

KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION (EDC)
JOINT OPERATIONS BOARD OF DIRECTORS (OB) MEETING
MINUTES
October 9, 2014
EDC Office, Willmar

Present: Art Benson, Rollie Boll, Robert Carlson, Beverly Dougherty and Gary Gilman

Ex Officio: Jim Butterfield and Bruce Peterson

Excused: Linda Kacher

Staff: Steven Renquist, Executive Director and Jean Spaulding, Assistant Director

Guest: Jim Ruff of James M. Ruff, Inc.

Secretarial: Nancy Birkeland, Legal & Administrative Assistants, Inc. (LAA)

President Bev Dougherty called the meeting to order at approximately 11:04 a.m.

AGENDA—Added to the agenda under New Business was a bill from auditor Jim Ruff.

IT WAS MOVED BY Rollie Boll, SECONDED BY Gary Gilman, to approve the revised Agenda and the following Consent Agenda.

CONSENT AGENDA—

- Approve:
1. Minutes of September 11, 2014 meeting
 2. Financial reports as of September 30, 2014
 3. REDstar invoice of \$1,353.75 from the Marketing and Public Relations Committee's budget
 4. EsseX Capital, LLC invoice of \$2,125.00 for one-year membership in the Community Venture Network
- Accept:
1. Removal of Steve Nelson from the Agriculture and Renewable Energy Development Committee
 2. Committee Minutes
 - a. Agriculture and Renewable Energy Development 8/21/2014
 - b. Business Retention and Expansion/Recruitment 9/3/2014

PROGRESS REPORTS

Willmar. Bruce Peterson reported Jennie-O is progressing on its outside work; the shell of Taco Bell is up; the Highway 12 construction is being finalized; the corridor study is being finalized and will be a guidance document for the city of Willmar, Kandiyohi County and the Minnesota

Department of Transportation (MnDOT); Bethesda's project is underway and it has begun interior utility work; 12th Street east of Bethesda should be constructed in the next couple of weeks; the City Planning Commission reviewed and approved preliminary plans for a new Dairy Queen Grill & Chill on the east side of Willmar by Bolton and Menk and approved a new professional office for Ben Taatjes on west 19th Avenue west of West Central Smiles; and through the end of September, construction permits total \$45 million, which is almost double from last year. Peterson reported the owners of the Erickson building have decided to rehabilitate the building and sell it; work has been done on the south side; a Minneapolis attorney has requested information from the city; the city is waiting for the owner to address an engineering study; a portion of the building's basement is under the parking area and poses problems. Spaulding stated she spoke with someone who is interested in the building. Code enforcement would be triggered with any sale.

Willmar Downtown Development. Dougherty reported the roof is on Historic 313—next will be digging up the street; Holiday is November 22; and they are working with Vision 2040 on public meetings for October 21 and 23. Jean Spaulding stated Jennie-O announced at the Community Foundation banquet that it is making a \$150,000 contribution to The Barn on its Fourth Street project.

EDC/MinnWest Technology Campus (MWTC). Steve Renquist reported he is working with a manufacturer from the west side of the Twin Cities looking for 18,000 square feet and there is some interest by an electronics distributor for the former Molenaar building. A referral from Ron Christianson, Ziegler CAT, relocated to Sheldon, Iowa, where it received free land and other incentives. Willmar may still be a possibility for Ziegler, but staff needs to find out if it is looking for incentives. Burlington Northern Santa Fe Railway (BNSF) did not receive the TIGER II grant. Renquist stated they could ask the grant reviewers how the local grant application was rated and reapply. An impressive coalition was put together between the city of Willmar, Kandiyohi County, MnDOT, EDC and BNSF and plans are to keep the coalition together. BNSF may try to go forward without federal money and come up with other sources for the \$18 million. Peterson stated he is pushing hard to have BNSF come to the table with more resources as it is a huge beneficiary of a project. The second phase of a building project may move forward, but the company is concerned with the area's ability to supply employees. Peterson noted workforce issues will dominate economic development in the future. Peterson reported the Willmar City Council preliminarily approved a tax abatement for 119 units of modular housing being planned by a Hutchinson developer. Renquist stated if an application is approved for the housing project, he will take it to the County Board. A meeting on marketing the Willmar airport was held yesterday, which will be a subgroup of the Willmar Airport Commission. They will start with a BRE meeting of all airport and hangar users and invite the Willmar City Council, Airport Commission and possibly the EDCOB. Renquist suggested he may ask the county to be more supportive of the airport.

Spaulding reported MWTC hosted the 4th Annual Animal Science Conference last week, which had 125 registered and brought to it impressive people. The EDC hosted the University of Minnesota Technology Showcase the day before. A co-working space, Work Up, modeled after CoCo Minneapolis, will launch in spring 2015 at MWTC. Spaulding provided information on coworking and collaborative spaces. Peterson stated Work Up is owned by Betsy Bonnema and will be located in MWTC's historic annex. Spaulding is working with Bonnema and her lender on financing, which may involve a Kickstarter program. Spaulding is arranging a tour of MWTC for a software developer. Spaulding is working with the Blandin Foundation on hosting a HackFest in

the fall of 2015, along with Ridgewater College. Blandin will request the EDC reallocate funds approved earlier this year, but not expended, for a technology grant application, to be used for this HackFest. HackFests bring in volunteer coders, typically 20 to 30, to write an application that solves a community problem. Hosts pay for room and board for the volunteers.

Willmar Area Multicultural Business Center (WAM-BC). Dougherty reported grant applications continue to be written; a \$90,000 grant was recently received. WAM-BC is working with downtown on multiple projects, including Historic 313, Holiday and a downtown walking tour. Nancy Birkeland reported on Walk the Corridor she attended on behalf of the EDC, which included tours of La Estrella Bakery, Somali Star Restaurant, Mubarak Food and La Fiesta Grocery Store.

UNFINISHED BUSINESS—

Planning session followup. The board reviewed the 2015 Strategic Priorities (see attached) that resulted from the boards' planning session. Four strategic priorities were:

1. Agriculture-related business development including, but not limited to, manufacturing, bioscience, technology, energy and research;
2. Business retention and expansion;
3. Industrial park development; and
4. Marketing to prospective businesses and residents, investors, site selectors and existing residents as to how people and businesses prosper here.

Renquist noted the next step will be to meet with the facilitator to develop a work plan by November.

[Jim Ruff joined the meeting.]

Intermediary Relending Program. Spaulding reported the Willmar Housing and Redevelopment Authority (HRA) needs to approve relinquishing the program and assets to the EDC. The EDC will then need to do a resolution to accept the program. The HRA's attorney is reviewing the process after which the EDC's attorney will review the program for transfer on December 31, 2014. Peterson reported a new loan was recently approved.

NEW BUSINESS—

2013 audit. Jim Ruff reviewed with the board a Profit & Loss Previous Year Comparison January through December 2013 and Profit & Loss Budget vs. Actual January through December 2013 (see attached). Ruff's comments included interest on investments is less than anticipated; the Business Retention and Expansion/Recruitment and Marketing and Public Relations Committees under spent their budgets; depreciation of furniture and equipment was an expense of \$5,500 in 2013; computers and improvements to the current office are still depreciating and will be an

investment that will be expensed when the EDC moves. Net income in 2013 was -\$4,622.28; without the \$40,000 in reserves, the net income would have been -\$44,622.28. Ruff reviewed the Annual Financial Report as of December 31, 2013 (see attached). The General Fund Balance Sheet and Governmental Activities - Statement of Net Assets shows undepreciated capital assets of \$15,239 (\$5,500 is written off per year); reserved funds include the Revolving Loan Fund of \$224,052 (includes monies received from Kandiyohi County for economic development), the HRA note and tourism development; designated unreserved of \$43,832 for the Entrepreneurs' Revolving Loan Fund program (50% of outstanding loans); and undesignated funds of \$428,360, which can be used at the discretion of the Joint Powers Board. The Net Assets at the end of 2013 were \$738,117. The Statement of General Fund Revenues, Expenditures and Changes in Fund Balance - Budgetary Comparison for the Year Ended December 31, 2013 shows the EDC was under budget. There were no items of note to report and the audit is a clean opinion with no substantive deficiencies. Ruff noted that in prior years, the EDC's budgets were incomplete and the auditor asked that all identifiable expenditures be put in the budget; 2013 was the most accurate the budget has been. The auditor disclosed changes and recommended changes he made to reserve balances, loan funds and accrued vacation and sick leave.

Concorde Bank account. Spaulding noted the account at Concorde Bank is a savings account and recommended it be changed to a checking account to more easily disburse loan funds.

IT WAS MOVED BY Gary Gilman, SECONDED BY Art Benson, to change the Concorde Bank savings account to an interest-bearing checking account, if available. Two signatures will be required on the checks with only one staff person at a time being allowed to sign. Signors on the account will be the Joint Operations Board president, Joint Operations Board treasurer, Joint Powers Board treasurer, Executive Director and Assistant Director. MOTION CARRIED.

