

**ECONOMIC DEVELOPMENT FINANCE AUTHORITY  
GOED CONFERENCE ROOM, 711 E WELLS AVE, PIERRE, SD  
WEDNESDAY, NOVEMBER 1, 2017, 1:00 P.M. CT**

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Notice is further given to persons with disabilities that this meeting is being held in a physical accessible place. Please notify the above mentioned office within 48 hours of the public hearing if you have special needs for which this agency will make the necessary arrangements.

**ECONOMIC DEVELOPMENT FINANCE AUTHORITY  
GOED CONFERENCE ROOM, 711 E WELLS AVE, PIERRE, SD  
MONDAY, NOVEMBER 1, 2017, 1:00 P.M. CT**

**Motion Sheet**

Board  
Members

Terry Nelson

Gerrit Juffer

Casey  
Derflinger

Jeff Erickson

Don  
Kettering

Sharon  
Casey

Tom Jones

Trustees

Bert Olson

EDFA Meeting: Please note times:

Call To Order \_\_\_\_\_

Executive Session: \_\_\_\_\_

Regular Session: \_\_\_\_\_

Adjournment: \_\_\_\_\_

**Agenda**

Motion to approve the Agenda as presented.

Motion made by \_\_\_\_\_ and seconded by \_\_\_\_\_.

**Minutes**

Motion to approve the minutes of the June 26, 2017 meeting, as presented.

Motion made by \_\_\_\_\_ and seconded by \_\_\_\_\_.

**Annual Report/Audit Report**

Motion to approve the 2017 Annual Report/Audit Report as presented.

Motion made by \_\_\_\_\_ and seconded by \_\_\_\_\_.

**Election of Officers**

Motion to elect an interim Secretary/Treasurer.

Motion made by \_\_\_\_\_ and seconded by \_\_\_\_\_.

**Executive Session**

Motion to enter into executive session to discuss contract matters and commercial and financial information relating to loan and other assistance to applicants.

Motion made by \_\_\_\_\_ and seconded by \_\_\_\_\_.

**Chairman: Declare board out of executive session. [        p.m.]. Chairman: The EDFA entered into executive session to discuss contract matters and commercial and financial information relating to loan and other assistance to applicants. No action was taken.**

Motion to approve the chairman's report from executive session.

Motion made by \_\_\_\_\_ and seconded by \_\_\_\_\_.

**Bills**

Motion to approve the bills payable to First National Wealth Management in the amount of \$7,465, \$1,200 and \$4,156.

Motion made by \_\_\_\_\_ and seconded by \_\_\_\_\_.

**Adjourn**

Motion made by \_\_\_\_\_ and seconded by \_\_\_\_\_.



**ECONOMIC DEVELOPMENT FINANCE AUTHORITY  
GOED LARGE CONF. ROOM, 711 E WLLS AVE, PIERRE, SD  
WEDNESDAY, NOVEMBER 1, 2017, 1:00 P.M. CT**

**REGULAR SESSION AGENDA**

- 1:00 P.M. Call To Order, Chairman, Terry Nelson
- 1:05 P.M. **Approve Agenda**  
RECOMMENDED ACTION: Motion to approve Agenda as provided or amended.
- Approve Minutes**  
RECOMMENDED ACTION: Motion to approve Minutes as provided or amended.
- Approve Annual Report/Audit Report**  
RECOMMENDED ACTION: Motion to approve the 2017 Annual Report/Audit Report as presented.
- Election of Officers**  
RECOMMENDED ACTION: Motion to elect a interim Secretary/Treasurer.
- Investment Report**
- 1:25 P.M. Commissioner's Comments
- 1:30 P.M. **Executive Session**  
RECOMMENDED ACTION: Motion to enter into executive session to discuss contract matters and commercial and financial information relating to loan and other assistance applicants.
- 1:45 P.M. **Report from Executive Session**  
RECOMMENDED ACTION: Approve Chairman's report from Executive Session.
- Bills**  
First National Wealth Management - \$7,465, \$1,200 and \$4,156

Notice is further given to persons with disabilities that this meeting is being held in a physically accessible place. Please notify the above mentioned office within 48 hours of the public hearing if you have special needs for which this agency will make the necessary arrangements,

You can participate in the meeting at GOED office at 711 E Wells Ave, Pierre, South Dakota or the GOED office at the Zeal Center for Entrepreneurship at 2329 N. Career Avenue, Sioux Falls, South Dakota.



**Economic Development Finance Authority  
GOED Conference Room, 711 E Wells Ave, Pierre, SD  
Monday, June 26, 2017, 1:30 P.M. CT**

Members Present

Chairman Terry Nelson, Gerrit Juffer, Jody Engel, Casey Derflinger, Ron Wagner, Jeff Erickson and Don Kettering

Staff Present

Commissioner Scott Stern, Deputy Commissioner Aaron Scheibe, Cassie Stoesser, Ashley Moore, LaJena Gruis, Cassidy Kulesa, Katelyn Hump and Dale Knapp

Others Present

Liz Woodsend and Bert Olson - First National Bank in Sioux Falls

Call to Order

Chairman Nelson called the meeting to order at 1:30 p.m.

Agenda

A motion was made by Don Kettering and seconded by Ron Wagner to approve the agenda as presented.

Motion passed by a roll call vote.

Minutes

A motion was made by Jeff Erickson and seconded by Casey Derflinger to approve the minutes of April 27, 2017, as amended.

Motion passed by a roll call vote.

Clausen & Rice, LLP

A motion was made by Don Kettering and seconded by Gerrit Juffer to approve the Clausen & Rice, LLP contract for accounting services as presented.

Motion passed by a roll call vote.

Executive Session

A motion was made by Jeff Erickson and seconded by Ron Wagner to enter into executive session at 1:43 p.m. to discuss contract matters and commercial and financial information relating to loan and other assistance to applicants.

Motion passed by a roll call vote.

Executive Session

The Chairman declared the board out of executive session at 2:06 p.m. The Economic Development Finance Authority entered into Executive Session to discuss contract matters and commercial and financial information relating to loan and other assistance to applicants. No action was taken.

A motion was made by Jeff Erickson and seconded by Gerrit Juffer to approve the chairman's report from executive session.

Motion passed by a roll call vote.

Loan Reviews

Enclose Manufacturing, Inc., Michael E. Larson/Larson Data Communications and Sterling Technologies, Inc.

A motion was made by Casey Derflinger and seconded by Ron Wagner to approve the loan reviews and recommendations as presented.

Motion passed by a roll call vote.

Marmen Energy Co.

A motion was made by Jeff Erickson and seconded by Gerrit Juffer to approve the loan review and recommendation as presented.

Motion passed by a roll call vote.

Old Business

Oat Tech, Inc.

A motion was made by Gerrit Juffer and seconded by Don Kettering to approve a moratorium for payments from June 2017 through December 2017 with payments to resume January 2018, with interest to be paid during the moratorium to allow the company to continue to sell equipment.

Motion passed by a roll call vote.

Bills

A motion was made by Ron Wagner and seconded by Gerrit Juffer to approve the bill to Dorsey & Whitney, LLP in the amount of \$3,759.00.

Motion passed by a roll call vote.

Adjourn

A motion was made by Ron Wagner and seconded by Jody Engel to adjourn the meeting at 2:10 p.m.

Motion passed by a roll call vote.

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Ron Wagner, Secretary/Treasurer





SOUTH DAKOTA

# EDFA FUND

ECONOMIC DEVELOPMENT FINANCE AUTHORITY

JUNE 30, 2017 • ANNUAL FINANCIAL REPORT

## **Economic Development Finance Authority Members**

**Terry Nelson, Chairman,** is most recently retired as First Vice President of RBC Wealth Management in Rapid City. Mr. Nelson is a Certified Financial Planner (CFP) and Financial Consultant. He graduated from South Dakota State University with a Bachelor of Science in Psychology and Economics and later a Master of Science in Counseling. Mr. Nelson was previously a Realtor in Rapid City. Presently Mr. Nelson serves on The South Dakota Alumni Advocacy Board and on the SDSU Foundation. He is a past President of South Dakota Associated School Boards and is involved in numerous other civic organizations. The last three years he has been President of the Business Improvement District (BID) board which helps develop and finance Main Street Square Plaza in downtown Rapid City. He presently is in real estate development in the Black Hills.

**Gerrit Juffer, Vice-Chairman,** is President of Juffer Inc., a financial service company with offices in Wagner, Parkston, Mitchell, Woonsocket, Huron, Tea, Irene and Sioux Falls, South Dakota, along with Blair, Thedford and Sargent, Nebraska. Mr. Juffer has 35 years of financial services experience, providing insurance, investment and real estate. Mr. Juffer is active in numerous social and civic organizations, as well as business ventures. Mr. Juffer attended the University of South Dakota, Midwest Bankers and the Graduate School of Banking.

**Casey Derflinger** is currently the Deadwood Market Manager for First Interstate Bank. Mr. Derflinger has been in banking since 1983, and has been with First Interstate Bank since 1990. He graduated from South Dakota State University with degrees in Ag Business and Commercial Economics and is also a graduate of the Graduate School of Banking in Boulder, CO. Mr. Derflinger is active in numerous civic, social and non-profit organizations, including being the past chairman of Black Hills Community Economic Development Corporation and past chair of the Ag/Commercial Credit Committee for the South Dakota Bankers Association.

**Jeff Erickson** currently serves as the Vice Chairman of American Bank & Trust and serves on the Board of Directors of Schwan Food Company. In addition to serving as the Chair of the Governor's Office Board of Economic Development (BED), he is currently the Chairman of the South Dakota Banking Commission. He was previously the President and Chief Executive Officer of Great Western Bank. Previously, he was the Chairman of Governor Dennis Daugaard's Transition Team in 2010, and has also served as Vice Chairman of the South Dakota Ellsworth Development Authority, Chairman of Focus Watertown and the Watertown Development Company and also has served as the President of the Watertown Area Chamber of Commerce and as a Board Member of the Sioux Falls Development Foundation. A graduate of Northern State University in Aberdeen, South Dakota, he was named "Distinguished Alumni of 2008". In addition, Mr. Erickson is a graduate of the Pacific Coast Banking School at the University of Washington in Seattle, Washington; and is a graduate of the University of Iowa Executive Development Program in Iowa City, Iowa. Mr. Erickson has worked in the financial services industry for over 30 years. He has been married to his wife, Linda, for 39 years and has four children; Kim, Beth, Scott and Jamie. He also has ten grandchildren. In addition to enjoying time spent with his family, he enjoys sharing sporting events with friends, either as a spectator or participant. He and his family believe in giving back to the communities they live in by volunteering both time and money to worthwhile causes.

