

South Dakota

REDI

**Revolving Economic Development
& Initiative Fund**

June 30, 2009
Annual Financial Report



ready to work

GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT
SOUTH DAKOTA

711 E. Wells Ave.
Pierre, South Dakota 57501-3369
(605) 773-3301 Fax: (605) 773-3256
www.SDReadyToWork.com

Loan Portfolio

Board of Economic Development Activity Loans Approved Fiscal Year 2009

COMPANY	PROJECTED JOBS*	REDI FUND LOAN AMOUNT	TOTAL PROJECT AMOUNT	COMMUNITY
D.T. Holding Company, Inc.	38	\$380,000	\$2,372,875	Arlington
Dakota Fire Systems, Inc.	15	\$225,000	\$666,130	Rapid City
Horizontal Machining & Mfg., Inc.	35	\$700,000	\$2,268,430	Huron
Lake Francis Case Dev. Co./A Square	24	\$300,000	\$675,072	Chamberlain
Pierre Economic Dev. Co./Eagle Creek	157	\$2,000,000	\$5,259,300	Pierre
Rush Company	36	\$750,000	\$2,014,250	Springfield
Webster Area Dev. Corp./Anderson Ind.	16	\$200,000	\$563,500	Webster
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FY 2009 Total: 7 loans	321	\$4,555,000	\$13,819,557	

* Full-time equivalent jobs to be created within three years after loan closing.

REDI Fund Company Activity
September 1987 through June 2009

<u>Company</u> <u>(County in Bold)</u>	<u>Total Loan</u> <u>Amount</u>	<u>Total Project</u> <u>Amount</u>	<u>Projected</u> <u>FTE</u> <u>Jobs</u>
AURORA			
B&H Holding Company	\$108,000	\$243,000	24
BEADLE			
American Foods Group, Inc. I	\$500,000	\$7,790,000	116
American Foods Group, Inc. II/Huron	\$279,400	\$1,220,000	57
American Foods Group, Inc. III/Huron	\$500,000	\$1,750,000	146
Dakota Turkey Growers, LLC	\$3,000,000	\$58,450,000	387
Horizontal Machining & Mfg	\$700,000	\$2,268,430	35
Huron Manufacturing Company	\$65,000	\$200,000	12
Industrial Manufacturing of SD, Inc. I	\$275,000	\$700,000	35
Industrial Manufacturing of SD, Inc. II	\$420,413	\$973,761	54
Industrial Manufacturing of SD, Inc. III	\$650,000	\$2,030,000	60
Midcom, Inc.	\$600,000	\$2,155,000	167.5
Overbuilt, Inc.	\$750,000	\$3,341,908	72
Prairie Trends, Inc.	\$50,000	\$300,000	17
Protective Coating Specialists, Inc.	\$100,000	\$240,000	30
Raven Industries, Inc. II/Huron	\$245,000	\$1,855,000	50
Riverside Manufacturing LLC	\$300,000	\$950,000	60
Shallbetter, Inc.	\$144,000	\$320,955	63
Trussbilt, Inc. I	\$700,000	\$3,223,000	151
Trussbilt, Inc. II	<u>\$315,000</u>	<u>\$1,450,000</u>	<u>54</u>
	\$9,593,813	\$89,218,054	1566.5
BON HOMME			
Broin Enterprises, Inc.	\$112,000	\$312,000	14
Rush Company	<u>\$750,000</u>	<u>\$2,014,250</u>	<u>36</u>
	\$862,000	\$2,326,250	50
BROOKINGS			
Biogenetics Services, Inc.	\$131,988	\$560,000	14.5
Counterpart, Inc.	\$175,000	\$1,480,000	35
Counterpart, Inc. #3	\$558,775	\$2,205,745	60
Dakota Services, LLC I	\$150,000	\$535,000	29
Dakota Services, LLC II	\$200,000	\$787,000	39
Daktronics, Inc. I	\$112,500	\$250,000	33.5
Daktronics, Inc. II	\$400,000	\$900,000	96
Falcon Plastics, Inc III	\$348,000	\$3,620,000	50
Larson Manufacturing, Inc. I	\$750,000	\$3,056,901	92
Larson Manufacturing, Inc. II	\$750,000	\$2,350,000	87
Larson Manufacturing, Inc. III	\$1,500,000	\$6,270,000	191
Larson Manufacturing, Inc. IV	\$1,500,000	\$4,300,000	300
Maize Properties, Inc. I	\$50,000	\$340,786	16
Maize Properties, Inc. II	\$126,450	\$281,000	24
Maize Properties, Inc. III	\$208,000	\$603,441	19

Measurement Technologies	\$100,000	\$800,000	16
Prince Manufacturing Corp.	\$400,000	\$2,750,000	50
REDI Fund Company Activity			Projected
<u>Company</u>	Total Loan	Total Project	FTE
<u>(County in Bold)</u>	Amount	Amount	Jobs
<u>BROOKINGS(Con't.)</u>			
Rainbow Play Systems, Inc.	\$400,000	\$2,954,500	83
Rainbow Play Systems, Inc. II	\$1,500,000	\$6,500,000	100
Sitel Corporation	\$157,500	\$349,500	104.5
South Dakota Soybean Processors	\$1,050,000	\$37,700,000	68
TCF Industries, Inc.	\$200,000	\$937,500	61.5
TCF & Blower II	\$850,000	\$3,700,000	170
Twin City Fan Companies, LTD #2	<u>\$233,564</u>	<u>\$519,032</u>	<u>25</u>
	\$11,851,777	\$83,750,405	1764
BROWN			
Aberdeen Development Corporation I	\$75,000	\$250,000	27.5
Aberdeen Development Corporation II	\$1,350,000	\$3,200,000	N/A
Aberdeen Development Corporation III	\$1,000,000	\$3,000,000	200
Aberdeen Development Corporation V	\$300,000	\$730,000	100
Aberdeen Development Corporation VI	\$1,600,000	\$3,600,000	200
Aberdeen Development Corporation VII*	\$4,500,000	\$21,218,869	708
Cabinets Dakotah	\$25,000	\$60,000	6
Colorworks, LLC	\$50,000	\$410,000	18
FMC Corporation	\$200,000	\$410,000	18
Midcom, Inc. II	\$1,000,000	\$410,000	18
Midstates Printing, Inc.	\$100,000	\$410,000	18
Midstates Printing, Inc. #3	\$1,000,000	\$3,350,000	129
Mutual of Omaha Insurance Co.	\$675,000	\$410,000	18
NE Venture, Inc. I	\$166,667	\$1,200,000	
NE Venture, Inc. II	\$233,333		
NECOG-DC (RRLF)	\$500,000	\$410,000	18
Sheldahl, Inc.	\$1,000,000	\$2,850,000	50
TCF Aerovent, Inc.	\$500,000	\$8,735,000	186
Tempus Nutritionals, Inc.	\$210,000	\$545,000	30
Western Printing	<u>\$100,000</u>	<u>\$555,000</u>	<u>65</u>
	\$14,585,000	\$51,753,869	1809.5
BRULE			
Lake Francis Case Dev. Co./A Square	\$300,000	\$675,072	24
CHARLES MIX			
Aristo Industries, Inc.	\$41,000	\$91,500	20
Boyd's Gunstock Industries, Inc. I	\$35,000	\$155,000	15.5
Boyd's Gunstock Industries, Inc. II	\$40,000	\$88,900	17
Dakotah, Inc. III	\$300,000	\$3,070,000	60
Filters Co., Inc.	<u>\$200,000</u>	<u>\$600,000</u>	<u>50</u>
	\$616,000	\$4,005,400	162.5
REDI Fund Company Activity			Projected
<u>Company</u>	Total Loan	Total Project	FTE

