

# Loan Portfolio

## Board of Economic Development Activity Fiscal Year 2006

COMPANY	PROJECTED JOBS*	REDI FUND LOAN AMOUNT	TOTAL PROJECT AMOUNT	COMMUNITY
Canton Econ. Dev. Corp/Adams Thermal III	163	\$1,575,000	\$2,388,722	Canton
Clark New Horizons, LLC	78	\$765,000	\$1,700,000	Clark
Component Manufacturing Co.	37	\$240,000	\$600,000	Sioux Falls
Falcon Plastics, III	50	\$348,000	\$3,620,000	Madison
Front Line Chemicals, LLC	16	\$150,000	\$510,000	Brandon
LSI, Inc.	40	\$750,000	\$3,800,000	Alpena
MDMT, Inc.	39	\$320,000	\$1,000,000	North Sioux City
Miner Co. Comm. Revitalization	46	\$725,000	\$1,647,296	Howard
Mitchell Area Dev. Corp/Verifications	150	\$700,000	\$2,240,000	Mitchell
Showplace Wood Products, Inc.	163	\$500,000	\$2,388,722	Beresford
South Eastern Dev. Foundation	0	\$500,000	\$500,000	Sioux Falls
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<b>FY 2006 Total: 11 loans</b>	<b>782</b>	<b>\$6,573,000</b>	<b>\$20,394,740</b>	
<b>FY 1987-2006 Grand Total: 377 Loans</b>	<b>28,643.00</b>	<b>169,191,625</b>	<b>\$852,384,097</b>	

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

**REDI Fund Company Activity**  
**September 1987 through June 2006**

<u>Company</u> <u>(County in Bold)</u>	<b>Total Loan</b> <b>Amount</b>	<b>Loan</b> <b>Balance</b>	<b>Total Project</b> <b>Amount</b>	<b>Projected</b> <b>FTE</b> <b>Jobs</b>
<b>BEADLE</b>				
American Foods Group, Inc. I	\$500,000	\$0	\$7,790,000	116
American Foods Group, Inc. II/Huron	\$279,400	\$0		57
American Foods Group, Inc. III/Huron	\$500,000	\$0	\$1,750,000	146
Dakota Turkey Growers, LLC	\$3,000,000	\$3,000,000	\$58,450,000	387
Huron Manufacturing Company	\$65,000	\$4,052	\$200,000	12
Industrial Manufacturing of SD, Inc. I	\$275,000	\$0	\$700,000	35
Industrial Manufacturing of SD, Inc. II	\$420,413	\$0	\$973,761	54
Industrial Manufacturing of SD, Inc. III	\$650,000	\$575,536	\$2,030,000	60
Midcom, Inc.	\$600,000	\$0	\$2,155,000	167.5
Overbuilt, Inc.	\$750,000	\$706,422	\$3,341,908	72
Prairie Trends, Inc.**	\$50,000	\$0	\$300,000	17
Protective Coating Specialists, Inc.	\$100,000	\$0	\$240,000	30
Raven Industries, Inc. II/Huron	\$245,000	\$0	\$1,855,000	50
Riverside Manufacturing LLC	\$300,000	\$0	\$950,000	60
Shallbetter, Inc.	\$144,000	\$0	\$320,955	63
Trussbilt, Inc. I	\$700,000	\$0	\$3,223,000	151
Trussbilt, Inc. II	<u>\$315,000</u>	<u>\$0</u>	<u>\$1,450,000</u>	<u>54</u>
	\$8,893,813	\$4,286,010	\$85,729,624	1531.5
<b>BON HOMME</b>				
Broin Enterprises, Inc.	\$112,000	\$0	\$312,000	14
<b>BROOKINGS</b>				
Biogenetics Services, Inc.	\$131,988	\$0	\$560,000	14.5
Bioverse, Inc.	\$200,000	\$0	\$620,000	27
Counterpart, Inc.	\$175,000	\$68,320	\$1,480,000	35
Dakota Services, LLC I	\$150,000	\$0	\$535,000	29
Dakota Services, LLC II	\$200,000	\$0	\$787,000	39
Daktronics, Inc. I	\$112,500	\$0	\$250,000	33.5
Daktronics, Inc. II	\$400,000	\$0	\$900,000	96
Larson Manufacturing, Inc. I	\$750,000	\$0	\$3,056,901	92
Larson Manufacturing, Inc. II	\$750,000	\$0	\$2,350,000	87
Larson Manufacturing, Inc. III	\$1,500,000	\$0	\$6,270,000	191
Larson Manufacturing, Inc. IV	\$1,500,000	\$0	\$4,300,000	300
Maize Properties, Inc. I	\$50,000	\$0	\$340,786	16
Maize Properties, Inc. II	\$126,450	\$0	\$281,000	24
Maize Properties, Inc. III	\$208,000	\$107,163	\$603,441	19
Measurement Technologies	\$100,000	\$94,211	\$800,000	16
Prince Manufacturing Corp.	\$400,000	\$0	\$2,750,000	50

**REDI Fund Company Activity**

<b>Company</b> <b>(County in Bold)</b>	<b>Total Loan</b> <b>Amount</b>	<b>Loan</b> <b>Balance</b>	<b>Total Project</b> <b>Amount</b>	<b>Projected</b> <b>FTE</b> <b>Jobs</b>
<b><u>BROOKINGS(Con't.)</u></b>				
Rainbow Play Systems, Inc.	\$400,000	\$0	\$2,954,500	83
Rainbow Play Systems, Inc. II	\$1,500,000	\$1,290,814	\$6,500,000	100
Sitel Corporation	\$157,500	\$0	\$349,500	104.5
South Dakota Soybean Processors	\$1,050,000	\$0	\$37,700,000	68
TCF Industries, Inc.	\$200,000	\$0	\$937,500	61.5
TCF & Blower II	<u>\$850,000</u>	<u>\$0</u>	<u>\$3,700,000</u>	<u>170</u>
	\$10,911,438	\$1,560,508	\$78,025,628	1656
<b>BROWN</b>				
Aberdeen Development Corporation I	\$75,000	\$0	\$250,000	27.5
Aberdeen Development Corporation II	\$1,350,000	\$0	\$3,200,000	N/A
Aberdeen Development Corporation III	\$1,000,000	\$852,781	\$3,000,000	200
Aberdeen Development Corporation IV	\$1,500,000	\$0	\$6,300,000	125
Aberdeen Development Corporation V	\$300,000	\$289,225	\$730,000	100
Aberdeen Machine Tool Inc.	\$99,000	\$0	\$221,000	18
APA Optics, Inc.	\$300,000	\$0	\$6,375,000	106
Cabinets Dakotah	\$25,000	\$0	\$60,000	6
Colorworks, LLC	\$50,000	\$0	\$410,000	18
FMC Corporation	\$200,000	\$0	\$580,000	35
Micro-Voice, Inc.	\$162,000	\$0	\$443,500	60
Midcom, Inc. II	\$1,000,000	\$0	\$4,825,000	201
Midstates Printing, Inc.	\$100,000	\$0	\$1,691,325	39.75
Mutual of Omaha Insurance Co.	\$675,000	\$428,323	\$1,570,678	250
NECOG-DC (RRLF)	\$500,000	\$244,100	\$500,000	0
sentr@NET, LLC	\$250,000	\$0	\$1,180,000	40
Sheldahl, Inc.	\$250,000	\$0	\$2,850,000	50
TCF Aerovent, Inc.	\$500,000	\$0	\$8,735,000	186
Tempus Nutritionals, Inc.	\$210,000	\$0	\$545,000	30
Vallon, Inc.	\$430,000	\$0	\$2,308,555	91
Western Printing	<u>\$100,000</u>	<u>\$0</u>	<u>\$555,000</u>	<u>65</u>
	\$9,076,000	\$1,814,429	\$46,330,058	1648.25
<b>BUTTE</b>				
Integrity Meats	\$125,000	\$0	\$500,000	24
<b>CHARLES MIX</b>				
Aristo Industries, Inc.	\$41,000	\$0	\$91,500	20
Boyd's Gunstock Industries, Inc. I	\$35,000	\$0	\$155,000	15.5
Boyd's Gunstock Industries, Inc. II	\$40,000	\$0	\$88,900	17
Dakotah, Inc. III**	\$300,000	\$0	\$3,070,000	60
Filters Co., Inc.	<u>\$200,000</u>	<u>\$0</u>	<u>\$600,000</u>	<u>50</u>
	\$616,000	\$0	\$4,005,400	162.5

