

KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION (EDC)  
JOINT OPERATIONS BOARD OF DIRECTORS (OB) MEETING  
**MINUTES**  
September 10, 2020  
In-Person and Via ZOOM Video Conference

Present: Rollie Boll, Donna Boonstra, Les Heitke and Kelly TerWisscha

Excused: Art Benson, Jesse Gislason and Kerry Johnson

Guest: Kasey Nelson, Westberg Eischens

Ex Officio: Julie Asmus

Staff: Aaron Backman, Executive Director and Connie Schmoll, Business Development Manager

Media : Shelby Lindrud, West Central Tribune

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

President Kelly TerWisscha called the meeting to order at approximately 11:04 a.m. A quorum was not present so the agenda was taken out of order.

**UNFINISHED BUSINESS**

**Census Education.** Aaron Backman gave an update on the census education being done with the minority communities. The United Somali Community of Willmar has reached out to 650 minority households and will continue its work through the end of September. To date, they have met with 78 Karen households and 572 Somali and East African households and assisted many with completing the census online.

**Immigrant Business Disaster Relief Grant Program.** Backman reported there has been no additional activity under the Immigrant Business Disaster Relief Grant Program. To date, 20 grants have been awarded totaling \$13,700 or approximately 55% of the funds.

**COVID-19 Business Assistance Loan (COBAL) Program.** Backman reported 35 businesses (14 diverse) applied for the COBAL Program. A total of \$122,500 has been expended.

**CARES Pandemic Relief (CPR) Grant Program.** Backman reported since the program was established on July 28, 2020, 164 applications (136 businesses/28 nonprofits) have been received with grants being awarded to 75 businesses and 21 nonprofit organizations. The EDC's Finance Committee has met 19 times in the last 24 weeks and this week approved another 22 grants for a

total amount approved by the committee of \$1,812,500. Backman shared information on programs being done by other counties.

[Rollie Boll joined the meeting.]

Schmoll shared a summary of the eligible applications to date (see attached).

**AGENDA**—Added to the Consent Agenda was item 4, Remove committee members: Ian Graue from the Ag Committee and Tim Furr from the Broadband Committee and added to the Agenda was an update on the Highway 23 Coalition.

IT WAS MOVED BY Les Heitke, SECONDED BY Donna Boonstra, to approve the revised Agenda and revised Consent Agenda. MOTION CARRIED.

### **CONSENT AGENDA**

- Approve:
1. Minutes of August 13, 2020 meeting
  2. Financial reports as of August 31, 2020
  3. Payment of bills over \$1,000:
    - a. Invoice No. 20-195-2.3 from Achieve for \$1,202.50 to be paid from the CPR Grant Program
    - b. Invoice No. 88203 from Print Masters for \$1,382.96 (\$1,311.76 to be paid from the CPR Grant Program)
    - c. Invoice No. 54963 from General Mailing for \$1,007.57 to be paid from the CPR Grant Program
  4. Remove committee members: Ian Graue from the Ag Committee and Tim Furr from the Broadband Committee

Ratify email votes:

1. Pay Invoice No. 20-195-2.2 from Achieve for \$2,047.50 to be paid from the CPR Grant Program
2. Approve the purchase of an HP ProDesk 600 G5 SFF computer and HP E273m 27" Full HD LED LCD Monitor with HD webcam and microphone per Quote No. BOTQ17931 from Bennett Office Technologies in the estimated amount of \$1,532.59

Accept: Committee/Subcommittee Minutes

1. Agriculture and Renewable Energy Development 7/16/2020
2. Broadband and Advanced Technology 8/3/2020
4. Business Retention and Expansion/Recruitment 6/5/2020
5. Finance 6/9, 6/30, 7/7, 7/14, 7/28, 8/4 and 8/11/2020

## **NEW BUSINESS**

**2019 Audit.** Kasey Nelson was introduced and presented the 2019 audit (see attached) giving a PowerPoint presentation. The audit was an unmodified or clean opinion. Nelson noted no new accounting standards were adopted in 2019. The findings are the same as 2018, mainly due to the size of the organization and the auditors have no specific recommendations. The Statement of Net Position shows the assets and liabilities and net position. The increase in assets are the three microloans received from the former Willmar Area Multicultural Business Center. The increase in the Summary of Statement of Activities compared to 2018 was due to the Simply Shrimp grant; other income includes the Retail Business Design Workshop. There was a positive net change of \$54,000; 75% of the EDC's revenues is from property taxes and 15% is related to the intergovernmental grant to Simply Shrimp; the biggest expense is payroll. Overall expenses were under budget and revenues were right on budget. The fund balance is \$1,025,972. Nelson stated it is unclear whether or not the state will want to do an audit next year in light of the CARES Act funds received. Backman noted the County Administrator felt the county would be audited.

IT WAS MOVED BY Donna Boonstra, SECONDED BY Rollie Boll, to recommend the Kandiyohi County and City of Willmar Economic Development Commission's Joint Powers Board approve the 2019 Audit. MOTION CARRIED.

**Raymond Assisted Living Market Analysis Cost Share.** Connie Schmoll stated the EDC has been working with the City of Raymond for some time relative to senior housing and offered to assist with half the costs related to a housing study. The study indicates there is a need for independent living rather than assisted living so the community's plans will be changing (see attached).

IT WAS MOVED BY Les Heitke, SECONDED BY Donna Boonstra, to approve payment of \$3,900 to the City of Raymond for one-half the cost of the Market Analysis for Assisted Living and Senior Housing out of the countywide business development line of the budget. MOTION CARRIED.

## **PROGRESS REPORTS**

**Willmar/Willmar Industrial Park.** Backman reported Dave Ramstad and his staff continue to work on the Renaissance Zone; he is assisting West Central Shredding in the search for a facility and is working with some prospects from the Twin Cities, one a housing developer for a project in the Opportunity Zone.

**Agricultural Innovation.** Schmoll reported working with some ag businesses for CARES Act funds.

**Broadband.** Schmoll reported she spoke with Federated Telephone Cooperative, which is interested in doing a state border-to-border grant project next year for the three townships and will contribute 25% to the cost. Kandiyohi Power Cooperative is taking more interest in broadband and its new CEO wants to join the Broadband Committee.

**What's Up?** Heitke stated there is a lot of activity in Robbins Island that is expected to be done in November. Julie Asmus reported the apartment complex on County Road 5 is starting Phase 2. Boonstra reported the Highway 23 Coalition met the end of August and received an update from Paul Rasmussen of the Minnesota Department of Transportation—60% of the north gap is completed and about half of the homes for the right-of-way have been purchased. Bid letting will be in 2021. The south gap project bid letting will be in the fall of 2022 and work continues on those right-of-way purchases. A virtual open house was held with approximately 400 people attending. TerWisscha indicated the lack of a bonding bill is holding up the Prairie Lakes Youth Programs project. Boll asked for an update on the New London hotel. Staff reported a request for assistance was received from Glacial Lakes Hospitality; it had a 65% loss; however, the new restaurant, Max's on the Green, seems to be performing well. Asmus reported the City of Willmar voted Tuesday to approve services to the EpiTopix plant noting the assistance by the EDC in acquiring \$1.3 million for the project.

**NEXT MEETING**—The next regular board meeting is **11:00 a.m., Thursday, October 8, 2020** via ZOOM video conference.

**ADJOURNMENT**—The meeting was adjourned at approximately 12:08 p.m.

---

Art Benson, Secretary

APPROVED: 10/8/2020:

---

Kelly TerWisscha, President

## 9.10.2020 Summary of Applications (Eligible Only)

### Businesses

110 businesses

61 or 55% Willmar - other: Atwater-3, Lake Lillian-1, Kandiyohi-1, New London-10, Pennock-2, Raymond-1, Spicer- 12

19 township applications: Burbank-2, Colfax-1, Dovre- 5, Edwards-1, Holland-1, Kandiyohi-1, Lake Elizabeth-1, Mamre-1, New London-3, Roseland-1, Willmar-2

Diverse Businesses: 21 or 19%

Average years in business: 16 (15.72)

519 FTE jobs – average per business: 5 (4.74)

Average loss: 60%

Average grant: \$9886

#### Business Types:

25	Barber/Salon/Nails/Massage
25	Service, i.e.: Printing/Media/Staffing/Photography/Plumbing/Trucking, etc.
18	Restaurant/Cafe/Bar/Grocery
11	Health, i.e.: Dental/Eye care/Chiropractic/Fitness
11	Retail
8	Construction/Manufacturing
6	Hotel
4	Entertainment
2	Childcare

### Nonprofits

26 Nonprofits

19 or 73% Willmar - other: Atwater-1, New London-3, Spicer-1, Lake Andrew Township- 1, Dovre Township-1

226 FTE jobs – average per business: 9 (9.04)

Average loss: 37%

Average grant: \$27,900

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

**ANNUAL FINANCIAL REPORT**

**YEAR ENDED  
December 31, 2019**

WESTBERG EISCHENS, PLLP  
Certified Public Accountants  
Willmar, Minnesota 56201

**TABLE OF CONTENTS**

	<u>PAGE</u>
BOARD OF DIRECTORS.....	1
INDEPENDENT AUDITOR'S REPORT .....	2-3
MANAGEMENT'S DISCUSSION AND ANALYSIS.....	4-9
BASIC FINANCIAL STATEMENTS	
Governmental Fund Balance Sheet and Governmental Activities – Statement of Net Position with Adjustments to Convert Modified to Full Accrual.....	10
Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and Governmental Activities – Statement of Activities with Adjustments to Convert Modified To Full Accrual.....	11
Budgetary Comparison Schedule – General Fund.....	12
NOTES TO FINANCIAL STATEMENTS .....	13-25
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Proportionate Share of Net Pension Liability.....	26
Schedule of Employer Contributions .....	27
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION.....	28
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i> .....	29-30
SCHEDULE OF FINDINGS AND RECOMMENDATIONS .....	31-33

**KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION  
BOARD OF DIRECTORS  
December 31, 2019**

<u>Position</u>	<u>Name</u>	<u>Term Expires</u>	<u>Representing</u>
Board of Directors – Joint Powers Board			
Chair	Kathy Schwantes	12/31/2019	City of Willmar
Vice-Chair & EDCOB Liaison	Roger Imdieke	12/31/2019	Kandiyohi County
Secretary	Roland Nissen	12/31/2019	Kandiyohi County
Treasurer	Harlan Madsen	12/31/2019	Kandiyohi County
Board Member	Julie Asmus	12/31/2019	City of Willmar
Board Member	Fernando Alvarado	12/31/2019	City of Willmar
Board of Directors – Operations Board			
President	Kelly TerWisscha	12/31/2020	
Vice President	Kerry Johnson	12/31/2020	
Secretary	Art Benson	12/31/2021	
Treasurer	Roland Boll	12/31/2021	
Board Member	Jesse Gislason	12/31/2021	
Board Member	Lester Heitke	12/31/2019	
Board Member	Donna Boonstra	12/31/2019	
Ex-Officio	Roger Imdieke	Annually	



**INDEPENDENT AUDITOR'S REPORT**

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and General Fund of the Kandiyohi County and City of Willmar Economic Development Commission (EDC), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the EDC's basic financial statements as listed in the table of contents.

*Management's Responsibility for the Financial Statements*

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

*Auditor's Responsibility*

Our responsibility is to express 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 financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

*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, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Other Matters*

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of proportionate share of net pension liability, and schedule of employer contributions on pages 4-9 and 26-27 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

The Board of Directors section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 4, 2020, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the EDC's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the EDC's internal control over financial reporting and compliance.

Westberg Eischens, PLLP

Westberg Eischens, PLLP  
Willmar, Minnesota

August 4, 2020

**KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2019**

**Introduction**

The Kandiyohi County and City of Willmar Economic Development Commission (EDC) was established on July 1, 2003, by a joint powers agreement between Kandiyohi County and the City of Willmar by resolution pursuant to 1989 Minnesota Laws, First Special Session, Chapter 1, Article 17. The EDC was set up to encourage, attract, promote, and develop economically sound industry and commerce within the County and City.

The EDC has two boards – the Joint Operations Board and the Joint Powers Board. The Joint Operations Board of Directors consists of seven members, primarily representatives from businesses, that meet monthly and review day-to-day functions of the EDC. The Joint Powers Board of Directors consists of six members, three Kandiyohi County commissioners and three Willmar City Council members, that meet quarterly to set policies for the organization, appoint members to the Joint Operations Board, approve the EDC budget, and act as final authority for business loan approvals.

Among the significant activities of the EDC are:

- Providing gap loans (or subordinate loans) to small businesses in Kandiyohi County.
- Providing technical and financial assistance to businesses of all sizes.
- Assisting entrepreneurs to start a business, including diverse business owners.
- Marketing efforts to promote the Kandiyohi County area to existing and prospective businesses locally, regionally, and nationally, including through social media marketing.
- Undertaking Business, Retention, and Expansion (BRE) surveys to better understand local business needs.
- Continuing to support feasibility studies for new agricultural ventures both in terms of money and staff time.
- Continuing to plan for and hold ag-related events (e.g. in 2019 the Partners in Ag Innovation Conference in Willmar).
- Continuing to be a funder and collaborator of the co-working space WORKUP located at the MinnWest Technology Campus.
- Supporting partners in major infrastructure efforts (e.g. Willmar Railroad Wye; Hwy 23 Coalition; Industrial Park expansions in the county, etc.).
- Continuing to provide leadership on the development of affordable housing projects.
- Continuing to provide support for a variety of housing, including senior housing, multi-family rental units, single-family homes, market-rate housing, etc.
- Supporting private and public partners to address the need for adequate child care throughout Kandiyohi County.
- Supporting workforce events and programs in Kandiyohi County (e.g. West Central MN Area Job Fair and the CLUES workforce programs, including Diverse CNA and Diverse Welding classes).
- Supporting private and public partners to extend high-speed broadband to all parts of Kandiyohi County.

The EDC presents this discussion and analysis of its financial performance during the fiscal year ended December 31, 2019, to assist the reader in focusing on significant financial issues and concerns. This discussion and analysis is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments*, issued June 1999.

The EDC's December 31, 2019 annual financial report consists of two parts – the management's discussion and analysis and the basic financial statements (which include notes to those financial statements).

**KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2019**

**Financial Highlights**

Under GASB 34, the Kandiyohi County and City of Willmar Economic Development Commission's single government activities financial statement for December 31, 2019, report on all of the EDC's assets, liabilities, revenues, expenses and net position under the programs it administers. In summary, the EDC's financial highlights include the following:

- Ø Total assets of the EDC were approximately \$1.064 million at December 31, 2019. Total deferred outflows of resources were approximately \$14 thousand at December 31, 2019. Total liabilities of the EDC were approximately \$183 thousand at December 31, 2019. Total deferred inflows of resources were approximately \$32 thousand at December 31, 2019. Thus, total net position was approximately \$863 thousand at December 31, 2019.
- Ø Total revenue increased by approximately \$143 thousand during the year ended December 31, 2019. Total revenues were approximately \$708 thousand for the year ended December 31, 2019.
- Ø Total expenses increased by approximately \$141 thousand during the year ended December 31, 2019. Total expenses were approximately \$654 thousand for the year ended December 31, 2019.
- Ø Net position increased by approximately \$54 thousand for the year ended December 31, 2019.

**Financial Statements**

The EDC is presenting its discussion and analysis based on the financial results of its programs in two basic financial statements – the statement of net position and the statement of activities. The statement of net position (similar to a balance sheet) reports all financial and capital assets of the EDC and is presented in a format where assets equal liabilities plus net position. Net position is broken down into the following categories:

- Ø *Net investment in capital assets* - consists of all capital assets net of accumulated depreciation and reduced by the outstanding balances of the capital assets' related debt.
- Ø *Restricted net position* - consists of assets which uses are restricted by donors, grantors or other legally binding obligations.
- Ø *Unrestricted net position* - consists of net position that do not meet the definition of net investment in capital assets or restricted net position.

The statement of activities (similar to an income statement) includes operating revenues, such operating expenses, administrative , and depreciation. The statement's focus is the change in net position (similar to net income or loss).

These financial statements utilize the economic resources measurement focus and the accrual basis of accounting. They report the EDC's net position and changes in net position in full compliance with GASB 34. Under the accrual basis of accounting, revenues are recognized in the period they are received and expenses in the period when they are incurred and posted.

This entity-wide presentation represents several programs and activities. The EDC has five standing committees that are funded on a yearly basis – Ag/Renewal Energy Development, Broadband & Advanced Technology, Business Retention & Expansion, Finance, and Marketing & Public Relations. These are active committees with over 50 volunteers that serve on them. The EDC budgeted \$83,730 for EDC Committee expenses and actual expenditures totaled \$95,920 in 2019. This included \$34,000 that is provided to the Willmar Lakes Area Convention & Visitors Bureau (CVB) for marketing purposes. These programs are financed by county funds, state and federal grants, and other (charges and fees).

**KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2019**

**Net Position**

Table I reflects the EDC's condensed summary of the statement of net position as of December 31, 2019, with comparative amounts for 2018.

**Table I  
Summary of Statement of Net Position  
As of December 31**

<u>Description</u>	<u>2019</u>	<u>2018</u>	<u>Change</u>
Current and other assets	\$ 1,051,734	\$ 993,238	\$ 58,496
Capital assets, net	<u>13,133</u>	<u>12,441</u>	<u>692</u>
Total assets	<u>1,064,867</u>	<u>1,005,679</u>	<u>59,188</u>
Deferred outflows related to pension	<u>14,101</u>	<u>30,584</u>	<u>(16,483)</u>
Total deferred outflows of resources	<u>14,101</u>	<u>30,584</u>	<u>(16,483)</u>
Current and other liabilities	39,586	27,547	12,039
Long-term liabilities	<u>143,748</u>	<u>144,237</u>	<u>(489)</u>
Total liabilities	<u>183,334</u>	<u>171,784</u>	<u>11,550</u>
Deferred inflows related to pension	<u>32,354</u>	<u>55,548</u>	<u>(23,194)</u>
Total deferred inflows of resources	<u>32,354</u>	<u>55,548</u>	<u>(23,194)</u>
Net position			
Net investment in capital assets	13,133	12,441	692
Restricted net position	288,792	354,857	(66,065)
Unrestricted net position	<u>561,355</u>	<u>441,633</u>	<u>119,722</u>
Total net position	<u>\$ 863,280</u>	<u>\$ 808,931</u>	<u>\$ 54,349</u>

Investments in capital assets comprise about 1% of the EDC's total assets and about 2% of the total net position.

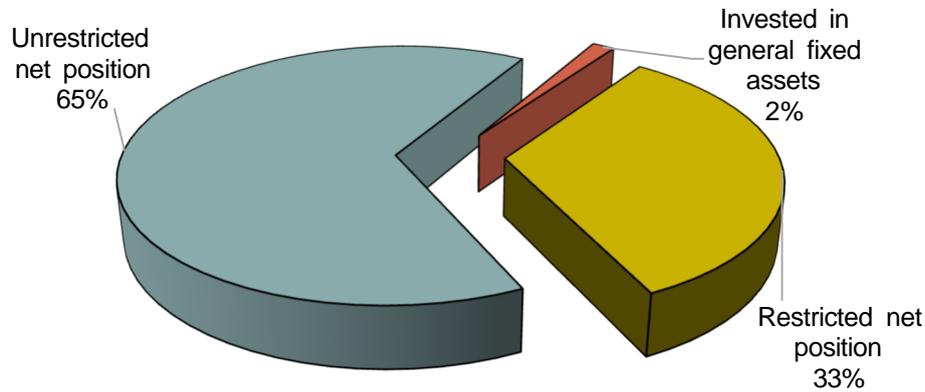
It was a positive year for the EDC's 2019 statement of net position. Current and other assets increased by \$58,496 and the assets of the organization exceeded \$1 million.

Unrestricted net position includes cash, receivables, and other assets, less all other liabilities not previously applied. The following graph illustrates the relative percentage of the EDC's net position for net investment in capital assets, restricted net position, and unrestricted net position:

**KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2019**

**Net Position (continued)**

**Net Position as of December 31, 2019**



**Statement of Activities**

The results of the EDC's operations are reported in the statement of activities. Table II presents a condensed summary of data from the EDC's statement of activities.

**Table II  
Summary of Statement of Activities  
Years Ended December 31**

	<u>2019</u>	<u>2018</u>	<u>Change</u>
Revenues			
Program revenues:			
Intergovernmental	\$ 107,887	\$ 1,068	\$ 106,819
Charges for services	890	435	455
General revenues:			
Property taxes	531,596	516,461	15,135
Interest income	17,683	14,870	2,813
Loss on sale of asset	(623)	-	(623)
Other income	<u>50,953</u>	<u>33,040</u>	<u>17,913</u>
Total revenues	<u>708,386</u>	<u>565,874</u>	<u>142,512</u>
Expenses			
Program expenses:			
Salaries including related taxes and benefits	233,536	236,724	(3,188)
Administration	148,284	139,076	9,208
Committees and special projects	95,920	54,804	41,116
Events and programs	13,200	32,072	(18,872)
Grants and donations	159,711	47,666	112,045
Depreciation	<u>3,386</u>	<u>3,077</u>	<u>309</u>
Total expenses	<u>654,037</u>	<u>513,419</u>	<u>140,618</u>

**KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2019**

**Statement of Activities (continued)**

**Table II (continued)  
Summary of Statement of Activities  
Years Ended December 31**

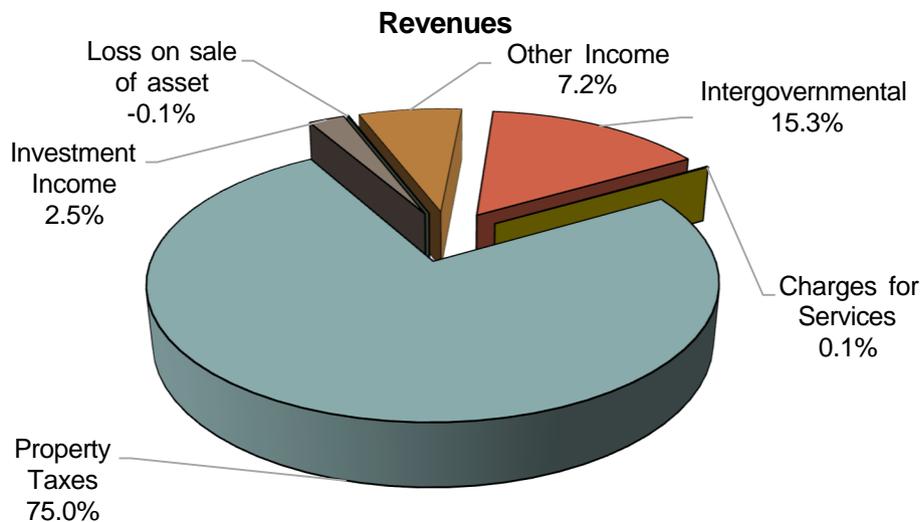
	<u>2019</u>	<u>2018</u>	<u>Change</u>
Excess of revenues over expenses	54,349	52,455	1,894
Transfer	-	103,472	(103,472)
Change in net position	<u>54,349</u>	<u>155,927</u>	<u>(101,578)</u>
Net position - beginning as originally stated	808,931	806,842	2,089
Prior period adjustment	-	(153,838)	153,838
Net position - beginning as restated	<u>808,931</u>	<u>653,004</u>	<u>155,927</u>
Net position - ending	<u>\$ 863,280</u>	<u>\$ 808,931</u>	<u>\$ 54,349</u>

The increase in intergovernmental revenues reflects a grant of \$107,000 received in 2019 from the USDA for Simply Shrimp. The increase in grants and donations also reflects the grant of \$107,000 that was disbursed in 2019. The EDC acted as an intermediary by receiving the funding from USDA and disbursing it as necessary. The increase in other income reflects an additional event occurring in 2019. The increase in committees and special projects reflects the additional grants and digital/social media that occurred in 2019. The decrease in events and programs reflects the additional KCEO loans written off in 2019. The transfer of \$103,472 reflects the transfer of assets from the WAM-BC organization that was dissolved, which occurred in 2018. The EDC assisted the non-profit in the dissolution process and took over the non-profit's microenterprise loan portfolio.

**Financial Analysis of the Organization as a Whole**

The EDC is a special taxing district and is primarily funded through levies with the County. In 2019 the county levy represented 75% of the EDC's revenues, with the remainder split among RLF loan repayment interest, savings interest, event sponsorships, grants, and intergovernmental revenue.

The following graph illustrates the major sources of these revenues and related percentages:

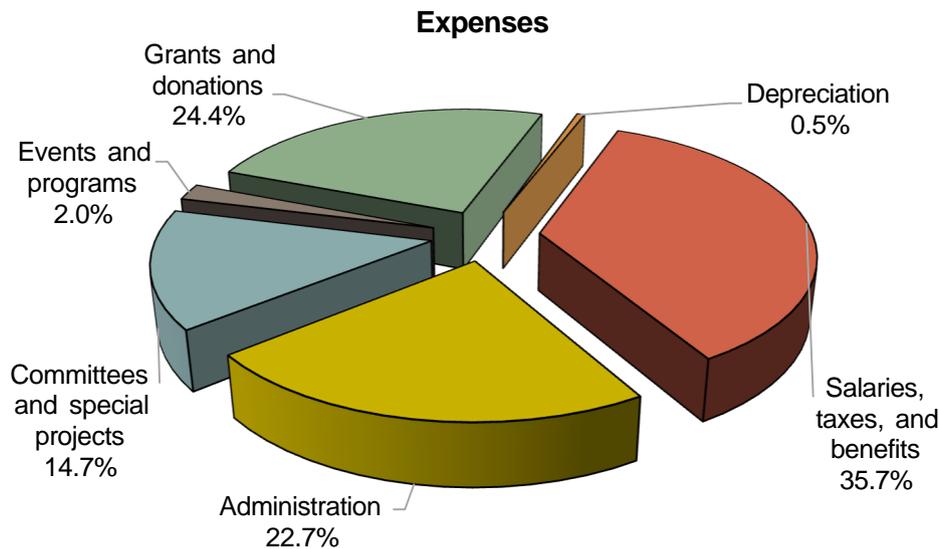


**KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2019**

**Financial Analysis of the Organization as a Whole (continued)**

For the year ended December 31, 2019, the EDC incurred operating expenses of \$654 thousand. Approximately 36% of the agency's expenses were tied to staff salaries and benefits and 23% were administrative expenditures.

The following graph illustrates the major expense groups and the percent of the total expense each represents for the year ending December 31, 2019:



**General Fund Budgetary Highlights**

General revenues from property taxes for the EDC increased from \$516,461 to \$531,596, or by 2.9%, over the previous year. Expenses for the organization increased from \$513,419 to \$654,037, or by 27.4%, over the previous year. The EDC's Joint Powers Board of Directors revised the 2019 budget in April of 2019 to increase the intergovernmental and other income in the amounts of \$107,000 and \$14,000, respectively. This was to account for the USDA grant for Simply Shrimp and the Retail Business Design Workshops.

**Capital Assets**

At the end of 2019, the EDC had \$13,133 (net of accumulated depreciation) invested in various leasehold improvements, furniture, and equipment. Refer to Note 3 of the notes to the financial statements for a schedule showing the EDC's capital asset activity.

**Long-Term Debt**

At the end of 2019, the EDC had \$21,421 in compensated absences and \$143,748 in net pension liability. Refer to Note 3 of the notes to the financial statements for a schedule showing the EDC's long-term debt activity.

**Contacting the EDC's Management**

This financial report is designed to provide the State of Minnesota, city and county officials, taxpayers, and citizens with a general overview of the EDC's finances and to demonstrate the EDC's accountability for the money it receives. Questions concerning this report or requests for additional financial information should be directed to the Kandiyohi County and City of Willmar Economic Development Commission, 222 20<sup>th</sup> Street SE, P.O. Box 1783, Willmar, MN 56201, 320-235-7370.

**KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION  
GOVERNMENTAL FUND BALANCE SHEET AND  
GOVERNMENTAL ACTIVITIES - STATEMENT OF NET POSITION  
WITH ADJUSTMENTS TO CONVERT MODIFIED TO FULL ACCRUAL  
December 31, 2019**

	<b>General Fund</b>	<b>Adjustments</b>	<b>Governmental Activities</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 399,628	\$ -	\$ 399,628
Certificates of deposit	184,938	-	184,938
Receivables			
Delinquent taxes	14,059	-	14,059
Loans, net of allowance	264,581	-	264,581
Prepaid expense	2,926	-	2,926
Rent deposit	3,600	-	3,600
Restricted cash	182,002	-	182,002
Capital assets			
Depreciable - net	-	13,133	13,133
Total Assets	<b>\$ 1,051,734</b>	<b>13,133</b>	<b>1,064,867</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Related to pensions		14,101	14,101
Total Deferred Outflows of Resources		<b>14,101</b>	<b>14,101</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 18,165	-	18,165
Long-term liabilities			
Due in more than one year			
Compensated absences	-	21,421	21,421
Net pension liability	-	143,748	143,748
Total Liabilities	<b>18,165</b>	<b>165,169</b>	<b>183,334</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Related to pensions		32,354	32,354
Unavailable revenue - taxes	7,597	(7,597)	-
Total Deferred Inflows of Resources	<b>7,597</b>	<b>24,757</b>	<b>32,354</b>
<b>FUND BALANCE</b>			
Nonspendable	2,926	(2,926)	
Restricted	288,792	(288,792)	
Committed	146,151	(146,151)	
Assigned	25,750	(25,750)	
Unassigned	562,353	(562,353)	
Total Fund Balance	<b>1,025,972</b>	<b>(1,025,972)</b>	
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<b>\$ 1,051,734</b>		
<b>NET POSITION</b>			
Net investment in capital assets		13,133	13,133
Restricted		288,792	288,792
Unrestricted		561,355	561,355
Total Net Position		<b>\$ 863,280</b>	<b>\$ 863,280</b>

The notes to the financial statements are an integral part of this statement.

**KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION  
GOVERNMENTAL 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, 2019**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Governmental Activities</u>
<b>REVENUES</b>			
Property taxes	\$ 531,596	\$ -	\$ 531,596
Charges for services	890	-	890
Intergovernmental	107,550	337	107,887
Interest income	17,683	-	17,683
Miscellaneous	<u>50,953</u>	<u>-</u>	<u>50,953</u>
<b>TOTAL REVENUES</b>	<u>708,672</u>	<u>337</u>	<u>709,009</u>
<b>EXPENDITURES</b>			
Salaries and wages	186,300	1,480	187,780
Payroll taxes and benefits	52,619	(6,863)	45,756
Administrative	143,614	4,670	148,284
Committees and special projects	95,920	-	95,920
Events and programs	13,200	-	13,200
Grants and donations	159,711	-	159,711
Capital outlay	9,371	(9,371)	-
Depreciation	<u>-</u>	<u>3,386</u>	<u>3,386</u>
<b>TOTAL EXPENDITURES</b>	<u>660,735</u>	<u>(6,698)</u>	<u>654,037</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	47,937	7,035	54,972
<b>OTHER FINANCING USES</b>			
Loss on sale of asset	<u>-</u>	<u>(623)</u>	<u>(623)</u>
<b>TOTAL OTHER FINANCING USES</b>	<u>-</u>	<u>(623)</u>	<u>(623)</u>
<b>NET CHANGE IN FUND BALANCE/NET POSITION</b>	47,937	6,412	54,349
<b>FUND BALANCE/NET POSITION, Beginning of year</b>	<u>978,035</u>	<u>(169,104)</u>	<u>808,931</u>
<b>FUND BALANCE/NET POSITION, End of year</b>	<u>\$ 1,025,972</u>	<u>\$ (162,692)</u>	<u>\$ 863,280</u>

**ADJUSTMENTS TO CONVERT MODIFIED ACCRUAL TO FULL ACCRUAL BASIS OF ACCOUNTING:**

Governmental funds reported capital outlays as expenditures. However, in the statement of activities the cost of those assets are allocated over their useful lives and reported as depreciation expense.

Capital outlay	\$ 4,701
Depreciation expense	(3,386)

The statement of activities reports losses arising from the disposal of capital assets. Governmental funds do not report any gain or loss on disposal of capital assets.

Sale of asset	(623)
---------------	-------

In the statement of activities, pension expense is measured by the amount earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used.

7,200

In the statement of activities, compensated absences are expenditures when earned. In the governmental funds, however, expenditures are recognized when paid.

(1,480)

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

\$ 6,412

The notes to the financial statements are an integral part of this statement.

**KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the Year Ended December 31, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Over (Under) Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property taxes	\$ 528,600	\$ 528,600	\$ 531,596	\$ 2,996
Charges for services	900	900	890	(10)
Intergovernmental	-	107,000	107,550	550
Interest income	10,613	10,613	17,683	7,070
Miscellaneous	<u>47,500</u>	<u>61,500</u>	<u>50,953</u>	<u>(10,547)</u>
<b>TOTAL REVENUES</b>	<u>587,613</u>	<u>708,613</u>	<u>708,672</u>	<u>59</u>
<b>EXPENDITURES</b>				
Salaries and wages	196,800	197,800	186,300	(11,500)
Payroll taxes and benefits	54,152	54,152	52,619	(1,533)
Administrative	164,870	164,870	143,614	(21,256)
Committees and special projects	69,730	83,730	95,920	12,190
Events and programs	16,648	16,648	13,200	(3,448)
Grants and donations	85,400	192,400	159,711	(32,689)
Capital outlay	<u>-</u>	<u>-</u>	<u>9,371</u>	<u>9,371</u>
<b>TOTAL EXPENDITURES</b>	<u>587,600</u>	<u>709,600</u>	<u>660,735</u>	<u>(48,865)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 13</u>	<u>\$ (987)</u>	47,937	<u>\$ 48,924</u>
<b>FUND BALANCE, Beginning of year</b>			<u>978,035</u>	
<b>FUND BALANCE, End of year</b>			<u>\$ 1,025,972</u>	

The notes to the financial statements are an integral part of this statement.

**KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Financial Reporting Entity**

The Kandiyohi County and City of Willmar Economic Development Commission (EDC) was established by resolution on July 1, 2003, by a joint powers agreement between Kandiyohi County and City of Willmar pursuant to Minn. Laws 1989, First Special Session, ch. 1, art. 17. The 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 Economic Development Commission 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 EDC elects a chair, vice-chair, secretary, and a treasurer from its members. These officers serve a one-year term of office. This Joint Powers Board meets on a quarterly basis. The EDC also has an eight member Board of Directors that oversees their operations. Each member serves three year terms. This Joint Operations Board meets on a monthly basis.

Property taxes represent a substantial portion of the EDC's revenue. The 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 Economic Development Commission is a separate entity independent of the city and the county which formed it. In accordance with generally accepting accounting principles, the 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 Economic Development Commission.

**B. Basic Financial Statements**

**1. Government-Wide Statements**

The government-wide financial statements (the statement of position and the statement of activities) report information on all of the non-fiduciary activities of the EDC. Governmental activities are normally supported by property tax revenues.

In the government-wide statement of net position, the governmental activities column: (a) is presented on a consolidated basis by column; and (b) is 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 EDC's net position is reported in three parts: (1) net investment in capital assets; (2) restricted net position; and (3) unrestricted net position.

The statement of activities demonstrates the degree to which the direct expenses of each function of the EDC's governmental activities are offset by program revenues. Direct expenses are those clearly identifiable with a specific function or activity. Program revenues include: (1) intergovernmental, interest income, and various other sources; and (2) grants and contributions restricted to meeting the capital requirements of a particular function or activity. Revenues not classified as program revenues, including all taxes are presented as general revenues.

**2. Fund Financial Statements**

The fund financial statements provide information about the EDC's governmental fund. The emphasis of governmental fund financial statements is on the major individual governmental funds, with each displayed in a separate column in the fund financial statements.

**a. Governmental Funds**

The EDC reports the following major governmental fund:

The General Fund is the primary operating fund of the EDC and is classified as a major fund. It is used to account for all activities.

**KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**C. Measurement Focus and Basis of Accounting**

The government-wide financial statements 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. Shared revenues are generally recognized in the period the appropriation goes into effect. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements 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. EDC considers all revenues as available if collected within 60 days after the end of the current period. Shared revenues, interest, and miscellaneous are all considered susceptible to accrual. Expenditures are recorded when the related fund liability is incurred.

**D. Assets, Liabilities, and Net Position/Fund Balances**

**1. Cash and Cash Equivalents**

The EDC has defined cash and cash equivalents to include cash on hand, demand deposits, and short-term investments with original maturities of three months or less.

**2. Receivables**

Property taxes are levied by the Board of Directors in October each year and are certified to Kandiyohi County for collection in the following year. The County collects the taxes and periodically remits them to the EDC. The majority of these remittances are made in June and November.

Taxes that remain unpaid are classified as delinquent taxes receivable. Revenue from delinquent property taxes not collected within 60 days of year-end is deferred in the fund financial statements because it is not known to be available to finance the operation of the EDC in the current year.

The EDC has loans receivable consisting of various loans. A provision for uncollectible accounts is made as necessary.

**3. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods.

**4. Capital Assets**

Capital assets, which include property and equipment, are reported in the government-wide financial statements. Capital assets are defined by the 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 or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Computers, furniture, and equipment	5 - 7
Leasehold improvements	10

**KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. Assets, Liabilities, and Net Position/Fund Balances (continued)**

**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. The full time employees can accrue from eleven to twenty days of vacation time per year depending on years of employment, and can accrue up to twelve days of sick time per year. Full time employees may carry over up to a maximum of 160 hours of vacation time annually and a maximum of 192 hours of sick time annually.

**6. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position and fund financial statements will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The EDC has one item that qualifies for reporting in this category – a deferred outflow relating to pension activity, reported in government activities – statement of net position. A deferred outflow relating to pension activity results from the net effect of the change in proportionate share and employer contributions.

In addition to liabilities, the statement of financial position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The EDC has one item that qualifies for reporting in this category under full accrual basis of accounting. Accordingly, the item, deferred inflow is reported in the governmental activities – statement of net position. A deferred inflow relating to pension activity is a result of the net difference between projected and actual earnings on plan investments. The EDC also has one item that qualifies for reporting in this category under modified accrual basis of accounting. Accordingly, the item, unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**7. Pensions**

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA, except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**8. Net Position/Fund Balances**

The government-wide fund financial statements use a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

*Net investment in capital assets* – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.

*Restricted net position* – laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net position* – This category represents net position of the EDC, not restricted for any project or other purpose.

**KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. Assets, Liabilities, and Net Position/Fund Balances (continued)**

**8. Net Position/Fund Balances (continued)**

In the governmental fund financial statements, fund balance is divided into five classifications based primarily on the extent to which the EDC is bound to observe constraints imposed upon the use of resources reported in governmental funds. These classifications are as follows.

*Nonspendable* – consists of amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact, such as, prepaid items.

*Restricted* – consists of amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

*Committed* – consists of amounts that are constrained for specific purposes that are internally imposed by formal action of the EDC’s Board. Those committed amounts cannot be used for any other purpose unless the Board of Directors remove or change the specified use by taking the same type of action it employed to previously commit those amounts. These constraints are established by Resolution of the Board.

*Assigned* – consists of amounts intended to be used by the EDC’s Board for specific purposes but do not meet the criteria to be classified as restricted or committed. In the General Fund, assigned amounts represent intended uses established by the governing body itself or by an official to which the governing body delegates the authority.

*Unassigned* – is the residual classification for the General Fund.

When both restricted and unrestricted sources are available for use, it is the EDC’s policy to use restricted resources first, then unrestricted resources as they are needed.

At December 31, 2019, a summary of the governmental fund balance classifications are as follows:

<b>Fund Balance</b>	<u>General Fund</u>
Nonspendable	
Prepays	\$ 2,926
Restricted	
Tourism development	13,641
KCEO program	5,337
Revolving loan fund	269,814
Committed	
Entrepreneur's loan fund guarantees	15,965
Micro loan fund	100,000
Revolving loan fund	30,186
Assigned	
Loan receivable - HRA of Willmar	25,750
Unassigned	<u>562,353</u>
Total Fund Balance	<u>\$ 1,025,972</u>

**KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. Assets, Liabilities, and Net Position/Fund Balances (continued)**

**9. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgets**

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 3 DETAILED NOTES ON ALL FUNDS**

**A. Assets**

**1. Deposits and Investments**

**a. Deposits**

Minn. Stat. § 118A.02 and § 118A.04 authorize the EDC to designate a depository for public funds and to invest in certificates of deposit. Minn. Stat. § 118A.03 requires 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 bonds; issues of U.S. government agencies; general obligations rated "A" or better, and revenue obligations rated "AA" or better; irrevocable standby 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, 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.

**Custodial Credit Risk**

Custodial credit risk is the risk that in the event of a financial institution failure, the EDC's deposits may not be returned to it. The EDC will obtain collateral or bonds for all uninsured amounts on deposit and the additional insurance will be documented to show compliance with state law and a perfected security interest under federal law. At December 31, 2019, the EDC deposits were covered by federal depository insurance limit of \$250,000 or collateral held in safekeeping.

**b. Investments**

Minn. Stat. § 118A.04 and § 118A.05 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 Minn. Stat. § 118A.04, subd. 6;

(2) mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;

**KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

**NOTE 3 DETAILED NOTES ON ALL FUNDS (continued)**

**A. Assets (continued)**

**1. Deposits and Investments (continued)**

**b. Investments (continued)**

(3) general obligations of the State of Minnesota and its municipalities, and in certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by a national bond rating service;

(4) bankers' acceptances of United States banks;

(5) commercial paper issued by 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; and

(6) with certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

**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. The EDC does not have a formal investment policy that addresses interest rate risk.

**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. The EDC does not have a formal investment policy that addresses credit risk.

**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 in the possession of an outside party. The EDC does not have a formal investment policy that addresses custodial credit risk.

**Concentration of Credit Risk**

As of and during the year ended December 31, 2019, the EDC did not own any investments that required disclosure regarding interest rate risk, credit risk, or concentration of credit risk.

**2. Receivables**

Receivables as of December 31, 2019, for the EDC's governmental activities are as follows:

	Total Receivables	Not Expected to be Collected Within One Year
Governmental Activities		
Delinquent taxes	\$ 14,059	\$ 7,597
Loans receivable, net of allowance	264,581	209,996
Total Governmental Activities	\$ 278,640	\$ 217,593

**KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

**NOTE 3 DETAILED NOTES ON ALL FUNDS (continued)**

**A. Assets (continued)**

**2. Receivables (continued)**

Taxes receivable consist of uncollected taxes, which are classified as delinquent taxes receivable. On the EDC's governmental fund balance sheet, delinquent taxes receivable are offset by unearned 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.

Loans receivable consist of the following:

HRA of Willmar – This loan receivable is a term note dated June 1, 1998. The note has no stated interest rate, is unsecured, non-guaranteed, and is due in full on June 1, 2028. At December 31, 2019, the balance of this loan was \$25,750.

Revolving Loan Funds – Consists of various term notes dated December 2011 through July 2019, requiring 60 monthly payments of \$475 to \$950 including interest at 5.25% to 6.25%. Matures January 2021 through March 2028. At December 31, 2019, the balance of these loans totaled \$203,307.

