

**STATE OF SOUTH DAKOTA
DEPARTMENT OF LABOR AND REGULATION
SOUTH DAKOTA BOARD OF ACCOUNTANCY
BASIC FINANCIAL STATEMENTS
FOR THE TWO YEARS ENDED JUNE 30, 2016**

**STATE OF SOUTH DAKOTA
DEPARTMENT OF LABOR AND REGULATION
SOUTH DAKOTA BOARD OF ACCOUNTANCY**

BOARD MEMBERS

David Pummel, CPA	Chair
Holly Brunick, CPA	Vice-Chair
Jeffrey Smith	Secretary-Treasurer
John Mitchell, CPA	Member
John Linn, Jr., CPA	Member
Martin Guindon, CPA	Ex Officio Member

**STATE OF SOUTH DAKOTA
DEPARTMENT OF LABOR AND REGULATION
SOUTH DAKOTA BOARD OF ACCOUNTANCY**

	<u>Page</u>
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	5 - 6
Schedule of Prior Audit Finding	7
Schedule of Current Audit Finding and Recommendation	8
Independent Auditor's Report	9 - 10
Financial Statements:	
Statements of Net Position	11
Statements of Revenues, Expenses, and Changes in Fund Net Position	12
Statements of Cash Flows	13
Notes to the Financial Statements	14 - 19

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CERTIFIED PUBLIC ACCOUNTANTS

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**Independent Auditor's Report On Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance With Government Auditing Standards**

The Honorable Dennis Daugaard
Governor of South Dakota
and
South Dakota Department of Labor and Regulation
700 Governors Drive
Pierre, South Dakota
and
South Dakota Board of Accountancy
301 East 14th Street, Suite 200
Sioux Falls, South Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standard* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the South Dakota Board of Accountancy (the Board), an enterprise fund of the South Dakota State government, as of and for the two years ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated September 5, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Board's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Board's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of

deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Board's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. As required by South Dakota Codified Law 4-11-11, this report is a matter of public record and its distribution is not limited.



Grant and Williams, Inc.
Certified Public Accountants
Sioux Falls, South Dakota
September 5, 2017

STATE OF SOUTH DAKOTA
DEPARTMENT OF LABOR AND REGULATION
SOUTH DAKOTA BOARD OF ACCOUNTANCY
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE TWO YEARS ENDED JUNE 30, 2016

STATUS OF PRIOR AUDIT FINDINGS

There were no findings in the prior audit.

STATE OF SOUTH DAKOTA
DEPARTMENT OF LABOR AND REGULATION
SOUTH DAKOTA BOARD OF ACCOUNTANCY
SCHEDULE OF CURRENT AUDIT FINDINGS
FOR THE TWO YEARS ENDED JUNE 30, 2016

CURRENT AUDIT FINDING AND RECOMMENDATION

There are no findings in the current audit.

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Independent Auditor's Report

To Honorable Dennis Daugaard
Governor of South Dakota
and
South Dakota Department of Labor and Regulation
700 Governors Drive
Pierre, South Dakota
and
South Dakota Board of Accountancy
301 East 14th Street, Suite 200
Sioux Falls, South Dakota

We have audited the accompanying financial statements of the business-type activities of the South Dakota Board of Accountancy, an enterprise fund of the State of South Dakota as of and for the two years ended June 30, 2016, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Board's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of

expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the South Dakota Board of Accountancy, an enterprise fund of the State of South Dakota as of June 30, 2016 and 2015, and the respective changes in financial position and cash flows thereof for the two years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements of the South Dakota Board of Accountancy are intended to present the financial position, the changes in financial position, and cash flows of only that portion of the business-type activities of the State of South Dakota that is attributable to the transactions of the South Dakota Board of Accountancy. They do not purport to, and do not present fairly the financial position of the State of South Dakota as of June 30, 2016 and 2015, the changes in its financial position, or, where applicable, its cash flows for the two years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 5, 2017 on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Board's internal control over financial reporting and compliance.



