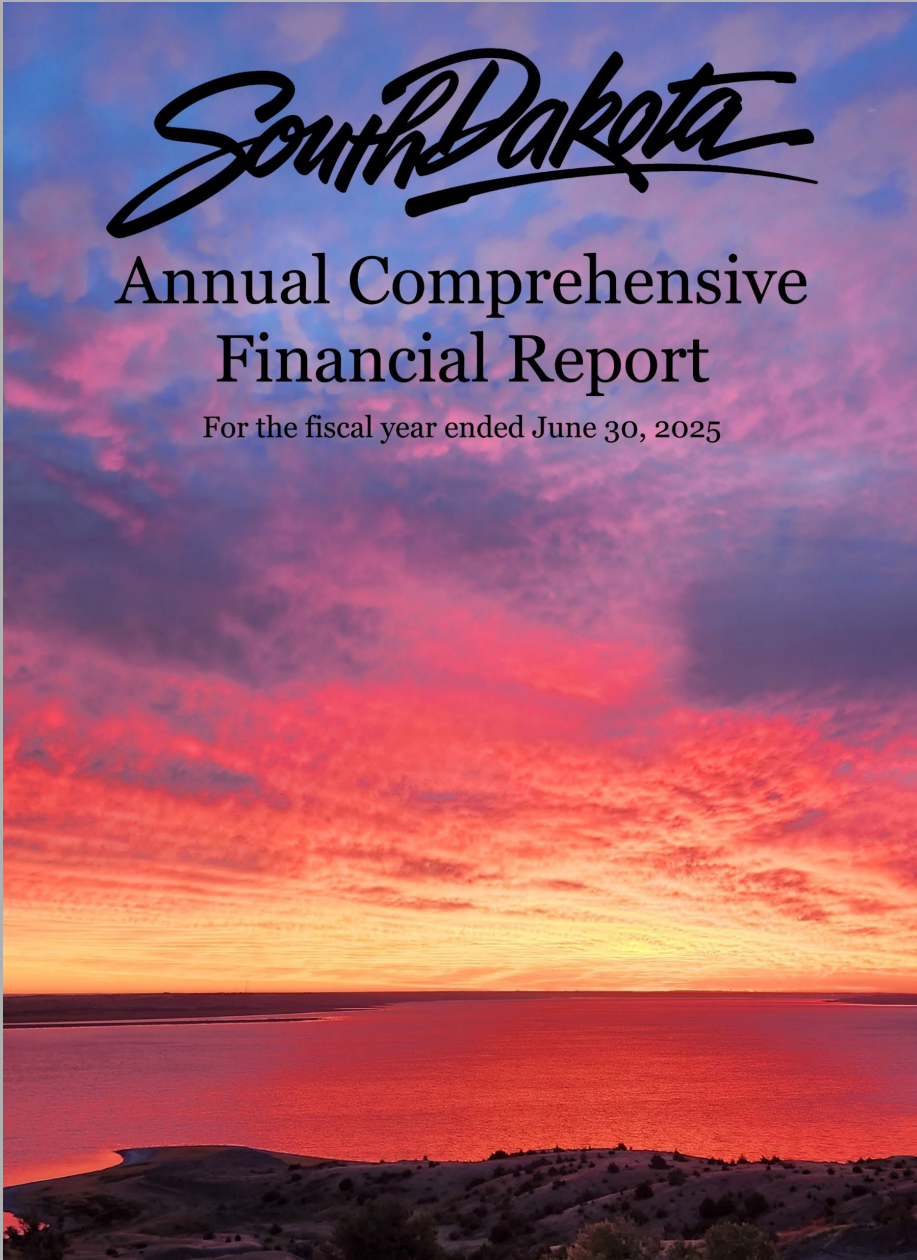
April 15-16, 2026



South Dakota

Single Audit Report

for the fiscal year ended June 30, 2025



OVERVIEW

- BFM Financial Reporting Office (FRO)
- What is an ACFR / Single Audit
- Why do we do them
- GAAP – GASB
- ACFR history
- ACFR structure – content
- Governmental (fund) accounting basics
- BFM Financial Reporting Office history

BFM Financial Reporting Office (FRO) Staff

Keith Senger – Director

Amanda Werre – Deputy Director

Accounting Analysts:

- Brian Englund
- Randi Olson
- Amanda Jandt
- Fabricio Rodrigues
- Cassandra Ryckman
- Stephanie Piroutek
- Katie Lowe
- Seth Romero
- Shenal Premarathna
- Tayne Bohman
- Luke Leingang
- Emma Hunt

What does the Financial Reporting Office do?