KCEO Student Loans – Consists of loans to student entrepreneurs in amounts of \$250 to \$600 for small business development payable within one year, non-interest bearing. At December 31, 2019, the balance of these loans totaled \$7,069. A provision has been made for estimated uncollectible amounts in the amount of \$7,069.

Willmar Area Multicultural Business Center (WAMBC)/Micro Loans – Consists of various term notes requiring monthly payments of \$150 to \$500 including interest at 0.00% to 3.00%. Matures December 2021 through September 2023. At December 31, 2019, the balance of these loans totaled \$35,524.

**3. Capital Assets**

Capital asset activity for the year ended December 31, 2019, was as follows:

<b>Governmental activities:</b>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets being depreciated:				
Equipment	\$ 45,134	\$ 4,701	\$ 7,319	\$ 42,516
Total capital assets being depreciated	<u>45,134</u>	<u>4,701</u>	<u>7,319</u>	<u>42,516</u>
Less accumulated depreciation for:				
Equipment	<u>32,693</u>	<u>3,386</u>	<u>6,696</u>	<u>29,383</u>
Total accumulated depreciation	<u>32,693</u>	<u>3,386</u>	<u>6,696</u>	<u>29,383</u>
Total capital assets being depreciated, net	<u>12,441</u>	<u>1,315</u>	<u>623</u>	<u>13,133</u>
Governmental activities capital assets, net	<u>\$ 12,441</u>	<u>\$ 1,315</u>	<u>\$ 623</u>	<u>\$ 13,133</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

<b>Governmental activities</b>	
Economic development	<u>\$ 3,386</u>

**KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

**NOTE 3 DETAILED NOTES ON ALL FUNDS (continued)**

**B. Liabilities**

**1. Line of Credit**

The EDC secured a \$25,000 revolving line of credit with Heritage Bank in October 2017. The line of credit matured in October 2019. The line of credit is unsecured. At December 31, 2019, the balance of the line of credit was \$0. The EDC allowed this agreement to expire during the year ended December 31, 2019.

**2. Long-Term Debt**

Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2019, was as follows:

<b>Governmental Activities</b>	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated Absences	\$ 19,941	\$ 21,578	\$ 20,098	\$ 21,421	\$ -
Net Pension Liability	<u>144,237</u>	<u>16,453</u>	<u>16,942</u>	<u>143,748</u>	<u>-</u>
Total Governmental Activities	<u>\$ 164,178</u>	<u>\$ 38,031</u>	<u>\$ 37,040</u>	<u>\$ 165,169</u>	<u>\$ -</u>

**NOTE 4 DEFINED BENEFIT PENSION PLANS**

**A. Plan Description**

The EDC participates in the following cost-sharing, multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA's defined benefit pension plans are established and administered in accordance with *Minnesota Statutes*, Chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

**1. General Employees Retirement Plan**

All full-time and certain part-time employees of the EDC are covered by the General Employees Plan. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

**B. Benefits Provided**

PERA provides retirement, disability, and death benefits. Benefits provision are established by state statute and can only be modified by the state Legislature. 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.

**1. General Employees Plan Benefits**

General Employees Plan 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 PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2% of average salary for each of the first 10 years of service and 1.7% of average salary for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7% of average salary for all years of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

**KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

**NOTE 4 DEFINED BENEFIT PENSION PLANS (continued)**

**B. Benefits Provided (continued)**

**1. General Employees Plan Benefits (continued)**

Annuities, disability benefits, and survivor benefits are increased effective every January 1. Beginning January 1, 2019, the postretirement increase will be equal to 50% of the cost-of-living adjustment (COLA) announced by SSA, with a minimum increase of at least 1.0% and a maximum of 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

**C. Contributions**

*Minnesota Statutes* Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

**1. General Employees Fund Contributions**

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2019 and the EDC was required to contribute 7.50% for Coordinated Plan members. The EDC's contributions to the General Employees Fund for the year ended December 31, 2019, were \$13,972. The EDC's contributions were equal to the required contributions as set by state statute.

**D. Pension Costs**

**1. General Employees Fund Pension Costs**

At December 31, 2019, the EDC reported a liability of \$143,748 for its proportionate share of the General Employees Fund's net pension liability. The EDC's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million to the fund in 2019. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the EDC's totaled \$4,500. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The EDC's proportion of the net pension liability was based on the EDC's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2018, through June 30, 2019, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2019, the EDC's proportion share was .0026% which was not changed from its proportion measured as of June 30, 2018.

The EDC's proportionate share of the net pension liability	\$ 143,748
State of Minnesota's proportionate share of the net pension liability associated with the EDC	<u>4,500</u>
Total	<u>\$ 148,248</u>

For the year ended December 31, 2019, the EDC recognized pension expense of \$12,699 for its proportionate share of the General Employees Plan's pension expense. In addition, the EDC recognized an additional \$337 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

**KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

**NOTE 4 DEFINED BENEFIT PENSION PLANS (continued)**

**D. Pension Costs (continued)**

**1. General Employees Fund Pension Costs (continued)**

At December 31, 2019, the EDC reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 3,914	\$ -
Changes in actuarial assumptions	-	11,085
Net collective difference between projected and actual investment earnings	-	13,149
Changes in proportion	3,192	8,120
Contributions paid to PERA subsequent to the measurement date	<u>6,995</u>	<u>-</u>
Total	<u>\$ 14,101</u>	<u>\$ 32,354</u>

The \$6,995 reported as deferred outflows of resources related to pensions resulting from the EDC contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31:</u>	<u>Pension Expense Amount</u>
2020	\$ (12,898)
2021	\$ (9,704)
2022	\$ (2,878)
2023	\$ 232

**2. Total Pension Expense**

The total pension expense for all plans recognized by the EDC for the year ended December 31, 2019 was \$12,699.

**E. Actuarial Assumptions**

The total pension liability in the June 30, 2019, actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

Inflation	2.50% per year
Active Member Payroll Growth	3.25% per year
Investment Rate of Return	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabled members were based on RP 2014 tables for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.25% per year for the General Employees Plan.

**KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019**

**NOTE 4 DEFINED BENEFIT PENSION PLANS (continued)**

**E. Actuarial Assumptions (continued)**

Actuarial assumptions used in the June 30, 2019 valuation was based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2019. Economic assumptions were updated in 2018 based on a review of inflation and investment return assumptions.

The following changes in actuarial assumptions and plan provisions occurred in 2019:

**General Employees Fund**

Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2017 to MP-2018.

Changes in Plan Provisions:

- The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The State's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rate of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	35.5%	5.10%
Private Markets	25.0%	5.90%
Fixed Income	20.0%	0.75%
International Equity	17.5%	5.90%
Cash Equivalents	2.0%	0.00%
	100%	

**F. Discount Rate**

The discount rate used to measure the total pension liability in 2019 was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on this assumption, the fiduciary net position of the General Employees Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

**NOTE 4 DEFINED BENEFIT PENSION PLANS (continued)**

**G. Pension Liability Sensitivity**

The following presents the EDC's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the EDC's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

<b>Sensitivity Analysis</b>		
<i>Net Pension Liability at Different Discount Rates</i>		
	General Employees Fund	
1% Lower	6.50%	\$ 236,314
Current Discount Rate	7.50%	\$ 143,748
1% Higher	8.50%	\$ 67,316

**H. Pension Plan Fiduciary Net Position**

Detailed information about each pension plan's fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at [www.mnpera.org](http://www.mnpera.org).

**NOTE 5 RISK MANAGEMENT**

The EDC is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the EDC carries insurance. The EDC obtains insurance through participation in the Minnesota Counties Intergovernmental Trust (MCIT). MCIT is a risk sharing pool operated as a common risk management and insurance program for its members. The EDC pays an annual premium to MCIT for its workers compensation and property and casualty insurance. The MCIT is self-sustaining through member premiums and will reinsure for claims above a prescribed dollar amount for each insurance event.

**NOTE 6 COMMITMENTS AND CONTINGENCIES**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the EDC expects such amounts, if any, to be immaterial.

The Kandiyohi County and City of Willmar Economic Development Commission has entered into various loan 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 loan balances under this loan program are \$31,930 at December 31, 2019 with the EDC Board committing to reserve 50% of the guarantee amount, or \$15,965. As of December 31, 2019, the EDC has not received any notice of default under the loan guarantee program.

**KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

**NOTE 7 OPERATING LEASE**

Effective December 2014, the EDC entered into a lease agreement for the office facility. Terms of the lease include monthly rent of \$1,800 for five years. Effective December 2019, the lease was renewed with monthly rent of \$2,000 for five years. 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</u> <u>December 31:</u>	<u>Amount</u>
2020	\$ 24,000
2021	\$ 24,000
2022	\$ 24,000
2023	\$ 24,000
2024	\$ 22,000

**NOTE 8 SUBSEQUENT EVENTS**

On March 11, 2020 the World Health Organization declared COVID-19 to be a global pandemic. The COVID-19 outbreak in the United States has caused significant disruptions throughout the national, state, and local economy. The potential financial impact to the EDC cannot be reasonably estimated at this time.

The EDC has evaluated subsequent events through August 4, 2020, the date the financial statements were available to be issued.

**KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION  
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY  
GENERAL EMPLOYEES RETIREMENT FUND**

Fiscal Year Ending	Employer's Proportion (Percentage) of the Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with EDC (b)	Employer's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated With EDC (a+b)	Employer's Covered- Employee Payroll (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- Employee Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2019	0.0026%	\$ 143,748	\$ 4,500	\$ 148,248	\$ 183,027	81.0%	80.2%
June 30, 2018	0.0026%	\$ 144,237	\$ 4,581	\$ 148,818	\$ 171,400	86.8%	79.5%

Note: GASB Statement 68, Accounting and Financial Reporting for Pensions was adopted in 2018.

Note: Schedules are intended to show a 10 year trend. Additional years will be reported as they become available.

See notes to required supplementary information.

**KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
GENERAL EMPLOYEES RETIREMENT FUND**

Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered- Employee Payroll (c)	Contributions as a Percentage of Covered- Employee Payroll (b/c)
December 31, 2019	\$ 13,972	\$ 13,972	\$ -	\$ 186,300	7.50%
December 31, 2018	\$ 13,500	\$ 13,500	\$ -	\$ 180,000	7.50%

Note: GASB Statement 68, Accounting and Financial Reporting for Pensions was adopted in 2018.

Note: Schedules are intended to show a 10 year trend. Additional years will be reported as they become available.

See notes to required supplementary information.

**KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
December 31, 2019

**NOTE 1 CHANGES IN NET PENSION LIABILITIES AND RELATED RATIOS**

**General Employees Fund**

*2019 Changes*

Changes in Actuarial Assumptions:

- The morality projection scale was changed from MP-2017 to MP-2018.

Changes in Plan Provisions:

- The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The State's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

*2018 Changes*

Changes in Actuarial Assumptions:

- The morality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.0% per year through 2044 and 2.50% per year thereafter to 1.25% per year.

Changes in Plan Provisions:

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.0% to 3.0%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Post-retirement benefit increases were changed from 1.0% per year with a provision to increase to 2.5% upon attainment of 90% funding ratio to 50% of the Social Security Cost of Living Adjustment, not less than 1.0% and not more than 1.5%, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches Normal Retirement Age. Does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Kandiyohi County and City of Willmar Economic Development Commission as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Kandiyohi County and City of Willmar Economic Development Commission's basic financial statements, and have issued our report thereon dated August 4, 2020.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and recommendations, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and recommendations as item 2019-003 to be a material weakness.

*A significant deficiency* is a deficiency, or 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. We consider the deficiencies described in the accompanying schedule of findings and recommendations as items 2019-001 and 2019-002 to be significant deficiencies.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the EDC's financial statements are free from 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 or other matters that are required to be reported under *Government Auditing Standards*.

## **Minnesota Legal Compliance**

In connection with our audit, nothing came to our attention that caused us to believe that the Kandiyohi County and City of Willmar Economic Development Commission failed to comply with the provisions of the contracting and bidding, deposits and investments, conflicts of interest, claims and disbursements, miscellaneous provisions, and tax increment financing sections of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Kandiyohi County and City of Willmar Economic Development Commission's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

## **Kandiyohi County and City of Willmar Economic Development Commission's Response to Findings**

The Kandiyohi County and City of Willmar Economic Development Commission's response to the internal control and compliance findings identified in our audit is described in the accompanying schedule of findings and recommendations. The Kandiyohi County and City of Willmar Economic Development Commission's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Kandiyohi County and City of Willmar Economic Development Commission's internal control over financial reporting or on compliance. Accordingly, this communication is not suitable for any other purpose.

Westberg Eischens, PLLP

Westberg Eischens, PLLP  
Willmar, Minnesota

August 4, 2020

**KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION  
SCHEDULE OF FINDINGS AND RECOMMENDATIONS  
Year Ended December 31, 2019**

**FINANCIAL STATEMENT FINDINGS**

**Finding 2019-001**

**Criteria:**

Management is responsible for establishing and maintaining internal controls over the preparation of the financial statements and related disclosures in accordance with accounting principles generally accepted in the United States of America (GAAP).

**Condition:**

Management relies upon the auditor to prepare the financial statements and related disclosures in accordance with GAAP.

**Context:**

The EDC has informed us that the small size of its staff precludes the EDC from preparing their own financial statements.

**Effect:**

There is an increased risk that the EDC's management may not prevent or detect misstatements to the financial statements.

**Cause:**

The limited size of the EDC's staff and the related resources available precludes the EDC's management from preparing the financial statements.

**Recommendation:**

We recommend that the EDC's management establish procedures to review and approve the auditor prepared financial statements.

**Current Status:**

Unresolved.

**CORRECTIVE ACTION PLAN (CAP)**

**Finding 2019-001**

**Explanation of Disagreement with Audit Finding:**

There is no disagreement with the audit finding.

**Actions Planned in Response to Finding:**

The EDC's management will establish procedures to review and approve the auditor prepared financial statements and accept responsibility for them.

**Officer Responsible for Ensuring CAP:**

Not Applicable

**Planned Completion Date:**

Not Applicable

**Plan to Monitor Completion of CAP:**

Not Applicable

**KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION  
SCHEDULE OF FINDINGS AND RECOMMENDATIONS  
Year Ended December 31, 2019**

**FINANCIAL STATEMENT FINDINGS (continued)**

**Finding 2019-002**

**Criteria:**

Generally, a system of internal control contemplates separation of duties such that no individual has responsibility to execute a transaction, have physical access to the related assets, and have responsibility or authority to record the transaction.

**Condition:**

Due to the limited size of the EDC's staff, the EDC has limited segregation of duties.

