



TO THE HONORABLE MEMBERS OF THE LEGISLATURE AND CITIZENS OF SOUTH DAKOTA

It is my pleasure to present the *Comprehensive Annual Financial Report* covering operations for the fiscal year that ended June 30, 2002. Since FY2002 was not during my term as Governor of this great state, I commend Governor Janklow for his work in maintaining a solid financial foundation for South Dakota. I pledge my continued efforts toward maintaining this sound financial condition. This is our sixteenth *Comprehensive Annual Financial Report*. The report is prepared in accordance with generally accepted accounting principles and includes all agencies of state government and reporting entities for which the state has oversight responsibilities. Like previous reports, this report presents to you and the financial community the sound financial condition of South Dakota.

Although the United States' economy experienced below normal growth in FY2002, the South Dakota economy was able to end the fiscal year ahead of projections. Because of the diversification of the South Dakota economy, the severity of the downturn was not as great as that of the United States' economy. South Dakota's nonfarm labor force grew by 0.04%, whereas the United States' labor force declined 0.78% during FY2002. In addition to the growth in nonfarm employment, the unemployment rate remained low and personal income grew at a rate greater than inflation in South Dakota.

In South Dakota, the emphasis of government is the basics, protecting people and property, providing educational opportunities, and helping people who cannot help themselves. South Dakota continues to live within its means and provide these services to the citizens as we have since statehood in 1889.

Sincerely,

M. Michael Rounds