

South Dakota

EDFA

Economic Development
Finance Authority

June 30, 2012 Annual
Financial Report



ready to work

GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT
SOUTH DAKOTA

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Loan Portfolio

Economic Development Finance Authority Activity Loans Approved Fiscal Year 2012

APEX Fund

COMPANY	APEX FUND PROJECTED JOBS*	TOTAL LOAN AMOUNT	PROJECT AMOUNT	COMMUNITY
Burdick Bros. Rental, LLP	11	\$165,000.00	\$352,656.00	Redfield
Sterling Technology, Inc.	76	\$250,000.00	\$453,250.00	Brookings
<hr/>				
FY 2012 Total: 2 loans	87	\$415,000.00	\$805,906.00	

EDFA Bonds

COMPANY	BOND FUND PROJECTED JOBS*	TOTAL LOAN AMOUNT	PROJECT AMOUNT	COMMUNITY
<hr/>				
FY 2012 Total: 0 loans	-	-	-	

* 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, 2012

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 Dennis Daugaard
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, 2012 and have issued our report thereon dated October 26, 2012. 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

Management of the South Dakota Economic Development Finance Authority is responsible for establishing and maintaining effective 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*.

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 26, 2012



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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

We have audited the accompanying financial statements of the South Dakota Economic Development Finance Authority, as of and for the year ended June 30, 2012, 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.

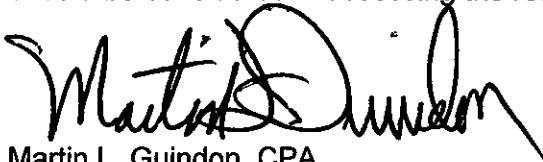
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and 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 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.

In our opinion, 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, 2012, 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.

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.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2012, 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 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.

A handwritten signature in black ink, appearing to read "Martin L. Guindon". The signature is stylized and cursive.

Martin L. Guindon, CPA
Auditor General

October 26, 2012

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, 2012. 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, 2012

- Total assets of the EDFA decreased \$2,212,185 (or 6.23%) primarily due to the decrease in loans receivable for the year ending June 30, 2012.
- Total liabilities of the EDFA decreased by \$2,070,431 (or 7.81%) primarily due to the decrease in bonds payable and no bonds being issued for the year ending June 30, 2012.
- Contractual services increased by \$194,249 (or 236.05%) primarily due to the expenses associated with an unsuccessful issuance of bonds in fiscal year 2012.

Changes in Assets and Liabilities

	FY 2011	FY 2012	Increase (Decrease)	% Increase (Decrease)
Assets:				
Cash and Cash Equivalents	\$1,745,519	\$2,220,589	\$475,070	27.22%
Investments	10,576,763	9,804,843	(771,920)	(7.30)
Loans Receivable	23,603,113	21,613,114	(1,989,999)	(8.43)
Allowance for Uncollectible Loans	(452,262)	(363,724)	88,538	(19.58)
Other	62,813	48,939	(13,874)	(22.09)
Total Assets	35,535,946	33,323,761	(2,212,185)	(6.23)
Liabilities:				
Amounts Held in Custody for Others	113,435	116,908	3,473	3.06
Bonds Payable	1,325,000	1,315,000	(10,000)	(0.75)
Accrued Payable	346,838	319,638	(27,200)	(7.84)
Other	3,009,662	2,827,544	(182,118)	(6.05)
Loan Escrow Payable	1,399,178	1,329,592	(69,586)	(4.97)
Noncurrent Bonds Payable	20,325,000	18,540,000	(1,785,000)	(8.78)
Total Liabilities	26,519,113	24,448,682	(2,070,431)	(7.81)
Restricted Net Assets	5,000,000	5,000,000	(0)	(0.00)
Unrestricted Net Assets	4,016,833	3,875,079	(141,754)	(3.53)
Total Net Assets	\$9,016,833	\$8,875,079	\$(141,754)	(1.57)%

Change in Net Assets

	FY 2011	FY 2012	Increase (Decrease)	% Increase (Decrease)
Revenues:				
Interest Income on Loans	\$1,380,728	\$1,258,344	\$ (122,384)	(8.86)%
Investment Income	83,543	91,122	7,579	9.07
Total Revenues	1,464,271	1,349,466	(114,805)	(7.84)
Expenses:				
Interest Expense	1,294,578	1,214,678	(79,900)	(6.17)
Contractual Services	82,293	276,542	194,249	236.05
Bad Debt Expense	53,159	0	(53,159)	(100.00)
Total Expenses	1,430,030	1,491,220	61,190	4.28
 Change in Net Assets	 \$34,241	 \$(141,754)	 \$(175,995)	 (513.99)%

- The EDFA approved \$418,750 in APEX (Agricultural Processing and Exporting) Loans during fiscal year 2012 compared to \$0 in approved loans during fiscal year 2011.

