

KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION (EDC)
JOINT POWERS BOARD OF COMMISSIONERS MEETING
MINUTES
October 22, 2015
EDC Office, Willmar, MN

Present: Denis Anderson, Ron Christianson, Roger Imdieke, Harlan Madsen and Doug Reese

Excused: Marv Calvin

Staff: Steven Renquist, Executive Director and Connie Schmoll, Business Development Specialist

Media: Carolyn Lange, West Central Tribune

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

Chairperson Harlan Madsen called the meeting to order at approximately 11:35 a.m.

MINUTES

IT WAS MOVED BY Denis Anderson, SECONDED BY Doug Reese, to approve the minutes of the July 23, 2015 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 July 31, August 31 and September 30, 2015 and reviewed with the board the most recent Profit and Loss Budget Performance and Balance Sheet.

IT WAS MOVED BY Roger Imdieke, SECONDED BY Denis Anderson, to accept the Kandiyohi County and City of Willmar Economic Development Commission financial reports for periods ending July 31, August 31 and September 30, 2015, subject to audit. All present voted in favor by roll call.

REPORTS

Economic development activities/2015 Strategic Plan. Renquist referred the board to the most recent update to the 2015 Strategic Plan (see attached). Renquist noted the local partners are waiting with anticipation the federal government's decision on the TIGER II grant.

The federal government indicated the money has been designated but it has not yet been allotted—the state's and BNSF's money are in place. The local project is the largest scheduled by BNSF.

Connie Schmoll reported in September the EDC hosted a familiarization tour with Southwest Initiative Foundation for a site selector from New Jersey and Texas, who shared information with 20 other site selectors who toured areas of the state; she attends quarterly Community Venture Network meetings—one company recently made a presentation in the county; she participated in the Hack₂0 event and two to three projects are moving forward; the Ag Committee will hear a presentation in November by Peter Lindstrom of PACE (Property Assessed Clean Energy); she is leading an Ag subcommittee looking at conducting another Ag producers' BRE survey and participating on an Ag Investment Subcommittee; the Business Retention and Expansion/Recruitment Committee adopted a new mission and philosophy statement; she is following through with projects from the BRE survey, the most important being workforce; a Proclamation was presented to the county and cities honoring the county's manufacturers in recognition of Minnesota Manufacturing Week in October; a committee is planning for school tours of local manufacturers next year; the Marketing and Public Relations Committee is completing the new website with plans to launch it on November 1, created ads for the University of Minnesota (U of M) Showcase, Willmar Lakes Area Convention & Visitors Guide and a Location, Location, Location ad for general use (see attached) and is working on promoting the entire region; the Broadband and Advanced Technology Committee continues its work on local broadband issues and has hosted meetings with Senator Klobuchar, Rep. Dave Baker and Rep. Kurt Daudt—the next step may be a feasibility study; Vision 20/40 is working on diversity issues; the EDC received a grant from the Blandin Foundation for WiFi hotspots; she attended a presentation with Phoenix Solutions on the landfill and a presentation by AURI for fish and shrimp production; attended a tour of area Ag businesses hosted by the West Central Ag Sales Association, a presentation on workforce housing and the Inter-City Leadership Tour to the Fargo area—a follow up meeting was held by those who went on the tour as to continued work; participated in WORKUP's grand opening; joined a Clean Energy Resource Team trying to promote canopy lighting; attended a week-long economic development course in Duluth; is working with new business startups and completed a TED grant for St. Johns Township and Meadowstar Dairy; attended a presentation by Midwest Aerial Technologies; and is working on projects in New London, Spicer and Raymond.

Chairperson Madsen requested the board, city councils and County Board receive information quarterly on local manufacturing and coordinate with schools on job opportunities in manufacturing.

Renquist reviewed with the board the current projects on which he is working, including changing Bethesda Heritage to workforce housing; meeting with Karen immigrants on a market; the U of M Showcase is October 29 at MinnWest Technology Campus (MWTC); is working with the Willmar Curling Club on a facility; working with a company considering moving out of the county; working on tax abatements in Green Lake Township and the city of Kandiyohi and possible continuation of JOBZ-type benefits for Bushmills Ethanol and MWTC.

UNFINISHED BUSINESS

Search Committee. Chairperson Madsen reported the search committee spent a significant amount of time creating the community profile/ad (see attached). The application deadline is November 6, 2015. The search committee will meet with Sharon Klumpp of the search firm on November 16 to review and screen applicants. Klumpp informed Madsen there have been a number of very positive inquiries about the position, but no applications have been received at this time, which she noted was not unusual. The search firm mailed the brochure to targeted individuals and posted it on a variety of websites. Madsen noted expediency has been indicated to the search firm and he has asked Klumpp for dates she is available to hold interviews after November 30. The board discussed the application and interview process and by consensus agreed to the following:

- the search committee will screen all applicants and narrow them down to three or four viable candidates or more, at their discretion;
- the Joint Powers Board will meet November 20 to review the final applicants and schedule interviews—morning is preferred, but board members will keep the entire day open for now;
- interviews will be held November 30 or December 9-11, 2015;
- the Joint Powers Board will conduct the interviews;
- the Joint Operations Board will be provided information on the applicants selected for an interview, will be invited to listen in on the interviews, may take notes and participate in a joint conversation following the interviews;
- the Joint Operations Board may submit interview questions for consideration by the Joint Powers Board;
- the search firm will completely vet the final applicants; and
- the Joint Powers Board will make the final hiring decision.

NEW BUSINESS

2014 audit. Chairperson Madsen introduced Jim Ruff, who provided background information on his accounting practice and history with the EDC. Ruff noted his August 27, 2015 audit letter (see attached) indicates there was nothing of note to bring to this board's attention as to the audit. Ruff reviewed the final 2014 Annual Financial Report, Balance Sheet and Profit & Loss (see attached). The audit was a clean audit with no significant changes being required. The EDC has a healthy balance sheet, minimal liabilities and most assets are cash or cash reserves. There are unrestricted undesignated funds of \$383,570 on a cash basis and \$436,887 on an accrual basis; reserved/restricted funds of \$224,052, which includes a loan to the Housing and Redevelopment Authority of \$25,750, a tourism development CD of \$18,057; and funds to cover guarantees under the Entrepreneurs Loan Guarantee Program of \$68,206. Ruff believes the EDC has reached its goal for the amount of reserves to have on hand. The levy received in 2014 was less than budgeted due to uncollected taxes; page 5 of the audit shows the budget against what actually took place—the loss on disposition of assets is the investment in the former location and the equipment removed from the inventory. The 2014 budget was

underspent by nearly \$33,000. Chairperson Madsen noted there is a significant reserve due to several years of the EDC not being fully staffed and using the budgeted salaries. Ruff noted the EDC needs to have reasonable reserves on hand for cash flow and emergencies. It is the auditor's opinion the EDC has a good system of internal control with minor deficiencies due to staff size. Ruff continued his recommendation that the budget be as inclusive as possible. The EDC has a strong, healthy balance sheet, adequate cash, adequate reserves and the quality of its financial reporting is very good. Chairperson Madsen thanked Ruff for his leadership on helping implement changes with the EDC's financials.

IT WAS MOVED BY Doug Reese, seconded by Denis Anderson, to accept the audit of the Kandiyohi County and City of Willmar Economic Development Commission's 2014 financial records as conducted by James M. Ruff, Inc. All present voted in favor by roll call.

2015 budget changes. Chairperson Madsen informed the board of amendments to the 2015 budget as recommended by the Joint Operations Board.

[Jim Ruff was excused from the meeting.]

IT WAS MOVED BY Denis Anderson, SECONDED BY Ron Christianson, to ratify receipt of a grant from the Blandin Foundation for WiFi and to add line items for income and expenses of \$28,980 related to the grant to the 2015 budget, to add to expenses under Economic Development Contributions \$2,000 for the EDC's partial match for the Blandin Foundation WiFi grant, under Administrative Expenses reduce legal fees to \$1,000 and under Office Expenses reduce postage, mailing service to \$500. All present voted in favor by roll call.

Revolving Loan Fund loan to Historic 313 on Fourth Street, LLC. Chairperson Madsen presented a loan approved by the Finance Committee and Joint Operations Board to Historic 313 on Fourth Street, LLC.

IT WAS MOVED BY Doug Reese, SECONDED BY Denis Anderson, to ratify a five-year \$50,000 loan through the Kandiyohi County and City of Willmar Economic Development Commission's Revolving Loan Fund Program to Historic 313 on Fourth Street, LLC at 5.25% interest, subject to approval of Mid-Minnesota Development Commission's loan and a shared second security position with Mid-Minnesota Development Commission and subject to a third party controlling disbursement of the loan funds. All present voted in favor by roll call.

2016 budget. Chairperson Madsen noted a levy was submitted for \$477,750 which was approved by the city of Willmar and Kandiyohi County. Discussion was held on a contribution to Vision 2040 and how funding requests are approved according to the EDC's Funding Guidelines (see attached). Chairperson Madsen recommended the board review the EDC's Funding Guidelines and familiarize themselves with the current policies.

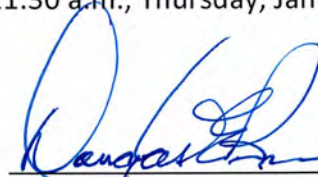
IT WAS MOVED BY Doug Reese, SECONDED BY Roger Imdieke, to approve the 2016 budget as presented. MOTION CARRIED by roll call vote with Ron Christianson voting against.

Bill from Waters & Company. Chairperson Madsen presented a progress bill received from Waters & Company.

IT WAS MOVED BY Denis Anderson, SECONDED BY Doug Reese, to approve payment of the progress bill from Waters & Company in the amount of \$11,880. All present voted in favor by roll call vote.

ADJOURNMENT—There being no further business, the meeting was adjourned at approximately 1:32 p.m.

NEXT MEETING—The next regular board meeting is 11:30 a.m., Thursday, January 28, 2016, at the EDC office.



Doug Reese, Secretary

APPROVED: 1/28/2016:



Harlan Madsen, Chairperson



2015 Strategic Plan

Approved by EDC Joint Operations Board 1/8/2015

The EDC's mission is **to be a catalyst for economic growth of the greater Kandiyohi area.**

2015 Goal

To advance our mission, the EDC has one comprehensive and overarching goal for 2015:
Increase business retention, expansion, creation and recruitment in Kandiyohi County.

