

KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION (EDC)

JOINT POWERS BOARD OF COMMISSIONERS

**MINUTES**

October 27, 2022

Board Room, EDC Office, Willmar and Via Zoom Video Conference

Present: Julie Asmus, George (Corky) Berg, Marv Calvin, Vicki Davis, Steve Gardner and Roland (Rollie) Nissen

Staff: Kelsey Olson, Marketing & Communications Specialist and Sarah Swedburg, Business Development Manager (via Zoom)

Excused: Aaron Backman, Executive Director

Media: Jennifer Kutila, West Central Tribune

Secretarial: Nancy Birkeland, Legal & Administrative Assistants, Inc.

Chairperson Julie Asmus called the meeting to order at approximately 11:35 a.m. and declared a quorum was present.

**AGENDA—**

IT WAS MOVED BY Rollie Nissen, SECONDED BY Steve Gardner, to approve the Agenda as emailed.  
MOTION CARRIED UNANIMOUSLY.

**MINUTES—**In response to a request for an update on the Sharia-compliant lending, Sarah Swedburg reported they are still trying to find models where funds can be used for working capital. This is a long-range project. It was suggested that staff check with Bob Mathiasen of Heritage Bank in regard to this topic.

IT WAS MOVED BY Steve Gardner, SECONDED BY Vicki Davis, to approve the Minutes of the July 28, 2022 meeting as emailed. All present voted unanimously in favor by roll call.

**FINANCIAL REPORTS—**Swedburg presented the financial reports as of July 31, August 31 and September 30, 2022 noting the balance on hand as of September 30 in the EDC's checking and savings accounts are \$48,757.19 and \$141,893.09, respectively, compared to 2021 of \$42,179.78 and \$214,484.99. She has submitted one request for reimbursement to the Minnesota Department of Employment and Economic Development (DEED) relative to the grant received for the Elevate program. As to the Profit & Loss Statement for September, Swedburg noted interest for loan repayments is higher than budgeted.

IT WAS MOVED BY Corky Berg, SECONDED BY Rollie Nissen, to file the financial reports as of July 31, August 31 and September 30, 2022, subject to audit. All present voted unanimously in favor by roll call.

## NEW BUSINESS

**2021 Audit Presentation.** Nancy Birkeland informed the board that Scott Van Buren of Westberg Eischens was unable to attend today's meeting to present the 2021 financial audit. The board reviewed the 2021 financial audit (see attached). Birkeland noted it was a clean opinion. Swedburg indicated the audit notes that because of a small staff there is not a division of duties. Swedburg reported that 2021 ended the CARES (Coronavirus Aid, Relief and Economic Security) Act funds. If those funds were removed from the 2021 revenues and expenses, the financials would be similar to past years.

IT WAS MOVED BY Marv Calvin, SECONDED BY Vicki Davis, to accept the 2021 financial audit as presented. All present voted unanimously in favor by roll call.

**Property/Casualty and Workers' Compensation Insurance.** Swedburg informed the board that the Joint Operations Board requested staff to obtain an estimate from the League of Minnesota Cities Insurance Trust (LMCIT) for insurance coverage and a comparison to the EDC's current provider, the Minnesota Counties Intergovernmental Trust (MCIT). This is provided for information only as North Risk Partners, the local agent for LMCIT, is comparing the estimates by the two insurers to make sure they are similar in coverage.

**2023 Employee Health Insurance.** Swedburg and Birkeland informed the board that notice from Blue Cross Blue Shield of Minnesota indicates there may be a small decrease in the small group renewal rate. The 2023 estimated premium is \$2,817.79 compared to 2022 at \$2,826.25. Olson noted the premium will be less than the estimate as she has decided to be covered under her spouse's policy. Her 2022 premium is \$560.54 of the total.

IT WAS MOVED BY Marv Calvin, SECONDED BY Vicki Davis, to approve the Kandiyohi County and City of Willmar Economic Development Commission renewing its health insurance plan, BlueAccess HSA Gold Plan 653, for 2023 with Blue Cross Blue Shield of Minnesota at an estimated monthly premium of \$2,817.79. All present voted unanimously in favor by roll call.

## RATIFY ACTIONS OF JOINT OPERATIONS BOARD

**Corridors of Commerce Project Submittal.** Swedburg reported the Highway 23 Coalition Board will be applying for Corridors of Commerce funding from the Minnesota Department of Transportation to complete the approximate 2.5 mile stretch on the south side of Willmar. The Joint Operations Board passed a motion recommending the EDC support the Coalition's application for this funding.

IT WAS MOVED BY Steve Gardner, SECONDED BY Rollie Nissen, to ratify support of the Highway 23 Coalition's application for Corridors of Commerce funding to complete the approximate 2.5 mile stretch on the south side of Willmar. Commissioners voting in favor by roll call were Julie Asmus, Corky Berg, Vicki Davis, Steve Gardner and Rollie Nissen. Voting against was Marv Calvin.

**Renewal of Certificate of Deposit at United Prairie Bank.** Swedburg reported the Certificate of Deposit at United Prairie Bank came due on October 12, 2022. Interest rate comparisons were received from Concorde Bank, Lake Region Bank and United Prairie Bank. No response was received from Heritage Bank. The Joint Operations Board passed a motion to renew the Certificate of Deposit at United Prairie Bank for 12 months at an interest rate of 2.27% (the previous rate was at an APY of .36%). Swedburg noted the Joint

Operations Board asked the auditor about fiscal responsibility relative to Certificates of Deposit and the auditor recommended a 6 to 12 month target for a public entity.

IT WAS MOVED BY Corky Berg, SECONDED BY Steve Gardner, to ratify renewal of Certificate of Deposit XXXXX4720 at United Prairie Bank in the original amount of \$105,379.32 at an APY of 2.27% interest. Commissioners voting in favor by roll call were Julie Asmus, Corky Berg, Vicki Davis, Steve Gardner and Rollie Nissen. Voting against was Marv Calvin.

Calvin requested that in the future this Certificate of Deposit be approved by the Joint Powers Board, which would need to occur at its July meeting.

**Stipend Agreement to Mark Boeschen.** Swedburg reported the Joint Operations Board passed a motion approving the EDC enter into the Stipend Agreement (see attached) between Mark Boeschen, chair of the EDC's Broadband and Advanced Technology Committee; Kandiyohi County and the EDC for three years.

IT WAS MOVED BY Rollie Nissen, SECONDED BY Vicki Davis, to approve signing the Stipend Agreement with Mark Boeschen. All present voted unanimously in favor by roll call.

Nissen noted that with this Agreement, Kandiyohi County wanted to thank Boeschen for his hard work on broadband for the county.

**Kandiyohi County Housing Study.** Swedburg noted this board approved participation in a county housing study and approved the EDC paying \$2,000; however, at its August 11 meeting, the Joint Operations Board approved the EDC paying \$4,000 as other partners committed less than requested. Those that have agreed to assist with the cost are the Kandiyohi County Housing and Redevelopment Authority \$22,000; City of Willmar \$12,000; and the West Central Realtor's Association obtained a grant for \$10,000 leaving \$4,000 remaining.

IT WAS MOVED BY Marv Calvin, SECONDED BY Davis, to approve increasing the contribution by the Kandiyohi County and City of Willmar Economic Development Commission toward the housing study from \$2,000 to \$4,000 on the 2022 budget under the Business Retention and Expansion/Recruitment Committee/Professional Services/Housing Study. All present voted unanimously in favor by roll call.