1. Prepare and issue the Annual Comprehensive Financial Report (ACFR)
2. Implement accounting and financial reporting standards and guidance:
 - Generally Accepted Accounting Principles (GAAP)
 - Governmental Accounting Standards Board (GASB) guidance
 - Financial Accounting Standards Board (FASB) when no GASB
3. Set statewide accounting and financial reporting policies and procedures
4. Serve as a statewide internal control element for accounting and financial reporting
5. Single Audit:
 - Prepare the Schedule of Expenditures of Federal Awards (SEFA) and the Notes to the SEFA for all state agencies
 - Prepare the SEFA portion of the Standard Form – Single Audit Clearinghouse (SF-SAC)
 - Prepare the Corrective Action Plan and the Summary Schedule of Prior Audit Findings for all state agencies

Annual Comprehensive Financial Report (ACFR)

What is the ACFR?

- Audited financial statements for a governmental entity
- Follows Generally Accepted Accounting Principles (GAAP)
- Audited in accordance with:
 - Generally Accepted Government Auditing Standards (GAGAS) as issued by the U.S. Government Accountability Office (GAO)
 - AKA Governmental Audit Standards
 - AKA “Yellow Book Audit” (yellow book cover)

Single Audit Report

What is the Single Audit Report?

- It is a financial audit of the financial statements (ACFR) and federal grant compliance audit for a non-federal entity (governments and non-profits) that expends \$1M in federal assistance
- It Includes
 - ACFR – or other accepted form
 - Schedule of Expenditures of Federal Awards (SEFA)
 - Audit Findings and Corrective Action Plans
 - Multiple auditor opinion letters
- Audited in accordance with:
 - Generally Accepted Government Auditing Standards (GAGAS) as issued by the U.S. Government Accountability Office (GAO)
 - AKA Governmental Audit Standards
 - AKA “Yellow Book Audit” (yellow book cover)

ACFR and Single Audit

Why does BFM prepare an ACFR and have a Single Audit?

- SDCL 4-4-6. Annual financial statements.

The Bureau of Finance and Management shall annually prepare financial statements for the State of South Dakota. The financial statements shall be prepared in accordance with generally accepted accounting principles.

- Single Audit Act of 1984 (amended 1996)
 - **If you want federal grants, you need a Single Audit**

Generally Accepted Accounting Principles (GAAP)

What Is GAAP?

- Different for different types of entities
- Basic accounting - what an accounting major would learn in college accounting classes (not authoritative)
- **For Governments**
 - Standards issued by Governmental Accounting Standards Board (GASB)
 - Category A GAAP
 - Codification (Standards and Definitions)
 - Category B GAAP
 - GASB Technical Bulletins
 - GASB Implementation Guides
 - AICPA Literature cleared by GASB
 - GASB nonauthoritative material
 - Standards issued by Financial Accounting Standards Board (FASB)

Governmental Accounting Standards Board (GASB) History

GASB Standards to Date

July 1984 – GASB Standard 1 was issued

1984 to 1993 – GASB 1 through 23 (23)

(12 of the 23 have been completely Superseded)

1994 to 2003 – GASB 24 through 42 (19)

(5 of the 19 have been completely Superseded)

2004 to 2013 - GASB 43 through 71 (29)

(5 of the 29 have been completely Superseded)

2014 to 2023 – GASB 72 through 102 (31)

2024 to Today – GASB 103 – 105 (3)

Governmental Accounting Standards Board (GASB) History

GASB Guidance to Date

- Total of 105 GASB Statements to date
- 22 have been totally superseded
- 7 Concept Statements
- 6 Interpretation Statement (1 has been superseded)
- 15 Technical Bulletin (9 have been superseded)
- 13 Implementation Guides

Copilot estimates between 339 and 381 individual Q&As

Governmental Accounting Standards Board (GASB)

Hardest GASBs per Keith

- **Statement No 34** - Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments (issued 1999, effective FY02)
- **Statement No. 54** - Fund Balance Reporting and Governmental Fund Type Definitions (issued 2009, effective FY11)
- **Statement No. 63** - Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position (issued 2011, effective FY13)
- **Pension Suite** – Statements **67, 68, 71, 72, 78, and 82** (issued 2012 – 2016, effective FY14 and FY15, and more)
- **OPEB Suite** – Statements 74 and 75 (issued 2015, effective FY17 and FY18)
- **Statement No. 84** - Fiduciary Activities (issued 2017, effective FY21)
- **RTU Asset Suite** – Statements 87, 94, and 96 (issued 2017 – 2022, effective FY22 to FY23)
- **Statement No. 101** - Compensated Absences (issued 2022, effective FY25)
- **Statement No. 103** - Financial Reporting Model Improvements (issued 2024, effective FY26)

