

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

JOINT OPERATIONS BOARD OF DIRECTORS (OB)

MINUTES

November 9, 2023

Community Room, Heritage Bank, N.A., Willmar and Via ZOOM Video Conference

Present: Art Benson, Abdulcadir Gaal, Jesse Gislason, Les Heitke, Noah Hultgren and Mary Warszynski

Excused: Kelly TerWisscha

Guest: Leslie Valiant, Willmar City Administrator

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

Media: Jennifer Kotila, West Central Tribune

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

President Art Benson called the meeting to order at approximately 11:10 a.m. and announced a quorum was present.

AGENDA—Added to the Agenda under Unfinished Business, EDC Office Location, was item a. Amendment to Professional Services Agreement. The October financial reports were removed from the Consent Agenda.

IT WAS MOVED BY Mary Warszynski, seconded by Jesse Gislason, to approve the revised Agenda and the following revised Consent Agenda:

CONSENT AGENDA

- Approve: 1. Minutes of October 19, 2023
2. Childcare Forgivable Loans to Tracey Rogers in the amount of \$12,500.00 and to Nicole Tester in the amount of \$9,375.00 to be paid from childcare grant funds
- Accept: Committee/Subcommittee Minutes
1. Business Retention and Expansion/Recruitment 6/14/2023
2. Broadband and Advanced Technology 10/2/2023
3. Industrial Hemp Exploratory Subcommittee 7/11/2023
4. Marketing and Public Relations 9/25/2023

MOTION CARRIED.

FINANCIAL REPORTS—Aaron Backman noted the most significant change to the financials is to the Balance Sheet relative to the childcare forgivable loans that have been disbursed in the amount of \$284,121.64. Total liabilities and equity are a little over \$1 million. The Profit & Loss shows just under \$95,000 was expended. Sarah Swedburg reported there are still some childcare grant funds available, but she anticipates all grant funds will be spent by year end. Swedburg provided the terms of the forgivable loan program.

IT WAS MOVED BY Les Heitke, SECONDED BY Mary Warszynski, to receive the financial reports as of October 31, 2023, subject to audit. MOTION CARRIED.

NEW BUSINESS

2022 Audit. Brianna Bredeson, an auditor with Westberg Eischens, presented the Annual Financial Report for year ended December 31, 2022 (see attached). In 2022, the reporting model adopted by the Governmental Accounting Standards Board (GASB), where assets have a related liability was implemented. Bredeson noted it is a clean opinion and the auditor has no issues with the financials. Net assets increased, which is mainly due to the building lease being listed as an asset of \$125,000. Page 9 shows that 88.5% of the revenue is from the tax levy and page 10 shows the major expenses are salaries and benefits. The EDC is in a very strong financial position as shown on p. 11 with assets of \$1,048,859. Total fund balance is noted on p. 16. The EDC is fully insured and collateralized so there are no issues as to its funds. In response to a question, Bredeson stated if the EDC does any improvements, the auditor would capitalize the expenses over 7 to 20 years, dependent upon the expense. The EDC has no debt, only liabilities, which is mainly staff retirement. 2022 was the first year without any COVID-19 related grant funds. Budget comparisons are shown on p. 27 and show revenues and expenditures were less than budgeted. Internal control findings have been the same three as reported in the past due to the small staff and being unable to segregate duties. Bredeson noted the auditor drafted the financial statements and made three adjustments that exceeded materiality, but were not out of the norm. The governance letter shows the net adjustments that were made. Overall, the EDC is in a good financial position and nothing was noted out of the norm.

[Abdulcadir Gaal joined the meeting.]

Backman informed the board that the Joint Powers Board formally accepted the audit, but he felt it was important for this board to hear the presentation by the auditor.

[Bredeson was excused from the meeting.]

UNFINISHED BUSINESS

EDC Office Location. Backman noted he requested Engan & Associates do an amendment to the Professional Services Agreement as the Elks have indicated it is willing to lease additional space to the EDC. The EDC has found it necessary to pay for space to hold the Elevate classes and several committees and this board's meetings must be held at other locations as the EDC's current space is

not large enough. Backman recommends the Amendment (see attached) be approved. A sketch of the Elks building with proposed new space was reviewed (see attached). Backman noted the Elks are willing to revisit the lease amount. Backman will be considering the proposed leasehold improvements at each location and the costs to the EDC over time. The board discussed the EDC's space needs and whether or not to move forward.