**REDI Fund Company Activity**

<b>Company</b> <b>(County in Bold)</b>	<b>Total Loan</b> <b>Amount</b>	<b>Loan</b> <b>Balance</b>	<b>Total Project</b> <b>Amount</b>	<b>Projected</b> <b>FTE</b> <b>Jobs</b>
<b>CLARK</b>				
Clark Area New Horizons, LLC*	\$765,000	\$0	\$1,700,000	78
<b>CLAY</b>				
Performance Engineering and Manufacturing, Inc	\$125,000	\$0	\$800,000	30
Performance Engineering and Manufacturing, Inc	\$180,000	\$0	\$2,340,083	40
JH Investments, LLC	<u>\$1,250,000</u>	<u>\$1,215,290</u>	<u>\$4,095,000</u>	<u>25</u>
	\$1,555,000	\$1,215,290	\$7,235,083	95
<b>CODINGTON</b>				
Angus-Palm Industries, Inc. I	\$465,000	\$0	\$1,998,000	170
Angus-Palm Industries, Inc. II	\$465,000	\$0	\$1,850,000	69
Angus-Palm Industries, Inc. III	\$289,000	\$0	\$1,026,520	55
Angus-Palm Industries, Inc. IV	\$975,000	\$742,101	\$3,080,000	324
BVH, LLC	\$110,000	\$0	\$367,500	18
CoEv, Inc.	\$1,250,000	\$0	\$4,120,000	249
Dakota Bodies, Inc.	\$78,000	\$0	\$177,709	19
Dakota Finishing Co.	\$55,000	\$0	\$125,000	12
Dakota Tube, Inc. I	\$137,106	\$0	\$357,680	27
Dakota Tube, Inc. II	\$350,000	\$0	\$770,000	60
Dakota Tube, Inc. III	\$200,000	\$0	\$650,000	41
Dakota Tube, Inc. IV	\$250,000	\$0	\$575,000	50
DC Machining, Inc.	\$51,795	\$0	\$115,100	18
Duralite, Inc.	\$75,000	\$0	\$325,000	16.5
Dynamic Engineering	\$220,568	\$0	\$505,235	45
ESCO Mfg., Inc.	\$158,000	\$0	\$383,700	34
First District Dev. Corp.	\$500,000	\$290,000	500,000	0
Global Technologies, Inc.	\$186,975	\$0	\$415,500	23
Hesco, Inc./Specialty Mills	\$87,000	\$0	\$389,000	15.5
Integrity Tool and Die, Inc.	\$125,000	\$0	\$300,000	30
McFleeg of South Dakota	\$300,000	\$286,619	\$3,981,025	10
MidAmerica Mutual Life Insurance Co.	\$500,000	\$0	\$2,068,500	125
OEM	\$650,000	\$0	\$3,050,000	123.5
OEM II	\$1,500,000	\$1,390,895	\$7,530,000	102
Persona, Inc.	\$281,700	\$0	\$736,600	82
PREMIER Bankcard, Inc.	\$1,175,000	\$0	\$4,516,000	398.5
Superior Homes, LLC	\$500,000	\$387,700	\$2,600,000	30
Terex-Telelect, Inc.	\$500,000	\$0	\$16,400,000	100
Tower Systems, Inc. I	\$135,000	\$0	\$550,000	32.5
Tower Systems, Inc. II	\$90,000	\$0	\$200,000	18
Twin City Die Castings Co.	\$500,000	\$0	\$1,145,000	125

**REDI Fund Company Activity**

<b>Company</b> <b>(County in Bold)</b>	<b>Total Loan</b> <b>Amount</b>	<b>Loan</b> <b>Balance</b>	<b>Total Project</b> <b>Amount</b>	<b>Projected</b> <b>FTE</b> <b>Jobs</b>
<b>CODINGTON(Con't.)</b>				
Watertown Development Corp. I	\$1,250,000	\$934,568	\$2,500,000	112
Watertown Development Corp. II	\$75,000	\$0	\$332,000	35
Watertown Development Corp. III	\$295,000	\$241,152	\$883,713	54
Watertown Development Corp. IV	<u>\$1,910,000</u>	<u>\$1,825,966</u>	<u>\$14,545,340</u>	<u>157</u>
	\$15,690,144	\$6,099,001	\$79,069,122	2780.5

**DAVISON**

American Foods Group, Inc. II/Mitchell	\$220,600	\$0	\$2,440,000	45
American Foods Group, Inc. III/Mitchell	\$250,000	\$0	\$850,000	62
Boyd's Gunstock Industries, Inc. III	\$125,000	\$0	\$325,200	25
Boyd's Gunstock Industries, Inc. IV	\$135,000	\$0	\$449,400	28
Boyd's Gunstock Industries, Inc. V	\$250,000	\$217,125	\$919,615	50
Dealer's Livestock Eqp. Center, Inc.	\$220,000	\$0	\$600,000	33
Mitchell Area Dev. Corp./Verifications*	\$700,000	\$0	\$2,240,000	150
TCF Industries, Inc./Axial Division	\$558,800	\$0	\$3,279,800	85
TCF & Blower Co., LTD	\$300,000	\$0	\$3,300,000	60
Thermoset Products, Inc.**	\$1,100,000	\$0	\$3,400,000	50
Trail King Industries, Inc.	\$125,000	\$0	\$2,251,900	165
Trail King Industries, Inc. II	<u>\$250,000</u>	<u>\$0</u>	<u>\$633,560</u>	<u>113.5</u>
	\$4,234,400	\$217,125	\$20,689,475	866.5