ACFR History

FAST ACFR Initiative

FY2008 ACFR and Prior:

- DLA was preparing most of the ACFR
- BFM had a staff of 4 that worked on the ACFR
 - Ron Wire, Robert Norwick, Terry Miller, and Jason Malsam

2008 Legislative Session:

- Governor Rounds and Commissioner Dilges lead an effort to increase BFM capacity created the BFM FRO
- Total of total of 8 FTE
- Goal was for BFM to prepare the ACFR
- Goal accomplished for FY2012 ACFR

2012 Legislative Session:

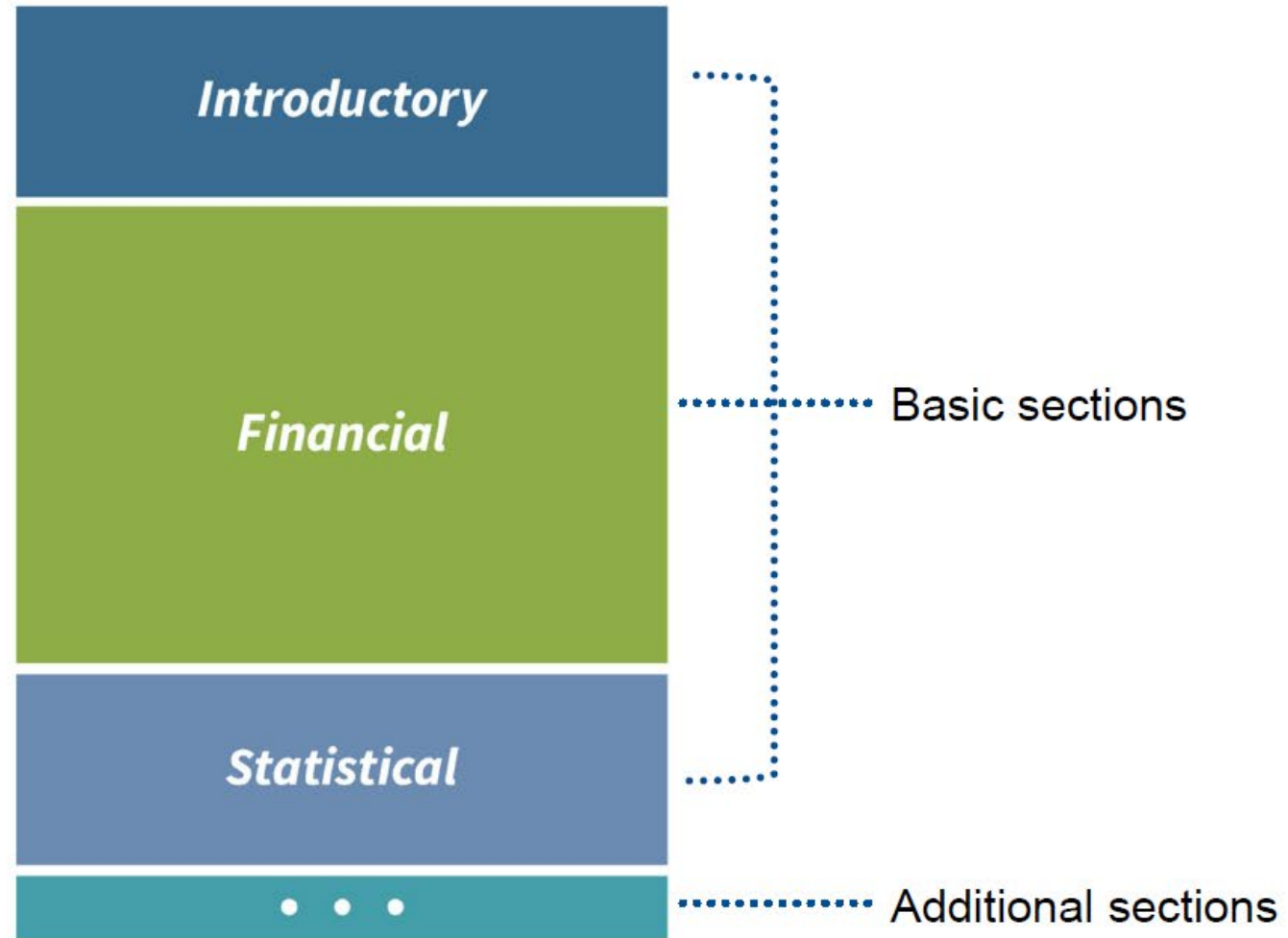
- Governor Daugaard and Commissioner Dilges lead **The Faster ACFR** initiative
- Goal to issue ACFR by December 31
- Added 3 FTE in FY13
- Added 2 FTE in FY14