Objective 1. Develop, invest in and support programs and activities that increase business development			
Strategy 1.1. Target activities that leverage our assets in agriculture, with a special emphasis on ag-business manufacturing, bioscience, technology, energy and research			
Objectives/Actions	Responsibility	Target Date	Status/Update
Identify 2-3 opportunities in cluster development	Jean, SWIF, Deloitte Consulting	2 nd half of year	The Deloitte Consultant we were working with was recently hired by DEED so our ability to develop a plan without paying a fee has been greatly improved! Placed Life Science project at Willmar WWTF
Conduct assessment of emerging agriculture-related industries through continued participation on West Central Ag Sales Committee (WCASC) and Willmar Lakes Area Chamber of Commerce (WLACC) Agri-Business Committee, as well as inviting presentations by ag-related statewide advocacy groups, such as Corn Growers, Soybean Growers, Minnesota Milk Producers, Minnesota Pork Producers and others to keep abreast of industry needs that could be met in Kandiyohi County	Connie EDC Agriculture and Renewable Energy Development (Ag) Committee	All year	Participated in WCASC Ag Show; WLACC Ag Committee. Presenters at Ag meetings: MN Milk, Clean Energy, Ethanol industry
Seek positive ROI renewable energy projects through participation at Community Venture Network meetings and promotions with businesses in Kandiyohi County	EDC staff Ag Committee	All year	Invited company from CVN to visit with Ag Committee Geronimo Energy solar panel project, EOS presentation
Determine cooperative or separate angel/venture capital fund for agriculture-based projects <ul style="list-style-type: none"> secure at least three angel investors to join the planning committee implement Ag/Ag Bio Science Investment Group for Kandiyohi County 	Connie Steve Ag Investment Subcommittee	1 st half of the year	Reconvened 4/8/15. Monthly meetings; three investors have joined the group. In progress 10/15

Strategy 1.2. Develop resources for entrepreneurship			
Objectives/Actions	Responsibility	Target Date	Status/Update
Coordinate meeting with Ridgewater College, WORKUP, WAM-BC, MWTC and any other organizations that provide entrepreneurship programs or services <ul style="list-style-type: none"> document each entity's roles/services identify opportunities to work together 	Jean	1 st quarter	Founding member of WORKUP and entrepreneur training program; WORKUP launched an entrepreneur program that runs each month: QUP and MEETUP in which the EDC participates. Quarterly business development meetings with MWTC and MCROC
Develop marketing of "Why Willmar is for Entrepreneurs" <ul style="list-style-type: none"> include on website cross market with partner organizations 	Jean and Marketing Team	2 nd quarter	Submitted ad for MN DEED publication
Strategy 1.3. Increase availability of debt and equity capital for business projects			
Objectives/Actions	Responsibility	Target Date	Status/Update
Work with Willmar HRA and USDA to transfer USDA Intermediary Relending Program (IRP) to the EDC for the Finance Committee to administer	Jean and Finance Committee	1 st quarter	Approved by EDCOB – Finance Committee working on program guidelines
Research business finance programs in other communities for a list of potential sources of capitalization to expand the EDC's loan program	Jean and Finance Committee	July EDCOB Meeting	Handout included with July finance report
Leverage resources from regional, state and national financing programs by educating businesses on available programs <ul style="list-style-type: none"> Create quarterly newsletter (April 1, 2015) with a section marketing business development (DEED) program funds Initiate contacts with targeted businesses with three DEED program applications in 2015 	Staff and Marketing Team	Ongoing	DEED hosting regional meetings to market its programs 4/28/2015 DEED Angel Investment Program presented at Ag Investment Subcommittee Meeting. DEED programs introduced to New London manufacturer. In June met with two local companies to discuss applying for JCF or MIF in 2015.
Strategy 1.4. Assess the feasibility of a countywide angel investor fund or network; support development efforts as warranted			
Objectives/Actions	Responsibility	Target Date	Status/Update
Coordinate follow-up meetings between local investors and Gopher Angels <ul style="list-style-type: none"> Determine process to proceed 	Jean		Local company is a finalist in the MN Cup and has been certified for Angel Tax Investments.
Participate in active angel investor networks within the state	Staff		Networking with Fargo Arthur Ventures
Strategy 1.5. Increase the awareness and utilization of innovative business financing mechanisms			
Objectives/Actions	Responsibility	Target Date	Status/Update
Develop marketing template that will assist and guide companies in "crowdfunding" activities	Jean, Marketing Team, Finance Committee	2 nd quarter	Working on with WORKUP
Strategy 1.6. Attracting talent and enhancing our available workforce			

Objectives/Actions	Responsibility	Target Date	Status/Update
Coordinate meeting with HR professionals to assist recruitment and promote “Bring Them Home” campaign	Jean and Marketing Team		Met 5/14/2015
Coordinate meetings with Willmar and NL-S Education Foundations to develop alumni outreach programs via newsletter and social media marketing outreach	Jean and Marketing Team		Met with NL-S and scheduled to meet with Willmar.
Strategy 1.7. Continued growth of the MinnWest Technology Campus (MWTC)			
Objectives/Actions	Responsibility	Target Date	Status/Update
Collaborate with MWTC for targeted business recruitment events and activities including membership with Community Venture Network	Jean and Joanna Schrupp		Attended quarterly CVN meeting; following up with presenting companies
Develop materials for outreach and method for effective lead follow-up through Synchronist	Jean and Joanna		
Support Animal Science Venture Conference as conference sponsor	Jean and Joanna		Contributed \$2000 for 2015 sponsor Done 10/15
Support efforts to develop, engage, expand and promote the Mid-Central Research and Outreach Center (MCROC)	Staff, MWTC, MCROC		Promoting new MCROC training lab to businesses; i.e. tour with DEED rep and BRE committee members Avian Flu, AURI , University Showcase 10/15 Working with state regarding enhancement of Avian Lab. Haranguing U of M re: Turkey R&D facility Planning and sponsoring 10/29/15 U of M showcase
Strategy 1.8. Market/attract major consumer goods retailer and hospitality industry companies to Willmar/Kandiyohi County			
Objectives/Actions	Responsibility	Target Date	Status/Update
Meet with corporate leaders of Kohl’s or other department store and Buffalo Wild Wings to assess feasibility of business in Willmar	Steve	1 st quarter of year	Participate in sale of Kandi Mall and investor acquisition Working with local developers, Mankato and St. Cloud developers and national developers 10/15

Objective 2. Increase Business Retention and Expansion (BRE)			
Strategy 2.1. EDC's BRE/R Committee, in cooperation with the Willmar Lakes Area Chamber of Commerce (WLACC) Grow MN! Team, will complete the Kandiyohi County Business Retention and Expansion Program as planned and started in 2014			
Objectives/Actions	Responsibility	Target Date	Status/Update
Enter survey information into Synchronist database	Connie, EDC admin staff	1 st quarter	Completed
Complete follow-up of all issues and concerns for individual businesses	Connie, BRE/R Committee and WLACC	1 st quarter	Completed
Generate reports and present information to the leadership team and participants of the program for review and prioritizing	Connie, BRE/R Committee and WLACC	1 st quarter	Completed
Select projects in response to the survey analysis	Connie, BRE/R Committee, WLACC and community leaders	1 st quarter	Completed
Secure leadership and initiate work on the projects	Connie, BRE/R Committee, WLACC and community leaders	All year	In process: EDC's Broadband and Marketing Committees, Vision 2040 groups for workforce issues and embracing diversity
Evaluate program processes and results and make a determination about continuation of the BRE program	Connie, BRE/R Committee and WLACC	2 nd quarter	In process: WLACC ended joint relationship. EDC staff continuing to meet with businesses regularly—smaller interview form and more closely related to information about the business. Doing verbal assessment of environment for doing business.
Strategy 2.2. Plan and implement BRE programs in Kandiyohi County cities not included in 2014 program			
Objectives/Actions	Responsibility	Target Date	Status/Update
Meet with mayor, city council and/or clerk of the cities not previously involved in the Kandiyohi County BRE program: Lake Lillian, Blomkest and Sunburg, and the cities that were minimally involved: Atwater, Kandiyohi, Prinsburg, Pennock and Raymond, to initiate formation of a business survey group in the cities that show interest	Connie, BRE/R Committee	1 st half of the year	Met with Kandiyohi, Spicer, Lake Lillian, Atwater and Raymond City Councils
Conduct a BRE business survey in at least three cities where interest was shown during discussions. Conduct a minimum of four business visits per city	Connie, BRE/R Committee	3 rd quarter	Atwater planned and implemented 10/5/2015 Contemplation of Ag-related producer survey in progress
Follow-up with individual business concerns as identified in BRE program for three cities	Connie, BRE/R Committee	3 rd and 4 th quarters	Contemplation of Ag-related producer survey in progress 10/15

Analyze data from individual city BRE programs and select projects in response	Connie, BRE/R Committee and community leaders	4 th quarter	
Secure leadership from the individual communities to initiate work on the projects	Connie, BRE/R Committee	4 th quarter	
Strategy 2.3. Completion of hotel feasibility process for New London-Spicer			
Objectives/Actions	Responsibility	Target Date	Status/Update
Facilitate completion of the second stage of the feasibility study and performance statements for hotel	Connie and Hotel Planning Committee	1 st quarter of year	Second stage completed; perform completed; developer working with team to review incentives offered by two separate locations.
Assist communities of New London, Spicer and New London Township, as asked, in creating incentive packages for hotel developers	Connie	1 st and 2 nd quarters	Completed as much as possible at this time. Announcement of Spicer project 10/15
Strategy 2.4. Continue Veterans Home recruitment using new definition			
Objectives/Actions	Responsibility	Target Date	Status/Update
Develop and present concept of local affiliated Veteran's Home to state legislature	Steve	1 st quarter	Introduced concept of new vet's wing on existing facility. Introduced concept of repurposing existing acute psychiatric facilities Meet with State Legislative reps 10/15
Strategy 2.5. Address available workforce issue			
Objectives/Actions	Responsibility	Target Date	Status/Update
Coordinate meeting with manufacturing businesses, workforce representatives and education to identify critical needs <ul style="list-style-type: none"> Determine areas of underemployment where training programs could assist Determine recruitment needs to attract workforce to Kandiyohi County Determine unemployed and training needed to prepare for workforce 	Steve, Jean	1 st quarter	Met with Willmar school to discuss ideas for engagement Attend Willmar World's Best Workforce Steering Committee and NLS SCOPE Committee Address workforce housing issue by assisting in funding housing study and promoting sale/conversion of Bethesda Heritage facility. In progress 10/15 two developers interested

Objective 3. Provide leadership for industrial park development			
Strategy 3.1. Completion of Shovel Ready Certification process for Willmar Industrial Park			
Objectives/Actions	Responsibility	Target Date	Status/Update
Coordinate a meeting with Willmar Mayor and city staff to determine program benefits and develop a process to proceed	Jean, Bruce Peterson and City	1 st quarter	Promoted at 10/6/2015 meeting
Develop a plan with DEED's site selector consultant to market the Industrial Park to site selectors in targeted industry sectors	Staff and City of Willmar	2 nd half of the year	Hosted a site selector through DEED on 9/16
Strategy 3.2. Assist other cities within the county in efforts to map their industrial properties and/or complete Shovel Ready Certification process			
Objectives/Actions	Responsibility	Target Date	Status/Update
Survey cities in Kandiyohi County for industrial property listings <ul style="list-style-type: none"> Train staff on searchable database in EDC website Present at City Council the opportunities and benefits of Shovel Ready Program for Industrial Park sites 	Jean and Connie	Ongoing	Received training in LOIS
Strategy 3.3. Implement railroad bypass program			
Objectives/Actions	Responsibility	Target Date	Status/Update
Determine TIGER II or non-grant dependent option funding *Update: 10/15 SCR We are waiting for an announcement from US DOT. The State money (\$18 million is secured); the local participation remains constant; the BNSF RR contribution \$15 million+ is committed. Local issue with retail establishment disappointed in lost Hwy 12 access	Steve	1 st quarter	Local delegation met with federal transportation agencies to lobby for the TIGER grant; meetings went very well. Ensure monies necessary are available; 1 st state bonding of \$3.7 million secured. Assisted in keeping coalition of feds, state, county, city, EDC and BNSF together. *10/15
Strategy 3.4. Implement railroad siding into new industrial park			
Objectives/Actions	Responsibility	Target Date	Status/Update
Set in motion plan to add rail to new Industrial Park <ul style="list-style-type: none"> Working with BNSF RR, working with City of Willmar – notified legislative representatives of possible bonding request 2016. Local ask - \$1.5 million, 10/15 SCR 	Steve and Jean	1 st half of the year	BNSF has agreed to assist with site design, once TIGER status is known. Worked on identifying price for siding/switch and placing into motion funding mechanisms*
Strategy 3.5. Market availability of railroad served industrial park to railroad dependent industry			
Objectives/Actions	Responsibility	Target Date	Status/Update
Determine logical candidates working with BNSF Economic Development	Steve and Jean	1 st half of the year	Dependent on TIGER funding, in progress 10/15