**DAY**

Dakota Fiberglass, Inc.	\$150,000	\$0	\$376,000	19.5
Dakotah, Inc. I	\$54,000	\$0	\$120,000	39
Dakotah, Inc. IV**	\$730,000	\$0	\$1,967,250	146
ESCO Manufacturing, Inc. II	\$127,000	\$0	\$982,912	30.5
Steelworks, Inc.	\$90,000	\$0	\$235,000	19
Webster Area Development Corp. I	\$300,000	\$223,628	\$600,000	38
Webster Area Development Corp. II	<u>\$322,000</u>	<u>\$263,979</u>	<u>\$600,000</u>	<u>55</u>
	\$1,773,000	\$487,607	\$4,881,162	347

**DEUEL**

Midwest Converter Supply, Inc.	\$120,000	\$0	\$334,689	23
SFI Machine Products, Inc.**	<u>\$123,000</u>	<u>\$0</u>	<u>\$423,500</u>	<u>19</u>
	\$243,000	\$0	\$758,189	42

**DOUGLAS**

Prairie States Equipment/Petro-Steel, Inc.	\$156,000	\$0	\$352,000	23
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**FALL RIVER**

Art Advantage, Inc.	\$275,000	\$0	\$656,000	35
Dakota Cinch, Inc.**	\$150,000	\$0	\$610,000	64

<b>REDI Fund Company Activity</b>				<b>Projected</b>
<b>Company</b>	<b>Total Loan</b>	<b>Loan</b>	<b>Total Project</b>	<b>FTE</b>
<b>(County in Bold)</b>	<b>Amount</b>	<b>Balance</b>	<b>Amount</b>	<b>Jobs</b>
<b><u>FALL RIVER(Con't.)</u></b>				
Mineral Technology Corporation	<u>\$120,000</u>	<u>\$104,897</u>	<u>\$985,000</u>	<u>15</u>
	\$545,000	\$104,897	\$2,251,000	114
<b>GRANT</b>				
BER Communications Corp. / Midwest Card Ser	\$185,000	\$0	\$428,000	110.5
Dakota Granite	\$350,000	\$0	\$2,153,522	60
Dakotah, Inc. II	\$100,000	\$0	\$350,000	80
Medware of SD/Mikros USA, Inc.	\$250,000	\$0	\$804,000	75
Montage, Inc. I	\$70,000	\$0	\$225,000	14
Montage, Inc. II	\$240,000	\$204,415	\$511,505	30
Sleepy Hollow Millwork	\$196,000	\$0	\$600,000	60
United Hardware Distributing Co. I	\$2,250,000	\$0	\$23,000,000	188
United Hardware Distributing Co. II	<u>\$60,000</u>	<u>\$0</u>	<u>\$250,000</u>	<u>12</u>
	\$3,701,000	\$204,415	\$28,322,027	629.5
<b>GREGORY</b>				
Parker Enterprises, Inc.**	\$100,000	\$0	\$366,000	50
<b>HAAKON</b>				
Midland Telemarketing**	\$30,000	\$0	\$70,000	13.5
Scotchman Industries, Inc.	<u>\$125,000</u>	<u>\$0</u>	<u>\$845,000</u>	<u>17</u>
	\$155,000	\$0	\$915,000	30.5
<b>HAMLIN</b>				
Davis Family South Dakota Inc.	\$5,000,000	\$5,000,000	10,000,000	184
Davisco International, Inc.	<u>\$300,000</u>	<u>\$0</u>	<u>\$1,233,000</u>	<u>21</u>
	\$5,300,000	\$5,000,000	\$11,233,000	205
<b>HUGHES</b>				
Global Harvest Birdseed of SD, LLC	\$450,000	\$372,251	\$1,150,000	37
JR&R Partnership	\$180,000	\$154,404	\$527,000	16
Pierre Economic Development Corp.	<u>\$440,000</u>	<u>\$0</u>	<u>\$1,100,000</u>	<u>100</u>
	\$1,070,000	\$526,655	\$2,777,000	153
<b>HUTCHINSON</b>				
Reliance Parts Corp.	\$99,000	\$88,016	\$220,000	24
Wildcat Manufacturing Co., Inc.	\$100,000	\$0	\$332,500	23
Wildcat Mfg./Freeman Supply	<u>\$184,500</u>	<u>\$0</u>	<u>\$1,016,750</u>	<u>38</u>
	\$383,500	\$88,016	\$1,569,250	85
<b>HYDE</b>				
Highmore Cattle Auction	\$100,000	\$0	\$535,000	29

<b>REDI Fund Company Activity</b>				<b>Projected</b>
<b><u>Company</u></b>	<b>Total Loan</b>	<b>Loan</b>	<b>Total Project</b>	<b>FTE</b>
<b><u>(County in Bold)</u></b>	<b>Amount</b>	<b>Balance</b>	<b>Amount</b>	<b>Jobs</b>
<b>JERAULD</b>				
LSI, Inc.	\$800,000	\$402,941	\$2,130,000	100
LSI, Inc. II*	<u>\$750,000</u>	<u>\$0</u>	<u>\$3,800,000</u>	<u>40</u>
	\$1,550,000	\$402,941	\$5,930,000	140
<b>JONES</b>				
Bell Farms, LLP	\$500,000	\$0	\$3,000,000	8
<b>KINGSBURY</b>				
Alvord-Polk, Inc.	\$130,000	\$0	\$1,060,000	28
Arlington Development Corp.	\$163,000	\$144,105	\$388,800	23
CMI Architectural Products, Inc.	\$100,000	\$0	\$1,100,000	20.5
Lyle Signs, Inc.	\$110,000	\$0	\$275,000	15
Shinamerica, Inc.	<u>\$250,000</u>	<u>\$138,660</u>	<u>\$1,400,000</u>	<u>45</u>
	\$753,000	\$282,765	\$4,223,800	131.5
<b>LAKE</b>				
Baron Investments, LLC	\$100,000	\$0	\$1,062,000	20
Dove Performance Parts, Inc.*	\$180,000	\$0	\$400,000	32.5
Falcon Plastics, Inc. I	\$400,000	\$0	\$1,350,000	55.5
Falcon Plastics, Inc. II	\$125,000	\$101,203	\$636,541	25
Falcon Plastics, Inc. III*	\$348,000	\$0	\$3,620,000	50
Gehl Company	\$255,000	\$0	\$2,504,831	51
Integra Plastics, Inc. I	\$140,000	\$0	\$625,000	28
Integra Plastics, Inc. II	\$75,000	\$63,062	\$175,000	15
Lake Area Improvement Corp I	\$262,500	\$238,041	\$625,000	70
Lake Area Improvement Corp II	\$265,000	\$265,000	\$1,165,000	30
Lasercut	\$90,000	\$74,014	\$200,000	20
May & Scofield, Inc.	\$140,000	\$0	\$580,000	30
New Custom Touch Homes, Inc. I	\$125,000	\$0	\$280,000	25
New Custom Touch Homes, Inc. II	\$75,000	\$63,078	\$280,000	15
Paragon Custom Homes, Inc.	\$168,000	\$0	\$567,125	30
Persona, Inc. II	\$450,000	\$0	\$2,253,000	90
PPD USA, INC. II	\$50,000	\$0	\$645,600	10
PPD USA, INC. (UHMW)	\$100,000	\$0	\$1,153,100	12.5
Raven Industries, Inc.	\$400,000	\$0	\$3,155,000	90
Rosco Manufacturing Company	<u>\$200,000</u>	<u>\$0</u>	<u>\$950,000</u>	<u>40</u>
	\$3,948,500	\$804,398	\$22,227,197	739.5