Debt Administration:

- The Authority did not issue tax-exempt bonds during fiscal year 2012.
- Outstanding bonds payable bear interest at rates ranging from 4.00% to 6.05% as of June 30, 2012. \$1,260,000 of regularly scheduled bonds was redeemed during fiscal year 2012. Additionally, \$535,000 of Series 1998A bonds was redeemed on October 1, 2011.
- The Authority's bonds are rated A+ by Standard and Poor's as of June 30, 2012.
- 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 EDFA and to meet the requirements of GASB No. 34.

**SOUTH DAKOTA ECONOMIC DEVELOPMENT
FINANCE AUTHORITY
STATEMENT OF NET ASSETS
June 30, 2012**

Assets

Current Assets:

Cash and Cash Equivalents (Note 2)	\$ 2,198,182
Restricted Cash & Cash Equivalents (Note 2)	22,407
Total Cash and Cash Equivalents	2,220,589

Investments (Note 2)	2,055,401
Restricted Investments (Note 2)	4,344,462
Investment Interest Receivable	19,869
Loan Interest Receivable	94,433
Loans Receivable (Note 3)	1,467,245
Total Current Assets	10,201,999

Noncurrent Assets:

Investments (Note 2)	1,427,096
Loans Receivable (Net of Allowance for Loan Loss) (Note 3)	19,687,712
Restricted Investments (Note 2)	1,958,015
Deferred Charges	48,939
Total Noncurrent Assets	23,121,762

Total Assets	33,323,761
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Liabilities

Current Liabilities:

Accounts Payable	29,828
Accrued Interest Payable	289,810
Due To Other Governments (Note 6)	183,976
Loan Escrow Payable	240,329
Bonds Payable (Note 4)	1,315,000
Amounts Held in Custody for Others	116,908
Total Current Liabilities	2,175,851

Noncurrent Liabilities:

Due to Other Governments (Note 6)	2,643,568
Loan Escrow Payable	1,089,263
Bonds Payable (Note 4)	18,540,000
Total Noncurrent Liabilities	22,272,831

Total Liabilities	24,448,682
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Net Assets

Restricted for Debt Service (Note 1)	5,000,000
Unrestricted	3,875,079
Total Net Assets	8,875,079

Total Net Assets	\$ 8,875,079
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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, 2012**

Operating Revenue:	
Interest Income on Loans	\$ 1,258,344
Total Operating Revenue	<u>1,258,344</u>
Operating Expenses:	
Contractual Services	276,542
Interest Expense	1,214,678
Total Operating Expenses	<u>1,491,220</u>
Operating Income (Loss)	(232,876)
Nonoperating Revenue:	
Investment Income	91,122
Total Nonoperating Revenue	<u>91,122</u>
Change in Net Assets	(141,754)
Net Assets at the Beginning of the Year	<u>9,016,833</u>
Net Assets at End of Year	<u><u>\$ 8,875,079</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, 2012**

Cash Flows from Operating Activities:

Receipts for Bond Repayments	\$ 2,973,930	
Receipts for Loan Repayments	600,874	
Payments to Loan Recipients	(415,000)	
Payments for Contractual Services	(270,888)	
Other Payments	(65,027)	
Net Cash Provided by Operating Activities		2,823,889

Cash Flows from Noncapital Financing Activities:

Principal Paid on Revenue Bonds	(1,795,000)	
Interest Payments on Loans, Bonds and Notes	(1,233,657)	
Principal Paid on Loans to RD	(182,118)	
Net Cash Used by Noncapital Financing Activities		(3,210,775)

Cash Flows from Investing Activities:

Proceeds from Sales and Maturities of Investment Securities	9,964,754	
Investment Income	86,791	
Purchase of Investment Securities	(9,189,589)	
Net Cash Provided by Investing Activities		861,956

Net Increase in Cash and Cash Equivalents During the Fiscal Year		475,070
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Cash and Cash Equivalents at Beginning of Year		<u>1,745,519</u>
Cash and Cash Equivalents at End of Year	\$	<u><u>2,220,589</u></u>

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

Operating Income (Loss)		\$ (232,876)
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**Adjustments to Reconcile Operating Income
to Net Cash Provided by Operating Activities**

Interest Expense	1,211,052	
Amortization Expense	3,625	

Decrease/(Increase) in Assets:

Loan Interest Receivable	11,623	
Loans Receivable	1,889,837	
Accounts Receivable	7,050	
Other Assets	3,200	

Increase/(Decrease) in Liabilities:

Accounts Payable	(4,596)	
Loan Escrow Payable	(68,500)	
Amounts Held for Others	3,474	

Total Adjustments		3,056,765
Net Cash Provided by Operating Activities	\$	<u><u>2,823,889</u></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, 2012**

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, 2012, are comprised of restricted net assets as follows:

Capital Reserve Account	\$ 5,000,000
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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.