(County in Bold)	Amount	Amount	Jobs
CLAY			
Performance Engineering and Manufacturing, Inc	\$125,000	\$800,000	30
Performance Engineering and Manufacturing, Inc	\$180,000	\$2,340,083	40
JH Investments, LLC	\$1,250,000	\$4,095,000	25
JH Investments, LLC II*	<u>\$1,200,000</u>	<u>\$3,250,000</u>	<u>50</u>
	\$2,755,000	\$10,485,083	145

CODINGTON

Angus-Palm Industries, Inc. I	\$465,000	\$1,998,000	170
Angus-Palm Industries, Inc. II	\$465,000	\$1,850,000	69
Angus-Palm Industries, Inc. III	\$289,000	\$1,026,520	55
Angus-Palm Industries, Inc. IV	\$975,000	\$3,080,000	324
BVH, LLC	\$110,000	\$367,500	18
DBI Holdings, LLC	\$500,000	\$1,930,000	45
Dakota Bodies, Inc.	\$78,000	\$177,709	19
Dakota Finishing Co.	\$55,000	\$125,000	12
Dakota Tube, Inc. I	\$137,106	\$357,680	27
Dakota Tube, Inc. II	\$350,000	\$770,000	60
Dakota Tube, Inc. III	\$200,000	\$650,000	41
Dakota Tube, Inc. IV	\$250,000	\$575,000	50
DC Machining, Inc.	\$51,795	\$115,100	18
Duralite, Inc.	\$75,000	\$325,000	16.5
Dynamic Engineering	\$220,568	\$505,235	45
ESCO Mfg., Inc.	\$158,000	\$383,700	34
First District Dev. Corp.	\$500,000	500,000	0
Global Technologies, Inc.	\$186,975	\$415,500	23
Hesco, Inc./Specialty Mills	\$87,000	\$389,000	15.5
Integrity Tool and Die, Inc.	\$125,000	\$300,000	30
McFleeg of South Dakota	\$300,000	\$3,981,025	10
MidAmerica Mutual Life Insurance Co.	\$500,000	\$2,068,500	125
OEM	\$650,000	\$3,050,000	123.5
OEM II	\$1,500,000	\$7,530,000	102
Persona, Inc.	\$281,700	\$736,600	82
PREMIER Bankcard, Inc.	\$1,175,000	\$4,516,000	398.5
Superior Homes, LLC	\$500,000	\$2,600,000	30
Terex-Telelect, Inc.	\$500,000	\$16,400,000	100
Tower Systems, Inc. I	\$135,000	\$550,000	32.5
Tower Systems, Inc. II	\$90,000	\$200,000	18
Twin City Die Castings Co.	\$500,000	\$1,145,000	125

REDI Fund Company Activity

Company	Total Loan Amount	Total Project Amount	Projected FTE Jobs
(County in Bold)			
CODINGTON(Con't.)			
Watertown Development Corp. I	\$1,250,000	\$2,500,000	112
Watertown Development Corp. II	\$75,000	\$332,000	35
Watertown Development Corp. III	\$295,000	\$883,713	54
Watertown Development Corp. IV	\$1,910,000	\$14,545,340	157
Watertown Development Corp. V*	<u>\$1,550,000</u>	<u>\$4,686,035</u>	<u>30</u>

	\$16,490,144	\$81,565,157	2606.5
CUSTER			
Pacer Corporation #2	\$450,000	\$1,113,000	19
DAVISON			
American Foods Group, Inc. II/Mitchell	\$220,600	\$1,220,000	45
American Foods Group, Inc. III/Mitchell	\$250,000	\$850,000	62
Boyd's Gunstock Industries, Inc. III	\$125,000	\$325,200	25
Boyd's Gunstock Industries, Inc. IV	\$135,000	\$449,400	28
Boyd's Gunstock Industries, Inc. V	\$250,000	\$919,615	50
Dealer's Livestock Eqp. Center, Inc.	\$220,000	\$600,000	33
EMI, LLC	\$750,000	\$3,080,000	30
Mitchell Area Dev. Corp./Verifications	\$700,000	\$2,240,000	150
TCF Industries, Inc./Axial Division	\$558,800	\$3,279,800	85
TCF & Blower Co., LTD	\$300,000	\$3,300,000	60
Thermoset Products, Inc.	\$1,100,000	\$3,400,000	50
Trail King Industries, Inc.	\$125,000	\$2,251,900	165
Trail King Industries, Inc. II	\$250,000	\$633,560	113.5
Vantage Point Solutions	<u>\$1,000,000</u>	<u>\$4,000,000</u>	<u>46</u>
	\$5,984,400	\$26,549,475	942.5
DAY			
Dakota Fiberglass, Inc.	\$150,000	\$376,000	19.5
Dakotah, Inc. I	\$54,000	\$120,000	39
Dakotah, Inc. IV	\$730,000	\$1,967,250	146
ESCO Manufacturing, Inc. II	\$127,000	\$982,912	30.5
Steelworks, Inc.	\$90,000	\$235,000	19
Webster Area Development Corp. I	\$300,000	\$600,000	38
Webster Area Development Corp. II	\$322,000	\$600,000	55
Webster Area Dev. Corp./Anderson Ind.	<u>\$200,000</u>	<u>\$563,500</u>	<u>16</u>
	\$1,973,000	\$5,444,662	363
DEUEL			
Midwest Converter Supply, Inc.	\$120,000	\$334,689	23
SFI Machine Products, Inc.	<u>\$123,000</u>	<u>\$423,500</u>	<u>19</u>
	\$243,000	\$758,189	42
DOUGLAS			
Prairie States Equipment/Petro-Steel, Inc.	\$156,000	\$352,000	23
Werkmeister Welding	<u>\$300,000</u>	<u>\$800,000</u>	<u>28</u>
	\$456,000	\$1,152,000	51
FALL RIVER			
Art Advantage, Inc.	\$275,000	\$656,000	35
Dakota Cinch, Inc.	\$150,000	\$610,000	64
REDI Fund Company Activity			Projected
Company	Total Loan	Total Project	FTE
(County in Bold)	Amount	Amount	Jobs

FALL RIVER(Con't.)

