

South Dakota

EDFA

Economic Development Finance Authority

June 30, 2010
Annual Financial Report



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GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT
SOUTH DAKOTA

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Loan Portfolio

Economic Development Finance Authority Activity Loans Approved Fiscal Year 2010

APEX Fund

COMPANY	APEX FUND PROJECTED JOBS*	TOTAL LOAN AMOUNT	PROJECT AMOUNT	COMMUNITY
Bandit Shooting Supplies, LLC	4	\$117,000	\$175,000	Hermosa
GeoFurnace MFG, Inc.	5	\$56,545	\$78,680	DeSmet
Hildebrand Steele & Concrete Const.	3	\$127,679	\$170,239	Murdo
TTJ Properties, LLC	32	\$250,000	\$912,705	Gary
Voellinger Dakota, LLC	5	\$102,563	\$136,750	Mitchell
<hr/>				
FY 2010 Total: 5 loans	49	\$653,787	\$1,473,374	

EDFA Bonds

COMPANY	BOND FUND PROJECTED JOBS*	TOTAL LOAN AMOUNT	PROJECT AMOUNT	COMMUNITY
Anderson Seed Company, Inc.	22	\$2,605,000	\$3,374,218	Redfield
Northern Beef Packers, LP	557	\$5,000,000	\$124,699,322	Aberdeen
<hr/>				
FY 2010 Total: 2 loan	579	\$7,605,000	\$128,073,540	

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

**SOUTH DAKOTA ECONOMIC DEVELOPMENT
FINANCE AUTHORITY**

AUDIT REPORT

Fiscal Year Ended June 30, 2010

**SOUTH DAKOTA ECONOMIC DEVELOPMENT
FINANCE AUTHORITY
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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

Board of Directors
South Dakota Economic Development Finance Authority

We have audited the financial statements of the South Dakota Economic Development Finance Authority as of and for the fiscal year ended June 30, 2010 and have issued our report thereon dated October 29, 2010. 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 Economic Development Finance Authority'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 Economic Development Finance Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the South Dakota Economic Development Finance Authority'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.

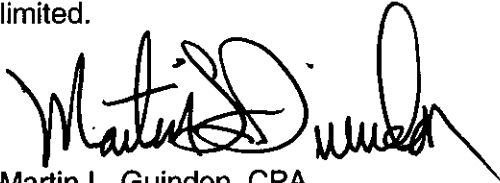
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. 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 Economic Development Finance Authority'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 Economic Development Finance Authority in a separate letter dated October 29, 2010.

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 29, 2010



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MARTIN L. GUINDON, CPA
AUDITOR GENERAL

INDEPENDENT AUDITOR'S REPORT

The Honorable M. Michael Rounds
Governor of South Dakota

and

Board of Directors
South Dakota Economic Development Finance Authority

We have audited the accompanying financial statements of the South Dakota Economic Development Finance Authority, a business-type activity component unit of the state of South Dakota as of and for the fiscal year ended June 30, 2010, as listed in the Table of Contents. These financial statements are the responsibility of the South Dakota Economic Development Finance Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

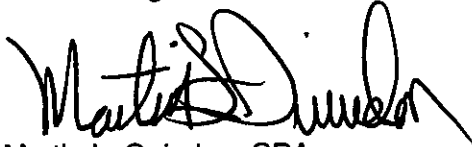
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the 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 South Dakota Economic Development Finance Authority's financial statements do not disclose an allowance for loan loss in relation to loans receivable reported for the pooled bond program. In our opinion, disclosure of this information is required by accounting principles generally accepted in the United States of America.

In our opinion, except for the omission of an allowance for loan loss as discussed in the previous paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the South Dakota Economic Development Finance Authority as of June 30, 2010, 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2010 on our consideration of the South Dakota Economic Development Finance Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



Martin L. Guindon, CPA
Auditor General

October 29, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Economic Development Finance Authority's (EDFA) annual financial report presents management's discussion and analysis of the Authority's financial performance during the fiscal year ended June 30, 2010. 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, 2010

- The EDFA did not experience any significant fluctuations in assets and liabilities for the year ending June 30, 2010.