Relocation budget. Spaulding reported staff is obtaining estimates to move the EDC office, including purchasing a laptop for SCORE, a professional mover (Rytel Moving & Storage), painting and storage. She expects the move to occur the third week in November. The EDC must vacate its current location by December 1. The Elks will do the build out in Steve's office for a work room. Spaulding is meeting with Carla Vauk tomorrow about proposed changes at the new location.

[Bruce Peterson and Jim Butterfield were excused from the meeting.]

IT WAS MOVED BY Gary Gilman, SECONDED BY Rollie Boll, to approve purchasing a laptop at an amount not to exceed \$1,300 for use by the SCORE volunteers. MOTION CARRIED.

Renquist noted SCORE will not have a permanent space in the new location.

[Jim Ruff was excused from the meeting.]

2014-2016 audit proposal. Renquist presented a proposal received from James M. Ruff, Inc. for audit services (see attached). All CPA firms in the county received the request, but all except Ruff declined to submit a proposal, either due to no interest or a potential conflict of interest.

IT WAS MOVED BY Rollie Boll, SECONDED BY Art Benson, to approve engaging James M. Ruff, Inc. to audit the Kandiyohi County and City of Willmar Economic Development Commission financial records for 2014 at a fee of \$6,000, 2015 at a fee of \$6,200 and 2016 at a fee of \$6,400. MOTION CARRIED.

Bill from Auditor Ruff. President Dougherty presented a bill from James M. Ruff, Inc. for services from the 2012 audit through the present (see attached).

IT WAS MOVED BY Gary Gilman, SECONDED BY Robert Carlson, to approve payment to James M. Ruff, Inc. in the amount of \$8,636.00. MOTION CARRIED.

COMMITTEE REPORTS—

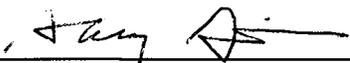
Agriculture and Renewable Energy Development (Ag). Renquist reported board member Linda Kacher attended the last Ag Committee meeting, but has not yet decided if she will join the committee.

Finance. Spaulding reported an application for a loan through the EDC's Entrepreneurs' Loan Guarantee Program was reviewed by the Finance Committee, which recommended approval of the loan.

IT WAS MOVED BY Rollie Boll, SECONDED BY Art Benson, to approve a five-year \$45,000 loan guarantee with United Minnesota Bank to Goat Ridge Brewing Company under the Kandiyohi County and City of Willmar Economic Development Commission's Entrepreneurs' Loan Guarantee Program. MOTION CARRIED with Robert Carlson abstaining.

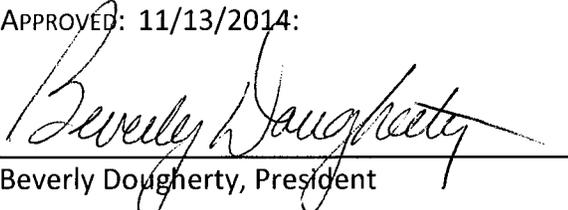
NEXT MEETING—The next regular board meeting is **11:00 a.m., Thursday, November 13, 2014**, at the Pennock Community Center.

ADJOURNMENT—There being no further business, the meeting was adjourned at approximately 1:10 p.m.



Gary Gilman, Secretary

APPROVED: 11/13/2014:



Beverly Dougherty, President



The mission of the Kandiyohi County and City of Willmar Economic Development Commission is to be a catalyst for economic growth of the greater Kandiyohi County area.

2015 Strategic Priorities

To advance our mission, we will invest our time, talent and resources on four strategic priorities:

- 1) Agriculture-related business development including, but not limited to, manufacturing, bioscience, technology, energy and research
- 2) Business retention and expansion
- 3) Industrial park development
- 4) Marketing to prospective businesses and residents, investors, site selectors and existing residents as to how people and businesses prosper here

To achieve success with our strategic priorities, our actions and investments will embody these core themes and objectives:

- Attracting talent and enhancing our available workforce
- Increasing collaboration among economic development organizations within the county
- Continuing the growth of the MinnWest Technology Campus
- Improving, maintaining and expanding our transportation infrastructure through increased collaboration
- Enhancing broadband infrastructure, access and utilization
- Fostering entrepreneurship
- Supporting adequate housing development to meet the needs of our continued growth
- Increasing our communication with the public and our use of key analytics for internal assessment

Kandiyohi County and City of Willmar EDC
Profit & Loss Prev Year Comparison
 January through December 2013

	<u>Jan - Dec...</u>	<u>Jan - Dec...</u>	<u>\$ Change</u>
Ordinary Income/Expense			
Income			
Discover Manufacturing Income	0.00	200.00	-200.00
DEED CDGB Microenterprise Grant	0.00	25,000.00	-25,000.00
MIRC Grant Revenue			
University of Minnesota Grant Coordinator	0.00	72.15	-72.15
Total University of Minnesota	0.00	72.15	-72.15
Other MIRC Revenue	0.00	6,000.00	-6,000.00
MIRC Grant Revenue - Other	0.00	750.00	-750.00
Total MIRC Grant Revenue	0.00	6,822.15	-6,822.15
County Tax Levy	455,040.89	446,333.00	8,707.89
Loans			
ELGP Loan Application Fees	383.20	0.00	383.20
Revolving Loan Application Fees	0.00	200.00	-200.00
RLF repayments interest	1,860.26	3,848.01	-1,987.75
Loans - Other	0.00	11,960.95	-11,960.95
Total Loans	2,243.46	16,008.96	-13,765.50
Conference Income	0.00	20.00	-20.00
Insurance Dividends	2,168.00	3,069.00	-901.00
Investments			
Interest-Savings, Short-term CD			
US Bank CD	68.56	0.00	68.56
United Prairie Bank CD	1,008.38	546.49	461.89
NASB CD	1,159.96	576.58	583.38
Concorde Bank savings	242.00	37.17	204.83
Citizens Alliance Bank CD	1,000.00	742.15	257.85
Heritage Bank savings	248.03	214.30	33.73
Interest-Savings, Short-term CD - Other	0.00	464.77	-464.77
Total Interest-Savings, Short-term CD	3,726.93	2,581.46	1,145.47
Total Investments	3,726.93	2,581.46	1,145.47
Other Types of Income			
Miscellaneous Revenue	69.00	500.00	-431.00
Total Other Types of Income	69.00	500.00	-431.00
Refunds and Reimbursements	0.02	1,290.72	-1,290.70
Total Income	<u>463,248.30</u>	<u>501,825.29</u>	<u>-38,576.99</u>
Gross Profit	463,248.30	501,825.29	-38,576.99
Expense			
CDGB Microenterprise Grant	0.00	25,000.00	-25,000.00
Revolving Loan Fund Expenses			
Bank fees	10.00	0.00	10.00
Total Revolving Loan Fund Expenses	10.00	0.00	10.00
MIRC Grant Expenses			
Office supplies and materials	0.00	589.49	-589.49
MIRC Marketing	0.00	228.00	-228.00
Meeting expenses	0.00	152.76	-152.76
Professional services	0.00	1,623.00	-1,623.00
Marketing	0.00	228.00	-228.00
Total MIRC Grant Expenses	0.00	2,821.25	-2,821.25
Econ Dev. Community Contrib.			
Sponsor Fees			
International Bio-Energy Days	0.00	2,500.00	-2,500.00
Sponsor Fees - Other	3,050.00	0.00	3,050.00
Total Sponsor Fees	<u>3,050.00</u>	<u>2,500.00</u>	<u>550.00</u>