**Don Kettering** is a South Dakota born, farm-raised, Brentford High School, Northern State College (BA) and South Dakota State University (MA) graduate. He trained in the United States Army and has worked in agricultural banking for the past 39 years. Mr. Kettering and his wife have two children and five grandchildren. He has lived and worked in the Yankton community for almost forty years. Mr. Kettering currently serves on the Board of Economic and as Chairman of the Yankton County Commission and has been actively involved in economic development, infrastructure improvements and planning and zoning. He enjoys hunting, fishing, golf, gardening, and woodworking as pastime activities. Working with community and State organizations that promote growth and opportunities for others has been very gratifying for him.

**Tom Jones** is currently owner of Jones' Food Center in Viborg, which he has owned since 1979. He was previous owner of Jones' Food Centers in Lake Andes, Alcester, Springfield, Parker, Vermillion and Missouri Valley, IA. Mr. Jones graduated from Huron College in December 1962 with a degree in Bachelor of Arts and in May of 1969 from South Dakota State University with a Master's Degree in Education Administration. Mr. Jones also was previous owner of Sunny Side Plaza in Hartford, Southeastern Overhead Door, Ltd in Mitchell and Beresford and Dakota Ace Hardware in Viborg. Tom currently serves on the Board of Economic Development and has previously served as a Viborg City Council Member, Chairman of the Viborg Economic Development Board, 4-H Turner County Horse Leader, Chairman of the South Dakota 4-H Horse Board, Active Money Raiser for Make-A-Wish, South Dakota Sports Hall of Fame Advisory Board, South Dakota Hall of Fame Board Member, South Dakota Rodeo Association Board, United State Team Penning Association Board, National Cutting Horse Association, Masonic Member of Joppa Lodge, El Riad Shrine Member, South Dakota House of Representatives from 2011-2012 and the South Dakota Senate from 2012-13. He also has served as a head and assistant basketball coach at the college and high school level. Mr. Jones has also been named Business Man of the Year, is in the Huron College Hall of Fame, was an All American College Football player, and was Coach of the Year at the college and high school levels. He and his wife Linda have 2 daughters and 5 grandchildren.

**Sharon Casey** is a businesswoman, formerly co-owner of Casey Drug and Jewelry and an original member of the Board of Economic Development, appointed by Governor Mickelson. Sharon remains active in her local community, including as a board member of the Lake Francis Case Development, a council member and a building committee member of the St. James Catholic Church, and a member of the Kiwanis Club. She also has served on the board of the South Dakota Art Museum, Employer Support for the Guard Reserve (ESGR), and is a past President of the Chamberlain Chamber of Commerce. Sharon placed foreign exchange students and teachers with Youth for Understanding from 1971 to 1980. During that time they hosted exchange students from Brazil, Yugoslavia, Norway, Philippines, Holland and France. Sharon attended South Dakota State University. Sharon and her husband now enjoy catching up on the activities of their four children, 12 grandchildren and 3 great grandchildren and taking in frequent travels.

# Loan Portfolio

## Economic Development Finance Authority Activity

### Loans Approved Fiscal Year 2017

**APEX Fund**

COMPANY	APEX FUND PROJECTED JOBS	TOTAL LOAN AMOUNT	PROJECT AMOUNT	COMMUNITY
N/A				

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**FY 2017 Total: 0 loans**

**EDFA Bonds**

COMPANY	BOND FUND PROJECTED JOBS	TOTAL LOAN AMOUNT	PROJECT AMOUNT	COMMUNITY
N/A				

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**FY 2017 Total: 0 loans**



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MARTIN L. GUINDON, CPA  
AUDITOR GENERAL

## INDEPENDENT AUDITOR'S REPORT

The Honorable Dennis Daugaard  
Governor of South Dakota

and

Board of Directors  
South Dakota Economic Development Finance Authority

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the South Dakota Economic Development Finance Authority (Authority), a component unit of the State of South Dakota, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic 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 entity'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 entity'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.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2017, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The listing of Economic Development Finance Authority Members and the schedule of Loan Portfolio: Loans Approved Fiscal Year 2017 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2017 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Authority'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 Authority's internal control over financial reporting and compliance.



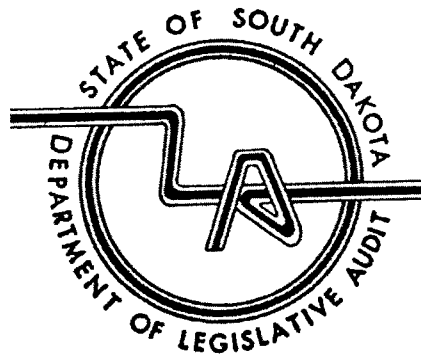
Martin L. Guindon, CPA  
Auditor General

September 28, 2017

**SOUTH DAKOTA ECONOMIC DEVELOPMENT  
FINANCE AUTHORITY**

**AUDIT REPORT**

**Fiscal Year Ended June 30, 2017**



**State of South Dakota  
Department of Legislative Audit**  
427 South Chapelle  
c/o 500 East Capitol  
Pierre, SD 57501-5070

SOUTH DAKOTA ECONOMIC DEVELOPMENT  
FINANCE AUTHORITY  
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MARTIN L. GUINDON, CPA  
AUDITOR GENERAL

**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

Board of Directors  
South Dakota Economic Development Finance Authority

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 Standards*, issued by the Comptroller General of the United States, the financial statements of the South Dakota Economic Development Finance Authority (Authority), a component unit of the State of South Dakota, as of and for the year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September 28, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Authority'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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Authority'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 entity'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 Authority'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 entity'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 entity'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.



Martin L. Guindon, CPA  
Auditor General

September 28, 2017



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MARTIN L. GUINDON, CPA  
AUDITOR GENERAL

## INDEPENDENT AUDITOR'S REPORT

The Honorable Dennis Daugaard  
Governor of South Dakota

and

Board of Directors  
South Dakota Economic Development Finance Authority

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the South Dakota Economic Development Finance Authority (Authority), a component unit of the State of South Dakota, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic 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 entity'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 entity'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.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2017, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The listing of Economic Development Finance Authority Members and the schedule of Loan Portfolio: Loans Approved Fiscal Year 2017 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2017 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Authority'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 Authority's internal control over financial reporting and compliance.



Martin L. Guindon, CPA  
Auditor General

September 28, 2017

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Economic Development Finance Authority's (Authority) annual financial report presents management's discussion and analysis of the Authority's financial performance during the fiscal year ended June 30, 2017. This analysis should be read in conjunction with the Independent Auditor's Report, financial statements, and notes to the financial statements.

### Financial Highlights as of June 30, 2017

- Total assets of the Authority decreased \$704,088 (or 3.63%) primarily due to the payoff of the Rural Economic and Community Development loan for the year ending June 30, 2017.
- Total liabilities of the Authority decreased by \$737,944 (or 7.06%) primarily due to the decrease in bonds payable and the payoff of the Rural Economic and Community Development loan for the year ending June 30, 2017.
- No new bond issuances or early redemptions of bonds occurred in the year ending June 30, 2017.

### Changes in Assets and Liabilities

	FY 2016	FY 2017	Increase (Decrease)	% Increase (Decrease)
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 2,169,957	\$ 1,406,706	\$ (763,251)	(35.17)%
Investments	7,706,840	8,273,241	566,401	7.35
Loans Receivable	9,811,356	9,303,718	(507,638)	(5.17)
Allowance for Uncollectible Loans	(283,367)	(283,367)	0	0.00
<b>Total Assets</b>	<b>19,404,786</b>	<b>18,700,298</b>	<b>(704,488)</b>	<b>(3.63)</b>
<b>Liabilities:</b>				
Bonds Payable	380,000	385,000	5,000	1.32
Accrued Interest Payable	120,267	113,630	(6,637)	(5.52)
Other	361,227	0	(361,227)	(100.00)
Loan Escrow Payable	845,729	855,599	9,870	1.17
Noncurrent Bonds Payable	8,740,000	8,355,000	(385,000)	(4.41)
<b>Total Liabilities</b>	<b>10,447,223</b>	<b>9,709,229</b>	<b>(737,994)</b>	<b>(7.06)</b>
Restricted Net Position	5,000,000	5,000,000	0	0.00
Unrestricted Net Position	3,957,563	3,991,069	33,506	0.85
<b>Total Net Position</b>	<b>\$ 8,957,563</b>	<b>\$ 8,991,069</b>	<b>\$ 33,506</b>	<b>0.37%</b>

**Change in Net Position**

	<u>FY 2016</u>	<u>FY 2017</u>	<u>Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
Revenues:				
Interest Income on Loans	\$ 781,017	\$ 468,899	\$ (312,118)	(39.96)%
Investment Income	93,855	69,110	(24,745)	(26.37)
Total Revenues	<u>874,872</u>	<u>538,009</u>	<u>(336,863)</u>	<u>(38.50)</u>
Expenses:				
Interest Expense	777,680	459,767	(317,913)	(40.88)
Contractual Services	52,765	44,736	(8,029)	(15.22)
Refund to Institution	70	0	(70)	(100.00)
Total Expenses	<u>830,515</u>	<u>504,503</u>	<u>(326,012)</u>	<u>(39.25)</u>
Change in Net Position	<u>\$ 44,357</u>	<u>\$ 33,506</u>	<u>\$ (10,851)</u>	<u>(24.46)%</u>

- The related decreases to the balances in loans receivable and debt outstanding resulted in the associated decreases to interest income on loans and interest expense.

**Debt Administration:**

- The Authority did not issue any tax-exempt bonds during fiscal year 2017.
- Outstanding bonds payable bear interest at rates ranging from 2.25% to 5.80% as of June 30, 2017. \$380,000 of regularly scheduled bonds was redeemed during fiscal year 2017.
- The Authority's bonds are rated AA by Standard and Poor's as of June 30, 2017.
- More detailed information about the Authority's debt can be found in Note 4, Long-Term Debt.

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

**SOUTH DAKOTA ECONOMIC DEVELOPMENT  
FINANCE AUTHORITY  
STATEMENT OF NET POSITION  
June 30, 2017**

**Assets**

Current Assets:

Cash and Cash Equivalents (Note 2)	\$ 1,394,738
Restricted Cash & Cash Equivalents (Note 2)	11,968
Total Cash and Cash Equivalents	1,406,706

Investments (Note 2)	464,422
Restricted Investments (Note 2)	2,569,862
Investment Interest Receivable	29,008
Loan Interest Receivable	37,401
Loans Receivable (Note 3)	568,458
Total Current Assets	5,075,857

Noncurrent Assets:

Investments (Note 2)	1,949,569
Loans Receivable (Net of Allowance for Loan Loss) (Note 3)	8,414,492
Restricted Investments (Note 2)	3,260,380
Total Noncurrent Assets	13,624,441

<b>Total Assets</b>	<b>18,700,298</b>
---------------------	-------------------

**Liabilities**

Current Liabilities:

Accounts Payable	116
Accrued Interest Payable	113,514
Bonds Payable (Note 4)	385,000
Total Current Liabilities	498,630

Noncurrent Liabilities:

Loan Escrow Payable	855,599
Bonds Payable (Note 4)	8,355,000
Total Noncurrent Liabilities	9,210,599

<b>Total Liabilities</b>	<b>9,709,229</b>
--------------------------	------------------

**Net Position**

Restricted for Debt Service (Note 1)	5,000,000
Unrestricted	3,991,069
	8,991,069

<b>Total Net Position</b>	<b>\$ 8,991,069</b>
---------------------------	---------------------

The notes to the financial statements are an integral part of this statement.

