

SOUTH DAKOTA BUILDING AUTHORITY

2011 ANNUAL REPORT

SOUTH DAKOTA BUILDING AUTHORITY

330 South Poplar, Suite 102
Pierre, South Dakota 57501
605-224-9200

Thomas W. Graham,
Chairman

Douglas Hajek

Dennis Haan,
Vice Chairman

Joe Lien

D. J. Mertens,
Secretary

Dennis Neugebauer

James C. Roby

Executive Secretary

Don A. Templeton

Authority Counsel

Todd Meierhenry
Meierhenry Sargent, L.L.P.
Sioux Falls, South Dakota

Bond Counsel

Perkins Coie, L.L.P.
Chicago, Illinois

South Dakota Building Authority
330 South Poplar – Suite 102
Pierre, South Dakota 57501
605-224-9200

TABLE OF CONTENTS

| | |
|---|----|
| Independent Auditor's Report | 4 |
| Management's Discussion and Analysis | 7 |
| Statement of Net Assets | 12 |
| Statement of Revenues, Expenses and Changes in Net Assets..... | 13 |
| Statement of Cash Flows | 14 |
| Notes to Financial Statements..... | 15 |
| Supplementary Information: | |
| Schedule of Cash and Investments | 26 |
| Schedule of Building Authority Fund Expenses..... | 27 |
| Schedule of Projects Financed..... | 28 |



427 SOUTH CHAPELLE
C/O 500 EAST CAPITOL
PIERRE SD 57501-5070
(605) 773-3595
FAX (605) 773-6454

MARTIN L. GUINDON, CPA
AUDITOR GENERAL

INDEPENDENT AUDITOR'S REPORT

The Honorable Dennis Daugaard
Governor of South Dakota

and

Board of Directors
South Dakota Building Authority

We have audited the accompanying financial statements of the South Dakota Building Authority, a business-type activity component unit of the State of South Dakota, as of and for the fiscal year ended June 30, 2011, as listed in the Table of Contents. These financial statements are the responsibility of the South Dakota Building Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

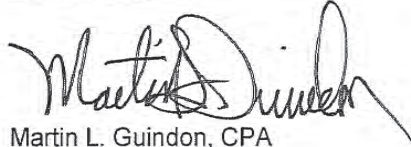
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the South Dakota Building Authority, as of June 30, 2011, and the respective changes in financial position and cash flows thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 to the financial statements, the South Dakota Building Authority changed its method for recognizing bond proceeds, construction payments, and leases receivable in fiscal year 2011.

The management's discussion and analysis on pages seven through ten is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2011, on our consideration of the South Dakota Building Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements that comprise the South Dakota Building Authority. The accompanying supplementary information listed in the Table of Contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink, appearing to read "Martin L. Guindon". The signature is stylized with a large, looped "M" and a long, sweeping underline.

Martin L. Guindon, CPA
Auditor General

December 15, 2011

(This page has intentionally been left blank)

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2011

This section of the South Dakota Building Authority's ("the Authority") annual financial report presents management's discussion and analysis of the Authority's financial performance during the fiscal year ended June 30, 2011 (FY 2011). This analysis should be read in conjunction with the Independent Auditor's Report, financial statements, notes to the financial statements and supplementary information.

The Authority

The Authority is a component unit of the State of South Dakota. As such, the accompanying financial statements are included in the Comprehensive Annual Financial Report of the State of South Dakota. The purpose of the Authority is to build or otherwise provide facilities for use by the State. To finance such projects, the Authority is empowered to issue and sell bonds as the Legislature by law declares to be in the public interest. Amounts issued by the Authority shall not be deemed to constitute a debt of the State of South Dakota or any political subdivision thereof.

In addition, the Authority may finance loans to participants in a program of the United States to assist owners and operators of highly-erodible cropland by issuing bonds, pursuant to the powers vested in the Authority.

Concurrently with the issuance of bonds, the Authority executes leases or lease supplements with the board, department, office, commission, or agency of the State which will use and operate the facility.

The Authority has two separate activities, the Building Authority and the Conservation Reserve Enhancement Program (CREP), which are combined in these financial statements. The South Dakota Building Authority contracts with the South Dakota Health and Educational Facilities Authority for management services on an annual basis.

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011
(continued)

Financial Highlights:

- Total assets of the Authority increased \$10.5 million or 3.8% (see below tables).
- Total liabilities of the Authority increased \$11.0 million or 4.0% (see below tables).
- Net assets of the Authority decreased \$0.5 million or (22.3%) (see below tables).
- Cash and cash equivalents of the Authority decreased \$20.8 million or (50.2%) (see below tables).
- Amounts Due From State decreased \$5.8 million or (5.1%) (see below tables).
- Bonds payable increased \$11.1 million or 4.4% (see below tables).

Financial Statement Elements:

Changes in Assets, Liabilities and Net Assets
(in thousands of dollars)

| | <u>2011</u> | <u>2010</u> | <u>\$</u> <u>Change</u> | <u>%</u> <u>Change</u> |
|--|--------------------|--------------------|--|---|
| Assets: | | | | |
| Cash and cash equivalents | \$ 20,646.9 | \$ 41,461.1 | \$ (20,814.2) | (50.2%) |
| Investments | 0.0 | 366.5 | (366.5) | (100.0%) |
| Construction in progress | 149,740.4 | 113,150.8 | 36,589.6 | 32.3% |
| Amounts due from State | 106,876.5 | 112,711.5 | (5,835.0) | (5.1%) |
| Interest receivable | 10,704.4 | 9,913.8 | 790.6 | 8.0% |
| Other assets | 57.1 | 75.2 | (18.1) | (24.1%) |
| Bond issuance costs, net of amortization | 2,600.8 | 2,435.3 | 165.5 | 6.8% |
| Prepaid expenses | 35.3 | 33.7 | 1.6 | 4.7% |
| Total assets | <u>290,661.4</u> | <u>280,147.9</u> | <u>10,513.5</u> | <u>3.8%</u> |
| Liabilities: | | | | |
| Bonds Payable, net of unamortized premiums, deferred amount of refunding and original issue discount | 260,567.4 | 249,515.6 | 11,051.8 | 4.4% |
| Due to State Agencies | 1,638.0 | 1,630.8 | 7.2 | 0.4% |
| Amounts held for others | 12,245.0 | 8,815.0 | 3,430.0 | 38.9% |
| Accrued interest payable | 10,546.4 | 9,775.7 | 770.7 | 7.9% |
| Customer deposits payable | 1.3 | 1.3 | 0.0 | 0.0% |
| Arbitrage Rebate Payable | 367.0 | 0.0 | 367.0 | N/A |
| Deferred revenue | 0.0 | 22.9 | (22.9) | (100.0%) |
| Accounts payable | 3,514.1 | 8,092.9 | (4,578.8) | (56.6%) |
| Total liabilities | <u>288,879.2</u> | <u>277,854.2</u> | <u>11,025.0</u> | <u>4.0%</u> |
| Net assets | <u>\$ 1,782.2</u> | <u>\$ 2,293.7</u> | <u>\$ (511.5)</u> | <u>(22.3%)</u> |

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011
(continued)