<b>REDI Fund Company Activity</b>				<b>Projected</b>
<b>Company</b>	<b>Total Loan</b>	<b>Loan</b>	<b>Total Project</b>	<b>FTE</b>
<b>(County in Bold)</b>	<b>Amount</b>	<b>Balance</b>	<b>Amount</b>	<b>Jobs</b>
<b>LAWRENCE</b>				
Deadwood Central RR Co.	\$80,000	\$0	\$235,000	13
F.L. Thorpe & Co., Inc.	\$256,500	\$0	\$713,000	70
Gems By Jim, Inc.	\$100,000	\$0	\$460,000	20
Lehman Trikes, USA	\$1,150,000	\$1,053,344	\$3,903,000	52
NIP Manufacturing, Inc.	\$75,000	\$63,638	\$388,500	10
OEM Worldwide II	\$1,250,000	\$0	\$11,195,170	310
Paramount Technical Products	\$130,000	\$0	\$742,163	31
PG Technology	\$500,000	\$0	\$2,500,000	50
Precision Blending of Idaho	\$405,000	\$397,513	\$850,000	15
RAMVAC Corporation	\$100,000	\$0	\$550,000	12
Spearfish Economic Development Corp.	\$1,000,000	\$0	\$3,025,374	277
Tri-State, LTD.	<u>\$208,000</u>	<u>\$0</u>	<u>\$620,000</u>	<u>35</u>
	\$5,254,500	\$1,514,495	\$25,182,207	895
<b>LINCOLN</b>				
Canton Economic Development Corp. I	\$1,250,000	\$1,178,958	\$6,200,000	150
Canton Economic Development Corp. II	\$995,000	\$939,718	\$5,852,000	70
Canton Economic Development Corp. III*	\$1,575,000	\$0	\$4,775,000	89
Dayton Rogers Manufacturing	\$750,000	\$0	\$4,502,964	90
DeGeest Manufacturing Co.	\$50,000	\$0	\$210,000	12
K-Products, Inc.	\$500,000	\$0	\$3,450,000	100
Lennox Area Dev. Corp. (WARE Mfg.)	\$750,000	\$0	\$4,650,000	100
Showplace Wood Products, Inc. I	\$500,000	\$0	\$2,482,900	99
Showplace Wood Products, Inc. II	\$464,801	\$272,247	\$1,401,779	65
Showplace Wood Products, Inc. III	\$320,500	\$223,869	\$1,627,529	308
Showplace Wood Products, Inc. IV	\$500,000	\$466,684	\$2,731,794	173
Showplace Wood Products, Inc. V*	\$500,000	\$0	\$2,388,722	163
Tea Industries, Inc.	<u>\$150,000</u>	<u>\$0</u>	<u>\$333,000</u>	<u>80</u>
	\$8,305,301	\$3,081,476	\$40,605,688	1499
<b>MARSHALL</b>				
Sheldahl, Inc.	\$750,000	\$0	\$2,850,000	150
Truss-Pros, Inc.	\$171,000	\$115,570	\$575,000	13.75
Veblen Cheese Factory, Inc.	<u>\$292,500</u>	<u>\$0</u>	<u>\$650,000</u>	<u>33</u>
	\$1,213,500	\$115,570	\$4,075,000	196.75
<b>MCCOOK</b>				
Bridgewater Quality Meats	\$250,000	\$107,866	\$965,000	50
Feterl Acquisition Corporation	\$600,000	\$471,653	\$3,174,000	83
Rosebud Manufacturing Company, Inc.	<u>\$100,000</u>	<u>\$0</u>	<u>\$371,750</u>	<u>19.5</u>
	\$950,000	\$579,519	\$4,510,750	152.5

<b>REDI Fund Company Activity</b>				<b>Projected</b>
<b><u>Company</u></b> <b><u>(County in Bold)</u></b>	<b>Total Loan</b> <b>Amount</b>	<b>Loan</b> <b>Balance</b>	<b>Total Project</b> <b>Amount</b>	<b>FTE</b> <b>Jobs</b>
<b>MCPHERSON</b>				
Day Break, Inc.	\$25,000	\$0	\$50,000	17.5
Eureka Development Corporation I	\$290,000	\$60,685	\$390,000	71
Eureka Development Corporation II	<u>\$125,000</u>	<u>\$100,922</u>	<u>\$473,000</u>	<u>160</u>
	\$440,000	\$161,607	\$913,000	248.5
<b>MEADE</b>				
Cor-Bon Bullets, Inc.	\$60,000	\$0	\$455,000	36
Glenwood/Loan Tree	\$13,500	\$0	\$30,000	6
NIP Manufacturing, Inc.	\$75,000	\$63,638	\$388,500	10
Sturgis Industrial Dev. Corp. I	\$175,000	\$0	\$362,500	25
Sturgis Industrial Dev. Corp. II	\$300,250	\$269,003	\$709,300	98
Sturgis Industrial Dev. Crop. III	\$110,000	\$100,951	\$308,000	12
Tower Stools	<u>\$25,000</u>	<u>\$0</u>	<u>\$100,000</u>	<u>11</u>
	\$758,750	\$433,592	\$2,353,300	198
<b>MINER</b>				
Jan's Frozen Foods**	\$325,000	\$0	\$1,630,000	67
WrapIt Corporation	\$100,000	\$0	\$2,811,160	90.5
Miner Co. Revitalization	<u>\$725,000</u>	<u>\$0</u>	<u>\$1,647,296</u>	<u>46</u>
	\$1,150,000	\$0	\$6,088,456	203.5
<b>MINNEHAHA</b>				
American Western Corporation	\$450,000	\$0	\$1,000,000	90
AmeriPharm Inc.	\$1,000,000	\$0	\$4,750,000	201
Bell Paper Box, Inc.	\$200,000	\$0	\$750,000	66
Component Manufacturing Company*	\$240,000	\$0	\$600,000	37
CoSentry Dakotas, LLC *	\$100,000	\$0	\$326,525	9
Crimson Fire, Inc.	\$1,250,000	\$1,206,475	\$3,075,500	15
Del's Cabinets, Inc.	\$45,000	\$0	\$100,000	12.5
Design Tanks, Inc.	\$900,000	\$891,215	\$2,013,750	58
Dressen Custom Trailers, Inc.	\$73,636	\$0	\$298,636	15
Electronic Systems, Inc. I	\$245,000	\$0	\$545,000	39
Electronic Systems, Inc. II	\$305,000	\$0	\$1,255,000	61
Elston Equipment, Inc.	\$33,750	\$0	\$75,000	14
Forever New (Neoverures), Inc.	\$40,000	\$0	\$110,000	8.5
Front Line Chemical, LLC*	\$150,000	\$0	\$510,000	16
Gateway, Inc. IV	\$2,000,000	\$0	\$14,840,000	645
Graco, Inc.	\$750,000	\$0	\$8,442,000	119
Hematech, LLC I	\$200,000	\$126,970	\$835,000	30.5
Hematech, LLC II	\$325,000	\$239,480	\$709,600	21
High Performance Engineering	\$67,000	\$0	\$165,000	10
Hutchinson Technology, Inc. I	\$1,500,000	\$0	\$3,500,000	350