ACFR History

FAST ACFR Initiative

ACFR Issue Dates (184 target)

- FY96 – 3/28/97 (271 days)
- FY97 – 2/27/98 (242 days) -29
- FY98 – 3/05/99 (248 days) +6
- FY99 – 3/05/00 (249 days) +1
- FY00 – 2/09/01 (224 days) -25
- FY01 – 2/15/02 (230 days) +6
- FY02 – 3/24/03 (267 days) +37
- FY03 – 3/26/04 (270 days) +3
- FY04 – 3/30/05 (273 days) +3
- FY05 – 2/17/06 (232 days) -41
- FY06 – 4/23/07 (297 days) +65
- FY07 – 7/03/08 (369 days) +72
- FY08 – 6/12/09 (347 days) -22
- FY09 – 3/31/10 (274 days) -73
- FY10 – 5/20/11 (324 days) +50
- FY11 – 6/20/12 (356 days) +32
- FY12 – 3/28/13 (271 days) -85
- FY13 – 3/14/14 (257 days) -14
- FY14 – 2/25/15 (240 days) -17
- FY15 – 1/22/16 (206 days) -34
- FY16 – 12/30/16 (183 days) -23
- FY17 – 12/29/17 (182 days) -1
- FY18 – 12/28/18 (181 days) -1
- FY19 – 12/20/19 (173 days) -8
- FY20 – 12/31/20 (184 days) +11
- FY21 – 12/22/21 (175 days) -9
- FY22 – 12/30/22 (183 days) +8
- FY23 – 12/29/23 (182 days) -1
- FY24 – 12/31/24 (184 days) +2
- FY25 – 12/31/25 (184 days) +0



Introductory

Financial

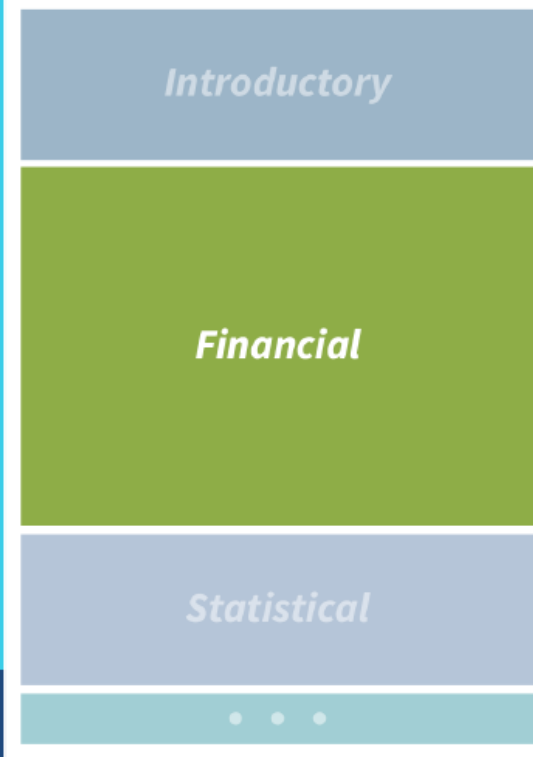
Statistical

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- Table of Contents
- Letter of Transmittal
- Organizational Chart
- List of Principal Officials
- GFOA COA Award



Introductory Section



- Annual Comprehensive Financial Report Audit
- MD&A (RSI)
- Basic Financial Statements incl. Note Disclosures
- RSI Other than MD&A
- Combining Statements
- Individual Fund Statements (incl. Supplementary Budget)



