

# South Dakota

# REDI

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Revolving Economic Development &  
Initiative Fund

June 30, 2013 Annual  
Financial Report



## ready to work

GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT  
SOUTH DAKOTA

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## **Board of Economic Development Members**

**Jeff Erickson- Chairman** Mr. Erickson is currently Co-owner and Manager of Erickson Family Holdings, LLC, and Border Plains, LLC. He was previously President and Chief Executive Officer of Great Western Bank. He was responsible for an 8.3 billion dollar bank. He is currently the Chairman of the South Dakota Banking Commission, and Chairman of the Governor's Office of Economic Development Board (REDI). He was the Chairman of Governor Dennis Daugaard's Transition Team (2010), and has also served as Vice Chairman of the South Dakota Ellsworth Development Authority, Focus Watertown Chairman, Watertown Development Company Chairman, Watertown Area Chamber of Commerce Board Member and President, and a Board Member of the Sioux Falls Development Foundation. A graduate of Northern State University in Aberdeen, South Dakota, he was named "Distinguished Alumni of 2008". In addition, Jeff is a graduate of the Pacific Coast Banking School at the University of Washington in Seattle, Washington; and a graduate of the University of Iowa Executive Development Program in Iowa City, Iowa. Mr. Erickson has worked in the financial services industry for 30+ years. He has been married to his wife, Linda, for 35 years and has four children; Kim, Beth, Scott and Jamie. He also has eight grandchildren. In addition to enjoying time spent with his family, he enjoys sharing sporting events with friends either as a spectator or participant. He and his family believe in giving back to the communities they live in by volunteering both time and money to worthwhile causes

**Tim Kessler- Vice-Chairman** Mr. Kessler a lifelong resident of Aberdeen. He purchased the 71-year-old family business from his father in the late 1980s. Kessler served for 17 years (1992-2010) on the South Dakota Game, Fish and Parks Commission. A third-generation owner of Kessler's grocery, one of the largest food and drug stores in the Dakotas, Kessler also owns Big Shot Pheasant Fields near Aberdeen. He graduated from Northern State University in Aberdeen. Tim also serves on the Pheasants Forever, Inc. and Quail Forever National Board of Directors.

**Dr. Dale Clement- Secretary** Dr. Clement graduated from Tarkio College in Missouri in 1954. He then served in the Army from 1955-1957. Dr. Clement earned a Masters of Arts degree in Finance from the University of Nebraska in 1965 followed by a PhD from the University of Nebraska-Lincoln in Finance in 1968. He was a professor of Finance at the University of South Dakota from 1963-1989 and Dean of the Business School from 1968-1989. Dale served as Chief Financial Officer of the Black Hills Corporation from 1989-1997. He was the Founding Director and President of the J T Vucurevich Foundation from 1990-to present. Dr. Clement was awarded an Honorary Doctorate from Tarkio College in Missouri. The Dean's I-wing of the School of Business at USD was named in his honor for 26 years of service. He was named to the Board of Economic Development the day Governor Mickelson died. Dr. Clement and his wife Barbara have two children.

**Tony Klein- Treasurer** Mr. Klein is an original member of the Board of Economic Development. Mr. Klein started Klein's Office Equipment in 1963 in Pierre and operated it until 1994. He is also the owner and manager of numerous commercial real estate

properties and is presently self-employed as a real estate appraiser for 16 years. Mr. Klein has served as a Hughes County commissioner for 7 years and has served on the boards of numerous charitable foundations. Mr. Klein has also served as Jaycee president and State VP, along with the Pierre Chamber of Commerce Board member & past president

**Tom Burchill** was born and raised in Pierre and graduated from USD with a Bachelor of Science degree in Business Administration in 1984. Mr. Burchill was a bank examiner for the State of South Dakota for five years and is currently a Vice President with the First National Bank in Sioux Falls, head of Business Development. He has been with First National Bank in Sioux Falls for 20 years and has 28 years of banking experience.

**Sharon Casey** is an original member of the Board of Economic Development, appointed by Governor Mickelson. She is a businesswoman formally co-owner of Casey Drug and Jewelry. Sharon remains active in her local Lake Frances Development as a board member as well as various other boards, mainly South Dakota Art Museum and Employer Support for the Guard and Reserve (ESGR ). Sharon placed foreign exchange students and teachers with Youth for Understanding from 1971 to 1980. During that time they hosted exchange students from Brazil, Yugoslavia, Norway, Philippines, Holland and France. She is a graduate of South Dakota State University. Sharon and her husband now enjoy catching up on the activities of their four children and 12 grandchildren and taking in frequent travels.

**D. Greg Heineman** is Chairman of the Board and CEO of Williams Insurance. He began his insurance career while a senior economics major at SDSU. Greg has served as the President of the Sioux Falls Life Underwriters Association. In 1977 he was awarded the Art B. Mitchell award as the South Dakota Outstanding Young Life Underwriter. Greg has won numerous production awards and served on many advisory boards for insurance companies throughout his career. Greg has served as President of the Make-A-Wish foundation of SD, a member of the Sioux Falls Area Foundation, Catholic Diocese Foundation for Eastern SD and Sioux Falls Catholic Schools Foundation. He has also been active in fundraising at the community, Catholic Church, and Sioux Falls Catholic Schools. In addition to Williams Insurance, Greg and his son Mike own the Sioux Falls Skyforce of the NBA Development League. He and his son Nick own Look's Market. Greg's oldest son Robb is the CEO and part of the ownership group for Sporting Kansas City of Major League Soccer. Greg's wife Phyllis is a South Dakota State Senator and has served in the Legislature for 12 years. In addition to three sons, Greg and Phyllis who have been married 42 years, have three daughters-in-law and seven grandchildren.