Changes in Revenues, Expenses and Net Assets
(in thousands of dollars)

| | <u>2011</u> | <u>2010</u> | <u>\$</u> <u>Change</u> | <u>%</u> <u>Change</u> |
|-------------------------------------|--------------------|--------------------|--|---|
| Operating revenues: | | | | |
| Finance income on leases receivable | \$ 12,743.5 | \$ 12,803.9 | \$ (60.4) | (0.5%) |
| Contract interest income | 26.7 | 8.5 | 18.2 | 214.1% |
| Premium on refunding bonds | 414.6 | 395.4 | 19.2 | 4.9% |
| Fees, charges and other income | <u>676.4</u> | <u>867.9</u> | <u>(191.5)</u> | <u>(22.1%)</u> |
| Total operating revenues | 13,861.2 | 14,075.7 | (214.5) | (1.5%) |
| Operating expenses: | | | | |
| Administrative costs | 547.9 | 492.2 | 55.7 | 11.3% |
| Interest expense | 13,998.7 | 13,303.8 | 694.9 | 5.2% |
| Amortization expense | <u>240.8</u> | <u>233.6</u> | <u>7.2</u> | <u>3.1%</u> |
| Total operating expenses | <u>14,787.4</u> | <u>14,029.6</u> | <u>757.8</u> | <u>5.4%</u> |
| Operating income/(loss) | (926.2) | 46.1 | (972.3) | (2,109.1%) |
| Total non-operating revenues | <u>780.1</u> | <u>64.6</u> | <u>715.5</u> | <u>1,107.6%</u> |
| Income/(loss) before transfers | (146.1) | 110.7 | (256.8) | (232.0%) |
| Transfers to State | <u>(365.3)</u> | <u>(268.9)</u> | <u>(96.4)</u> | <u>(35.8%)</u> |
| Change in net assets | <u>\$ (511.4)</u> | <u>\$ (158.2)</u> | <u>\$ (353.2)</u> | <u>(223.3%)</u> |

Analysis:

For FY 2011, the Authority entered into new leases in the amount of \$29,875,000 for new construction projects. New leases entered into with the State were well below the actual cash paid to date for project construction costs resulting in a significant decrease in the cash and investment balance in FY 2011. For FY 2011 the Authority changed how it recorded the construction expenses and bond proceeds. The construction payments are recorded as Construction in Progress until the construction project is put into use. It is then transferred to record the leases receivable. See Note 2 on this report for a more thorough explanation of this accounting change.

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2011

(continued)

Debt Administration:

The Authority is authorized to issue tax-exempt 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 Authority on September 2, 2010 issued the Series 2010A Taxable Revenue (Build America Bonds) bonds in the amount of \$11,400,000 to finance the renovation and infrastructure costs at Northern State University, Dakota State University and Black Hills State University. These were taxable bonds and are scheduled to receive a 35% interest rebate from the federal government.

The Authority on September 2, 2010 issued the Series 2010B Taxable Revenue (Recovery Zone Economic Development Bonds) bonds in the amount of \$14,600,000 to finance a portion of the construction for a new dietary facility on the State's Human Services Center campus in Yankton, SD, and a portion of the construction of a new classroom building at the University Center in Sioux Falls. These were taxable bonds and are scheduled to receive a 45% interest rebate from the federal government.

The Authority on September 2, 2010 issued the Series 2010C Taxable bonds in the amount of \$3,875,000 to fund a portion of the cost of infrastructure improvements at Custer State Park. The improvements that comprise the Custer State Park project were also partially funded by the Authority's Series 2007 and Series 2008 bonds, have been entirely completed, and are already under lease to the Department of Game, Fish & Parks by the Authority.

The Authority on September 2, 2010 issued the Series 2010D Revenue Refunding bonds in the amount of \$1,065,000 to refund the remaining Series 1999 bonds.

The Authority paid at maturity bonds totaling \$19.1 million and paid at maturity escrowed bonds totaling \$5,310,000 in fiscal year 2011.

The Authority's bonds are rated from AA+ to AA by Standard and Poor's and Aa2 to B3 by Moody's Investor Service.

More detailed information about the Authority's debt can be found in Note 8, Bonds Payable.

Overview:

Lease rental payments and interest income are the major sources of revenues for the Authority. The decrease in average daily cash on hand held by the Authority compared to the prior year resulted in a decrease in interest income on investments. With the change in account method the variation in the profit and loss will not be as significant as it was in the past when bonds were issued and project expenses were paid out.

This report is presented to provide additional information regarding operations of the Authority and to meet the requirements of GASB Statement No. 34.

(This page intentionally left blank.)

SOUTH DAKOTA BUILDING AUTHORITY
STATEMENT OF NET ASSETS
At June 30, 2011

Assets:

Current assets:

Cash and cash equivalents:

Held by South Dakota Investment Council

\$ 20,221,373

Held by trustee

425,471

Total cash and cash equivalents

20,646,844

Amounts due from State – short-term

14,560,000

Contracts receivable – short-term

27,976

Leases/loans interest receivable

10,554,207

Interest receivable on investments

150,143

Prepays

35,334

Other assets

1,802

Total current assets

45,976,306

Noncurrent assets:

Bond issuance costs

2,600,823

Contracts receivable – long-term

27,293

Construction in progress

149,740,434

Amounts due from State – long-term

92,316,501

Total noncurrent assets

244,685,051

Total assets

290,661,357

Liabilities:

Current liabilities:

Bonds & Certificates of Participation payable,

Net of unamortized premiums, deferred amount of refunding
and original issue discount

19,180,641

Due to State Agencies

1,637,988

Amounts held for others

12,245,000

Accrued interest payable

10,546,390

Deposits payable

1,250

Accounts payable

3,514,058

Arbitrage rebate payable

367,031

Total current liabilities

47,492,358

Noncurrent liabilities:

Bonds & Certificates of Participation payable,

Net of unamortized premiums, deferred amount of refunding
and original issue discount

241,386,773

Total noncurrent liabilities

241,386,773

Total liabilities

288,879,131

Net assets:

Unrestricted net assets

1,479,757

Restricted net assets

302,469

Total net assets

\$ 1,782,226

SOUTH DAKOTA BUILDING AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2011

Operating revenues:

| | |
|-------------------------------------|----------------|
| Finance income on lease receivables | \$ 12,743,478 |
| Contract interest income | 26,734 |
| Premium amortization | 414,553 |
| Fees, charges, and other | <u>676,426</u> |
| Total operating revenues | 13,861,191 |

Operating expenses:

| | |
|--------------------------|-------------------|
| Administrative costs | 547,940 |
| Interest expense | 13,998,728 |
| Amortization expense | <u>240,774</u> |
| Total operating expenses | <u>14,787,442</u> |

Operating loss (926,251)

Non-operating revenues:

| | |
|------------------------------|----------------|
| Investment income | 35,589 |
| Other income | <u>744,547</u> |
| Total non-operating revenues | <u>780,136</u> |

Loss before transfers (146,115)

Transfers:

| | |
|--------------------|------------------|
| Transfers to State | <u>(365,301)</u> |
|--------------------|------------------|

Change in net assets (511,416)

Net assets at beginning of year, restated 2,293,642

Net assets at end of year \$ 1,782,226

SOUTH DAKOTA BUILDING AUTHORITY
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2011