Objective 4. Enhance marketing to prospective businesses, residents, investors, site selectors and existing residents			
Strategy 4.1. Complete redesign of the EDC website			
Objectives/Actions	Responsibility	Target Date	Status/Update
Host stakeholder meetings in January to define content framework for new EDC website that meets needs of our audience	Jean and Marketing Team	1/20/15	Completed
Develop written copy and attractive content to populate the new website	Staff and Committees	Feb-April 2015	In process
Integrate technology for real time reporting of key information meeting site selectors criteria <ul style="list-style-type: none"> staff training 	Staff	After website launch	In process
Searchable building/land database <ul style="list-style-type: none"> promoted to all commercial realtors community training 	Staff	1 st half of 2015	Staff training in LOIS
A recruitment section in website to meet the needs of companies recruiting workforce from outside the region to Kandiyohi County <ul style="list-style-type: none"> meet with County HR professionals-workforce 	Jean and Marketing Team	During website development phase	In process
Strategy 4.2. Development of a comprehensive written marketing plan for the EDC			
Objectives/Actions	Responsibility	Target Date	Status/Update
Research best practices for marketing the new website for a successful launch	Jean and Marketing Team	1 st quarter	In process; planning meeting held 4/27/2015
Market the EDC through local channels <ul style="list-style-type: none"> Newsletter Blog B2B articles Chamber ADvantage 	Jean and Marketing Team	Ongoing	In process Have advertised in quarterly Chamber ADvantage in 2015
Market outside of the area to targeted industries and trade publications <ul style="list-style-type: none"> Community Venture Network Technology sectors Manufacturing sectors Ag-Business sectors – Prairie Business Renewable energy sectors Research publications within these sectors in which to submit story content for editor consideration	Staff, Committees and Marketing Team	Ongoing	
Produce written materials that promote the area for ag-business and ag-manufacturing opportunities to include in EDC marketing materials	Ag Committee	1 st and 2 nd quarters of the year and then ongoing	Secured persons to assist from Ag Committee; attended session on blogging to market

Objective 5. Work with service providers to enhance broadband infrastructure, access and utilization in the county			
Strategy 5.1. Assess needs for broadband and develop a plan to improve access in targeted locations in the county			
Objectives/Actions	Responsibility	Target Date	Status/Update
Survey target area identified by the Broadband and Advanced Technology Committee to determine an effective strategy for documenting speeds, business needs and pricing thresholds	Jean and EDC Broadband Committee	January 2015	Survey developed and at printers, but cancelled due to cost and broadband provider input
Evaluate survey results and expand target area based upon findings	Committee	February 2015	On hold
Survey companies that have demonstrated upload speed requirements to document improved infrastructure requirements to meet the technology needs in business	Committee	February 2015	Hosted Senator Klobuchar on 8/18 with local businesses and reps on broadband issues Hosted Rep. Baker and Rep. Daudt 10/21 with local businesses and reps on broadband issues
Hold public forum meetings throughout Kandiyohi County to identify the “wants” and “needs” for broadband access	Committee	April/May	On hold
Work with Kandiyohi County to map infrastructure through the permitting process	GIS/County	Ongoing	On hold
Continue to meet with companies providing broadband services to examine needs and develop strategies to upgrade infrastructure	Committee	Ongoing	Met with Federated Cooperative in Chokio about expanding into Kandiyohi County; Getting update from Federated on its grant process
Strategy 5.2. Execute “Hackathon” event in collaboration with Ridgewater College, WORKUP and Blandin Community Broadband Program			
Objectives/Actions	Responsibility	Target Date	Status/Update
Market the Willmar Hackathon to communities in the Blandin network to attract talented computer coders/programmers to attend	Jean, Broadband Committee, Ridgewater College	April - Sept	Hosted Hack ₂ 0 on 9/18-20/2015
Market Hackathon to local stakeholder groups and community to attract interest and local buzz for the project and programs at Ridgewater College, WORKUP and MWTC	Jean, Broadband Committee, Ridgewater	April - Sept	Completed
Develop brand messaging from the Hackathon that can be used in the EDC website for recruitment of talent workforce and attracting technology businesses	Jean, Marketing Team, Broadband Committee	April - Sept	Completed

location,

Home of the Midwest's
premium technology park
with 400,000 square feet of
commercial space available
on an historic campus.



location,

Featuring both an east/west
& north/south connection
on Minnesota's
busiest railway, with
industrial lots available.



location.

Headquarters to global
leaders in advanced
manufacturing & agricultural
technology, attracting a highly
skilled workforce.



Kandiyohi County & City of Willmar
ECONOMIC DEVELOPMENT COMMISSION



OPEN *for* BUSINESS

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866.665.4556

West Central Minnesota's business hub with prime commercial space, convenient transit access & skilled local workforce

HUB HIGHLIGHTS:

MinnWest Technology Campus

The MinnWest Technology Campus is home to 31 companies who have created a rich network of expertise in the areas of advanced manufacturing and agriculture technology. Among them are national & global leaders in their industries, including Willmar Poultry Company, Nova-Tech Engineering & Prinsco, Inc.



Industrial Park

The Willmar Industrial Park includes over 300 acres for industrial development. We have space along the city's railway line, which is one of the state's only east/west & north/south connection hub.



Willmar Municipal Airport

John L. Rice Field opened in 2006 and features a 5,500 ft runway, all-weather instrument navigation system, 6,000 square foot terminal and on-site aircraft service facility.

Ridgewater College

Ridgewater College is a community and technical college that offers more than 100 educational programs in transfer education and technical education. They were named "Number 1 Best Community College in Minnesota for Career Preparedness" by ACT and have a robust Customized & Continuing Education program to help businesses train for workforce needs.



Skilled Workforce

As the 7th largest non-metro city in Minnesota, Willmar serves as an employment center for the region. Their strong economy and vital job market draw a wide range of skilled workers from the counties of Kandiyohi, Pope, Stearns, Meeker, Renville, Chippewa and Swift.



Kandiyohi
County
and the
City of
Willmar,
Minnesota,
EDC seeks a
forward-
looking catalyst
with strong
communication,
convening and
collaboration
skills to serve
as its ...



Executive Director

THE COMMUNITY

Kandiyohi County and the Willmar Lakes area is a vital, growing regional center in West Central Minnesota. [Kandiyohi County](#) has surpassed a population of 42,000; [Willmar](#) is the fastest growing, non-metropolitan city in the state.

Local Economy. Kandiyohi County's local economy ranges from major companies with a global presence to new business start-ups. In 2014 there were 1,346 business establishments in Kandiyohi County employing 22,825 people with the greatest number of establishments being 224 in retail trade, 180 in construction, 153 in education and health services, and 95 in leisure and hospitality. The county is home to 12 municipalities; the largest is Willmar with a population of 19,680, which also serves as the county seat.

Willmar is centrally located at the intersection of U.S. Highways 12 and 71 with connections to St. Cloud via Minnesota 23. Railroads have dominated Willmar's history and continue to provide an important economic connection for Willmar's farm and non-farm products through the Burlington Northern Santa Fe Railway. The Willmar Municipal Airport, newly constructed in 2006, has a 5,500-foot runway with future plans to extend the runway to 6,500 feet and an all-weather instrument navigation system; it services a variety of aircraft from large business jets to single-engine airplanes.

Willmar functions as a regional center for retail trade, medical care, education, and small manufacturing. Agriculture, the region's leading industry, accounts for the city's largest employer, Jennie-O Turkey Store, owned by Hormel. The MinnWest Technology Campus, formerly the Willmar Regional Treatment Center, is now home to a vibrant and ever expanding technology park serving the needs of innovators in bioscience, renewable

energy, and technology. Willmar is well-positioned for continued growth with the establishment of a 200 acre city-owned, shovel-ready industrial park. Rail access to the industrial park is anticipated; efforts to obtain a \$15 million TIGER grant to construct a spur to the industrial park in 2017 are under way.



THE COMMUNITY CONT'D

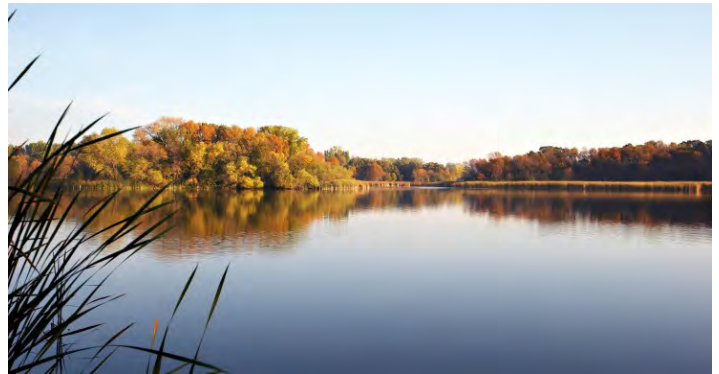
Education. Post-secondary education programs are provided by [Ridgewater College](#), which offers two-year associate degree programs and comprehensive general education that is transferable to four-year colleges and universities. Through its campuses in Willmar and Hutchinson, Ridgewater College serves more than 5,500 students offering over 100 educational programs. The college has been named by the Aspen Institute as one of the top 120 community colleges in the country, ranking it in the top ten percent.

The [University of Minnesota Mid-Central Research and Outreach Center \(MCROC\)](#) is a partner and anchor for the MinnWest Technology Campus. A regional hub for research, education, and engagement, MCROC advances public-private research collaborations and problem-solving partnerships strengthening the regional economy and promotes innovation, economic growth, and workforce development, particularly in bioscience, biotechnology, agribusiness, and renewable energy.

Healthcare. As the hub for healthcare services in western and southwestern Minnesota, Willmar residents have immediate access to highly-skilled physicians and medical technicians providing a continuum of patient care. Anchored by the city-owned [Rice Memorial Hospital](#), many specialized healthcare services are available. The hospital's partnership with the University of Minnesota has led to its designation as the host site for the Southern Minnesota Area Health

Education Center, which provides health care to students in a 26-county area. Health care services are also provided by [Affiliated Community Medical Center \(ACMC\)](#), the area's largest multi-specialty healthcare network and the [Family Practice Medical Center](#).