**Mike Luken** is a native of Watertown, South Dakota. He has been involved in farming in Northeast South Dakota, custom combining, and reconditioning the former Memorial Hospital to develop affordable housing in the community. He's also started numerous businesses that include a tanning salon, Glacial Lakes Bottling and Marketing, and Express Photo with locations in both Watertown and Sioux Falls. Mr. Luken was also part of the Discount Farm Center and later was hired by ABT to manage the operation. Currently Mr. Luken sells real estate for Hoftiezer Real Estate in Watertown. He is the past chairman of the Board for the Watertown Area Chamber of Commerce and was

appointed to the Watertown Municipal Utilities Board by Mayor Gary Williams. Mr. Luken is also involved in many other civic and private organizations.

**John Calvin** is currently the CEO and sole owner of J. Scott Industries, an operating company in Watertown that makes significant investments in and helps small businesses. Before starting J. Scott Industries, Mr. Calvin owned Angus Palm Industries in Watertown, which he later sold to the employees. Angus Industries was approved for the first REDI Fund loan in 1987. This company manufactures quality roll-over protective systems, cabs and custom steel fabrications. Mr. Calvin held many Senior Executive positions in the Lockheed Martin Corporation, along with positions in other publicly traded companies. Throughout his career he has been involved in countless other business ventures. John served as the cabinet secretary of the Office of Tourism and State Development from April 2003 to December 2003. Currently John is a member of the Board of Directors of Prairie Lakes Healthcare System. Mr. Calvin is a graduate of the University of Michigan with a degree in pre-law studies; he also did graduate studies at Columbia and Rutgers Universities.

**Don Kettering** is a South Dakota born, farm raised, Brentford High School, Northern State College BA and South Dakota State University MA educated, United States Army trained and have worked in agricultural banking for the past 38 years. Don and his wife have two children and five grandchildren. He has lived and worked in the Yankton community for almost forty years. Don enjoys hunting, fishing, golf, gardening, and woodworking as pastime activities. Working with community and State organizations that promote growth and opportunities for others has been very gratifying for him.

**Ted Husted** is a third generation owner-operator of the Wall Drug Store. Ted has been President of this South Dakota attraction since 1997. He graduated from the University of North Dakota in 1980 with a BA Degree in Political Science and Economics. He also successfully completed the 3 year OPM Program at Harvard Business School. Ted also serves on the Governor's Tourism Board and enjoys being involved in South Dakota politics. Ted is married, has two sons in college, and lives in Wall, South Dakota. He believes that, "South Dakota is a great place to raise a family, be in business, and retire".

**Pat Prostrollo** was born and raised in Madison, SD and graduated from USD in 1975. After college he moved to Couer d' Alene, Idaho and worked for a year and a half. In 1976 he joined his father, Jerry Prostrollo in the automobile business in Madison, SD. In 1982 he purchased the Chevrolet/Buick dealership in Huron SD and 10 years later he moved back to Madison and became a partner with his father in their GM-Chrysler-Ford dealerships. In 1995 Pat purchased the GM-Ford-Chrysler dealerships from his father and still owns them today. Pat and his wife Deb and have 2 grown children and 4 grandchildren

**Rob Skjonsberg** graduated with an economics degree from South Dakota State University in 1995. Skjonsberg served in a variety of management positions with Norwest Bank and later Wells Fargo. Until 2002, he was the Vice President and Community Development Manager for Wells Fargo's Community Development &

Specialized Lending Division, serving a region that included South Dakota, North Dakota and Montana. In 2003 Rob was appointed Chief of Staff to Governor Mike Rounds and served until 2007 when he rejoined the private sector as Vice President and later Senior Vice President of Public Policy and Corporate Affairs for POET. Currently he is a co-founder and partner in GSG Strategies, LLC a government and political consulting firm in Pierre, SD. Skjonsberg also serves as a business consultant for Fischer Rounds & Associates.

## **Non-Voting Legislative Members**

**David E. Lust** is a partner with Gunderson, Palmer, Nelson & Ashmore, LLP and is a member of the firm's Business Transactions & Estate Planning group where he assists businesses and individuals with their legal and business planning needs. A graduate of Dartmouth College in 1990, David worked in Chicago for several years for an international development consulting firm, which included extensive work in Europe and Latin America. He earned his Juris Doctor from the University of South Dakota School of Law in 1997. Prior to joining Gunderson, Palmer, Nelson & Ashmore, LLP., he served as a law clerk for United States District Court Judge Richard H. Battey. David is licensed to practice law in the federal and state courts of South Dakota. David is an active member of various legal groups and organizations including the National Conference of Commissioners on Uniform State Laws (NCCUSL), the Business Law Section and the Bench-Bar Liaison Committee of the State Bar of South Dakota. He is also a member of the Business Section of the American Bar Association and was the South Dakota representative for the development of the Revised Model Business Corporation Act. David is currently serving in the South Dakota House of Representatives as Majority Leader, and was appointed to the Governor's Task Force on Trust Administration in the fall of 2010. He also serves on the board of the Rapid City Economic Development Partnership. David has also served on the boards of the South Dakota Junior Achievement, Big Brother/Big Sister of the Black Hills and the Northern Plains Eye Foundation.