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Accrual Basis

**Kandiyohi County and City of Willmar EDC
Profit & Loss Prev Year Comparison
January through December 2013**

	Jan - Dec...	Jan - Dec...	\$ Change
Community Marketing Coalition	2,500.00	843.33	1,656.67
Econ Dev. Community Contrib. - Other	12,489.01	9,000.00	3,489.01
Total Econ Dev. Community Contrib.	18,039.01	12,343.33	5,695.68
Other Expenses			
Other operating expenses	1,236.40	74.81	1,161.59
SCORE (cell phone/email)	259.40	237.03	22.37
EDCOB - meals/admin	2,012.78	1,679.02	333.76
Joint Powers Board-meals/admin	1,339.18	771.92	567.26
Total Other Expenses	4,847.76	2,762.78	2,084.98
Countywide Business Development			
Countywide business development	0.00	350.00	-350.00
Southwest Initiative Foundation	18,000.00	18,000.00	0.00
Countywide Business Development - Other	0.00	2,500.00	-2,500.00
Total Countywide Business Development	18,000.00	20,850.00	-2,850.00
Committee Expenses			
Ag/Renewable Energy Development			
Conferences/Seminars/Trainings	1,882.44	573.49	1,308.95
Meals/Meeting Refreshments	1,134.40	579.20	555.20
Incurred costs (mileage, other)	4,255.30	5,165.03	-909.73
Program administration	341.66	1,924.82	-1,583.16
Rent (MinnWest Campus)	0.00	3,840.00	-3,840.00
Telephone, telecommunications	1,116.56	701.82	414.74
Utilities (MinnWest Campus)	0.00	144.23	-144.23
Ag Specialist position			
Ag Specialist's payroll taxes	0.00	2,253.02	-2,253.02
Total Ag Specialist position	0.00	2,253.02	-2,253.02
Total Ag/Renewable Energy Development	8,730.36	15,181.61	-6,451.25
Business, Retention & Expansion			
Conferences/Seminars/Trainings			
Discover Manufacturing			
Advertising	0.00	963.89	-963.89
Discover Manufacturing - Other	0.00	918.28	-918.28
Total Discover Manufacturing	0.00	1,882.17	-1,882.17
Conferences/Seminars/Trainings - Other	110.00	0.00	110.00
Total Conferences/Seminars/Trainings	110.00	1,882.17	-1,772.17
Meals	242.28	237.64	4.64
Printing and publishing	0.00	45.74	-45.74
Professional Services			
General administrative	257.88	431.07	-173.19
Professional Services - Other	987.00	0.00	987.00
Total Professional Services	1,244.88	431.07	813.81
Technology Advisory Subcomm.			
Webside development grants	2,672.00	0.00	2,672.00
Total Technology Advisory Subcomm.	2,672.00	0.00	2,672.00
Business, Retention & Expansion - Other	136.29	2,929.00	-2,792.71
Total Business, Retention & Expansion	4,405.45	5,525.62	-1,120.17
Finance Committee			
Meals	252.94	409.87	-156.93
Professional services			
General administrative services	195.50	213.89	-18.39
Total Professional services	195.50	213.89	-18.39
Seminars	0.00	84.43	-84.43
Total Finance Committee	448.44	708.19	-259.75

Kandiyohi County and City of Willmar EDC
Profit & Loss Prev Year Comparison
January through December 2013

	Jan - Dec...	Jan - Dec...	\$ Change
Marketing and Public Relations			
Meals	755.73	899.55	-143.82
Media	1,120.00	1,542.67	-422.67
Memberships	371.25	0.00	371.25
Printing, copying & publishing	1,142.10	1,174.80	-32.70
Professional Services			
General administrative services	385.38	582.64	-197.26
Marketing (REDstar)	5,391.92	11,271.68	-5,879.76
Professional Services - Other	83.42	0.00	83.42
Total Professional Services	5,860.72	11,854.32	-5,993.60
Special projects	6,294.70	11,354.11	-5,059.41
Total Marketing and Public Relations	15,544.50	26,825.45	-11,280.95
Tourism/Leisure Travel			
CVB Tourism Partnership	34,000.00	34,000.00	0.00
Total Tourism/Leisure Travel	34,000.00	34,000.00	0.00
Total Committee Expenses	63,128.75	82,240.87	-19,112.12
Employee Compensation			
ACCRUED VACATION AND SICK EXP.	1,990.69	0.00	1,990.69
Director's salary	79,500.00	78,257.04	1,242.96
Director's auto allowance	6,300.00	6,536.40	-236.40
Director's pension (PERA)	5,763.62	5,437.26	326.36
Director's health insurance	8,670.00	10,053.23	-1,383.23
Director's payroll taxes	0.00	4,312.49	-4,312.49
Assistant Director's salary	60,984.00	60,083.04	900.96
Asst. Director's pension (PERA)	4,421.28	4,356.00	65.28
Asst. Director's health ins.	8,670.00	12,573.25	-3,903.25
Asst. Director's payroll taxes	0.00	3,064.16	-3,064.16
Bus Develop Specialist salary	29,405.37	29,450.77	-45.40
Bus Develop Sp's pension (PERA)	2,131.93	2,052.70	79.23
Bus Develop Sp health insurance	5,780.00	0.00	5,780.00
Employer Payroll Tax Expense	13,394.49	6,025.97	7,368.52
Workers' Compensation insurance	668.00	1,606.00	-938.00
Employee Compensation - Other	0.00	4,232.69	-4,232.69
Total Employee Compensation	227,679.38	228,041.00	-361.62
Administrative Expenses			
MCIT property/casualty insur	2,794.00	2,987.00	-193.00
Meals not for a committee	1,330.67	2,112.32	-781.65
Memberships, dues, subscription	5,220.38	1,446.10	3,774.28
Professional Services			
Accountant Fees	0.00	4,285.50	-4,285.50
Auditor	5,800.00	6,122.50	-322.50
Bookkeeping Fees	4,981.51	3,706.00	1,275.51
Legal Fees	1,200.00	706.23	493.77
Total Professional Services	11,981.51	14,820.23	-2,838.72
Seminars and promotions	1,667.86	4,528.20	-2,860.34
Travel, conference, school	8,130.15	7,847.49	282.66
Total Administrative Expenses	31,124.57	33,741.34	-2,616.77
Office Expenses			
Furniture and equipment	394.39	1,153.35	-758.96
Rent - water cooler & PO box	111.30	230.60	-119.30
Waste and snow removal	777.93	633.70	144.23
Office equipment & misc.	605.98	496.38	109.60
Deprec. - furniture & equip.	5,532.00	5,573.00	-41.00
Equip Maintenance & Rental			
Software	112.69	1,265.88	-1,153.19
Toshiba service contract	2,031.61	723.66	1,307.95
Equip Maintenance & Rental - Other	2,899.12	3,249.83	-350.71
Total Equip Maintenance & Rental	5,043.42	5,239.37	-195.95

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10/09/14

Accrual Basis

**Kandiyohi County and City of Willmar EDC
Profit & Loss Prev Year Comparison
January through December 2013**

	<u>Jan - Dec...</u>	<u>Jan - Dec...</u>	<u>\$ Change</u>
Rent, Parking, Utilities	24,575.32	24,113.40	461.92
Telephone, Telecommunications	6,297.02	7,808.29	-1,511.27
Supplies	5,821.05	2,909.30	2,911.75
Printing, Copying & Publishing	1,207.65	1,917.78	-710.13
Postage, Mailing Service	242.75	356.12	-113.37
Professional Services			
Website hosting service	420.00	0.00	420.00
Planning session facilitator	0.00	1,000.00	-1,000.00
General Administrative	51,340.42	47,726.85	3,613.57
Total Professional Services	<u>51,760.42</u>	<u>48,726.85</u>	<u>3,033.57</u>
Cleaning person	2,671.88	2,500.00	171.88
Total Office Expenses	<u>105,041.11</u>	<u>101,658.14</u>	<u>3,382.97</u>
Total Expense	<u>467,870.58</u>	<u>509,458.71</u>	<u>-41,588.13</u>
Net Ordinary Income	<u>-4,622.28</u>	<u>-7,633.42</u>	<u>3,011.14</u>
Net Income	<u><u>-4,622.28</u></u>	<u><u>-7,633.42</u></u>	<u><u>3,011.14</u></u>

Kandiyohi County and City of Willmar EDC
Profit & Loss Budget vs. Actual
 January through December 2013

	<u>Jan - Dec...</u>	<u>Budget</u>	<u>\$ Over B...</u>
Ordinary Income/Expense			
Income			
County Tax Levy	455,040.89	455,000.00	40.89
Loans			
ELGP Loan Application Fees	383.20		
Revolving Loan Application Fees	0.00	200.00	-200.00
RLF repayments interest	1,860.26	2,324.00	-463.74
Total Loans	2,243.46	2,524.00	-280.54
Insurance Dividends	2,168.00	3,000.00	-832.00
Investments			
Interest-Savings, Short-term CD			
US Bank CD	68.56	225.00	-156.44
United Prairie Bank CD	1,008.38	1,090.00	-81.62
NASB CD	1,159.96	1,150.00	9.96
Concorde Bank savings	242.00	118.00	124.00
Citizens Alliance Bank CD	1,000.00	1,000.00	0.00
Heritage Bank savings	248.03	1,496.00	-1,247.97
Total Interest-Savings, Short-term CD	3,726.93	5,079.00	-1,352.07
Total Investments	3,726.93	5,079.00	-1,352.07
Other Types of Income			
Reserves	0.00	40,104.00	-40,104.00
Miscellaneous Revenue	69.00		
Total Other Types of Income	69.00	40,104.00	-40,035.00
Refunds and Reimbursements	0.02	1,000.00	-999.98
Total Income	<u>463,248.30</u>	<u>506,707.00</u>	<u>-43,458.70</u>
Gross Profit	463,248.30	506,707.00	-43,458.70
Expense			
Revolving Loan Fund Expenses			
Bank fees	10.00		
Total Revolving Loan Fund Expenses	10.00		
Econ Dev. Community Contrib.			
Sponsor Fees	3,050.00		
Community Marketing Coalition	2,500.00		
Econ Dev. Community Contrib. - Other	12,489.01	17,500.00	-5,010.99
Total Econ Dev. Community Contrib.	18,039.01	17,500.00	539.01
Other Expenses			
Other operating expenses	1,236.40		
SCORE (cell phone/email)	259.40	500.00	-240.60
EDCOB - meals/admin	2,012.78	2,000.00	12.78
Joint Powers Board-meals/admin	1,339.18	1,000.00	339.18
Total Other Expenses	4,847.76	3,500.00	1,347.76
Countywide Business Development			
Southwest Initiative Foundation	18,000.00	18,000.00	0.00
Total Countywide Business Development	18,000.00	18,000.00	0.00
Committee Expenses			
Ag/Renewable Energy Development			
Conferences/Seminars/Trainings	1,882.44		
Meals/Meeting Refreshments	1,134.40		
Incurred costs (mileage, other)	4,255.30		
Program administration	341.66	5,298.00	-4,956.34
Telephone, telecommunications	1,116.56	1,015.00	101.56