**SOUTH DAKOTA ECONOMIC DEVELOPMENT  
FINANCE AUTHORITY  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
For the Fiscal Year Ended June 30, 2017**

<b>Operating Revenue:</b>	
Interest Income on Loans	\$ 468,899
Total Operating Revenue	<u>468,899</u>
<b>Operating Expenses:</b>	
Contractual Services	44,736
Interest Expense	459,767
Total Operating Expenses	<u>504,503</u>
Operating Income (Loss)	(35,604)
<b>Nonoperating Revenue:</b>	
Investment Income	<u>69,110</u>
Total Nonoperating Revenue	<u>69,110</u>
Change in Net Position	33,506
Net Position at the Beginning of the Year	<u>8,957,563</u>
<b>Net Position at End of Year</b>	<u><u>\$ 8,991,069</u></u>

The notes to the financial statements are an integral part of this statement.



**SOUTH DAKOTA ECONOMIC DEVELOPMENT  
FINANCE AUTHORITY  
STATEMENT OF CASH FLOWS  
For the Fiscal Year Ended June 30, 2017**

**Cash Flows from Operating Activities:**

Receipts for Pooled Loan Repayments	\$ 829,382	
Receipts for APEX Loan Repayments	147,156	
Payments for Contractual Services	(49,007)	
Other Receipts	9,839	
	<u>          </u>	
Net Cash Provided by Operating Activities		937,370

**Cash Flows from Noncapital Financing Activities:**

Principal Paid on Revenue Bonds	(380,000)	
Interest Payments on Loans, Bonds and Notes	(462,133)	
Principal Paid to Other Governments	(361,227)	
	<u>          </u>	
Net Cash Used by Noncapital Financing Activities		(1,203,360)

**Cash Flows from Investing Activities:**

Proceeds from Sales and Maturities of Investment Securities	4,485,836	
Investment Income	92,767	
Purchase of Investment Securities	(5,075,864)	
	<u>          </u>	
Net Cash Used by Investing Activities		<u>(497,261)</u>

Net Decrease in Cash and Cash Equivalents During the Fiscal Year		(763,251)
---------------------------------------------------------------------	--	-----------

Cash and Cash Equivalents at Beginning of Year		<u>2,169,957</u>
Cash and Cash Equivalents at End of Year		<u>\$ 1,406,706</u>

**Reconciliation of Operating Income to Net Cash**

**Provided (Used) by Operating Activities**

Operating Income (Loss)	\$	(35,604)
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**Adjustments to Reconcile Operating Income  
to Net Cash Provided by Operating Activities**

Interest Expense	459,767	
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**Decrease/(Increase) in Assets:**

Loan Interest Receivable	1,178	
Loans Receivable	506,461	

**Increase/(Decrease) in Liabilities:**

Accounts Payable	(4,271)	
Loan Escrow Payable	9,839	

Total Adjustments		<u>972,974</u>
Net Cash Provided by Operating Activities		<u>\$ 937,370</u>

The notes to the financial statements are an integral part of this statement.

**SOUTH DAKOTA ECONOMIC DEVELOPMENT  
FINANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Authorizing Legislation**

Executive Order 87-1 established the South Dakota Economic Development Finance Authority (Authority). The Authority was established for the purpose of making loans to businesses for the acquisition and construction of land, buildings, machinery, and equipment to spawn economic growth. The Authority is authorized by South Dakota Codified Law to issue negotiable notes and bonds in such principal amounts as it determines necessary to provide sufficient funds for achieving any of its corporate purposes. The total outstanding amount of such notes and bonds shall not exceed three hundred million dollars at any time. No obligation issued by the Authority shall constitute debt or liability or obligation of the State of South Dakota or any political subdivision or a pledge of the faith and credit of the state or any political subdivision. Because the State of South Dakota is able to impose its will over the Authority, but does not meet any of GASB's criteria for blending, it is considered a discretely presented component unit of the State. The Authority is a business-type activity component unit of the State of South Dakota and, as such, the accompanying financial statements are included in the Comprehensive Annual Financial Report of the State of South Dakota.

**B. Fund Accounting**

The Authority is accounted for as an enterprise fund. Enterprise funds are used to account for activities for which a fee is charged to external users for goods or services. This fund type is also used when the activity is financed with debt that is secured by a pledge of the net revenues from fees.

**C. Basis of Accounting**

The Authority 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 with original maturities of ninety days or less. Cash and cash equivalents reported in the Statement of Cash Flows represent all investments with an original maturity of ninety days or less.

**E. Investments**

Investments are reported at fair value. Unrealized gains and losses due to fluctuations in market value are included in investment income.

#### F. Loan Escrow Payable

All bond issues require that 10 percent of the original principal amount of the bond or the largest principal and interest payment for any one year be deposited into the Loan Escrow Payable. Amounts accumulating in excess of the Loan Escrow Payable requirements are applied toward borrower principal and interest payments.

#### G. Net Position

Net Position is classified in the following three components:

- Net investment in capital assets – This component consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any debt that is attributable to the acquisition, construction or improvement of those assets.
- Restricted – Consists of net position with constraints placed on their use by (1) bond indentures and (2) law through enabling legislation.
- Unrestricted – Consists of net position that does not meet the definition of net investments in capital assets or restricted.

#### H. Restricted Net Position

The bond indentures provide that certain reserve accounts be established. The reserve accounts, as of June 30, 2017, are comprised of restricted net position as follows:

Capital Reserve Account	\$ 5,000,000
-------------------------	--------------

The pooled bond issues require amounts to be deposited into the Capital Reserve Account. The money on deposit in the Capital Reserve Account is irrevocably pledged to the payment of all outstanding bonds and interest, only when and to the extent that other moneys are not available. The amount on deposit in the Capital Reserve Account must be equal to at least 12.5 percent of the related bond principal outstanding. Amounts in excess of the reserve requirements may be transferred and used for other purposes.

#### I. Conduit Debt Obligations

The Authority issues pooled and stand alone bond issues. A pooled bond issue is secured by the Authority's Capital Reserve Account. A stand alone issue is based solely on the credit of the borrower and the Authority acts only as a conduit to the financing.

Conduit debt obligations are certain limited-obligation revenue bonds, certificates of participation, or similar debt instruments issued by an entity for the express purpose of providing capital financing for a specific third party that is not a part of the issuer's financial reporting entity. The Authority has no obligation for such debt beyond the resources provided by a lease or loan with the third party on whose behalf they are issued and the debt is not included in the accompanying financial statements. As of June 30, 2017, the aggregate amount of stand-alone bond principal outstanding was \$2,520,000. The original issue amount of stand-alone bonds outstanding totaled \$12,840,000.

## J. Restricted Resources

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, and then unrestricted resources as they are needed.

## K. Revenue and Expense Recognition

Enterprise funds distinguish operating revenues and expenses from nonoperating 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 interest on loans as operating revenues since these revenues are generated from the Authority's daily operations needed to carry out its purpose. Operating expenses include interest expense, grants and subsidies, and contractual service expenses related to the administration of the Authority's programs.

## L. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. Actual results could differ from those estimates.

## 2. CASH AND INVESTMENTS

Under the terms of the General Bond resolution of the 2013A pooled bond issue, the Authority is generally restricted to investments in direct obligations of the federal government and of any agency or instrumentality of the United States of America; debt obligation guaranteed by the federal government; bank instruments collateralized by debt obligations guaranteed by the federal government; and shares of an investment company whose investments are in debt obligations guaranteed by the federal government. The funds associated with the 2013A pooled bond issue can also be invested in notes, bonds, or indentures issued by a corporation organized under the laws of one of the states of the United States of America, provided they are rated in one of the two highest rating categories.

### *Restricted and Unrestricted Cash and Investments:*

A portion of the total reported cash and investments are restricted resources set aside to subsidize potential deficiencies from the enterprise fund's operation that could adversely affect debt services payments. Cash and investments are broken down as follows:

	Fair Value
Unrestricted Cash and Investments	\$ 3,808,729
Restricted Cash and Investments – Capital	
Reserve Account and Loan Reserve Accounts	<u>5,842,210</u>
Total Cash and Investments	<u>\$ 9,650,939</u>

### *Custodial Credit Risk:*

The custodial credit risk for deposits and investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the

value on investment securities and deposits that are in the possession of an outside party. The Authority does not have a policy in place for custodial credit risk. Investments securities totaling \$1,406,660 were uninsured and unregistered, with securities held by the counterparty or by its trust department or agent, but not in the Authority's name.

*Interest Rate Risk:*

The Authority limits the maturities of investments for its restricted accounts (all accounts other than the General Account) to terms of two years or less from the date of investment. As of June 30, 2017, the Authority had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>		
		<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>
U.S. Treasury Note	\$ 428,860	\$ 149,443	\$ 249,688	\$ 29,729
U.S. Government Agencies*	895,747	0	895,747	0
Municipal Bonds	379,617	0	294,772	84,845
Certificates of Deposit	6,540,009	2,884,841	3,446,332	208,836
<b>Total</b>	<b>\$ 8,244,233</b>	<b>\$ 3,034,284</b>	<b>\$ 4,886,539</b>	<b>\$ 323,410</b>

\* U.S. Government Agency securities include the Federal National Mortgage Association (FNMA) and the Federal Home Loan Bank (FHLB).

*Credit Risk:*

The Investment Management Policy of the Authority limits investments in Corporate Bonds to those rated in either of the two highest rating categories by either Moody's Investors Service or Standard & Poor's Corporation.

As of June 30, 2017, the Authority had the following investments, excluding those issued by or explicitly guaranteed by the U.S. Government or insured by FDIC, which are not considered to have credit risk.

<u>Moody's Rating</u>	<u>Fair Value</u>
AA+	\$ 104,643
AAA	274,974
	<u>\$ 379,617</u>

*Concentration of Credit Risk:*

Concentration of credit risk is the risk of loss that may be attributed to the magnitude of a government's investment in a single issuer. The Authority does not have a policy on concentration of credit risk. The Authority does not have any concentration of credit risk, excluding any government issues.