**Scott Parsley** serves as Assistant General Manager for Member Services at East River Electric Power Cooperative, headquartered in Madison, South Dakota. East River is a rural electric power supply cooperative which serves wholesale electricity to 25 retail member systems, which in turn serve over 115,000 homes and businesses. The 40,000 square mile service area covers 41 counties in eastern South Dakota and 22 counties in western Minnesota. Scott has worked for East River for 27 years. He served as staff assistant at East River before being named to his current position in 1990. In November of 2012 Scott was elected to a two year term in the South Dakota House of Representatives representing District 8, Moody, Lake, Miner and Sanborn counties in east central South Dakota. Scott is a native of Brookings, South Dakota. After serving in the Navy, he earned his B.A. degree from Dordt College in Sioux Center, Iowa. Scott serves on the American Coalition for Ethanol (ACE) Board, the Habitat for Humanity Board, the Voices for Children's Board, and the Dakota Resources Board. He currently is Vice-President on the Board of Directors of Consumer Federation of America and was the former President of the South Dakota 4-H Foundation Board of Directors. He also

played a key role in the development of the Prairie Winds project. Scott and his wife, Valerie, have a son, Nicholas, and two daughters: Caitlin and Christina.

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

**Bruce Rampelberg** retired from a long time career in the banking business. He is in his second term as a South Dakota Senator for District 30 and serves on the Health, Education and Agriculture Committees and is Chairman of the Retirement Laws Committee. He continues to serve on several community boards including Development for the Disabled Inc, Lutheran Social Services Foundation and Dakota Resources. He is a member of Rotary and is an Elder at First Christian Church. Bruce has been married to Sandee for 48 years and they have two grown sons and three grandchildren.

# Loan Portfolio

## Board of Economic Development Activity

### Loans Approved Fiscal Year 2013

<b>COMPANY</b>	<b>PROJECTED JOBS</b>	<b>REDI FUND LOAN AMOUNT</b>	<b>TOTAL PROJECT AMOUNT</b>	<b>COMMUNITY</b>
Black Hills Fiberglass, LLC	36	\$1,000,000.00	\$3,465,000.00	Belle Fourche
Brookings Economic Dev. Corp	11	\$550,000.00	\$2,000,000.00	Brookings
Marmen Energy Company	250	\$5,000,000.00	\$48,000,000.00	Brandon
MW Properties, LLC	17	\$700,000.00	\$2,913,308.00	Pierre
Northland Laboratories	30	\$100,000.00	\$195,000.00	Sioux Falls
Vermillion Area Economic Dev. Corp	125	\$2,100,000.00	\$5,150,000.00	Vermillion
Watertown Dev. Company/Dakota Bodies	30	\$359,450.00	\$1,700,000.00	Watertown
Yelroc Neuro, Inc.	11	\$181,102.00	\$465,529.00	Mitchell
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<b>FY 2013 Total: 8 loans</b>	<b>510</b>	<b>\$9,990,552.00</b>	<b>\$63,888,837.00</b>	

**REDI Fund Company Activity  
September 1987 through June 2013**

<u>Company</u> <u>(County in Bold)</u>	<b>Total Loan</b> <b>Amount</b>	<b>Total Project</b> <b>Amount</b>	<b>Projected</b> <b>FTE</b> <b>Jobs</b>
<b>AURORA</b>			
B&H Holding Company	\$108,000	\$243,000	24
Pure Pulp Products, Inc.	<u>\$1,375,000</u>	<u>\$5,972,000</u>	<u>166</u>
	\$1,483,000	\$6,215,000	190
<b>BEADLE</b>			
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
Dak-Lan, LLC	\$194,527	\$1,029,241	7
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>
	\$9,788,340	\$90,247,295	1573.5
<b>BON HOMME</b>			
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
<b>BROOKINGS</b>			
Bel Brands USA, Inc. (2 loans)*	\$8,000,000	\$1,649,200	365
Biogenetics Services, Inc.	\$131,988	\$560,000	14.5
Brookings Economic Dev. Corp*	\$550,000	\$3,465,000	11
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



