

KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION (EDC)
JOINT OPERATIONS BOARD OF DIRECTORS (OB) MEETING
JOINT POWERS BOARD OF COMMISSIONERS MEETING
MINUTES
July 11, 2012
The Oaks, Willmar

EDCOB Present: Ronald Erpelding, Duane Hultgren, Rick Nordin and Milan Schmiesing
EDCOB Excused: Jon Anderson, Robert Carlson and Beverly Dougherty
Ex Officio: Bruce Peterson
Joint Powers Present: Denis Anderson, Ron Christianson, Dean Shuck and Frank Yanish
Joint Powers Excused: Jim Butterfield and Harlan Madsen
Staff: Steven Renquist, Executive Director and Jean Spaulding, Assistant Director
Guest: Jim Ruff
Media: Anne Polta, West Central Tribune
Secretarial: Nancy Birkeland, Legal & Administrative Assistants, Inc. (LAA)

At approximately 12:14 p.m., President Ronald Erpelding called to order the meeting of the EDC Joint Operations Board and Secretary Denis Anderson called to order the quarterly meeting of the EDC Joint Powers Board of Commissioners.

EDCOB AGENDA—

IT WAS MOVED BY Milan Schmiesing, SECONDED BY Rick Nordin, to approve the agenda of the Joint Operations Board meeting and the following Consent Agenda:

EDCOB CONSENT AGENDA—

Approved: 1. Minutes of June 14, 2012 Joint Operations Board meeting
2. Financial reports as of June 30, 2012, subject to audit

Accepted: Committee Minutes
1. Agriculture and Renewable Energy Development 4/19/2012

MOTION CARRIED.

MINUTES OF JOINT POWERS BOARD—

IT WAS MOVED BY Dean Shuck, SECONDED BY Ron Christianson, to approve the minutes of the April 26, 2012 meeting of the Kandiyohi County and City of

Willmar Economic Development Commission Joint Powers Board of Commissioners as e-mailed. All present voted in favor by roll call.

TREASURER'S REPORT— Steve Renquist presented the financial reports for periods ending April 30, May 31 and June 30, 2012 and reviewed with the boards the most recent Balance Sheet and Statement of Activities. Renquist informed the boards the first half of the levy was received.

IT WAS MOVED BY Ron Christianson, SECONDED BY Frank Yanish, to accept the Kandiyohi County and City of Willmar Economic Development Commission financial reports for periods ending April 30, May 31 and June 30, 2012, subject to audit. All present voted in favor by roll call.

EDCOB UNFINISHED BUSINESS—

Accounting services. Renquist informed the boards the county requested the EDC consider other bookkeeping services. The EDC's legal counsel gave his opinion to Renquist that LAA's services can be expanded to include the bookkeeping, which Renquist recommends for the remainder of 2012 and 2013.

IT WAS MOVED BY Rick Nordin, SECONDED BY Milan Schmiesing, to expand the services of Legal & Administrative Assistants, Inc. to include bookkeeping services for the Kandiyohi County and City of Willmar Economic Development Commission for the remainder of 2012 and 2013. MOTION CARRIED.

JOINT POWERS BOARD UNFINISHED BUSINESS—

2012 Employment Agreements. Renquist informed the boards a recommendation was made to do a 2% increase to his and Jean's salaries in the approved 2012 budget. Kandiyohi County reached a salary settlement with its managerial staff, but the city of Willmar has not. Renquist recommends a 1.5% increase that could be adjusted later. The Joint Powers Board tabled a decision until the city of Willmar has reached a settlement.

NEW BUSINESS—

2011 audit.

IT WAS MOVED BY Milan Schmiesing, SECONDED BY Duane Hultgren, to accept the 2011 audit as presented and forward it to the Kandiyohi County and City of Willmar Economic Development Commission's Joint Powers Board for approval. MOTION CARRIED.

2013 levy/budget. Renquist stated the EDC's levy has been \$455,000 for the past three years and recommended the boards consider a 3% increase in the budget for a total budget of \$523,508, but no increase in the levy. Renquist informed the committees they will have no increases to their budgets. Renquist stated the 2013 itemized budget will include salary increase recommendations for all EDC staff. The levy needs to be certified by September 15, but the detailed budget does not need to be finalized until December 31.

IT WAS MOVED BY Duane Hultgren, SECONDED BY Rick Nordin, to recommend to the Kandiyohi County and City of Willmar Economic Development Commission's Joint Powers Board that the levy remain at \$455,000 for 2013.