Mineral Technology Corporation	\$120,000	\$985,000	15
Westrom	<u>\$208,250</u>	<u>\$595,000</u>	<u>17</u>
	\$753,250	\$2,846,000	131

GRANT

BER Communications Corp. / Midwest Card Ser	\$185,000	\$428,000	110.5
Dakota Granite	\$350,000	\$2,153,522	60
Dakotah, Inc. II	\$100,000	\$350,000	80
Medware of SD/Mikros USA, Inc.	\$250,000	\$804,000	75
Montage, Inc. I	\$70,000	\$225,000	14
Montage, Inc. II	\$240,000	\$511,505	30
Sleepy Hollow Millwork	\$196,000	\$600,000	60
United Hardware Distributing Co. I	\$2,250,000	\$23,000,000	188
United Hardware Distributing Co. II	<u>\$60,000</u>	<u>\$250,000</u>	<u>12</u>
	\$3,701,000	\$28,322,027	629.5

GREGORY

Parker Enterprises, Inc.	\$100,000	\$366,000	50
Ranchers Welding	<u>\$500,000</u>	<u>\$1,533,000</u>	<u>30</u>
	\$600,000	\$1,899,000	80

HAAKON

Midland Telemarketing	\$30,000	\$70,000	13.5
Scotchman Industries, Inc.	<u>\$125,000</u>	<u>\$845,000</u>	<u>17</u>
	\$155,000	\$915,000	30.5

HAMLIN

Davis Family South Dakota Inc.	\$5,000,000	10,000,000	184
Davisco International, Inc.	<u>\$300,000</u>	<u>\$1,233,000</u>	<u>21</u>
	\$5,300,000	\$11,233,000	205

HUGHES

Global Harvest Birdseed of SD, LLC	\$450,000	\$1,150,000	37
JR&R Partnership	\$180,000	\$527,000	16
Pierre Economic Development Corp.	\$440,000	\$1,100,000	100
Pierre Economic Dev. Corp./Eagle Creek	<u>\$2,000,000</u>	<u>\$5,259,300</u>	<u>157</u>
	\$3,070,000	\$8,036,300	310

HUTCHINSON

MDS Manufacturing Company, Inc.	\$300,000	\$1,274,213	48
Reliance Parts Corp.	\$99,000	\$220,000	24
Wildcat Manufacturing Co., Inc.	\$100,000	\$332,500	23
Wildcat Mfg./Freeman Supply	<u>\$184,500</u>	<u>\$1,016,750</u>	<u>38</u>
Total	\$683,500	\$2,843,463	133

HYDE

Highmore Cattle Auction	\$100,000	\$535,000	29
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REDI Fund Company Activity

<u>Company</u> <u>(County in Bold)</u>	Total Loan Amount	Total Project Amount	Projected FTE Jobs
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JERAULD

LSI, Inc.	\$800,000	\$2,130,000	100
	<u>\$750,000</u>	<u>\$3,800,000</u>	<u>40</u>
LSI, Inc. II	\$1,550,000	\$5,930,000	140

KINGSBURY

Alvord-Polk, Inc.	\$130,000	\$1,060,000	28
Arlington Development Corp.	\$163,000	\$388,800	23
CMI Architectural Products, Inc.	\$100,000	\$1,100,000	20.5
GeoFurnace Manufacturing, Inc.*	\$182,480	\$597,180	24
Lyle Signs, Inc.	\$110,000	\$275,000	15
Shinamerica, Inc.	\$250,000	<u>\$1,400,000</u>	<u>45</u>
D.T. Holding Company, Inc.	<u>\$380,000</u>	<u>\$2,372,875</u>	<u>38</u>
	\$1,315,480	\$7,193,855	193.5

LAKE

Baron Investments, LLC	\$100,000	\$1,062,000	20
Falcon Plastics, Inc. I	\$400,000	\$1,350,000	55.5
Falcon Plastics, Inc. II	\$125,000	\$636,541	25
Gehl Company	\$255,000	\$2,504,831	51
Integra Plastics, Inc. I	\$140,000	\$625,000	28
Integra Plastics, Inc. II	\$75,000	\$175,000	15
Integra Plastics, Inc III	\$181,000	\$753,840	20
Lake Area Improvement Corp I	\$262,500	\$625,000	70
Lake Area Improvement Corp II	\$265,000	\$1,165,000	30
Lake Area Improvement Corp III	\$247,500	\$550,000	25
Lasercut	\$90,000	\$200,000	20
May & Scofield, Inc.	\$140,000	\$580,000	30
New Custom Touch Homes, Inc. I	\$125,000	\$280,000	25
New Custom Touch Homes, Inc. II	\$75,000	\$280,000	15
Paragon Custom Homes, Inc.	\$168,000	\$567,125	30
Persona, Inc. II	\$450,000	\$2,253,000	90
PPD USA, INC. II	\$50,000	\$645,600	10
PPD USA, INC. (UHMW)	\$100,000	\$1,153,100	12.5
Raven Industries, Inc.	\$400,000	\$3,155,000	90
Rosco Manufacturing Company	\$200,000	\$950,000	40
Rosebud Manufacturing Co., Inc. II	<u>\$234,500</u>	<u>\$1,119,000</u>	<u>17</u>
	\$4,083,500	\$20,630,037	719

REDI Fund Company Activity**Company**
(County in Bold)**LAWRENCE**

	Total Loan Amount	Total Project Amount	Projected FTE Jobs
Deadwood Central RR Co.	\$80,000	\$235,000	13
F.L. Thorpe & Co., Inc.	\$256,500	\$713,000	70
Gems By Jim, Inc.	\$100,000	\$460,000	20
Lehman Trikes, USA	\$1,150,000	\$3,903,000	52

M&D Investment Group, LLC	\$201,330	\$948,700	14
NIP Manufacturing, Inc.	\$75,000	\$388,500	10
OEM Worldwide II	\$1,250,000	\$11,195,170	310
Paramount Technical Products	\$130,000	\$742,163	31
PG Technology	\$500,000	\$2,500,000	50
Precision Blending of Idaho	\$405,000	\$850,000	15
RAMVAC Corporation	\$100,000	\$550,000	12
Spearfish Economic Development Corp.	\$1,000,000	\$3,025,374	277
Tri-State, LTD.	<u>\$208,000</u>	<u>\$620,000</u>	<u>35</u>
	\$5,455,830	\$26,130,907	909