Changes in Assets and Liabilities

	FY 2009	FY 2010	Increase (Decrease)	% Increase (Decrease)
Assets:				
Cash and Cash Equivalents	\$ 2,135,592	\$ 1,956,388	\$ (179,204)	(8.39)%
Investments	9,908,901	9,646,772	(262,129)	(2.65)
Loans Receivable	25,113,029	25,707,334	594,305	2.37
Allowance for Uncollectible Loans	(160,018)	(222,197)	(62,179)	(38.86)
Other	59,813	56,188	(3,625)	(6.06)
Total Assets	37,057,317	37,144,485	87,168	0.24
Liabilities:				
Amounts Held in Custody for Others	113,689	113,692	3	0.00
Bonds Payable	1,065,000	1,255,000	190,000	17.84
Accrued Payable	343,992	350,045	6,053	1.76
Other	3,216,285	3,162,835	(53,450)	(1.66)
Loan Escrow Payable	1,675,979	1,404,408	(271,571)	(16.20)
Noncurrent Bonds Payable	21,540,000	21,650,000	110,000	0.51
Total Liabilities	27,954,945	27,935,980	(18,965)	(0.07)
Restricted Net Assets	7,262,299	6,379,106	(883,193)	(12.16)
Unrestricted Net Assets	1,840,073	2,829,399	989,326	53.77
Total Net Assets	\$ 9,102,372	\$ 9,208,505	\$ 106,133	1.17%

Change in Net Assets

	FY 2009	FY 2010	Increase (Decrease)	% Increase (Decrease)
Revenues:				
Interest Income on Loans	\$ 1,435,573	\$ 1,537,286	\$ 101,713	7.09%
Investment Income	403,087	121,328	(281,759)	(69.90)
Total Revenues	1,838,660	1,658,614	(180,046)	(9.79)
Expenses:				
Interest Expense	1,278,854	1,412,609	133,755	10.46
Contractual Services	88,334	77,567	(10,767)	(12.19)
Bad Debt Expense	0	62,178	62,178	NA
Refund to Institution	5,033	127	(4,906)	(97.48)
Total Expenses	1,372,221	1,552,481	180,260	13.14
Change in Net Assets	\$ 466,439	\$ 106,133	\$ (360,306)	(77.25)%

- The EDFA approved \$653,787 in APEX (Agricultural Processing and Exporting) Loans during FY 2010 compared to \$1,318,300 in approved loans during FY 2009.

Debt Administration:

- The Authority issued a total of \$3,000,000 in tax-exempt bonds during fiscal year 2010.
- Outstanding bonds payable bear interest at rates ranging from 3.20% to 6.05% as of June 30, 2010. \$2,700,000 of regularly scheduled bonds was redeemed during fiscal year 2010.
- The Authority's bonds are rated A by Standard and Poor's as of June 30, 2010.
- More detailed information about the Authority's debt can be found in Note 3, Long Term Debt.

Overview

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

**SOUTH DAKOTA ECONOMIC DEVELOPMENT
FINANCE AUTHORITY
STATEMENT OF NET ASSETS
June 30, 2010**

Assets

Current Assets:

Cash and Cash Equivalents (Note 2)	\$	1,945,474
Restricted Cash & Cash Equivalents (Note 2)		10,913
Investments (Note 2)		2,375,773
Restricted Investments (Note 2)		4,858,255
Investment Interest Receivable		50,180
Loan Interest Receivable		110,089
Loans Receivable (Note 3)		1,607,416
Total Current Assets		10,958,100

Noncurrent Assets:

Investments (Note 2)		852,626
Loans Receivable (Net of Allowance for Loan Loss) (Note 3)		23,767,633
Restricted Investments (Note 2)		1,509,938
Deferred Charges		56,188
Total Noncurrent Assets		26,186,385

Total Assets

37,144,485

Liabilities

Current Liabilities:

Accounts Payable		23,407
Accrued Interest Payable		326,638
Due To Other Governments (Note 6)		153,259
Bonds Payable (Note 4)		1,255,000
Amounts Held in Custody for Others		113,692
Total Current Liabilities		1,871,996

Noncurrent Liabilities:

Due to Other Governments (Note 6)		3,009,576
Long Term Loan Escrow Payable		1,404,408
Bonds Payable (Note 4)		21,650,000
Total Noncurrent Liabilities		26,063,984

Total Liabilities

27,935,980

Net Assets

Restricted for Debt Service (Note 1)		6,379,106
Unrestricted		2,829,399
		9,208,505

Total Net Assets

\$ 9,208,505

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 FUND NET ASSETS
For the Fiscal Year Ended June 30, 2010**

Operating Revenue:	
Interest Income on Loans	\$ 1,537,286
Total Operating Revenue	<u>1,537,286</u>
Operating Expenses:	
Contractual Services	77,567
Interest Expense	1,412,609
Bad Debt Expense	62,178
Refund to Institution	127
Total Operating Expenses	<u>1,552,481</u>
Operating Income (Loss)	(15,195)
Nonoperating Revenue:	
Investment Income	121,328
Total Nonoperating Revenue	<u>121,328</u>
Change in Net Assets	106,133
Net Assets At Beginning of Year	<u>9,102,372</u>
Net Assets at End of Year	<u><u>\$ 9,208,505</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, 2010**