IT WAS MOVED BY Ron Christianson, SECONDED BY Dean Shuck, to approve the 2013 levy of \$455,000. ALL PRESENT VOTED IN FAVOR BY ROLL CALL

PROGRESS REPORTS

Willmar. Bruce Peterson reported Mills Auto Parts is expanding; and a new facility is proposed for Mills Auto Center; the city of Willmar is working on Phase 2 land release of the former airport; bids are in for the western interceptor sewer; the city has requested permission from the Federal Aviation Administration to proceed with the sewer project; Peterson is completing a five-year capital improvement plan for the 2013 budget process; mobile homes are being demolished in some of the mobile home parks and a four-plex construction is being proposed for professionals. Peterson stated the value of the tax credits for the Lakeland Hotel were not enough to fund the project. The city of Willmar and Kandiyohi County approved limited tax abatement and the project could still go forward with other funding. Peterson continues to work with the Lakeland Hotel owners for residential and commercial space.

[Rick Nordin was excused from the meeting.]

EDC/MinWest Technology Campus (MWTC). Renquist reported on a molding company; NH₃ remains viable; the state is forming a committee to look at a location for the proposed dairy facility; some small improvements are needed at the Willmar airport for which Renquist has suggested using sales tax option monies; EDC staff feels responsible for marketing the Mid-Central Research and Outreach Center; and planning continues for the second Animal Science Venture Forum.

[Jim Ruff and Jean Spaulding joined the meeting.]

NEW BUSINESS CONTINUED—

2011 audit. Jim Ruff was introduced and distributed the 2011 Annual Financial Report (see copy attached). Ruff reviewed with the boards the Annual Financial Report as of December 31, 2011 and explained the auditor's responsibilities. The Executive Summary shows the EDC received a clean and favorable audit on all areas with no significant or material deficiencies in internal controls. The General Fund Balance Sheet and Governmental Activities - Statement of Net Assets reflects unpaid but earned sick leave and vacation is approximately \$28,000. Ruff commented there are plenty of funds in reserve for the Entrepreneurs' Loan Guarantee Program; the undesignated funds are available for use at the discretion of the boards; there is a strong cash balance and the Loan receivable - HRA of Willmar is a 30-year note entered into by the EDC as a match for the intermediary relending program.

[Bruce Peterson and Ron Christianson were excused from the meeting.]

Ruff stated the Report on Internal Control over Financial Reporting indicates the EDC is in compliance with the Minnesota state requirements and has an adequate internal control. Ruff reviewed his findings on page 17 noting certain expected funds, such as interest income from savings accounts, the Blandin grant and disbursements from the Blandin grant and contributions to Southwest Initiative Foundation and Angel Network should be incorporated,

when known, into the EDC's budget and the budget amended to include those income and expense items.

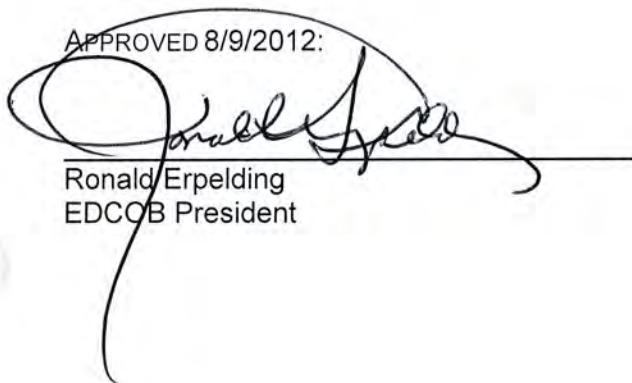
NEXT MEETING—The next regular meeting of the Joint Operations Board is **11:00 a.m., Thursday, August 9, 2012**, at the EDC office and the next quarterly meeting of the Joint Powers Board is **11:30 a.m., Thursday, October 25, 2012** at the EDC office.

ADJOURNMENT—There being no further business, President Erpelding adjourned the Joint Operations Board meeting and Secretary Anderson adjourned the Joint Powers Board meeting at approximately 1:20 p.m.