IT WAS MOVED BY Jesse Gislason, SECONDED BY Les Heitke, to approve the Amendment to the Professional Services Agreement at a fee of \$2,450. MOTION CARRIED.

EDC Rebranding. Backman reviewed the goal of Marketing, Communications and Public Relations developed by the boards at the annual planning session. One Strategic Objective is to enhance brand/visibility: position the EDC with updated and consistent branding. The Marketing and Public Relations Committee has discussed the EDC's current name and recommended three possible names for marketing purposes: 1) Prosper Kandiyohi County, 2) Prosper Economic Development and 3) Kandiyohi County Economic Development. Backman noted the EDC's legal name would not change, but questioned if the EDC would be in a better position with a shorter name. The Joint Powers Board requested input from this board, as well as the EDC's committees. Thus, a survey was sent and responses were received from 39 of 55 individuals with 26 individuals selecting Kandiyohi County Economic Development as its first choice, if a new name is done (see attached); 41% of the respondents live in Willmar and 60% work in Willmar. Discussion was held on removing Willmar from the EDC's branding.

Backman noted the Joint Powers Board indicated it was willing to hold a special board meeting for the sole purpose of addressing a name change. Board members felt from the survey it is clear that the name should be Kandiyohi County Economic Development.

IT WAS MOVED BY Abdulcadir Gaal, SECONDED BY Noah Hultgren, to recommend to the Kandiyohi County and City of Willmar Economic Development Commission Joint Powers Board that the branding/marketing name be changed to Kandiyohi County Economic Development. MOTION CARRIED.

[Gislason was excused from the meeting.]

REPORTS

Economic Development Activity. Backman reported Kuepers has been installing utilities for its \$7.5 million project south of Walmart consisting of two buildings with 36 units in each; the Unique Opportunities project is moving along; there has been a lot of activity with the Willmar Rail Park; and Duinick Concrete is looking at purchasing land for a ready-mix plant and future expansion. The state encouraged the EDC to respond to an RFP for Project Loon and Project Green Wave, biomanufacturing projects. Backman also attended an event related to industrial development.

Leslie Valiant announced the city of Willmar hired a new Planning and Development Director Christopher Corbett and a new City Planner Christopher Frank.

Elevate Community Business Academy. Swedburg reported two Elevate students are looking at opening businesses. Graduation of 13 students will be held December 15 at Ridgewater College. The EDC will fly in Rupa Mohan, Education & Training Lead from Rising Tide Capital to be the keynote speaker. The fall Elevate classes were fully funded by Southwest Initiative Foundation. Swedburg has turned over instruction of the classes to Elevate graduates, however, she attends as she is available. The end of October Swedburg attended Rising Tide Capital's annual partner summit in New Jersey. She applied for a Small Business Partnership Grant with the Minnesota Department of Employment and Economic Development (DEED), but no response has been received yet.

Child Care Economic Development Grant. Swedburg referred the board to her written report (see attached). She highlighted the forgivable loans and noted the EDC has supported 159 new childcare slots. EDC staff is working on a banquet for childcare providers and Tanna Stucky continues to develop a mentorship program. A magnet will be produced and sent to home childcare providers that includes the EAP (Employee Assistance Program) help line and information on the mentorship program. Strategic Supply Plan (SSP) process with First Children's Finance will also begin next year. Staff is feeling good about how the program is going.

COMMITTEE REPORTS

Ag. No meeting was held in October.

Broadband and Advanced Technology. Swedburg reported the committee is working on three Border-to-Border Broadband Development Grant applications for nine townships. She noted this work could not continue without the work being done by the committee chair Mark Boesch. They are working with Federated Telephone Cooperative for a project in Lake Andrew, Colfax, Dovre, St. Johns and Norway Lake Townships and with Meeker Cooperative (Vibrant Broadband) for a project in Gennessee, Fahlun and Kandiyohi Townships. Lake Lillian will be a low density project, also with Meeker Cooperative (Vibrant Broadband). Over 1,800 passings will be covered with these projects and they will deplete the funds set aside by Kandiyohi County for broadband.