**Context:**

The EDC has informed us that the small size of its staff precludes proper separation of duties at this time.

**Effect:**

The lack of segregation of duties increases the risk of misappropriation of assets.

**Cause:**

Limited number of staff in the office.

**Recommendation:**

We recommend that the EDC continue to separate incompatible duties as best it can within the limits of what the EDC considers to be cost beneficial.

**Current Status:**

Unresolved.

**CORRECTIVE ACTION PLAN (CAP)**

**Finding 2019-002**

**Explanation of Disagreement with Audit Finding:**

There is no disagreement with the audit finding.

**Actions Planned in Response to Finding:**

The EDC reviews and makes improvements to its internal controls on an ongoing basis, and attempts to maximize the segregation of duties in all areas within the limits of the staff available.

**Officer Responsible for Ensuring CAP:**

Not Applicable

**Planned Completion Date:**

Not Applicable

**Plan to Monitor Completion of CAP:**

Not Applicable

**KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION  
SCHEDULE OF FINDINGS AND RECOMMENDATIONS  
Year Ended December 31, 2019**

**FINANCIAL STATEMENT FINDINGS (continued)**

**Finding 2019-003**

**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, or 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 material misstatement in the financial statements that was not identified by the entity's internal control.

**Condition:**

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

**Context:**

The EDC's limited size of office personal has precluded the EDC from properly identifying and correcting the financial statements.

**Effect:**

The EDC's inability to detect material misstatements in the financial statements increases the likelihood that the financial statements may not be fairly presented.

**Cause:**

Inadequate internal controls and monitoring of internal control by the EDC's staff.

**Recommendation:**

We recommend that the EDC's management review internal controls currently in place, then design and implement procedures to improve internal controls over financial reporting to detect misstatements in the financial statements.

**Current Status:**

Unresolved.

**CORRECTIVE ACTION PLAN (CAP)**

**Finding 2019-003**

**Explanation of Disagreement with Audit Finding:**

There is no disagreement with the audit finding.

**Actions Planned in Response to Finding:**

The EDC will continue to review internal controls and work to design modifications that will increase internal control and the ability to detect material misstatements.

**Officer Responsible for Ensuring CAP:**

Not Applicable

**Planned Completion Date:**

Not Applicable

**Plan to Monitor Completion of CAP:**

Not Applicable



522 Hackmore Drive  
St. Paul, MN 55123  
Phone: 612-963-8451  
E-mail: mnz@comcast.net

**LETTER OF AGREEMENT  
FOR RAYMOND ASSISTED LIVING INC, RAYMOND, MINNESOTA  
AND ZELLNER SENIOR HEALTH CONSULTING, ST. PAUL, MINNESOTA**

Zellner Senior Health Consulting (ZSHC) formerly Health Planning & Management Resources, Inc. agrees to complete a market analysis according to the proposal of July 22, 2020 addressing the range of senior living services including independent senior living, general and memory care assisted living (Minnesota Comprehensive Housing with Services) setting. Fees for completing the defined scope of work will be \$7,800. Fees will be paid according to the following schedule:

(Expenses will be billed for the site visit.)

Fees due for contract initiation	\$3,400
Fees due after phone inventories complete	\$2,400
Fees due upon completion of report	\$2,000

All materials developed by ZSHC for the project will remain the property of the facility. No proprietary data developed for this process will be shared with any other individual or organization. If the Raymond Assisted Living desires an on-site report review, an additional \$1000 fee would be added, or an addendum agreement will be drafted and provided to include a strategic planning session within 30 days of the final report.

\_\_\_\_\_  
Mary Nell Zellner, Principal  
Zellner Senior Health Consulting (formerly HP&MR)

7/27/20  
Date

*Larry Macht, President*  
Larry Macht, President

8-6-2020  
Date

**PLEASE RETURN A SIGNED CONTRACT TO ZELLNER SENIOR HEALTH  
CONSULTING  
WITH THE AMOUNT DUE FOR INITIATION OF CONTRACT**





# MARKET ANALYSIS FOR GENERAL AND MEMORY CARE ASSISTED LIVING AND MARKET RATE SENIOR HOUSING IN THE RAYMOND MARKET AREA

**August 2020**

**City of Raymond, Minnesota**

Presented by:

Zellner Senior Health Consulting, LLC

St. Paul, Minnesota

612-963-8451 | [www.zellnerconsult.com](http://www.zellnerconsult.com)

**MARKET ANALYSIS FOR  
GENERAL AND MEMORY CARE  
ASSISTED LIVING AND  
INDEPENDENT SENIOR APARTMENTS  
IN THE RAYMOND MARKET AREA  
RAYMOND, MINNESOTA  
AUGUST 2020**

**Table of Contents**

Purpose of Study and Study Process.....	Page 2
Definition of Market Area .....	Page 4
Map of the Market Area .....	Page 5
Socio-Demographic Analysis of the Market Area and Kandiyohi County.....	Page 6
Profiles of General and Memory Care Assisted Living and Independent Senior Housing.....	Page 14
Summary of Supply and Demand for General and Memory Care Assisted Living and Independent Senior Housing for the Market Area.....	Page 16
Conclusions and Recommendations.....	Page 20
Limitations of a Market Study.....	Page 22
Detailed Profiles/Competitive Analysis.....	Page 23
Senior Life Report for the Market Area .....	Page 30

## **PURPOSE OF STUDY AND STUDY PROCESS**

### **Purpose of the Study**

The City of Raymond, Minnesota contracted with Zellner Senior Health Consulting (ZSHC) to complete a market study for the Raymond, Minnesota Market Area to evaluate the opportunity for additional General and Memory Care Assisted Living and/or Independent Senior Housing development in the Market Area.

### **Study Process**

The information presented in this market analysis was compiled through the following processes.

- Defining a geographic Market Area as the base for analysis and determining the percentage of persons who would come from the Market Area and outside of the Market Area based on conversations with the city of Raymond and on the experience of the researcher.
- Making a site visit to review current site offerings and services in and near the market area, and discuss proposed market area and expectations regarding market analysis
- Gathering and analyzing socio-demographic data for the defined Market Area suitable for projecting demand for various levels of senior care
- Profiling General Assisted Living, Memory Care Assisted Living, and Independent Senior Housing in the Market Area and near the Market Area
- Projecting the demand for General and Memory Care Assisted Living and Market Rate Independent Senior Housing in the Market Area and the Near Market Area.

All of the above was analyzed and resulted in conclusions regarding the status of the senior care market in the Raymond area. The analysis and conclusions are presented in this report in detail, including assumptions used and other related data. The consultants' rationale for recommendations is also presented.

## **Definitions for Types of Senior Living Addressed in This Study**

For the purposes of this study, assisted living is defined as follows. The reader should note that “assisted living” is not a precise term that clearly defines levels of care for persons who are in assisted living.

Assisted living is for very frail elderly persons with three or more limitations in activities of daily living. Persons who need assisted living are persons who need help in the daily management of their lives, as well as someone available 24 hours a day for oversight and assistance. Persons living in assisted living are more likely to have “unscheduled” needs that arise compared to more independent housing in which persons schedule their assistance. Gerontology research has substantiated that persons who have three or more limitations in activities of daily living are at a degree of frailty that it is difficult for them to maintain themselves in the independent setting.

If assisted living meets the above definition, e.g., 24-hour staffing, it has emerged as an alternative to the nursing home for many older persons. In the past, persons who needed this level of service had no option other than the nursing home. Persons coming to assisted living generally have at least two meals per day provided and frequently, all three meals, have planned social and recreational activities, housekeeping of their living units, some assistance with laundry and have assistance with personal care. Living units in such buildings vary in size and have included one-room, two-room suites and apartments. Some include small cooking facilities, e.g., microwave, sink and small refrigerators. In most newly designed projects, and projects for the private pay market, there are generally private bathroom accommodations for each unit.

Older persons who have moderate to severe Alzheimer’s disease are increasingly being taken care of in the assisted living setting, particularly those who can afford to pay privately for this type of care. The assisted living setting provides ideal circumstances for persons with Alzheimer’s disease if it has specialty programming for this population. Many persons with Alzheimer’s disease do not have health and/or medical needs that necessitate living in a nursing facility with 24-hour availability of this type of care. However, these persons need to be in a sheltered and structured situation. Many general assisted living facilities have older persons who are in the earliest stages of the disease and do not present the risk of leaving the facility unattended and are not a problem for other residents, e.g., going into their rooms, etc. However, when persons progress to the moderate stage, they are difficult to manage in a general assisted living setting.

## DEFINITION OF THE MARKET AREA

Utilizing the data above, the researchers concluded that 80 percent of potential residents will come from the defined Market Area and another 20 percent would come from outside of the Market Area. This may include persons who are near, but not in the Market Area, persons who return to the area to retire, and persons who move to be near adult children.

### **Market Area:**

56282 Raymond  
56222 Clara City  
56260 Maynard  
56281 Prinsburg  
56216 Roseland  
56216 Blomkest

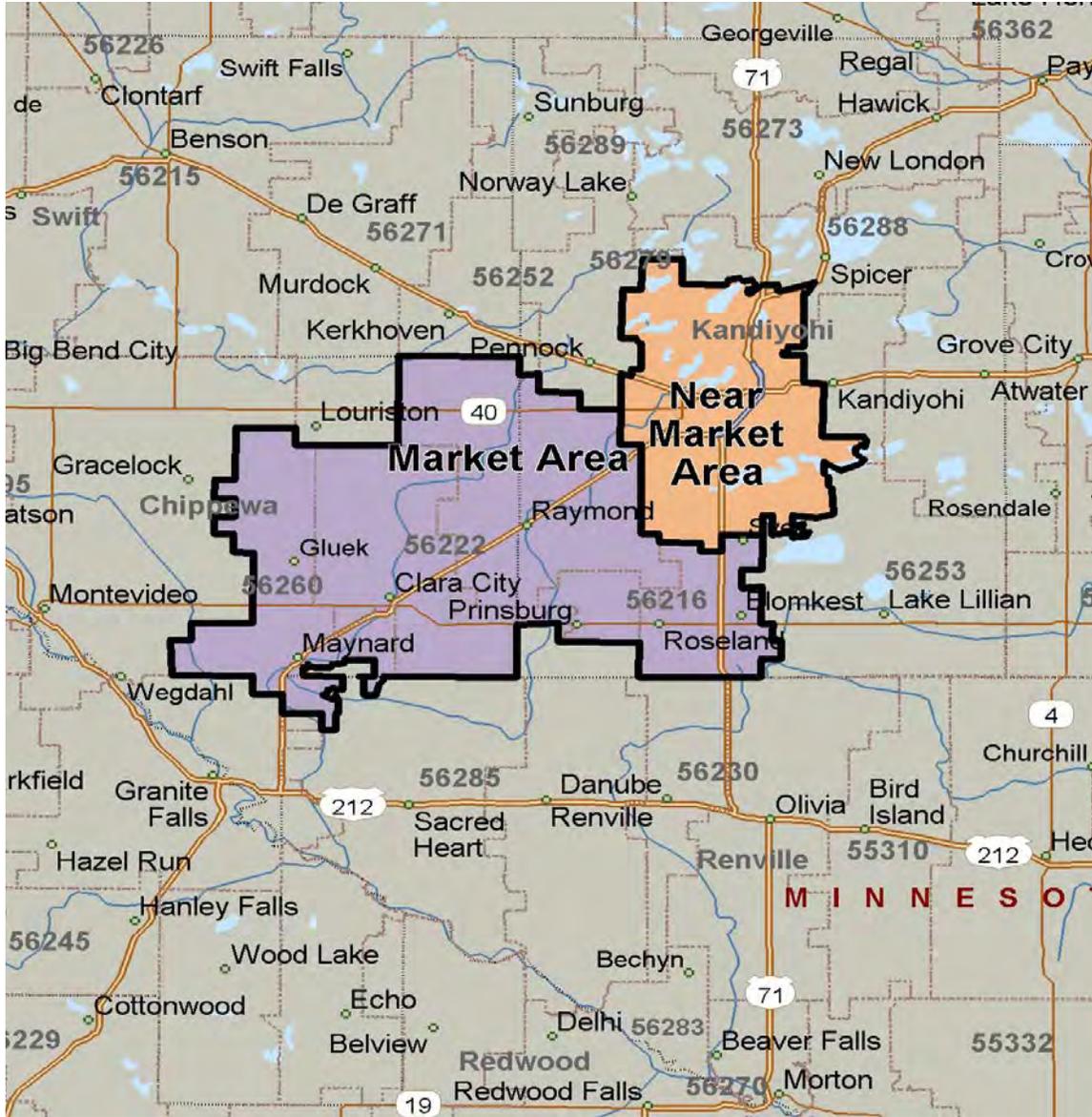
### **Near Market Area:**

56201 Willmar

Facilities in the Market Area and Near the Market Area were profiled to assist in evaluating options in the area as well as provide data related to the existing fees, occupancy and services structure in the facilities.

The map on the following page identifies the two market areas used for the report - Market Area and Near Market Area. The Market Area is the principal focus of this report.

# MAP OF THE MARKET AREA AND NEAR THE MARKET AREA



# **SOCIO-DEMOGRAPHIC ANALYSIS OF THE MARKET AREA AND KANDIYOHI COUNTY**

## **Overview**

The following analysis presents selected socio-demographic information for the Market Area and Kandiyohi County. The information presents estimates for 2020 and projections for 2025. The population data available from the 2010 U.S. Census is incorporated into the estimates and projections to the extent that data was available. The source of this information is Environics, Inc. Environics, Inc. maintains an on-line database that provides detailed socio-demographic data about the defined Market Area, including current year population estimates and five-year population projections. This data source is widely used for market research and is accepted by financial institutions in financing projects.

Long-term demographic information for Kandiyohi County, through the year 2050, is also presented. The source of this information is Woods & Poole Economics, Inc. Woods & Poole Economics, Inc. information is available on a county basis.

## **General Population Trends and Senior Population Characteristics 2020 - 2025**

The following presents general population and older population by age cohorts for the Market Area and Kandiyohi County.

- The total population for the Market Area is projected to decline by 0.20 percent, 11 persons, from 2020 to 2025.
- Kandiyohi County is projected to increase by 1.90 percent, 815 persons, in that same time period.