Cash flows from operating activities:

| | |
|---|------------------|
| Receipts for leases | \$ 19,108,135 |
| Receipts for interest income on leases | 12,003,010 |
| Receipts for fees | 678,233 |
| Payment for general expenses | <u>(574,776)</u> |
| Net cash provided by operating activities | 31,214,602 |

Cash flows from capital and related financing activities:

| | |
|--|---------------------|
| Payments for construction of buildings | <u>(50,993,005)</u> |
| Net cash used for capital and related financing activities | (50,993,005) |

Cash flows from noncapital financing activities:

| | |
|---|------------------|
| Proceeds from bonds | 30,940,000 |
| Payment to escrow fund | (985,000) |
| Received from IRS for interest payments | 664,547 |
| Principal paid on bonds | (19,170,000) |
| Interest payments on bonds | (12,599,970) |
| Net transfers | (365,302) |
| Payments to state agencies | (777,071) |
| Premiums on bonds | 500,308 |
| Payments for bond issuance costs | <u>(406,275)</u> |
| Net cash used for noncapital financing activities | (2,198,763) |

Cash flows from investing activities:

| | |
|--|-----------------------------|
| Receipts for investment income | 796,412 |
| Payments for investments | (200,553) |
| Receipts for investments | <u>567,007</u> |
| Net cash provided by investing activities | 1,162,866 |
| Net decrease in cash and cash equivalents during the fiscal year | (20,814,300) |
| Cash and cash equivalents at beginning of year | <u>41,461,144</u> |
| Cash and cash equivalents at end of year | <u>\$ 20,646,844</u> |

Reconciliation of operating loss to net cash provided by operating activities

| | |
|----------------|--------------|
| Operating loss | \$ (926,251) |
|----------------|--------------|

Adjustments to reconcile operating loss

| | |
|--|------------|
| Amortization | 240,774 |
| Premium amortization | (414,554) |
| Interest expense | 13,557,790 |
| Amortized deferred amount of refunding | 73,907 |

Decrease/(increase) in assets:

| | |
|------------------------|------------|
| Amounts due from State | 15,678,134 |
| Interest receivable | (767,201) |
| Prepaid expenses | (1,640) |

Increase/(decrease) in liabilities:

| | |
|--------------------------|-----------------|
| Accounts payable | (467) |
| Amount held for others | 3,430,000 |
| Arbitrage rebate payable | 367,031 |
| Deferred revenue | <u>(22,921)</u> |
| Total adjustments | 32,140,853 |

| | |
|--|-----------------------------|
| Net cash provided by operating activities | <u>\$ 31,214,602</u> |
|--|-----------------------------|

Summary of Noncash Transactions

| | |
|---|--------------|
| Increase of Amounts due from State (Asset) for projects completed | \$ 8,905,000 |
| Reduction of construction in progress (Asset) for projects completed | (9,825,000) |
| Reduction of amounts held for others (Liability) for projects completed | 920,000 |

SOUTH DAKOTA BUILDING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 1. The Authority

The South Dakota Building Authority (“the Authority”) was created and organized by Chapter 5-12 of the South Dakota Codified Laws (the Act). The purposes of the Authority are to build and otherwise provide hospital, housing, penitentiary, administrative, classroom, dining hall, field house, parking, union building, library, recreational, laboratory, office and similar facilities for the use by the State. Amounts issued by the Authority shall not be deemed to constitute a debt of the State of South Dakota or any political subdivision thereof. The Authority is a component unit of the State of South Dakota. As such, the accompanying financial statements are included in the Comprehensive Annual Financial Report of the State of South Dakota.

The Authority is empowered under the Act to acquire, construct, complete, remodel, maintain and equip buildings and other facilities as the Legislature by law declares to be in the public interest. To finance such projects, the Authority is empowered to issue and sell bonds or other forms of indebtedness in such amount or amounts as the Authority may determine, to refund and refinance its indebtedness as often as is advantageous in the public interest to do so, to pledge any and all income of the Authority and any revenues derived from such facilities or any combination thereof, to secure the payment of such bonds and other forms of indebtedness and to redeem such bonds or indebtedness. The Authority may also issue interim notes to finance any of the projects or perform any of the duties authorized under the Act, including planning, architectural and engineering fees, acquisition of land and purchase of equipment.

In addition, the Authority may finance loans to participants in a program of the United States to assist owners and operators of highly-erodible cropland in conserving and improving the soil and water resources of their farms or ranches within the state and may, for the purpose of financing such loans, issue revenue bonds or interim notes, pursuant to the powers vested in the Authority.

Concurrently with the issuance of bonds, interim notes or other forms of indebtedness, the Authority executes leases or lease supplements of the related facilities and sites with the board, department, office, commission or agency of the State which will use and operate the facility.

The Authority has two separate activities shown below.

Building Authority – Accounts for the lease rental receipts, debt service payments, service fees and disbursements necessary to conduct the day-to-day business of the Building Authority.

Conservation Reserve Enhancement Program (CREP) - The CREP funds account for the activity of the Conservation Reserve Enhancement Program, (See Note 5).

The South Dakota Building Authority contracts with the South Dakota Health and Educational Facilities Authority for management services on an annual basis.

Note 2. Summary of Significant Accounting Policies

Basis of Presentation: The Authority, as a component unit of the State of South Dakota, follows standards established by the Governmental Accounting Standards Board (GASB). Generally accepted accounting principles applicable to the Authority are generally those applicable to similar businesses in the private sector; however the Authority has elected to

apply the provisions of GASB Statement Number 20 issued in September, 1993. This statement provides two approaches for applying business-type accounting and financial reporting for proprietary activities. The Authority has adopted the first approach identified in the Statement, which applies all GASB pronouncements, and those Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989.

Each fund utilizes the accrual basis of accounting wherein revenues are recognized when earned and expenses are recognized when incurred. Other significant policies are:

Leases: Properties leased under long-term contracts are accounted for as financing transactions. The present value of aggregate future rentals is recorded as a receivable at the time the assets are turned over to State agencies. Principal received during construction is recorded as Amounts Held For Others until the project has been completed. Interest incurred during the construction of a project is funded currently by scheduled lease payments. Accordingly, such interest is recorded as an expense and the related finance income is recorded as revenue.

Fees, Charges and Other Income: Service and other fees are recorded as income when earned.

Bond Issuance Costs, Net of Amortization: Bond issuance costs consist of the cost of issuing debt with the bond or certificate of participation proceeds. These costs are written off over the term of the related debt issue using the straight-line method.

Reporting Entity: The accompanying financial statements include all the integral parts of the Authority's operations. The Authority believes that it has no oversight responsibility for any other agency which would require it to be included in the reporting entity.

Investments: The Authority participates in the investment pool managed by the South Dakota Investment Council. Under South Dakota Codified Law, the South Dakota Investment Council pools all participating monies for investment purposes and allocates all earnings of the investments back to the individual participating funds in the same ratio as the average daily cash balance of each participating fund bears to the average cash balance of the participating funds.

Investments are reported at fair value, which approximates market value, in accordance with GASB Statement No. 31. 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.

Cash and Cash Equivalents: For purposes of reporting cash flows, the Authority considers all highly liquid investments and all investments with insignificant risk of changes in value because of changes in interest rates to be cash and cash equivalents. Cash equivalents are reported at fair value.