LINCOLN

Canton Economic Development Corp. I	\$1,250,000	\$6,200,000	150
Canton Economic Development Corp. II	\$995,000	\$5,852,000	70
Canton Economic Development Corp. III	\$1,575,000	\$4,775,000	89
Canton Economic Development Corp. IV*	\$1,600,000	\$3,600,000	146
DeGeest Manufacturing Co.	\$50,000	\$210,000	12
K-Products, Inc.	\$500,000	\$3,450,000	100
Lennox Area Dev. Corp. (WARE Mfg.) (Parkvie	\$750,000	\$4,650,000	100
Showplace Wood Products, Inc. I	\$500,000	\$2,482,900	99
Showplace Wood Products, Inc. II	\$464,801	\$1,401,779	65
Showplace Wood Products, Inc. III	\$320,500	\$1,627,529	308
Showplace Wood Products, Inc. IV	\$500,000	\$2,731,794	173
Showplace Wood Products, Inc. V	\$500,000	\$2,388,722	163
Tea Industries, Inc.	<u>\$150,000</u>	<u>\$333,000</u>	<u>80</u>
	\$9,155,301	\$39,702,724	1555

MARSHALL

Sheldahl, Inc.	\$750,000	\$2,850,000	150
Truss-Pros, Inc.	\$171,000	\$575,000	13.75
Veblen Cheese Factory, Inc.	<u>\$292,500</u>	<u>\$650,000</u>	<u>33</u>
	\$1,213,500	\$4,075,000	196.75

MCCOOK

Bridgewater Quality Meats	\$250,000	\$965,000	50
Feterl Acquisition Corporation	\$600,000	\$3,174,000	83
Rosebud Manufacturing Company, Inc.	<u>\$100,000</u>	<u>\$371,750</u>	<u>19.5</u>
	\$950,000	\$4,510,750	152.5

REDI Fund Company Activity

Company
(County in Bold)

Total Loan Amount	Total Project Amount	Projected FTE Jobs
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MCPHERSON

Day Break, Inc.	\$25,000	\$50,000	17.5
Eureka Development Corporation I	\$290,000	\$390,000	71
Eureka Development Corporation II	<u>\$125,000</u>	<u>\$473,000</u>	<u>160</u>
	\$440,000	\$913,000	248.5

MEADE

Cor-Bon Bullets, Inc.	\$60,000	\$455,000	36
Glenwood/Loan Tree	\$13,500	\$30,000	6

NIP Manufacturing, Inc.	\$75,000	\$388,500	10
Sturgis Industrial Dev. Corp. I	\$175,000	\$362,500	25
Sturgis Industrial Dev. Corp. II	\$300,250	\$709,300	98
Sturgis Industrial Dev. Corp. III	\$110,000	\$308,000	12
Tower Stools	<u>\$25,000</u>	<u>\$100,000</u>	<u>11</u>
	\$758,750	\$2,353,300	198

MINER

Jan's Frozen Foods	\$325,000	\$1,630,000	67
WrapIt Corporation	\$100,000	\$2,811,160	90.5
Miner Co. Revitalization	<u>\$725,000</u>	<u>\$1,647,296</u>	<u>46</u>
	\$1,150,000	\$6,088,456	203.5

MINNEHAHA

American Western Corporation	\$450,000	\$1,000,000	90
AmeriPharm Inc.	\$1,000,000	\$4,750,000	201
Bell Paper Box, Inc.	\$200,000	\$750,000	66
Central States Fire Apparatus, LLC*	\$400,000	\$1,183,000	45
Component Manufacturing Company	\$240,000	\$600,000	37
Crimson Fire, Inc.	\$1,250,000	\$3,075,500	15
Del's Cabinets, Inc.	\$45,000	\$100,000	12.5
Design Tanks, Inc.	\$900,000	\$2,013,750	58
Dressen Custom Trailers, Inc.	\$73,636	\$298,636	15
Electronic Systems, Inc. I	\$245,000	\$545,000	39
Electronic Systems, Inc. II	\$305,000	\$1,255,000	61
Elston Equipment, Inc.	\$33,750	\$75,000	14
Forever New (Neoverures), Inc.	\$40,000	\$110,000	8.5
Gateway, Inc. IV	\$2,000,000	\$14,840,000	645
Graco, Inc.	\$750,000	\$8,442,000	119
Hematech, LLC I	\$200,000	\$835,000	30.5
Hematech, LLC II	\$325,000	\$709,600	21
High Performance Engineering	\$67,000	\$165,000	10
Hutchinson Technology, Inc. I	\$1,500,000	\$3,500,000	350
Hutchinson Technology, Inc. II	\$1,500,000	\$3,740,000	377

REDI Fund Company Activity

Company

(County in Bold)

MINNEHAHA(Con't)

	Total Loan Amount	Total Project Amount	Projected FTE Jobs
InterActive, Inc.	\$40,000	\$90,000	28.5
Labelcrafters of South Dakota, Inc. I	\$17,500	\$43,000	4
Labelcrafters of South Dakota, Inc. II	\$20,000	\$265,000	4
LodgeNet Entertainment Corp.	\$1,000,000	\$14,114,364	225
Lou-Rich, Inc.	\$91,400	\$209,000	24
Luverne Truck Equipment Inc.	\$400,000	\$1,300,000	305
Maguire Tank, Inc.	\$175,000	\$1,350,000	31
Midwest Precision Tool & Die, Inc.	\$250,000	\$2,589,400	50
Mitographers, Inc.	\$175,000	\$750,000	28
Nordic Advantage, Inc.	\$1,500,000	\$3,350,000	300
Omnitech, Inc	\$214,650	\$477,000	30
Raven Industries, Inc. II	\$105,000	\$795,000	23
Sencore, Inc.	\$350,000	\$780,000	70

SODA Partners, LLC #3	\$1,100,000	\$2,693,618	85
SolCom, Inc.	\$669,000	\$2,619,000	100
Specialized Card Services I	\$750,000	\$2,056,582	150
Specialized Card Services II	\$400,000	\$1,888,889	170
Specialized Card Services III	\$850,000	\$889,750	80
Specialized Card Services IV	\$1,500,000	\$5,992,717	300
Specialized Card Services V	\$1,300,000	\$5,187,888	260
StarMark, Inc.	\$315,000	\$700,000	63
South Eastern Development Foundation	\$500,000	\$500,000	0
Tel-Drug	\$1,400,000	\$6,200,000	214
Tiger Corporation	\$381,600	\$954,000	118
Total Fire Protection, Inc.	\$300,000	\$2,025,000	30
Tower Tech Systems, Inc.*	\$1,500,000	\$23,990,000	145
Valentine Technology, Inc.	\$200,000	\$1,050,000	75
Wheeler Tank Manufacturing, Inc.	\$200,000	\$550,000	39
Wheeler Tank Manufacturing, Inc. II	\$100,000	\$330,000	22
Yellow Freight System, Inc.	<u>\$750,000</u>	<u>\$2,223,250</u>	<u>127</u>
	\$28,078,536	\$133,950,944	5315