**POPULATION CHANGE BY AGE SEGMENTS  
FOR PERSONS 55 YEARS OF AGE AND OLDER  
RAYMOND MARKET AREA  
2000, 2020 AND 2025**

**RAYMOND, MINNESOTA**

<b>Age Segment</b>	<b>2000</b>	<b>2020</b>	<b>2025</b>	<b>Population Change 2020 - 2025</b>	<b>Percent Change 2020 - 2025</b>
55-64	723	774	663	(111)	(14.3%)
65-74	482	593	689	96	16.2%
75-84	350	325	334	9	2.8%
85+	206	199	196	(3)	(1.5%)
<b>Total 55+</b>	1,761	1,891	1,882	(9)	(0.5%)
<b>Total 65+</b>	1,038	1,117	1,219	102	9.1%

Source: Envirionics, Inc

For the Market Area, the reader should note the following:

- The 55-64 age cohort shows a significant decline of 14.3 percent from 2020 to 2025.
- The 65-74 age cohort shows the most significant growth – 16.2 percent.
- The population 65 and older is projected to grow by 9.1 percent in that same time period.

**POPULATION CHANGE BY AGE SEGMENTS  
FOR PERSONS 55 YEARS OF AGE AND OLDER  
KANDIYOHI COUNTY  
2000, 2020 AND 2025**

**RAYMOND, MINNESOTA**

<b>Age Segment</b>	<b>2000</b>	<b>2020</b>	<b>2025</b>	<b>Population Change 2020 - 2025</b>	<b>Percent Change 2020 - 2025</b>
55-64	5,422	5,969	5,360	(609)	(10.2%)
65-74	3,362	4,670	5,536	866	18.5%
75-84	2,247	2,344	2,440	96	4.1%
85+	1,223	1,296	1,350	54	4.2%
<b>Total 55+</b>	<b>12,254</b>	<b>14,279</b>	<b>14,686</b>	<b>407</b>	<b>2.9%</b>
<b>Total 65+</b>	<b>6,832</b>	<b>8,310</b>	<b>9,326</b>	<b>1,016</b>	<b>12.2%</b>

Source: Environics, Inc

For Kandiyohi County, the reader should note the following:

- The population trends appear similar to the market area, with the most significant population decline in the 55-64 age cohort.
- The 65-74 age cohort shows the most significant growth – 18.5 percent.
- The population 65 and older is projected to grow by 12.2 percent over the next 5 years.

## **Long-term Demographics for Kandiyohi County**

The long-term projections (2025 – 2050) for Kandiyohi County are presented in the following table.

- The total population aged 65 and older increases by four percent during that time period.
- The highest growth is seen in the 85+ age cohort at 59.9 percent.
- The 65-69 and 70-74 age cohorts show a decline of 12.9 and 16.3 percent respectively.
- Many counties are showing declines in senior population after 2030 due to the fact that the baby boomers have moved through the senior population age cohorts and the general population has not grown proportionately, however this does not appear to be the case with Kandiyohi County.

**POPULATION CHANGE BY AGE SEGMENTS  
FOR PERSONS 55 YEARS OF AGE AND OLDER  
KANDIYOHI COUNTY MINNESOTA  
2025 THROUGH 2050**

**RAYMOND, MINNESOTA**

<b>Age Segment</b>	<b>2025</b>	<b>2030</b>	<b>2035</b>	<b>2040</b>	<b>2045</b>	<b>2050</b>	<b>Population Change 2025 - 2050</b>	<b>Percent Change 2025 - 2050</b>
55-59	2,426	2,426	2,605	2,951	3,178	2,906	480	19.8%
60-64	3,009	2,458	2,453	2,648	2,987	3,182	173	5.7%
65-69	3,262	2,889	2,354	2,356	2,537	2,841	(421)	(12.9%)
70-74	2,954	3,198	2,829	2,321	2,309	2,473	(481)	(16.3%)
75-79	2,032	2,682	2,903	2,575	2,101	2,077	45	2.2%
80-84	1,452	1,858	2,448	2,661	2,339	1,895	443	30.5%
85+	1,430	1,644	1,995	2,251	2,382	2,286	856	59.9%
<b>Total 55+</b>	16,565	17,155	17,587	17,763	17,833	17,660	1,095	6.6%
<b>Total 65+</b>	11,130	12,271	12,529	12,164	11,668	11,572	442	4.0%

Source: Woods & Poole Economics, Inc.

**Number of Households in the Market Area and Kandiyohi County by Age Cohorts**

The reader should note that in projecting demand for senior living, independent living households are counted, and for assisted living individuals are counted. The following table presents the number of households by age cohort for the Market Area and Kandiyohi County.

<b>NUMBER OF HOUSEHOLDS BY AGE COHORTS FOR THE MARKET AREA AND KANDIYOHI COUNTY</b>				
<b>RAYMOND, MINNESOTA</b>				
	<b>Market Area</b>		<b>Kandiyohi County</b>	
<b>Age Cohort</b>	<b>2020</b>	<b>2025</b>	<b>2020</b>	<b>2025</b>
<b>55 – 64</b>	442	385	3,436	3,109
<b>65 – 74</b>	380	453	2,805	3,359
<b>75 - 84</b>	226	232	1,591	1,672
<b>85+</b>	145	146	874	922
<b>Total 65+</b>	751	831	5,270	5,953

Source: Envirionics, Inc

The reader should note the following:

- The growth trends remain the same as the number of persons, which is to be expected. As age increases, the number of one-person households increases.
- In some instances, an older household with two persons may occupy an independent living unit and a memory care assisted living unit. There is a distinct advantage to older persons when couples of different levels of care needs can reside in the same housing complex.
- Growth in households in the 65 – 74 and 75 – 84 age categories present an opportunity for independent senior living, and some of these

households would rather consider independent living in a cottage/duplex type of environment with apartment style independent living with services and assisted living as part of the campus.

**Income Qualified Senior Households**

The following table presents the percent of senior households with incomes of \$30,000 and greater and \$35,000 and greater. The reader should note that reported income does not reflect the assets that seniors may have, e.g., farm, real estate, and other investments.

<b>PERCENT OF HOUSEHOLDS WITH HOUSEHOLD INCOME OF \$30,000 AND GREATER AND \$35,000 AND GREATER IN THE MARKET AREA RAYMOND, MINNESOTA</b>				
	<b>\$30,000+</b>		<b>\$35,000+</b>	
<b>Age Cohort</b>	<b>2020</b>	<b>2025</b>	<b>2020</b>	<b>2025</b>
<b>65 – 74</b>	76.3	79.5	71.1	75.1
<b>75 - 84</b>	65.9	68.3	58.4	61.6
<b>85+</b>	57.6	58.2	51.0	51.4

Source: Environics Analytics

The reader should note the following:

- As anticipated, as a person ages, household income declines. Reported senior income is somewhat misleading, because it does not reflect assets that seniors have that generate income, or assets that don't generate income until they are sold, e.g., single family home.
- As a person's age and income declines, health care needs grow. Seniors are prepared to spend down assets for senior living when they get to the level of assisted living or bringing in home care, because the alternative is

sometimes to move to the nursing home where assets are spent down much more rapidly while residing in a less desirable environment.

- The researcher assumed that persons with incomes of \$30,000 and greater who owned homes would qualify for market rate general assisted living, because they would spend down their assets at this level of need because the alternative is the nursing home. For memory care, the threshold remains at \$35,000, because these persons may live a longer period of time because they are not always as frail. The threshold used for independent living is \$35,000 and greater.

# **PROFILES OF GENERAL AND MEMORY CARE ASSISTED LIVING AND INDEPENDENT SENIOR HOUSING**

## **Overview**

Profiles of General Assisted Living, Memory Care Assisted Living, and Independent Senior Housing in the Market Area are presented on pages 23-29.

The researchers called each facility a minimum of three times, leaving messages each time. When facilities did not return phone calls, some of the information was taken from a previous study if available, e.g., room sizes, numbers of units, (that is not likely to have changed), web pages and the Minnesota Directory of Licensed Health Care Facilities.

For assisted living, services that are required, including 24-hour staffing, or services that all facilities have, e.g., activities, beauty shop services, etc. are not listed for services that are included or available. Services that would differentiate one facility from another and that need to be addressed in pricing are those that are listed, e.g. 2 meals or 3 meals per day, laundry, housekeeping, personal care, etc.

## **General Assisted Living**

There are two General Assisted Living facilities in the Market Area with a total of 29 living units. The units were 93.1 percent occupied at the time the facilities were contacted.

There are 7 General Assisted Living Facilities Near the Market Area with a total of 154 living units. The units were 87.7 percent occupied at the time that they were contacted.

There were additional communities included on the Minnesota Home Care directories as registered Housing with Services establishments (Highland Apartments, Divine House programs, etc.), however, these entities were not included in the inventory as their services (drug/alcohol recovery, group homes for younger adults, income based apartments, etc.) are not considered to be competitive with the general assisted living/memory care services due to the specificity of their clientele.

### **Memory Care Assisted Living**

There are no facilities in the Market Area that have memory care assisted living. Clara City Assisted Living and Central Minnesota Senior Care both reported that they could provide services to clients with memory impairments, however, neither of these facilities reported being secure units for clients with exit seeking behaviors which is typical of Memory Care Assisted Living.

There are two facilities in the Near Market Area that have memory care assisted living with a total of 38 units. These units were 97.4 percent occupied at the time of contact.

### **Independent Senior Housing**

There is one market rate Independent Living facility in the market area with a total of 30 units. These units were 83.3 percent occupied at the time of contact.

There are two Independent Senior Housing facilities near the Market Area, with a total of 88 units. These units were 97.7 percent occupied at the time of contact.

### **Planned Developments in the Market Area and Near the Market Area**

The City Planners for Clara City, Prinsburg, and Maynard were contacted to inquire about additional development in the Market Area. Return communication was not received, however, it was published in print media that the Clara City campus is struggling financially, and therefore would not likely be planning any additional development.

# **SUMMARY OF SUPPLY AND DEMAND FOR SKILLED NURSING, GENERAL ASSISTED LIVING, AND MEMORY CARE ASSISTED LIVING FOR THE MARKET AREA**

## **Overview**

This section of analysis presents the demand for skilled nursing, general and memory care assisted living, and independent senior housing in the Market Area as well as outside the Market Area.

The tables on pages 18 and 19 present a summary of all the above analysis. The first table presents the demand for the Market Area and Near the Market Area. The second table compares the demand with the supply.

## **Assumptions for Demand Analysis**

The following assumptions are important to the demand analysis.

- The researchers used formulas developed by ZSHC/HP&MR, demographic data provided by Environics, and industry guidelines and research related to demand.
- The demand formulas reflect demand models that assume, unless there are extenuating market conditions, that a new project for senior housing can reach stabilized occupancy in approximately 12 months. This assumes a well-organized and funded aggressive marketing program prior to opening.
- Based on data provided to ZSHC from the client, the researcher assumed that 80 percent of the occupants for all levels of living would come from the Market Area and 20 percent from outside of the Market Area.
- As previously noted, reported incomes of \$30,000 and greater were used for general assisted living, and \$35,000 and greater for independent senior housing and memory care assisted living. The reader is reminded that the reported incomes for seniors do not include any assets; however, there is no reliable and local data base related to the amount of assets seniors have. Based on studies by the U.S. Bureau of the Census, for

median net worth seniors (households with head of household aged 65 and older), the home is the single greatest asset for senior households. Early in retirement, seniors are reluctant to spend down assets for senior living; however, as they age and if they become more debilitated, their options narrow, and frequently it is a choice between assisted living and nursing home care.

- Because the home is the single biggest asset for seniors and because there is data available for the average/median price of a home in a given market, the following illustrates the impact of that home on affordability of senior housing. If a widowed/single older person sold a home at the median home selling price in the Raymond Market Area, the home would sell for \$147,271. If the person netted 90 percent of that selling price, he/she would have \$132,544 in this asset alone to “spend down” for assisted living. With an income of \$30,000, a person could spend 80 percent of his/her income on assisted living, which would be \$2,000 a month plus \$442 per month of earned income from investment. This assumes that the person would realize a four percent return on the investment. If an additional \$3,558 per month is needed to cover cost of assisted living, assuming \$6,000 as the average cost of assisted living, the person would be able to cover 3.1 years of assisted living. Not figured in this illustration is that prices are likely to increase over that time period; however, additional investment income would also be realized on the \$132,544.
- Using the \$35,000 reported income, sale of a home for the same median price as noted above, and investment of the money from the sale of the home at 4 percent interest, the person would have \$1,900 to spend per month, which would include 50 percent of his/her reported income and investment income at four percent. This amount would be available without spending down the \$132,544 nest egg from the sale of the home.
- The reader should note that the demand between market rate and subsidized for general and memory care assisted living will change on an ongoing basis. What is used in the demand projections is the information that was available at the time of contact.

**DEMAND INCLUDING PERSONS IN THE MARKET AREA  
AND PERSONS WHO WILL MOVE TO THE MARKET AREA  
FOR VARIOUS LEVELS OF SENIOR LIVING  
IN THE MARKET AREA  
RAYMOND, MINNESOTA  
2020 AND 2025**

	2020			2025		
	Demand for the Market Area	Demand from Outside the Market Area	Total Demand	Demand for the Market Area	Demand from Outside the Market Area	Total Demand
<b>General Assisted Living</b>						
Market Rate	15	4	19	13	3	17
Subsidized	7	2	9	9	2	11
<b>Total</b>	<b>22</b>	<b>6</b>	<b>28</b>	<b>22</b>	<b>6</b>	<b>28</b>
<b>Memory Care Assisted Living</b>						
Market Rate	11	3	14	8	2	10
Subsidized	6	2	8	11	3	13
<b>Total</b>	<b>17</b>	<b>4</b>	<b>22</b>	<b>19</b>	<b>5</b>	<b>23</b>
<b>Independent Senior Housing- Market Rate</b>						
With Services	17	5	22	17	5	22
With No or Minimal Services	17	5	22	17	5	22
<b>Total</b>	<b>34</b>	<b>10</b>	<b>44</b>	<b>34</b>	<b>10</b>	<b>44</b>

**SUMMARY OF SUPPLY AND DEMAND  
FOR VARIOUS LEVELS OF SENIOR LIVING  
RAYMOND MN MARKET AREA**

**2020 AND 2025**

	2020			2025		
	Demand	Supply	Additional Demand (Excess)	Demand	Supply	Additional Demand (Excess)
<b>General Assisted Living</b>						
Market Rate	19	21	(2)	17	21	(4)
Subsidized	9	8	1	11	8	3
<b>Total</b>	<b>28</b>	<b>29</b>	<b>(1)</b>	<b>28</b>	<b>29</b>	<b>(1)</b>
<b>Memory Care Assisted Living</b>						
Market Rate	14	0	14	10	0	10
Subsidized	8	0	8	13	0	13
<b>Total</b>	<b>22</b>	<b>0</b>	<b>22</b>	<b>23</b>	<b>0</b>	<b>23</b>
<b>Independent Senior Housing- Market Rate</b>						
With Services	21	15	6	21	15	6
With No or Minimal Services	22	15	7	21	15	6
<b>Total</b>	<b>43</b>	<b>30</b>	<b>13</b>	<b>42</b>	<b>30</b>	<b>12</b>

## **CONCLUSIONS AND RECOMMENDATIONS**

### **General**

In conclusion, the Market Area is unique in that seniors are able to age in place within the Housing with Services rural setting community.