Rick Nordin
EDCOB Secretary

APPROVED 8/9/2012:

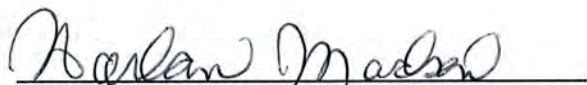


Ronald Erpelding
EDCOB President



Denis Anderson
Joint Powers Board Secretary

APPROVED 10/25/2012:



Harlan Madsen
Joint Powers Board Chairperson

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

ANNUAL FINANCIAL REPORT

December 31, 2011

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

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

BOARD OF DIRECTORS

December 31, 2011

	<u>Name</u>	<u>Term Expires</u>	<u>Representing</u>
Board of Directors - Joint Powers Board			
Chair	Harlan Madsen	12/31/11	Kandiyohi Co.
Vice Chair	Frank Yanish	12/31/11	Kandiyohi Co.
EDCOB Liaison	James Butterfield	12/31/11	Kandiyohi Co.
Secretary	Denis Anderson	12/31/11	City of Willmar
Treasurer	Dean Shuck	12/31/11	Kandiyohi Co.
Board Members:	Ron Christianson	12/31/11	City of Willmar

Board of Directors - Operations Board

Voting

President	Ron Erpelding	12/31/12
Vice President	Beverly Dougherty	12/31/14
Secretary	Richard Nordin	12/31/13
Treasurer	Robert P. Carlson	12/31/12
Board Member	Jon Anderson	12/31/14
Board Member	Milan Schmiesing	12/31/13
Board Member	Duane Hultgren	12/31/12

Non-voting (Ex-Officio)

Board Member	Bruce Peterson	Indefinite/Annually
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Staff

Executive Director	Steven C. Renquist
Assistant Director	Jean Spaulding
Agriculture & Renewable Energy	Cathy Keuseman



**JAMES M.
RUFF, INC.**

CERTIFIED PUBLIC ACCOUNTANT & CONSULTANTS

American Institute
of Certified Public
Accountants

Minnesota Society
of Certified Public
Accountants

INDEPENDENT AUDITOR'S REPORT

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

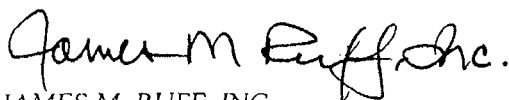
We have audited the accompanying financial statements of the governmental activities and the General Fund of the Kandiyohi County and City of Willmar Economic Development Commission (EDC) as of and for the year ended December 31, 2011, which collectively comprise the EDC's basic financial statements 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, 2011, 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 July 3, 2012 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.
July 3, 2012

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

◆ QuickBooks & Peachtree Support ◆ Payroll & Employee Benefits ◆ Agribusiness & Farm ◆ Business Consulting ◆

◆ P.O. Box 1056 ◆ 2015 1st Street S. ◆ Willmar, Minnesota 56201 ◆ Phone: (320) 235-1002 ◆ Fax: (320) 235-3809 ◆

**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, 2011

	General Fund	Adjustments	Governmental Activities
ASSETS			
Cash	\$ 670,826	\$ -	\$ 670,826
Certificate of deposit	17,828		17,828
Taxes receivable	15,710		15,710
Accrued interest receivable, net of \$0 allowance	214		214
Loans receivable, net of \$0 allowance	75,750		75,750
Capital assets, net of depreciation	-	25,142	25,142
Total Assets	\$ 780,328	\$ 25,142	\$ 805,470
LIABILITIES			
Accounts payable	\$ 6,498	\$ -	\$ 6,498
Wages payable	-		-
Vacation benefits payable	28,330		28,330
Pera and payroll taxes payroll	4,359		4,359
Deferred revenue	-	15,910	15,910
Total Liabilities	39,187	15,910	55,097
FUND BALANCE			
Reserved for			
Revolving loan fund - County (\$50,000 loans outstanding)	206,662	(206,662)	
Loan receivable - HRA of Willmar	25,750	(25,750)	
Tourism development	18,042	(18,042)	
Reserved for MCCF	-		
Entrepreneurs loan fund (50% reserve)	31,018	(31,018)	
Unreserved - Designated			
Entrepreneur's Loan Fund Guarantees (30% reserve)	18,611	(18,611)	
Broadband	-	-	
Undesignated	441,058	(441,058)	
Total Fund Balance	741,141	(741,141)	
Total Liabilities and Fund Balance	\$ 780,328		
NET ASSETS			
Invested in capital assets		25,142	25,142
Restricted for economic development		255,722	255,722
Unrestricted		469,509	469,509
Total Net Assets		750,373	750,373
Total Liabilities and Net Assets		\$ 25,142	\$ 805,470