<b>REDI Fund Company Activity</b>			<b>Projected</b>
<b><u>Company</u></b>	<b>Total Loan</b>	<b>Total Project</b>	<b>FTE</b>
<b><u>(County in Bold)</u></b>	<b>Amount</b>	<b>Amount</b>	<b>Jobs</b>
<b><u>BROOKINGS(Con't.)</u></b>			
Maize Properties, Inc. III	\$208,000	\$603,441	19
Measurement Technologies	\$100,000	\$800,000	16
Metalworks, LLC*	\$500,000	\$1,600,000	25
Prince Manufacturing Corp.	\$400,000	\$2,750,000	50
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>
	\$20,901,777	\$90,464,605	1800
<b>BROWN</b>			
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
Aberdeen Development Corporation VIII	\$100,000	\$300,000	40
Cabinets Dakotah	\$25,000	\$60,000	6
Colorworks, LLC	\$50,000	\$410,000	18
FMC Corporation	\$200,000	\$410,000	18
Glacial Lakes Energy, LLC	\$1,215,000	\$2,750,000	0
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
Northern Beef Packers Limited Partnership*	\$5,000,000	\$124,699,322	566
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>
	\$20,900,000	\$179,503,191	2415.5
<b>BRULE</b>			
Lake Francis Case Dev. Co./A Square	<u>\$300,000</u>	<u>\$675,072</u>	24
	\$300,000	\$675,072	
<b>CHARLES MIX</b>			
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

<b>REDI Fund Company Activity</b>			<b>Projected</b>
<b><u>Company</u></b>	<b>Total Loan</b>	<b>Total Project</b>	<b>FTE</b>
<b><u>(County in Bold)</u></b>	<b>Amount</b>	<b>Amount</b>	<b>Jobs</b>
<b><u>CHARLES MIX (Con't.)</u></b>			
Filters Co., Inc.	<u>\$200,000</u>	<u>\$600,000</u>	<u>50</u>
	\$616,000	\$4,005,400	162.5
<b>CLAY</b>			
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	\$1,200,000	\$3,250,000	50
Vermillion Area COC and EDC*	<u>\$2,100,000</u>	<u>\$5,150,000</u>	<u>125</u>
	\$4,855,000	\$15,635,083	270
<b>CODINGTON</b>			
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
Benchmark Foam, Inc.	\$1,500,000	\$4,602,628	12
BVH, LLC	\$110,000	\$367,500	18
CurMar, LLC	\$778,257	\$2,269,221	50
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

<b>REDI Fund Company Activity</b>			<b>Projected</b>
<b><u>Company</u></b>	<b>Total Loan</b>	<b>Total Project</b>	<b>FTE</b>
<b><u>(County in Bold)</u></b>	<b>Amount</b>	<b>Amount</b>	<b>Jobs</b>
<b><u>CODINGTON(Con't.)</u></b>			
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	\$1,550,000	\$4,686,035	30
Waterotown Development Corp. VI*	<u>\$359,450</u>	<u>\$1,700,000</u>	30
	\$19,127,851	\$90,137,006	2698.5
<b>CUSTER</b>			
Pacer Corporation #2	\$450,000	<u>\$1,113,000</u>	19
	\$450,000	\$1,113,000	
<b>DAVISON</b>			
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	\$1,000,000	\$4,000,000	46
Yelroc Neuro, Inc.	<u>\$181,102</u>	<u>\$465,529</u>	<u>11</u>
	\$6,165,502	\$27,015,004	953.5
<b>DAY</b>			
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	<u>\$322,000</u>	<u>\$600,000</u>	<u>55</u>
	\$1,773,000	\$4,881,162	347
<b>DEUEL</b>			
Midwest Converter Supply, Inc.	\$120,000	\$334,689	23
SFI Machine Products, Inc.	\$123,000	\$423,500	19
TTJ Properties, LLC	<u>\$300,000</u>	<u>\$912,705</u>	<u>16</u>
	\$543,000	\$1,670,894	58
<b>DEWEY</b>			
Lakota Archery, LLC	<u>\$100,000</u>	<u>\$265,075</u>	16
	\$100,000	\$265,075	
<b>DOUGLAS</b>			
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

<b>REDI Fund Company Activity</b>			
<b><u>Company</u></b>	<b>Total Loan</b>	<b>Total Project</b>	<b>Projected</b>
<b><u>(County in Bold)</u></b>	<b>Amount</b>	<b>Amount</b>	<b>FTE</b>
			<b>Jobs</b>
<b>FALL RIVER</b>			
Art Advantage, Inc.	\$275,000	\$656,000	35
Dakota Cinch, Inc.	\$150,000	\$610,000	64
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
<b>GRANT</b>			
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
<b>GREGORY</b>			
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
<b>HAAKON</b>			
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
<b>HAMLIN</b>			
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
<b>HUGHES</b>			
Global Harvest Birdseed of SD, LLC	\$450,000	\$1,150,000	37
JR&R Partnership	\$180,000	\$527,000	16
MW Properties, LLC*	\$700,000	\$2,913,308	17
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>
	\$3,770,000	\$10,949,608	327
<b>HUTCHINSON</b>			
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>
	\$683,500	\$2,843,463	133
<b>HYDE</b>			
Highmore Cattle Auction	<u>\$100,000</u>	<u>\$535,000</u>	29
	\$100,000	\$535,000	