**REDI Fund Company Activity**

<b>Company</b> <b>(County in Bold)</b>	<b>Total Loan</b> <b>Amount</b>	<b>Loan</b> <b>Balance</b>	<b>Total Project</b> <b>Amount</b>	<b>Projected</b> <b>FTE</b> <b>Jobs</b>
<b><u>MINNEHAHA(Con't)</u></b>				
Hutchinson Technology, Inc. II	\$1,500,000	\$0	\$3,740,000	377
InterActive, Inc.	\$40,000	\$0	\$90,000	28.5
Labelcrafters of South Dakota, Inc. I	\$17,500	\$0	\$43,000	4
Labelcrafters of South Dakota, Inc. II	\$20,000	\$0	\$265,000	4
LodgeNet Entertainment Corp.	\$1,000,000	\$0	\$14,114,364	225
Lou-Rich, Inc.	\$91,400	\$0	\$209,000	24
Luverne Truck Equipment Inc.	\$400,000	\$360,665	\$1,300,000	305
Maguire Tank, Inc.	\$175,000	\$0	\$1,350,000	31
Midwest Precision Tool & Die, Inc.	\$250,000	\$0	\$2,589,400	50
Mitographers, Inc.	\$175,000	\$0	\$750,000	28
Nordic Advantage, Inc.	\$1,500,000	\$0	\$3,350,000	300
PAYTRU\$T, Inc.	\$1,000,000	\$0	\$4,044,000	202
Raven Industries, Inc. II	\$105,000	\$0	\$795,000	23
Sencore, Inc.	\$350,000	\$0	\$780,000	70
SolCom, Inc.	\$669,000	\$269,255	\$2,619,000	100
Specialized Card Services I	\$750,000	\$0	\$2,056,582	150
Specialized Card Services II	\$400,000	\$0	\$1,888,889	170
Specialized Card Services III	\$850,000	\$0	\$889,750	80
Specialized Card Services IV	\$1,500,000	\$0	\$5,992,717	300
Specialized Card Services V	\$1,300,000	\$0	\$5,187,888	260
StarMark, Inc.	\$315,000	\$0	\$700,000	63
South Eastern Development Foundation	\$500,000	\$255,850	\$500,000	0
Tel-Drug	\$1,400,000	\$0	\$6,200,000	214
Tiger Corporation	\$381,600	\$0	\$954,000	118
Total Fire Protection, Inc.	\$300,000	\$294,121	\$2,025,000	30
Valentine Technology, Inc.**	\$200,000	\$0	\$1,050,000	75
Wheeler Tank Manufacturing, Inc.	\$200,000	\$0	\$550,000	39
Wheeler Tank Manufacturing, Inc. II	\$100,000	\$0	\$330,000	22
Yellow Freight System, Inc.	<u>\$750,000</u>	<u>\$0</u>	<u>\$2,223,250</u>	<u>127</u>
	\$26,113,886	\$3,644,031	\$110,487,851	5237

**MOODY**

Dakota Layers Coop. I	\$400,000	\$275,880	\$9,290,000	21
Dakota Layers Coop II	<u>\$1,500,000</u>	<u>\$1,398,469</u>	<u>\$4,941,996</u>	<u>40</u>
	\$1,900,000	\$1,674,349	\$14,231,996	61

**PENNINGTON**

Accuracy Inc.	\$50,000	\$0	\$393,000	15
All-Mark/Claussen, Inc.	\$76,050	\$0	\$169,000	53.5
American Concrete Equipment Corp.	\$450,000	\$0	\$1,440,000	41
Baker Timber Products, Inc.	\$250,000	\$226,942	\$640,000	31

<b>REDI Fund Company Activity</b>				<b>Projected</b>
<b><u>Company</u></b>	<b>Total Loan</b>	<b>Loan</b>	<b>Total Project</b>	<b>FTE</b>
<b><u>(County in Bold)</u></b>	<b>Amount</b>	<b>Balance</b>	<b>Amount</b>	<b>Jobs</b>
<b>PENNINGTON(Cont'd)</b>				
Biofoam Corporation	\$200,000	\$0	\$750,000	60.5
Black Hills Molding, Inc.	\$120,000	\$0	\$450,000	20
Black Hills Silver, Inc.	\$90,000	\$0	\$221,396	14
Casto Travel, Inc.	\$185,000	\$0	\$405,000	67
Conseco Fin. Serv. Corp. I	\$2,000,000	\$0	\$5,000,000	347
Conseco Fin. Serv. Corp. II	\$1,500,000	\$0	\$5,022,656	225
Conseco Fin. Serv. Corp. III	\$250,000	\$0	\$1,352,590	90
Conseco Fin. Serv. Corp. IV	\$1,600,000	\$0	\$3,566,000	500
Custom Packaging Systems, Inc. I	\$177,500	\$0	\$685,000	85
Custom Packaging Systems, Inc. II	\$100,000	\$0	\$400,000	20
Custom Packaging Systems, Inc. III	\$100,000	\$0	\$248,000	55
Custom Packaging Systems, Inc. IV	\$50,000	\$0	\$112,000	83
Envirocare, Inc.**	\$40,000	\$0	\$91,900	34
Fenske Printing, Inc.	\$400,000	\$0	\$1,500,000	42
GFI America, Inc. I	\$1,500,000	\$0	\$10,125,000	235
GFI America, Inc. II	\$1,000,000	\$0	\$3,125,000	115
Gunderson Manufacturing Company	\$60,000	\$0	\$160,000	12
H-S Precision, Inc. I	\$175,000	\$0	\$825,000	42
H-S Precision, Inc. II	\$125,000	\$0	\$300,000	25
H-S Precision, Inc. III	\$180,000	\$0	\$400,000	30
Hi-Qual Manufacturing, Inc. I	\$300,000	\$0	\$1,600,000	43
Hi-Qual Manufacturing, Inc. II	\$500,000	\$0	\$2,000,000	58
Hilton Development Corporation	\$350,000	\$0	\$6,190,000	37.75
Landstrom's	\$700,000	\$0	\$9,185,000	140
Lytleware Enterprises	\$55,000	\$0	\$196,000	11
Magnum Diamond I	\$80,000	\$0	\$250,000	11
Magnum Diamond II	\$90,000	\$0	\$208,950	22
MPI, Inc.	\$825,000	\$0	\$1,871,420	168
Precision Prototype**	\$50,000	\$0	\$172,600	7
Rapid City Economic Dev. Foundation	\$850,000	\$0	\$2,000,000	99
RIDCO, Inc.	\$500,000	\$0	\$1,680,000	103
Riss Brothers Millwork, Inc. I	\$100,000	\$0	\$1,130,000	28
Riss Brothers Millwork, Inc. II	\$150,000	\$0	\$544,000	34
Riss Brothers Millwork, Inc. III	\$205,000	\$0	\$655,000	55
Risstone Casegoods, Inc.	\$280,000	\$0	\$630,000	82
RMA	\$72,525	\$0	\$221,167	77.5
SCI Technology, Inc.	\$1,500,000	\$0	\$15,203,122	417
Spiegel Teleservices, Inc.	\$1,750,000	\$0	\$7,445,000	360.5
Terryberry Company	\$150,000	\$0	\$1,350,000	30
West River Foundation - RRLF	\$500,000	\$500,000	\$500,000	0