MOODY

Dakota Layers Coop. I	\$400,000	\$9,290,000	21
Dakota Layers Coop II	<u>\$1,500,000</u>	<u>\$4,941,996</u>	<u>40</u>
	\$1,900,000	\$14,231,996	61

PENNINGTON

Accuracy Inc.	\$50,000	\$393,000	15
All-Mark/Claussen, Inc.	\$76,050	\$169,000	53.5
American Concrete Equipment Corp.	\$450,000	\$1,440,000	41
Baker Timber Products, Inc.	\$250,000	\$640,000	31
Biofoam Corporation	\$200,000	\$750,000	60.5

REDI Fund Company Activity

<u>Company</u> <u>(County in Bold)</u>	<u>Total Loan</u> <u>Amount</u>	<u>Total Project</u> <u>Amount</u>	<u>Projected</u> <u>FTE</u> <u>Jobs</u>
Black Hills Molding, Inc.	\$120,000	\$450,000	20
Black Hills Silver, Inc.	\$90,000	\$221,396	14
Casto Travel, Inc.	\$185,000	\$405,000	67
Conseco Fin. Serv. Corp. I	\$2,000,000	\$5,000,000	347
Conseco Fin. Serv. Corp. II	\$1,500,000	\$5,022,656	225
Conseco Fin. Serv. Corp. III	\$250,000	\$1,352,590	90
Custom Packaging Systems, Inc. I	\$177,500	\$685,000	85
Custom Packaging Systems, Inc. II	\$100,000	\$400,000	20
Custom Packaging Systems, Inc. III	\$100,000	\$248,000	55
Custom Packaging Systems, Inc. IV	\$50,000	\$112,000	83
Dakota Fire Systems, Inc.	\$225,000	\$666,130	15
Dakota Ventures, Inc. I	\$50,000	\$150,000	
Dakota Ventures, Inc. II	\$75,000	\$225,000	
Envirocare, Inc.	\$40,000	\$91,900	34
Fenske Printing, Inc.	\$400,000	\$1,500,000	42
GFI America, Inc. I	\$1,500,000	\$10,125,000	235
GFI America, Inc. II	\$1,000,000	\$3,125,000	115

Gunderson Manufacturing Company	\$60,000	\$160,000	12
H-S Precision, Inc. I	\$175,000	\$825,000	42
H-S Precision, Inc. II	\$125,000	\$300,000	25
H-S Precision, Inc. III	\$180,000	\$400,000	30
Hi-Qual Manufacturing, Inc. I	\$300,000	\$1,600,000	43
Hoag Land Company, LLC*	\$163,000	\$923,000	17
Landstrom's	\$700,000	\$9,185,000	140
Lytleware Enterprises	\$55,000	\$196,000	11
Magnum Diamond I	\$80,000	\$250,000	11
Magnum Diamond II	\$90,000	\$208,950	22
MEMSense, LLC	\$90,000	\$225,000	5
MPI, Inc.	\$825,000	\$1,871,420	168
Phase Technologies Parnters, LLC	\$290,000	\$1,158,527	27
Precision Prototype	\$50,000	\$172,600	7
RIDCO, Inc.	\$500,000	\$1,680,000	103
Riss Brothers Millwork, Inc. I	\$100,000	\$1,130,000	28
Riss Brothers Millwork, Inc. II	\$150,000	\$544,000	34
Riss Brothers Millwork, Inc. III	\$205,000	\$655,000	55
Risstone Casegoods, Inc.	\$280,000	\$630,000	82
RMA	\$72,525	\$221,167	77.5
SCI Technology, Inc.	\$1,500,000	\$15,203,122	417
Spiegel Teleservices, Inc.	\$1,750,000	\$7,445,000	360.5
Terryberry Company	\$150,000	\$1,350,000	30
West River Foundation - RRLF	\$500,000	\$500,000	0
Workrite Uniform Co.	<u>\$1,275,000</u>	<u>\$7,905,000</u>	<u>124</u>
	\$18,554,075	\$87,910,458	3519

REDI Fund Company Activity

Company

(County in Bold)

PERKINS

	Total Loan Amount	Total Project Amount	Projected FTE Jobs
Wheeler Manufacturing Co., Inc.	\$100,000	\$311,000	20
Wheeler Manufacturing Co., Inc. II	<u>\$150,000</u>	<u>\$350,000</u>	<u>30</u>
	\$250,000	\$661,000	50

ROBERTS

Cattail Company, LLP	\$150,000	\$1,050,000	33
Cattail Company, LLP II*	\$2,000,000	\$6,800,000	82
One-Ten Corporation	\$250,000	\$1,768,000	210
Northeast SD Economic Development	\$500,000	\$500,000	0
Schiltz Foods, Inc.	\$323,541	\$718,980	73
Sisseton Development Company	\$400,000	\$901,133	120
Sisseton Econ. Dev./Power Sentry	\$290,277	\$290,277	N/A
Tri-State Ethanol Company	<u>\$450,000</u>	<u>\$18,000,000</u>	<u>19</u>
	\$4,363,818	\$30,028,390	537

SANBORN

Van Dyke Supply Company, Inc.	\$1,000,000	\$1,000,000	100
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SPINK

Markley Millwork	\$65,000	\$420,000	13
Redfield Industrial Dev. Corp./ACI	<u>\$355,000</u>	<u>\$605,000</u>	<u>75</u>

	\$420,000	\$1,025,000	88
TODD			
Rosebud Community Landfill	\$22,500	\$111,000	4

TURNER			
Bowden's Automated Products	\$100,000	\$300,000	50
ProCon Products, Inc.	<u>\$20,000</u>	<u>\$64,149</u>	<u>4</u>
	\$120,000	\$364,149	54

UNION			
2400 North Lincoln Management Corp.	\$315,000	\$700,000	89
AaLadin Industries, Inc. I	\$43,000	\$175,183	34
AaLadin Industries, Inc. II	\$205,000	\$603,740	41
Alkota Cleaning Systems, Inc.	\$200,000	\$621,000	25
Beef Products, Inc.	\$200,000	\$2,391,814	33
Brown Commercial Construction Co.	\$440,000	\$980,000	15
CSJ Properties, LLC	\$100,000	\$445,000	8
Direct Transit, Inc. I	\$200,000	\$677,081	49
Direct Transit, Inc. II	\$500,000	\$2,524,000	173
Enviro Safe Air, Inc.	\$120,000	\$300,000	24.5
Gateway, Inc. I	\$700,000	\$8,697,051	245