<b>REDI Fund Company Activity</b>			<b>Projected</b>
<b><u>Company</u></b>	<b>Total Loan</b>	<b>Total Project</b>	<b>FTE</b>
<b><u>(County in Bold)</u></b>	<b>Amount</b>	<b>Amount</b>	<b>Jobs</b>
<b>JERAULD</b>			
LSI, Inc.	\$800,000	\$2,130,000	100
LSI, Inc. II	<u>\$750,000</u>	<u>\$3,800,000</u>	<u>40</u>
	\$1,550,000	\$5,930,000	140
<b>KINGSBURY</b>			
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	\$1,400,000	45
Shinamerica, Inc.	\$446,850	\$998,880	20
D.T. Holding Company, Inc.	<u>\$380,000</u>	<u>\$2,372,875</u>	<u>38</u>
	\$1,762,330	\$8,192,735	213.5
<b>LAKE</b>			
Baron Investments, LLC	\$100,000	\$1,062,000	20
Custom Touch Homes, LLC	\$720,000	\$2,489,000	84
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
Integra Plastics, Inc. IV	\$1,000,000	\$9,581,700	26
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>
	\$5,803,500	\$32,700,737	829
<b>LAWRENCE</b>			
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

<b>REDI Fund Company Activity</b>			<b>Projected</b>
<b>Company</b>	<b>Total Loan</b>	<b>Total Project</b>	<b>FTE</b>
<b>(County in Bold)</b>	<b>Amount</b>	<b>Amount</b>	<b>Jobs</b>
<b>LAWRENCE(Con't.)</b>			
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
<b>LINCOLN</b>			
Adams Holding, LLC I	\$1,206,067	\$2,680,149	33
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
CMI Terex Corporation	\$2,205,000	\$4,860,000	6
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>
	\$12,566,368	\$47,242,873	1594
<b>MARSHALL</b>			
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
<b>MCCOOK</b>			
Bridgewater Quality Meats	\$250,000	\$965,000	50
Buhler Industries, Inc.	\$1,300,000	\$3,000,000	47
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>
	\$2,250,000	\$7,510,750	199.5
<b>MCPHERSON</b>			
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
<b>MEADE</b>			
Cor-Bon Bullets, Inc.	\$60,000	\$455,000	36
Glenwood/Loan Tree	\$13,500	\$30,000	6

<b>REDI Fund Company Activity</b>			<b>Projected</b>
<b>Company</b>	<b>Total Loan</b>	<b>Total Project</b>	<b>FTE</b>
<b>(County in Bold)</b>	<b>Amount</b>	<b>Amount</b>	<b>Jobs</b>
<b>MEADE(Con't)</b>			
Sturgis Industrial Dev. Corp. I	\$175,000	\$362,500	25
Sturgis Industrial Dev. Corp. II	\$300,250	\$709,300	98
Sturgis Industrial Dev. Crop. III	\$110,000	\$308,000	12
Tower Stools	<u>\$25,000</u>	<u>\$100,000</u>	<u>11</u>
	\$683,750	\$1,964,800	188
<b>MINER</b>			
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
<b>MINNEHAHA</b>			
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
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
Lumber Exchange, LLC	\$3,500,000	\$9,581,700	0
Luverne Truck Equipment Inc.	\$400,000	\$1,300,000	305
Maguire Tank, Inc.	\$175,000	\$1,350,000	31
Marmen Energy Company*	\$5,000,000	\$48,000,000	250
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
Northland Laboratories*	\$100,000	\$195,000	30
Omnitech, Inc	\$214,650	\$477,000	30
Raven Industries, Inc. II	\$105,000	\$795,000	23
Sencore, Inc.	\$350,000	\$780,000	70

<b>REDI Fund Company Activity</b>			<b>Projected</b>
<b><u>Company</u></b>	<b>Total Loan</b>	<b>Total Project</b>	<b>FTE</b>
<b><u>(County in Bold)</u></b>	<b>Amount</b>	<b>Amount</b>	<b>Jobs</b>
<b><u>MINNEHAHA(Con't)</u></b>			
Sioux Falls Development Foundation	\$668,250	\$1,960,000	132
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
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>
	\$35,846,786	\$169,697,644	5582
<b>MOODY</b>			
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
<b>PENNINGTON</b>			
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
Black Hills Fiberglass, LLC*	\$1,000,000	\$3,465,000	36
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	
Deadwood BioFuels, LLC	\$524,480	\$2,700,000	30
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



<b>REDI Fund Company Activity</b>			<b>Projected</b>
<b>Company</b>	<b>Total Loan</b>	<b>Total Project</b>	<b>FTE</b>
<b>(County in Bold)</b>	<b>Amount</b>	<b>Amount</b>	<b>Jobs</b>
<b>PENNINGTON(Con't.)</b>			
GFI America, Inc. II	\$1,000,000	\$3,125,000	115
Gunderson Manufacturing Company	\$60,000	\$160,000	12
H.F. Webster, Inc.	\$260,000	\$577,000	10
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
Lyteware 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 Partners, 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>
	\$20,338,555	\$94,652,458	3595
<b>PERKINS</b>			
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
<b>ROBERTS</b>			
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	<u>\$290,277</u>	<u>\$290,277</u>	<u>N/A</u>
	\$3,913,818	\$12,028,390	518
<b>SANBORN</b>			
Van Dyke Supply Company, Inc.	<u>\$1,000,000</u>	<u>\$1,000,000</u>	100
	\$1,000,000	\$1,000,000	