Business Retention and Expansion/Recruitment (BRE). Backman noted the BRE Committee did not meet in October. He announced the Minnesota Department of Transportation and the Wye project received the American Association of State Highway and Transportation Officials America's Transportation Award, which was presented to the Joint Powers Board by Jon Huseby. Huseby has been visiting all Wye partners and presenting each with the award. The Coalition of Greater Minnesota Cities will hold its fall conference in Willmar on November 16. It is expected 135 will attend and will include a bus tour of Willmar. Valiant noted the Coalition has held its meetings in Willmar several times, but this is the first time it has held a bus tour, which speaks well that other communities and economic developers are impressed with what is happening in Willmar. DEED also had a tour of Willmar.

Finance. The committee did not meet, but will meet in December for loan approvals. Swedburg announced Pink Apron Bakery, a loan recipient, will officially open this weekend in the former Coffee and More location in Spicer.

Marketing and Public Relations. See Olson's report attached.

Leisure Travel. President Benson reported on a curling event that will be held January 27, 2024. He noted 20 people have signed up for the new Tepetonga golf course; 17 of whom are from the Norway Lake/Lake Andrew areas. New conventions are coming to Willmar, including hockey tournaments. Backman noted lodging tax continues to increase each month.

WHAT'S UP?


- Noah Hultgren reported they have been working hard at harvest and hope to be done tomorrow. The general consensus is that there are fairly good yields; low ground did well, high ground not as well.
- Swedburg noted many people voted relative to the Willmar School District funding requests and she will begin coaching Speech on Monday.
- Mary Warszynski continues to look for someone to purchase her business Employment Plus.
- Valiant reported the city of Willmar has narrowed down its branding from seven to two top logos. The city is working with Refresh. The city continues to work on getting broadband through Hometown Fiber. Monday night, the City Hall will be discussed.
- Gaal has been doing a lot of translations lately and assisting new immigrants with paperwork.
- Les Heitke noted Duinick has been preparing to lay asphalt near his home today by Eagle Creek Golf Course.
- Backman traveled to northern Italy in October and will be traveling to Peru over the Christmas holiday.

ADJOURNMENT—There being no other business,

IT WAS MOVED BY Les Heitke, seconded by Mary Warszynski, to adjourn the meeting.

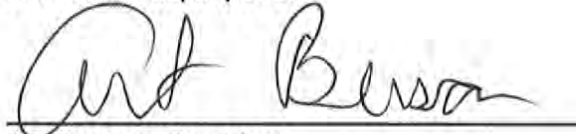
The meeting was adjourned at approximately 1:18 p.m.

NEXT MEETING—The next meeting is 11:00 a.m., Thursday, December 14, 2023 at the Community Room of Heritage Bank, Willmar.



Mary Warszynski, Secretary

APPROVED: 12/14/2023



Art Benson, President

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

ANNUAL FINANCIAL REPORT

**YEAR ENDED
December 31, 2022**

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**KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION
BOARD OF DIRECTORS
December 31, 2022**

<u>Position</u>	<u>Name</u>	<u>Term Expires</u>	<u>Representing</u>
Board of Directors – Joint Powers Board			
Chair & EDCOB Liaison	Julie Asmus	12/31/2022	City of Willmar
Vice-Chair	Steve Gardner	12/31/2022	Kandiyohi County
Secretary	George Berg	12/31/2022	Kandiyohi County
Treasurer	Vicki Davis	12/31/2022	City of Willmar
Board Member	Marv Calvin	12/31/2022	City of Willmar
Board Member	Rolland Nissen	12/31/2022	Kandiyohi County
Board of Directors – Operations Board			
President	Art Benson	12/31/2024	
Vice President	Jesse Gislason	12/31/2024	
Secretary	Donna Boonstra	12/31/2022	
Treasurer	Kelly TerWisscha	12/31/2023	
Board Member	Abdulcadir Abucar Gaal	12/31/2023	
Board Member	Lester Heitke	12/31/2022	
Board Member	Mary Warszynski	12/31/2024	
Ex-Officio	Vicki Davis	Annually	
Ex-Officio	Justice Walker	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, 2022, 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, 2022, 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 Board of Directors 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 October 24, 2023, 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

October 24, 2023

**KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2022**

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 2022 the Partners in Ag Innovation Conference).
- 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, 2022, 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, 2022 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, 2022**