The Authority's policy permits the maximum portfolio exposure to permitted investments as follows:

	<u>Restricted Account Portfolio Exposure</u>		<u>Unrestricted Account Portfolio Exposure</u>	
	<u>Total</u>	<u>Individual</u>	<u>Total</u>	<u>Individual</u>
U.S. Governments	100%	100%	100%	100%

U.S. Agencies	100%	100%	100%	100%
Repurchase Agreements	50%	25%	50%	25%
Corporate Bonds	0%	0%	50%	10%
Municipal Bonds	0%	0%	50%	10%
Certificates of Deposit	100%	100%	100%	100%
Money Market Funds	25%	25%	25%	25%

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

First National Bank (FNB), which serves as trustee, uses a pricing service, Standard and Poor's Securities Evaluation Incorporated (SPSE), to value investments. SPSE uses market approach pricing which utilizes models and pricing systems as well as mathematical tools and pricing analyst judgment. All investments are priced by this service, which is not quoted prices in an active market, but rather significant other observable inputs; therefore, the investments in U.S. Treasury Notes, U.S. Government Agencies and Municipal Bonds are categorized as Level 2.

### 3. LOANS RECEIVABLE

Change in loans receivable for the year ending June 30, 2017 consisted of the following:

Beginning Balance	\$	9,772,778
Pooled Loans Principal Payments		(381,250)
APEX Program Loan Principal Payments		<u>(125,211)</u>
Loans Receivable – Before Allowance		9,266,317
Allowance for Loan Loss applicable to the Pooled Loan Program		(186,730)
to the APEX Loan Program		<u>(96,637)</u>
TOTAL LOANS RECEIVABLE – Net of Allowance	\$	<u>8,982,950</u>

The Allowance for Loan Loss applicable to the Pooled Loans is 1% for the year ending June 30, 2017.

The Agricultural Processing and Export (APEX) Program was created in 1988 when loans (Note 5) from Rural Development (RD) and Revolving Economic Development and Initiative Fund were issued to the Authority. The APEX loan program is structured to encourage processors to add value to South Dakota's raw agricultural products, export them outside the state, and to locate industry in rural communities.

#### 4. LONG-TERM DEBT

Tax exempt debt in the form of revenue bonds was issued by the Authority. The following represents the changes in revenue bonds for the pooled bond program as of June 30, 2017:

Beginning Balance	\$ 9,120,000
Bonds Retired	<u>(380,000)</u>
Ending Balance	<u>\$ 8,740,000</u>
Due Within One Year	<u>\$ 385,000</u>

The following are the revenue bonds outstanding for the pooled bond program at June 30, 2017:

<u>Issue</u>	<u>Interest Rate</u>	<u>Maturity Through</u>	<u>Principal Balance</u>
Series 2013A			
Serial Bonds	2.25-4.00%	2021	\$ 805,000
Term Bonds	3.125-5.80%	2033	<u>7,935,000</u>
Total			<u>\$ 8,740,000</u>

The following is a schedule of future bond payments and future interest payments remaining at June 30, 2017:

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Principal and Interest</u>
2018	\$ 385,000	\$ 454,058	\$ 839,058
2019	395,000	445,395	840,395
2020	405,000	433,051	838,051
2021	420,000	420,395	840,395
2022	435,000	403,595	838,595
2023-2027	2,540,000	1,659,078	4,199,078
2028-2032	3,365,000	837,810	4,202,810
2033	795,000	46,110	841,110
Total	<u>\$ 8,740,000</u>	<u>\$ 4,699,492</u>	<u>\$ 13,439,492</u>

#### 5. DUE TO'S

Due To's reported on the balance sheet consist of loans from Rural Economic and Community Development (RECD). These loans were used to make loans to APEX recipients. Due To's reported on the Statement of Net Position consist of the following:

Beginning Balance	\$ 361,277
Payment to RECD	<u>(361,277)</u>
TOTAL DUE TO'S	<u>\$ 0</u>

CFDA Number: 10.767  
Federal Agency: Rural Business & Cooperative Development Service  
Program: Intermediary Relending Program  
State Agency: Tourism & State Development  
Outstanding Loans: \$0

The Governor's Office of Economic Development, through the Authority, participates in the APEX Loan Program with funds obtained from RECD Intermediary Relending Program (IRP). The Authority has entered into loan agreements with the RECD in the amount of \$3,000,000. The Authority makes loans to small businesses and draws down federal funds from the loan with the RECD to cover 70% of the loans made to small businesses. As of June 30, 2017, the Authority had \$0 in outstanding loans from RECD.

## **6. PUBLIC ENTITY POOL FOR LIABILITY**

The Authority 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 Authority 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 program includes 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. Financial information relative to the self-insurance funds administered by the State is presented in the State of South Dakota Comprehensive Annual Financial Report.



# **SOUTH DAKOTA**

GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT

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# **South Dakota Economic Development Finance Authority**

**Investment Review**

**as of**

**June 30, 2017**

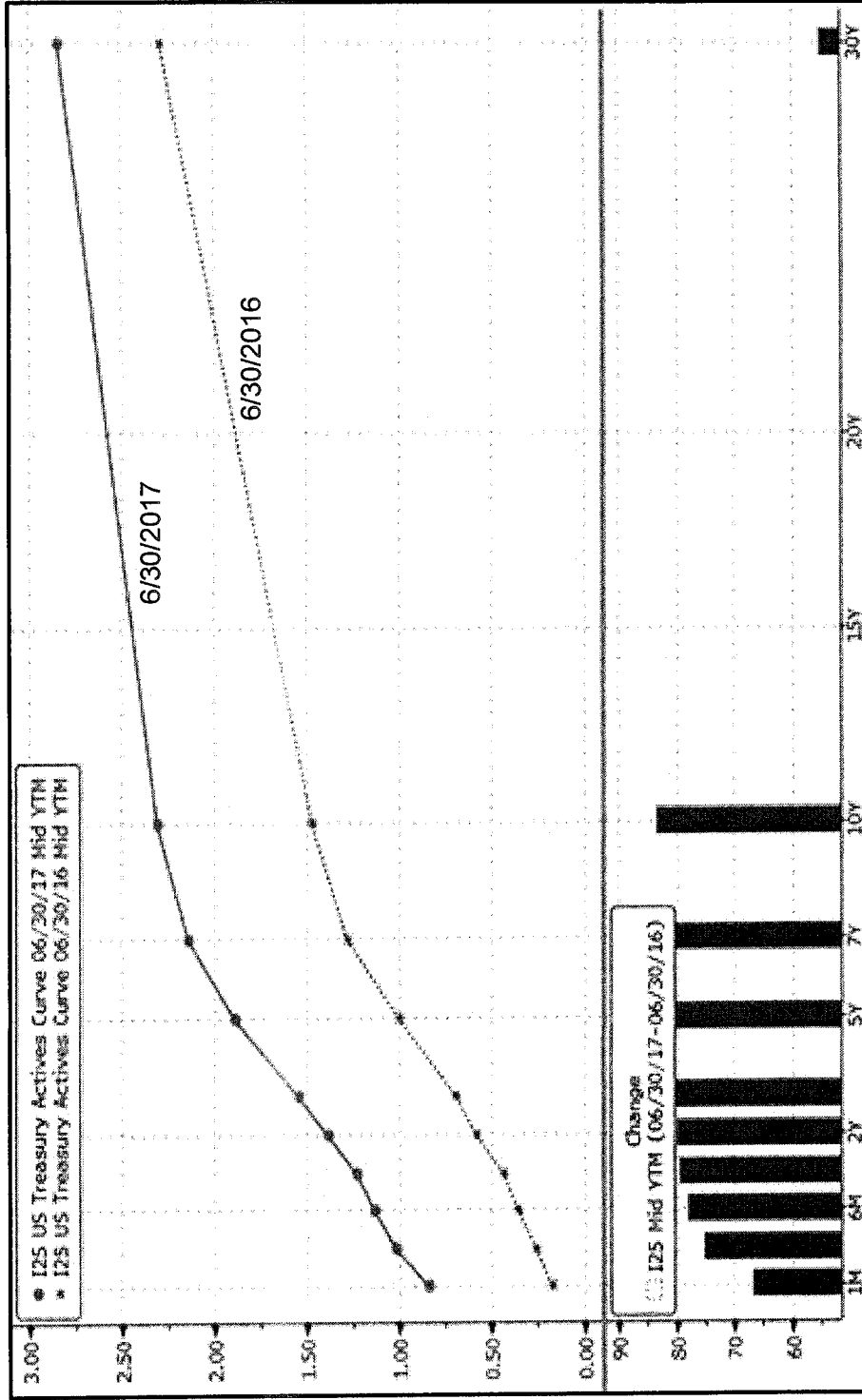
**Elizabeth Woodsend, Corporate Trust Officer**