Tourism. Kandiyohi County takes pride in being "where the lakes begin." The Willmar Lakes Area attracts tourists and vacationers who come to enjoy the recreation lakes, attesting to the popularity of fishing and other water sports. Golfing is available at the area's one 27-hole, two 18-hole and two 9-hole courses. The area boasts over 41 city, county, and state parks, many with trail systems for hiking, biking, and horseback riding. In winter, over 200 miles of groomed trails are available for snowmobiling and cross-country skiing while Sibley State Park and the Prairie Woods Environmental Learning Center are favorite spots for snowshoeing.



ORGANIZATION

The [Economic Development Commission \(EDC\)](#) offices are located in Willmar. This structure for economic development was adopted in July 2003 through a Joint Powers Agreement between Kandiyohi County and the City of Willmar. The EDC's Joint Powers Board of Commissioners consists of six members; Kandiyohi County and the City of Willmar each appoint three elected representatives to serve for three-year terms. EDC operations are led by a seven-member Joint Operations Board; members are appointed by the Joint Powers Board and include representatives from communities throughout the county, education providers, businesses, and consumer groups. Joint Operations Board member terms are for three years; members are limited to three full three-year terms.

The EDC has many community volunteers who participate in one or more of its committees. Committees include: Agriculture and Renewable Energy Development, Broadband and Advanced Technology, Business Retention and Expansion/Recruitment, Finance, and Marketing and Public Relations.

The EDC's mission is to be a catalyst for economic growth of the greater Kandiyohi County Area.

The EDC's 2015 strategic priorities are:

- Develop, invest in and support programs and activities that increase business development, particularly agriculture-based businesses;
- Increase business retention and expansion;
- Provide leadership for industrial park development;
- Enhance marketing to prospective businesses, residents, investors, and site selectors; and
- Work with service providers to enhance broadband infrastructure, access and utilization in the county.

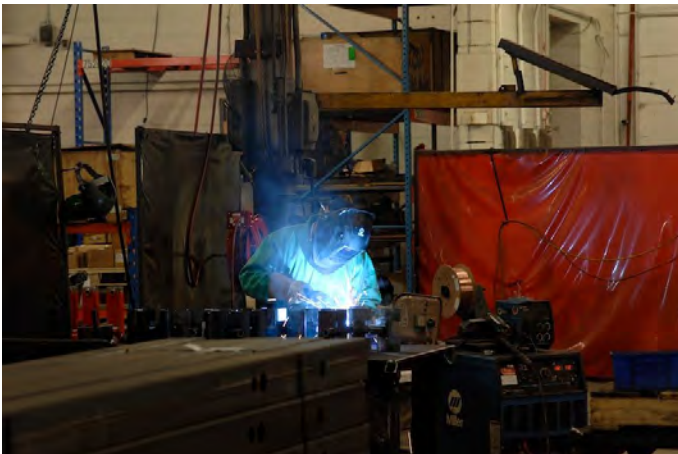
The EDC staff includes an Executive Director, Assistant Director and a Business Development Specialist; administrative services are contracted. The 2015 EDC budget is \$543,871. Revenues for the EDC come from a special economic development property tax levied by Kandiyohi County and the City of Willmar.

POSITION PROFILE

The EDC's Executive Director takes a leadership and coordinating role among area local governments, business development groups and others to collaborate and support the retention and expansion of existing businesses and the recruitment of new businesses to Kandiyohi County. The position is responsible for leading retention, expansion and location of businesses in Kandiyohi County.

Major responsibilities include:

- Act as a "one-stop shop" for information on all aspects of economic development, including financing, tax policies, business counseling and general information on community facilities and amenities.
- Work actively and in concert with others to retain and facilitate the expansion of current businesses.



- Actively recruit targeted industries in cooperation with other groups, with a focus on recruiting industries that compliment Kandiyohi County's economic base.
- Support decision-making by the Joint Powers Board and the Joint Operations Board with information, reports, and recommendations.
- Make presentations to business groups, public-private partnerships, educators and the general public on economic development accomplishments and initiatives.
- Build upon and enhance a "business-friendly environment" within Kandiyohi County and its municipalities.
- Develop and implement financial packages to retain, expand, recruit and /or relocate businesses.
- Oversee the daily operations of the EDC; coordinate and implement the annual work plan; and prepare and administer the annual budget.
- Recruit and hire EDC staff, provide work direction and performance feedback, and when necessary, take disciplinary action.
- Encourage and promote professional development and build the capacity of EDC staff.
- Network with local, regional, state, and federal partners that provide technical and/or fiscal support to the EDC's economic development efforts.

DESIRED PROFESSIONAL CAPABILITIES

- Outgoing and engaging; a dynamic leader with a genuine passion for building the area's economic development capacity.
- Forward-looking and proactive, open to new ideas and change.
- Provides the leadership to create a compelling vision for the future and the energy to accomplish the vision.
- Strong presentation skills; effectively communicates to a wide range of audiences.
- Inspires confidence in the business community; is regarded as the "go-to" person.
- Builds effective relationships within the local and regional business communities and with government officials.
- Highly collaborative, readily shares information and listens to ideas.
- Skilled in navigating the political environment without being political or promoting personal political views.
- Brings a well-developed network of business and development contacts.
- Builds and participates in effective work teams; delegates appropriately.
- Comfortable with diversity; recognizes and ensures that cultural differences contribute to the common vision.
- Adept at handling different points of view, building consensus, and negotiating compromise.
- Advocates for economic development projects, understanding that some projects may become contentious.
- Demonstrates familiarity with development financing tools and incentives.

LEADERSHIP OPPORTUNITIES

Building relationships. The Executive Director will make it a priority to get to know the community and meeting with business owners, educators, government leaders, and others to learn about the area's economic development accomplishments, needs and long-term goals. The Executive Director will cultivate these relationships to stay in touch with the pulse of the community and to foster support for economic development initiatives.

Focus on BRE. Retaining existing businesses and helping them expand is a major focus of the EDC. The EDC and the Willmar Lakes Area Chamber of Commerce conducted a survey of businesses earlier this year to identify needs and concerns. Consistent speed, quality and access to broadband, workforce development and housing, and anticipated regulatory changes in health care were among the concerns identified. The Executive Director will develop strategies to meet regularly with business owners to understand and address retention and expansion issues and opportunities.

Connect with DEED. The Minnesota Department of Employment and Economic Development (DEED) is an important conduit to a variety of economic development resources. The Executive Director will get to know DEED and become familiar with data and resources to support the EDC's strategic plan.

Challenge the board. Hiring an Executive Director will bring new ideas and fresh perspectives to the EDC. The Executive Director will develop strong working relationships with the Joint Powers Board and with the Joint Operations Board and will challenge conventional thinking with new ideas and opportunities.



EDC staffing. The Assistant Director position is currently vacant, giving the Executive Director the ability to consider overall staffing capabilities and needs and to configure and recruit the position accordingly.

Next generation engagement. The Executive Director will reach out to and engage next generation entrepreneurs to ensure their involvement and support in economic development initiatives. In addition, the Executive Director will work with secondary and post-secondary institutions to keep them informed of current and future employment skills and opportunities.



EDUCATION & EXPERIENCE



Bachelor's degree in business or public administration, economics, finance or a field related to commercial-industrial development and three or more years of public and/or private work-related experience in economic development. Certified Economic Developer preferred. Equivalent education and experience will be considered.

Must have knowledge of business recruitment and expansion and demonstrated ability to recruit new business developments and develop financing incentives. Knowledge of development processes and experience working with a wide range of business groups and local, regional, and state officials required.

COMPENSATION & BENEFITS

Salary up to low \$90,000s, depending upon experience and qualifications. Benefit plan available, including retirement benefits through PERA.

APPLICATION AND SELECTION PROCESS

Qualified candidates submit your cover letter and resume online by visiting our website at <https://waters-company.recruitmenthome.com/>. This position is open until filled; however, interested applicants are strongly encouraged to apply no later than November 6, 2015. For more information please contact Sharon Klumpp at sklumpp@waters-company.com or by calling 651.223.3053 (office) or 651.270.6856 (mobile).

EDC of Kandiyohi County and the City of Willmar is an Equal Opportunity Employer.





JAMES M. RUFF, INC.

CERTIFIED PUBLIC ACCOUNTANT & CONSULTANTS

JAMES M. RUFF, CPA

August 27, 2015

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Kandiyohi County and the City of Willmar Economic Development Commission (EDC) for the year ended December 31, 2014. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and OMB Circular A-133), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 25, 2015. Professional standards require that we provide you with the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Kandiyohi County and City of Willmar EDC are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2014. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the EDC's financial statements was (were):

- a) useful lives of equipment for computing depreciation expense and
- b) the loan reserve for the loan guarantee program.

◆ Accounting & Auditing ◆ Tax Planning & Preparation ◆ Retirement, Financial, & Estate Planning ◆
◆ Estates & Trusts ◆ QuickBooks ◆ 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 ◆ Email: ruffcpas@en-tel.net ◆

Management's estimate of the useful lives of property and equipment is based on estimated economic or useful life. We evaluated the key factors and assumptions used to develop the determination of useful life in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the loan loss reserve is based on historical experience. We evaluated the key factors and assumptions used to develop the loss reserve in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure(s) affecting the financial statements was (were):

The disclosure of FDIC insurance and collateral in Note B to the financial statements regarding credit risk associated with cash funds at financial institutions. The disclosures in the financial statements are neutral, consistent, and clear. We found no disclosures where the issues and judgments in formulating the disclosure were unclear or biased.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated August 27, 2015.

Management Consultations with Other Independent Accountants

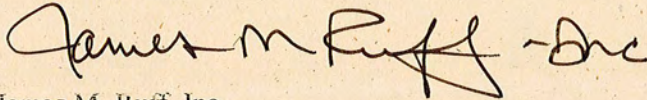
In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of The Joint Powers Board, The Operations Committee and management of the Kandiyohi County and the City of Willmar Economic Development Commission and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in dark ink, appearing to read "James M. Ruiff, Inc.", with a stylized flourish at the end.

James M. Ruiff, Inc.

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

ANNUAL FINANCIAL REPORT

December 31, 2014

**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, 2014

	<u>Name</u>	<u>Term Expires</u>	<u>Representing</u>
Board of Directors - Joint Powers Board			
Chair	Denis Anderson	12/31/14	City of Willmar
Vice Chair & EDCOB Liaison	James Butterfield	12/31/14	Kandiyohi Co.
Secretary	Steve Ahmann	12/31/14	City of Willmar
Treasurer	Dean Shuck	12/31/14	Kandiyohi Co.
Board Members:	Ron Christianson	12/31/14	City of Willmar
	Harlan Madsen	12/31/14	Kandiyohi Co.

Board of Directors - Operations Board

Voting

President	Beverly Dougherty	12/31/14
Vice President	Robert P. Carlson	12/31/15
Secretary	Gary Gilman	12/31/17
Treasurer	Rollie Boll	12/31/15
Board Member	Linda Kacher	12/31/16
Board Member	Art Benson	12/31/15
Board Member	Donna Boonstra	12/31/16

Non-voting (Ex-Officio)

Board Member	Bruce Peterson	Annually
--------------	----------------	----------

Staff

Executive Director	Steven C. Renquist
Assistant Director	Jean Spaulding
Business Development	Connie Schmoll



JAMES M. RUFF, INC.

CERTIFIED PUBLIC ACCOUNTANT & CONSULTANTS

JAMES M. RUFF, CPA

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, 2014, 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, 2014, 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 August 25, 2015 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.