Financial Highlights

Under GASB 34, the Kandiyohi County and City of Willmar Economic Development Commission's single government activities financial statements for December 31, 2022, 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 \$1.24 million at December 31, 2022. Total deferred outflows of resources were approximately \$88 thousand at December 31, 2022. Total liabilities of the EDC were approximately \$417 thousand at December 31, 2022. Total deferred inflows of resources were approximately \$3 thousand at December 31, 2022. Thus, total net position was approximately \$906 thousand at December 31, 2022.
- Total revenue decreased by approximately \$828 thousand during the year ended December 31, 2022. Total revenues were approximately \$631 thousand for the year ended December 31, 2022. This decrease in revenue is due to less COVID related funding from other units of government.
- Total expenses decreased by approximately \$714 thousand during the year ended December 31, 2022. Total expenses were approximately \$702 thousand for the year ended December 31, 2022.
- Net position decreased by approximately \$71 thousand for the year ended December 31, 2022.

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 \$79,150 for EDC Committee expenses and actual expenditures totaled \$108,613 in 2022. 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, 2022**

Net Position

Table I reflects the EDC's condensed summary of the statement of net position as of December 31, 2022, with comparative amounts for 2021.

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

<u>Description</u>	<u>2022</u>	<u>2021</u>	<u>Change</u>
Current and other assets	\$ 1,048,859	\$ 1,080,406	\$ (31,547)
Capital assets and right of use assets, net	<u>189,867</u>	<u>74,136</u>	<u>115,731</u>
Total assets	<u>1,238,726</u>	<u>1,154,542</u>	<u>84,184</u>
Deferred outflows related to pension	<u>87,878</u>	<u>89,056</u>	<u>(1,178)</u>
Total deferred outflows of resources	<u>87,878</u>	<u>89,056</u>	<u>(1,178)</u>
Current and other liabilities	75,774	36,588	39,186
Long-term liabilities	<u>341,309</u>	<u>119,573</u>	<u>221,736</u>
Total liabilities	<u>417,083</u>	<u>156,161</u>	<u>260,922</u>
Deferred inflows related to pension	<u>3,231</u>	<u>109,958</u>	<u>(106,727)</u>
Total deferred inflows of resources	<u>3,231</u>	<u>109,958</u>	<u>(106,727)</u>
Net position			
Net investment in capital assets	69,414	74,136	(4,722)
Restricted net position	304,204	288,792	15,412
Unrestricted net position	<u>532,672</u>	<u>614,551</u>	<u>(81,879)</u>
Total net position	<u>\$ 906,290</u>	<u>\$ 977,479</u>	<u>\$ (71,189)</u>

Investments in capital assets comprise about 14% of the EDC's total assets and about 8% of the total net position.

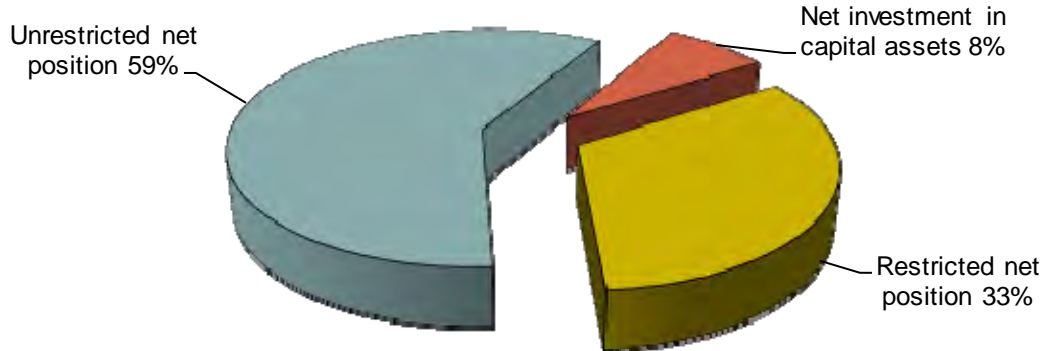
It was a positive year for the EDC's 2022 statement of net position. Total assets increased by \$84,184 and the assets of the organization exceeded \$1 million.