Jay Thompson of ViewPoint Consulting has been in contact with all communities; the study is going well and moving forward.

**Amend 2022 Budget.** Chairperson Asmus noted the 2022 budget needs to be cleaned up in regard to the housing study and the virtual job fair. Swedburg noted the Joint Operations Board approved amending the 2022 budget under income and expenses relative to grants for the county housing study; however, the budget should be amended to add a new line for the Kandiyohi County Housing Study under Other Income, Refunds and Reimbursements in the amount of \$44,000, and to add a new line for County Housing Study under Expenses/Business Retention & Expansion Committee (BRE)/Professional Services in the amount of \$48,000 and to delete the \$10,000 for Grants under the BRE Committee.

IT WAS MOVED BY Steve Gardner, SECONDED BY Vicki Davis, to approve amending the 2022 budget by adding a new line for the Kandiyohi County Housing Study under Other Income, Refunds and Reimbursements in the amount of \$44,000, and adding a new line for County Housing Study under Expenses/Business Retention & Expansion Committee/Professional

Services in the amount of \$48,000 and delete the \$10,000 for Grants under the BRE Committee. All present voted unanimously in favor by roll call.

Swedburg reported the Joint Operations Board approved amending the 2022 budget under income relative to grants for the virtual job fair; however, the budget should instead be amended to add a new line for Virtual Job Fair Sponsors under Conference Income in the amount of \$7,500 and to add to Expenses/Business Retention & Expansion Committee/Workforce Development/Job Fairs the amount of \$13,500 for the virtual job fairs.

IT WAS MOVED BY Marv Calvin, SECONDED BY Rollie Nissen, to approve amending the 2022 budget by adding a new line for Virtual Job Fair Sponsors under Conference Income in the amount of \$7,500 and to add to Expenses/Business Retention & Expansion Committee/Workforce Development/Job Fairs the amount of \$13,500 for the virtual job fairs. All present voted unanimously in favor by roll call.

**UNFINISHED BUSINESS**—There was no unfinished business.

#### **REPORTS AND COMMITTEE HIGHLIGHTS**

**Economic Development Activity.** Swedburg referred to her report dated October 27 2022 (see attached), which included attending the ribbon-cuttings for the Willmar Wye and Brunswick/Lund Boats. Olson worked with Brunswick to get employees for its new facility in Willmar. A Transportation Economic Development (TED) grant was applied for to support the Nexyst 360 development. Swedburg noted Nexyst 360 and Realm5 representatives were at the Wye ribbon cutting. Swedburg reported the EDC applied for the Child Care Economic Development Grant and state Border-to-Border Broadband Development Grant and is waiting to hear if they were approved. Olson reported EDC staff has been to almost every city and several township meetings relative to funding needed for childcare; no dollars have been committed at this time, but there is interest in supporting future projects. Olson informed the board that 10% of her time is to be dedicated to workforce. A bingo appreciation night was held for local childcare providers with participation by Southwest Initiative Foundation (SWIF) and United Community Action Partnership (UCAP). The event was held at Redeemer Lutheran Church in Willmar and several prizes donated by local businesses were given away. Approximately 20 out of 80 providers attended the event. Olson noted invites were sent to everyone who works in childcare centers as well.

**Elevate Community Business Academy.** Swedburg reported there are 11 students. They are currently in week six. The group is very diverse ranging in ages 23-73 and in the types of businesses. Nine are women and six are non-white. Translation of the curriculum into Somali is complete. Danny Carranza, an Elevate graduate, is taking the lead for the current course. There is interest in having a Spanish class. Swedburg noted she is currently in New Jersey attending the Rising Tide Capital Partner Summit. The last class will be held December 12<sup>th</sup> and graduation will be held January 13 at the Willmar Education and Arts Center. A couple of other graduates have indicated interest in being instructors; Swedburg will look at using DEED grant funds to train them.

**Agriculture and Renewable Energy Development.** Swedburg informed the board the committee identified its goals for 2022-2023 (see attached), which she reviewed; the committee has been working on completing those goals. The Industrial Hemp Exploratory Subcommittee is meeting quarterly. It recently heard a presentation by Kevin Ortenblad, who transitioned his lettuce business to growing hemp.

**Broadband and Advanced Technology.** Nissen reported the committee has had a lot of activity. Fiber is being installed on 30<sup>th</sup> Street. The committee submitted an application for the state Border-to-Border Broadband Development Grant, which would cover Mamre, Dovre, Arctander and St. Johns Townships. There is another plan to look at Lake Andrew Township, which TDS has also decided to do. TDS has been improving its connections in the cities of New London and Spicer. Swedburg reported a meeting was held with TDS asking where it will be doing updates so the committee knows where it will be providing increased service. Nissen stated Vibrant Broadband is working in Roseville Township. Projects are moving forward, but some homes will be missed. The committee is optimistic on the outcome of the state grant, but notice has not been received. Calvin commented on the state grant's right of first refusal requirement, which cannot be corrected without legislative action.

**Business Retention and Expansion/Recruitment.** Swedburg provided the Childcare Analysis by First Children's Finance (see attached). In 2020, 648 slots were needed. Currently there is a need for 955 slots; there are more children under the age of 5 in most communities, which increases the need. Some needed increase is because Willmar Child Care Center was included, but never opened. Spicer shows a positive of 26 in 2022. The EDC is working on retaining childcare providers and getting new providers. The EDC is currently working with a Willmar facility that needs to find a new location. Olson noted some childcare centers are having a hard time with employee retention, some of which is due to a lack of insurance benefits for employees. SWIF is a strong leader in this area and the EDC is working to support it. Calvin suggested something needs to be done about core curriculum as there is an under tone that some providers do not provide the same level of training or involvement with the children. Many private childcare providers closed because of regulations by the state legislature that have to be enforced by the county. Swedburg stated training is a line item in the Child Care grant application. UCAP has a new Child Care Wayfinder program and a UCAP position has been established to assist with getting providers licensed.

**Finance.** Swedburg is working on a loan application for Cheers for new equipment and possibly for others. The committee has not met for a few months.

**Marketing and Public Relations.** Olson reported an ad will be in the *Rooted* magazine; an Elevate ad was in the *Unique* magazine; and ads will be in the *Impact* magazine and visitors' guide. She has been working on a branding guide with the committee and updating all of the EDC's marketing materials. An in-person job fair at Ridgewater College was less attended by job seekers this year, but employers were happy with the quality of the attendees. She is working with Premier Virtual on a virtual career fair and is seeking sponsors for a virtual career fair. The first virtual career fair will be held January 18<sup>th</sup> and another one in late spring/early summer. This is a positive way for job seekers to discretely look for new employment. September was workforce development month and October was manufacturing month, which were featured in social media. A fall newsletter was emailed and highlighted local manufacturers. Olson and Swedburg attended the ribbon-cutting events for the Wye and Brunswick. She continues to support childcare and will meet with the City of Blomkest soon in this regard. Townships have shown appreciation for the EDC attending their meetings. Through those meetings she was able to connect a Sunburg business with Swedburg. She has been receiving ideas on how the EDC can support the townships. She is currently looking for topics for a winter newsletter.

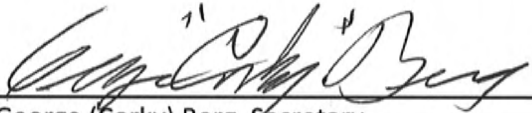
**Other.** It was noted this is Nissen's last meeting as he will no longer be a county commissioner. Nissen was invited to the January meeting so he can be acknowledged for his service to the EDC. This is also Mayor Calvin's last meeting.