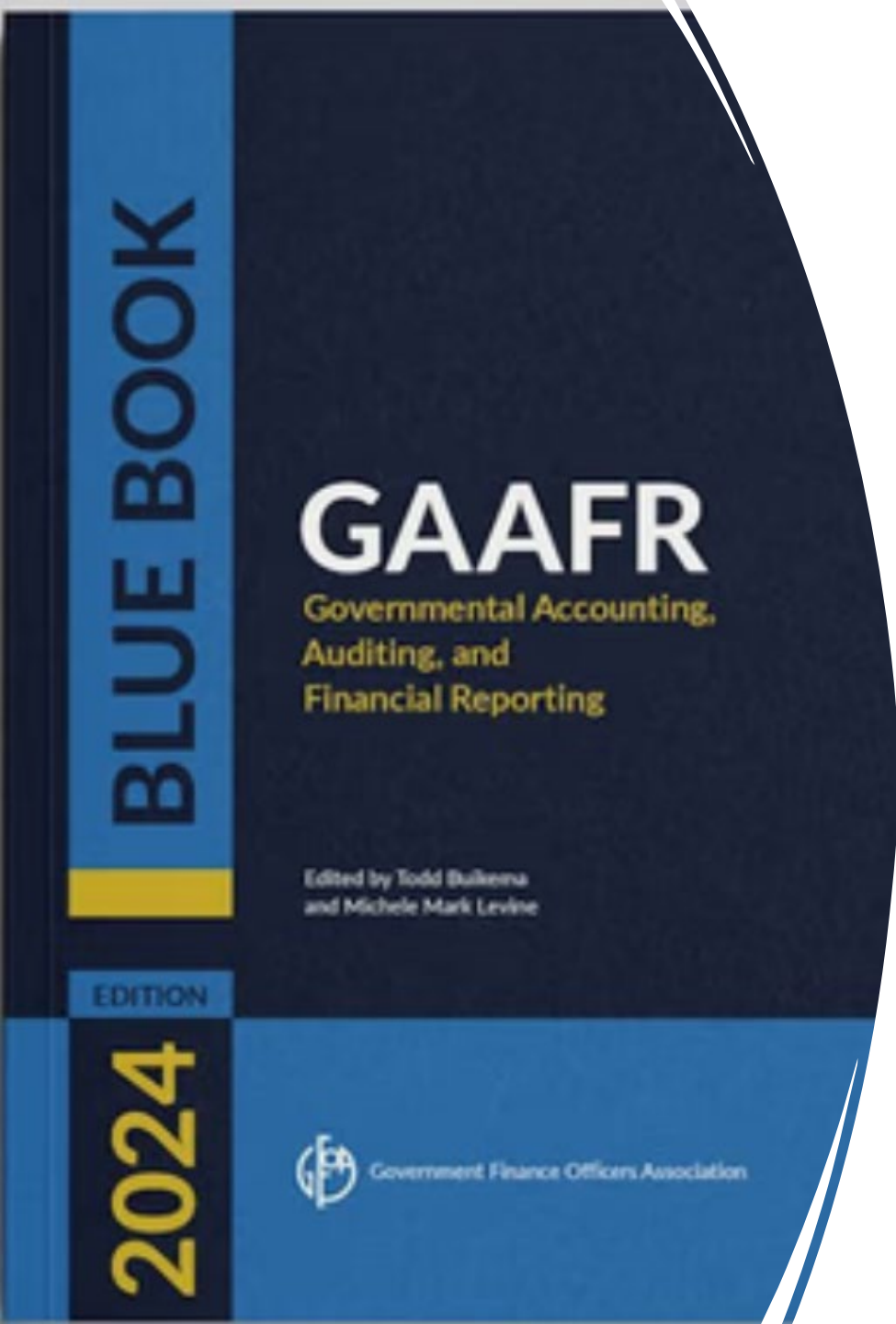
Overview of the Financial Section



- Financial Trends
- Revenue Capacity
- Debt Capacity/Limitations
- Demographic/Economic Information
- Operating Information



Overview of the Statistical Section



BLUE BOOK

- Credit to: Governmental Accounting, Auditing, and Financial Reporting (Blue Book)
 - Published by the Government Finance Officers Association

Governmental vs Private Accounting

Key environmental differences

- Service motive vs. profit motive
- Stewardship vs. return on investment and return of investment
- Appropriated budget vs. financial business plan

Impact of environmental differences

- Differences in GAAP
 - Governmental Accounting Standards Board (GASB) vs.
 - Financial Accounting Standards Board (FASB)
 - Fund Accounting or Governmental Accounting
 - Uses more than one measurement focus (basis of accounting)
 - Financial Statement presentation and Note disclosure differences
 - Budgetary reporting
- 

Fund Accounting

What is a FUND?