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, 2022**

Net Position (continued)

Net Position as of December 31, 2022



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>2022</u>	<u>2021</u>	<u>Change</u>
Revenues			
Program revenues:			
Intergovernmental	\$ 24,514	\$ 854,159	\$ (829,645)
Charges for services	-	1,335	(1,335)
General revenues:			
Property taxes	558,209	538,023	20,186
Interest income	10,625	11,202	(577)
Other income	37,299	53,625	(16,326)
Total revenues	<u>630,647</u>	<u>1,458,344</u>	<u>(827,697)</u>
Expenses			
Program expenses:			
Salaries including related taxes and benefits	337,156	258,852	78,304
Administration	152,602	165,522	(12,920)
Committees and special projects	108,613	84,186	24,427
Events and programs	43,378	38,065	5,313
Grants and donations	29,296	864,567	(835,271)
Amortization	26,168	-	26,168
Depreciation	4,623	4,409	214
Total expenses	<u>701,836</u>	<u>1,415,601</u>	<u>(713,765)</u>

**KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2022**

Statement of Activities (continued)

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

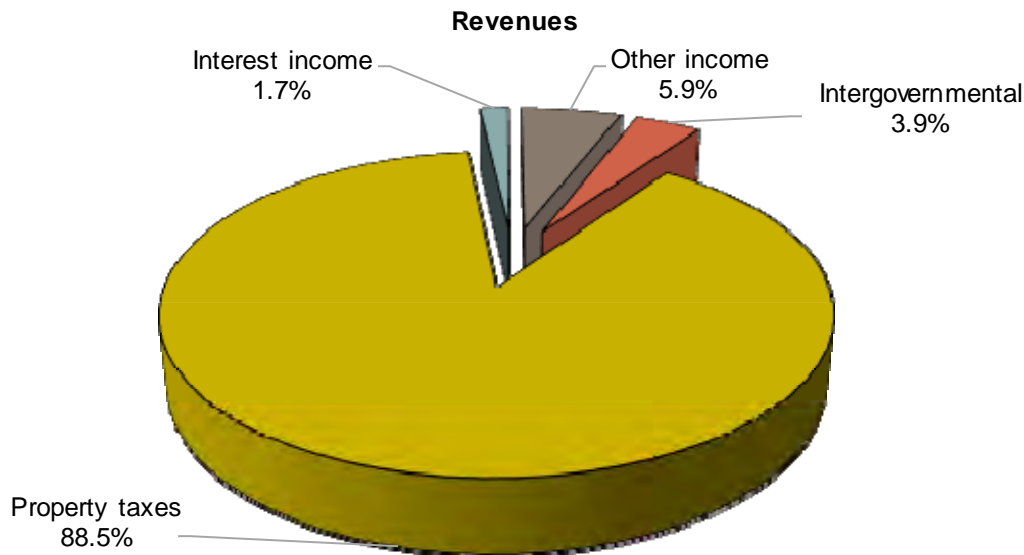
	<u>2022</u>	<u>2021</u>	<u>Change</u>
Excess (deficiency) of revenues over (under) expenses	(71,189)	42,743	(113,932)
Change in net position	(71,189)	42,743	(113,932)
Net position - beginning	977,479	934,736	42,743
Net position - ending	<u>\$ 906,290</u>	<u>\$ 977,479</u>	<u>\$ (71,189)</u>

The decrease in intergovernmental revenues reflects grants of approximately \$848 thousand received in 2021 from Minnesota Pandemic Relief Act funding. The decrease in grants and donations also reflects the grants of approximately \$848 thousand that were disbursed in 2021. The EDC acted as an intermediary by receiving the funding from the State of Minnesota and disbursing it as necessary. Salaries including related taxes and benefits expenses increased reasonably with the addition of the Marketing and Communications Specialist position in 2022.

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 2022 the county levy represented 89% of the EDC's revenues. The remainder is grants, savings interest, and event sponsorships.