**ADJOURNMENT**—There being no other business,

IT WAS MOVED BY Steve Gardner, SECONDED by Rollie Nissen, to adjourn the meeting.

The meeting was adjourned at approximately 1:17 p.m.

**NEXT MEETING**—The annual meeting is **11:30 a.m., Thursday, January 26, 2023** at the EDC office and via Zoom video conference. [Note, the meeting was later changed to January 19, 2023.] Chair Asmus and Berg will attend the January meeting via Zoom.

  
George (Corky) Berg, Secretary

APPROVED: 1/19/2023:

  
Steve Gardner, Vice Chairperson

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

**ANNUAL FINANCIAL REPORT**

**YEAR ENDED  
December 31, 2021**

Westberg Eischens, PLLP  
Certified Public Accountants  
Willmar, Minnesota 56201

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**KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION  
BOARD OF DIRECTORS  
December 31, 2021**

<u>Position</u>	<u>Name</u>	<u>Term Expires</u>	<u>Representing</u>
Board of Directors – Joint Powers Board			
Chair	Roland Nissen	12/31/2021	Kandiyohi County
Vice-Chair & EDCOB Liaison	Julie Asmus	12/31/2021	City of Willmar
Secretary	George Berg	12/31/2021	Kandiyohi County
Treasurer	Vicki Davis	12/31/2021	City of Willmar
Board Member	Marv Calvin	12/31/2021	City of Willmar
Board Member	Steve Gardner	12/31/2021	Kandiyohi County
Board of Directors – Operations Board			
President	Kelly TerWisscha	12/31/2023	
Vice President	Art Benson	12/31/2021	
Secretary	Jesse Gislason	12/31/2021	
Treasurer	Roland Boll	12/31/2021	
Board Member	Abdullahi Awale	12/31/2023	
Board Member	Donna Boonstra	12/31/2022	
Board Member	Lester Heitke	12/31/2022	
Ex-Officio	Julie Asmus	Annually	
Ex-Officio	David Ramstad	Annually	



## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Audit of the Financial Statements

#### Opinions

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, 2021, 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 as listed in the table of contents.

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, 2021, 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.

#### Basis for Opinions

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*, as issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Kandiyohi County and City of Willmar Economic Development Commission, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Kandiyohi County and City of Willmar Economic Development Commission's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Kandiyohi County and City of Willmar Economic Development Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Kandiyohi County and City of Willmar Economic Development Commission's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule, schedule of proportionate share of net pension liability, and schedule of employer contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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**

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, as we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 12, 2022, 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 Kandiyohi County and City of Willmar Economic Development Commission'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 Kandiyohi County and City of Willmar Economic Development Commission's internal control over financial reporting and compliance.

*Westberg Eischens, PLLP*

Westberg Eischens, PLLP  
Willmar, Minnesota

September 12, 2022

**KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2021**

**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 through the Elevate Community Business Academy.
- 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 2021 the Partners in Ag Innovation Conference in Willmar).
- 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 childcare throughout Kandiyohi County.
- Supporting workforce events and programs in Kandiyohi County (e.g. West Central MN Area Job Fair and the CLUES workforce programs).
- 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, 2021, 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, 2021 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, 2021**

**Financial Highlights**

Under GASB 34, the Kandiyohi County and City of Willmar Economic Development Commission's single government activities financial statements for December 31, 2021, 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:

- Total assets of the EDC were approximately \$1.155 million at December 31, 2021. Total deferred outflows of resources were approximately \$89 thousand at December 31, 2021. Total liabilities of the EDC were approximately \$156 thousand at December 31, 2021. Total deferred inflows of resources were approximately \$110 thousand at December 31, 2021. Thus, total net position was approximately \$977 thousand at December 31, 2021.
- Total revenue decreased by approximately \$2.65 million during the year ended December 31, 2021. Total revenues were approximately \$1.458 million for the year ended December 31, 2021. This decrease in revenue is due to less COVID related funding from other units of government.
- Total expenses decreased by approximately \$2.622 million during the year ended December 31, 2021. Total expenses were approximately \$1.416 million for the year ended December 31, 2021.
- Net position increased by approximately \$43 thousand for the year ended December 31, 2021.

**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:

- *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.
- *Restricted net position* - consists of assets which uses are restricted by donors, grantors, or other legally binding obligations.
- *Unrestricted net position* - consists of net position that does 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 expenses, 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 \$177,800 for EDC Committee expenses and actual expenditures totaled \$84,186 in 2021. 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, 2021**

**Net Position**

Table I reflects the EDC's condensed summary of the statement of net position as of December 31, 2021, with comparative amounts for 2020.

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

<u>Description</u>	<u>2021</u>	<u>2020</u>	<u>Change</u>
Current and other assets	\$ 1,080,406	\$ 1,118,545	\$ (38,139)
Capital assets, net	<u>74,136</u>	<u>12,599</u>	<u>61,537</u>
Total assets	<u>1,154,542</u>	<u>1,131,144</u>	<u>23,398</u>
Deferred outflows related to pension	<u>89,056</u>	<u>18,357</u>	<u>70,699</u>
Total deferred outflows of resources	<u>89,056</u>	<u>18,357</u>	<u>70,699</u>
Current and other liabilities	36,588	46,400	(9,812)
Long-term liabilities	<u>119,573</u>	<u>161,877</u>	<u>(42,304)</u>
Total liabilities	<u>156,161</u>	<u>208,277</u>	<u>(52,116)</u>
Deferred inflows related to pension	<u>109,958</u>	<u>6,488</u>	<u>103,470</u>
Total deferred inflows of resources	<u>109,958</u>	<u>6,488</u>	<u>103,470</u>
Net position			
Net investment in capital assets	74,136	12,599	61,537
Restricted net position	288,792	288,792	-
Unrestricted net position	<u>614,551</u>	<u>633,345</u>	<u>(18,794)</u>
Total net position	<u>\$ 977,479</u>	<u>\$ 934,736</u>	<u>\$ 42,743</u>

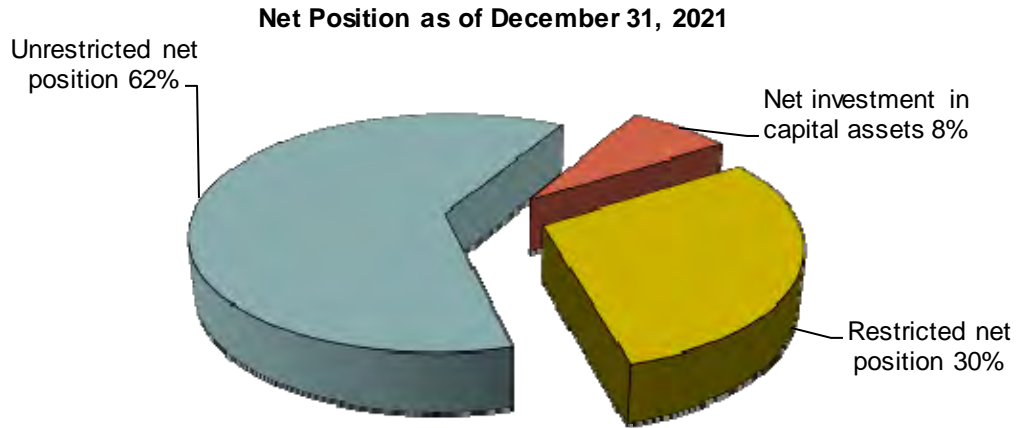
Investments in capital assets comprise about 6% of the EDC's total assets and about 8% of the total net position.