Kandiyohi County and City of Willmar EDC
Profit & Loss Budget vs. Actual
 January through December 2013

	<u>Jan - Dec...</u>	<u>Budget</u>	<u>\$ Over B...</u>
Ag Specialist position			
Workers' Compensation insurance	0.00	0.00	0.00
Ag Specialist's payroll taxes	0.00	0.00	0.00
Total Ag Specialist position	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Ag/Renewable Energy Development	8,730.36	6,313.00	2,417.36
Business, Retention & Expansion			
Conferences/Seminars/Trainings	110.00		
Meals	242.28		
Professional Services			
General administrative	257.88		
Professional Services - Other	987.00		
Total Professional Services	<u>1,244.88</u>		
Technology Advisory Subcomm.			
Webside development grants	2,672.00	4,000.00	-1,328.00
Total Technology Advisory Subcomm.	<u>2,672.00</u>	<u>4,000.00</u>	<u>-1,328.00</u>
Business, Retention & Expansion - Other	<u>136.29</u>	<u>7,000.00</u>	<u>-6,863.71</u>
Total Business, Retention & Expansion	4,405.45	11,000.00	-6,594.55
Finance Committee			
Marketing	0.00	300.00	-300.00
Meals	252.94	600.00	-347.06
Other misc. (loan filing fees)	0.00	200.00	-200.00
Professional services			
General administrative services	195.50	540.00	-344.50
Legal services	0.00	60.00	-60.00
Total Professional services	<u>195.50</u>	<u>600.00</u>	<u>-404.50</u>
Seminars	0.00	300.00	-300.00
Total Finance Committee	<u>448.44</u>	<u>2,000.00</u>	<u>-1,551.56</u>
Marketing and Public Relations			
Meals	755.73	600.00	155.73
Media	1,120.00	5,050.00	-3,930.00
Memberships	371.25	550.00	-178.75
Printing, copying & publishing	1,142.10	5,000.00	-3,857.90
Professional Services			
General administrative services	385.38	2,800.00	-2,414.62
Marketing (REDstar)	5,391.92	7,000.00	-1,608.08
Professional Services - Other	83.42		
Total Professional Services	<u>5,860.72</u>	<u>9,800.00</u>	<u>-3,939.28</u>
Special projects	6,294.70	12,000.00	-5,705.30
Total Marketing and Public Relations	<u>15,544.50</u>	<u>33,000.00</u>	<u>-17,455.50</u>
Tourism/Leisure Travel			
CVB Tourism Partnership	34,000.00	34,000.00	0.00
Total Tourism/Leisure Travel	<u>34,000.00</u>	<u>34,000.00</u>	<u>0.00</u>
Total Committee Expenses	63,128.75	86,313.00	-23,184.25

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Accrual Basis

Kandiyohi County and City of Willmar EDC
Profit & Loss Budget vs. Actual
 January through December 2013

	Jan - Dec...	Budget	\$ Over B...
Employee Compensation			
ACCRUED VACATION AND SICK EXP.	1,990.69		
Employer's payroll taxes expens	0.00	0.00	0.00
Director's salary	79,500.00	79,500.00	0.00
Director's auto allowance	6,300.00	6,300.00	0.00
Director's pension (PERA)	5,763.62	5,787.00	-23.38
Director's health insurance	8,670.00	8,670.00	0.00
Director's payroll taxes	0.00	0.00	0.00
Assistant Director's salary	60,984.00	60,984.00	0.00
Asst. Director's pension (PERA)	4,421.28	4,443.00	-21.72
Asst. Director's health ins.	8,670.00	8,670.00	0.00
Asst. Director's payroll taxes	0.00	0.00	0.00
Bus Develop Specialist salary	29,405.37	45,000.00	-15,594.63
Bus Develop Sp's pension (PERA)	2,131.93	3,263.00	-1,131.07
Bus Develop Sp health insurance	5,780.00	7,000.00	-1,220.00
Employer Payroll Tax Expense	13,394.49	18,600.00	-5,205.51
Workers' Compensation insurance	668.00	736.00	-68.00
Total Employee Compensation	227,679.38	248,953.00	-21,273.62
Administrative Expenses			
MCIT property/casualty insur	2,794.00	2,794.00	0.00
Meals not for a committee	1,330.67	2,500.00	-1,169.33
Memberships, dues, subscription	5,220.38	2,500.00	2,720.38
Professional Services			
Auditor	5,800.00	6,300.00	-500.00
Bookkeeping Fees	4,981.51	3,600.00	1,381.51
Legal Fees	1,200.00	1,500.00	-300.00
Total Professional Services	11,981.51	11,400.00	581.51
Seminars and promotions	1,667.86	2,500.00	-832.14
Travel, conference, school	8,130.15	6,000.00	2,130.15
Total Administrative Expenses	31,124.57	27,694.00	3,430.57
Office Expenses			
Furniture and equipment	394.39	2,000.00	-1,605.61
Rent - water cooler & PO box	111.30	500.00	-388.70
Waste and snow removal	777.93	800.00	-22.07
Office equipment & misc.	605.98	3,000.00	-2,394.02
Deprec. - furniture & equip.	5,532.00		
Equip Maintenance & Rental			
Software	112.69		
Toshiba service contract	2,031.61	1,468.92	562.69
Equip Maintenance & Rental - Other	2,899.12	2,031.08	868.04
Total Equip Maintenance & Rental	5,043.42	3,500.00	1,543.42
Rent, Parking, Utilities	24,575.32	24,150.00	425.32
Telephone, Telecommunications	6,297.02	6,400.00	-102.98
Supplies	5,821.05	4,097.00	1,724.05
Printing, Copying & Publishing	1,207.65	1,000.00	207.65
Postage, Mailing Service	242.75	2,000.00	-1,757.25
Professional Services			
Website hosting service	420.00	200.00	220.00
Planning session facilitator	0.00	1,500.00	-1,500.00
General Administrative	51,340.42	53,000.00	-1,659.58
Total Professional Services	51,760.42	54,700.00	-2,939.58
Cleaning person	2,671.88	2,600.00	71.88
Total Office Expenses	105,041.11	104,747.00	294.11
Total Expense	467,870.58	506,707.00	-38,836.42
Net Ordinary Income	-4,622.28	0.00	-4,622.28
Net Income	-4,622.28	0.00	-4,622.28

**KANDIYOHI COUNTY AND CITY OF WILLMAR
ECONOMIC DEVELOPMENT COMMISSION**

ANNUAL FINANCIAL REPORT

December 31, 2013

**JAMES M. RUFF, INC.
Certified Public Accountant and Consultants
Willmar, Minnesota**

**KANDIYOHI COUNTY AND CITY OF WILLMAR
ECONOMIC DEVELOPMENT COMMISSION
WILLMAR, MINNESOTA**

ANNUAL FINANCIAL REPORT

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**KANDIYOHI COUNTY AND CITY OF WILLMAR
ECONOMIC DEVELOPMENT COMMISSION**

BOARD OF DIRECTORS

December 31, 2013

	<u>Name</u>	<u>Term Expires</u>	<u>Representing</u>
Board of Directors - Joint Powers Board			
Chair	Denis Anderson	12/31/13	City of Willmar
Vice Chair & EDCOB Liaison	James Butterfield	12/31/13	Kandiyohi Co.
Secretary	Steve Ahmann	12/31/13	City of Willmar
Treasurer	Dean Shuck	12/31/13	Kandiyohi Co.
Board Members:	Ron Christianson	12/31/13	City of Willmar
	Harlan Madsen	12/31/13	Kandiyohi Co.