Grant and Williams, Inc.
Certified Public Accountants
Sioux Falls, South Dakota
September 5, 2017

SOUTH DAKOTA BOARD OF ACCOUNTANCY - ENTERPRISE FUND
STATEMENTS OF NET POSITION
FOR THE YEARS ENDED JUNE 30, 2016 AND JUNE 30, 2015

	2016	2015
Assets		
Current assets:		
Cash and cash equivalents	\$ 400,522.55	\$ 359,263.83
Investment income receivable	1,149.12	981.51
Total current assets	401,671.67	360,245.34
Noncurrent assets:		
Capital assets:		
Software development costs	155,364.23	140,063.23
Less accumulated depreciation	(140,063.23)	(140,063.23)
Total noncurrent assets	15,301.00	-
Total assets	\$ 416,972.67	\$ 360,245.34
Liabilities		
Current liabilities:		
Accounts payable	\$ 6,412.61	\$ 4,634.25
Amounts held for others	27,628.76	26,627.63
Accrued wages and benefits payable	7,530.77	6,729.32
Unearned revenue	40,105.00	40,090.00
Compensated absences, current portion	9,296.05	9,782.89
Total current liabilities	90,973.19	87,864.09
Noncurrent liabilities		
Compensated absences, long-term portion	8,174.46	8,685.86
Total noncurrent liabilities	8,174.46	8,685.86
Total liabilities	99,147.65	96,549.95
Net Position		
Invested in capital assets	15,301.00	-
Unrestricted	302,524.02	263,695.39
Total net position	317,825.02	263,695.39
Total liabilities and net position	\$ 416,972.67	\$ 360,245.34

See accompanying notes to the financial statements.

SOUTH DAKOTA BOARD OF ACCOUNTANCY - ENTERPRISE FUND
STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE YEARS ENDED JUNE 30, 2016 AND JUNE 30, 2015

	<u>2016</u>	<u>2015</u>
Operating revenues:		
Licenses, permits and fees:		
Business and occupational licensing:		
Initial permits and renewals	\$ 200,560.00	\$ 191,265.00
Examination fees	12,390.00	11,310.00
Total licenses, permits and fees	<u>212,950.00</u>	<u>202,575.00</u>
Charges for sales and services:		
Quality review	4,750.00	6,375.00
Recovery of costs of proceedings	1,450.00	1,175.00
Total charges for sales and services	<u>6,200.00</u>	<u>7,550.00</u>
Total operating revenues	<u>219,150.00</u>	<u>210,125.00</u>
Operating expenses:		
Personal services	81,443.19	79,031.83
Employee benefits	23,656.69	29,949.80
Travel	6,919.81	16,332.10
Contractual services	55,449.41	65,588.66
Supplies and materials	6,190.24	7,907.52
Depreciation	-	11,064.54
Total operating expenses	<u>173,659.34</u>	<u>209,874.45</u>
Operating Income (Loss)	<u>45,490.66</u>	<u>250.55</u>
Non-operating revenues (expenses):		
Investment income	8,722.08	3,597.47
Investment expense	(83.11)	(413.99)
Total non-operating revenues	<u>8,638.97</u>	<u>3,183.48</u>
Change in net position	54,129.63	3,434.03
Net position beginning of year	<u>263,695.39</u>	<u>260,261.36</u>
Net position end of year	<u>\$ 317,825.02</u>	<u>\$ 263,695.39</u>

See accompanying notes to the financial statements.

SOUTH DAKOTA BOARD OF ACCOUNTANCY - ENTERPRISE FUND
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2016 AND JUNE 30, 2015