Cash Flows from Operating Activities:

Receipts for Bond Repayments	\$ 3,872,251
Receipts for Loan Repayments	683,230
Payment to Note Recipients	(3,000,000)
Payments to Loan Recipients	(884,087)
Payments for Contractual Services	(65,111)
Other Payments	(127)

Net Cash Provided by Operating Activities 606,156

Cash Flows from Noncapital Financing Activities:

Proceeds from Revenue Bonds	3,000,000
Proceeds from Loans	82,350
Principal Paid on Revenue Bonds	(2,700,000)
Interest Payments on Loans, Bonds and Notes	(1,415,511)
Principal Paid on Loans to RD	(135,676)

Net Cash Used by Noncapital Financing Activities (1,168,837)

Cash Flows from Investing Activities:

Proceeds from Sales and Maturities of Investment Securities	7,928,930
Investment Income	204,131
Purchase of Investment Securities	(7,749,585)

Net Cash Provided by Investing Activities 383,476

Net Decrease in Cash and Cash

Equivalents During the Fiscal Year (179,205)

Cash and Cash Equivalents at Beginning of Year

2,135,592

Cash and Cash Equivalents at End of Year

\$ 1,956,387

**Reconciliation of Operating Income to Net Cash
Provided (Used) by Operating Activities**

Operating Income (Loss) \$ (15,195)

**Adjustment to Reconcile Operating Income
to Net Cash Provided by Operating Activities**

Interest Expense	1,408,963
Amortization Expense	3,625
Bad Debt Expense	62,178

Decrease/(Increase) in Assets:

Loan Interest Receivable	3,868
Loans Receivable	(598,173)

Increase/(Decrease) in Liabilities:

Accounts Payable	12,456
Loan Escrow Payable	(271,571)
Amounts Held for Others	5

Total Adjustments 621,351

Net Cash Provided by Operating Activities \$ 606,156

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, 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Authorizing Legislation

Executive Order 87-1 established the South Dakota Economic Development Finance 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. 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. The Authority follows all Governmental Accounting Standards Board (GASB) pronouncements and those Financial and 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.

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. Amounts Held In Custody for Others

Represents assets that actually belong to the borrower but are maintained by the Authority in Project Fund Accounts. Moneys in these accounts are used to pay administrative expenses.

H. Restricted Net Assets

The bond indentures provide that certain reserve accounts be established. The reserve accounts, as of June 30, 2010, are comprised of restricted net assets as follows:

Capital Reserve Account	\$ 5,000,000
Loan Reserve Accounts	1,379,106
Total Restricted Net Assets	<u>\$ 6,379,106</u>

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 to any state fund to be used for other purposes.

The First Amended and Restated General Bond Resolution requires 10% of the bond principal amount or the largest principal and interest payment due in any current or future year to remain deposited in the Loan Reserve Accounts until the loan is paid in full.

I. Conduit Debt Obligations

The Finance 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 state government 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 state 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, 2010, the aggregate amount of stand-alone bond principal outstanding was \$24,871,853. The original issue amount of stand-alone bonds totaled \$30,870,000.

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.

2. CASH AND INVESTMENTS

Under the terms of the General Bond resolution of the 1998A&B, 2003A, 2004A, 2004B, 2005A, 2008 and 2009A&B pooled bond issues, 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 1998A&B, 2003A, 2004A, 2004B, 2005A, 2008 and 2009A&B pooled bond issues 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.

Custodial Credit Risk:

The custodial credit risk for 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 that are in the possession of an outside party. The investment securities totaling \$7,687,798 were uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not in the Authority's name.

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	\$ 5,173,873
Restricted Cash and Investments – Capital Reserve Account and Loan Reserve Accounts	6,379,106
Total Cash and Investments	<u>\$ 11,552,979</u>

Interest Rate Risk:

The EDFA 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, 2010 the EDFA had the following investments:

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less Than 1	1-5	6-10
U.S. Treasury Bills	\$ 1,247,053	\$ 1,247,053	\$	\$
U.S. Treasury Strips	59,982		59,982	
U.S. Government Agencies*	4,424,373	2,758,256	1,581,159	84,958
Certificates of Deposit	3,865,184	3,228,719	636,465	
Total	<u>\$ 9,596,592</u>	<u>\$ 7,234,028</u>	<u>\$ 2,277,606</u>	<u>\$ 84,958</u>

* = U.S. Government Agency securities include Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC), Federal Home Loan Bank (FHLB), and Federal Home Loan Mortgage Global (FHLMG).