Board of Directors - Operations Board

Voting

President	Beverly Dougherty	12/31/14
Vice President	Robert P. Carlson	12/31/15
Secretary	Rick Nordin	12/31/13
Treasurer	Milan Schmiesing	12/31/13
Board Member	Gary Gilman	12/31/14
Board Member	Robert Enos	03/31/14

Non-voting (Ex-Officio)

Board Member	Bruce Peterson	Indefinite/Annually
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Staff

Executive Director	Steven C. Renquist
Assistant Director	Jean Spaulding



**JAMES M.
RUFF, INC.**

CERTIFIED PUBLIC ACCOUNTANT & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Kandiyohi County and City of Willmar
Economic Development Commission

We have audited the accompanying financial statements of the governmental activities and the General Fund of the Kandiyohi County and City of Willmar Economic Development Commission (EDC) as of and for the year ended December 31, 2013, which collectively comprise the EDC's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the EDC's management. Our responsibility is to express opinions 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 the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund of the Kandiyohi County and City of Willmar Economic Development Commission as of December 31, 2013, and the respective changes in financial position thereof and the budgetary comparison for the General Fund for the 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 3, 2014 on our consideration of the Kandiyohi County and City of Willmar Economic Development Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Kandiyohi County and City of Willmar Economic Development Commission has omitted a Management's Discussion and Analysis that the Governmental Accounting Standards Board (GASB) has determined is necessary to supplement, although not required to be part of the basic financial statements. Such information, although not part of the basic financial statements, is considered by GASB to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our report on the basic financial statements is not affected by this missing information.

JAMES M. RUFF, INC.
October 3, 2014

**KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION
WILLMAR, MINNESOTA**

**GENERAL FUND BALANCE SHEET AND
GOVERNMENTAL ACTIVITIES - STATEMENT OF NET ASSETS
WITH ADJUSTMENTS TO CONVERT MODIFIED TO FULL ACCRUAL**

December 31, 2013

	<u>General Fund</u>	<u>Adjustments</u>	<u>Governmental Activities</u>
ASSETS			
Cash	\$ 352,189	\$ -	\$ 352,189
Certificates of deposit	320,862	-	320,862
Taxes receivable	17,241	-	17,241
Accrued interest receivable, net of \$0 allowance	842	-	842
Prepaid expenses	1,499	-	1,499
Loans receivable, net of \$0 allowance	90,457	-	90,457
Capital assets, net of depreciation	-	15,239	15,239
Total Assets	<u>\$ 783,090</u>	<u>\$ 15,239</u>	<u>\$ 798,329</u>
LIABILITIES			
Accounts payable	\$ 7,778	\$ -	\$ 7,778
Vacation and sick leave benefits payable	30,599	-	30,599
Pera and payroll taxes payable	4,594	-	4,594
Deferred revenue	-	17,241	17,241
Total Liabilities	<u>42,971</u>	<u>17,241</u>	<u>60,212</u>
FUND BALANCE			
Reserved for			
Revolving loan fund - County (\$64,707 loans outstanding)	224,052	(224,052)	
Loan receivable - HRA of Willmar	25,750	(25,750)	
Tourism development	18,125	(18,125)	
	<u>267,927</u>	<u>(267,927)</u>	
Unreserved - Designated			
Entrepreneur's Loan Fund Guarantees (50% reserve)	43,832	(43,832)	
Undesignated	428,360	(428,360)	
Total Fund Balance	<u>740,119</u>	<u>(740,119)</u>	
Total Liabilities and Fund Balance	<u>\$ 783,090</u>		
NET ASSETS			
Invested in capital assets		15,239	15,239
Restricted for economic development		267,927	267,927
Unrestricted		454,951	454,951
Total Net Assets		<u>738,117</u>	<u>738,117</u>
Total Liabilities and Net Assets		<u>\$ 15,239</u>	<u>\$ 798,329</u>

The adjustments to convert from modified to full accrual include the addition of capital assets and reporting earned but deferred revenue.

**KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION
WILLMAR, MINNESOTA**

**GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE AND GOVERNMENTAL ACTIVITIES-STATEMENT OF ACTIVITIES
WITH ADJUSTMENTS TO CONVERT MODIFIED TO FULL ACCRUAL**

FOR THE YEAR ENDED DECEMBER 31, 2013

	General Fund	Adjustments	Governmental Activities
REVENUES			
Taxes	\$ 450,582	\$ 4,459	\$ 455,041
Interest on investments	5,587	-	5,587
Charges for services	383	-	383
Grants and miscellaneous	69	-	69
Refunds and reimbursements	2,168	-	2,168
Fund transfers - Kandiyohi County RLF	-	-	-
Total Revenues	458,789	4,459	463,248
EXPENDITURES			
Administration and special projects	358,313	-	358,313
Committees	31,314	-	31,314
Loan write-offs and allowances	-	-	-
Depreciation	-	5,532	5,532
Grants and donations	72,711	-	72,711
Total Expenditures / Expenses	462,338	5,532	467,870
Net Change in Fund Balance / Net Assets	(3,549)	(1,073)	(4,622)
Fund Balance / Net Assets, Beginning	743,668	(929)	742,739
Fund Balance / Net Assets, Ending	\$ 740,119	\$ (2,002)	\$ 738,117

Adjustments to convert modified accrual to full accrual basis of accounting:

In the fund, under the modified accrual basis, receivables not available for expenditures are deferred. In the statement of activities, those revenues are recognized when earned. The adjustment is the increase (decrease) in revenues deferred as unavailable.

\$ 4,459

The fund does not report depreciation expense as an expenditure, but expenses capital outlays as incurred.

(5,532)

The fund reports capital outlays as an expenditure. In the statement of activities, the cost of capital assets is allocated over their useful lives as depreciation expense.

-

Total adjustment between change in fund balance and change in net assets

\$ (1,073)

**KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION
WILLMAR, MINNESOTA**

**STATEMENT OF GENERAL FUND REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGETARY COMPARISON**

FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 455,000	\$ 455,000	\$ 455,041	\$ 41
Interest on investments	7,403	7,403	5,587	(1,816)
Charges for services	200	200	383	183
Grants and miscellaneous	-	-	69	69
Refunds and reimbursements	4,000	4,000	2,168	(1,832)
Fund transfers - Kandiyohi County RLF	-	-	-	-
Total Revenues	<u>466,603</u>	<u>466,603</u>	<u>463,248</u>	<u>(3,355)</u>
EXPENDITURES / EXPENSES				
Administration	387,707	387,707	358,313	(29,394)
Committees and special projects	57,000	57,000	31,314	(25,686)
Loan write-offs and allowances	-	-	-	-
Depreciation	-	-	5,532	5,532
Grants and donations	<u>62,000</u>	<u>62,000</u>	<u>72,711</u>	<u>10,711</u>
Total Expenditures / Expenses	<u>506,707</u>	<u>506,707</u>	<u>467,870</u>	<u>(38,837)</u>
Net Change in Fund Balance / Net Assets	(40,104)	(40,104)	(4,622)	35,482
Fund Balance / Net Assets, Beginning	<u>742,739</u>	<u>742,739</u>	<u>742,739</u>	<u>-</u>
Fund Balance / Net Assets, Ending	<u>\$ 702,635</u>	<u>\$ 702,635</u>	<u>\$ 738,117</u>	<u>\$ 35,482</u>

KANDIYOHI COUNTY AND CITY OF WILLMAR
ECONOMIC DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial reporting policies of the Kandiyohi County and City of Willmar Economic Development Commission (EDC) conform to generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board issued through November 30, 1989, (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the Kandiyohi County and City of Willmar EDC are discussed below.

A. Financial Reporting Entity

The Kandiyohi County and City of Willmar EDC was established by resolution on July 1, 2003, by a joint-powers agreement between Kandiyohi County and the City of Willmar pursuant to Minn. Laws 2003, ch. 127, art.12, § 30, subd.1. The Kandiyohi County and City of Willmar EDC has all of the powers of an economic development authority under Minn. Stat. §§ 469.090 to 469.107.

The Kandiyohi County and City of Willmar EDC is governed by a six-member Board. The Kandiyohi County Board of Commissioners appoints three members and the Willmar City Council appoints three members. Each member is appointed to serve three years. The Kandiyohi County and City of Willmar EDC elects a chair, vice-chair, secretary, and a treasurer from its members. These officers serve a one-year term of office.

Property taxes represent a substantial portion of the Kandiyohi County and City of Willmar EDC's revenue. The Kandiyohi County and City of Willmar EDC is a political subdivision of the State and a special taxing district as defined by Minn. Stat. § 275.066, clause (25), with the power to adopt and certify a property tax levy to the Kandiyohi County Auditor.

The Kandiyohi County and City of Willmar EDC is a separate entity independent of the city and the county which formed it. In accordance with generally accepted accounting principles, the Kandiyohi County and City of Willmar EDC's financial statements are not included in either the City of Willmar's or Kandiyohi County's financial statements. Neither Kandiyohi County nor the City of Willmar retain control over the operations, has oversight responsibility, or is financially accountable for the Kandiyohi County and City of Willmar EDC.