JAMES M. RUFF, INC.
August 25, 2015

Accounting & Auditing ♦ Tax Planning & Preparation ♦ Retirement, Financial, & Estate Planning ♦
Estates & Trusts ♦ QuickBooks ♦ 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 ♦ Email: ruffcpas@en-tel.net ♦

**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, 2014

	<u>General Fund</u>	<u>Adjustments</u>	<u>Governmental Activities</u>
ASSETS			
Cash	\$ 306,009	\$ -	\$ 306,009
Certificates of deposit	323,853	-	323,853
Taxes receivable	14,889	-	14,889
Prepaid expenses	8,400	-	8,400
Rent deposits	3,600	-	3,600
Loans receivable, net of \$0 allowance	107,492	-	107,492
Capital assets, net of depreciation	-	15,328	15,328
Total Assets	<u>\$ 764,243</u>	<u>\$ 15,328</u>	<u>\$ 779,571</u>
LIABILITIES			
Accounts payable	\$ 1,380	\$ -	\$ 1,380
Vacation and sick leave benefits payable	34,765	-	34,765
PERA and payroll taxes payable	8,464	-	8,464
Deferred revenue	-	14,889	14,889
Total Liabilities	<u>44,609</u>	<u>14,889</u>	<u>59,498</u>
FUND BALANCE			
Reserved for			
Revolving loan fund - County (\$81,742 loans outstanding)	224,052	(224,052)	
Loan receivable - HRA of Willmar	25,750	(25,750)	
Tourism development	18,056	(18,056)	
	<u>267,858</u>	<u>(267,858)</u>	
Unreserved - Designated			
Entrepreneur's loan fund guarantees (50% reserve)	68,206	(68,206)	
Undesignated	383,570	(383,570)	
Total Fund Balance	<u>719,634</u>	<u>(719,634)</u>	
Total Liabilities and Fund Balance	<u>\$ 764,243</u>		
NET ASSETS			
Invested in capital assets		15,328	15,328
Restricted for economic development		267,858	267,858
Unrestricted		436,887	436,887
Total Net Assets		<u>720,073</u>	<u>720,073</u>
Total Liabilities and Net Assets		<u>\$ 15,328</u>	<u>\$ 779,571</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, 2014

	<u>General Fund</u>	<u>Adjustments</u>	<u>Governmental Activities</u>
REVENUES			
Taxes	\$ 452,214	\$ (2,352)	\$ 454,566
Interest on investments and loans	7,553	-	7,553
Charges for services	1,297	-	1,297
Grants and miscellaneous	-	-	-
Refunds and reimbursements	1,318	-	1,318
Total Revenues	<u>462,382</u>	<u>(2,352)</u>	<u>464,734</u>
EXPENDITURES			
Administration and special projects	394,887	-	394,887
Committees	27,055	-	27,055
Loss on disposition of assets	-	9,559	9,559
Capital outlays	13,195	(13,195)	-
Depreciation	-	3,547	3,547
Grants and donations	47,730	-	47,730
Total Expenditures / Expenses	<u>482,867</u>	<u>(89)</u>	<u>482,778</u>
Net Change in Fund Balance / Net Assets	(20,485)	(2,441)	(18,044)
Fund Balance / Net Assets, Beginning	<u>740,119</u>	<u>2,002</u>	<u>738,117</u>
Fund Balance / Net Assets, Ending	<u><u>\$ 719,634</u></u>	<u><u>\$ (439)</u></u>	<u><u>\$ 720,073</u></u>

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.

\$ (2,352)

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

3,547

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.

(13,195)

The fund does not record loss on disposition of capital assets since these outlays are expensed when acquired. In the statement of activities, the undepreciated cost of capital assets, net of sale proceeds, are reported as a gain or loss.

9,559

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

\$ (2,441)

**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, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	With Budget
REVENUES				
Taxes	\$ 455,000	\$ 455,000	\$ 454,566	\$ (434)
Interest on investments and loans	6,125	6,125	7,553	1,428
Charges for services	400	400	1,297	897
Grants and miscellaneous	-	-	-	-
Refunds and reimbursements	3,600	3,600	1,318	(2,282)
Total Revenues	<u>465,125</u>	<u>465,125</u>	<u>464,734</u>	<u>(391)</u>
EXPENDITURES / EXPENSES				
Administration	416,042	404,042	394,887	9,155
Committees and special projects	44,165	44,165	27,055	17,110
Loss on disposition of assets	-	-	9,559	(9,559)
Depreciation	-	-	3,547	(3,547)
Grants and donations	67,500	67,500	47,730	19,770
Total Expenditures / Expenses	<u>527,707</u>	<u>515,707</u>	<u>482,778</u>	<u>32,929</u>
Net Change in Fund Balance / Net Assets	(62,582)	(50,582)	(18,044)	32,538
Fund Balance / Net Assets, Beginning	<u>738,117</u>	<u>738,117</u>	<u>738,117</u>	<u>-</u>
Fund Balance / Net Assets, Ending	<u><u>\$ 675,535</u></u>	<u><u>\$ 687,535</u></u>	<u><u>\$ 720,073</u></u>	<u><u>\$ 32,538</u></u>

KANDIYOHI COUNTY AND CITY OF WILLMAR
ECONOMIC DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

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 independent service provider.

**KANDIYOHI COUNTY AND CITY OF WILLMAR
ECONOMIC DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2014**

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 \$15,328, and deferred revenue of \$14,889 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, 2014

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. An increase in revenues of \$2,352 is shown for the decrease 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, 2014

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, 2014 and 2013 are summarized as follows:

	2014	2013
Restricted:		
Cash on Deposit	\$ 142,310	\$ 159,345
Investments, certificates of deposit	18,056	18,125
	<u>160,366</u>	<u>177,470</u>
Unrestricted: (Designated and Undesignated)		
Cash on Deposit	469,496	495,581
	<u>\$ 629,862</u>	<u>\$ 673,051</u>

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, 2014, the EDC's deposits had a carrying amount of \$629,862 and bank balances of \$660,575. Of the bank balances, \$660,575 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, 2014

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 agencies 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, 2014 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, 2014**

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 \$7,431 and \$12,537 from taxpayers for tax years December 31, 2014 and 2013 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 2015 and 2014, 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, \$ 25,750 non-guaranteed, and is due in full on June 1, 2028.

Revolving Loan Fund

Various Term notes in the initial amounts of \$25,000 to \$37,500 each (\$112,500 total), dated December 2011, December 2013, and March 81,742 2014, requiring 60 monthly payments of \$474.65 to \$711.97 including interest at 5.25%. Matures December 2016 through March 2019.

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.

TOTAL LOANS RECEIVABLE	<u>\$ 107,492</u>
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**KANDIYOHI COUNTY AND CITY OF WILLMAR
ECONOMIC DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2014**

NOTE B: DETAILED NOTES ON ALL FUNDS (Continued)

Assets (continued)

5. Capital Assets

Capital assets activity for the year ended December 31, 2014 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	\$ 13,396	\$ (38,082)	\$ 37,342
Less: accumulated depreciation for				
Leasehold improvements, furniture, and equipment	(46,790)	(3,547)	28,323	(22,014)
Total Capital Assets, Net	<u>\$ 15,238</u>	<u>\$ 9,849</u>	<u>\$ (9,759)</u>	<u>\$ 15,328</u>

Depreciation expense of \$3,547 was charged to the Kandiyohi County and City of Willmar EDC's economic development function.

Liabilities

1. Operating Lease

Effective December 2014, the EDC relocated to new facilities with \$1,800 payable monthly for 60 months, maturing December 2019. Included in this lease are real estate taxes, building insurance, maintenance, and utilities. The lease is renewable for an additional 36 months. The future minimum lease payments are as follows:

<u>Year Ending December 31</u>	<u>Amount</u>
2015	\$ 21,600
2016	21,600
2017	21,600
2018	21,600
2019	19,800

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 deductibles are considered immaterial to the financial statements.

There were no significant reductions in insurance from the prior year. There was a \$1,318 and \$2,168 refund for 2014 and 2013 premiums in excess of insurance coverage for past fiscal years.

KANDIYOHI COUNTY AND CITY OF WILLMAR
ECONOMIC DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

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, 2014**

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	7.25 %

The Kandiyohi County and City of Willmar EDC's contributions for the years ended December 31, 2014 and 2013 were \$13,374 and \$12,316 respectively.

4. Contingent Liabilities

The Kandiyohi County and City of Willmar EDC has entered into seven 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 \$170,516 at December 31, 2014 with the EDC establishing a reserve of 50% of the guarantee amount, or \$68,206.

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.

NOTE C: EVALUATION OF SUBSEQUENT EVENTS

The Kandiyohi County and City of Willmar EDC has evaluated subsequent events through August 25, 2015, the date the financial statements were available to be issued.



JAMES M. RUFF, INC.

CERTIFIED PUBLIC ACCOUNTANT & CONSULTANTS

JAMES M. RUFF, CPA

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, 2014, and have issued our report thereon dated August 25, 2015.

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

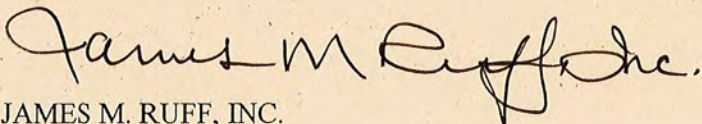
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the *Minnesota Legal Compliance Audit Guide for Local Government*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65. Accordingly, the audit included tests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

August 25, 2015

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

YEAR ENDED DECEMBER 31, 2014

**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 2014-1, 2013-1 and 2012-1

Condition:

Non-budgeted expenses, commitments, and recurring revenues - for 2014 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. 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 2014-1, 2013-1 and 2012-1

Explanation of Disagreement with Audit Finding:

There is no disagreement with the audit finding.

Actions Planned in Response to Finding:

During 2015 the budget will be revised to ensure completeness.

Officer Responsible for Ensuring CAP:

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

Planned Completion Date:

Monthly during 2015.

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, 2014

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

Finding 2014-2, 2013-2 and 2012-2

Condition:

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

Questioned Costs:

None

Context:

During 2014, 2013, 2012, and prior years, certain expenditures (e.g. accrued sick and vacation for 2014) were posted directly to fund balance or reserve accounts. During 2014, 2013, and 2012, 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 2014-2, 2013-2 and 2012-2

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 (Legal and Administrative Assistants) 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 (LAA). Auditor will work with new fiscal host to ensure completeness and accuracy of year end statements for 2015 and future years.

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

YEAR ENDED DECEMBER 31, 2014

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

Finding 2014-2, 2013-2 and 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 2015 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.