REDI Fund Company Activity			Projected
<u>Company</u>	Total Loan	Total Project	FTE
(County in Bold)	Amount	Amount	Jobs
UNION(Con't.)			
Gateway, Inc. II	\$250,000	\$1,242,715	154
Gateway, Inc. III	\$1,000,000	\$11,000,000	1213
Heartland Quality Foods/IAMS Co., Inc.	\$357,500	\$4,200,000	62
ibp, Inc. I	\$800,000	\$3,100,000	100
ibp, Inc. II	\$3,000,000	\$25,100,000	578
MDMT, Inc.	\$320,000	\$1,000,000	39
Nutraferma, Inc.*	\$1,000,000	\$10,000,000	34
Prince Manufacturing Corporation	\$400,000	\$3,935,000	50
Southeast Farmers Elevator	\$750,000	\$4,818,000	6.5
Tower Engineering	\$55,000	\$265,000	12
Tristate Laminated Doors/Components	<u>\$150,000</u>	<u>\$1,200,000</u>	<u>37</u>
	\$11,105,500	\$83,975,584	3022

WALWORTH			
Blaze Technologies, Inc.	\$40,000	\$66,700	8
DMCO, Inc.	\$36,000	\$145,000	7
Mobridge Economic Dev. Corp.	\$290,000	\$780,000	150
One World Distribution, Inc.	<u>\$148,000</u>	<u>\$330,000</u>	<u>51</u>
Total	\$514,000	\$1,321,700	216

YANKTON			
Applied Engineering, Inc.	\$250,000	\$1,600,000	39
Areawide Business Council - RRLF	\$500,000	\$500,000	0
Ehresmann Engineering, Inc.	\$125,000	\$350,000	15
Excelltech, Inc.	\$81,000	\$182,000	14

Hastings Manufacturing	\$500,000	\$1,576,000	55
M-Tron	\$296,000	\$1,200,000	126
Shur Company I	\$255,000	\$940,685	48
Shur Company II	\$150,000	\$533,204	30
Shur Company III	\$240,000	\$646,400	50.5
Summit Precision, Inc.	\$500,000	\$2,330,000	85
Yankton Area Progressive/L&M Radiator	<u>\$830,000</u>	<u>\$2,261,497</u>	<u>53</u>
Total	\$3,727,000	\$12,119,786	516

EDFA-APEX I	\$1,000,000	\$3,500,000	N/A
EDFA -APEX II	\$125,000	\$625,000	N/A
EDFA- APEX III	\$200,000	\$950,000	N/A
SDDC	\$3,000,000	\$3,000,000	N/A
VASF (available funds)	3,000,000	\$3,000,000	N/A
VATSF (available funds)	\$3,000,000	\$3,000,000	N/A
	\$10,325,000	\$14,075,000	

FY 1987-2009			
GRAND TOTAL:	\$187,445,674	\$913,972,442	29,115

*not closed

**defaulted

*** **NOTE: Totals only includes loans approved and funded. All loans approved, but never funded (and officially withdrawn) are listed seperately below.**

Withdrawn Loans

Aberdeen Development Corporation IV	\$1,500,000	\$6,300,000	125
Aberdeen Machine Tool Inc.	\$99,000	\$221,000	18
Acrylics by Jane of SD Inc.	\$170,000	\$600,000	31.5
APA Optics, Inc.	\$300,000	\$6,375,000	106
BioChem Building Applications #1	\$300,000	\$1,200,000	25
Bioverse, Inc.	\$200,000	\$620,000	27
Bell Farms, LLP	\$500,000	\$3,000,000	8
Cimpl Meats, Inc.	\$200,000	\$700,000	8
Clark Area New Horizons, LLC*	\$765,000	\$1,700,000	78
CoEv, Inc.	\$1,250,000	\$4,120,000	249
Conseco Fin. Serv. Corp. IV	\$1,000,000	\$3,566,000	200
CoSentry Dakotas, LLC *	\$100,000	\$326,525	9
Dakota Machine Service, Inc.	\$70,000	\$180,000	11
Davisco Int. Inc	\$262,000	\$9,517,000	63
Dayton Rogers Manufacturing	\$750,000	\$4,502,964	90
DeSCo Architectural, Inc	\$75,000	\$75,000	31
Dove Performance Parts, Inc.	\$180,000	\$400,000	32.5
EMPI Inc.	\$450,000	\$1,100,000	175.5
EPS Technologies	\$213,750		
EPS Technologies	\$225,000	\$225,000	144
Faultless Nutting, Inc.	\$450,000	\$1,000,000	250
FIMCO, Inc.	\$575,000	\$9,357,024	83.25
Front Line Chemical, LLC*	\$150,000	\$510,000	16

Hilton Development Corporation	\$350,000	\$6,190,000	37.75
Hi-Qual Manufacturing, Inc. II	\$500,000	\$2,000,000	58
Integrity Meats	\$125,000	\$500,000	24
Intercity Holding Co	\$225,000	\$500,000	
Jack First Inc.	\$31,500	\$70,000	
Lund Industries, Inc.	\$1,000,000	\$1,000,000	
Marquardt Transportation	\$100,000	\$315,859	179
Micro-Voice, Inc.	\$162,000	\$410,000	18
Minnkota Fisheries, Inc.	\$75,000	\$302,500	15
MPI	\$500,000	\$500,000	100
MSD Woodworking Company	\$32,500	\$113,000	18
Muller Industries, Inc.	\$150,000	\$554,000	30
NE Venture, Inc. III	\$200,000	\$600,000	41
Paytrust, Inc.	\$1,000,000	\$4,044,000	203
Portfolio Analysis Systems, Inc	\$100,000	\$650,000	34
PPD USA, Inc.	\$500,000	\$500,000	166
Rapid City Economic Dev Foundation	\$850,000	\$2,000,000	99
RBE Electronics	\$495,000	\$1,100,000	125
Ridgefield Farms of South Dakota	\$3,000,000	\$40,750,000	272
RKG, Inc.	\$150,000	\$585,000	46
RMA, Inc.	\$72,525	\$221,167	133.5
Schnell Welding & Machine	\$14,000	\$40,000	9.5
Sentra@NET, LLC	\$250,000	\$1,180,000	40
Sheldahl, Inc.	\$500,000	\$2,250,000	147.5
Special Teams, Inc.	\$350,000	\$600,000	62
Synergy Solutions, Inc.	\$200,000	\$461,400	50
TCF & Blower Companies, Ltd.	\$300,000		
TCF & Blower Companies, Ltd.	\$400,000		
TDS Dakota Land Holdings, LLC	\$1,750,000	\$7,567,000	287
Telnet Systems, Inc	\$250,000	\$677,000	225
Tri-State Ethanol Company	\$450,000	\$18,000,000	25
Ultimate Direction, Inc	\$50,000		
Vallon Inc.	\$430,000	\$2,308,555	91
WhBMC Group, Inc	\$226,250	\$512,500	46
Workrite Uniform Company	\$225,000	\$225,000	
MFS Partnership (Entrepreneur Support Fund)	\$50,000		
	\$24,848,525	\$152,322,494	4363