<b>REDI Fund Company Activity</b>				<b>Projected</b>
<b>Company</b>	<b>Total Loan</b>	<b>Loan</b>	<b>Total Project</b>	<b>FTE</b>
<b>(County in Bold)</b>	<b>Amount</b>	<b>Balance</b>	<b>Amount</b>	<b>Jobs</b>
<b>PENNINGTON(Cont.d)</b>				
Workrite Uniform Co.	<u>\$1,275,000</u>	<u>\$0</u>	<u>\$7,905,000</u>	<u>124</u>
	\$20,135,025	\$500,000	\$95,676,801	4009.25
<b>PERKINS</b>				
Wheeler Manufacturing Co., Inc.	\$100,000	\$0	\$311,000	20
Wheeler Manufacturing Co., Inc. II	<u>\$150,000</u>	<u>\$0</u>	<u>\$350,000</u>	<u>30</u>
	\$250,000	\$0	\$661,000	50
<b>ROBERTS</b>				
Cattail Company, LLP	\$150,000	\$0	\$1,050,000	33
One-Ten Corporation**	\$250,000	\$0	\$1,768,000	210
Northeast SD Economic Development	\$500,000	\$500,000	\$500,000	0
Schiltz Foods, Inc.	\$323,541	\$0	\$718,980	73
Sisseton Development Company	\$400,000	\$306,780	\$901,133	120
Sisseton Econ. Dev./Power Sentry	\$290,277	\$0	\$290,277	N/A
Tri-State Ethanol Company	<u>\$450,000</u>	<u>\$0</u>	<u>\$18,000,000</u>	<u>19</u>
	\$2,363,818	\$806,780	\$23,228,390	455
<b>SANBORN</b>				
Van Dyke Supply Company, Inc.	\$1,000,000	\$0	\$1,000,000	100
<b>SPINK</b>				
Markley Millwork	\$65,000	\$0	\$420,000	13
Redfield Industrial Dev. Corp./ACI	<u>\$355,000</u>	<u>\$0</u>	<u>\$605,000</u>	<u>75</u>
	\$420,000	\$0	\$1,025,000	88
<b>TODD</b>				
Rosebud Community Landfill**	\$22,500	\$0	\$111,000	4
<b>TRIPP</b>				
Synergy Solutions, Inc.	\$200,000	\$0	\$461,400	50
<b>TURNER</b>				
Bowden's Automated Products	\$100,000	\$0	\$300,000	50
ProCon Products, Inc.	<u>\$20,000</u>	<u>\$0</u>	<u>\$64,149</u>	<u>4</u>
	\$120,000	\$0	\$364,149	54
<b>UNION</b>				
AaLadin Industries, Inc. I	\$43,000	\$0	\$175,183	34
AaLadin Industries, Inc. II	\$205,000	\$0	\$603,740	41
Alkota Cleaning Systems, Inc.	\$200,000	\$0	\$621,000	25
Beef Products, Inc.	\$200,000	\$0	\$2,391,814	33

<b>REDI Fund Company Activity</b>				<b>Projected</b>
<b>Company</b>	<b>Total Loan</b>	<b>Loan</b>	<b>Total Project</b>	<b>FTE</b>
<b>(County in Bold)</b>	<b>Amount</b>	<b>Balance</b>	<b>Amount</b>	<b>Jobs</b>
<b>UNION(Con't.)</b>				
Direct Transit, Inc. I**	\$200,000	\$0	\$677,081	49
Direct Transit, Inc. II**	\$500,000	\$0	\$2,524,000	173
Enviro Safe Air, Inc.	\$120,000	\$0	\$300,000	24.5
FIMCO, Inc.	\$575,000	\$0	\$9,357,024	83.25
Gateway, Inc. I	\$700,000	\$0	\$7,717,051	230
Gateway, Inc. II	\$250,000	\$0	\$1,242,715	154
Gateway, Inc. III	\$1,000,000	\$0	\$11,000,000	1213
Heartland Quality Foods/IAMS Co., Inc.	\$357,500	\$0	\$4,200,000	62
ibp, Inc. I	\$800,000	\$0	\$3,100,000	100
ibp, Inc. II	\$3,000,000	\$0	\$25,100,000	578
MDMT, Inc.*	\$320,000	\$0	\$1,000,000	39
Prince Manufacturing Corporation	\$400,000	\$0	\$3,935,000	50
Southeast Farmers Elevator	\$750,000	\$0	\$4,818,000	6.5
TDS Dakota Land Holdings, LLC	\$1,750,000	\$0	\$7,567,000	287
Tower Engineering**	\$55,000	\$0	\$265,000	12
Tristate Laminated Doors/Components**	<u>\$150,000</u>	<u>\$0</u>	<u>\$1,200,000</u>	<u>37</u>
	\$11,575,500	\$0	\$87,794,608	3231.25
<b>WALWORTH</b>				
Blaze Technologies, Inc.	\$40,000	\$0	\$66,700	8
DMCO, Inc.**	\$36,000	\$0	\$145,000	7
Mobridge Economic Dev. Corp.	\$290,000	\$0	\$780,000	150
One World Distribution, Inc.	<u>\$148,000</u>	<u>\$0</u>	<u>\$330,000</u>	<u>51</u>
	\$514,000	\$0	\$1,321,700	216
<b>YANKTON</b>				
Applied Engineering, Inc.	\$250,000	\$0	\$1,600,000	39
Areawide Business Council – RRLF	\$500,000	\$357,635	\$500,000	0
Cimpl Meats, Inc.	\$200,000	\$0	\$700,000	8
Ehresmann Engineering, Inc.	\$125,000	\$106,692	\$350,000	15
Excelltech, Inc.	\$81,000	\$0	\$182,000	14
Hastings Manufacturing	\$500,000	\$0	\$1,576,000	55
M-Tron	\$296,000	\$256,711	\$1,200,000	126
Shur Company I	\$255,000	\$0	\$940,685	48
Shur Company II	\$150,000	\$0	\$533,204	30
Shur Company III	\$240,000	\$0	\$646,400	50.5
Summit Precision, Inc.	<u>\$500,000</u>	<u>\$0</u>	<u>\$2,330,000</u>	<u>85</u>
	\$3,097,000	\$721,038	\$10,558,289	470.5