**Matt Adamson, CFA, Investment Portfolio Manager**



# Treasury Yield Movement

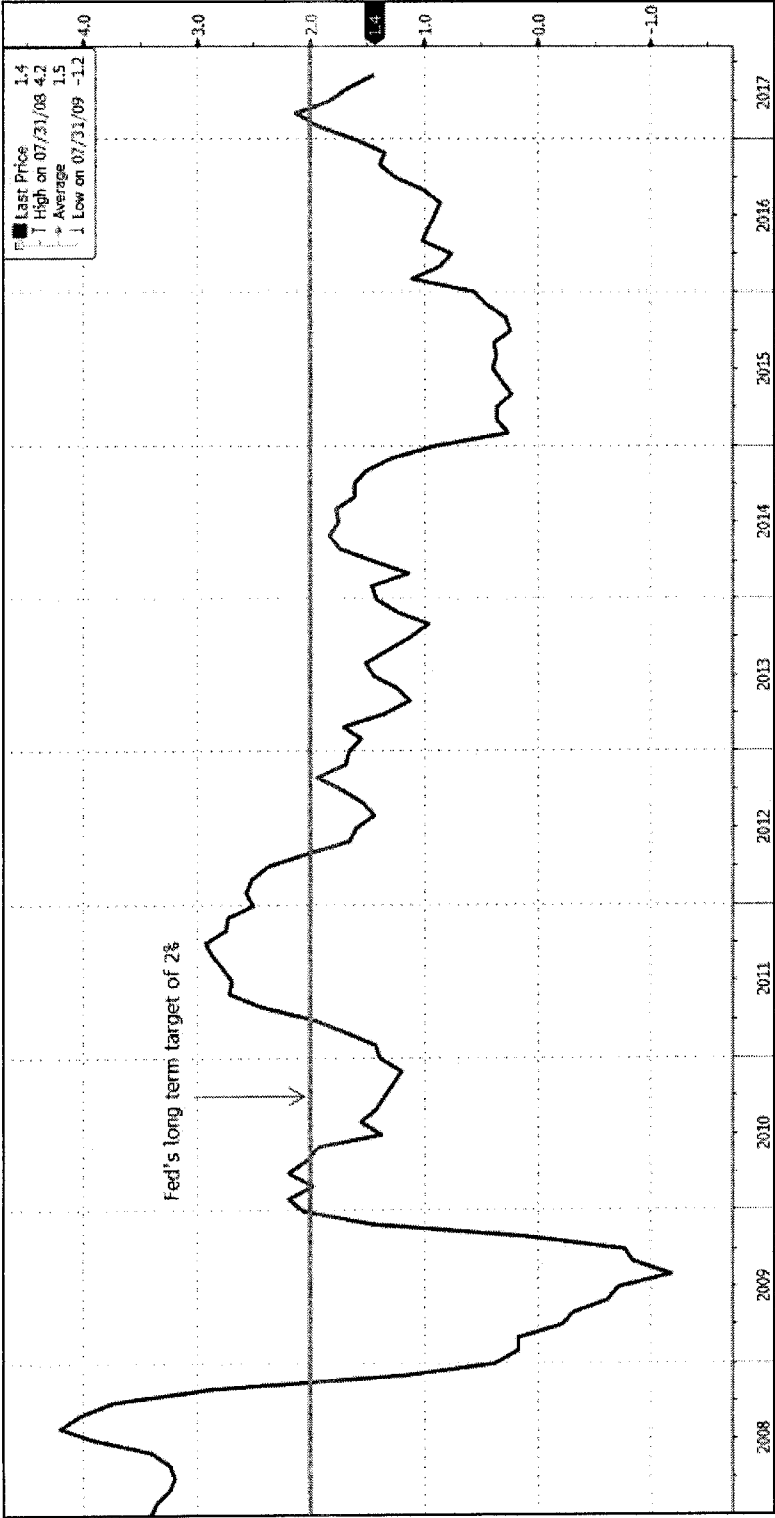
6/30/2016 - 6/30/2017



Source: Bloomberg



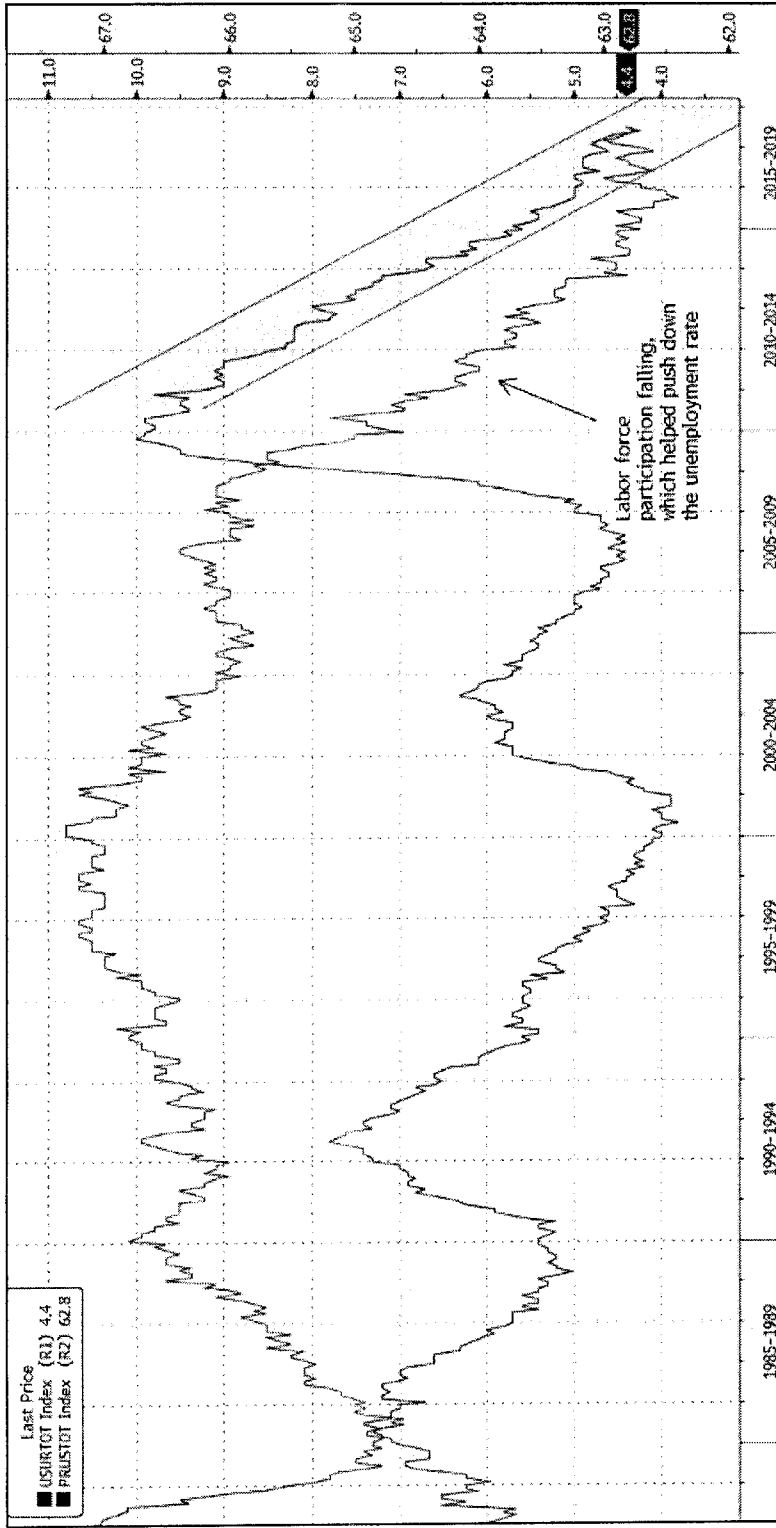
# Inflation - PCE Index



PCE inflation has retreated from its recent high in February with the last reported year over year PCE coming in at 1.4%, which is comfortably below the Fed's long term target of 2.0%. With gas prices stabilized and house price inflation decelerating, there is little evidence of an inflation threat in the near future. The Fed continues to project rate increases on the belief that a tight labor market will reverse the trend, but the those effects are yet to be seen in reported data.



# Unemployment & Labor Force Participation



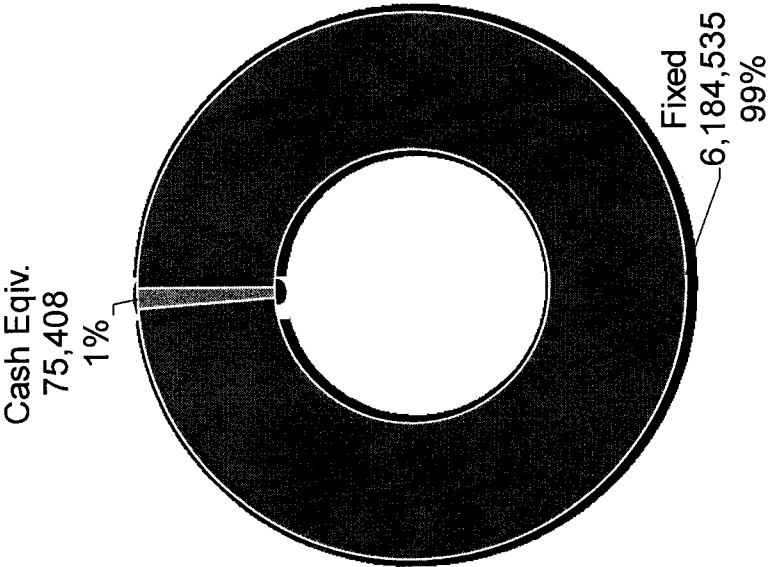
Unemployment continues its post-recession fall. The seasonally adjusted rate (U3) has fallen from 5.6% at the end of 2014 to 4.4% as of June 30, 2017. Additionally, the U6 unemployment rate, which includes discouraged workers and part-time for economic reasons, ended June at 8.6%, down from 11.2% at the end of 2014. Labor force participation has generally fallen during the recovery, but has now stabilized in the 62.5 to 63.0 percent range. This is positive for employment since it means more people are looking and available for employment.



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# Reserve Accounts

Asset Allocation as of 6/30/2017



Portfolio Market Value: \$6,259,943

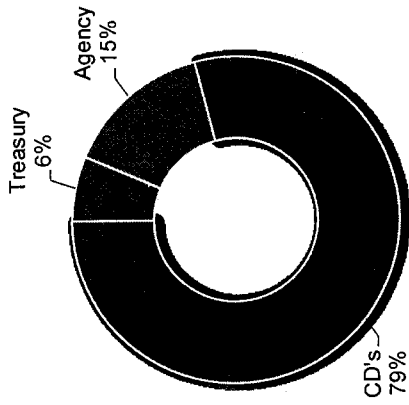
*As the largest determinant of returns and variability,  
you want this positioned for future goals*



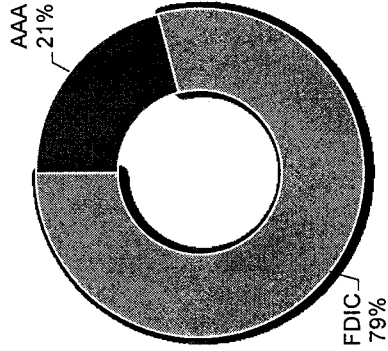
# Reserve Accounts

Fixed Income Characteristics as of 6/30/2017

## Fixed Income Allocation



## Quality Breakout



Fixed Income Characteristics	
Fixed Income Market Value <sup>A</sup>	\$6,184,535
Estimated Income From Fixed <sup>B</sup>	\$76,430
Estimated Income Divided by Market Value <sup>C</sup>	1.24%
Weighted Average Fixed Yield*	1.29%
Weighted Duration (Years)	0.93

Note: Estimated Income Divided by Market Value is calculated by  $c = \frac{B}{A}$

\*Weighted Average Fixed Yield is based on Market Yield for individual bonds and 30 Day SEC Yield for Fixed Mutual Funds