**SOUTH DAKOTA REVOLVING ECONOMIC DEVELOPMENT
AND INITIATIVE FUND**

AUDIT REPORT

Fiscal Year Ended June 30, 2009



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

SOUTH DAKOTA REVOLVING ECONOMIC DEVELOPMENT
AND INITIATIVE FUND
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427 SOUTH CHAPELLE
C/O 500 EAST CAPITOL
PIERRE SD 57501-5070
(605) 773-3595
FAX (605) 773-6454

MARTIN L. GUINDON, CPA
AUDITOR GENERAL

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 M. Michael Rounds
Governor of South Dakota

and

South Dakota Board of Economic Development

We have audited the financial statements of the South Dakota Revolving Economic Development and Initiative Fund as of and for the fiscal year ended June 30, 2009 and have issued our report thereon dated October 31, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the South Dakota Revolving Economic Development and Initiative Fund's internal control over financial reporting as a basis for designing our auditing procedures 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 South Dakota Revolving Economic Development and Initiative Fund's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the South Dakota Revolving Economic Development and Initiative Fund's internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies


in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the South Dakota Revolving Economic Development and Initiative Fund's financial statements are free of 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*.

We noted certain matters that we reported to management of the South Dakota Revolving Economic Development and Initiative Fund in a separate letter dated October 31, 2009.

This report is intended solely for the information and use of management and members of the South Dakota Legislature and is not intended to be and should not be used by anyone other than those specified. However, this report is a matter of public record and its distribution is not limited.



Martin L. Guindon, CPA
Auditor General

October 31, 2009



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

MARTIN L. GUINDON, CPA
AUDITOR GENERAL

INDEPENDENT AUDITOR'S REPORT

The Honorable M. Michael Rounds
Governor of South Dakota

and

South Dakota Board of Economic Development

We have audited the accompanying financial statements of the South Dakota Revolving Economic Development and Initiative Fund, as of and for the fiscal year ended June 30, 2009, as listed in the Table of Contents. These financial statements are the responsibility of the South Dakota Board of Economic Development's management. Our responsibility is to express an opinion on these financial statements based on our audit.

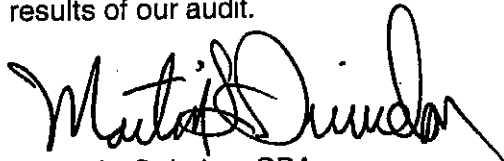
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The financial statements of the South Dakota Revolving Economic Development and Initiative Fund are intended to present the financial position, and changes in financial position and cash flows, of the business type activities of the State that is attributable to the transactions of the South Dakota Revolving Economic Development and Initiative Fund. They do not purport to, and do not, present fairly the financial position of the State of South Dakota as of June 30, 2009, and the changes in its financial position and its cash flows, where applicable, for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the South Dakota Revolving Economic Development and Initiative Fund as of June 30, 2009, and the respective changes in financial position and cash flows thereof for

the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2009 on our consideration of the South Dakota Revolving Economic Development and Initiative Fund's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

A handwritten signature in black ink, appearing to read "Martin L. Guindon". The signature is fluid and cursive, with a large initial "M" and "G".

Martin L. Guindon, CPA
Auditor General

October 31, 2009

SOUTH DAKOTA REVOLVING ECONOMIC DEVELOPMENT
AND INITIATIVE FUND
STATEMENT OF NET ASSETS
June 30, 2009

ASSETS:

Current Assets:

Cash and Cash Equivalents (Note 2C)	\$ 34,734,416
Accounts Receivable - Bankwest	16,734
Loan Interest Receivable	152,393
Investment Income Receivable	305,803
Loans Receivable (Net) (Note 2F)	13,325,171
Motor Fuel Tax Refunds Receivable	6,221
Total Current Assets	<u>48,540,738</u>

Noncurrent Assets:

Equipment (Net) (Note 2E)	25,529
Loans Receivable (Net) (Note 2F)	39,541,527
Total Noncurrent Assets	<u>39,567,056</u>

TOTAL ASSETS

88,107,794

LIABILITIES:

Current Liabilities:

Accounts Payable	18,689
Wages Payable	25,275
Accrued Leave Liability (Note 5)	23,807
Due to Other Funds	5,772
Total Current Liabilities	<u>73,543</u>

Noncurrent Portion of Accrued Leave Liability (Note 5)

21,197

TOTAL LIABILITIES

94,740

NET ASSETS:

Invested in Capital Assets	25,529
Unrestricted	87,987,525

TOTAL NET ASSETS

\$ 88,013,054

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

SOUTH DAKOTA REVOLVING ECONOMIC DEVELOPMENT
AND INITIATIVE FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
For the Fiscal Year Ended June 30, 2009

Operating Revenue:	
Interest Income on Loans	\$ 1,409,816
Other Income	152,505
Total Operating Revenue	<u>1,562,321</u>
Operating Expenses:	
Personal Services and Benefits	394,964
Travel	21,584
Contractual Services	240,971
Supplies and Materials	6,015
Grants and Subsidies	197,097
Depreciation Expense (Note 2E)	2,020
Total Operating Expenses	<u>862,651</u>
Operating Income (Loss)	699,670
Nonoperating Revenue (Expense):	
Investment Income	2,024,847
Other Income	164,512
Other Expense	(13,262)
Total Nonoperating Revenue (Expense)	<u>2,176,097</u>
Change in Net Assets	2,875,767
Beginning Net Assets	<u>85,137,287</u>
End of Year Net Assets	<u>\$ 88,013,054</u>

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

SOUTH DAKOTA REVOLVING ECONOMIC DEVELOPMENT
AND INITIATIVE FUND
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2009