<b>EDFA-APEX I</b>	<b>\$1,000,000</b>	<b>\$0</b>	<b>\$3,500,000</b>	<b>N/A</b>
<b>EDFA -APEX II</b>	<b>\$125,000</b>	<b>\$0</b>	<b>\$625,000</b>	<b>N/A</b>
<b>EDFA- APEX III</b>	<b>\$200,000</b>	<b>\$0</b>	<b>\$950,000</b>	<b>N/A</b>
<b>SDDC</b>	<b>\$3,000,000</b>	<b>\$625,551</b>	<b>\$3,000,000</b>	<b>N/A</b>
<b>VASF (available funds)</b>	<b>3,000,000</b>	<b>\$2,233,811</b>	<b>\$3,000,000</b>	<b>N/A</b>
<b>VATSF (available funds)</b>	<b>\$3,000,000</b>	<b>\$2,726,180</b>	<b>\$3,000,000</b>	<b>N/A</b>
	<b>\$10,325,000</b>	<b>\$5,585,542</b>	<b>\$14,075,000</b>	
<b>FY 1987-2006</b>				
<b>GRAND TOTAL: 377 loans</b>	<b>\$169,191,625</b>	<b>\$42,138,998</b>	<b>\$852,384,097</b>	<b>28,643</b>

\*not closed

\*\*defaulted

·denotes companies who wish not to be mentioned

## Venture Capital Investment Fund Activity

<b>Company (County in Bold)</b>	<b>Total Loan Amount</b>	<b>Loan Balance</b>	<b>FTE Jobs</b>
<b>Brown</b>			
NE Venture, Inc. I	\$166,667	\$0	\$1,200,000 N/A
NE Venture, Inc. II	\$233,333	\$0	\$0
NE Venture, Inc. III	\$200,000	\$0	\$600,000 N/A
	<b>\$600,000</b>	<b>\$0</b>	<b>\$1,800,000</b>
<b>Pennington</b>			
Dakota Ventures, Inc. I	\$50,000	\$0	\$150,000 N/A
Dakota Ventures, Inc. II	\$75,000	\$0	\$225,000 N/A
	<b>\$125,000</b>	<b>\$0</b>	<b>\$375,000</b>

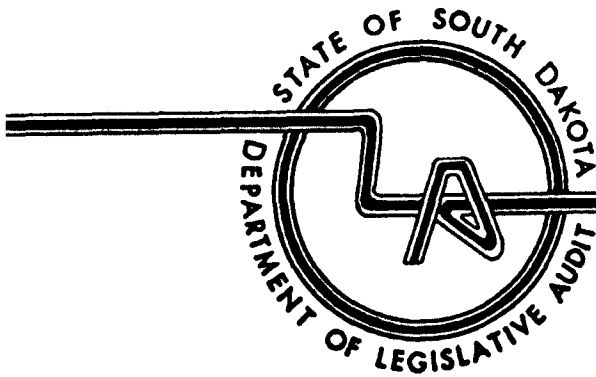
**SOUTH DAKOTA REVOLVING ECONOMIC DEVELOPMENT  
AND INITIATIVE FUND**

**AUDIT REPORT**

**Fiscal Year Ended June 30, 2006**

SOUTH DAKOTA REVOLVING ECONOMIC DEVELOPMENT  
AND INITIATIVE FUND  
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MARTIN L. GUINDON, CPA  
AUDITOR GENERAL

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

The Honorable M. Michael Rounds  
Governor of South Dakota

and

South Dakota Board of Economic Development

We have audited the financial statements of the South Dakota Revolving Economic Development and Initiative Fund as of and for the fiscal year ended June 30, 2006 and have issued our report thereon dated October 20, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

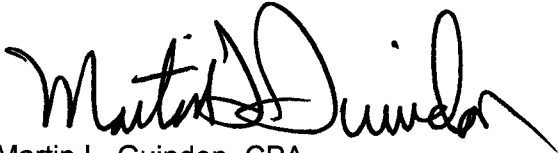
In planning and performing our audit, we considered the South Dakota Revolving Economic Development and Initiative Fund's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the South Dakota Revolving Economic Development and Initiative Fund's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, 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 that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the South Dakota Revolving Economic Development and Initiative Fund in a separate letter dated October 20, 2006.

This report is intended for the information of management, members of the South Dakota Legislature and the citizens of South Dakota 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.

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

Martin L. Guindon, CPA  
Auditor General

October 20, 2006



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MARTIN L. GUINDON, CPA  
AUDITOR GENERAL

## INDEPENDENT AUDITOR'S REPORT

The Honorable M. Michael Rounds  
Governor of South Dakota

and

South Dakota Board of Economic Development

We have audited the accompanying financial statements of the South Dakota Revolving Economic Development and Initiative Fund, as of and for the fiscal year ended June 30, 2006 as listed in the table of contents. These financial statements are the responsibility of the South Dakota Board of Economic Development's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

The financial statements of the South Dakota Revolving Economic Development and Initiative Fund, are intended to present the financial position, and changes in financial position and cash flows of the business type activities of the State that is attributable to the transactions of the South Dakota Revolving Economic Development and Initiative Fund. They do not purport to, and do not, present fairly the financial position of the State of South Dakota as of June 30, 2006, and the changes in its financial position and its cash flows, where applicable, for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the South Dakota Revolving Economic Development and Initiative Fund as of June 30, 2006 and the respective changes in financial position and cash flows thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2006 on our consideration of the South Dakota Revolving Economic Development and Initiative Fund's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Martin L. Guindon, CPA  
Auditor General

October 20, 2006

**SOUTH DAKOTA REVOLVING ECONOMIC DEVELOPMENT  
AND INITIATIVE FUND  
STATEMENT OF NET ASSETS  
June 30, 2006**

**ASSETS**

**Current Assets:**

Cash and Cash Equivalents (Note 3)	\$ 42,120,345
Securities Lending Collateral (Note 8)	5,304,871
Loan Interest Receivable	59,299
Investment Income Receivable	414,780
Loans Receivable (Net) (Note 4)	4,873,377
Motor Fuel Tax Refunds Receivable	6,721
Total Current Assets	<u>52,779,393</u>

Noncurrent Portion of Loans Receivable (Net) (Note 4)	<u>32,750,228</u>
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<b>TOTAL ASSETS</b>	<u>\$ 85,529,621</u>
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**LIABILITIES**

**Current Liabilities:**

Accounts Payable	\$ 9,469
Wages Payable	18,655
Grants Payable	7,343
Accrued Leave Liability (Note 7)	14,851
Due to Other Funds	4,511
Securities Lending Collateral Liability (Note 8)	5,304,871
Total Current Liabilities	<u>5,359,700</u>

Noncurrent Portion of Accrued Leave Liability (Note 7)	<u>13,383</u>
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<b>TOTAL LIABILITIES</b>	<u>5,373,083</u>
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**NET ASSETS**

Unrestricted	<u>80,156,538</u>
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<b>TOTAL NET ASSETS</b>	<u>\$ 80,156,538</u>
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The notes to the financial statements are an integral part of this statement.