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

**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, 2011

	General Fund	Adjustments	Governmental Activities
REVENUES			
Taxes	\$ 456,314	\$ 1,391	\$ 457,705
Interest on investments	2,438		2,438
Charges for services	824		824
Grants and miscellaneous	101,223		101,223
Loan recoveries	-		-
Fund transfers - Kandiyohi County RLF	3,847		3,847
Total Revenues	564,646	1,391	566,037
EXPENDITURES			
Administration and special projects	357,189	(1,906)	355,283
Committees	80,120	-	80,120
Loan write-offs and allowances	-	-	-
Depreciation	-	6,767	6,767
Grants and donations	147,718	-	147,718
Total Expenditures / Expenses	585,027	4,861	589,888
Net Change in Fund Balance / Net Assets	(20,381)	(3,470)	(23,851)
Fund Balance / Net Assets, Beginning	761,323	12,901	774,224
Fund Balance / Net Assets, Ending	\$ 740,942	\$ 9,431	\$ 750,373

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.

\$ 1,391

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

(6,767)

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.

1,906

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

\$ (3,470)

**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, 2011

	<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	\$ 457,705	\$ 2,705
Interest on investments	-	-	2,438	2,438
Charges for services	-	-	824	824
Grants and miscellaneous	-	-	101,223	101,223
Loan recoveries	-	-	-	-
Fund transfers - Kandiyohi County RLF	-	-	3,847	3,847
Total Revenues	<u>455,000</u>	<u>455,000</u>	<u>566,037</u>	<u>111,037</u>
EXPENDITURES / EXPENSES				
Administration	324,508	333,081	355,283	22,202
Committees and special projects	145,000	145,000	80,120	(64,880)
Loan write-offs and allowances	-	-	-	-
Depreciation	-	-	6,767	6,767
Grants and donations	39,000	22,508	147,718	125,210
Total Expenditures / Expenses	<u>508,508</u>	<u>500,589</u>	<u>589,888</u>	<u>89,299</u>
Net Change in Fund Balance / Net Assets	(53,508)	(45,589)	(23,851)	<u>\$ 21,738</u>
Fund Balance / Net Assets, Beginning	<u>362,986</u>	<u>362,986</u>	<u>774,224</u>	
Fund Balance / Net Assets, Ending	<u>\$ 309,478</u>	<u>\$ 317,397</u>	<u>\$ 750,373</u>	

**KANDIYOHI COUNTY AND CITY OF WILLMAR
ECONOMIC DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2011**

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 acts as the fiscal agent and reports the activity of the Kandiyohi County and City of Willmar EDC independently of the County's other funds and operations. During 2007, the City of Willmar acted as the fiscal host and reported the activity of the EDC as an agency fund on the City's financial statements.

**KANDIYOHI COUNTY AND CITY OF WILLMAR
ECONOMIC DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2011**

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 \$30,002, and deferred revenue of \$17,101 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, 2011**

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 of \$2,913 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. An adjustment to revenues of \$178 is shown for long-term taxes 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 a certificate 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, 2011**

F. Budget

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

NOTE B: DETAILED NOTES ON ALL FUNDS

Assets

1. Cash and Investments

The EDC's cash and investments as of December 31, 2011 are summarized as follows:

Restricted:	2011	Memo - 2010
Cash on Deposit	\$ 192,468	\$ 238,100
Investments, certificates of deposit	17,828	17,828
	210,296	255,928
Unrestricted: (Designated and Undesignated)		
Cash on Deposit	478,358	446,560
	\$ 688,654	\$ 702,488

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, 2011, the EDC's deposits had a carrying amount of \$688,654 and bank balances of \$695,366. Of the bank balances, \$507,357 was covered by federal depository insurance and the remainder was covered by collateralized letters of credit.

Investments

Minnesota statutes generally authorizes 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, 2011**

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 of 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, 2011 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, 2011**

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 \$6,555 and \$7,501 from taxpayers for tax years December 31, 2011 and 2010 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 2012 and 2011, respectively.

3. Accounts Receivable - Accrued Interest

Interest earned on Certificates of Deposit 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

Two Term notes for \$25,000 each, dated December 1, 2011, requiring 60 monthly payments of \$474.65 including interest at 5.25%. Matures December 2016 and January 2017.