Restricted Net Assets: The Tax Regulatory Agreement provides that certain funds be established to pay debt service payments, cost of issuance expenses and to pay project construction expenses. When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed. The total restricted net assets, as of June 30, 2011, are as follows:

| | |
|-----------------------|------------------|
| Restricted Net Assets | <u>\$302,469</u> |
|-----------------------|------------------|

Revenue and Expense Recognition: Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering items in connection with an enterprise fund's principal ongoing operations. The Authority records all revenues derived from lease payments and administrative fees as operating revenues since these revenues relate to the principal activity of the Authority. Operating expenses include interest expense on bonds and administrative expenses necessary to perform the principal activity of the Authority.

Change in Accounting Method: The Authority has adopted a new accounting method for recording construction payments and leases receivables in its financial statements. The payments for construction of the projects are now recorded as Construction in Progress in the Assets section of the Statement of Net Assets and Leases Receivable related to the construction are recognized when the construction projects are put into use. Previous to the change, when the Authority issued bonds, the funds were recorded as revenues when the bonds were issued, expenses were recorded when the construction payments were made and lease revenue was recorded at the initiation of the projects. The accounting change will show the bond funds as Cash and Construction in Progress until all funds are paid out for that particular bond issue and then be recorded into leases receivable at the appropriate time. At the beginning of the year, the Net Assets were restated to \$2,293,642 from the previous amount of \$32,477,874, the Construction in Progress was restated to \$113,150,768 from \$0, leases receivable was reclassified to Amount Due From State and restated to \$112,784,904 from \$247,616,913 and Amounts Held For Others was restated to \$12,245,000 from \$0.

Note 3. Sale Leaseback Programs

On September 12, 2006, the Series 2006 B and C Bonds were issued in the amount of \$25,855,000. The bonds were issued to refund \$25,815,000 of the Series 1996A bonds on December 1, 2006.

On September 7, 1996, the Series 1996A Bonds were issued in the amount of \$112,471,501. The bonds were issued to refund \$112,475,000 of the 1986A Certificates of Participation on December 1, 1996.

The Certificates of Participation, 1986 Series A (the "1986A Certificates"), were originally sold in December, 1986 in connection with a sale and leaseback transaction between the State and the Authority of certain land and facilities, including the South Dakota State Penitentiary in Sioux Falls, the Custer State Hospital in Custer, the Redfield State Hospital and School (excluding food services facilities) in Redfield, and the Human Services Center in Yankton. The proceeds of the sale were used by the Authority to buy an annuity contract from Transamerica Occidental Insurance Company ("Transamerica").

Under current terms of this annuity contract, Transamerica is required to pay to the State on or before each June 1 and December 1, ending December 1, 2016, certain fixed amounts, which are equal to the scheduled principal and interest payments on the 1986A Certificates. The annuity payments are deposited in the State General Fund, where they are available for any General Fund expenditure, including debt service on the Series 1996A Bonds and Series 2006 B and C Bonds.

Note 4. State Lease Revenue Trust Certificates

On December 4, 1991, the State Lease Revenue Trust Certificates, Series A and B, in the amount of \$27,345,000, were issued. The Certificates are authorized and issued under an Indenture of Trust and Assignment of an Interest in Rental Payments under Certain Leases, dated as of October 15, 1991 (the "Indenture") between the Authority and The First National Bank in Sioux Falls as Trustee (the "Trustee"). The Certificates represent proportionate interests in the Rental Payments in respect of principal, payable (i) as to the Series A Certificates, on December 15, and in respect of interest payable on each June 15 and December 15 through the respective maturities on the Series A Certificates, with the first interest payment being June 15, 1992, and (ii) as to the Series B Certificates, on September 1 of the years and in the amounts shown on the cover page of the Offering Circular, and in respect of interest, payable on each March 1 and September 1 through the respective maturities of the Series B Certificates, with the first interest payment date being March 1, 1992.

The Series 1991A certificates were used to refund the Series 1986B certificates and the Series 1987A bonds. The Series 1986B certificates were paid in full in fiscal year 2001. The 1987A Bonds were paid in full in fiscal year 2002. The Series 1991B certificates were used to refund the Series 1988A bonds and the Series 1989 certificates.

Principal and interest represented by the respective series of Certificates are payable solely from amounts payable by the State under the pertinent Leases. The Certificates are not an indebtedness of the Authority within the meaning of any constitution or statutory debt limit, nor may the Certificates be a claim against the property of the Authority. Leases under which Rental Payments are to be assigned to the Trustee are between the Authority and the Board of Regents and between the Authority and the Bureau of Administration of the State.

On June 1, 1993, the State Lease Revenue Trust Certificates, Series A and B, in the amount of \$44,385,000, were issued. The Certificates are authorized and issued under an Indenture of Trust and Assignment of an Interest in Rental Payments under Certain Leases, dated as of June 1, 1993 (the "Indenture") between the Authority and The First National Bank in Sioux Falls as trustee (the "Trustee"). The Certificates represent proportionate interests in the Rental Payments in respect of principal, payable on September 1 of the years and in the amounts shown on the inside cover page of the Offering Circular, and in respect of interest payable on each March 1 and September 1 through the respective maturities of the Certificates, with the first interest payment date being September 1, 1993.

The Authority has sold and assigned the right to receive the Rental Payments to the Trustee. The Rental Payments under the Series A Lease are assigned to the owners of the Series A Certificates. The Rental Payments under the Series B Leases for the payment of the 1987B Bonds are assigned to the owners of the Series B Certificates. Amounts received upon the sale of the Certificates were paid to the Authority as consideration for the sale and assignment of Rental Payments under the Series A Lease and the Series B Leases (collectively, the "Leases"). The Authority utilized a portion of the proceeds from the sale of the Series A Certificates to establish an escrow account sufficient to defease a portion of its \$34,805,000 outstanding Revenue Bonds, Series 1992 (the "1992 Bonds") and utilized a portion of the proceeds from the sale of the Series B Certificates to establish an escrow sufficient to defease its \$11,310,000 outstanding Revenue Bonds Series 1987B (the "1987B Bonds"). The portion of the 1992 Bonds that were defeased (the "1992 Defeased Bonds") consists of \$33,075,000 of the 1992 Bonds issued for the benefit of the Department of Human Services of the State. The 1992 Defeased Bonds and the 1987B Bonds (collectively, the "Defeased Bonds") were issued by the Authority to finance or refinance the costs of the acquisition of certain sites and construction of the leased facilities (the "Leased Facilities"). The Defeased Bonds are payable solely from the Rental Payments and other payments to be made by the State to the Authority. After a deposit of a sufficient portion of the proceeds from the sale of the Series A Certificates the 1992 Defeased Bonds were legally defeased and have no further claim to any of the Rental Payments.

After a deposit of a sufficient portion of the proceeds of the Series B Certificates, the 1987B Bonds were economically defeased, but not legally defeased, and the 1987B Bonds will continue to have a claim on the Rental Payments pledged under the Series B Leases prior to such pledge to the Series B Certificates.

Principal and interest represented by the respective Series of Certificates are payable from amounts payable by the State under the pertinent Leases. The Certificates are not an indebtedness of the Authority within the meaning of any constitutional or statutory debt limit, nor may the Certificates be a claim against the property of the Authority.