**SOUTH DAKOTA REVOLVING ECONOMIC DEVELOPMENT  
AND INITIATIVE FUND  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
For the Fiscal Year Ended June 30, 2006**

Operating Revenue:	
Interest Income on Loans	\$ 1,013,454
Other Income (Note 2)	198,886
Total Operating Revenue	<u>1,212,340</u>
Operating Expenses:	
Personal Services and Benefits	338,620
Travel	19,625
Contractual Services	177,106
Supplies and Materials	10,539
Grants and Subsidies (Note 5)	15,055
Total Operating Expense	<u>560,945</u>
Operating Income (Loss)	651,395
Nonoperating Revenue (Expense):	
Investment Income	1,307,171
Other Income	334,356
Other Expense (Note 8)	(204,954)
Total Nonoperating Revenue (Expense)	<u>1,436,573</u>
Change in Net Assets	2,087,968
Beginning Net Assets	<u>78,068,570</u>
End of Year Net Assets	<u>\$ 80,156,538</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, 2006**

Cash Flows From Operating Activities:		
Receipts for Loan Repayments	\$ 4,686,317	
Receipts from Customers and Users	108,767	
Other Receipts	223,495	
Payments for Loans Originated	(11,513,135)	
Payments for Employee Services	(341,411)	
Payments for Interfund Services Used	(45,612)	
Payments to Suppliers and for Benefits and Claims	<u>(252,390)</u>	
Net Cash Provided (Used) by Operating Activities		(7,133,969)
Cash Flows From Investing Activities:		
Pooled Investment Income	1,189,438	
Security Lending Rebate Fees	<u>(204,954)</u>	
Net Cash Provided by Investing Activities		984,484
Net Increase in Cash and Cash Equivalents During the Fiscal Year		
		(6,149,485)
Cash and Cash Equivalents at Beginning of Year		
		<u>48,269,830</u>
Cash and Cash Equivalents at End of Year		<u>\$ 42,120,345</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)		\$ 651,395
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Miscellaneous Nonoperating Income	334,356	
Decrease/(Increase) in Assets:		
Loans Receivable	(8,071,154)	
Loan Interest Receivable	(23,355)	
Motor Fuel Tax Refunds Receivable	(2,095)	
Increase/(Decrease) in Liabilities:		
Accounts Payable	(4,108)	
Grants Payable	(17,064)	
Due to Other Funds	846	
Accrued Leave Liability	(2,392)	
Wages Payable	<u>(398)</u>	
Total Adjustments		(7,785,364)
Net Cash Provided (Used) by Operating Activities		<u>\$ (7,133,969)</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, 2006

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Fund Accounting

The REDI Fund is accounted for as an enterprise fund. Enterprise funds are used to account for activities that are financed and operated in a manner similar to private business enterprises. The REDI Fund is a part of the State of South Dakota and, as such, the accompanying financial statements are included in the Comprehensive Annual Financial Report of the State of South Dakota.

B. Basis of Accounting

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

C. Cash and Investments

Cash includes cash on hand, demand deposits and a participating interest in the State's internal investment pool held by the State Treasurer. The amount held in the State's internal investment pool is reported at fair value.

D. Value Added Agriculture Subfund Projects

The Board of Economic Development (BED) approves projects funded from the Value Added Agriculture Subfund. For financial reporting purposes, the BED estimates that 30% of the projects financed 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. Other operating income of \$198,886 was reported in the financial statements representing the recognition of loans receivable during the year above the 30% initial estimate when project funds were disbursed.

### 3. CASH AND CASH EQUIVALENTS

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 South Dakota Comprehensive Annual Financial Report.

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2006, \$206,226 was exposed to custodial credit risk as uninsured and uncollateralized.

### 4. LOANS RECEIVABLE

Loans receivable at June 30, 2006, is shown net of the allowance for doubtful loans as follows:

	<u>Short-Term</u>	<u>Long-Term</u>	<u>Total</u>
REDI Fund Loans Receivable	\$ 5,027,363	\$ 32,335,609	\$ 37,362,972
Allowance for Doubtful Loans	<u>(213,394)</u>	<u>(782,673)</u>	<u>(996,067)</u>
REDI Fund Loans Receivable Net of Allowance	<u>4,813,969</u>	<u>31,552,936</u>	<u>36,366,905</u>
VASF Loans Receivable	112,324	1,316,103	1,428,427
Allowance for Doubtful Loans	<u>(52,916)</u>	<u>(387,770)</u>	<u>(440,686)</u>
VASF Loans Receivable Net of Allowance	<u>59,408</u>	<u>928,333</u>	<u>987,741</u>
VATSF Loans Receivable	-	268,959	268,959
Allowance for Doubtful Loans	<u>-</u>	<u>-</u>	<u>-</u>
VATSF Loans Receivable Net of Allowance	<u>-</u>	<u>268,959</u>	<u>268,959</u>
Total Loans Receivable Reported Net of Allowance	<u>\$ 4,873,377</u>	<u>\$ 32,750,228</u>	<u>\$ 37,623,605</u>

### 5. VALUE ADDED AGRICULTURE AND TOURISM SUBFUND ACTIVITIES

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

The Value Added Tourism Sub Fund was created by the 2003 Legislature. It allocated \$3 million to a sub fund of the REDI Fund to foster growth in the tourism industry in South Dakota. The rules allow any legal entity to access loan or grant funds for the purposes of conducting marketing and feasibility studies or tourism development projects geared towards bringing new tourism to the state and lengthening the stay of visitors across the state.

The following is a breakdown of the activity in the subfunds for FY06 and their corresponding net assets at June 30, 2006:

	Value Added Agriculture SubFund	Value Added Tourism SubFund	Total Subfund
Beginning Net Assets	\$ 3,167,946	\$ 2,996,411	\$ 6,164,357
Change in Allowance for Doubtful Loans	(8,876)	-	(8,876)
Grant Expense	-	(15,055)	(15,055)
Motor Fuel Tax Refund Income	225,472	-	225,472
Investment Income	69,682	85,329	155,011
Ending Net Assets	<u>\$ 3,454,224</u>	<u>\$ 3,066,685</u>	<u>\$ 6,520,909</u>

## 6. COMMITMENTS

At June 30, 2006, the REDI Fund has the following commitments:

Value-Added Tourism Subfund grants/loans approved by the South Dakota Board of Economic Development but not disbursed at June 30, 2006 -----	\$ 69,041
Value-Added Agriculture Subfund grants/loans approved by the South Dakota Board of Economic Development but not disbursed at June 30, 2006 -----	\$ 367,449
REDI Fund loans approved by the South Dakota Board of Economic Development but not disbursed at June 30, 2006 -----	\$ 9,452,464
South Dakota Economic Development Finance Authority for the Agriculture Processing and Export Loan Program (RECD Intermediary Relending Program) -----	\$ 325,000

## 7. 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 \$28,235 at June 30, 2006, is shown as short and long-term liabilities on the Statement of Net Assets.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Accrued Leave Liability	\$30,627	\$25,010	\$27,402	\$28,235	\$14,851

## 8. SECURITIES LENDING TRANSACTIONS

State statutes and the South Dakota Investment Council policies permit the use of investments for securities lending transactions. These transactions involve the lending of securities to broker-dealers and other entities for collateral in the form of cash or securities with the simultaneous agreement to return the collateral for the same securities in the future. For an expanded explanation of the securities lending transactions of the REDI Fund as a fund of the State of South Dakota, refer to the South Dakota comprehensive annual financial report.

## 9. RETIREMENT PLAN

The REDI Fund 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 REDI Fund's contributions to the SDRS for the fiscal years ended June 30, 2006, 2005, and 2004 were \$16,690, \$15,756, and \$14,811, respectively, equal to the required contributions each year.