Effective January 1, 2008, Kandiyohi County acted as the fiscal agent and reported the activity of the Kandiyohi County and City of Willmar EDC independently of the County's other funds and operations. The County ceased to act as fiscal agent of the EDC during August 2012 with the functions of accounting and payroll contracted to an outside service provider.

**KANDIYOHI COUNTY AND CITY OF WILLMAR
ECONOMIC DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2013**

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basic Financial Statements

The financial statements combine fund level financial statements (General Fund column) and government-wide financial statements (Governmental Activities column). These statements include the financial activities of the Kandiyohi County and City of Willmar EDC overall.

The government-wide columns are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Kandiyohi County and City of Willmar EDC's net assets are reported in three parts: (1) invested in capital assets; (2) restricted net assets; and (3) unrestricted net assets. The Kandiyohi County and City of Willmar EDC first utilizes restricted resources to finance qualifying activities.

The Kandiyohi County and City of Willmar EDC reports one governmental fund. The General Fund is the Kandiyohi County and City of Willmar EDC's primary operating fund. It accounts for all financial resources of Kandiyohi County and City of Willmar EDC.

C. Measurement Focus and Basis of Accounting

The governmental activities columns are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund columns (General Fund) are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available if collected within 60 days after the end of the current period. Interest is considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred. When both restricted and unrestricted resources are available for use, it is the Kandiyohi County and City of Willmar EDC's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Reconciliation of Government-Wide and Fund Financial Statements

The financial statements include an adjustment column to reconcile the General Fund to the governmental activities. The details of the adjustments are:

Balance Sheet to Statement of Net Assets

Amounts reported for governmental activities are different from those reported in General Fund because capital assets, net of depreciation, of \$15,239, and deferred revenue of \$17,241 are not considered financial resources and, therefore, are not reported in the General Fund.

Statement of Activities

Amounts reported for governmental activities in the Statement of Activities differ from the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance because of the differences in reporting capital assets and unavailable revenues.

**KANDIYOHI COUNTY AND CITY OF WILLMAR
ECONOMIC DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2013**

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Reconciliation of Government-Wide and Fund Financial Statements (Continued)

Statements of Activities (continued)

General Fund reports capital asset purchases as expenditures while governmental activities reports depreciation expense, which allocates the cost of capital assets over their estimated useful lives. The difference, if any, is reported as an adjustment to expenditures.

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the General Fund. A reduction in revenues of \$4,459 is shown for the increase in the long-term tax levy receivable.

E. Assets, Liabilities and Net Assets or Equity

Deposits and Investments

The Kandiyohi County and City of Willmar EDC's deposits and investments include demand deposits, savings, and certificates of deposit.

Capital Assets

Capital assets, which consist of equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Kandiyohi County and City of Willmar EDC as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's lives are not capitalized.

Equipment of the Kandiyohi County and City of Willmar EDC is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Machinery, furniture, and equipment	5 to 7
Leasehold improvements	10

Deferred Revenue

The Kandiyohi County and City of Willmar EDC's General Fund and the government-wide financial statements defer revenue for resources that have been received, but not yet earned. Governmental funds also report deferred revenue in connection with receivables for revenues not considered to be available to liquidate liabilities of the current period.

Fund Equity

In the fund financial statements, governmental funds report reservations of the fund balance for amounts not available for appropriation or legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans subject to change.

**KANDIYOHI COUNTY AND CITY OF WILLMAR
ECONOMIC DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2013**

F. Budget

The EDC is required to annually send its budget to the Kandiyohi County Board of Commissioners and City of Willmar Council for review and approval.

NOTE B: DETAILED NOTES ON ALL FUNDS

Assets

1. Cash and Investments

The EDC's cash and investments as of December 31, 2013 and 2012 are summarized as follows:

Restricted:	2013	2012
Cash on Deposit	\$ 159,345	\$ 171,651
Investments, certificates of deposit	18,125	18,056
	177,470	189,707
 Unrestricted: (Designated and Undesignated)		
Cash on Deposit	495,581	494,182
	\$ 673,051	\$ 683,889

Deposits - Cash

In accordance with Minnesota statutes, the EDC is authorized to designate a depository for public funds and to invest in certificates of deposits. The Minnesota statutes require that all EDC deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged shall be at least ten percent more than the amount on deposit plus accrued interest at the close of the financial institution's banking day, not covered by insurance or bonds.

Authorized collateral includes treasury bills, notes, and bills issued by U.S. government agencies; general obligations rated "A" or better and revenue obligations rated "AA" or better; irrevocable standard letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral.

At December 31, 2013, the EDC's deposits had a carrying amount of \$673,051 and bank balances of \$685,079. Of the bank balances, \$685,079 was covered by federal depository insurance and no deposits were required to be collateralized by standby letters of credit.

Investments

Minnesota statutes generally authorize the following types of investments as available to the EDC:

1. Securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as "high risk" by Minnesota Statute.

KANDIYOHI COUNTY AND CITY OF WILLMAR
ECONOMIC DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE B: DETAILED NOTES ON ALL FUNDS (Continued)

Assets (continued)

1. Cash and Investments (continued)

Investments (continued)

2. Mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments.
3. General obligations of the State of Minnesota and its municipalities, and certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by a national bond rating service.
4. Bankers' acceptances of United States banks.
5. Commercial paper issued by the United States corporations or their Canadian subsidiaries that is rated in the highest quality category by two nationally recognized rating agencies and matures in 270 days or less.
6. Repurchase agreements, securities lending agreements, joint powers in investment trusts and guaranteed investment contracts, with certain restrictions.

Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

Concentration of Credit Risk

As of and during the year ended, December 31, 2013 the EDC was not subject to custodial credit risk due to cash and certificates of deposits held in excess of federal depository insurance limits and related collateral pledged.

**KANDIYOHI COUNTY AND CITY OF WILLMAR
ECONOMIC DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2013**

NOTE B: DETAILED NOTES ON ALL FUNDS (Continued)

Assets (continued)

2. Taxes Receivable

Taxes receivable consist of uncollected taxes payable by property owners. On the Kandiyohi County and City of Willmar EDC's governmental fund balance sheet, taxes receivable are offset by deferred revenue to indicate they are not available for spending in the current period. No provision has been made for estimated uncollectible amounts because such amounts are not expected to be material. Property taxes are collected by Kandiyohi County and distributed to the Kandiyohi County and City of Willmar EDC three times a year.

Kandiyohi County collected \$12,537 and \$7,607 from taxpayers for tax years December 31, 2013 and 2012 respectively, related to the Kandiyohi County and City of Willmar EDC's tax levy, which was not remitted to the Kandiyohi County and City of Willmar EDC until 2014 and 2013, respectively.

3. Accounts Receivable - Accrued Interest

Interest earned on Certificates of Deposit and loans receivable but not collected until the following year.

4. Loans Receivable

HRA of Willmar

The loan receivable from the HRA of Willmar is a term note dated June 1, 1998 for \$25,750. The note has no stated interest rate, is unsecured, non-guaranteed, and is due in full on June 1, 2028.

\$ 25,750

Revolving Loan Fund

Three Term notes in the initial amounts of \$25,000 each (\$75,000 total), dated December 2011 and December 2013, requiring 60 monthly payments of \$474.65 each including interest at 5.25%. Matures December 2016, June 2017, and December 2018.

58,946

Term note received as transfer from predecessor Economic Development Partnership in the amount of \$11,961 requiring monthly payments of \$497.98 including interest at 7.25%. Matures December 2014.

5,761

TOTAL LOANS RECEIVABLE

\$ 90,457

KANDIYOHI COUNTY AND CITY OF WILLMAR
ECONOMIC DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE B: DETAILED NOTES ON ALL FUNDS (Continued)

Assets (continued)

5. Capital Assets

Capital assets activity for the year ended December 31, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets depreciated				
Leasehold improvements, furniture, and equipment	\$ 62,028	\$ -	\$ -	\$ 62,028
Less: accumulated depreciation for				
Leasehold improvements, furniture, and equipment	<u>(41,258)</u>	<u>(5,532)</u>	<u>-</u>	<u>(46,790)</u>
 Total Capital Assets, Net	 <u>\$ 20,770</u>	 <u>\$ (5,532)</u>	 <u>\$ -</u>	 <u>\$ 15,238</u>

Depreciation expense of \$5,532 was charged to the Kandiyohi County and City of Willmar EDC's economic development function.

Liabilities

1. Operating Lease

Effective June 2008, the EDC relocated to new facilities with \$2,009 payable monthly for 60 months, maturing August 2013. Included in this lease are real estate taxes, building insurance, maintenance, and utilities. The lease is renewable for an additional 60 months, but is currently month to month and matures November 30, 2014. The future minimum lease payments are as follows:

<u>Year Ending December 31</u>	<u>Amount</u>
2014	\$ 22,099

2. Risk Management

The Kandiyohi County and City of Willmar EDC is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Kandiyohi County and City of Willmar EDC is a member of the Minnesota Counties Insurance Trust. The Kandiyohi County and City of Willmar EDC retains risk for the deductible portions of the insurance. The amounts of these deductible are considered immaterial to the financial statements.