# Reserve Accounts

Fixed Income Holdings Summary as of 6/30/2017

Par Value	Market Value	Book Value	Asset Name	Coupon Rate	Maturity Date	Estimated Income	Bond Rating
75,408.38	\$75,408.38	\$75,408.38	Federated Government Obligations Fund Premier #117	0.00%	7/1/2017	\$640.97	
165,000.00	\$165,000.33	\$165,000.00	Bank Of India NY CD Dtd 03/31/2017 1.000% Due 07/03/2017	1.00%	7/3/2017	\$1,650.00	FDIC
115,000.00	\$115,075.88	\$114,971.25	Zions First Natl Bank UT CD Dtd 08/18/2015 1.100% Due 08/15/2017	1.10%	8/15/2017	\$1,265.00	FDIC
248,000.00	\$248,067.95	\$247,742.08	Capital One NA VA CD Dtd 08/19/2015 1.250% Due 08/21/2017	1.25%	8/21/2017	\$3,100.00	FDIC
245,000.00	\$245,076.44	\$244,652.10	Ally Bank UT CD Dtd 08/27/2015 1.250% Due 08/28/2017	1.25%	8/28/2017	\$3,062.50	FDIC
247,000.00	\$247,119.80	\$246,621.43	Compass Bank AL CD Dtd 08/31/2015 1.300% Due 08/31/2017	1.30%	8/31/2017	\$3,211.00	FDIC
95,000.00	\$95,016.25	\$95,000.00	MB Financial Bank NA IL CD Dtd 02/11/2016 0.950% Due 09/11/2017	0.95%	9/11/2017	\$902.50	FDIC
107,000.00	\$107,025.57	\$106,670.44	BMW Bank North America UT CD Dtd 10/16/2015 1.150% Due 10/16/2017	1.15%	10/16/2017	\$1,230.50	FDIC
193,000.00	\$193,043.81	\$192,826.30	Ally Bank UT CD Dtd 10/29/2015 1.150% Due 10/30/2017	1.15%	10/30/2017	\$2,219.50	FDIC
248,000.00	\$248,056.05	\$247,526.32	American Express Centurion UT CD Dtd 10/28/2015 1.200% Due 10/30/2017	1.20%	10/30/2017	\$2,976.00	FDIC
240,000.00	\$240,062.40	\$239,534.40	Capital One Bank USA NA VA CD Dtd 10/28/2015 1.200% Due 10/30/2017	1.20%	10/30/2017	\$2,880.00	FDIC
125,000.00	\$125,161.13	\$124,897.50	Israel Discount Bank Of NY CD Dtd 01/13/2016 1.250% Due 01/16/18	1.25%	1/16/2018	\$1,562.50	FDIC
100,000.00	\$99,768.10	\$100,000.00	Sallie Mae Bank/Salt Lake UT CD Dtd 08/10/2016 0.900% Due 02/12/2018	0.90%	2/12/2018	\$900.00	FDIC
160,000.00	\$159,598.72	\$160,000.00	Privatebank & Trust Co IL CD Dtd 08/29/2016 0.850% Due 02/28/2018	0.85%	2/28/2018	\$1,360.00	FDIC
125,000.00	\$124,978.50	\$124,987.50	Cornentia Capital Bank UT CD Dtd 02/29/2016 1.000% Due 03/01/2018	1.00%	3/1/2018	\$1,250.00	FDIC
150,000.00	\$149,443.35	\$150,005.82	US Treasury Note Dtd 04/01/2013 0.750% Due 09/31/2018	0.75%	3/31/2018	\$1,125.00	AAA
125,000.00	\$124,883.63	\$124,645.00	Zions First Natl Bank UT CD Dtd 04/07/2016 0.900% Due 04/05/2018	0.90%	4/5/2018	\$1,125.00	FDIC
238,000.00	\$236,826.66	\$238,000.00	Luana Savings Bank IA CD Dtd 07/08/2016 0.800% Due 05/08/2018	0.80%	5/8/2018	\$1,904.00	FDIC
145,000.00	\$144,435.37	\$144,440.30	Sallie Mae Bank/Salt Lake UT CD Dtd 07/13/2016 0.900% Due 07/13/2018	0.90%	7/13/2018	\$1,305.00	FDIC
89,000.00	\$88,546.37	\$88,817.55	Wells Fargo Bank NA SD CD Dtd 08/17/2016 1.050% Due 08/17/2018	1.05%	8/17/2018	\$934.50	FDIC
125,000.00	\$124,359.13	\$124,673.75	Capital One Bank USA NA VA CD Dtd 08/24/2016 1.100% Due 08/24/2018	1.10%	8/24/2018	\$1,375.00	FDIC
248,000.00	\$246,513.24	\$248,000.00	Brookline Bank MA CD Dtd 09/29/2016 1.050% Due 09/28/2018	1.05%	9/28/2018	\$2,604.00	FDIC
125,000.00	\$124,420.63	\$124,720.00	Merrick Bank UT CD Dtd 11/08/2016 1.100% Due 11/08/2018	1.10%	11/8/2018	\$1,375.00	FDIC
250,000.00	\$249,687.50	\$250,642.57	US Treasury Note Dtd 11/16/2015 1.250% Due 11/15/2018	1.25%	11/15/2018	\$3,125.00	AAA
385,000.00	\$386,315.93	\$387,722.08	Fannie Mae Dtd 10/01/2013 1.625% Due 11/27/2018	1.63%	11/27/2018	\$6,256.25	AAA
120,000.00	\$119,727.24	\$120,000.00	BMW Bank North America UT Dtd 11/30/2016 1.300% Due 11/30/2018	1.45%	11/30/2018	\$1,740.00	FDIC
147,000.00	\$146,754.07	\$147,000.00	Everbank/Jacksonville FL Dtd 12/09/2016 1.350% Due 12/07/2018	1.35%	12/7/2018	\$1,984.50	FDIC
250,000.00	\$249,112.25	\$249,341.37	Fannie Mae Dtd 11/03/2015 1.125% Due 12/14/2018	1.13%	12/14/2018	\$2,812.50	AAA
20,000.00	\$19,984.54	\$19,960.00	BMW Bank North America UT CD Dtd 01/20/2017 1.450% Due 01/22/2019	1.45%	1/22/2019	\$290.00	FDIC
90,000.00	\$90,060.03	\$90,000.00	Wells Fargo Bank NA SD CD Dtd 02/01/2017 1.550% Due 02/01/2019	1.55%	2/1/2019	\$1,395.00	FDIC
45,000.00	\$44,906.13	\$44,922.81	Midland States Bank IL CD Dtd 02/28/2017 1.400% Due 02/28/2019	1.40%	2/28/2019	\$630.00	FDIC
125,000.00	\$124,930.50	\$125,000.00	Capital One Bank USA NA VA CD Dtd 03/08/2017 1.500% Due 03/08/2019	1.50%	3/8/2019	\$1,875.00	FDIC
260,000.00	\$260,319.28	\$260,262.60	Federal Home Loan Bank Dtd 02/06/2012 1.500% Due 03/08/2019	1.50%	3/8/2019	\$3,900.00	AAA
50,000.00	\$50,044.80	\$49,976.63	Goldman Sachs Bank USA NY CD Dtd 03/30/2017 1.600% Due 03/28/2019	1.60%	3/28/2019	\$800.00	FDIC
200,000.00	\$199,832.20	\$200,000.00	Key Bank NA OH CD Dtd 03/29/2017 1.500% Due 03/29/2019	1.50%	3/29/2019	\$3,000.00	FDIC
180,000.00	\$180,300.96	\$180,000.00	American Express Centurion UT CD Dtd 04/05/2017 1.650% Due 04/05/2019	1.65%	4/5/2019	\$2,970.00	FDIC
160,000.00	\$160,239.36	\$159,976.03	Whitney Bank/MS LA CD Dtd 04/20/2017 1.650% Due 04/22/2019	1.65%	4/22/2019	\$2,640.00	FDIC
250,000.00	\$249,890.50	\$249,136.70	American Express Bk Fsb UT CD Dtd 05/03/2017 1.550% Due 05/03/2019	1.55%	5/3/2019	\$3,875.00	FDIC
<b>\$6,265,408.38</b>	<b>\$6,259,942.98</b>	<b>\$6,263,080.91</b>		<b>1.22%</b>	<b>6/17/2018</b>	<b>\$77,251.22</b>	



# Reserve Accounts

Detailed Summary as of 6/30/2017

Certificates of Deposit	Capital Reserve	Marmen Energy 20'13A	TOTAL
Zions First Natl Bk UT CD dtd 8/18/15	\$115	--	\$115
1.1%, due 8/15/17			
Capital One VA CD dtd 8/19/15	\$248	--	\$248
1.25%, due 8/21/17			
Ally Bk UT CD dtd 8/27/15	--	\$245	\$245
1.25%, due 8/28/17			
Compass Bk Birmingham AL CD dtd 8/31/15	\$150	\$97	\$247
1.3%, due 8/31/17			
MB Fincl Bk IL CD dtd 2/11/16	\$95	--	\$95
.95%, due 9/11/17			
BMW Bk Salt Lake City UT CD dtd 10/16/15	\$107	--	\$107
1.150% due 10/16/17			
Ally Bank Midvale UT CD dtd 10/29/15	\$193	--	\$193
1.15% due 10/30/17			
American Exp Centurion Salt Lk Cty UT CD dtd 10/28/15	--	\$248	\$248
1.2% due 10/30/17			
Capital One Bk cd dtd 10/28/15	--	\$240	\$240
1.2% due 10/30/17			
Israel Discount Bk NY CD dtd 1/13/16	\$125	--	\$125
1.25%, due 1/16/18			
Sallie Mae Bk Salt Lk UT CD dtd 8/10/16	\$100	--	\$100
.90%, due 2/12/18			
Private Bk & Trust IL CD dtd 8/29/16	\$160	--	\$160
.85%, due 2828/18			
Comenity Capital Bk UT CD dtd 2/29/16	\$125	--	\$125
1%, due 3/1/18			
Zions First Natl Bk UT CD dtd 4/7/16	\$125	--	\$125
.90%, due 4/5/18			
Luana Savings Bk IA CD dtd 7/8/16	\$238	--	\$238
.80%, due 5/8/18			
Sallie Mae Bank Salt Lk UT CD dtd 7/13/16	\$145	--	\$145
.90%, due 7/13/18			



# Reserve Accounts

Detailed Summary as of 6/30/2017

	Capital Reserve	Marmen Energy 2013A	TOTAL
<b>Certificates of Deposit</b>			
Wells Fargo Bk CD dtd 8/17/16	\$89	---	\$89
1.05%, due 8/17/18			
Capital One Bk CD dtd 8/24/16	\$125	---	\$125
1.1%, due 8/24/18			
Brookline Bk MA CD dtd 9/29/16	\$248	---	\$248
1.05%, due 9/28/18			
Merrick Bk UT CD dtd 11/8/16	\$125	---	\$125
1.1%, due 11/8/18			
BMW Bk UT CD dtd 11/30/16	\$120	---	\$120
1.3%, due 11/30/18			
Everbank Jacksonville FL CD dtd 12/9/16	\$147	---	\$147
1.35%, due 12/7/18			
BMW Bk UT CD dtd 1/20/17	\$20	---	\$20
1.45%, due 1/22/19			
Wells Fargo Bk CD dtd 2/1/17	\$90	---	\$90
1.55%, due 2/1/19			
Midland States IL CD dtd 2/28/17	\$45	---	\$45
1.4%, due 2/28/19			
Key Bank OH CD dtd 3/29/17	\$200	---	\$200
1.5%, due 3/29/19			
Bank of India NY CD dtd 3/31/17	\$165	---	\$165
1%, due 7/3/17			
Capital One Bk VA CD dtd 3/8/17	\$125	---	\$125
1.5%, due 3/8/19			
Goldman Sachs Bk NY CD dtd 3/30/17	\$50	---	\$50
1.6%, due 3/28/19			
American Exp Centurion Salt Lk Cty UT CD dtd 4/5/17	\$180	---	\$180
1.65%, due 4/5/19			
Whitney Bk MS LA CD dtd 4/20/17	160	---	\$160
1.65%, due 4/22/19			
American Exp Bk fsb UT CD dtd 5/3/17	\$250	---	\$250
1.55%, due 5/3/19			
<b>Total</b>	<b>\$4,065</b>	<b>\$830</b>	<b>\$4,895</b>