It is public knowledge through printed news media that Clara City Assisted Living has been going through serious financial concerns for the past several years. Based on the phone interview, it was evident that the marketing contact for this location has not had sales training and did not present with a strong financial skill set for this important position.

The client demonstrated data obtained through his knowledge of the community showing the Raymond, Minnesota area seniors' departure out of Raymond and the trends in senior housing movement regionally. Phone calls were made to county case managers through Kandiyohi County Public Health, Adult Services, and Home and Community Based Services. The Senior Linkage Line was also contacted regarding preferred providers in the Market Area. None of these resources were able to provide formal recommendations in the area. The county services declined to recommend, and the Senior Linkage Line reported that they provide information on providers in the area based on service needs, financial requirements, and zip code information. They all reported not having any information on quality of the providers or customer preferences. In the Market Area, the Clara City Care Center would refer clients to their own Assisted Living after a short-term stay, as would any care continuum.

### **Workforce Limitations**

Competitors noted current labor shortages, specifically involving LPNs and Nursing Assistant staff. In addition, the Minnesota Department of Economic Development statistics indicate this shortage of licensed and unlicensed health care staff will continue. As baby boomers age and enter the senior living market space, care giver access is projected to continue to decline. Creativity will be essential to maintain viability for the staffing needs of the operation. Ideas such as partnering with resident/client families for part time employment is already being pursued by some home care agencies. Enhanced relationships with the community colleges and education centers for nursing staff will be essential.

### **General Assisted Living and Memory Care**

According to supply and demand analysis, there is a current over supply of two General Assisted Living units in the Market Area, and a demand need for

14 units of Market Rate memory care units, showing a combined (General Assisted Living and Memory) demand of 12 units in the Market Area.

Occupancy in the market area, and near the market area is varied, likely due to a number of factors. One factor could be the quality of the property and the caliber of services provided in the Market Area. Another would be that seniors are holding off with moves and housing transitions due to COVID-19 and the negative health impact in congregate care settings.

In the Market Area, the General Assisted Living facility is likely providing care to clients that would be better suited for a Memory Care unit to maintain census. During calls to communities in the Near Market and Market Areas, facility representatives were vocal regarding their ability to care for clients with memory loss issues, typically if the client was determined to not be an elopement risk.

The long-term demographics for Kandiyohi County noted on page 10 indicate a very strong population growth in the 80-84 cohort and 85+ age cohort. This age range includes the clientele that are most likely to require General Assisted Living and Memory Care Services.

The proposed property would include a range of apartments to accommodate Independent, General Assisted Living and Memory Care settings, to allow clients to age in place which is a preferred attribute to consumers.

### **Independent Senior Housing**

While the Market Area census is 83.3 percent in the Independent Senior Housing community, this again could be due to COVID-19 being a prevalent issue for the past six months and is negatively impacting occupancy. In addition, the Clara City reputation has likely been impacted due to published financial concerns.

If Raymond were to build to meet 80 percent of the demand, in 2020 that would be 10 units of general assisted living/memory care. In evaluating this potential, Raymond should consider that the existing assisted living in the Market Area has dated and small suites for living units and is an older development. If Raymond were to build something new with more amenities and larger in size, Raymond would likely capture most or all of the market rate demand. In examining the Willmar market and experience in other markets by the researcher, assisted living should be apartment style with private bathrooms and kitchenettes. A Memory Care model would focus more around a central living space with a bedroom setting for the residents. Pricing in the Willmar market varies when looking at comparisons. However, it is important to evaluate what is included in the pricing for comparison purposes.

There appears to be sufficient demand to develop 10 units (in 2020) of senior independent apartments that would be primarily market rate, based on 80 percent

capture assumption of unmet demand of 13 units. It would be most cost effective to develop the memory care as a wing of the assisted living facility to provide opportunity for centralized support services, e.g., meals, etc.

### **Limitations of a Market Study**

This market study presents an analysis of a given market, based on experience in other markets and reasonable industry assumptions about demand. A market study cannot predict what the actual experience in the market will be. Market conditions at the time of the facility's opening, unforeseen and/or unpredictable events occurring in the market, the quality of the product offered the marketing and management staff and many other events influence the success of a project and are beyond the scope of a market study. The researcher also relies on other sources of data, i.e., Environics, Inc., Woods & Poole Economics, 2010 U.S. Census, State Licensing Directories, etc. and these resources are presumed to be reliable. Zellner Senior Health Consulting is not responsible for errors in this data.

**PROFILE OF GENERAL ASSISTED LIVING  
IN THE RAYMOND MARKET AREA  
RAYMOND, MN  
AUGUST 2020  
(PAGE 1 OF 1)**

Facility	Capacity	Percent Occupied on the Day Contacted	Type of Room Available	Market Rate	Subsidized	Services/Amenities included in Rent Package	Services/Amenities Available for Purchase From Building
				Monthly Fees			
Clara City Assisted Living 200 East Wachtler Avenue Clara City, MN 56222	24	91.7% (22/24)	Studio (438-473 s.f.) 1 Bedroom (570-725 s.f.) ¾ Bath Full Kitchen	N/A	Accepts	2 Meals per day Housekeeping Trash Removal Daily 2 loads of Laundry weekly	Evening Meal
				Studio: Rent \$2,240 1 Bedroom: \$2,446 Services: \$955/mo and up			
Central Minnesota Senior Care 403 Cardinal Drive Prinsburg, MN 56281	5	100.% (5/5)	Private Room ½ or ¾ Bath No Kitchen	70.0%	30.0%	3 Meals per day Weekly Laundry/Linen Daily Light Housekeeping Weekly Housekeeping	Personal Care
				\$934/mo Rent \$99.57-\$224.26/day			
<b>Total</b>	<b>29</b>	<b>93.1% (27/29)</b>					

Source: Minnesota Directory of Licensed Health Care Facilities, Web searches, Phone calls to facilities

**PROFILE OF GENERAL ASSISTED LIVING  
NEAR THE RAYMOND MARKET AREA  
RAYMOND, MN  
AUGUST 2020  
(PAGE 1 OF 3)**

Facility	Capacity	Percent Occupied on the Day Contacted	Type of Room Available	Market Rate	Subsidized	Services/Amenities included in Rent Package	Services/Amenities Available for Purchase From Building
				Monthly Fees			
Brookdale Willmar 1501 19 <sup>th</sup> Avenue SW Willmar, MN 56201	19	73.7% (14/19)	Studio (165-220 s.f.) ¾ Bathroom Kitchenette	80.0%	20.0%	3 Meals per day Weekly Laundry Weekly Linen Weekly Housekeeping	None
Central Minnesota Senior Care- Scandia 2323 Gorton Ave NW Willmar, MN 56201	12	75.0% (9/12)	Private Rooms Shared Bathrooms No Kitchen	70.0%	30.0%	3 Meals per day Weekly Laundry Weekly Linen Weekly Housekeeping Daily Light Housekeeping Scheduled Transportation	Personal Care
Compassionate Cottage I and II 1000 Cottonwood Drive NE Willmar, MN 56201	20	100.0% (20/20)	Private Rooms ¾ Bath No Kitchen	70.0%	30.0%	All Inclusive	None

**PROFILE OF GENERAL ASSISTED LIVING  
NEAR THE RAYMOND MARKET AREA  
RAYMOND, MN  
AUGUST 2020  
(PAGE 2 OF 3)**

Facility	Capacity	Percent Occupied on the Day Contacted	Type of Room Available	Market Rate	Subsidized	Services/Amenities included in Rent Package	Services/Amenities Available for Purchase From Building
				Monthly Fees			
Vista Prairie at Copperleaf 1550 1st Street North Willmar, MN 56201	55	90.9% <sup>1</sup> (50/55)	1 Bedroom 2 Bedroom (510-980 s.f.) ¾ Bath Full Kitchens	70.0%	30.0%	1 Meal per day Weekly Laundry Weekly Linen Weekly Housekeeping Scheduled Transportation	2 Additional meals per day Garage Rental \$75/mo
Sunrise Village Assisted Living 1125 9th Street SE Willmar, MN 56201	37	89.2% (33/37)	Studio (420-458 s.f.) 1 Bedroom (490 s.f.) ¾ Bath Kitchenette	100.0%	0.0%	3 Meals per day Weekly Linen Weekly Housekeeping Basic Care	Personal Care Service Laundry
				Studio: \$2,316-\$2,611 1 Bedroom: \$2,881 Services a la carte			
Divine House Inc Valleybrook 505 33 <sup>rd</sup> St. NW Willmar, MN 56201	6	66.7% (4/6)	Private Rooms Shared Bathrooms No Kitchens	70.0%	30.0%	3 Meals per day Weekly Laundry Weekly Linen Weekly Housekeeping Scheduled Transportation Personal Care	None
				\$3,921-\$7,662/mo			

<sup>1</sup> Facility reports they have a waiting list for move ins, however, clients have postponed move in dates due to Covid-19.

**PROFILE OF GENERAL ASSISTED LIVING  
NEAR THE RAYMOND MARKET AREA  
RAYMOND, MN  
AUGUST 2020  
(PAGE 3 OF 3)**

Facility	Capacity	Percent Occupied on the Day Contacted	Type of Room Available	Market Rate	Subsidized	Services/Amenities included in Rent\$ Package	Services/Amenities Available for Purchase From Building
				Monthly Fees			
Island View Manor Inc 700 Highway 71 North Willmar, MN 56201	5 <sup>1</sup>	100.0% (5/5)	Private Shared Bathroom No Kitchen	0.0%	100.0%	3 Meals per day Weekly Laundry Weekly Linen Weekly Housekeeping Daily Light Housekeeping	None
<b>Total</b>	<b>154</b>	<b>87.7% (135/154)</b>					

<sup>1</sup> Planning to add two additional bedrooms to this location, for a total of 7 units. No plans are finalized for the timing of this addition.

**PROFILE OF MEMORY CARE ASSISTED LIVING  
NEAR THE RAYMOND MARKET AREA  
RAYMOND, MN  
AUGUST 2020  
(PAGE 1 OF 1)**

Facility	Capacity	Percent Occupied on the Day Contacted	Type of Room Available	Market Rate	Subsidized	Services/Amenities included in Rent\$ Package	Services/Amenities Available for Purchase From Building
				Monthly Fees			
Prairie Senior Cottages 1705 19 <sup>th</sup> Avenue SW Willmar, MN 56201	18	94.4% (17/18)	Private Rooms Shared Bathroom No Kitchen	N/A	Accepts	3 Meals per day Weekly Laundry Weekly Linen Weekly Housekeeping Scheduled Transportation Personal Care	None
				\$4,680-\$6,680			
Vista Prairie at Copperleaf 1550 1st Street North Willmar, MN 56201	20	100.0% (20/20)	Studio ¾ Baths No Kitchens	N/A	Accepts	3 Meals per day Weekly Laundry Weekly Housekeeping Medication Management	None
				N/A			
<b>Total</b>	<b>38</b>	<b>97.4% (37/38)</b>					

**PROFILE OF INDEPENDENT LIVING  
IN THE RAYMOND MARKET AREA  
RAYMOND, MN  
AUGUST 2020  
(PAGE 1 OF 1)**

Facility	Capacity	Percent Occupied on the Day Contacted	Type of Room Available	Monthly Fees	Services/Amenities included in Rent Package	Services/Amenities Available for Purchase From Building
Prairie Park Place 1100 Warrings Avenue Clara City, MN 56222	30	83.3% (25/30)	One Bedroom (518 s.f.) Deluxe One-Bedroom (630 s.f.) Two Bedroom (854 s.f.) Full Baths Full Kitchen	One Bed: \$998 One Bed Deluxe: \$1,160 Two Bed: \$1,265	Noon Meal Weekly Housekeeping	None
<b>Total</b>	<b>30</b>	<b>83.3%</b> <b>(25/30)</b>				

**PROFILE OF INDEPENDENT LIVING  
NEAR THE RAYMOND MARKET AREA  
RAYMOND, MN  
AUGUST 2020  
(PAGE 1 OF 2)**

Facility	Capacity	Percent Occupied on the Day of Contact	Type of Room Available	Monthly Fees	Services/Amenities Included in Rent Package	Services/Amenities Available for Purchase From Building
Sunrise Village Ind. Living (Bethesda) 1015 Willmar Ave SE Willmar, MN 56201	52	96.2% (50/52)	1 Bedroom: (606-680 s.f.) 1 Bedroom w/Den (720 s.f.) 2 Bedroom: (780-825 s.f.) Full Bath Kitchen	1 Bed: \$1,058-\$1,100 1 Bed plus Den: \$1,261 2 Bedroom: \$1,400- \$1,500	Utilities Weekly light Housekeeping	Garages Noon Meal Evening Meal

**PROFILE OF INDEPENDENT LIVING  
NEAR THE RAYMOND MARKET AREA  
RAYMOND, MN  
AUGUST 2020  
(PAGE 2 OF 2)**

Facility	Capacity	Percent Occupied on the Day of Contact	Type of Room Available	Monthly Fees	Services/Amenities Included in Rent Package	Services/ Amenities Available for Purchase From Building
Independence Place Cooperative Housing 1400 Willmar Ave SE Willmar, MN	36	100.0% (36/36) <sup>1</sup>	1A: 1 Bedroom, 1 Bath (726 s.f.) 1C: 1 Bedroom, 1 Bath, + Den (933 s.f.) 2A: 1 Bedroom, 1 Bath, + Den (1063 s.f.) 2B: 2 Bedroom, 2 Bath (1140 s.f.) 2N: 2 Bedroom, 2 Bath, +Den (1424 s.f.) 2S: 2 Bedroom, 2 Bath, +Den (1424 s.f.) Full Baths Full Kitchens In unit laundry	Buy-in purchase range \$43,726-\$85,763  Monthly fee: \$768-\$1,498  \$250 wait list fee- applied to purchase	All utilities except telephone and electricity	Underground garage parking \$40/mo Guest Room \$35/night
<b>Total</b>	<b>88</b>	<b>97.7% (86/88)</b>				

<sup>1</sup> Independence Place has 37 people on their wait list.