It was a positive year for the EDC's 2021 statement of net position. Total assets increased by \$23,398 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, 2021**

**Net Position (continued)**



**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>2021</u>	<u>2020</u>	<u>Change</u>
Revenues			
Program revenues:			
Intergovernmental	\$ 854,159	\$ 3,498,968	\$ (2,644,809)
Charges for services	1,335	1,375	(40)
General revenues:			
Property taxes	538,023	536,544	1,479
Interest income	11,202	15,039	(3,837)
Other income	53,625	57,053	(3,428)
Total revenues	<u>1,458,344</u>	<u>4,108,979</u>	<u>(2,650,635)</u>
Expenses			
Program expenses:			
Salaries including related taxes and benefits	258,852	254,333	4,519
Administration	165,522	134,085	31,437
Committees and special projects	84,186	127,725	(43,539)
Events and programs	38,065	3,824	34,241
Grants and donations	864,567	3,513,938	(2,649,371)
Depreciation	4,409	3,618	791
Total expenses	<u>1,415,601</u>	<u>4,037,523</u>	<u>(2,621,922)</u>



**KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2021**

**Statement of Activities (continued)**

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

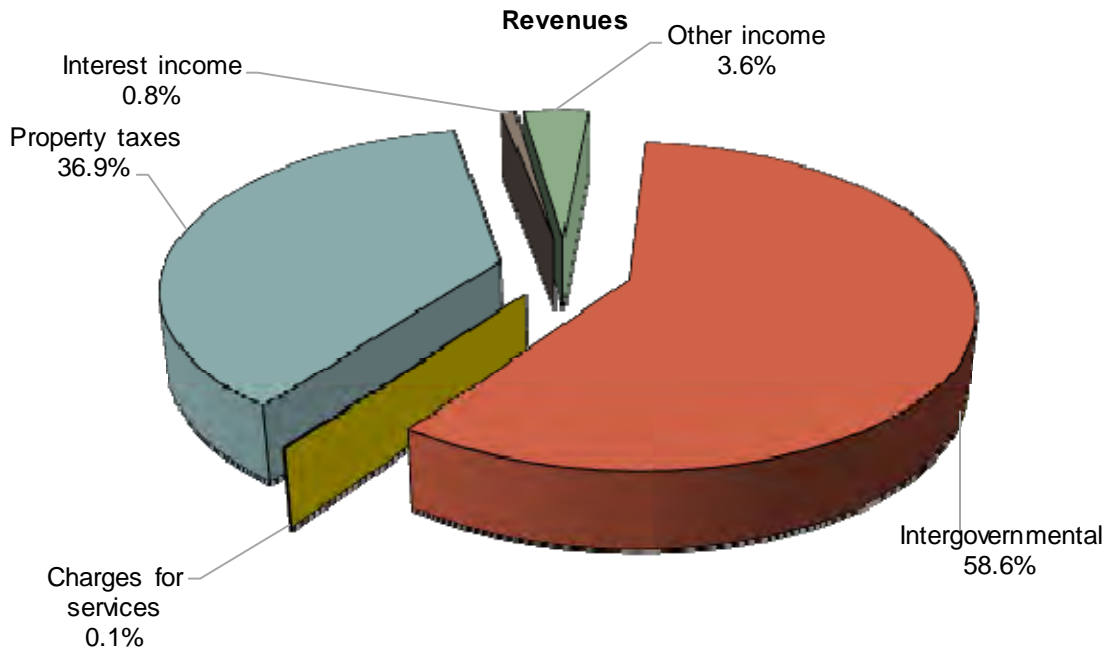
	<u>2021</u>	<u>2020</u>	<u>Change</u>
Excess of revenues over expenses	42,743	71,456	(28,713)
Change in net position	42,743	71,456	(28,713)
Net position - beginning	934,736	863,280	71,456
Net position - ending	<u>\$ 977,479</u>	<u>\$ 934,736</u>	<u>\$ 42,743</u>

The decrease in intergovernmental revenues reflects grants of approximately \$3.5 million received in 2020 from CARES Act funding. The decrease in grants and donations also reflects the grants of approximately \$3.5 million that were disbursed in 2020. The EDC acted as an intermediary by receiving the funding from various cities and townships as well as Kandiyohi County and disbursing it as necessary. Administration expenses increased reasonably with the increase in administrative assistance needed in regards to the COVID-19 grant programs. The decrease in committees and special projects expenses reflects the Childcare Business grants disbursed in 2020. Events and programs expenses increased with the start of the Elevate Business Academy program in 2021.

**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 2021 the county levy represented 37% of the EDC's revenues, with the majority of the revenue being intergovernmental due to the Minnesota Pandemic Relief (MPR) funding from Kandiyohi County. The remainder is grants, savings interest, and event sponsorships.

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

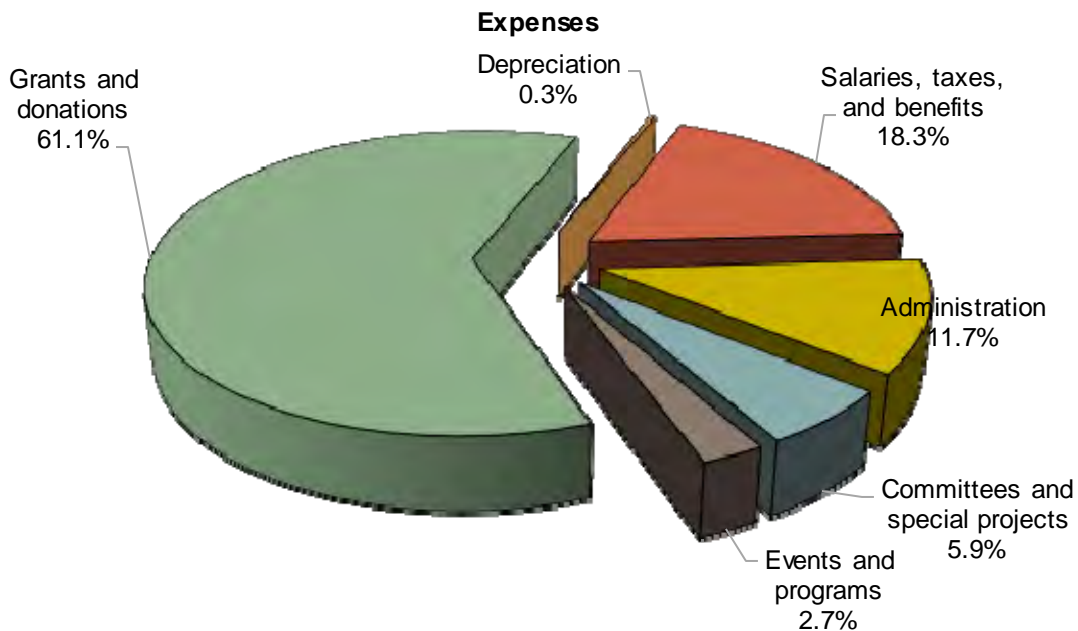


**KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2021**

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

For the year ended December 31, 2021, the EDC incurred operating expenses of \$1.416 million. Approximately 61% of the agency's expenses were tied to grants and donations.