Leases under which Rental Payments are to be assigned to the Trustee are between the Authority and the Department of Human Services of the State and the Board of Regents.

Note 5. Conservation Reserve Enhancement Program (CREP)

South Dakota's Conservation Reserve Enhancement Program was designed to provide for the Authority, using its bonding 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. In order to obtain this advance, CRP participants have to enter into Successor-in-Interest Agreements with the Authority so that 100% of their remaining CRP payments are made by Commodity Credit Corporation of the United States Department of Agriculture to the Authority.

The following is a schedule of future payments remaining on contracts receivable of the Conservation Reserve Enhancement Program at June 30, 2011:

| Year Ending June 30 | Principal | Interest | Total |
|------------------------|------------------|-----------------|------------------|
| 2012 | \$ 27,976 | \$ 4,327 | \$ 32,303 |
| 2013 | 20,658 | 2,135 | 22,793 |
| 2014 | 6,635 | 517 | 7,152 |
| Total payments | <u>\$ 55,269</u> | <u>\$ 6,979</u> | <u>\$ 62,248</u> |

The bonds that were issued for this program have been paid in full and the program is expected to be completed in fiscal year 2014 when the contracts receivable should all be collected.

Note 6. Cash and Investments Held by South Dakota Investment Council and Trustee

Management of the State's internal investment pool is the statutory responsibility of the South Dakota Investment Council. The investment policy and required risk disclosures for the State's internal investment pool are presented in the South Dakota Investment Council Audit Report. Cost and fair value, which approximates market value, of cash and investments on June 30, 2011 consist of the following:

| | <u>Carrying Value</u> | <u>Fair Value</u> |
|--|-----------------------|----------------------|
| Cash and Investments managed by the South Dakota Investment Council | \$ 19,934,540 | \$ 20,221,373 |
| Conservation Reserve Enhancement Program Cash and Investments held by the Trustee | <u>425,471</u> | <u>425,471</u> |
| | <u>\$ 20,360,011</u> | <u>\$ 20,646,844</u> |

Custodial Credit Risk:

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk. As of June 30, 2011, none of the Authority's deposits were exposed to custodial credit risk.

Note 7. Amounts due from State

In accordance with the bond resolutions, the Authority has entered into leases with various boards and departments of the State of South Dakota on the facilities completed and those now in construction. These leases call for rentals which, in the aggregate, are sufficient to pay the principal and interest on the related bonds and any administrative costs of the Authority.

At such time as the lessees have paid rentals sufficient to cover the principal and administrative costs, the Authority will transfer all its rights, title and interest in the related facilities to the lessee.

The leases, which are for periods coinciding with the revenue bonds issued related to the various facilities, are subject to termination and cancellation in any year for which the Legislature of South Dakota fails to make an appropriation to pay the required rentals.

A summary of amounts due from State at June 30, 2011 is as follows:

| Agency | Related Bond Issues | Lease Bonds | Sale Leaseback and State Lease Revenue Trust |
|------------------------------------|---------------------------------|---------------|--|
| Health Department | 2006A Revenue Bond | \$ 1,813,549 | \$ - |
| Board of Regents | 2002 Revenue Bond | 5,617,465 | - |
| | 2003 Revenue Bond | 4,289,848 | - |
| | 2003A Revenue Bond | 19,286,831 | - |
| | 2005C Revenue Bond | 21,462,516 | - |
| | 2006A Revenue Bond | 3,624,263 | - |
| | 2007 Revenue Bond | 69,870,000 * | - |
| | 2008 Revenue Bond | 111,222,960 * | - |
| | 2009 Revenue Bond | 24,116,942 * | - |
| | 2010 Revenue Bond | 35,607,421 * | - |
| Bureau of Finance and Management | 1996A Revenue Bond | - | 18,530,000 |
| | 2006B Revenue Bond | - | 11,963,637 |
| | 2006C Revenue Bond | - | 647,458 |
| Department of Human Services | 1993A State Lease Revenue Trust | - | 19,474,484 |
| | 2010B Revenue Bond | 9,681,059 * | - |
| Department of Game, Fish and Parks | 2003 Revenue Bond | 373,030 | - |
| | 2006A Revenue Bond | 12,990,182 | - |
| | 2007 Revenue Bond | 7,111,113 | - |
| | 2008 Revenue Bond | 2,865,525 | - |
| | 2010 Revenue Bond | 7,202,594 | - |

| <u>Agency</u> | <u>Related Bond Issues</u> | <u>Lease Bonds</u> | <u>Sale Leaseback and State Lease Revenue Trust</u> |
|--|------------------------------------|--------------------|---|
| Bureau of Administration | 1991A State Lease Revenue Trust | - | 2,287,875 |
| | 1991B State Lease Revenue Trust | - | 1,929,869 |
| Office of Attorney General | Series 2005 A&B | 9,316,319 | - |
| Total Minimum Lease Payments | | 346,451,617 | 54,833,323 |
| Less: Amount Representing Interest | | 126,006,617 | 17,261,822 |
| Present Value of Lease Payments | | 220,445,000 | 37,571,501 |
| Amount in Construction in Progress and Construction Funds | | 151,140,000 * | - |
| Present Value of Lease Payments | | \$ 69,305,000 | \$ 37,571,501 |

* These bonds are recorded in Construction in Progress and Cash held for Construction Projects until construction project is put into use and then transferred to amounts due from State.

The following is a schedule of future lease payments remaining at June 30, 2011 (excluding Conservation Reserve Enhancement Program):

| <u>Year Ending</u> | <u>Lease Bonds</u> | | <u>Sale Leaseback and State Lease Revenue Trust</u> | | |
|--------------------|-----------------------|-----------------------|---|----------------------|-----------------------|
| <u>June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2012 | \$ 10,105,000 | \$ 10,390,500 | \$ 8,915,000 | \$ 1,652,383 | \$ 31,062,883 |
| 2013 | 9,640,000 | 9,979,524 | 8,735,000 | 1,165,702 | 29,520,226 |
| 2014 | 9,425,000 | 9,594,804 | 4,909,550 | 3,939,760 | 27,869,114 |
| 2015 | 9,360,000 | 9,191,097 | 4,280,601 | 3,892,527 | 26,724,225 |
| 2016 | 9,020,000 | 8,787,576 | 4,108,030 | 3,477,255 | 25,392,861 |
| 2017-2021 | 48,160,000 | 37,570,039 | 6,623,320 | 3,134,195 | 95,487,554 |
| 2022-2026 | 55,185,000 | 25,696,369 | - | - | 80,881,369 |
| 2027-2031 | 49,445,000 | 12,762,579 | - | - | 62,207,579 |
| 2032-2036 | 20,105,000 | 2,034,129 | - | - | 22,139,129 |
| | <u>\$ 220,445,000</u> | <u>\$ 126,006,617</u> | <u>\$ 37,571,501</u> | <u>\$ 17,261,822</u> | <u>\$ 401,284,940</u> |

The payments reported in the preceding amounts due from State schedules do not include administrative fees incorporated into the lease schedules and collected over the life of the lease.