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, 2012, the aggregate amount of stand-alone bond principal outstanding was \$14,465,053. The original issue amount of stand-alone bonds totaled \$20,870,000.

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.

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 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 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 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. Deposits totaling \$1,913,676 and investment securities totaling \$2,220,590 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	\$ 5,680,679
Restricted Cash and Investments – Capital Reserve Account and Loan Reserve Accounts	6,324,884
Total Cash and Investments	<u>\$ 12,005,563</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, 2012 the EDFA 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.S. Treasury Note	\$ 1,573,611	\$1,573,611	\$
U.S. Treasury Strips	62,678		62,678
U.S. Government Agencies*	277,553		277,553
Certificates of Deposit	7,871,132	4,826,252	3,044,880
Total	<u>\$ 9,784,974</u>	<u>\$6,399,863</u>	<u>\$3,385,111</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, 2012, 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	\$ 1,619,146

3. LOANS RECEIVABLE

Change in loans receivable for the year ending June 30, 2012 consisted of the following:

Beginning Balance	\$ 23,497,056
New Apex Program Loans	415,000
Pooled Loans Principal Payments	(1,792,500)
APEX Program Loans Principal Payments	(512,336)
APEX Program Loan Write-off	(88,539)
Loans Receivable – Before Allowance	<u>21,518,681</u>
Allowance for Loan Loss applicable to the Pooled Loan Program	(195,263)
to the APEX Loan Program	<u>(168,461)</u>
TOTAL LOANS RECEIVABLE – Net of Allowance	<u>\$ 21,154,957</u>

The Allowance for Loan Loss applicable to the Pooled Loans is 1% for the year ending June 30, 2012.

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, 2012:

Beginning Balance	\$ 21,650,000
Bonds Retired	(1,795,000)
Ending Balance	<u>\$ 19,855,000</u>
Due Within One Year	<u>\$ 1,315,000</u>

The following are the revenue bonds outstanding for the pooled bond program at June 30, 2012:

Issue	Interest Rate	Maturity Through	Principal Balance
Series 2003A Serial Bonds	5.25%	2013	\$ 320,000 <u>320,000</u>
Series 2004A Term Bonds	5.000%	2014	275,000
Term Bonds	6.000%	2029	<u>3,820,000</u> <u>4,095,000</u>
Series 2004B Term Bonds	5.000%	2014	285,000
Term Bonds	5.950%	2024	<u>2,330,000</u> <u>2,615,000</u>
Series 2005A Serial Bonds	5.50-5.75%	2016	740,000
Term Bonds	6.05%	2026	<u>3,225,000</u> <u>3,965,000</u>
Series 2008 Serial Bonds	4.50-4.85%	2015	845,000
Term Bonds	5.875%	2028	<u>5,795,000</u> <u>6,640,000</u>
Series 2009A&B Serial Bonds	4.00-4.35%	2016	1,185,000
Term Bonds	5.00%	2019	<u>1,035,000</u> <u>2,220,000</u>
Total			<u>\$ 19,855,000</u>

The following is a schedule of future bond payments and future interest payments remaining at June 30, 2012:

Year Ended June 30	Principal	Interest	Total Principal and Interest
2013	\$ 1,315,000	\$ 1,129,989	\$ 2,444,989
2014	1,035,000	1,066,739	2,101,739
2015	1,090,000	1,017,589	2,107,589
2016	1,145,000	962,134	2,107,134
2017	1,215,000	899,601	2,114,601
2018-2022	5,950,000	3,440,227	9,390,227
2023-2027	6,460,000	1,599,495	8,059,495
2028-2029	1,645,000	140,831	1,785,831
Total	<u>\$ 19,855,000</u>	<u>\$ 10,256,605</u>	<u>\$ 30,111,605</u>

5. LOAN COMMITMENTS

At June 30, 2012, the Economic Development Finance Authority had the following loan commitments.

Pooled Loans	\$ 10,000,000
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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:	\$ 3,009,662
New loans -- RD	0
Payments to RD	(182,118)
TOTAL DUE TO'S	\$ 2,827,544

CFDA Number: 10.767
Federal Agency: Rural Business & Cooperative Development Service
Program: Intermediary Relending Program
State Agency: Tourism & State Development
Outstanding Loans: \$2,827,544

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, 2012 EDFA had \$2,827,544 in outstanding loans from Rural Development.

7. SUBSEQUENT EVENTS

On September 18, 2012 the MKT Equipment, LLC loan was paid in full. The outstanding balance of the loan at June 30, 2012 was \$5,738 of which \$5,327 was designated as current.