There were no significant reductions in insurance coverages from the prior year. There was a \$2,168 and \$3,069 refund for 2013 and 2012 premiums in excess of insurance coverage for past fiscal years, respectively.

KANDIYOHI COUNTY AND CITY OF WILLMAR
ECONOMIC DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE B: DETAILED NOTES ON ALL FUNDS (Continued)

Liabilities (continued)

3. Pension Plans

All full-time and certain part-time employees of the Commission are covered by defined benefit plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the Public Employees Retirement Fund (PERF), the Public Employees Police and Fire Fund (PEPFF), and the Local Government Correctional Service Retirement Fund (LGCSRF) which are cost-sharing, multiple employer retirement plans. These plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356.

PERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan.

PERA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by State Statute, and vest after three years of credited service. The defined retirement benefits are based on a member's highest average salary for any five successive years of allowable service, age and years of credit at termination of service.

Two methods are used to compute benefits for PERF's Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first 10 years of service and 2.7 percent for each remaining year. The annuity rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first 10 years and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For PEPFF members, the annuity accrual rate is 3.0 percent for each year of service. For all PEPFF members and for PERF members whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. A reduced retirement annuity is also available to eligible members seeking early retirement.

There are different types of annuities available to members upon retirement. A normal annuity is a lifetime annuity that ceases upon death of the retiree -- no survivor annuity is payable. There are also various types of joint and survivor annuity options available which will reduce the monthly normal annuity amount, because the annuity is payable over joint lives. Members may also leave their contributions in the fund upon termination of public service in order to qualify for a deferred annuity at retirement age. Refunds of contributions are available at any time to members who leave public service, but before retirement benefits begin.

The benefit provisions stated in the previous paragraphs of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service.

**KANDIYOHI COUNTY AND CITY OF WILLMAR
ECONOMIC DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2013**

NOTE B: DETAILED NOTES ON ALL FUNDS (Continued)

Liabilities (continued)

3. Pension Plans (continued)

PERA issues a publicly available financial report that includes financial statements and required supplementary information for PERF and PEPFF. That report may be obtained by writing to PERA, 60 Empire Drive, Suite 200, St. Paul, MN 55103-2088 or by calling 651-296-7460 or 800-652-9026.

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Minn. Stat. ch. 353 sets the rates for employer and employee contributions. These statutes are established by the State Legislature. The Kandiyohi County and City of Willmar EDC makes annual contributions to the pension plans equal to the amount required by state statutes. Public Employees Retirement Fund Basic Plan members and Coordinated Plan members are required to contribute 9.10 and 6.0 percent, respectively, of their annual covered salary. The Kandiyohi County and City of Willmar EDC is required to contribute the following percentages of annual covered payroll:

Public Employees Retirement Fund	
Basic Plan Members	11.78 %
Coordinated Plan Members	7.00 %

The Kandiyohi County and City of Willmar EDC's contributions for the years ended December 31, 2013 and 2012 were \$12,316 and \$11,846, respectively.

4. Contingent Liabilities

The Kandiyohi County and City of Willmar EDC has entered into five loan guarantee agreements in relation to its Partial Loan Guarantee Program. Under the terms of the agreement, the EDC has guaranteed 80% of these \$25,000 (\$50,000 for 2013 and following years) loans to private businesses. Total outstanding loans under this loan program are \$87,665 at December 31, 2013 with the EDC establishing a reserve of 50% this amount, or \$43,832.

5. Compensated Absences

The EDC allows certain full-time employees to accumulate and carryover vacation and sick leave into the next year. The policy establishes rates of pay and limits amounts allowed for carryover.

6. Future Commitments

The EDC approved during 2012 a three-year partnership agreement for \$34,000 annually to fund the Willmar Lakes Area Convention and Visitors Bureau for tourism-related services.

During March 2014 the EDC advanced \$37,500 in loans receivable under its "Revolving Loan Fund" program.

NOTE C: EVALUATION OF SUBSEQUENT EVENTS

The Kandiyohi County and City of Willmar EDC has evaluated subsequent events through October 3, 2014, the date the financial statements were available to be issued.



**JAMES M.
RUFF, INC.**

CERTIFIED PUBLIC ACCOUNTANT & CONSULTANTS

**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***

Joint Powers Board and Operations Board
Kandiyohi County and City of Willmar
Economic Development Commission

We have audited the financial statements of Kandiyohi County and City of Willmar Economic Development Commission as of and for the year ended December 31, 2013, and have issued our report thereon dated October 3, 2014.

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 Comptroller General of the United States and the provisions of the *Minnesota Legal Compliance Audit Guide for Local Government*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Kandiyohi County and City of Willmar Economic Development Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

However, we identified certain deficiencies in internal control over financial reporting described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting which are not considered material weaknesses. 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.

Compliance and Other Matters

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

Minnesota Legal Compliance

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the *Minnesota Legal Compliance Audit Guide for Local Government*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65. Accordingly, the audit included tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The *Minnesota Legal Compliance Audit Guide for Local Government* contains seven categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing. Our study included all of the listed categories, except that we did no tests of compliance in: 1) contracting and bidding because the EDC did not enter into any contract or make any purchases requiring bids; 2) public indebtedness, because the EDC had no bonded debt transactions; and 3) tax increment financing.

The results of our tests indicate that, for the items tested, Kandiyohi County and City of Willmar Economic Development Commission complied with the material terms and conditions of the applicable legal provisions.

Kandiyohi County and City of Willmar Economic Development Commission's written responses to the significant deficiencies, material weaknesses and legal compliance findings identified in our audit have not been subjected to any auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

This report is intended solely for the use of management and State Agencies, and is not intended to be and should not be used by anyone other than these specified parties.

JAMES M. RUFF, INC.

October 3, 2014

**KANDIYOHI COUNTY AND CITY OF WILLMAR
ECONOMIC DEVELOPMENT COMMISSION
SCHEDULE OF FINDINGS AND RESPONSES**

YEAR ENDED DECEMBER 31, 2013

**I. FINDINGS RELATED TO FINANCIAL STATEMENTS AUDITED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Criteria:

A control deficiency 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 misstatements of the financial statements on a timely basis. A control deficiency that typically is considered significant is the identification by the auditor of a material misstatement in the financial statements that was not initially identified by the entity's internal control.

Finding 2012-1 and 2011-1

Condition:

Non-budgeted expenses, commitments, and recurring revenues - for the 2012 and 2011, and prior budget years the EDC has not budgeted for all significant anticipated revenues and expenses.

Questioned Costs:

None

Context:

Budgeted revenues did not include the receipt of anticipated grants, interest income, and program income. Budgeted expenses failed to include all expected grant disbursements (e.g. Blandin) and donations to SWIF (2011) and Angel Network (2011). Total revenues and expenses from actual to budget are misrepresented.

Effect:

Budgeted revenues and expenses are understated as compared to anticipated actual revenues and expenses.

Cause:

Budgeted revenues and expenses include basic operations only.

Recommendation:

We recommend that staff spend additional efforts in ensuring budgeted information is as complete and accurate as possible.

CORRECTIVE ACTION PLAN (CAP)

Finding 2012-1 and 2011-1

Explanation of Disagreement with Audit Finding:

There is no disagreement with the audit finding.

Actions Planned in Response to Finding:

During 2013 the budget was revised to ensure completeness.

Officer Responsible for Ensuring CAP:

Executive Director, Assistant Director, Treasurer, and fiscal host.

Planned Completion Date:

Monthly during 2013.

Plan to Monitor Completion of CAP:

Responsible officers to report to JOINT BOARD.

**KANDIYOHI COUNTY AND CITY OF WILLMAR
ECONOMIC DEVELOPMENT COMMISSION
SCHEDULE OF FINDINGS AND RESPONSES**

YEAR ENDED DECEMBER 31, 2013

**I. FINDINGS RELATED TO FINANCIAL STATEMENTS AUDITED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS (CONTINUED)**

Finding 2013-2, 2012-2, 2011-2, 2010-2 and 2009-2

Condition:

During our audit, we proposed several adjustments that resulted in significant changes to the Commission's financial statements.

Questioned Costs:

None

Context:

During 2013, 2012 and prior years, certain expenditures (e.g. accrued sick and vacation for 2013) were posted directly to fund balance or reserve accounts. During 2012, 2011 and 2010, certain receipts or transfers from Kandiyohi County were not reported as revenues in the statement of activities.

Effect:

The Commission had numerous unrecorded transactions or untimely accounting adjustments that caused the interim and year end financial statements to be materially misstated.

Cause:

Lack of communication between fiscal host and management. Misinterpretation of generally accepted accounting policies.