Note 8. Lease Bonds, Sale Leaseback and State Lease Revenue Trust Certificates Payable

The following is a schedule of the activity and ending balances for the Lease Bonds, Sale Leaseback and State Lease Revenue Trust Certificates payable as of June 30, 2011.

| Series | Final Maturity Date | Percent Interest Rate | Balance 6/30/10 | Issued | Retired | Balance 6/30/11 | Due Within 1 Year |
|--|---------------------------|-----------------------------|-----------------------|---------------------|---------------------|----------------------|-------------------------|
| <u>Lease Bonds:</u> | | | | | | | |
| 1999 | - | - | 1,075,000 | - | 1,075,000 | - | - |
| 2000 | - | - | 220,000 | - | 220,000 | - | - |
| 2002 | 2026 | 4.45-5.7 | 4,025,000 | - | 160,000 | 3,865,000 | 165,000 |
| 2003 | 2015 | 4.0-5.0 | 6,455,000 | - | 2,125,000 | 4,330,000 | 1,495,000 |
| 2003A | 2028 | 3.0-5.0 | 13,810,000 | - | 545,000 | 13,265,000 | 570,000 |
| 2005B | 2026 | 3.375-5.0 | 7,030,000 | - | 325,000 | 6,705,000 | 335,000 |
| 2005C | 2029 | 3.5-5.0 | 16,305,000 | - | 630,000 | 15,675,000 | 890,000 |
| 2006A | 2026 | 4.25-5.0 | 15,080,000 | - | 1,545,000 | 13,535,000 | 1,625,000 |
| 2007 | 2032 | 4.25-5.0 | 51,665,000 | - | 1,645,000 | 50,020,000 | 1,710,000 |
| 2008 | 2033 | 4.0-5.0 | 71,725,000 | - | 1,825,000 | 69,900,000 | 1,910,000 |
| 2009 | 2034 | 2.65-6.76 | 13,165,000 | - | 365,000 | 12,800,000 | 370,000 |
| 2010A | 2027 | 1.3-5.65 | - | 11,400,000 | 460,000 | 10,940,000 | 615,000 |
| 2010B | 2035 | 1.3-6.20 | - | 14,600,000 | 130,000 | 14,470,000 | 175,000 |
| 2010C | 2031 | 3.125-5.85 | - | 3,875,000 | - | 3,875,000 | 130,000 |
| 2010D | 2019 | 2.25-3.25 | - | 1,065,000 | - | 1,065,000 | 115,000 |
| <u>Sale Leaseback:</u> | | | | | | | |
| 1996A | 2016 | 5.8-5.95 | 6,326,501 | - | - | 6,326,501 | - |
| 2006B | 2013 | 4.25-5.0 | 17,570,000 | - | 6,180,000 | 11,390,000 | 5,860,000 |
| 2006C | 2013 | 5.55 | 885,000 | - | 280,000 | 605,000 | 295,000 |
| <u>State Lease Revenue Trust Certificates:</u> | | | | | | | |
| 1991A | 2016 | 6.75 | 2,310,000 | - | 390,000 | 1,920,000 | 365,000 |
| 1991B | 2013 | 6.625 | 2,255,000 | - | 505,000 | 1,750,000 | 540,000 |
| 1993A | 2017 | 6.625-6.7 | 17,330,000 | - | 1,750,000 | 15,580,000 | 1,855,000 |
| Total | | | <u>\$ 247,231,501</u> | <u>\$30,940,000</u> | <u>\$20,155,000</u> | <u>\$258,016,501</u> | <u>\$ 19,020,000</u> |

The bonds and trust certificates at June 30, 2011 are payable as follows:

| Year Ending June 30 | Principal | Interest | Total |
|---|----------------------|----------------------|----------------------|
| Lease Bonds | | | |
| 2012 | \$ 10,105,000 | \$ 10,390,500 | \$ 20,495,500 |
| 2013 | 9,640,000 | 9,979,524 | 19,619,524 |
| 2014 | 9,425,000 | 9,594,804 | 19,019,804 |
| 2015 | 9,360,000 | 9,191,098 | 18,551,098 |
| 2016 | 9,020,000 | 8,787,576 | 17,807,576 |
| 2017-2021 | 48,160,000 | 37,570,039 | 85,730,039 |
| 2022-2026 | 55,185,000 | 25,696,369 | 80,881,369 |
| 2027-2031 | 49,445,000 | 12,762,579 | 62,207,579 |
| 2032-2036 | 20,105,000 | 2,034,127 | 22,139,127 |
| Subtotal | 220,445,000 | 126,006,616 | 346,451,616 |
| Sale Leaseback and State Lease Revenue Trust | | | |
| 2012 | 8,915,000 | 1,652,383 | 10,567,383 |
| 2013 | 8,735,000 | 1,165,702 | 9,900,702 |
| 2014 | 4,909,550 | 3,939,760 | 8,849,310 |
| 2015 | 4,280,601 | 3,892,527 | 8,173,128 |
| 2016 | 4,108,030 | 3,477,255 | 7,585,285 |
| 2017-2021 | 6,623,320 | 3,134,195 | 9,757,515 |
| Subtotal | 37,571,501 | 17,261,822 | 54,833,323 |
| Total | <u>\$258,016,501</u> | <u>\$143,268,438</u> | <u>\$401,284,939</u> |
| Less unamortized: | | | |
| Deferred amount of refunding | (898,270) | | |
| Original issue discount | (40,689) | | |
| Add unamortized: | | | |
| Premiums | <u>3,489,872</u> | | |
| Total Net of Amortization | <u>\$260,567,414</u> | | |

Note 9. Refunded Bonds

The Authority has entered into refunding transactions whereby refunding bonds have been issued to facilitate defeasance of the Authority's obligation with respect to certain bond issues. The proceeds of the refunding issues have been placed in irrevocable escrow accounts and invested in U.S. Treasury obligations that, together with interest earned thereon, will provide amounts sufficient for future payments of interest and principal on the issues being refunded. Refunded bonds and the related assets held in the trust are not included in the accompanying financial statements since the Authority has satisfied its obligations with respect thereto through consummation of the refunding transactions.

On September 2, 2010 the Authority issued \$1,065,000 in Revenue Bonds Series 2010D to refund the remaining Series 1999 bonds. The refunding portion with an average interest rate of 2.8 percent was used to refund \$985,000 of outstanding Series 1999 bonds with an average interest rate of 5.1 percent. The net proceeds of the refunding portion of \$989,590 (after payment of \$15,658 in underwriting fees and other issuance costs) plus \$107,918 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 1999 bonds. As a result, the refunded portion of the Series 1999 bonds are considered to be defeased and the liability for those bonds has been removed from the Statement of Net Assets.

The current refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$16,608. This difference is being charged to operations through fiscal year 2020 using the effective-interest method. The Authority completed the current refunding for a net economic gain of \$25,855. The difference between the cash flows of the refunded bonds and the refunding bonds is a \$29,699 reduction in debt service payments, the actual cash amount realized was \$92,272.

A summary of the refunded bond issues with bonds outstanding in escrowed funds at June 30, 2011 is as follows:

| <u>Bond Issues Refinanced</u> | <u>Year of Refunding</u> | <u>Original Amount Refunded</u> |
|--|--------------------------|---------------------------------|
| Series 2002 Special Obligation Taxable Refunding Bonds | 2002 | \$6,825,000 |

The Series 2002 Special Obligation bonds will mature on September 1, 2013.