<b>REDI Fund Company Activity</b>			<b>Projected</b>
<b>Company</b>	<b>Total Loan</b>	<b>Total Project</b>	<b>FTE</b>
<b>(County in Bold)</b>	<b>Amount</b>	<b>Amount</b>	<b>Jobs</b>
<b>SPINK</b>			
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
<b>TODD</b>			
Rosebud Community Landfill	<u>\$22,500</u>	<u>\$111,000</u>	4
	\$22,500	\$111,000	
<b>TURNER</b>			
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
<b>UNION</b>			
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
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
Manitex Load King	\$1,012,500	\$2,610,000	28
MDMT, Inc.	\$320,000	\$1,000,000	39
Prince Manufacturing Corporation	\$400,000	\$3,935,000	50
Southeast Farmers Elevator	\$750,000	\$4,818,000	6.5
Steck Wholesale Foods, Inc.	\$450,000	\$1,800,000	20
Tower Engineering	\$55,000	\$265,000	12
Tristate Laminated Doors/Components	<u>\$150,000</u>	<u>\$1,200,000</u>	<u>37</u>
	\$11,568,000	\$78,385,584	3036
<b>WALWORTH</b>			
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>
	\$514,000	\$1,321,700	216

<b>REDI Fund Company Activity</b>			
<b><u>Company</u></b>	<b>Total Loan</b>	<b>Total Project</b>	<b>Projected</b>
<b><u>(County in Bold)</u></b>	<b>Amount</b>	<b>Amount</b>	<b>FTE</b>
<b>YANKTON</b>			<b>Jobs</b>
Applied Engineering, Inc.	\$250,000	\$1,600,000	39
Areawide Business Council – RRLF	\$500,000	\$500,000	0
Dakota Real Properties, LLC	\$563,705	\$2,304,823	32
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- I	\$830,000	\$2,261,497	53
Yankton Area Progressive/L&M Radiator- II	<u>\$924,525</u>	<u>\$2,239,940</u>	<u>105</u>
	\$5,215,230	\$16,664,549	653
<b>EDFA -APEX II</b>	<b>\$125,000</b>	<b>\$625,000</b>	<b>N/A</b>
<b>EDFA- APEX III</b>	<b>\$200,000</b>	<b>\$950,000</b>	<b>N/A</b>
<b>VASF (available funds)</b>	<b>3,000,000</b>	<b>\$3,000,000</b>	<b>N/A</b>
<b>TOTAL</b>	<b>\$3,325,000</b>	<b>\$4,575,000</b>	
<b>FY 1987-2013</b>			
<b>GRAND TOTAL:</b>	<b>\$221,055,387</b>	<b>\$1,110,316,863</b>	<b>30,690</b>

\*not closed

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

<u>Company</u> <u>(County in Bold)</u>	<b>Total Loan</b> <b>Amount</b>	<b>Total Project</b> <b>Amount</b>	<b>Projected</b> <b>FTE</b> <b>Jobs</b>
<b>Withdrawn Loans</b>			
Aberdeen Development Corporation IV	\$1,500,000	\$6,300,000	125
Acrylics by Jane of SD Inc.	\$170,000	\$600,000	31.5
Adams Holding, LLC II*	\$2,000,000	\$4,500,000	50
Anderson Seed Co., Inc.	\$256,650	\$3,374,218	22
APA Optics, Inc.	\$300,000	\$6,375,000	106
Bar -Sto Precision Machine	\$175,000	\$389,500	18
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
CJ Stengel, Inc.	\$200,000	\$1,341,425	4
Clark Area New Horizons, LLC*	<b>\$765,000</b>	<b>\$1,700,000</b>	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
EMI Properties, LLC	\$898,450	\$3,606,282	27
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	
LSI, Inc. III*	<u>\$1,200,000</u>	<u>\$9,408,940</u>	<u>75</u>
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
NewCo, LLC	\$300,000	\$2,000,000	36
Nutraferma, Inc.	\$1,000,000	\$10,000,000	34
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

<u>Company</u> <u>(County in Bold)</u>	<b>Total Loan Amount</b>	<b>Total Project Amount</b>	<b>Projected FTE Jobs</b>
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
South Dakota Wheat Growers Assoc.	\$1,400,000	\$7,125,000	21
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
Tower Tech Systems, Inc.	\$1,500,000	\$23,990,000	145
Tri-State Ethanol Company	<u>\$450,000</u>	<u>\$18,000,000</u>	<u>19</u>
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
Watertown Dev. Co./Focus Watertown	\$450,000	\$1,000,000	13
Webster Area Dev. Corp./Anderson Ind.	\$200,000	\$563,500	16
Wilson Trailer Sales, Inc.	\$3,000,000	\$12,350,000	138
Workrite Uniform Company	\$225,000	\$225,000	
MFS Partnership (Entrepreneur Support Fund)	<u>\$50,000</u>	<u>\$0</u>	<u>0</u>
Total Withdrawn	\$37,779,625	\$249,750,359	4963