	2016	2015
Cash flows from operating activities:		
Receipts from customers	\$ 294,901.92	\$ 279,689.11
Payments to customers	(4,770.29)	(6,715.74)
Payments to suppliers	(136,746.60)	(150,007.23)
Payments to employees	(105,296.67)	(107,948.29)
Net cash provided (used) by operating activities	48,088.36	15,017.85
Cash flows from Capital and Related Financing Activities:		
Software development costs	(15,301.00)	-
Net cash provided (used) by capital and related financing activities	(15,301.00)	-
Cash flows from investing activities:		
Investment income	8,554.47	3,674.51
Investment expense	(83.11)	(413.99)
Net cash provided (used) by investing activities	8,471.36	3,260.52
Net increase (decrease) in cash and cash equivalents	41,258.72	18,278.37
Cash and cash equivalents beginning of year	359,263.83	340,985.46
Cash and cash equivalents end of year	\$ 400,522.55	\$ 359,263.83
 Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 45,490.66	\$ 250.55
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	-	11,064.54
Increase (decrease) in accounts payable	1,778.36	1,653.71
Increase (decrease) amounts held for others	1,001.13	395.71
Increase (decrease) in unearned revenue	15.00	620.00
Increase (decrease) in accrued salaries payable	801.45	(748.97)
Increase (decrease) in compensated absences	(998.24)	1,782.31
Net cash provided by operating activities	\$ 48,088.36	\$ 15,017.85

See accompanying notes to the financial statements.

STATE OF SOUTH DAKOTA
DEPARTMENT OF LABOR
SOUTH DAKOTA BOARD OF ACCOUNTANCY
NOTES TO FINANCIAL STATEMENTS
For the fiscal years ended June 30, 2016 and 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Reporting Entity

The fund included in this report is a fund of the State of South Dakota. The South Dakota Board of Accountancy is a function subunit the Department of Labor and Regulation. Consequently, the financial statements do not purport to, and do not, present fairly the financial position, changes in financial position, and cash flows of the State of South Dakota government in accordance with accounting principles generally accepted in the United States of America. The purpose of the Board is to administer and enforce the rules and regulations regarding the practice of public accounting.

b. Fund Accounting

The Board is accounted for as an enterprise fund of the State of South Dakota government. Enterprise funds are used to account for activities for which a fee is charged to external users for goods or services. Laws or regulations require that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues.

c. Basis of Accounting

The Board is reported on the accrual basis of accounting. Revenue is recognized in the accounting period in which it is earned and expenses are recognized when they are incurred.

d. Cash and Cash Equivalents

This account includes cash and investments include demand deposits and a participating interest in the State's internal investment pool held by the State Treasurer. The amount held in the state's internal investment pool is reported at fair value.

Management of the State's internal investment pool is the statutory responsibility of the South Dakota Investment Council (SDIC). The investment policy and required risk disclosures for the State's internal investment pool are presented in the SDIC's audit report which can be obtained by contacting the Department of Legislative Audit, 427 South Chapelle, C/O 500 East Capital, Pierre, South Dakota 57501.

e. Capital Assets

The Board's policy is to capitalize all assets with an acquisition cost of \$5,000 or more and a useful life of more than one year. All assets are valued at historical cost or estimated cost if actual cost is not available, except for donated assets which are recorded at their estimated fair value at the date of donation. All of the reported capital assets have been valued at actual cost as of June 30, 2016.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Revenues, Expenses, and Changes in Fund Net Position, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The estimated useful life of software development costs has been estimated to be six years.

STATE OF SOUTH DAKOTA
DEPARTMENT OF LABOR
SOUTH DAKOTA BOARD OF ACCOUNTANCY
NOTES TO FINANCIAL STATEMENTS
For the fiscal years ended June 30, 2016 and 2015

f. Compensated Absences

Annual leave is earned by all permanent employees who work in excess of 20 hours per week at the following rates:

0 – 15 years of service is .0576925 hours per hour worked cumulating to 240 hours

15 or more years of service is .076923125 hours per hour worked cumulating to 320 hours

Upon termination, if the employee has worked more than six months, all unused vacation hours are paid to the employee at the current rate of pay.

Sick leave is earned by all permanent employees at the rate of .053846154 hours per hour worked. Upon termination, if the employee has seven or more consecutive years of service, one-fourth of their accumulated sick leave balance, not to exceed 480 hours is paid to the employee at the current rate of pay.