Note 10. Commitments

The State Investment Council was investing \$20,221,373 on June 30, 2011 of which \$17,392,746 represented unspent construction proceeds for bonded State agency construction projects.

Note 11. Subsequent Events

The Authority on August 11, 2011 issued the Series 2011 Revenue Bonds in the amount of \$12,880,000 to finance various costs related to a number of maintenance projects on buildings under lease from the Authority to the South Dakota Board of Regents.

Note 12. Arbitrage

Arbitrage as it applies to government financing refers to the ability of state governments to obtain funds at a tax-exempt rate of interest and to then invest those funds in investments which earn a higher yield, resulting in a profit to the issuer. The arbitrage rebate rules require that any earnings from the investment of the tax-exempt bond proceeds which exceed the yield on the bonds be remitted to the federal government every five years. Under the terms of the bond documents, the Authority will pay any obligations due to the federal government at the final computation date. Based on arbitrage rebate calculations made for the Series 2007 Bonds, a potential obligation exists in the amount of \$367,031 as of June 30, 2011. No rebate payment is required to be made to the federal government until 60 days after June 13, 2012 and a rebate payment will only be required if it is determined that an excess still exists. As this payment is probable, it has been reported within this financial statement. There were no payments made by the Authority related to any other outstanding bond issues in fiscal year 2011 for rebate obligations to the federal government as none were due.

Note 13. Construction in Progress

Land and buildings under construction for other governmental agencies as of June 30, 2011:

| | <u>June 30, 2010</u> | <u>Increase</u> | <u>Decrease</u> | <u>June 30, 2011</u> |
|--------------------------|----------------------|-----------------|-----------------|----------------------|
| Construction in Progress | \$113,150,768 | \$46,414,666 | \$9,825,000 | \$149,740,434 |

**SOUTH DAKOTA BUILDING AUTHORITY
SUPPLEMENTARY INFORMATION
June 30, 2011**

SOUTH DAKOTA BUILDING AUTHORITY
SCHEDULE OF CASH AND INVESTMENTS
June 30, 2011

| <u>Project</u> | Cash and Investments (at Cost) |
|--|---|
| Lease Program | |
| Debt Service Fund | \$ 600,254 |
| Series 2000 Debt Service Fund | 6,772 |
| Series 2007 Board of Regents | 175,676 |
| Series 2008 Board of Regents | 3,114,133 |
| Series 2009 Board of Regents | 101,809 |
| Series 2010A Board of Regents | 6,370,339 |
| Series 2010B Board of Regents | 2,350,607 |
| Series 2010B Human Services Center | <u>5,280,183</u> |
| Total Lease Program | 17,999,773 |
| Operating Fund | 1,003,456 |
| Conservation Reserve Enhancement Program | 425,471 |
| Excess Cash Account | 11,239 |
| State Investment Council interest | <u>920,072</u> |
| Total | <u>\$ 20,360,011</u> |

The cash and investments within the lease program include the amounts restricted for the completion of the projects based on construction budgets.

SOUTH DAKOTA BUILDING AUTHORITY
SCHEDULE OF BUILDING AUTHORITY FUND EXPENSES
For the Year Ended
June 30, 2011

| | |
|--|-------------------|
| S.D.B.A. administrative expenses | |
| Insurance – Property & performance bond | \$ 236,988 |
| South Dakota Health and Educational | |
| Facilities Authority – administrative fees | 149,920 |
| Directors and Officers insurance | 25,149 |
| Trustee and paying agent fees | 19,500 |
| Audit fees | 14,069 |
| Rebate computation expense | 10,000 |
| Rent | 8,124 |
| Travel | 4,191 |
| Legal Fees | 1,980 |
| Other | 3,395 |
| Office expense | 3,561 |
| Capital Purchases | 170 |
| Board member per diem and travel | 1,505 |
| Utilities | 1,200 |
| Telephone | <u>947</u> |
| Total S.D.B.A. administrative expenses | 480,699 |
| C.R.E.P. administrative expenses | |
| Personal services | 44,383 |
| Personal benefits | 9,933 |
| Support services | 2,000 |
| Rent | 6,480 |
| Office expense | 2,149 |
| Audit fees | 1,084 |
| Utilities | <u>1,212</u> |
| Total C.R.E.P. administrative expenses | <u>67,241</u> |
| Total administrative expenses | <u>\$ 547,940</u> |

SOUTH DAKOTA BUILDING AUTHORITY

SCHEDULE OF PROJECTS FINANCED

| <u>Issue</u> | <u>Project</u> | <u>Amount</u> |
|-----------------|---|---------------|
| Series 1969A | Northern State College classroom and auditorium | \$ 1,000,000 |
| Series 1969B | Plankinton kitchen and dining facility | 325,000 |
| Series 1970 | South Dakota State University Physical Education Center | 3,685,000 |
| Series 1971 | \$1,581,500 Black Hills State University Library | |
| | \$875,000 Yankton State Hospital | 2,456,500 |
| Series 1975 Jan | South Dakota School of Mines and Technology Physical Education Center | 2,600,000 |
| Series 1975A | \$1,600,000 South Dakota State University Animal Science Center | |
| | \$3,600,000 University of South Dakota Science Center | 5,200,000 |
| Series 1975B | South Dakota State University Library | 4,200,000 |
| Series 1975 Aug | Refunded Series 1969, 1970, 1971, 1975 Jan, 1975 A & B bonds | 17,500,000 |
| Series 1976 Apr | Redfield Food Service facility | 2,000,000 |
| Series 1976 Jun | University of South Dakota Physical Education Center | 5,200,000 |
| Series 1977 | South Dakota State University Feed Processing Unit | 980,000 |
| Series 1978 Jan | Northern State College Beulah Williams Library | 490,000 |
| Series 1978 Apr | Refund Series 1975 Aug, 1976 Apr, 1976 Jun, 1977 Jul and 1978 Jan bonds | 26,685,000 |
| Series 1980 Feb | \$4,250,000 University of South Dakota Law School | |
| | \$500,000 South Dakota State University Pharmacy Addition | 4,750,000 |
| Series 1980 Mar | South Dakota State University Horticultural Center | 520,000 |
| Series 1980 May | South Dakota State University Home Management Laboratory | 100,000 |
| Note 1981 Jan | \$3,269,000 Blue Dog fish hatchery | |
| | \$130,000 Watertown cold storage | 3,399,000 |
| Note 1981 Mar | Board of Regents | 600,000 |
| Series 1982 Nov | \$2,290,000 Blue Dog fish hatchery | |
| | \$130,000 Watertown cold storage unit | |
| | \$600,000 University of South Dakota Armory | 3,020,000 |
| Series 1984 | Refunded Series 1978 Apr, 1980 Feb, 1980 Mar, and 1982 Nov bonds | 21,870,000 |