# Reserve Accounts

Detailed Summary as of 6/30/2017

	Capital Reserve	Marmen Energy 2013A	TOTAL
<b>US Government &amp; Agencies</b>			
US Treasury Note Dtd 4/1/13 .75%, Due 3/31/18	\$150	---	\$150
US Treasury Note Dtd 11/16/15 1.25%, Due 11/15/18	\$250	---	\$250
Fannie Mae Bond Dtd 10/1/13 1.35%, Due 11/27/18	\$385	---	\$385
Fannie Mae Bond Dtd 11/3/15 1.125%, Due 12/14/18	\$250	---	\$250
Federal Home Loan Bank Dtd 2//6/12 1.5%, Due 3/8/19	\$260	---	\$260
<b>Total</b>	<b>\$1,295</b>	<b>\$0</b>	<b>\$1,295</b>
<b>Total Certificates of Deposit</b>	<b>\$4,065</b>	<b>\$830</b>	<b>\$4,895</b>
<b>Total US Government Agencies</b>	<b>\$1,295</b>	<b>\$0</b>	<b>\$1,295</b>
<b>Federated MM</b>	<b>\$59</b>	<b>\$16</b>	<b>\$75</b>
<b>TOTAL ASSETS</b>	<b>\$5,419</b>	<b>\$846</b>	<b>\$6,265</b>



# Reserve Accounts

Transaction Summary as of 6/30/2017

<b>Asset Sales/Maturities:</b>	
\$105,000	Capital One Bk CD .85%, Matured 1/23/17
\$145,000	Goldman Sachs NY CD 1%, Matured 2/27/17
\$250,000	US Treasury Note .75%, Matured 3/15/17
\$249,000	Cedar Rapids Bk & Tr IA CD .75%, Matured 3/22/17
\$115,000	Bank Leumi NYNY CD .85%, Matured 3/23/17
\$230,000	BMO Harris Bk IL CD .90%, Matured 3/30/17
\$55,000	Ally Bk Midvale UT CD .80%, Matured 4/24/17
\$45,000	Fannie Mae 1%, Matured 4/25/17
\$95,000	Merrick Bk South Jordan UT CD .85%, Matured 5/11/17
\$205,000	Cardinal Bk McLean VA CD .80%, Matured 5/15/17
<b>Asset Purchases:</b>	
\$20,000	BMW Bk UT CD, 1.45%, on 1/30/17
\$90,000	Wells Fargo Bk CD, 1.55%, on 2/1/17
\$45,000	Midland States Bk CD 1.4%, on 2/28/17
\$125,000	Capital One Bk CD 1.5%, on 3/8/17
\$260,000	Federal Home Loan Bk 1.5%, on 3/17/17
\$200,000	Key Bk OH CD 1.5%, on 3/29/17
\$165,000	Bk of India NY CD 1%, on 3/31/17
\$50,000	Goldman Sachs Bk NY CD 1.6%, on 4/5/17
\$180,000	American Exp Centurion UT CD 1.65%, on 4/5/19
\$100,000	Whitney Bank LA CD 1.65%, on 4/28/17
\$250,000	American Exp Bk UT CD 1.55%, on 5/19/17
\$60,000	Whitney Bank LA CD 1.65%, on 5/26/17
<b>Disbursements:</b>	
N/A	
<b>Receipts:</b>	
N/A	
<b>Transfers:</b>	
\$9,414	Income from Marmen Reserve to Holding Acct
\$425	Inv Mgmt Fee from Marmen Reserve to FNB (Semi-Annual)
\$33,141	<b>Interest Income Received:</b>



# Reserve Accounts

Performance Summary for Period Ending 6/30/2017

	1 YEAR	3 YEARS	5 YEARS	7 YEARS
<b>TOTAL PORTFOLIO (Net of Fees)</b>	<b>0.80</b>	<b>0.82</b>	<b>0.71</b>	<b>0.79</b>
<b>BENCHMARK</b>	<b>0.18</b>	<b>0.45</b>	<b>0.39</b>	<b>0.45</b>
<b>FIXED/TAXABLE - PORTFOLIO</b>	<b>0.82</b>	<b>0.84</b>	<b>0.73</b>	<b>0.81</b>
<i>Fixed ST: Merrill 0-3 Month T-Bill Index</i>	<i>-0.17</i>	<i>1.25</i>	<i>1.16</i>	<i>1.55</i>
<i>Fixed ST: Merrill Treasury/Agency 1-3 Year Index</i>	<i>-0.31</i>	<i>2.48</i>	<i>2.21</i>	<i>3.19</i>
<b>CASH &amp; EQUIV - PORTFOLIO</b>	<b>0.67</b>	<b>0.26</b>	<b>0.16</b>	<b>0.11</b>
<i>Cash Equiv: Citigroup 1 Month T-Bill Index</i>	<i>0.42</i>	<i>0.18</i>	<i>0.12</i>	<i>0.11</i>
<b>CPI-U (as of 5/31/17)</b>	<b>1.9</b>	<b>1.0</b>	<b>1.3</b>	<b>1.7</b>

Total account returns are net of fees when fees are deducted from the account(s). Returns over 1 year are annualized. Benchmark indices are not available for direct investment; their performance does not reflect the expenses associated with the management of an actual portfolio. Total returns are geometric and include the income and change in value of the investment assets over the time period shown. Past performance is no guarantee of future results. Investment products are not bank guaranteed, may lose value, and are not FDIC Insured.

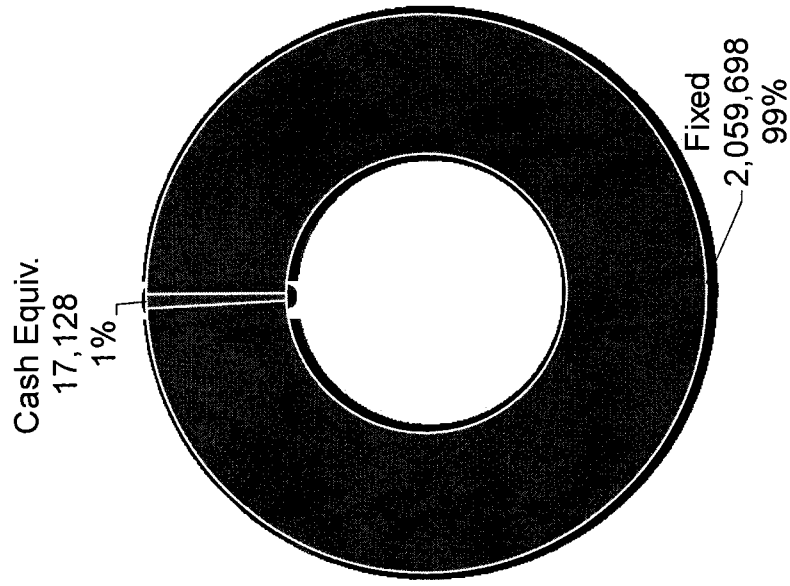
Current benchmark is 50% Merrill 0-3 Month T-Bill Index, 50% Merrill Treasury/Agency 1-3 Year Index. Prior to 1/1/2009 the benchmark was a blend of 80% 1-5 Year US Treasuries and 20% 1-3 Year US Corporate.



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# General Account

Asset Allocation As of 6/30/2017



Portfolio Market Value: \$2,076,826

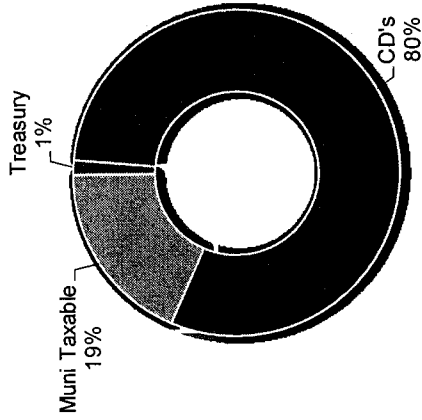
*As the largest determinant of returns and variability,  
you want this positioned for future goals*



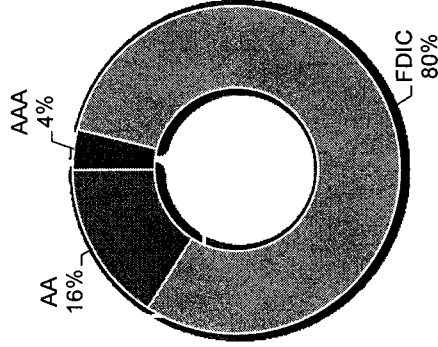
# General Account

Fixed Income Characteristics as of 6/30/2017

## Fixed Income Allocation



## Quality Breakout



Fixed Income Characteristics	
Fixed Income Market Value <sup>A</sup>	\$2,059,698
Estimated Income From Fixed <sup>B</sup>	\$47,299
Estimated Income Divided by Market Value <sup>C</sup>	2.30%
Weighted Average Fixed Yield*	1.96%
Weighted Duration (Years)	3.41

Note: Estimated Income Divided by Market Value is calculated by  $c = \frac{B}{A}$

\*Weighted Average Fixed Yield is based on Market Yield for individual bonds and 30 Day SEC Yield for Fixed Mutual Funds