Credit Risk:

The Investment Management Policy of the EDFA 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, 2010, the EDFA had the following investments, excluding those issued by or explicitly guaranteed by the U.S. Government, which are not considered to have credit risk.

<u>Standard & Poor's Rating</u>	<u>Fair Value</u>
AAA	\$ 4,424,373

3. LOANS RECEIVABLE

Change in loans receivable for the year ending June 30, 2010 consisted of the following:

Beginning Balance	\$ 24,999,071
New Loans	3,000,000
New APEX Program Loans	884,087
Principal Payment – Loans	(2,747,500)
Principal Payment – APEX	(538,412)
Loans Receivable – Before Allowance	<u>25,597,246</u>
Allowance for Loan Loss applicable to the APEX Loan Program	<u>(222,197)</u>
TOTAL LOANS RECEIVABLE – Net of Allowance	<u>\$ 25,375,049</u>

The Agricultural Processing and Export (APEX) Program was created in 1988 when loans (Note 6) from Rural Development, and Revolving Economic Development and Initiative Fund were issued to the Economic Development Finance 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, 2010:

Beginning Balance	\$ 22,605,000
Bonds Issued	3,000,000
Bonds Retired	(2,700,000)
Ending Balance	<u>\$ 22,905,000</u>
Due Within One Year	<u>\$ 1,255,000</u>

The following are the revenue bonds outstanding for the pooled bond program at June 30, 2010:

Issue	Interest Rate	Maturity Through	Principal Balance
Series 1998A&B Term Bonds (Series A)	5.50%	2018	\$ 595,000 <u>595,000</u>
Series 2003A Serial Bonds	5.00-5.25%	2013	905,000 <u>905,000</u>
Series 2004A Term Bonds	4.375%	2011	120,000
Term Bonds	5.000%	2014	405,000
Term Bonds	6.000%	2029	3,820,000 <u>4,345,000</u>
Series 2004B Term Bonds	4.375%	2011	125,000
Term Bonds	5.000%	2014	420,000
Term Bonds	5.950%	2024	2,330,000 <u>2,875,000</u>
Series 2005A Serial Bonds	5.25-5.75%	2016	1,060,000
Term Bonds	6.05%	2026	3,225,000 <u>4,285,000</u>
Series 2008 Serial Bonds	4.20-4.85%	2015	1,355,000
Term Bonds	5.875%	2028	5,795,000 <u>7,150,000</u>
Series 2009A&B Serial Bonds	3.20-4.35%	2016	1,715,000
Term Bonds	5.00%	2019	1,035,000 <u>2,750,000</u>
Total			\$ 22,905,000 <u>22,905,000</u>

The following is a schedule of future bond payments and future interest payments remaining at June 30, 2010:

Year Ended June 30,	Principal	Interest	Total Principal and Interest
2011	\$ 1,255,000	\$ 1,273,462	\$ 2,528,462
2012	1,325,000	1,218,236	2,543,236
2013	1,385,000	1,155,839	2,540,839
2014	1,105,000	1,088,739	2,193,739
2015	1,165,000	1,035,739	2,200,739
2016-2020	6,285,000	4,159,573	10,444,573
2021-2025	6,260,000	2,374,775	8,634,775
2026-2029	4,125,000	536,541	4,661,541
Total	<u>\$ 22,905,000</u>	<u>\$ 12,842,904</u>	<u>\$ 35,747,904</u>

5. LOAN COMMITMENTS

At June 30, 2010, the Economic Development Finance Authority had the following loan commitments:

Pooled Loans	\$ 17,105,000
Agricultural Processing and Export Program (APEX)	<u>117,000</u>
Total	<u>\$ 17,222,000</u>

6. DUE TO'S

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

Beginning Balance:	\$ 3,216,285
New loans – RD	82,350
Payments to RD	<u>(135,800)</u>
TOTAL DUE TO'S	<u>\$ 3,162,835</u>

CFDA Number: 10.767
 Federal Agency: Rural Business & Cooperative Development Service
 Program: Intermediary Relending Program
 State Agency: Tourism & State Development
 Outstanding Loans: \$3,162,835

The Governor's Office of Economic Development, through the Economic Development Finance Authority (EDFA), participates in the Agricultural Processing and Export (APEX) Loan Program with funds obtained from the Rural Economic and Community Development (RECD) Intermediary Relending Program (IRP). The EDFA has entered into loan agreements with the RECD in the amount of \$3,000,000. The EDFA 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, 2010, EDFA had \$3,162,835 in outstanding loans from Rural Development.