Kandiyohi County and City of Willmar EDC

Balance Sheet Prev Year Comparison

As of December 31, 2014

	Dec 31, 14	Dec 31, 13	\$ Change
ASSETS			
Current Assets			
Checking/Savings			
Heritage Bank checking	19,962.60	64,995.99	-45,033.39
Heritage Bank savings	223,388.50	212,164.61	11,223.89
Citizens Alliance Bank CD 2015	102,010.00	101,000.00	1,010.00
Citizens Alliance Bank CD 2013	101,050.00	100,000.00	1,050.00
North American State Bank CD	102,737.13	101,736.54	1,000.59
US Bank Tourism CD mat. 2.2018	18,056.31	18,056.31	0.00
Concorde Bank RLF	62,657.64	75,028.54	-12,370.90
Total Checking/Savings	629,862.18	672,981.99	-43,119.81
Accounts Receivable			
Taxes Receivable	14,889.21	17,240.94	-2,351.73
Total Accounts Receivable	14,889.21	17,240.94	-2,351.73
Other Current Assets			
Prepaid Expenses	8,400.00	1,498.97	6,901.03
Total Other Current Assets	8,400.00	1,498.97	6,901.03
Total Current Assets	653,151.39	691,721.90	-38,570.51
Fixed Assets			
zACCUMULATED DEPRECIATION	-22,014.00	-46,790.00	24,776.00
Capital Assets	28,837.21	60,827.00	-31,989.79
Furniture and Equipment	8,504.98	1,202.12	7,302.86
Total Fixed Assets	15,328.19	15,239.12	89.07
Other Assets			
rent deposits	3,600.00	0.00	3,600.00
Accrued Interest	0.00	841.87	-841.87
Loan Receivable-HRA	25,750.00	25,750.00	0.00
RLF Loan Rec--Feedlogic	0.00	5,757.16	-5,757.16
RLF Loan Rec--LuLu Beans	11,217.12	16,181.72	-4,964.60
RLF Loan Rec--Oakes Lawn	33,069.01	0.00	33,069.01
RLF Loan Rec--Peaceful Thymes	16,563.29	17,764.33	-1,201.04
RLF Loan Rec--Snap Fitness	20,892.92	25,000.00	-4,107.08
Total Other Assets	111,092.34	91,295.08	19,797.26
TOTAL ASSETS	779,571.92	798,256.10	-18,684.18
LIABILITIES & EQUITY			
Liabilities			
Current Liabilities			
Accounts Payable			
Accounts Payable	1,380.13	0.00	1,380.13
Total Accounts Payable	1,380.13	0.00	1,380.13
Credit Cards			
Bremer Bank Visa (Jean)	0.00	1,875.95	-1,875.95
Bremer Bank Visa (Steve)	0.00	338.25	-338.25
Total Credit Cards	0.00	2,214.20	-2,214.20
Other Current Liabilities			
Bills Payable	0.00	5,564.14	-5,564.14
Deferred Revenue	14,889.21	17,240.94	-2,351.73
Vacation Benefits Payable			
Executive Director	9,641.00	8,649.36	991.64
Assistant Director	6,064.04	5,136.24	927.80
Business Development Specialist	814.04	0.00	814.04
Total Vacation Benefits Payable	16,519.08	13,785.60	2,733.48

Kandiyohi County and City of Willmar EDC
Balance Sheet Prev Year Comparison
As of December 31, 2014

	Dec 31, 14	Dec 31, 13	\$ Change
Sick Leave Benefits Payable			
Executive Director	8,871.84	9,172.80	-300.96
Assistant Director	9,163.10	7,640.54	1,522.56
Business Development Specialist	211.54	0.00	211.54
Total Sick Leave Benefits Payable	18,246.48	16,813.34	1,433.14
Payroll Liabilities	8,464.24	4,593.71	3,870.53
Total Other Current Liabilities	58,119.01	57,997.73	121.28
Total Current Liabilities	59,499.14	60,211.93	-712.79
Total Liabilities	59,499.14	60,211.93	-712.79
Equity			
Reserved Funds			
2015 Budget	50,000.00	0.00	50,000.00
Entrepreneurs Loan Fund Reserve	68,206.00	43,832.00	24,374.00
Loan Receivable-HRA of Willmar	25,750.00	25,750.00	0.00
Operating Capital	250,000.00	0.00	250,000.00
Revolving Loan Fund-County	224,052.00	224,052.00	0.00
Tourism Development CD-County	18,056.87	18,124.87	-68.00
Total Reserved Funds	636,064.87	311,758.87	324,306.00
Designated			
Invested in Capital Assets	15,328.00	15,239.00	89.00
Total Designated	15,328.00	15,239.00	89.00
Unreserved Funds	86,650.54	426,268.12	-339,617.58
Unrestricted Net Assets	0.00	-10,530.98	10,530.98
Net Income	-17,970.63	-4,690.84	-13,279.79
Total Equity	720,072.78	738,044.17	-17,971.39
TOTAL LIABILITIES & EQUITY	779,571.92	798,256.10	-18,684.18

Kandiyohi County and City of Willmar EDC

Profit & Loss Prev Year Comparison

January through December 2014

	Jan - Dec 14	Jan - Dec 13	\$ Change
Ordinary Income/Expense			
Income			
County Tax Levy	454,566.39	455,040.89	-474.50
Loans			
ELGP Loan Application Fees	520.00	383.20	136.80
Revolving Loan Application Fees	625.00	0.00	625.00
Revolving Loan Fund costs	152.25	0.00	152.25
RLF repayments interest	4,126.50	1,860.26	2,266.24
Total Loans	5,423.75	2,243.46	3,180.29
Insurance Dividends	1,318.00	2,168.00	-850.00
Investments			
Interest-Savings, Short-term CD			
United Prairie Bank CD	0.00	1,008.38	-1,008.38
Citizens Alliance Bank CD	1,010.00	1,000.00	10.00
Citizens Alliance Bank CD 2013	1,050.00	0.00	1,050.00
Concorde Bank savings	141.73	242.00	-100.27
Heritage Bank savings	223.89	248.03	-24.14
NASB CD	1,000.59	1,159.96	-159.37
Total Interest-Savings, Short-term CD	3,426.21	3,658.37	-232.16
Total Investments	3,426.21	3,658.37	-232.16
Other Types of Income			
Miscellaneous Revenue	0.00	69.00	-69.00
Total Other Types of Income	0.00	69.00	-69.00
Refunds and Reimbursements	0.00	0.02	-0.02
Total Income	464,734.35	463,179.74	1,554.61
Gross Profit	464,734.35	463,179.74	1,554.61
Expense			
Moving Expenses	2,310.87	0.00	2,310.87
Revolving Loan Fund Expenses			
Bank fees	0.00	10.00	-10.00
Recording Fees	129.70	0.00	129.70
Revolving Loan Fund Expenses - Other	42.55	0.00	42.55
Total Revolving Loan Fund Expenses	172.25	10.00	162.25
Econ Dev. Community Contrib.			
Sponsor Fees			
U of M Technology Showcase	158.90	0.00	158.90
Vision 2040	2,500.00	0.00	2,500.00
Sponsor Fees - Other	250.00	3,050.00	-2,800.00
Total Sponsor Fees	2,908.90	3,050.00	-141.10
Community Marketing Coalition	0.00	2,500.00	-2,500.00
Econ Dev. Community Contrib. - Other	2,000.00	12,489.01	-10,489.01
Total Econ Dev. Community Contrib.	4,908.90	18,039.01	-13,130.11
Other Expenses			
EDCOB - meals/admin	1,705.50	2,012.78	-307.28
Joint Powers Board-meals/admin	1,848.06	1,339.18	508.88
SCORE (cell phone/email)	246.15	259.40	-13.25
Other operating expenses	22.40	1,236.40	-1,214.00
Other Expenses - Other	0.00	0.00	0.00
Total Other Expenses	3,822.11	4,847.76	-1,025.65
Countywide Business Development			
Countywide business development	4,000.00	0.00	4,000.00

Kandiyohi County and City of Willmar EDC

Profit & Loss Prev Year Comparison

January through December 2014

	Jan - Dec 14	Jan - Dec 13	\$ Change
Southwest Initiative Foundation	0.00	18,000.00	-18,000.00
Total Countywide Business Development	4,000.00	18,000.00	-14,000.00
Committee Expenses			
Ag/Renewable Energy Development			
Conferences/Seminars/Trainings	41.00	1,882.44	-1,841.44
Meals/Meeting Refreshments	522.06	1,134.40	-612.34
Mileage/Travel	971.96	0.00	971.96
Professional Services			
General Administrative Services	17.50	0.00	17.50
Total Professional Services	17.50	0.00	17.50
Incurred costs (mileage, other)	30.00	4,255.30	-4,225.30
Program administration	31.40	341.66	-310.26
Supplies (office or program)	15.52	0.00	15.52
Telephone, telecommunications	0.00	1,116.56	-1,116.56
Total Ag/Renewable Energy Development	1,629.44	8,730.36	-7,100.92
Business, Retention & Expansion			
Conferences/Seminars/Trainings	0.00	110.00	-110.00
Marketing	104.00	0.00	104.00
Meals	163.31	242.28	-78.97
Mileage/Travel	776.16	0.00	776.16
Postage	129.00	0.00	129.00
Professional Services			
General administrative	4,112.50	257.88	3,854.62
Professional Services - Other	0.00	987.00	-987.00
Total Professional Services	4,112.50	1,244.88	2,867.62
Supplies (office or program)	23.43	0.00	23.43
Technology Advisory Subcomm.			
Web site development grants	2,980.00	2,672.00	308.00
Technology Advisory Subcomm. - Other	458.45	0.00	458.45
Total Technology Advisory Subcomm.	3,438.45	2,672.00	766.45
Business, Retention & Expansion - Other	2,000.00	136.29	1,863.71
Total Business, Retention & Expansion	10,746.85	4,405.45	6,341.40
Finance Committee			
Meals	454.55	252.94	201.61
Professional services			
General administrative services	332.50	195.50	137.00
Total Professional services	332.50	195.50	137.00
Total Finance Committee	787.05	448.44	338.61
Marketing and Public Relations			
Meals	622.92	755.73	-132.81
Media	3,909.08	1,120.00	2,789.08
Memberships	540.00	371.25	168.75
Printing, copying & publishing	7,272.90	1,142.10	6,130.80
Professional Services			
General administrative services	490.00	385.38	104.62
Marketing (REDstar)	11,270.42	5,391.92	5,878.50
Professional Services - Other	83.41	83.42	-0.01
Total Professional Services	11,843.83	5,860.72	5,983.11
Special projects	3,432.62	6,294.70	-2,862.08
Total Marketing and Public Relations	27,621.35	15,544.50	12,076.85
Tourism/Leisure Travel			