# General Account

Fixed Income Holdings Summary as of 6/30/2017

Par Value	Market Value	Book Value	Asset Name	Coupon Rate	Maturity Date	Estimated Income	Bond Rating
17,127.54	\$17,127.54	\$17,127.54	Federated Government Obligations Fund Premier #117	0.00%	7/1/2017	\$145.59	
80,000.00	\$80,070.88	\$79,545.60	GE Capital Bank Salt Lake City UT CD Dtd 09/27/2013 1.450% Due 09/27/2017	1.45%	9/27/2017	\$1,160.00	FDIC
30,000.00	\$30,058.56	\$29,820.60	GE Capital Retail Bank Draper UT CD Dtd 04/11/2014 1.500% Due 04/11/2018	1.50%	4/11/2018	\$450.00	FDIC
55,000.00	\$54,925.64	\$54,836.70	Ally Bank UT CD Dtd 05/11/2017 1.350% Due 11/13/2018	1.35%	11/13/2018	\$742.50	FDIC
70,000.00	\$69,631.24	\$70,000.00	MB Financial Bank NA IL CD Dtd 06/10/2016 1.100% Due 12/10/2018	1.10%	12/10/2018	\$770.00	FDIC
25,000.00	\$25,037.40	\$24,988.51	Whitney Bank/Ms LA CD Dtd 04/20/2017 1.650% Due 04/22/2019	1.65%	4/22/2019	\$412.50	FDIC
65,000.00	\$65,491.66	\$64,565.15	Synchrony Bank Draper UT CD Dtd 06/27/2014 2.050% Due 06/27/2019	2.05%	6/27/2019	\$1,332.50	FDIC
100,000.00	\$104,643.00	\$105,225.73	State of Washington WA UTGO Dtd 06/01/2010 4.019% Due 08/01/2019	4.02%	8/1/2019	\$4,019.00	AA+
125,000.00	\$126,632.00	\$124,142.00	State Bank Of India New York NY CD Dtd 10/17/2014 2.250% Due 10/17/2019	2.25%	10/17/2019	\$2,812.50	FDIC
70,000.00	\$69,764.59	\$70,000.00	American Express Centurion UT Dtd 12/01/2016 1.550% Due 12/02/2019	1.55%	12/2/2019	\$1,085.00	FDIC
87,000.00	\$85,479.50	\$86,475.39	Discover Bank DE CD Dtd 07/07/2016 1.200% Due 07/07/2020	1.20%	7/7/2020	\$1,044.00	FDIC
100,000.00	\$100,513.20	\$100,000.00	Everbank/Jacksonville FL CD Dtd 09/30/2015 2.000% Due 09/30/2020	2.00%	9/30/2020	\$2,000.00	FDIC
70,000.00	\$75,274.50	\$75,642.73	Washington County Clean Water OR Revenue Dtd 04/28/2010 4.628% Due 10/01/2020	4.63%	10/1/2020	\$3,239.60	AAA
80,000.00	\$79,542.24	\$80,000.00	Mb Financial Bank NA IL CD Dtd 12/14/2016 1.700% Due 12/14/2020	1.70%	12/14/2020	\$1,360.00	FDIC
70,000.00	\$71,206.10	\$69,811.00	Goldman Sachs Bank USA New York NY CD Dtd 01/28/2015 2.150% Due 01/28/2021	2.15%	1/28/2021	\$1,505.00	FDIC
70,000.00	\$69,050.52	\$70,000.00	Wells Fargo Bank NA SD CD Dtd 06/17/2016 1.750% Due 06/17/2021	1.75%	6/17/2021	\$1,225.00	FDIC
100,000.00	\$101,720.70	\$99,696.00	Synchrony Bank UT CD Dtd 09/04/2015 2.350% Due 09/07/2021	2.35%	9/7/2021	\$2,350.00	FDIC
120,000.00	\$119,992.92	\$120,000.00	State Bank India IL CD Dtd 12/13/2016 2.100% Due 12/13/2021	2.10%	12/13/2021	\$2,520.00	FDIC
70,000.00	\$70,732.55	\$70,000.00	State Bank Of India NY CD Dtd 02/24/2017 2.400% Due 02/24/2022	2.40%	2/24/2022	\$1,680.00	FDIC
60,000.00	\$61,870.20	\$64,106.00	City of Minneapolis MN UTGO Dtd 03/04/2014 2.900% Due 03/01/2022	2.90%	3/1/2022	\$1,740.00	AAA
50,000.00	\$52,984.00	\$54,479.92	State of Texas TX UTGO Dtd 09/29/2010 3.673% Due 04/01/2022	3.67%	4/1/2022	\$1,836.50	AAA
130,000.00	\$130,746.98	\$129,363.86	Goldman Sachs Bank USA NY CD Dtd 05/10/2017 2.350% Due 05/10/2022	2.35%	5/10/2022	\$3,055.00	FDIC
50,000.00	\$50,481.80	\$50,000.00	State Bank Of India NY CD Dtd 05/30/2017 2.450% Due 05/31/2022	2.45%	5/31/2022	\$1,225.00	FDIC
40,000.00	\$40,438.12	\$39,888.00	Synchrony Bank Salt Lake City UT CD Dtd 06/15/2012 2.650% Due 06/15/2022	2.65%	6/15/2022	\$1,060.00	FDIC
30,000.00	\$29,729.31	\$30,711.01	US Treasury Note Dtd 09/30/2015 1.750% Due 09/30/2022	1.75%	9/30/2022	\$525.00	AAA
50,000.00	\$49,795.85	\$49,438.00	Cit Bank UT CD Dtd 03/06/2013 2.300% Due 03/06/2023	2.30%	3/6/2023	\$1,150.00	FDIC
162,000.00	\$159,039.61	\$161,248.32	Discover Bank DE CD Dtd 04/06/2016 2.050% Due 04/06/2023	2.05%	4/6/2023	\$3,321.00	FDIC
75,000.00	\$84,845.25	\$84,790.25	New York City Transitional Finance Revenue Dtd 11/03/2010 4.905% Due 11/01/2024	4.91%	11/1/2024	\$3,678.75	AAA
<b>\$2,051,127.54</b>	<b>\$2,076,825.86</b>	<b>\$2,075,902.31</b>		<b>2.31%</b>	<b>2/20/2021</b>	<b>\$47,444.44</b>	



# General Account

Transaction Summary as of 6/30/2017

## Asset Sales/Maturities:

\$70,000	Medallion Bk Salt Lk Cty UT CD 1.4%, Sold 2/13/17
\$74,000	Home Federal Bk CD .85%, Matured 5/5/17
\$105,000	World Finl Capital Bk UT CD 1.5%, Matured 5/8/17

## Asset Purchases:

\$70,000	State Bk India NY CD 2.4%, on 2/24/17
\$130,000	Goldman Sachs BK NY CD 2.35%, on 5/22/17
\$25,000	Whitney Bk LA CD 1.65%, on 5/26/17
\$55,000	Ally Bk UT CD 1.35%, on 5/26/17
\$50,000	State Bk India NY CD 2.45%, on 5/30/17

## Disbursements:

\$23	GOED AT&T Bill on 1/18/17
\$1,875	Clausen & Rice Professional Services thru 12/31/16 on 2/13/17
\$2,225	Clausen & Rice Professional Services thru 3/31/17 on 4/28/17
\$14	GOED Fed Ex Bill on 5/10/17
\$46	GOED AT&T Bill on 5/17/17
\$9	GOED Fed Ex Bill on 5/17/17
\$43	May Adam Gerdes & Thompson, Legal Services, 6/26/17
\$3,759	Dorsey & Whitney, Legal Services, 6/27/17

## Receipts:

N/A

## Transfers:

\$3,703 Invt Mgmt Fee to FNB on 4/24/17 (Semi-Annual)

## Interest Income Received:

\$21,526



# General Account

Performance Summary for Period Ending 6/30/2017

	1 YEAR	3 YEARS	5 YEARS	7 YEARS
<b>TOTAL PORTFOLIO</b>	<b>1.07</b>	<b>1.57</b>	<b>1.46</b>	<b>1.60</b>
<b>BENCHMARK</b>	<b>0.05</b>	<b>1.23</b>	<b>1.13</b>	<b>1.50</b>
<b>FIXED/TAXABLE - PORTFOLIO</b>	<b>1.29</b>	<b>1.72</b>	<b>1.58</b>	<b>1.70</b>
<i>Fixed ST: Merrill 1-5 Yr Govt/Credit Index</i>	<i>-0.17</i>	<i>1.25</i>	<i>1.16</i>	<i>1.55</i>
<b>CASH &amp; EQUIV - PORTFOLIO</b>	<b>0.57</b>	<b>0.23</b>	<b>0.14</b>	<b>0.10</b>
<i>Cash Equiv: Citigroup 1 Month T-Bill Index</i>	<i>0.42</i>	<i>0.18</i>	<i>0.12</i>	<i>0.11</i>
<b>CPI-U (as of 5/31/17)</b>	<b>1.9</b>	<b>1.0</b>	<b>1.3</b>	<b>1.7</b>

Returns are gross of fees. Returns over 1 year are annualized. Benchmark indices are not available for direct investment; their performance does not reflect the expenses associated with the management of an actual portfolio. Total returns are geometric and include the income and change in value of the investment assets over the time period shown. Past performance is no guarantee of future results. Investment products are not bank guaranteed, may lose value, and are not FDIC Insured. Current benchmark is 100% Merrill US Corp & Govt 1-5 Year AA & above. Prior to 1/1/2009 the benchmark was a blend of 80% 1-5 Year US Treasuries and 20% 1-3 Year US Corporate.





**Economic Development Finance Authority  
November 1, 2017**

**BILLS REQUIRING ACTION**

First National Wealth Management

\$7,465, \$1,200 and \$4,156



# First National Wealth Management

Located at The First National Bank in Sioux Falls®

July 18, 2017

Ashley Moore  
South Dakota Governor's Office  
of Economic Development  
711 E. Wells Avenue  
Pierre, SD 57501

## INVOICE

### Pooled Loan Program Administration Fees for Year Ending June 30, 2017:

For performance of all Trustee administrative services, including monthly and annual reporting, correspondence with Authority personnel, payments of costs as directed by the Authority, borrower payments, insurance coverages, financials, continuing disclosure, reserve fund valuations, audit confirmations, plus out-of-pocket expenses.

Capital Reserve Fund                      81-2609-00-6  
June 30, 2017 Balance    \$5,414,000 x .001            \$5,414

General Fund                                      81-2609-03-0  
June 30, 2017 Balance    \$2,051,000 x .001            \$2,051

TOTAL CHARGE TO GENERAL FUND:                      \$7,465.00

### Apex Loan Program Administration Fees for Year Ending June 30, 2017

For performance of all administrative services, including receipt and disbursement of funds, investment of funds, correspondence with borrowers, monthly & annual statements and loan system reports, audit confirmations, plus out-of-pocket expenses.

6 loans @ \$200 per loan:                      \$1200.00

Donnerite, Enclose Manufacturing, Fromm Hardware, Larson Data, Oat Tech, and Sterling Tech

TOTAL CHARGE TO APEX LOAN REPAYMENT ACCT    \$1,200

These fees will be charged to the appropriate accounts upon the Board's approval.

Thank you for doing business with The First National Bank in Sioux Falls.





# First National Wealth Management

Located at The First National Bank in Sioux Falls®

July 18, 2017

Ashley Moore  
South Dakota Governor's Office  
of Economic Development  
711 East Wells Avenue  
Pierre, SD 57501-3369

RE: SDEDFA Investment Management Services –semiannual for period ending 5/31/17

<u>Account Name</u>	<u>Account Balances (Thousands)</u>	<u>Fee Amount</u>
81-2609-00-6 Capital Reserve	\$5,415	
81-2609-03-0 General Fund	<u>\$2,052</u>	
(Fees to be deducted from General Fund)		\$3,733.50
81-6508-036 Marmen Energy 2013	\$ 845	\$ 422.50
Total Investment Fee Amount		<u>\$4,156.00</u>

These fees will be charged to the appropriate accounts upon the Board's approval.

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