The following graph illustrates the major expense groups and the percent of the total expense each represents for the year ending December 31, 2021:



**General Fund Budgetary Highlights**

Revenues for the EDC decreased from \$4,108,979 to \$1,458,344, or by 64.51%, over the previous year. Expenses for the EDC decreased from \$4,037,523 to \$1,415,601, or by 64.94%, over the previous year. The EDC's Joint Powers Board of Directors revised the 2021 budget in July of 2021 to increase the intergovernmental and other income in the amounts of \$749,194 and \$93,503, respectively as well as the salaries, taxes, and benefits, administrative, committees and special projects, events and programs, and grants and donations expenses in the amounts of \$13,919, \$13,130, \$59,950, \$28,503, and \$751,494, respectively. This was to account for the MPR funding received from Kandiyohi County to be disbursed to local businesses as needed.

**Capital Assets**

At the end of 2021, the EDC had \$74,136 (net of accumulated depreciation) invested in various leasehold improvements, furniture, equipment, and land. 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 2021, the EDC had \$26,178 in compensated absences and \$119,573 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, 2021**

	<b>General Fund</b>	<b>Adjustments</b>	<b>Governmental Activities</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 337,355	\$ -	\$ 337,355
Certificates of deposit	110,179	-	110,179
Receivables			
Delinquent taxes	20,580	-	20,580
Loans, net of allowance	303,874	-	303,874
Prepaid expense	2,266	-	2,266
Rent deposit	3,600	-	3,600
Restricted cash	302,552	-	302,552
Capital assets			
Depreciable - net	-	<u>74,136</u>	<u>74,136</u>
Total Assets	<u>\$ 1,080,406</u>	<u>74,136</u>	<u>1,154,542</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Related to pensions		<u>89,056</u>	<u>89,056</u>
Total Deferred Outflows of Resources		<u>89,056</u>	<u>89,056</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 3,993	-	3,993
Payroll liabilities	219	-	219
Unearned grant revenue	6,198	-	6,198
Long-term liabilities			
Due in more than one year			
Compensated absences	-	26,178	26,178
Net pension liability	-	<u>119,573</u>	<u>119,573</u>
Total Liabilities	<u>10,410</u>	<u>145,751</u>	<u>156,161</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Related to pensions	-	109,958	109,958
Unavailable revenue - taxes	<u>11,852</u>	<u>(11,852)</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>11,852</u>	<u>98,106</u>	<u>109,958</u>
<b>FUND BALANCE</b>			
Nonspendable	2,266	(2,266)	
Restricted	298,854	(298,854)	
Committed	280,186	(280,186)	
Assigned	25,750	(25,750)	
Unassigned	<u>451,088</u>	<u>(451,088)</u>	
Total Fund Balance	<u>1,058,144</u>	<u>(1,058,144)</u>	
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 1,080,406</u>		
<b>NET POSITION</b>			
Net investment in capital assets		74,136	74,136
Restricted		298,854	298,854
Unrestricted		<u>604,489</u>	<u>604,489</u>
Total Net Position		<u>\$ 977,479</u>	<u>\$ 977,479</u>

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, 2021**

	<b>General Fund</b>	<b>Adjustments</b>	<b>Governmental Activities</b>
<b>REVENUES</b>			
Property taxes	\$ 533,768	\$ 4,255	\$ 538,023
Charges for services	1,335	-	1,335
Intergovernmental	853,863	296	854,159
Interest income	11,202	-	11,202
Miscellaneous	53,625	-	53,625
<b>TOTAL REVENUES</b>	<b>1,453,793</b>	<b>4,551</b>	<b>1,458,344</b>
<b>EXPENDITURES</b>			
Salaries and wages	219,435	(3,938)	215,497
Payroll taxes and benefits	52,592	(9,237)	43,355
Administrative	165,522	-	165,522
Committees and special projects	84,186	-	84,186
Events and programs	38,065	-	38,065
Grants and donations	864,567	-	864,567
Capital outlay	65,946	(65,946)	-
Depreciation	-	4,409	4,409
<b>TOTAL EXPENDITURES</b>	<b>1,490,313</b>	<b>(74,712)</b>	<b>1,415,601</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>(36,520)</b>	<b>79,263</b>	<b>42,743</b>
<b>NET CHANGE IN FUND BALANCE/NET POSITION</b>	<b>(36,520)</b>	<b>79,263</b>	<b>42,743</b>
<b>FUND BALANCE/NET POSITION, Beginning of year</b>	<b>1,094,664</b>	<b>(159,928)</b>	<b>934,736</b>
<b>FUND BALANCE/NET POSITION, End of year</b>	<b>\$ 1,058,144</b>	<b>\$ (80,665)</b>	<b>\$ 977,479</b>

**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	\$ 65,946
Depreciation expense	(4,409)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	4,255
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In the statement of activities, pension expense is measured by the amount earned during the year. However, in the governmental funds, expenditures for these items are measured by the amount of financial resources used.

9,533

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

3,938

<b>Total adjustment between change in fund balance and change in net assets</b>	<b>\$ 79,263</b>
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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, 2021**

	<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	\$ 534,000	\$ 534,000	\$ 533,768	\$ (232)
Charges for services	500	500	1,335	835
Intergovernmental	-	749,194	853,863	104,669
Interest income	11,783	11,783	11,202	(581)
Miscellaneous	<u>59,100</u>	<u>152,603</u>	<u>53,625</u>	<u>(98,978)</u>
<b>TOTAL REVENUES</b>	<u>605,383</u>	<u>1,448,080</u>	<u>1,453,793</u>	<u>5,713</u>
<b>EXPENDITURES</b>				
Salaries and wages	219,444	237,307	219,435	(17,872)
Payroll taxes and benefits	42,453	38,509	52,592	14,083
Administrative	169,053	182,183	165,522	(16,661)
Committees and special projects	117,850	177,800	84,186	(93,614)
Events and programs	7,250	35,753	38,065	2,312
Grants and donations	48,750	800,244	864,567	64,323
Capital outlay	<u>-</u>	<u>-</u>	<u>65,946</u>	<u>65,946</u>
<b>TOTAL EXPENDITURES</b>	<u>604,800</u>	<u>1,471,796</u>	<u>1,490,313</u>	<u>18,517</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 583</u>	<u>\$ (23,716)</u>	(36,520)	<u>\$ (12,804)</u>
<b>FUND BALANCE, Beginning of year</b>			<u>1,094,664</u>	
<b>FUND BALANCE, End of year</b>			<u>\$ 1,058,144</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, 2021**

**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, 2021**

**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. The 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 land and 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, 2021**

**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 the 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 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, 2021**

**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, 2021, a summary of the governmental fund balance classifications are as follows:

<b>Fund Balance</b>	<b>General Fund</b>
Nonspendable	
Prepays	\$ 2,266
Restricted	
Tourism development	13,641
KCEO program	15,399
Revolving loan fund	269,814
Committed	
Micro loan fund	100,000
Revolving loan fund	30,186
COVID-19 business assistance loan fund	150,000
Assigned	
Loan receivable - HRA of Willmar	25,750
Unassigned	<u>451,088</u>
Total Fund Balance	<u>\$ 1,058,144</u>

**KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2021**

**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.

**B. Expenditures Exceeding Appropriations**

The following fund had expenditures that exceeded appropriations:

Fund	Budget	Actual	Expenditures Over Appropriations
General	\$ 1,471,796	\$ 1,490,313	\$ 18,517

**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, 2021, the EDC deposits were covered by federal depository insurance limit of \$250,000 or collateral held in safekeeping.

**KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2021**

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

**A. Assets (continued)**

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

**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;

(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, 2021, the EDC did not own any investments that required disclosure regarding interest rate risk, credit risk, or concentration of credit risk.

**KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2021**

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

**A. Assets (continued)**

**2. Receivables**

Receivables as of December 31, 2021, for the EDC's governmental activities are as follows:

	Total Receivables	Not Expected to be Collected Within One Year
Governmental Activities		
Delinquent taxes	\$ 20,580	\$ 11,852
Loans receivable, net of allowance	303,874	221,728
Total Governmental Activities	\$ 324,454	\$ 233,580

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, 2021, the balance of this loan was \$25,750.

Revolving Loan Funds – Consists of various term notes dated December 2011 through October 2021, requiring 60 to 120 monthly payments of \$475 to \$950 including interest at 5.25% to 6.25%. Matures January 2022 through July 2032. At December 31, 2021, the balance of these loans totaled \$198,106.

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, 2021, the balance of these loans totaled \$2,398. A provision has been made for estimated uncollectible amounts in the amount of \$2,398.

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 January 2022 through June 2026. At December 31, 2021, the balance of these loans totaled \$38,249.

COVID-19 Business Assistance (COBAL) Loans – Consists of various term notes requiring monthly payments of \$140 to \$280 including interest at 0.00%. Matures May 2024. At December 31, 2021, the balance of these loans totaled \$41,769.

**KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2021**

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

**A. Assets (continued)**

**3. Capital Assets**

Capital asset activity for the year ended December 31, 2021, was as follows:

<b>Governmental activities:</b>	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	\$ -	\$ 60,000	\$ -	\$ 60,000
Total capital assets not being depreciated	-	60,000	-	60,000
Capital assets being depreciated:				
Equipment	42,155	5,946	-	48,101
Total capital assets being depreciated	42,155	5,946	-	48,101
Less accumulated depreciation for:				
Equipment	29,556	4,409	-	33,965
Total accumulated depreciation	29,556	4,409	-	33,965
Total capital assets being depreciated, net	12,599	1,537	-	14,136
Governmental activities capital assets, net	<u>\$ 12,599</u>	<u>\$ 61,537</u>	<u>\$ -</u>	<u>\$ 74,136</u>

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

<b>Governmental activities</b>	
Economic development	<u>\$ 4,409</u>

**B. Liabilities**

**1. Long-Term Debt**

Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2021, was as follows:

<b>Governmental Activities</b>	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated Absences	\$ 30,116	\$ 19,051	\$ 22,989	\$ 26,178	\$ -
Net Pension Liability	161,877	118,479	160,783	119,573	-
Total Governmental Activities	<u>\$ 191,993</u>	<u>\$ 137,530</u>	<u>\$ 183,772</u>	<u>\$ 145,751</u>	<u>\$ -</u>

**KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2021**

**NOTE 4 DEFINED BENEFIT PENSION PLANS**

**A. Plan Description**

The EDC participates in the following cost-sharing, multiple-employer defined benefit pension plan 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. Benefit provisions 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% for each of the first 10 years of service and 1.7% for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7% 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.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% 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. Recipients receiving the annuity or benefit for at least one month but less than a full year as of 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 2021 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, 2021, were \$15,699. The EDC's contributions were equal to the required contributions as set by state statute.

**KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2021**

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

**D. Pension Costs**

**1. General Employees Fund Pension Costs**

At December 31, 2021, the EDC reported a liability of \$119,573 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. 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 \$3,670.

The net pension liability was measured as of June 30, 2021, 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 proportionate share 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, 2020 through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. The EDC's proportionate share was .0028% at the end of the measurement period and .0027% for the beginning of the period.

The EDC's proportionate share of the net pension liability	\$ 119,573
State of Minnesota's proportionate share of the net pension liability associated with the EDC	<u>3,670</u>
Total	<u>\$ 123,243</u>

For the year ended December 31, 2021, the EDC recognized pension expense of \$10,046 for its proportionate share of the General Employees Plan's pension expense. In addition, the EDC recognized an additional \$296 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.

At December 31, 2021, 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	\$ 682	\$ 3,645
Changes in actuarial assumptions	73,009	2,521
Net collective difference between projected and actual investment earnings	-	103,792
Changes in proportion	7,261	-
Contributions paid to PERA subsequent to the measurement date	<u>8,104</u>	<u>-</u>
Total	<u>\$ 89,056</u>	<u>\$ 109,958</u>

The \$8,104 reported as deferred outflows of resources related to pensions resulting from the EDC's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2021**

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

**D. Pension Costs (continued)**

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

Year Ended December 31:	Pension Expense Amount
2022	\$ (2,147)
2023	\$ 962
2024	\$ 423
2025	\$ (28,244)

**E. Long-Term Expected Return on Investment**

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 rates 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	33.5%	5.10%
International Equity	16.5%	5.30%
Fixed Income	25.0%	0.75%
Private Markets	25.0%	5.90%
Total	100%	

**F. Actuarial Methods and Assumptions**

The total pension liability in the June 30, 2021, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.50%. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment rates deemed to be reasonable by the actuary. An investment return of 6.50% was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25% for the General Employees Plan. Benefit increases after retirement are assumed to be 1.25% for the General Employees Plan.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3.0% after 29 years of service and 6.0% per year thereafter.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table.

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020 actuarial valuation.



**KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2021**

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

**F. Actuarial Methods and Assumptions (continued)**

The following changes in actuarial assumptions and plan provisions occurred in 2021:

**General Employees Fund**

Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

Changes in Plan Provisions:

- There were no changes in plan provisions since the previous valuation.

**G. Discount Rate**

The discount rate used to measure the total pension liability in 2021 was 6.50%. 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 these assumptions, 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.

**H. 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 one percentage point lower or one 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	5.50%	\$	243,867
Current Discount Rate	6.50%	\$	119,573
1% Higher	7.50%	\$	17,581

**I. 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.

**KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2021**

**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. During the year ended December 31, 2021, all outstanding loan balances were paid off. Total outstanding loan balances under this loan program are \$0 at December 31, 2021.

**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 December 31:</u>	<u>Amount</u>
2022	\$ 24,000
2023	\$ 24,000
2024	\$ 24,000

**NOTE 8 SUBSEQUENT EVENTS**

The EDC has evaluated subsequent events through September 12, 2022, 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, 2021	0.0028%	\$ 119,573	\$ 3,670	\$ 123,243	\$ 209,320	58.9%	87.0%
June 30, 2020	0.0027%	\$ 161,877	\$ 4,842	\$ 166,719	\$ 198,480	84.0%	79.1%
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, 2021	\$ 15,699	\$ 15,699	\$ -	\$ 209,320	7.50%
December 31, 2020	\$ 14,886	\$ 14,886	\$ -	\$ 198,480	7.50%
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.

**KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**December 31, 2021**

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

**General Employees Fund**

*2021 Changes*

Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

Changes in Plan Provisions:

- There were no changes in plan provisions since the previous valuation.

*2020 Changes*

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.5% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions

- Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

*2019 Changes*

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.

**KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**December 31, 2021**

**NOTE 1 CHANGES IN NET PENSION LIABILITIES AND RELATED RATIOS (continued)**

**General Employees Fund (continued)**

*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 the General Fund of the Kandiyohi County and City of Willmar Economic Development Commission as of and for the year ended December 31, 2021, 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 September 12, 2022.

**Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Kandiyohi County and City of Willmar Economic Development Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Kandiyohi County and City of Willmar Economic Development Commission'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 were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified 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 questioned costs as item 2021-003 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 questioned costs as items 2021-001 and 2021-002 to be significant deficiencies.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Kandiyohi County and City of Willmar Economic Development Commission'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 financial statements. 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**

*Government Auditing Standards* require the auditor to perform limited procedures on the Kandiyohi County and City of Willmar Economic Development Commission's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. 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 or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Kandiyohi County and City of Willmar Economic Development Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Westberg Eischens, PLLP*

Westberg Eischens, PLLP  
Willmar, Minnesota

September 12, 2022



**KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended December 31, 2021**

**FINANCIAL STATEMENT FINDINGS**

**Finding 2021-001**

**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.

**Questioned Costs:**

None.

**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.

**Repeat Finding:**

This finding was reported in the prior year as finding 2020-001.

**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 2021-001**

**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 QUESTIONED COSTS  
Year Ended December 31, 2021**

**FINANCIAL STATEMENT FINDINGS (continued)**

**Finding 2021-002**

**Criteria:**

Generally, a system of internal control contemplates segregation 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.

**Questioned Costs:**

None.

**Context:**

The EDC has informed us that the small size of its staff precludes proper segregation 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.

**Repeat Finding:**

This finding was reported in the prior year as finding 2020-002.

**Recommendation:**

We recommend that the EDC continue to segregate 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 2021-002**

**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 QUESTIONED COSTS  
Year Ended December 31, 2021**

**FINANCIAL STATEMENT FINDINGS (continued)**

**Finding 2021-003**

**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 to prevent or detect and correct 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.

**Questioned Costs:**

None.

**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.

**Repeat Finding:**

This finding was reported in the prior year as finding 2020-003.

**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 2021-003**

**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.

**Kandiyohi County**  
**Kandiyohi County and City of Willmar Economic Development Commission**  
**Stipend Agreement to Mark Boeschen**  
Broadband Planning in Kandiyohi County  
**October 1, 2022 – January 31, 2024**

**THIS STIPEND AGREEMENT** is made and entered into this 13<sup>th</sup> day of October 2022 between Kandiyohi County (hereafter County) 2200 23<sup>rd</sup> St. NE, Willmar, MN 56201 and Kandiyohi County and City of Willmar Economic Development Commission (hereafter EDC), P.O. Box 1783, Willmar, MN 56201, and Mark Boeschen (hereafter Chair) 909 Irene Ave Willmar, MN 56201

Chair will be paid an annual stipend of \$5,000 in October 2022, 2023 and 2024 on the following terms and conditions:

- A. **Duties, Terms and Services:** Subject to the terms and conditions of this stipend agreement, the County and EDC hereby agreed to pay an annual stipend to perform the services set forth herein for the EDC's Broadband and Advanced Technology Committee and for broadband planning and outreach activities in Kandiyohi County.

*Under this Agreement, Chair will provide the services as described in (attached as Exhibit A) which outlines key duties pertaining to the broadband planning and development in Kandiyohi County. Including, but not limited to, project planning, coordination of efforts, assigning grant writing, marketing, outreach to businesses and citizens in Kandiyohi County.*

This stipend agreement shall commence on October 13<sup>th</sup>, 2022, and be completed on or before December 31, 2024, The Stipend will be paid on the condition that the Chair is actively involved on the Broadband and Advanced Technology Committee.

- B. **Stipend payment:** Through the American Rescue Funds the County agrees to pay Chair a stipend of \$5,000 on October 2022, 2023 and 2024. The total Stipend amount shall not exceed \$15,000.
- C. **Payments:** Chair shall submit an invoice one time per year beginning on October 1<sup>st</sup> 2022. A final invoice on October 1<sup>st</sup>, 2024.
- D. **Liability and Indemnification:** Chair represents that the services to be provided under this stipend agreement are reasonable in scope and services. Chair agrees to indemnify and hold harmless the County and EDC against all claims, suits or judgments made.
- E. **Confidentiality:** Chair acknowledges that during the engagement they may have access to and become acquainted with information about a project. Chair agrees they will not disclose any information, directly or indirectly, about a project, either during the term of this agreement or at any other time thereafter, except as required in the course of this engagement or with the approval of the County and EDC. All files, records, documents, letters, notes and similar items relating to a project, whether prepared by Chair or otherwise coming into possession, shall remain the exclusive property of the County and EDC.

- F. **Termination:** Either party may terminate this Agreement by giving 30 days' prior written notice to the other. In the event of any such termination, Chair will be provided a stipend based on a prorated percent of the number of months they served during the current calendar year.
- G. **Independent Contractor:** This Stipend agreement shall not render Chair an employee of the County or EDC.
- H. **Non-Discrimination Policy:** Chair shall adhere to the County and EDC's non-discrimination policy. The policy states that they do not discriminate on the basis of race, color, sex, national origin, sexual orientation, disability, age or religion in its employment, or the provision of programs and services.

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

By: \_\_\_\_\_

Art Benson  
President, Joint Operations Board  
Date: October\_\_\_\_\_, 2022

\_\_\_\_\_

Mark Boeschen  
Broadband Chair  
Date: October\_\_\_\_\_, 2022

**Kandiyohi County**

By: \_\_\_\_\_

Larry Kleindl  
County Administrator  
Date: October\_\_\_\_\_, 2022

**Exhibit A**  
**Scope of Work for Contracted**  
**Broadband Planning and Deployment Assistance in Kandiyohi County**

The following outline proposes tasks and the proposed estimated timeframe for this agreement. This outline should be considered a starting point for discussion about the preferred process and timeframe to best meet the desired outcome of this project. The full scope of work will be determined by several factors, including:

1. Final decisions made by potential broadband service providers and Kandiyohi County who choose to move forward with broadband planning and potential project implementation.
2. Funds allocated for broadband deployment during the State of Minnesota Legislative Sessions and other possible funding sources.
3. Direction provided by Broadband and Advanced Technology Committee, for advancing the current deployment projects and beginning or continuing future projects. Coordinate with Minnesota Office of Broadband Development. Provide continued communication with providers, the County, EDC, and the Broadband and Advanced Technology Committee.

ARPA FUNDING INFORMATION. Chair acknowledges that the ARPA Funds being provided under this Agreement are from the ARPA Funds distributed to the County.

County has determined that the broadband infrastructure buildout project described in the Scope of Work provided in Exhibit A of this Agreement ("Broadband Project"); and

The U.S. Department of the Treasury ("Treasury") has allocated to the Kandiyohi County ("County"), \$8,390,899.00 of federal stimulus funding from the Coronavirus State Fiscal Recovery Fund and the Coronavirus Local Fiscal Recovery Funds under CFDA No. 21.027 ("ARPA Funds") under Section 603(b) of the Social Security Act, as amended by Section 9901 of the American Rescue Plan Act ("ARPA"); and

ARPA authorizes the ARPA Funds to be used for the following purposes:

1. To respond to the COVID-19 public health emergency or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality;
2. To respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers;
3. For the provision of government services to the extent of the reduction in revenue due to the COVID-19 public health emergency relative to revenues collected in the most recent full fiscal year prior to the emergency; and
4. To make necessary investments in water, sewer, or broadband infrastructure.
5. On September 6, 2022, the County authorized \$15,000 of ARPA Funds for the purpose of making necessary investments in broadband infrastructure; and
6. the County and Chair desire to enter into this agreement so that the Grantor may provide ARPA Funds under the standard allowance as part of the provision of government services, as allowed under the Final Rule.