| <u>Issue</u> | <u>Project</u> | <u>Amount</u> |
|---------------------|--|---------------|
| Series 1985 | Northern State College Barnett Center | 6,915,000 |
| Series 1986A | Sale Leaseback | 175,000,000 |
| Series 1986B | Sale Leaseback | 12,820,000 |
| Series 1987A | Cultural Heritage Center | 5,500,000 |
| Series 1987B | Refunded Series 1984 bonds | 12,665,000 |
| Series 1988A | Black Hills State University Physical Education Facility | 2,947,000 |
| Series 1989 | Sale Leaseback – Improvements to State Facilities | 7,075,000 |
| Series 1989 Mar | Conservation Reserve Enhancement Program | 10,000,000 |
| Series 1989 Sep | Conservation Reserve Enhancement Program | 5,263,000 |
| Series 1989 Nov | Conservation Reserve Enhancement Program | 4,737,000 |
| Series 1990 Mar | Conservation Reserve Enhancement Program | 2,000,000 |
| Series 1990 Jun | Conservation Reserve Enhancement Program | 3,000,000 |
| Series 1990 Dec | Conservation Reserve Enhancement Program | 3,000,000 |
| Series 1990 | Energy Conservation Projects | 1,500,000 |
| Series 1991 Jul | Conservation Reserve Enhancement Program | 4,015,000 |
| Series 1991A | Custer State Park | 1,200,000 |
| Series 1991B | \$4,895,500 Northern Plains Biostress Lab | 6,195,000 |
| Series 1991A | \$1,299,500 Custer State Park | 11,315,000 |
| Lease Revenue Trust | Refunded Series 1986B and 1987A bonds | |
| Series 1991B | Refunded Series 1988A and 1989 certificates | 16,030,000 |
| Lease Revenue Trust | | |
| Series 1992 Jul | Conservation Reserve Enhancement Program | 2,591,000 |
| Series 1992 | \$33,075,000 Human Services Center \$1,500,000 Custer State Park \$230,000 Northern Plains Biostress Lab | 34,805,000 |
| Series 1992 Dec | Conservation Reserve Enhancement Program | 223,500 |
| Series 1993 Jul | Conservation Reserve Enhancement Program | 1,474,000 |
| Series 1993A | University of South Dakota - I.D. Weeks Library addition | 6,800,000 |

| <u>Issue</u> | <u>Project</u> | <u>Amount</u> |
|---|---|---------------|
| Series 1993B | \$5,400,000 South Dakota State University Animal Diagnostic Laboratory | |
| | \$200,000 Custer State Park Sylvan Lake Store, preliminary Engineering study, conference center & additional lodging units at State Game Lodge | 5,600,000 |
| Series 1993A | Refund Series 1992 - Human | |
| Lease Revenue Trust | Services Center | 33,075,000 |
| Series 1993B | Refund Series 1987B bonds | 11,310,000 |
| Lease Revenue Trust | | |
| Series 1994A | \$7,100,000 State Health Lab \$425,000 Custer State Park – Legion Lake Store | 7,525,000 |
| Note 1995 | Northern State University Beulah Williams Library | 4,500,000 |
| Series 1995A | Refund 1995 Note - \$4,500,000 Northern State University Beulah Williams Library \$7,450,000 Board of Regents Repair & Maintenance | 11,950,000 |
| Series 1996A | Refund Series 1986A certificates | 112,471,501 |
| Series 1996B | Refund Series 1986A certificates | 19,665,000 |
| Series 1996C | Refund Series 1991B and 1994A bonds | 14,140,000 |
| Series 1996D | Sioux Falls Outdoor Learning Skills Center | 2,500,000 |
| Series 1997 | University of South Dakota Old Main Building Renovation | 2,463,000 |
| Series 1998A | Conservation Reserve Enhancement Program | 8,000,000 |
| Series 1999 | Board of Regents Renovation/Construction Projects \$3,030,000 DSU \$2,540,000 SDSU \$2,540,000 SDSM&T Refund Series 1992 - \$1,845,000 | 9,955,000 |
| Series 2000 | University of South Dakota Dakota Dome Roof | 6,505,000 |
| Series 2002 | Refund Series 1988A bonds and Series 1989 certificates | 6,825,000 |
| Special Obligation Taxable Refunding bonds | | |
| Series 2002 | Dakota State University Technology Classroom - \$2,500,000 Black Hills State University Meier Music Hall - \$2,500,000 | 5,000,000 |
| Series 2003 | Refund Series 1993A & B, 1995A, and 1996D bonds | 15,785,000 |

| <u>Issue</u> | <u>Project</u> | <u>Amount</u> |
|-------------------|---|---------------|
| Series 2003A | University of South Dakota Lee Medical School - \$12,500,000 South Dakota School of Mines & Technology Renovate Devereaux Library, Air conditioning Unit - Physical Plant, and campus primary Electrical upgrade - \$2,040,000 Refund Series 1997 bonds - \$2,320,000 | 16,860,000 |
| Series 2005 A & B | Office of Attorney General and Department of Public Safety DCI Crime Lab Building | 12,635,000 |
| Series 2005 C | Northern State University Technology Classroom Building – \$7,000,000 Refund portion of the Series 1999 & 2000 Bonds – \$10,125,000 | 17,125,000 |
| Series 2006A | Center for Graduate Education and Applied Research (GEAR) in Sioux Falls - \$2,000,000 Game, Fish & Parks fish hatcheries improvements - \$10,000,000 Refund portion of Series 1996C bonds - \$4,265,000 | 16,265,000 |
| Series 2006 B & C | Refund portion of Series 1996A | 25,855,000 |
| Series 2007 | South Dakota State University Shepard Hall/New Science Building – \$24,000,000 Public University New Classroom Building – \$7,700,000 University of South Dakota School of Business – \$5,400,000 Slagle Hall Renovation – \$4,600,000 Various Maintenance and Repair Projects – \$8,590,000 Custer State Park Improvements Projects – \$5,110,000 Custer State Park Camping Cabins – \$840,000 | 56,240,000 |
| Series 2008 | Black Hills State University New Science Center – 8,034,361 Dakota State University Habeger Science Center Renovation – 6,005,750 Northern State University Mewalt/Jensen – Krikac Renovation – 2,687,171 South Dakota School of Mines & Technology Chemistry/Bio-Engineering Building – 17,859,804 Paleontology Building – 7,024,922 South Dakota State University Agriculture Hall Renovation – 7,962,629 Dairy Microbiology Building Renovation – 8,214,225 University of South Dakota Akeley Lawrence Science Center Renovation – 5,228,094 Churchill/Haines Building Renovation – 6,714,341 Pardee Lab Renovation – 3,771,432 Custer State Park Improvements Projects – 2,182,271 | 75,685,000 |

| <u>Issue</u> | <u>Project</u> | <u>Amount</u> |
|---------------------|---|----------------------|
| Series 2009 | University Center – Rapid City Classroom & Campus | 13,585,000 |
| Series 2010A | Black Hills State University Woodburn Hall Renovation – 5,400,000 | |
| | Dakota State University Infrastructure Renovation – 3,000,000 | |
| | Northern State University Graham and Lincoln Hall Renovation – 3,000,000 | 11,400,000 |
| Series 2010B | University Center – Sioux Falls New Classroom Building – 8,970,000 | |
| | Human Services Center New Dietary Building – 5,630,000 | 14,600,000 |
| Series 2010C | Custer State Park Improvements | 3,875,000 |
| Series 2010D | Refund remaining portion of Series 1999 | <u>1,065,000</u> |
| | | <u>\$986,110,501</u> |