- An accounting and fiscal entity within the government
- Self-balancing set of accounts
- Record :
 - Cash and other financial resources (assets)
 - Liabilities
 - Equity
 - Revenues
 - Expenses (expenditures)
- Segregated for specific activities or to attain certain objectives

Measurement Focus and Basis of Accounting

Total Economic resources measurement focus

- Long-term view / long-term liquidity
- Long-term debt / Capital assets
- Uses Accrual Basis of Accounting
 - Transactions are recognized when they occur – regardless of when cash changes hands

Current Financial Resources measurement focus

- Short-term view / near-term liquidity
- What financial resources (cash, assets, revenue) does the government have access to now or in the near term to provide services
- No Long-term debt / No Capital assets
- Uses Modified Accrual Basis of Accounting
 - Revenue is recognized when it is “Measurable and Available”

Fund types

Governmental Funds

- Modified Accrual Basis of Accounting
- Used to account for activities primarily supported by taxes, grants, and similar revenue sources

Proprietary funds

- Accrual Basis of Accounting
- Used to account for activities that receive significant support from fees and charges

Fiduciary funds

- Accrual Basis of Accounting
- Used to account for activities conducted by a government or for the benefit of those outside the government
- Government is holding or in control of someone else's money or assets
- Not the government's money or assets

Fund types

Governmental Funds - Modified Accrual Basis of Accounting

- General Fund
- Special revenue funds
- Capital projects fund
- Debt service funds
- Permanent funds

Proprietary funds - Accrual Basis of Accounting

- Enterprise funds
- Internal service fund

Fiduciary funds - Accrual Basis of Accounting

- Pension (and other employee benefit) trust funds
- Investment trust funds
- Private-purpose trust funds
- Custodial funds

Fund types

Governmental Funds - Modified Accrual Basis of Accounting

- **General Fund**

- Main operating fund
- Used to account for all financial resources not accounted for in another funds
- All governments have one and only one

- **Special revenue funds**

- Used to account for and report proceeds of a specific revenue source that a dedicated to specific purposes
- Can have zero or many special revenue funds

- **Capital projects fund**

- Used to account for capital outlay

- **Debt service funds**

- Used to account for principal and interest for debt (bonds)

- **Permanent funds**

- Used to account for resources (investments) that the principal is restricted from use – only the interest-earning can be used

Fund types

Proprietary funds - Accrual Basis of Accounting

- **Enterprise funds**
 - Used to report any activity for which a fee is charged to an external user for goods or services
 - Profit motive – profits used to fund government
 - South Dakota Lottery – a majority of the income goes to the General Fund
- **Internal service fund**
 - Used to report any activity that provides a good or services to other funds, department or agencies of the primary government
 - Cost-reimbursement basis
 - Fleet and Travel

Fund types

Fiduciary funds - Accrual Basis of Accounting

(not the government's assets)

- **Pension (and other employee benefit) trust funds**
 - South Dakota Retirement System
- **Investment trust funds**
- **Private-purpose trust funds**
 - Any trust or trust like fiduciary activity that is not pension or investment-related
- **Custodial funds**
 - Any fiduciary activity that is not a trust or trust like




Interfund Activity

Due To and Due From

- Accounts payable and Accounts receivable between funds
- Must balance between funds

Transfer In and Transfer out

- Gift of an asset (usually cash) from one fund to another fund
 - Must balance between funds
- 



Reporting
entity

Primary government

Component units - legally separate entities

- Blended Component Units
- Discretely Presented Component Units

Related organizations





Equity

Private sector Equity

- Income, net income, profit (loss)
- Capital, retained earnings

Fund Accounting Equity

- Governmental funds - modified accrual basis of accounting
 - Fund Balance – Change in Fund Balance
 - Proprietary and Fiduciary funds - accrual basis of accounting
 - Net Position – Change in Net Position
- 

Financial statements / notes

- **Private sector**

- Balance Sheet
- Income Statement / Profit and Loss
- Statement of Cash Flow
- Statement of Retained Earning / Owners Equity
- Notes to the Financial Statements

- **Fund Accounting**

- **Government Wide Financial Statements**
 - Statement of Net Position
 - Statement of Activities
- **Governmental Funds**
 - Balance Sheet
 - Statement of Revenues, Expenditures, and Change in Fund Balance
- **Proprietary Funds Fiduciary**
 - Statement of Net Position
 - Statement of Revenues, Expenses, and Change in Net Position
 - Statement of Cash Flow
- **Fiduciary**
 - Statement of Net Position
 - Statement Change in Net Position
- **Notes to the Financial Statements**
- **RSI**