Kandiyohi County and City of Willmar EDC

Profit & Loss Prev Year Comparison

January through December 2014

	Jan - Dec 14	Jan - Dec 13	\$ Change
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	74,784.69	63,128.75	11,655.94
Employee Compensation			
Accrued vacation and sick exp.	4,166.00	1,990.69	2,175.31
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)	5,763.59	5,763.62	-0.03
Director's health insurance	6,846.99	8,670.00	-1,823.01
Assistant Director's salary	65,983.92	60,984.00	4,999.92
Asst. Director's pension (PERA)	4,783.69	4,421.28	362.41
Asst. Director's health ins.	9,392.50	8,670.00	722.50
Bus Develop Specialist salary	38,985.67	29,405.37	9,580.30
Bus Develop Sp's pension (PERA)	2,826.45	2,131.93	694.52
Bus Develop Sp health insurance	6,949.80	5,780.00	1,169.80
Employer Payroll Tax Expense	14,593.87	13,394.49	1,199.38
Workers' Compensation insurance	895.00	668.00	227.00
Total Employee Compensation	246,987.48	227,679.38	19,308.10
Administrative Expenses			
MCIT property/casualty insur	3,139.00	2,794.00	345.00
Meals not for a committee	1,890.80	1,330.67	560.13
Memberships, dues, subscription	4,286.48	5,220.38	-933.90
Professional Services			
Accountant Fees	3,516.00	0.00	3,516.00
Auditor	5,550.00	5,800.00	-250.00
Bookkeeping Fees	4,362.50	4,981.51	-619.01
Legal Fees	6,317.50	1,200.00	5,117.50
Total Professional Services	19,746.00	11,981.51	7,764.49
Seminars and promotions	2,039.58	1,667.86	371.72
Travel, conference, school	6,419.38	8,130.15	-1,710.77
Total Administrative Expenses	37,521.24	31,124.57	6,396.67
Office Expenses			
Cleaning person	2,671.88	2,671.88	0.00
Deprec. - furniture & equip.	3,547.00	5,532.00	-1,985.00
Equip Maintenance & Rental			
Software	548.88	112.69	436.19
Toshiba service contract	1,453.52	2,031.61	-578.09
Equip Maintenance & Rental - Other	2,598.59	2,899.12	-300.53
Total Equip Maintenance & Rental	4,600.99	5,043.42	-442.43
Furniture and equipment	630.50	394.39	236.11
Late Fees	0.00	0.00	0.00
Office equipment & misc.	99.43	605.98	-506.55
Postage, Mailing Service	94.60	242.75	-148.15
Printing, Copying & Publishing	2,933.76	1,207.65	1,726.11
Professional Services			
General Administrative	50,393.25	51,340.42	-947.17
Website hosting service	240.00	420.00	-180.00
Professional Services - Other	126.75	0.00	126.75
Total Professional Services	50,760.00	51,760.42	-1,000.42
Rent, Parking, Utilities	22,244.50	24,575.32	-2,330.82
Rent - water cooler & PO box	149.05	111.30	37.75
Supplies	3,202.15	5,821.05	-2,618.90
Telephone, Telecommunications	6,665.59	6,297.02	368.57
Waste and snow removal	812.51	777.93	34.58
Office Expenses - Other	226.48	0.00	226.48

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Accrual Basis

Kandiyohi County and City of Willmar EDC
Profit & Loss Prev Year Comparison
January through December 2014

	Jan - Dec 14	Jan - Dec 13	\$ Change
Total Office Expenses	98,638.44	105,041.11	-6,402.67
Total Expense	473,145.98	467,870.58	5,275.40
Net Ordinary Income	-8,411.63	-4,690.84	-3,720.79
Other Income/Expense			
Other Income			
GAIN LOSS ON EQUIP DISPOSITIONS	-9,559.00	0.00	-9,559.00
Total Other Income	-9,559.00	0.00	-9,559.00
Net Other Income	-9,559.00	0.00	-9,559.00
Net Income	<u>-17,970.63</u>	<u>-4,690.84</u>	<u>-13,279.79</u>

Kandiyohi County City of Willmar Economic Development Commission
Proposed Draft Budget

Date Printed: 10/16/2015

	2016	2015 amended budget 10/8/2015	2015 YTD	2014 actuals	2013 actuals
REVENUES					
County Tax Levy	\$ 477,750	\$ 455,000	\$249,925.76	\$454,566.39	\$455,040.89
Loans					
ELGP loan application fees	\$ 200	\$ 200		\$520.00	\$383.20
Revolving Loan Fund application fees	\$ 250	\$ 250		\$625.00	
Revolving Loan Fund costs				\$152.25	
Revolving Loan Fund repayments interest	\$ 5,088	\$ 7,432	\$2,854.48	\$4,126.50	\$1,860.26
Insurance dividends	\$ 1,300	\$ 1,500		\$1,318.00	\$2,168.00
Interest on investments				\$1,050.00	\$1,008.38
Citizens Alliance Bank 36-month CD \$100,000 at 1%		\$ 1,000			
Citizens Alliance Bank 36-month CD \$100,000 at 1.05% matures 9/20/2016	\$ -	\$ 1,050		\$1,010.00	\$1,000.00
Concorde Bank (Revolving Loan Fund savings account)	\$ 100	\$ 100	\$137.57	\$141.73	\$242.00
Heritage Bank savings account	\$ 120	\$ 200	\$104.52	\$223.89	\$248.03
North American State Bank 12-month CD \$103,030.10 at .5% matures 4/14/2016		\$ 1,150	\$509.46		\$1,159.96
North American State Bank 23-month CD \$102,221.82 at 1% matures 2/21/2016				\$1,000.59	
US Bank CD (Tourism Development Account) at .690% matures 2/20/2018	\$ -	\$ 225	\$205.86		\$68.56
Blandin Foundation HackFest Grant No. G-2015-04910		10000	\$10,000.00		
Blandin Foundation HackFest Grant matching contribution by WORK UP		\$ 600			
Blandin Foundation HackFest Grant matching contribution by EDC		\$ 4,400			
Blandin Foundation WiFi Grant No. G-2015-05319		\$ 17,680	\$17,680.00		
Blandin Foundation WiFi Grant matching contributions		\$ 11,300	\$2,000.00		
Other Income					
Reserve Fund	\$ 92,728	\$ 62,653			\$6,377.97
Refunds and reimbursements	\$ -	\$ 100			\$69.02
Total Revenues	\$ 577,536	\$ 574,840	\$283,417.65	\$464,734.35	\$469,626.27
EXPENSES					
Moving Expenses				\$2,310.87	
Revolving Loan Fund Expenses				\$172.25	\$10.00
Economic Development Community Contributions					
Blandin Foundation HackFest grant partial match		\$ 5,000	\$732.26		
Blandin Foundation WiFi grant partial match		\$ 2,000			
Sponsor Fees				\$250.00	
2013 Entrepreneurship Summit at Ridgewater College					\$1,000.00
Animal Science Conference	\$ 1,500	\$ 1,500	\$2,000.00	\$2,000.00	\$1,550.00
Community Marketing Coalition					\$2,500.00
U of M Technology Showcase	\$ 2,000	\$ 2,000		\$158.90	
Vision 2040	\$ 2,500	\$ 2,500	\$2,500.00	\$2,500.00	\$500.00
Other	\$ 1,500	\$ 1,500	\$350.00		
Downtown parking study					\$12,489.01
Total Economic Development Community Contributions	\$ 7,500	\$ 14,500	\$5,582.26	\$7,392.02	\$18,039.01
Other Expenses:					
Joint Operations Board (includes meals/administrative time)	\$ 3,000	\$ 3,000	\$1,862.64	\$1,705.50	\$2,012.78
Joint Powers Board (includes meals/administrative time)	\$ 1,000	\$ 1,000	\$590.87	\$1,848.06	\$1,339.18
SCORE (cell phone and email account)	\$ 825	\$ 300	\$580.07	\$246.15	\$259.40
Other operating expenses	\$ 1,254	\$ 1,853	\$50.00	\$22.40	\$1,236.40
Total Other Expenses	\$ 6,079	\$ 6,153	\$3,083.58	\$3,822.11	\$4,847.76
Countywide Business Development					
Creating Entrepreneurial Opportunities Program (2014-2016)	\$ 1,000	\$ 1,000	\$1,000.00	\$1,000.00	
Southwest Initiative Foundation					\$18,000.00
TIGER II Grant	\$ 35,000				
Miscellaneous countywide business development	\$ 6,000	\$ 8,635			
U of M New London/Spicer BRE				\$2,000.00	
Sunburg sign				\$1,000.00	
Total Countywide Business Development	\$ 42,000	\$ 9,635	\$1,000.00	\$4,000.00	\$18,000.00

Kandiyohi County City of Willmar Economic Development Commission

Date Printed: 10/16/2015

Proposed Draft Budget

	2016	2015 amended budget 10/8/2015	2015 YTD	2014 actuals	2013 actuals
COMMITTEE EXPENSES					
Agriculture and Renewable Energy Development					
Conferences/Seminars/Trainings	\$ 1,800	\$ 1,800	\$728.28	\$41.00	\$1,882.44
Marketing	\$ 200	\$ 200	\$49.87		
Meals/Meeting Refreshments	\$ 350	\$ 350	\$433.57	\$522.06	\$1,134.40
Mileage/Travel	\$ 400	\$ 400	\$805.51	\$1,001.96	\$4,255.30
Program administration				\$31.40	\$341.66
Professional Services					
General Administrative Services	\$ 2,500	\$ 2,500	\$90.00	\$17.50	
Professional Services - Other	\$ 1,000	\$ 1,000			
Supplies (office or program)	\$ 250	\$ 250	\$73.92	\$15.52	
Telephone/Telecommunications					\$1,116.56
Total Ag Committee Expenses	\$ 6,500	\$ 6,500	\$2,181.15	\$1,629.44	\$8,730.36
Broadband and Advanced Technology	\$ 4,000	\$ 4,000			
Conferences/Seminars/Trainings			\$164.00		
Marketing					
Meals/Meeting Refreshments			\$791.78	\$458.45	
Mileage/Travel			\$73.31		
Professional Services					
General Administrative Services			\$333.00		
Professional Services - Other			\$488.75		
Supplies (office or program)			\$36.00		
Website development grants			\$930.00	\$2,980.00	\$2,672.00
Total Broadband and Advanced Technology Committee Expenses	\$ 4,000	\$ 4,000	\$2,816.84	\$3,438.45	\$2,672.00
Business Retention and Expansion/Recruitment					
Conferences/Seminars/Trainings	\$ 1,800	\$ 1,800	\$132.22		\$110.00
Marketing	\$ 500	\$ 500	\$2,098.50	\$104.00	
Meals	\$ 500	\$ 500	\$644.48	\$163.31	\$242.28
Mileage/Travel	\$ 1,000	\$ 1,000	\$774.20	\$776.16	
Professional services					
General administrative services	\$ 2,500	\$ 2,500	\$333.00	\$4,112.50	\$257.88
Professional services - Other	\$ 2,000	\$ 2,000	\$500.00	\$2,000.00	\$987.00
Supplies (office or program)	\$ 300	\$ 300		\$152.43	\$136.29
Total BRE/R Committee Expenses	\$ 8,600	\$ 8,600	\$4,482.40	\$7,308.40	\$1,733.45
Finance	\$ 2,000	\$ 2,000			
Conferences/Seminars/Trainings					
Marketing					
Meals			\$562.22	\$454.55	\$252.94
Professional services					
General administrative services			\$432.00	\$332.50	\$195.50
Legal services					
Supplies (office or program)			\$49.46		
Total Finance Committee Expenses	\$ 2,000	\$ 2,000	\$1,043.68	\$787.05	\$448.44
Marketing and Public Relations					
Meals			\$635.15	\$622.92	\$755.73
Media			\$320.00	\$3,909.08	\$1,120.00
Memberships				\$540.00	\$371.25
Printing, copying and publishing			\$7,828.10	\$7,272.90	\$1,142.10
Professional services					
General administrative services			\$936.00	\$490.00	\$385.38
REDstar Creative			\$8,133.75	\$11,270.42	\$5,391.92
Professional services - other				\$83.41	\$83.42
Special projects			\$2,500.00	\$3,432.62	\$6,294.70
Total Marketing and Public Relations Committee Expenses	\$33,000	\$33,000	\$20,353.00	\$27,621.35	\$15,544.50
Tourism/Leisure Travel					
CVB Tourism Partnership Agreement	\$ 34,000	\$ 34,000	\$34,000.00	\$34,000.00	\$34,000.00
Total Tourism/Leisure Travel Committee	\$ 34,000	\$ 34,000	\$34,000.00	\$34,000.00	\$34,000.00
Total Committee Expense	\$ 88,100	\$ 88,100	\$64,877.07	\$74,784.69	\$63,128.75