A liability has been recorded in the financial statements for compensated absences in accordance with GASB statements. The current portion of this liability is estimated based on historical trends.

g. Equity

Equity is classified as net position and displayed in three components:

1. Net investment in capital assets – consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted net position – consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or law through constitutional provisions or enabling legislation.
3. Unrestricted net position – all other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

2. DEPOSITS AND INVESTMENTS

Various restrictions on deposits and investments are imposed by state statutes. These restrictions are summarized below:

Deposits – The Board’s deposits are made in qualified public depositories as defined by SDCL 4-6A-1 and with the South Dakota State Treasurer. Qualified depositories are required by SDCL 4-6A-3 to maintain at all times, segregated from their other assets, eligible collateral having a value equal to at least 100 percent of the public deposit accounts which exceed deposit insurance such as the FDIC and NCUA. In lieu of pledging eligible securities, a qualified public depository may furnish irrevocable standby letters of credit issued by federal home loan banks accompanied by written evidence of the bank’s public debt rating, which may not be

STATE OF SOUTH DAKOTA
DEPARTMENT OF LABOR
SOUTH DAKOTA BOARD OF ACCOUNTANCY
NOTES TO FINANCIAL STATEMENTS
For the fiscal years ended June 30, 2016 and 2015

less than “AA” or better, or a qualified public depository may furnish a corporation authorized to do business in South Dakota.

Deposits are reported at cost, plus interest, if the account is of the add-on type.

The bank balance of the local checking account at June 30, 2016 was as follows:

	<u>Bank Balance</u>
Insured (FDIC/NCUA)	<u>\$12,089.13</u>
Total Deposits	<u>\$12,089.13</u>

The carrying amount of deposits at June 30, 2016 was \$12,089.13. They were all adequately insured as of June 30, 2016.

The Board’s cash includes a participating interest in the State’s internal investment pool held by the State Treasurer. The remaining reported cash of \$375,276.52 consists of \$375,276.52 held in the State’s internal investment pool. The management of the State’s internal investment pool is the statutory responsibility of the South Dakota Investment Commission (SDIC). The investment policy and required risk disclosures for the State’s internal investment pool are presented in SDIC’s audit report which can be obtained by contacting the Department of Legislative Audit, 427 South Chapelle, c/o 500 East Capitol, Pierre, South Dakota 57501. Funds on deposit with the State Treasury are invested by the State Investment Officer pursuant to SDCL 4-5-23 with the Board getting its proportionate share of interest income under SDCL 4-5-30. The Board did not have privately held investments as of June 30, 2016.

3. CAPITAL ASSETS

A summary of changes in capital assets for the two fiscal years ended June 30, 2016, is as follows:

	Balance @ 6/30/15	Additions	Deletions	Balance @ 6/30/16
Computer software	\$ 140,063.23	\$ 15,301.00	\$ -	\$ 155,364.23
Accum. depreciation	(140,063.23)	-	-	(140,063.23)
Capital Assets, Net	\$ -	\$ 15,301.00	\$ -	\$ 15,301.00

	Balance @ 6/30/14	Additions	Deletions	Balance @ 6/30/15
Computer software	\$ 140,063.23	\$ -	\$ -	\$ 140,063.23
Accum. depreciation	(128,998.69)	(11,064.54)	-	(140,063.23)
Capital Assets, Net	\$ 11,064.54	\$ (11,064.54)	\$ -	\$ -

STATE OF SOUTH DAKOTA
DEPARTMENT OF LABOR
SOUTH DAKOTA BOARD OF ACCOUNTANCY
NOTES TO FINANCIAL STATEMENTS
For the fiscal years ended June 30, 2016 and 2015

4. LONG- TERM DEBT

As of June 30, 2016, the following liabilities existed for accumulated unpaid leave balances calculated at the employees' June 30, 2016 pay rates including the employer's share of employee benefits:

Vacation pay	\$	9,296
Sick pay		8,174
Total		\$ 17,470

A summary of the changes in long-term debt follows:

		Compenstated Absences
Debt payable, July 1, 2014	\$	16,686
Additions to compensated absences		18,469
Deductions from compensated absences		(17,685)
Debt payable, June 30, 2016	\$	17,470

See Note 1f for additional information relating to compensated absences.

5. LEASES

Operating Leases:

The South Dakota Board of Accountancy leases office space pursuant to an operating lease. A new lease was signed in October 2012 and will expire September 2018. Rents paid pursuant to this lease totaled \$15,233 and \$15,233 for the fiscal years ended June 30, 2015 and 2016, respectively.