**EXHIBIT B**

***Funds Received by Grantee from Grantor from Federal Sources***

	Agreement	Date	Amount	Federal Source
1.	Broadband Infrastructure Grant Agreement – Mark Boeschen	2022	\$5,000	ARPA
		2023	\$5,000	ARPA
		2024	\$5,000	ARPA
			<b>\$15,000</b>	



Kandiyohi County & City of Willmar  
ECONOMIC DEVELOPMENT COMMISSION

TO: Joint Powers Board

FROM: Sarah Swedburg  
Business Development Manager

DATE: October 27, 2022

RE: Business Development Manager Updates

The third quarter of 2022 was filled with activity! I continue to work with several entrepreneurs interested in expanding their existing business or starting a new business, primarily through business plan development and exploring funding options. Between the end of July and end of October, I participated in and/or helped plan the following notable events:

- Community Venture Network
- FarmFest
- Minnesota Brownfields Financial Literacy Forum
- Elevate Alumni Event at Robbins Island Four-Season Shelter
- Connecting Entrepreneurial Communities Conference in Red Wing
- 2023 Farm Bill Roundtable with Senator Tina Smith's Office
- Bingo Appreciation Night for Family Child Care Providers
- Manufacturing Month
- Area Development's Women in Economic Development Consultant Forum in Chicago
- Brunswick/Lund Boats Ribbon Cutting
- Latin Community Resource Event
- Roundtable with Secretary of State Steve Simon
- Willmar Wye Ribbon Cutting & Train Ride
- Rising Tide Capital Partner Summit in Jersey City

Additionally, I have been supporting a tax abatement request from the MinnWest Technology Campus; abatement agreements are currently being drafted. Finally, at the end of September, I was elected Vice President of the Minnesota Association of Professional County Economic Developers.

### **Broadband**

Broadband projects with Charter (New London/Spicer), Arvig (Prinsburg), and Vibrant (Hawick) are complete or will be complete before frost.



The Broadband Committee substantially supported the development of Federated Telephone Cooperative's Border-to-Border Broadband Development Grant application that was submitted at the beginning of August. Kandiyohi County also provided letters of support to Frontier and Charter for their Border-to-Border grant applications. These letters indicated that the Federated project was our top priority.

### **Elevate**

The fourth semester of the Elevate Community Business Academy (CBA) began with information sessions throughout August and orientation on Monday, September 12<sup>th</sup>. There are 11 students in this semester's class, 3 of which own existing businesses. 81.8% of the students are women, and 54.5% of the students identify as BIPOC. Additionally, students in this semester's class range from ages 23 to 73. We are on track for our last class to take place on Monday, December 12<sup>th</sup>. Graduation will be on Friday, January 13<sup>th</sup> at 6 p.m. at the Willmar Education and Arts Center (WEAC). All Joint Powers Board members are invited, and this event is open to the public.

Somali translation of the CBA curriculum has been completed; some adaptation is still needed. We are currently exploring the legalities of the Elevate name that came to our attention during the Connecting Entrepreneurial Communities Conference, as Hennepin County began its "Elevate Business" program around the same time as Elevate CBA. Additionally, we are putting together a proposal to work with the University of Minnesota Extension on an evaluation methodology for Elevate. Finally, as we continue to work on added value for our Elevate Alumni network, we are exploring a 1 Million Cups partnership with Marshall, as well as creating a series of Small Business Owner Education Webinars for our local entrepreneurs.

### **Grants**

In addition to the Border-to-Border Broadband Development Grant, I, along with Kelsey Olson, Marketing and Communications Specialist, and Michelle Marotzke from Mid-Minnesota Development Commission submitted a Child Care Economic Development Grant application to the State Department of Employment and Economic Development (DEED). This application requested \$300,000 from DEED, matched with \$150,000 from Kandiyohi County and \$100,000 from the City of Willmar. We continue to present to cities and townships throughout Kandiyohi County about child care and anticipate additional financial support from many of these entities.

Finally, I supported Kandiyohi County's Rail Grade Crossing Elimination Project Grant Application. This support included providing data about the industrial park, businesses and housing, as well as generally reviewing the application.



## **Agriculture and Renewable Energy Committee**

### **2022-2023 Goals**

**Mission:** To sustain, identify and develop agriculture, agribusiness and renewable energy opportunities.

**Objective:** Target activities that leverage Kandiyohi County's assets in agriculture, with a special emphasis on Ag business, manufacturing, bioscience, technology, renewable energy and research.

#### **6 Months (August 2022 – February 2023)**

1. Complete a feasibility study of industrial hemp in Kandiyohi County with Christianson PLLP  
Assigned To: Dustin
2. Use all of the Agriculture and Renewable Energy Committee's Budget by December 2022  
Assigned to: Chris
3. Invite Willmar and New London-Spicer Public Schools to speak about greenhouses  
Assigned to: Dan T.
4. Update Kandiyohi County agriculture flyer and create industrial hemp flyer  
Assigned to: Dan L.

#### **12 Months (August 2022 – August 2023)**

1. Continue Partners in Ag Innovation Conference in 2023  
Assigned to: Dustin
2. Create a resource folder for new farmers  
Assigned to: Nate
3. Support farm transfer planning classes with Willmar Community Ed and Ultimate Ag as well as with Ridgewater College  
Assigned to: Kevin

# Kandiyohi County Childcare

Zip Code	City	2021 CCC#	2022 CCC#	2021 CCC CAPACITY	2022 CCC CAPACITY	2021 FCC#	2022 FCC#	2021 FCC CAPACITY	2022 FCC CAPACITY	2021 TOTAL CAPACITY	2022 TOTAL CAPACITY	2021 CAPACITY*	2022 CAPACITY*	2021 UNDER '6' WORKING	2022 UNDER '6' WORKING	2021 CHILDREN UNDER 5	2022 CHILDREN UNDER 5	2021 CHILD CARE NEED	2022 CHILD CARE NEED
56201	Willmar	5	4	429	361	46	42	526	492	955	853	812	725	1237	1383	1051	1176	-239	-451
56209	Atwater	0	0	0	0	5	5	58	56	58	56	49	48	121	182	103	155	-54	-107
56216	Blomkest	0	0	0	0	1	1	10	10	10	10	9	9	24	19	20	16	-11	-7
56251	Kandiyohi	0	0	0	0	2	2	20	22	20	22	17	19	72	71	61	60	-44	-41
56253	Lake Lillian	0	0	0	0	2	2	22	22	22	22	19	19	45	36	38	31	-19	-12
56273	New London	0	0	0	0	10	10	116	116	116	116	99	99	235	315	200	268	-101	-169
56279	Pennock	0	0	0	0	1	1	10	10	10	10	9	9	70	62	60	53	-51	-44
56281	Prinsburg	0	0	0	0	1	1	12	12	12	12	10	10	53	55	45	47	-35	-37
56282	Raymond	0	0	0	0	6	4	68	46	68	46	58	39	114	125	97	106	-39	-67
56288	Spicer	1	1	82	82	10	10	114	112	196	194	167	165	223	164	190	139	-23	26
56289	Sunburg	0	0	0	0	0	0	0	0	0	0	0	0	38	30	32	26	-32	-26
	Totals	6	5	511	443	84	78	956	898	1467	1341	1249	1142	2232	2442	1897	2077	-648	-935