50,000

TOTAL LOANS RECEIVABLE

\$ 75,750

**KANDIYOHI COUNTY AND CITY OF WILLMAR
ECONOMIC DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2011**

NOTE B: DETAILED NOTES ON ALL FUNDS (Continued)

Assets (continued)

5. Capital Assets

Capital assets activity for the year ended December 31, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets depreciated				
Machinery, furniture, and equipment	\$ 58,920	\$ 1,907	\$ -	\$ 60,827
Less: accumulated depreciation for				
Machinery, furniture, and equipment	<u>(28,918)</u>	<u>(6,767)</u>	<u> </u>	<u>(35,685)</u>
Total Capital Assets, Net	<u>\$ 30,002</u>	<u>\$ (4,860)</u>	<u>\$ -</u>	<u>\$ 25,142</u>

Depreciation expense of \$6,767 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. The future minimum lease payments are as follows:

<u>Year Ending December 31</u>	<u>Amount</u>
2012	\$ 24,108
2013	\$ 16,072

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 from the prior year. There was a \$3,052 refund for premium in excess of insurance coverage for the past fiscal year.

**KANDIYOHI COUNTY AND CITY OF WILLMAR
ECONOMIC DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2011**

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, 2011**

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, 2011, 2010, and 2009 were \$13,646, \$12,206, and \$8,823 respectively.

4. Contingent Liabilities

The Kandiyohi County and City of Willmar EDC has entered into six loan guarantee agreements in relation to its Partial Loan Guarantee Program. Under the terms of the agreement, the EDC has guaranteed 80% of six \$25,000 loans to private businesses. Total outstanding loans under this loan program are \$62,037 at December 31, 2011.

5. Compensated Absences

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

NOTE C: EVALUATION OF SUBSEQUENT EVENTS

The Kandiyohi County and City of Willmar EDC has evaluated subsequent events through July 3, 2012, the date the financial statements were available to be issued.

Subsequent to December 31, 2011 the EDC entered into a new 12-month lease for offsite office space at \$480 per month, committed to donations of \$25,000 to the Angel Network, and placed \$300,000 of cash into certificates of deposit with maturities ranging from 12 to 36 months.

**JAMES M.
RUFF, INC.**

CERTIFIED PUBLIC ACCOUNTANT & CONSULTANTS

American Institute
of Certified Public
Accountants

Minnesota Society
of Certified Public
Accountants

**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, 2011, and have issued our report thereon dated July 3, 2012.

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

July 3, 2012

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

YEAR ENDED DECEMBER 31, 2011

**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 2011-1

Condition:

Non-budgeted expenses, commitments, and recurring revenues - for the 2011 budget year the EDC has not budgeted for significant anticipated revenues and expenses.

Questioned Costs:

None

Context:

Budgeted revenues did not include the receipt of anticipated grant, interest income, and program income. Budgeted expenses failed to include expected grant disbursements (e.g. Blandin) and donations to SWIF and Angel Network. 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 2011-1

Explanation of Disagreement with Audit Finding:

There is no disagreement with the audit finding.

Actions Planned in Response to Finding:

Budget to be revised to ensure completeness.

Officer Responsible for Ensuring CAP:

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

Planned Completion Date:

Monthly during 2012.

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, 2011

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

Finding 2010-1

Condition:

During 2010, the EDC exercised control over and disclosed ownership of cash funds in Concorde Bank which it did not have legal title to.

Questioned Costs:

None

Context:

The Concorde Bank Revolving Loan Fund Cash Account was intended to be transferred to the EDC and utilized for revolving loan fund purposes. The account is listed as a cash asset of the EDC. Title to these funds however have not been legally effected.

Effect:

Cash assets are listed as owned by the EDC without full and legal title being transferred.

Cause:

Failure to complete name change on bank account and/or complete legal transfer of funds; no new bank account under the name of the Commission.

Recommendation:

We recommend that the EDC encourage the County to finalize transfer of Concorde Bank account funds via a name change on the account or the establishment of a new bank account for these monies.

CORRECTIVE ACTION PLAN (CAP)

During 2011, the EDC intends to ensure the account funds are transferred with the appropriate name change or new account being established. Effective April 2012 these funds were formally transferred into the legal name of the EDC.

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

YEAR ENDED DECEMBER 31, 2011

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

Finding 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 2011 and 2010, certain expenditures were posted directly to fund balance or reserve accounts. During 2011 and 2009, certain receipts or transfers from Kandiyohi County were not reported as revenues in the statement of activities. Cash balances for Revolving Loan Funds were not reflected on the accounts of the EDC.

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 statements of activities.

CORRECTIVE ACTION PLAN (CAP)

Finding 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 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.

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

Finding 2011-2, 2010-2 and 2009-2 (continued)

Officer Responsible for Ensuring CAP:

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

Planned Completion Date:

Monthly during 2012, 2011 and 2010.

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.