The South Dakota Board of Accountancy leases a copier pursuant to operating leases which expires December 2017. Rents paid pursuant to these leases totaled \$768 and \$852 for the fiscal years ended June 30, 2015 and 2016, respectively.

The South Dakota Board of Accountancy leases a postage meter/scale pursuant to operating leases which expires March 2020. Rents paid pursuant to these leases totaled \$2,400 and \$2,412 for the fiscal years ended June 30, 2015 and 2016, respectively.

The following are the minimum payments on the existing operating leases:

Year Ending	Amount
6/30/17	18,497
6/30/18	18,071
6/30/19	6,220
6/30/20	1,809
Totals	\$ 44,598

STATE OF SOUTH DAKOTA
DEPARTMENT OF LABOR
SOUTH DAKOTA BOARD OF ACCOUNTANCY
NOTES TO FINANCIAL STATEMENTS
For the fiscal years ended June 30, 2016 and 2015

6. RETIREMENT PLAN

The South Dakota Board of Accountancy participates in the South Dakota Retirement System (SDRS), a cost-sharing, multiple-employer defined benefit pension plan established to provide retirement, disability, and survivor benefits for employees of the State and its political subdivisions. Authority for establishing, administering, and amending plan provisions is found in SDCL 3-12. The SDRS issues a publicly available financial report that includes financial statements, footnote disclosures, and required supplementary information. That report may be obtained by contacting the SDRS in writing at South Dakota Retirement System, P.O. Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731. More information regarding the state's share of the plan will be included in the State of South Dakota CAFR (Comprehensive Annual Financial Report).

State law requires employees to contribute 6 percent of their salary to the plan and the employer to contribute an amount equal to the employee's contribution. The right to receive retirement benefits vests after three years of credited service. The South Dakota Board of Accountancy's contributions to the SDRS for the fiscal years ended June 30, 2016, 2015, and 2014 were \$4,725.75, \$4,375.89 and \$4,418.55 respectively, equal to the required contributions each year.

At June 30, 2015 and 2014, SDRS was 104.1% and 107% funded, respectively, and accordingly had a net pension asset. The Board has determined that its proportionate share of the net pension asset and related deferred inflows and outflows of resources are not material and thus are not reported in the financial statements.

7. RISK MANAGEMENT

The South Dakota Board of Accountancy is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The South Dakota Board of Accountancy participates in the various programs administered by the State of South Dakota. These risk management programs are funded through assessments charged to participating entities. The risk management programs include: 1) coverage for risks associated with automobile liability and general tort liability (including public officials' errors and omissions liability, medical malpractice liability, law enforcement liability, and products liability) through the State's Public Entity Pool for Liability Fund; 2) coverage of employee medical claims through the State's health insurance program; 3) coverage for unemployment benefits through the State's Unemployment Insurance Fund; 4) coverage for workers' compensation benefits through the State's Workers' Compensation Fund; and, 5) coverage for property loss through the South Dakota Property and Casualty Insurance Company, LLC. Financial information relative to the self-insurance funds administered by the State is presented in the State of South Dakota Comprehensive Annual Financial Report.

STATE OF SOUTH DAKOTA
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NOTES TO FINANCIAL STATEMENTS
For the fiscal years ended June 30, 2016 and 2015

8. EXAMINATION FEE REVENUE/AMOUNTS HELD FOR OTHERS

Subsequent to the November 2003 Uniform Certified Public Accountant Examination, a significant portion of the responsibility for administering the examination has been contractually transferred to the National Association of State Boards of Accountancy (NASBA). Beginning with the April-May 2004 exam window, the Board collects the total exam fee from the participants but reports as revenue only the portion of the fee that belongs to the South Dakota Board of Accountancy as established by administrative rule. The portion of the exam fee that will be remitted to NASBA and others is reported as a current liability account titled "Amounts Held For Others."

9. SUBSEQUENT EVENTS

The South Dakota Board of Accountancy has evaluated subsequent events through September 5, 2017, the date which the financial statements were available to be issued. The Board is not aware of any subsequent events which would require recognition or disclosure in the financial statements.