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

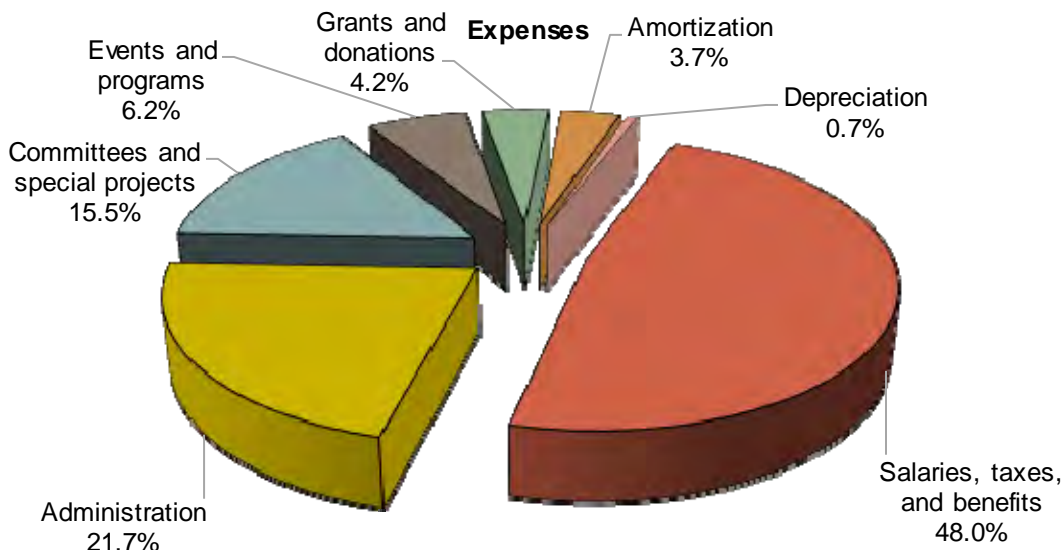


**KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2022**

Financial Analysis of the Organization as a Whole (continued)

For the year ended December 31, 2022, the EDC incurred operating expenses of \$702 thousand. Approximately 48% of the agency's expenses were tied to salaries, taxes, and benefits.

The following graph illustrates the major expense groups and the percent of the total expense each represents for the year ending December 31, 2022:



General Fund Budgetary Highlights

Revenues for the EDC decreased from \$1,458,344 to \$630,647, or by 56.76%, over the previous year. Expenses for the EDC decreased from \$1,415,601 to \$701,836, or by 50.42%, over the previous year. The EDC's Joint Powers Board of Directors revised the 2022 budget in July of 2022 to increase the intergovernmental revenues in the amount of \$40,000 and decrease other income in the amount of \$5,000 as well as increase the salaries, taxes, and benefits, administrative, events and programs, and grants and donations expenses in the amounts of \$2,284, \$8,834, \$18,106, and \$750, respectively and decrease committees and special projects expenses in the amount of \$5,750.

Capital and Right of Use Assets

At the end of 2022, the EDC had \$71,346 (net of accumulated depreciation) invested in various leasehold improvements, furniture, equipment, and land. Also, the EDC had \$118,521 (net of accumulated amortization) invested in right of use lease assets. Refer to Note 3 of the notes to the financial statements for a schedule showing the EDC's capital asset and right of use asset activity.

Long-Term Debt

At the end of 2022, the EDC had \$120,453 in lease obligations, \$32,013 in compensated absences, and \$245,521 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 20th 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, 2022

	General Fund	Adjustments	Governmental Activities
ASSETS			
Cash and cash equivalents	\$ 282,752	\$ -	\$ 282,752
Certificates of deposit	110,576	-	110,576
Receivables			
Delinquent taxes	27,141	-	27,141
Loans, net of allowance	212,163	-	212,163
Prepaid expense	2,702	-	2,702
Rent deposit	3,600	-	3,600
Restricted cash	409,925	-	409,925
Capital assets and right of use assets, net	<u>-</u>	<u>189,867</u>	<u>189,867</u>
Total Assets	<u>\$ 1,048,859</u>	<u>189,867</u>	<u>1,238,726</u>
DEFERRED OUTFLOWS OF RESOURCES			
Related to pensions		<u>87,878</u>	<u>87,878</u>
Total Deferred Outflows of Resources		<u>87,878</u>	<u>87,878</u>
LIABILITIES			
Accounts payable	\$ 12,268	-	12,268
Payroll liabilities	219	-	219
Accrued interest	-	411	411
Unearned grant revenue	6,198	-	6,198
Long-term liabilities			
Due within one year	-	24,665	24,665
Due in more than one year	<u>-</u>	<u>373,322</u>	<u>373,322</u>
Total Liabilities	<u>18,685</u>	<u>398,398</u>	<u>417,083</u>
DEFERRED INFLOWS OF RESOURCES			
Related to pensions	-	3,231	3,231
Unavailable revenue - taxes	<u>17,407</u>	<u>(17,407)</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>17,407</u>	<u>(14,176)</u>	<u>3,231</u>
FUND BALANCE			
Nonspendable	2,702	(2,702)	
Restricted	304,204	(304,204)	
Committed	280,186	(280,186)	
Assigned	25,750	(25,750)	
Unassigned	<u>399,925</u>	<u>(399,925)</u>	
Total Fund Balance	<u>1,012,767</u>	<u>(1,012,767)</u>	
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 1,048,859</u>		
NET POSITION			
Net investment in capital assets		69,414	69,414
Restricted		304,204	304,204
Unrestricted		<u>532,672</u>	<u>532,672</u>
Total Net Position		<u>\$ 906,290</u>	<u>\$ 906,290</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, 2022**