Recommendation:

We recommend that the Commission insure the completeness of records and supporting documentation for the new fiscal host and that accounting adjustments be made on a regular and recurring basis. All revenues and expenditures should be posted to the statement of activities.

CORRECTIVE ACTION PLAN (CAP)

Finding 2013-2, 2012-2, 2011-2, 2010-2, and 2009-2

Explanation of Disagreement with Audit Finding:

There is no disagreement with the audit finding.

Actions Planned in Response to Finding:

The Commission will transfer all records and accounting to the Kandiyohi County Finance Department or its successors to assume fiscal host responsibilities. Monthly balance sheets will be reviewed by the Joint Operations Board. All revenues and expenditures will be posted directly to the Statement of Activities. During 2012 an outside independent contractor was hired to act as fiscal host. Auditor will work with new fiscal host to ensure completeness and accuracy of year end statements for 2013 and future years.

**I. FINDINGS RELATED TO FINANCIAL STATEMENTS AUDITED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS (CONTINUED)**

Finding 2013-2, 2012-2, 2011-2 and 2010-2 (continued)

Officer Responsible for Ensuring CAP:

Executive Director, Assistant Director, Treasurer, and fiscal host.

Planned Completion Date:

Monthly during 2013 and 2014.

Plan to Monitor Completion of CAP:

Balance Sheets and the Statement of Activities will be monitored monthly by the Executive Director, Treasurer, and fiscal host to encourage adjustments during the year to fully conform to fund accounting.

**II. FINDINGS RELATED TO FINANCIAL STATEMENTS AUDITED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

PREVIOUSLY REPORTED ITEMS NOT RESOLVED

Finding 2000-2 -- Internal Control/Segregation of Duties

Management is responsible for establishing and maintaining internal control. This responsibility includes the internal control over the various accounting cycles, the fair presentation of the financial statements and related notes, and the accuracy and completeness of all financial records and related information. Adequate segregation of duties is a key internal control in an organization's accounting system. The size of the Kandiyohi County and City of Willmar Economic Development Commission and its staffing, limits the internal control that management can design and implement into the EDC. Management should be aware that segregation of duties is not adequate from an internal control point of view.

Management is responsible for the accuracy and completeness of all financial records and related information. Also, management is responsible for controls over the year-end financial reporting process, including controls over procedures used to enter transaction totals into the general ledger; initiate, authorize, record, and process journal entries into the general ledger; and record recurring and nonrecurring adjustments to the financial statements.

Management has requested that we prepare the annual financial statements and related notes. This arrangement is not unusual for an organization the size of the EDC. These decisions were based on the availability of the EDC's staff and the cost/benefit of using our expertise.

During our audit, we proposed numerous adjustments to convert the EDC's financial records to the financial statements as reported. Those adjustments were made to report receivables and revenue (deferred revenue in the fund) for interest and to reclassify various revenues.



**JAMES M.
RUFF, INC.**

CERTIFIED PUBLIC ACCOUNTANT & CONSULTANTS

September 30, 2014

Kandiyohi County and City of Willmar
Economic Development Commission
Attn: Jean Spaulding
P.O. Box 1783
Willmar, MN 56201

RE: 2014 to 2016 Request for proposals

Dear Jean:

In response to your request for proposals for audit services and submission of annual Special District Reports, we submit the following:

<u>Year</u>	<u>Fee</u>
2014	\$ 6,000
2015	\$ 6,200
2016	\$ 6,400

The fee is inclusive of the Special District Report, however, should the Economic Development Commission encounter unique and special circumstances the above fees may require modification, with EDC prior approval.

We have enjoyed working with you, Steve, and the Economic Development Commission organization in the past, and look forward to the opportunity to continue this relationship.

Sincerely,

James M. Ruff, CPA



**JAMES M.
RUFF, INC.**

CERTIFIED PUBLIC ACCOUNTANT & CONSULTANTS

American Institute
of Certified Public
Accountants

Minnesota Society
of Certified Public
Accountants

October 7, 2014

Client #: 1913

KANDIYOHI CO & CITY OF WILLMAR
ECONOMIC DEVELOPMENT COMM
312 FOURTH ST SW
PO BOX 1783
WILLMAR, MN 56201

Amount Paid \$ _____

(please return top portion with payment)

JAMES M. RUFF, INC. BILLING STATEMENT

Client #: 1913

October 7, 2014

For Professional Services Rendered:

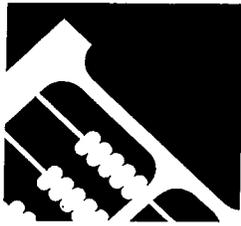
Beginning Balance	-990.00
FINAL BILLING - AUDIT SERVICES: AUDITED FINANCIAL STATEMENTS FOR YEAR ENDED 12-31-12 (PER PROPOSAL).	5,800.00
LESS PRIOR PROGRESS BILLING.	-2,400.00
PROGRESS BILLING AUDITED FINANCIAL STATEMENTS FOR YEAR ENDED 12-31-13.	3,400.00
MANAGEMENT ADVISORY SERVICES - OTHER AUDITORS SERVICES (SEE ATTACHED DETAIL).	552.00
MANAGEMENT ADVISORY SERVICES - RESERVES - ENOS CHALLENGE (SEE ATTACHED DETAIL).	1,974.00
MANAGEMENT ADVISORY SERVICES - COG - FISCAL SUPPORT (SEE ATTACHED DETAIL).	300.00
	<hr/>
Total Accounting Services	9,626.00
No Payments This Period	0.00
Amount Due This Bill	<hr/> <u>\$8,636.00</u>

SERVICES UP TO AND INCLUDING DECEM..

0-30 Days	31-60 Days	61-90 Days	91-120 Days	> 120 Days	Total A/R
8,636.00	0.00	0.00	0.00	0.00	8,636.00

Amount Due is payable upon receipt of bill. Delinquent accounts will
be charged a ~~finance charge~~ **1.50 percent per month**

- ◆ Accounting & Auditing ◆ Tax Planning & Preparation ◆ Retirement, Financial, & Estate Planning ◆
- ◆ QuickBooks & Peachtree Support ◆ Payroll & Employee Benefits ◆ Agribusiness & Farm ◆ Business Consulting ◆



Ruff & Co., CPA's

James M. Ruff, Inc.

Certified Public Accountant and Consultants

American Institute
of Certified Public
Accountants

Minnesota Society
of Certified Public
Accountants

Kandiyohi Co. & City Of Willmar
Economic Development Commission
312 4th St. SW, P.O. Box 1783
Willmar, MN 56201

October 7, 2014

Client #1913

EXPLANATION OF BILLINGS - MANAGEMENT ADVISORY SERVICES

OTHER AUDITORS SERVICES	\$ 552.00
09-12-13 Prepare for and present audit to joint powers (2.6 hrs)	
09-12-13 Submit reports to state auditor online (2 hrs)	
RESERVES – ENOS CHALLENGE	1974.00
11-17-13 PC Jean presentation of reserves (.35 hrs)	
11-21-13 Review email designated reserves (.4 hrs)	
12-12-13 Email fund reserves, prepare f/s recap (.40 hrs)	
12-13-13 Organize file, support data reserves, email board (1.65 hrs)	
12-17-13 Brief/research (.35 hrs)	
12-17-13 Email ENOS comments (.35 hrs)	
12-18-13 EDC emails, reserves (.50 hrs)	
12-20-13 EDC prep for & attend meeting (2.65 hrs)	
12-20-13 EDC email, research reserves (.35 hrs)	
12-23-13 PC state auditor, research (.80 hrs)	
01-2-14 Respond to email, recap reserve summaries (.50 hrs)	
01-7-14 Restricted reserves, PC Jean, emails, research (2 hrs)	
01-8-14 PC Jean, review statement of position , balance sheet & detail (1 hrs)	
01-8-14 Reserve payback q & a Steve, revised balance sheet (.45 hrs)	
01-9-14 Attend meeting, reserve issues (1.25 hrs)	
01-9-14 Prep joint powers (.50 hrs)	
01-10-14 Email conflict of interest, OP's board (.65 hrs)	
01-23-14 Prepare and travel, attend joint powers meeting (2.3 hrs)	
COG – FISCAL SUPPORT	300.00
6-11-14 COG, Foodhub, fiscal host (1.75 hrs)	
6-20-14 M.O.U. for COG, proof, meet Jean (.75 hrs)	

◆ P.O. Box 1056 ◆ 2015 1st Street S ◆ Willmar, Minnesota 56201 ◆ Phone: (320) 235-1002 ◆

◆ Fax: (320) 235-3809 ◆ E-mail ruffcpas@en-tel.net ◆

◆ Accounting & Auditing ◆ Tax Planning & Preparation ◆ Retirement, Financial, & Estate Planning ◆

◆ Quickbooks & Peachtree Support ◆ Payroll & Employee Benefits ◆ Agri-Business & Farm ◆ Business Consulting ◆