Kandiyohi County City of Willmar Economic Development Commission
Proposed Draft Budget

Date Printed: 10/16/2015

	2016	2015 amended budget 10/8/2015	2015 YTD	2014 actuals	2013 actuals
EMPLOYEE COMPENSATION					
Executive Director					
Director's salary	\$ 85,562	\$ 81,488	\$64,511.27	\$79,500.00	\$79,500.00
Director's auto allowance (\$525 per month)	\$ 6,300	\$ 6,300	\$4,987.50	\$6,300.00	\$6,300.00
Director's health insurance (\$850 p/mo.)	\$ 10,200	\$ 10,200	\$2,662.03	\$6,846.99	\$8,670.00
Director's payroll taxes (FICA = 6.20%; Medicare = 1.45%)	\$ 6,546	\$ 6,234			
Director's pension (PERA) employer rate is 7.5%	\$ 6,417	\$ 6,112	\$4,838.34	\$5,763.59	\$5,763.62
Total Executive Director's Compensation	\$ 115,025	\$ 110,334	\$76,999.14	\$98,410.58	\$102,224.31
Assistant Director					
Assistant Director's salary	\$ 70,669	\$ 52,054	\$54,962.30	\$65,983.92	\$60,984.00
Asst Director's health insurance	\$ 10,200	\$ 5,950	\$5,950.01	\$9,392.50	\$8,670.00
Asst Director's payroll taxes	\$ 5,406	\$ 5,149			
Assistant Director's PERA	\$ 5,301	\$ 5,048	\$4,122.11	\$4,783.69	\$4,421.28
Total Assistant Director's Compensation	\$ 91,576	\$ 68,201	\$65,034.42	\$80,160.11	\$74,075.28
Business Development Specialist's position					
Business Development Specialist's salary	\$ 53,550	\$ 51,000	\$40,375.00	\$38,985.67	\$29,405.37
Business Development Specialist's health insurance	\$ 10,200	\$ 10,200	\$8,075.01	\$6,949.80	\$5,780.00
Business Development Specialist's payroll taxes	\$ 4,097	\$ 3,902			
Business Development Specialist's PERA	\$ 4,016	\$ 3,825	\$3,028.22	\$2,826.45	\$2,131.93
Total Business Development Specialist's Compensation	\$ 71,863	\$ 68,927	\$51,478.23	\$48,761.92	\$37,317.30
Accrued vacation and sick expense				\$4,166.00	\$1,990.69
Employer payroll tax expense			\$12,609.95	\$14,593.87	\$13,394.49
Employee workers' compensation insurance	\$ 896	\$959.00	\$722.00	\$895.00	\$668.00
Total other employee compensation			\$13,331.95	\$19,654.87	\$16,053.18
Total Employee Compensation	\$ 279,360	\$ 248,421	\$206,843.74	\$246,987.48	\$229,670.07
ADMINISTRATIVE EXPENSES					
MCIT property/casualty insurance	\$ 2,997	\$ 3,110	\$3,110.00	\$3,139.00	\$2,794.00
Meals not for a committee	\$ 2,500	\$ 2,000	\$2,113.97	\$1,890.80	\$1,330.67
Memberships, dues, subscriptions	\$ 11,000	\$ 3,500			
Subscriptions			\$346.98	\$492.98	\$506.88
EDAM/MAPCED memberships			\$200.00	\$595.00	\$940.00
Local organizations			\$620.00	\$1,073.50	\$798.50
Coalition of Greater MN Cities					\$500.00
MN Bio-Fuels Association					\$125.00
MNCAR					\$225.00
Community Venture Network (CVN)			\$2,125.00	\$2,125.00	\$2,125.00
MN DEED Marketing Partnership dues			\$625.00		
WORK UP founding membership 5/2015-/5/2016			\$5,400.00		
Total Membership, dues, subscriptions			\$9,316.98	\$4,286.48	\$5,220.38
Professional services:					
Accountant fees	\$ 1,000	\$ 1,000	\$228.00	\$3,516.00	
Auditor	\$ 7,000	\$ 7,500	\$6,200.00	\$5,550.00	\$5,800.00
Bookkeeping fees	\$ 6,000	\$ 5,557	\$3,740.00	\$4,362.50	\$4,981.51
Executive Director search firm		\$ 19,500			
Legal fees	\$ 2,000	\$ 1,000	\$100.00	\$6,317.50	\$1,200.00
Seminars and promotions	\$ 2,000	\$ 3,000	\$3,309.07	\$2,039.58	\$1,667.86
Travel, conference, school	\$ 10,500	\$ 8,600			
EDAM conference registrations			\$295.00	\$610.00	\$590.00
Hotel/lodging			\$1,850.23	\$1,020.95	\$1,926.40
Staff mileage, shuttel, cab, parking fees			\$3,503.51	\$4,279.43	\$4,200.82
Airfare			\$1,039.40		\$630.44
Registration fees			\$811.00	\$509.00	\$782.49
Total travel, conference school			\$7,499.14	\$6,419.38	\$8,130.15
Total Administrative Expenses	\$ 44,997	\$ 54,767	\$35,617.16	\$37,521.24	\$31,124.57

Kandiyohi County City of Willmar Economic Development Commission

Date Printed: 10/16/2015

Proposed Draft Budget

	2016	2015 amended budget 10/8/2015	2015 YTD	2014 actuals	2013 actuals
OFFICE EXPENSES					
Cleaning person	\$ 2,600	\$ 2,600	\$2,030.63	\$2,671.88	\$2,671.88
Depreciation - furniture and equipment				\$3,547.00	\$5,532.00
Equipment maintenance and rental					
Software (Synchronist annual fee \$1,200)	\$ 2,000	\$ 2,000	\$1,441.35	\$548.88	\$112.69
Toshiba digital color copier lease	\$ 1,500	\$ 1,470	\$1,997.84	\$1,453.52	\$2,031.61
Equipment maintenance and rental - other	\$ 2,250	\$ 2,000	\$1,871.85	\$2,598.59	\$2,899.12
Furniture and equipment	\$ 2,000	\$ 2,000	\$2,005.90	\$630.50	\$394.39
Office equipment and miscellaneous	\$ 3,000	\$ 3,000	\$1,101.27	\$99.43	\$605.98
Postage, mailing service	\$ 500	\$ 500	\$393.27	\$94.60	\$242.75
Printing, copying and publishing	\$ 2,500	\$ 2,500	\$1,198.47	\$2,933.76	\$1,207.65
Professional services:					
General administrative	\$ 57,800	\$ 56,650	\$44,283.00	\$50,393.25	\$51,340.42
Planning session facilitator	\$ 1,500	\$ 1,500			
Website hosting and maintenance	\$ 450	\$ 450	\$204.84	\$240.00	\$420.00
Professional - other			\$402.32	\$126.75	
Rent and storage unit	\$ 22,200	\$ 22,600	\$18,550.00	\$22,244.50	\$24,575.32
Rent (water cooler, post office box)	\$ 200	\$ 300	\$138.95	\$149.05	\$111.30
Supplies	\$ 4,000	\$ 4,000	\$2,962.12	\$3,202.15	\$5,821.05
Telephone/Telecommunications	\$ 7,000	\$ 7,714	\$4,476.54	\$6,665.59	\$6,297.02
Waste and snow removal			\$58.81	\$812.51	777.93
Other expenses			\$3.00	226.48	
Total Office Expenses	\$ 109,500	\$ 109,284	\$83,120.16	\$98,638.44	\$105,041.11
BLANDIN WIFI GRANT EXPENSES					
Willmar Civic Center		\$ 14,000			
Routers (7 @ \$ approximately \$700 each)		\$ 4,900			
Data service for three years (7 x \$480 x 3)		\$ 10,080			
Total WiFi Expenses		\$ 28,980			
BLANDIN HACKFEST GRANT EXPENSES					
Application development		\$ 5,400			
IT		\$ 500			
Marketing		\$ 1,500			
Meals and refreshments		\$ 3,000			
Meeting space		\$ 1,200			
Transportation		\$ 400			
Post hackfest events		\$ 3,000			
Total HackFest Expenses		\$ 15,000			
TOTAL PROGRAM EXPENSES	\$ 577,536	\$ 574,840	\$400,123.97	\$473,145.98	\$469,851.27



FUNDING REQUEST GUIDELINES

1. All requests for funding through the Kandiyohi County and City of Willmar Economic Development Commission (EDC) must be by written application in a form that can be obtained from the EDC Office, 333 Litchfield Avenue SW, Suite 100, P.O. Box 1783, Willmar, MN 56201, telephone 320-235-7370, edc@kandiyohi.com, along with a proposal and project budget.
2. Once a funding application is received by the EDC, an EDC staff member will review the application with the applicant and, if appropriate, forward the request to an EDC standing committee for consideration.
3. Funds contributed by the EDC must be matched dollar-for-dollar by funds from the requesting organization making the application, which funds may be raised through other organizations.
4. Applications, if approved, may receive the full funding requested or a portion thereof as determined by an EDC standing committee or the EDC Joint Operations Board.
5. An organization may request funding twice in a five-year period, except in the case of an emergency, which will be determined by the EDC Joint Operations Board. The second time a funding request is made, half of the original financial support may be offered and must be matched.
6. Applications will be assessed on the following basis:
 - a. Does the application relate to an EDC standing committee's goals and the EDC's goals and overall mission?
 - b. Does the application detail the use of the funds requested?
 - c. Does the request duplicate efforts and work already being done by another entity?
 - d. Does the request show significant evidence of cooperation and collaboration with other entities?
 - e. Is the request within the reviewing committee's budget limits or the EDC's community contribution line item?
7. If the above criteria can be positively answered and an EDC standing committee approves the funding request by a majority vote, the committee's recommendation will be presented to the EDC Joint Operations Board for consideration at its next monthly meeting.
8. If the request is for more than an EDC standing committee's budget allows and the committee approves the request, the committee may request the EDC Joint Operations Board to allocate additional funds.
9. All funding requests for tourism-related activities will be forwarded to the Willmar Lakes Area Convention & Visitors Bureau (CVB) for consideration and determination.
10. If the CVB deems the funding request appropriate, the CVB may make an additional request for funding from the EDC to fund unique tourism-related events. If approved by the EDC Joint Operations Board, additional funds will be transferred to the CVB and the CVB will be responsible for how those monies are spent.

11. If a funding request is not appropriate to be referred to an EDC standing committee, EDC staff will review the funding request and, if deemed appropriate, present it to the EDC Joint Operations Board for consideration at its next monthly meeting.
12. In no event, will an approved funding request be used to fund personnel unless the request is for a feasibility study.
13. If a request is for a one-time unique request, the EDC Joint Operations Board may consider using its reserve funds.

Revised by EDC Joint Operations Board 8/14/2014
Adopted by EDC Joint Operations Board 3/8/2012
Ratified by EDC Joint Powers Board 4/26/2012