	General Fund	Adjustments	Governmental Activities
REVENUES			
Property taxes	\$ 552,654	\$ 5,555	\$ 558,209
Intergovernmental	23,435	1,079	24,514
Interest income	10,625	-	10,625
Miscellaneous	37,299	-	37,299
TOTAL REVENUES	624,013	6,634	630,647
EXPENDITURES			
Salaries and wages	247,718	5,835	253,553
Payroll taxes and benefits	62,125	21,478	83,603
Administrative	147,072	-	147,072
Committees and special projects	108,613	-	108,613
Events and programs	43,378	-	43,378
Grants and donations	29,296	-	29,296
Capital outlay	1,833	(1,833)	-
Rent	29,355	2,343	31,698
Depreciation	-	4,623	4,623
TOTAL EXPENDITURES	669,390	32,446	701,836
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(45,377)	(25,812)	(71,189)
NET CHANGE IN FUND BALANCE/NET POSITION	(45,377)	(25,812)	(71,189)
FUND BALANCE/NET POSITION, Beginning of year	1,058,144	(80,665)	977,479
FUND BALANCE/NET POSITION, End of year	\$ 1,012,767	\$ (106,477)	\$ 906,290

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	\$ 1,833
Depreciation expense	(4,623)

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

Property taxes	5,555
----------------	-------

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.

(20,399)

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

Lease interest expense	(5,482)
Lease payments	29,307
Amortization expense	(26,168)

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

(5,835)

Total adjustment between change in fund balance and change in net assets **\$ (25,812)**

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, 2022

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 net 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, 2022

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, 2022

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 net 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 governmental 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 net 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, 2022

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, 2022, a summary of the governmental fund balance classifications are as follows:

Fund Balance	<u>General Fund</u>
Nonspendable	
Prepays	\$ 2,702
Restricted	
Tourism development	13,641
KCEO program	20,749
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>399,925</u>
Total Fund Balance	<u>\$ 1,012,767</u>

KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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.

E. New Accounting Pronouncement

Effective January 1, 2022, the EDC implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. GASB Statement No. 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the EDC's 2022 financial statements and did not result in a material impact to the beginning net position of the General Fund. The EDC recognized a right of use asset of \$144,689 and a lease liability of \$144,600 at January 1, 2022 due to the implementation of GASB Statement No. 87.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgets

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

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Assets

1. Deposits and Investments

a. Deposits

Minn. Stat. § 118A.02 and § 118A.04 authorize the EDC to designate a depository for public funds and to invest in certificates of deposit. Minn. Stat. § 118A.03 requires that all EDC deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged shall be at least ten percent more than the amount on deposit plus accrued interest at the close of the financial institution's banking day, not covered by insurance or bonds.

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

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the EDC's deposits may not be returned to it. The EDC will obtain collateral or bonds for all uninsured amounts on deposit and the additional insurance will be documented to show compliance with state law and a perfected security interest under federal law. At December 31, 2022, 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, 2022

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, 2022, 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, 2022

NOTE 3 DETAILED NOTES ON ALL FUNDS (continued)

A. Assets (continued)

2. Receivables

Receivables as of December 31, 2022, for the EDC's governmental activities are as follows:

	Total Receivables	Not Expected to be Collected Within One Year
Governmental Activities		
Delinquent taxes	\$ 27,141	\$ 17,407
Loans receivable, net of allowance	<u>212,163</u>	<u>153,577</u>
Total Governmental Activities	<u>\$ 239,304</u>	<u>\$ 170,984</u>

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, 2022, 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, 2022, the balance of these loans totaled \$154,238.