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

**AUDIT REPORT**

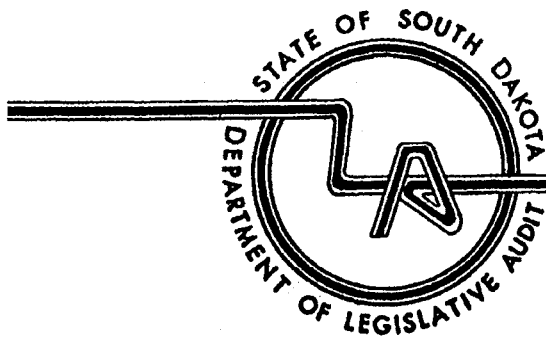
**Fiscal Year Ended June 30, 2013**



**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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MARTIN L. GUINDON, CPA  
AUDITOR GENERAL

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Dennis Dugaard  
Governor of South Dakota

and

South Dakota Board of Economic Development

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the South Dakota Revolving Economic Development and Initiative Fund (REDI Fund), which comprise the statement of net position as of June 30, 2013, and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 28, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered South Dakota Board of Economic Development's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of South Dakota Board of Economic Development's internal control. Accordingly, we do not express an opinion on the effectiveness of the South Dakota Board of Economic Development's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the South Dakota Board of Economic Development's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

#### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. As required by South Dakota Codified Law 4-11-11, this report is a matter of public record and its distribution is not limited.



Martin L. Guindon, CPA  
Auditor General

October 28, 2013



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MARTIN L. GUINDON, CPA  
AUDITOR GENERAL

## INDEPENDENT AUDITOR'S REPORT

The Honorable Dennis Daugaard  
Governor of South Dakota

and

South Dakota Board of Economic Development

### Report on the Financial Statements

We have audited the accompanying financial statements and the related notes to the financial statements of the South Dakota Revolving Economic Development and Initiative Fund (REDI Fund), an enterprise fund of the State of South Dakota, as of and for the year ended June 30, 2013, which collectively comprise the REDI Fund's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of

significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the REDI Fund as of June 30, 2013, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1, the financial statements present only the financial position and changes in financial position and cash flows of the REDI Fund. They do not purport to, and do not, present fairly the financial position of the State of South Dakota as of June 30, 2013, 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. Our opinion is not modified with respect to this matter.

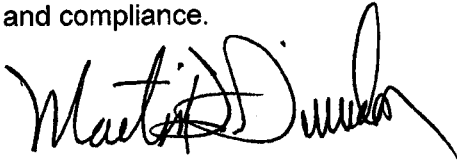
Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the REDI Fund's basic financial statements. The listing of the Board of Economic Development Members and the schedules of Loan Portfolio: Loans Approved Fiscal Year 2013 and REDI Fund Company Activity are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2013 on our consideration of the South Dakota Board of Economic Development'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* in considering South Dakota Board of Economic Development's internal control over financial reporting and compliance.



Martin L. Guindon, CPA  
Auditor General

October 28, 2013

SOUTH DAKOTA REVOLVING ECONOMIC DEVELOPMENT  
AND INITIATIVE FUND  
STATEMENT OF NET POSITION  
June 30, 2013

ASSETS

Current Assets:

Cash and Cash Equivalents (Note 2.C.)	\$ 62,904,965
Accounts Receivable – Bankwest	68,673
Loan Interest Receivable	91,468
Investment Income Receivable	159,089
Loans Receivable (Net) (Note 2.F.)	10,964,081
Total Current Assets	74,188,276

Noncurrent Assets:

Asset Held for Resale (Note 2.J.)	302,112
Equipment (Net) (Note 2.E.)	7,769
Loans Receivable (Net) (Note 2.F.)	28,871,039
Total Noncurrent Assets	29,180,920

TOTAL ASSETS 103,369,196

LIABILITIES

Current Liabilities:

Accounts Payable	26,642
Wages Payable	26,390
Accrued Leave Liability (Note 5)	17,899
Due to Other Funds	7,123
Total Current Liabilities	78,054

Noncurrent Portion of Accrued Leave Liability (Note 5) 15,645

TOTAL LIABILITIES 93,699

NET POSITION

Investment in Capital Assets	7,769
Unrestricted	103,267,728
	103,275,497

TOTAL NET POSITION \$ 103,275,497

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 NET POSITION  
For the Fiscal Year Ended June 30, 2013

Operating Revenue:	
Interest Income on Loans	\$ 1,357,804
Reclamation of Grants	292,959
Other Income	60,554
Total Operating Revenue	<u>1,711,317</u>
Operating Expenses:	
Personal Services and Benefits	142,431
Travel	10,994
Contractual Services	300,777
Supplies and Materials	18,617
Grants and Subsidies	9,166
Depreciation Expense (Note 2.E.)	4,440
Bad Debt Expense	392,146
Total Operating Expense	<u>878,571</u>
Operating Income	832,746
Nonoperating Revenue (Expense):	
Investment Income	648,460
Motor Fuel Tax Refund Income	135,000
Services Provided to Others (Note 2.G.)	(252,413)
Other Expenses	(39,945)
Total Nonoperating Revenue (Expense)	<u>491,102</u>
Income Before Transfers	1,323,848
Transfers:	
Transfers in – Ethanol Fuel Fund (Note 2.I.)	2,000,000
Transfers In – State Land Sale Proceeds (Note 2.I.)	877,415
Transfers In – Building South Dakota (Note 2.I.)	350,000
Total Transfers	<u>3,227,415</u>
Change in Net Position	4,551,263
Beginning Net Position	<u>98,724,234</u>
End of Year Net Position	<u>\$ 103,275,497</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, 2013