Cash Flows From Operating Activities:		
Receipts for Loan Repayments	\$ 7,005,998	
Payments for Loans Originated	(15,505,702)	
Other Receipts - Motor Fuel Taxes	163,621	
Receipts from Customers and Users	152,505	
Payments for Employee Services	(317,541)	
Payments for Interfund Services Used	(58,483)	
Payments to Suppliers and for Benefits and Claims	(477,929)	
Net Cash Provided (Used) by Operating Activities		(9,037,531)
Cash Flows From Capital and Related Financing Activities:		
Purchases of Capital Assets	(13,199)	
Net Cash Provided (Used) by Capital and Related Financing Activities:		(13,199)
Cash Flows From Investing Activities:		
Pooled Investment Income	2,160,006	
Security Lending Rebate Fees	(13,262)	
Net Cash Provided by Investing Activities		2,146,744
Net Increase (Decrease) in Cash and Cash Equivalents During the Fiscal Year		(6,903,986)
Cash and Cash Equivalents at Beginning of Year		<u>41,638,402</u>
Cash and Cash Equivalents at End of Year		<u>\$ 34,734,416</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)		\$ 699,670
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation/Amortization Expense	2,020	
Miscellaneous Nonoperating Income	164,512	
Motor Fuel Tax Refunds Receivable	(893)	
Decrease/(Increase) in Assets:		
Loans Receivable	(9,908,111)	
Loan Interest Receivable	(55,687)	
Accounts Receivable - Bankwest	53,948	
Increase/(Decrease) in Liabilities:		
Accounts Payable	7,844	
Wages Payable	670	
Accrued Leave Liability	(2,247)	
Due to Other Funds	743	
Total Adjustments		<u>(9,737,201)</u>
Net Cash Provided (Used) by Operating Activities		<u>\$ (9,037,531)</u>

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

**SOUTH DAKOTA REVOLVING ECONOMIC DEVELOPMENT
AND INITIATIVE FUND
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009**

1. AUTHORIZING LEGISLATION

The South Dakota Revolving Economic Development and Initiative Fund (REDI Fund) was created in 1987 by an act of the South Dakota Legislature. The REDI Fund was established for the purpose of making loans for economic development. The REDI Fund is a fund of the State of South Dakota and is administered by the Governor's Office of Economic Development (GOED).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Fund Accounting

The REDI Fund is accounted for as an enterprise fund. Enterprise funds are used to account for activities that are financed and operated in a manner similar to private business enterprises. The REDI Fund is a part 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. Basis of Accounting

The REDI Fund follows the accrual basis of accounting. This method of accounting recognizes the financial effect of transactions, events, and interfund activities when they occur, regardless of the timing of related cash flows. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition, such as investment earnings are reported as nonoperating. The REDI Fund follows all Governmental Accounting Standards Board (GASB) pronouncements and those Financial Accounting Standards Boards Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins that were issued on or before November 30, 1989, except those that conflict with a GASB pronouncement.

C. Cash and Investments

Cash includes cash on hand and a participating interest in the State's internal investment pool held by the State Treasurer and is used for the purposes of reporting cash flows. 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 Capitol, Pierre, South Dakota 57501.

D. Value Added Agriculture Subfund Projects

The Board of Economic Development (BED) approves projects funded from the Value Added Agriculture Subfund in the form of loans, grants or loans/grants. For financial reporting purposes, the BED estimates that 10% of the projects financed as loans/grants during the year will be repaid in the form of loans and records this estimate as loans receivable in the financial statements with the balance of the financing reported as a grant expense. Upon project completion, the BED evaluates the feasibility of the project and determines if the funds provided are considered a grant or will be repaid in the form of a loan.

E. Capital Assets

Assets are capitalized based on policies established by the South Dakota Bureau of Finance and Management. Capital assets are capitalized at cost or estimated historical cost, if the original cost is unavailable. Equipment is capitalized when the cost of individual items is \$5,000 or more. Depreciation on capital assets is computed using the straight line method over the estimated useful lives of the assets, which is 3 to 10 years for all assets. When assets are disposed of, the costs and related accumulated depreciation are removed from the accounts and any gain or loss is reflected in the results from operations in the period of disposal.

A summary of changes in capital assets for the year ended June 30, 2009 is as follows:

	<u>Balance</u> <u>07/01/08</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>06/30/09</u>
Equipment	\$14,400	\$13,199	\$ -0-	\$27,599
Accumulated Depreciation	50	2,020	-0-	2,070
Capital Assets, Net	<u>\$14,350</u>	<u>\$11,179</u>	<u>\$ -0-</u>	<u>\$25,529</u>

F. Loans Receivable

Loans receivable at June 30, 2009, is shown net of the allowance for doubtful loans of \$996,066.

3. VALUE ADDED AGRICULTURE SUBFUND ACTIVITY

During the 1999 legislative session the Value Added Agriculture Subfund was created within the REDI Fund. The legislature designated three million dollars from the REDI Fund for the purpose of making grants or loans for value added agricultural products. It also designated three cents per gallon of each motor fuel tax refund on any purchases of motor fuel after July 1, 1999, for the purpose of this fund.

The following is a breakdown of the activity in the subfund for FY09 and its corresponding net assets at June 30, 2009:

	Value Added Agriculture SubFund
Beginning Net Assets	\$ 2,921,315
Grant Expense	(197,097)
Motor Fuel Tax Refund Income	164,514
Investment Income	126,883
Ending Net Assets	<u>\$ 3,015,615</u>

4. COMMITMENTS

At June 30, 2009, the REDI Fund has the following commitments:

Value-Added Agriculture projects approved by the South Dakota Board of Economic Development but not disbursed at June 30, 2009 -----	\$ 467,198
REDI Fund loans approved by the South Dakota Board of Economic Development but not disbursed at June 30, 2009 -----	\$ 4,685,056
South Dakota Economic Development Finance Authority for the Agriculture Processing and Export Loan Program (RECD Intermediary Relending Program) -----	\$ 325,000

5. ACCRUED LEAVE LIABILITY

Annual leave is earned by all employees. Upon termination, employees are eligible to receive compensation for their accrued annual leave balances. Employees who have been continuously employed by the State of South Dakota for at least seven years prior to the date of their retirement, voluntary resignation or death will receive payment for one-fourth of their accumulated sick leave balance, such payment not to exceed the sum of twelve weeks of employee's annual compensation. The total leave liability of \$45,005 at June 30, 2009, is shown as short and long-term liabilities on the Statement of Net Assets.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Accrued Leave Liability	\$ 47,253	\$ 31,041	\$ 33,290	\$ 45,004	\$ 23,807

6. RETIREMENT PLAN

The GOED 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 writing to the SDRS, P.O. Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

Employees are required by state statute to contribute 6 percent of their salary to the plan. State statute also requires 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 GOED's contributions to the SDRS for the fiscal years ended June 30, 2009, 2008, and 2007 were \$19,762, \$19,583, and \$16,915 respectively, equal to the required contributions each year.

7. PUBLIC ENTITY POOL FOR LIABILITY

The GOED 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 GOED is uninsured for property loss. The GOED 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, and, 4) coverage for workers' compensation benefits through the State's Workers' Compensation 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.

DEPARTMENT OF TOURISM AND STATE DEVELOPMENT

PRIOR AUDIT FINDING

State Audit Finding:

Finding No. 04001200801:

Controls were not adequate to ensure the accuracy of amounts reported in the financial statements including the identification and correction of reporting errors and omissions.

Auditee's Corrective Action Plan:

Recommendation was implemented.