# Pop-Facts® Senior Life Demographics 2020 | Summary

Trade Area: Raymond MA without Renville

Benchmark: USA

	Population
2000 Census	6,144
2010 Census	5,644
2020 Estimate	5,425
2025 Projection	5,414
Growth 2000 - 2010	-8.14
Growth 2010 - 2020	-3.88
Growth 2020 - 2025	-0.20

# Pop-Facts® Senior Life Demographics 2020 | Population & Race

Trade Area: Raymond MA without Renville  
 Benchmark: USA

	2000*/2010**		2020		2025	
	Census	%	Estimate	%	Projection	%
<b>Total Population**</b>						
Total Population	5,644	100.00	5,425	100.00	5,414	100.00
Age 45 - 54	869	15.40	585	10.78	520	9.61
Age 55 - 64	723	12.81	774	14.27	663	12.25
Age 65 - 74	482	8.54	593	10.93	689	12.73
Age 75 - 84	350	6.20	325	5.99	334	6.17
Age 85 and over	206	3.65	199	3.67	196	3.62
Age 65 and over	1,038	18.39	1,117	20.59	1,219	22.52
Age 80 and over	363	6.43	325	5.99	320	5.91
<b>Population by Single - Classification Race**</b>						
White Alone	5,463	96.79	5,164	95.19	5,101	94.22
White Alone: Age 65 and over	1,027	18.80	1,104	21.38	1,196	23.45
Black/African American Alone	24	0.42	47	0.87	58	1.07
Black/African American Alone: Age 65 and over	0	0.00	0	0.00	3	5.17
American Indian/Alaskan Native Alone	25	0.44	28	0.52	28	0.52
American Indian/Alaskan Native Alone: Age 65 and over	2	8.00	2	7.14	3	10.71
Asian Alone	12	0.21	25	0.46	32	0.59
Asian Alone: Age 65 and over	1	8.33	5	20.00	4	12.50
Native Hawaiian/Pacific Islander Alone	7	0.12	12	0.22	18	0.33
Native Hawaiian/Pacific Islander Alone: Age 65 and over	0	0.00	0	0.00	1	5.56
Some Other Race Alone	63	1.12	70	1.29	79	1.46
Some Other Race Alone: Age 65 and over	2	3.17	5	7.14	6	7.59
Two or More Races	50	0.89	79	1.46	98	1.81
Two or More Races: Age 65 and over	1	2.00	3	3.80	4	4.08
<b>Population by Hispanic or Latino**</b>						
Hispanic/Latino	182	3.23	230	4.24	260	4.80
Hispanic/Latino: Age 65 and over	6	3.30	14	6.09	20	7.69
Not Hispanic/Latino	5,462	96.78	5,195	95.76	5,154	95.20
<b>Total Population, Male**</b>						
Total Population, Male	2,845	50.41	2,753	50.75	2,746	50.72
Male: Age 45 - 54	433	15.22	286	10.39	262	9.54
Male: Age 55 - 64	379	13.32	385	13.98	336	12.24
Male: Age 65 - 74	241	8.47	301	10.93	342	12.46
Male: Age 75 - 84	149	5.24	160	5.81	161	5.86
Male: Age 85 and over	73	2.57	76	2.76	67	2.44
Male: Age 65 and over	463	16.27	537	19.51	570	20.76
Male: Age 80 and over	133	2.36	136	2.51	125	2.31
<b>Total Population, Female**</b>						
Total Population, Female	2,799	49.59	2,672	49.25	2,668	49.28
Female: Age 45 - 54	436	15.58	299	11.19	258	9.67
Female: Age 55 - 64	344	12.29	389	14.56	327	12.26
Female: Age 65 - 74	241	8.61	292	10.93	347	13.01
Female: Age 75 - 84	201	7.18	165	6.17	173	6.48
Female: Age 85 and over	133	4.75	123	4.60	129	4.83
Female: Age 65 and over	575	20.54	580	21.71	649	24.32
Female: Age 80 and over	230	4.08	189	3.48	195	3.60

# Pop-Facts® Senior Life Demographics 2020 | Household Income

Trade Area: Raymond MA without Renville  
 Benchmark: USA

	2000*/2010**		2020		2025	
	Census	%	Estimate	%	Projection	%
<b>Householder Age 45 - 54*</b>						
Householder Age 45 - 54	418	21.04	324	14.59	290	12.98
Income Less than \$15,000	16	3.83	7	2.16	4	1.38
Income \$15,000 - \$24,999	35	8.37	8	2.47	8	2.76
Income \$25,000 - \$34,999	57	13.64	17	5.25	9	3.10
Income \$35,000 - \$49,999	96	22.97	23	7.10	19	6.55
Income \$50,000 - \$74,999	124	29.66	68	20.99	49	16.90
Income \$75,000 - \$99,999	47	11.24	75	23.15	61	21.04
Income \$100,000 - \$124,999	16	3.83	50	15.43	46	15.86
Income \$125,000 - \$149,999	18	4.31	34	10.49	37	12.76
Income \$150,000 - \$199,999	5	1.20	22	6.79	33	11.38
Income \$200,000 or more	4	0.96	20	6.17	24	8.28
Median Household Income	--	50,829.95	--	87,598.40	--	97,819.48
<b>Householder Age 55 - 64*</b>						
Householder Age 55 - 64	329	16.56	442	19.90	385	17.23
Income Less than \$15,000	30	9.12	19	4.30	14	3.64
Income \$15,000 - \$24,999	55	16.72	17	3.85	15	3.90
Income \$25,000 - \$34,999	55	16.72	36	8.14	19	4.93
Income \$35,000 - \$49,999	78	23.71	35	7.92	30	7.79
Income \$50,000 - \$74,999	66	20.06	90	20.36	66	17.14
Income \$75,000 - \$99,999	31	9.42	96	21.72	80	20.78
Income \$100,000 - \$124,999	5	1.52	59	13.35	54	14.03
Income \$125,000 - \$149,999	3	0.91	40	9.05	44	11.43
Income \$150,000 - \$199,999	0	0.00	24	5.43	29	7.53
Income \$200,000 or more	6	1.82	26	5.88	34	8.83
Median Household Income	--	39,426.84	--	81,043.27	--	89,789.94
<b>Householder Age 65 - 74*</b>						
Householder Age 65 - 74	287	14.44	380	17.11	453	20.28
Income Less than \$15,000	65	22.65	36	9.47	35	7.73
Income \$15,000 - \$24,999	53	18.47	34	8.95	38	8.39
Income \$25,000 - \$34,999	74	25.78	40	10.53	40	8.83
Income \$35,000 - \$49,999	39	13.59	46	12.11	55	12.14
Income \$50,000 - \$74,999	33	11.50	99	26.05	105	23.18
Income \$75,000 - \$99,999	11	3.83	48	12.63	61	13.47
Income \$100,000 - \$124,999	3	1.04	37	9.74	53	11.70
Income \$125,000 - \$149,999	7	2.44	19	5.00	31	6.84
Income \$150,000 - \$199,999	0	0.00	5	1.32	10	2.21
Income \$200,000 or more	2	0.70	16	4.21	25	5.52
Median Household Income	--	28,419.47	--	58,522.32	--	63,425.83
<b>Householder Age 75 - 84*</b>						
Householder Age 75 - 84	327	16.46	226	10.18	232	10.38
Income Less than \$15,000	105	32.11	29	12.83	27	11.64
Income \$15,000 - \$24,999	82	25.08	31	13.72	31	13.36
Income \$25,000 - \$34,999	66	20.18	34	15.04	31	13.36
Income \$35,000 - \$49,999	54	16.51	32	14.16	32	13.79
Income \$50,000 - \$74,999	14	4.28	51	22.57	49	21.12
Income \$75,000 - \$99,999	1	0.31	18	7.96	19	8.19
Income \$100,000 - \$124,999	3	0.92	16	7.08	19	8.19
Income \$125,000 - \$149,999	1	0.31	8	3.54	14	6.04
Income \$150,000 - \$199,999	0	0.00	2	0.89	3	1.29
Income \$200,000 or more	1	0.31	5	2.21	7	3.02
Median Household Income	--	22,042.79	--	43,327.75	--	47,450.32
<b>Householder Age 85 and over*</b>						
Householder Age 85+	82	4.13	145	6.53	146	6.54
Income Less than \$15,000	29	35.37	26	17.93	24	16.44
Income \$15,000 - \$24,999	17	20.73	26	17.93	27	18.49
Income \$25,000 - \$34,999	13	15.85	19	13.10	20	13.70
Income \$35,000 - \$49,999	8	9.76	23	15.86	21	14.38
Income \$50,000 - \$74,999	2	2.44	29	20.00	31	21.23
Income \$75,000 - \$99,999	0	0.00	8	5.52	9	6.16
Income \$100,000 - \$124,999	0	0.00	6	4.14	4	2.74
Income \$125,000 - \$149,999	0	0.00	4	2.76	4	2.74
Income \$150,000 - \$199,999	0	0.00	1	0.69	4	2.74
Income \$200,000 or more	1	1.22	3	2.07	2	1.37
Median Household Income	--	18,351.71	--	35,873.05	--	36,217.45

# Pop-Facts® Senior Life Demographics 2020 | Housing & Households

Trade Area: Raymond MA without Renville  
Benchmark: USA

	2000*/2010**		2020		2025	
	Census	%	Estimate	%	Projection	%
<b>Households by Household Income*</b>						
Total Households	2,292	100.00	2,221	100.00	2,234	100.00
Income Less Than \$15,000	301	13.13	153	6.89	135	6.04
Income \$15,000 - \$24,999	338	14.75	151	6.80	148	6.63
Income \$25,000 - \$34,999	410	17.89	205	9.23	164	7.34
Income \$35,000 - \$49,999	513	22.38	261	11.75	264	11.82
Income \$50,000 - \$74,999	446	19.46	486	21.88	444	19.88
Income \$75,000 - \$99,999	163	7.11	396	17.83	382	17.10
Income \$100,000 - \$124,999	42	1.83	262	11.80	279	12.49
Income \$125,000 - \$149,999	36	1.57	139	6.26	178	7.97
Income \$150,000 - \$199,999	18	0.79	85	3.83	129	5.77
Income \$200,000 - \$249,999	13	0.57	36	1.62	49	2.19
Income \$250,000 - \$499,999	7	0.30	33	1.49	43	1.93
Income \$500,000 or more	1	0.04	14	0.63	19	0.85
Average Household Income	--	45,350.26	--	79,906.77	--	87,939.57
Median Household Income	--	37,488.43	--	67,318.70	--	72,758.24
Age 55+ Median Household Income	--	28,248.17	--	60,401.09	--	64,390.76
Age 65+ Median Household Income	--	24,416.75	--	49,922.88	--	54,401.32
<b>Owner-Occupied Housing Units by Value*</b>						
Value Less Than \$20,000	79	4.14	11	0.61	10	0.55
Value \$20,000 - \$39,999	254	13.30	51	2.84	40	2.22
Value \$40,000 - \$59,999	376	19.69	85	4.74	78	4.32
Value \$60,000 - \$79,999	352	18.43	188	10.47	135	7.48
Value \$80,000 - \$99,999	296	15.50	240	13.37	214	11.86
Value \$100,000 - \$149,999	316	16.55	338	18.83	364	20.17
Value \$150,000 - \$199,999	101	5.29	298	16.60	265	14.68
Value \$200,000 - \$299,999	67	3.51	351	19.55	384	21.27
Value \$300,000 - \$399,999	32	1.68	120	6.68	160	8.86
Value \$400,000 - \$499,999	11	0.58	48	2.67	65	3.60
Value \$500,000 - \$749,999	13	0.68	29	1.62	43	2.38
Value \$750,000 - \$999,999	2	0.10	13	0.72	14	0.78
Value \$1,000,000+	1	0.05	--	--	--	--
Value \$1,000,000 - \$1,499,999	--	0.00	8	0.45	14	0.78
Value \$1,500,000 - \$1,999,999	--	0.00	5	0.28	7	0.39
Value \$2,000,000+	--	0.00	10	0.56	12	0.67
Median All Owner-Occupied Housing Unit Value	--	73,413.46	--	147,270.97	--	160,346.54
<b>Group Quarters by Population Type**</b>						
Group Quarters Population	81	1.44	80	1.48	80	1.48
Correctional Facilities	0	0.00	0	0.00	0	0.00
Nursing Homes	62	76.54	61	76.25	61	76.25
Other Facilities	0	0.00	0	0.00	0	0.00
Juvenile Facilities	2	2.47	2	2.50	2	2.50
College Dormitories	0	0.00	0	0.00	0	0.00
Military Quarters	0	0.00	0	0.00	0	0.00
Other Noninstitutional Quarters	17	20.99	17	21.25	17	21.25
<b>Occupied Housing Units by Tenure*</b>						
Owner-Occupied	1,900	77.05	1,795	80.82	1,805	80.80
Renter-Occupied	382	15.49	426	19.18	429	19.20
<b>Households by Tenure by Age of Householder**</b>						
Total Households	2,257	100.00	2,221	100.00	2,234	100.00
Owner-Occupied	1,823	80.77	1,795	73.66	1,805	73.64
Householder Age 55 - 64	342	18.76	384	21.39	337	18.67
Householder Age 65 - 74	261	14.32	333	18.55	400	22.16
Householder Age 75 - 84	187	10.26	184	10.25	191	10.58
Householder Age 85 and over	93	5.10	94	5.24	97	5.37
Renter-Occupied	434	19.23	426	19.18	429	19.20
Householder Age 55 - 64	54	12.44	58	13.62	48	11.19
Householder Age 65 - 74	38	8.76	47	11.03	53	12.35
Householder Age 75 - 84	44	10.14	42	9.86	41	9.56
Householder Age 85 and over	49	11.29	51	11.97	49	11.42

**Name:** Pop-Facts® Senior Life Demographics 2020  
**Date / Time:** 8/12/2020 9:54:26 AM  
**Workspace Vintage:** 2020

**Trade Area**

**Name**  
Raymond MA without Renville

**Level**  
ZIP Code

**Geographies**  
56216 (Blomkest, MN); 56222 (Clara City, MN); 56260 (Maynard, MN); 56281 (Prinsburg, MN); 56282 (Raymond, MN)

**Benchmark**

**Name**  
USA

**Level**  
Entire US

**Geographies**  
United States

**DataSource**

**Product**  
Claritas Pop-Facts® Premier  
SPOTLIGHT Pop-Facts® Premier

**Provider**  
Claritas  
Claritas

**Copyright**  
[©Claritas, LLC 2020](#)  
[©Claritas, LLC 2020](#)