Cash Flows From Operating Activities:		
Receipts for Loan Repayments	\$ 10,422,164	
Payments for Loans Originated	(3,681,102)	
Receipts from Customers and Users	60,554	
Payments for Employee Services and Benefits	(98,658)	
Payments for Interfund Services Used	(60,850)	
Payments to Suppliers and for Claims	(281,943)	
Net Cash Provided (Used) by Operating Activities		6,360,165
Cash Flows From Noncapital Financing Activities:		
Transfers in – Ethanol Fuel Fund	2,000,000	
Transfers In – State Land Sale Proceeds	877,415	
Transfers In – Building South Dakota Funds	350,000	
Motor Fuel Taxes	135,000	
Services Provided to Others	(252,413)	
Net Cash Provided (Used) by Noncapital Financing Activities		3,110,002
Cash Flows From Investing Activities:		
Pooled Investment Income	656,377	
Investment Costs	(39,945)	
Net Cash Provided (Used) by Investing Activities		616,432
Net Increase in Cash and Cash Equivalents During the Fiscal Year		10,086,599
Cash and Cash Equivalents at Beginning of Year		52,818,366
Cash and Cash Equivalents at End of Year		<u>\$ 62,904,965</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)		\$ 832,746
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation/Amortization Expense	4,440	
Decrease/(Increase) in Assets:		
Loans Receivable	5,505,306	
Loan Interest Receivable	(30,457)	
Accounts Receivable – Bankwest	349,193	
Asset Held For Resale	(302,112)	
Increase/(Decrease) in Liabilities:		
Accounts Payable	10,527	
Wages Payable	1,254	
Grants Payable	(15,941)	
Accrued Leave Liability	2,576	
Due to Other Funds	2,633	
Total Adjustments		5,527,419
Net Cash Provided (Used) by Operating Activities		<u>\$ 6,360,165</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, 2013

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 and services provided to others, are reported as nonoperating.

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 (VASF) 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, 2013 is as follows:

	<u>Balance 7/01/12</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 6/30/13</u>
Equipment	\$ 27,599	\$ -0-	\$ -0-	\$ 27,599
Accumulated Depreciation	<u>15,390</u>	<u>4,440</u>	<u>-0-</u>	<u>19,830</u>
Capital Assets, Net	<u>\$ 12,209</u>	<u>\$ 4,440</u>	<u>\$ -0-</u>	<u>\$ 7,769</u>

F. Loans Receivable

Loans receivable at June 30, 2013, is shown net of the allowance for doubtful loans of \$1,898,987.

G. Services Provided to Others

Earnings on the REDI Fund and the VASF may be used for the administrative costs of the Division of Finance of the Governor's Office of Economic Development per SDCL 1-16G-24. Earnings used for the administrative costs of the Division of Finance of the Governor's Office of Economic Development totaled \$252,413 for the year ending June 30, 2013.

H. 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.



I. Transfers

During the 2011 legislative session the legislature designated \$2,000,000 to the REDI Fund from the Ethanol Fuel Fund for fiscal years 2012 to 2016.

During the 2011 legislative session the legislature designated funds provided from the sale of State surplus property. \$877,415 was reported from the sale of State land for the fiscal year ended June 30, 2013.

During the 2013 legislative session the legislature created the Building South Dakota Fund. The REDI Fund will receive 5% of the distributions from the Building South Dakota Fund. \$350,000 was received by the REDI Fund in fiscal year 2013.

J. Asset Held for Resale

During fiscal year 2013 the BED attained ownership of a property due to the lack of payment on a revolving economic development loan.

3. VALUE ADDED AGRICULTURE SUBFUND ACTIVITY

During the 1999 legislative session the VASF 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. During the 2011 legislative session the three cents per gallon designation was eliminated and a set amount of \$135,000 per fiscal year was designated for the fiscal years beginning after June 30, 2011.

The following is a breakdown of the activity in the subfund for fiscal year 2013 and its corresponding net position at June 30, 2013:

	Value Added Agriculture SubFund
Beginning Net Position	\$ 3,914,628
Reclamation of Grants	292,959
Grant Expense	(25,565)
Grants Estimated to Become Loans	16,399
Motor Fuel Tax Refund Income	135,000
Bad Debt Expense	(40,910)
Investment Income	54,990
Ending Net Position	<u>\$ 4,347,501</u>

4. COMMITMENTS

At June 30, 2013, 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, 2013-----	\$ 57,632
REDI Fund loans approved by the South Dakota Board of Economic Development but not disbursed at June 30, 2013-----	\$ 23,309,450
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 \$33,543 at June 30, 2013 is shown as short and long-term liabilities on the Statement of Net Position.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Accrued Leave Liability	\$ 30,968	\$ 29,686	\$ 27,110	\$ 33,544	\$ 17,899

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, 2013, 2012 and 2011 were \$18,698, \$18,840 and \$18,136, 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.

## 8. SUBSEQUENT EVENTS

During the 2013 legislative session the legislature transferred the VASF program (as discussed in Note 3) to the South Dakota Department of Agriculture. The transfer was conducted on July 1, 2013.