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, 2022, the balance of these loans totaled \$2,397. A provision has been made for estimated uncollectible amounts in the amount of \$2,397.

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, 2022, the balance of these loans totaled \$25,483.

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, 2022, the balance of these loans totaled \$6,692.

KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 3 DETAILED NOTES ON ALL FUNDS (continued)

A. Assets (continued)

3. Capital Assets

Capital assets and right of use assets activity for the year ended December 31, 2022, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital Assets				
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	48,101	1,833	-	49,934
Total capital assets being depreciated	48,101	1,833	-	49,934
Less accumulated depreciation for:				
Equipment	33,965	4,623	-	38,588
Total accumulated depreciation	33,965	4,623	-	38,588
Total capital assets being depreciated, net	14,136	(2,790)	-	11,346
Capital assets, net	<u>\$ 74,136</u>	<u>\$ (2,790)</u>	<u>\$ -</u>	<u>\$ 71,346</u>
Right of Use Assets				
Equipment	\$ -	\$ 18,885	\$ -	\$ 18,885
Building	-	125,804	-	125,804
Total right of use assets	-	144,689	-	144,689
Less accumulated amortization	-	26,168	-	26,168
Right of use assets, net	<u>\$ -</u>	<u>\$ 118,521</u>	<u>\$ -</u>	<u>\$ 118,521</u>
Total capital assets and right of use assets, net	<u>\$ 74,136</u>	<u>\$ 115,731</u>	<u>\$ -</u>	<u>\$ 189,867</u>

The land included in the above capital assets not being depreciated is an asset the EDC bought in the fiscal year ended December 31, 2021. The EDC purchased this land to potentially resell to a developer. The EDC has stipulations on how the property would be developed and will work with the City of Wilmar to determine an appropriate use of the property based on the needs of the community. As of December 31, 2022, there have been a few developers show interest in the property, but it has yet to be sold.

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

Governmental activities	
Economic development	<u>\$ 4,623</u>

KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 3 DETAILED NOTES ON ALL FUNDS (continued)

B. Liabilities

1. Long-Term Debt

Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2022, was as follows:

Governmental Activities	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>	<u>Due In More Than One Year</u>
Lease Obligations	\$ -	\$ 144,600	\$ 24,147	\$ 120,453	\$ 24,665	\$ 95,788
Compensated Absences	26,178	25,665	19,830	32,013	-	32,013
Net Pension Liability	119,573	143,379	17,431	245,521	-	245,521
Total	<u>\$ 145,751</u>	<u>\$ 313,644</u>	<u>\$ 61,408</u>	<u>\$ 397,987</u>	<u>\$ 24,665</u>	<u>\$ 373,322</u>

C. Leases

Lease agreements are summarized as follows:

<u>Description</u>	<u>Date</u>	<u>Payment Terms</u>	<u>Payment Amount</u>	<u>Interest Rate</u>	<u>Total Lease Liability</u>	<u>Current Year Additional Outflows</u>	<u>Balance Outstanding</u>
Copier	11/7/2019	72 Months	\$ 442	4.25%	\$ 18,797	\$ 48	\$ 14,143
Building	12/1/2019	96 Months	\$ 2,000	4.25%	\$ 125,803	-	106,310
Total Lease Agreements						<u>\$ 48</u>	<u>\$ 120,453</u>

The EDC leases a copier for their Willmar office location. The lease commenced on November 7, 2019 and is to expire in 6 years on November 6, 2025. The monthly payment is \$442 and the interest rate on the lease is the prime rate plus an additional 1 percent as of GASB Statement No. 87 adoption date, January 1, 2022. The monthly lease payment includes the use of the copier as well as an allotted amount of copies to be made per month. If the EDC exceeds the allotted amount, they are charged an overage fee. The amount included in the current year's additional outflows of \$48 is the overage charges they were assessed as a result of the excess copies made.

The EDC leases a building from Willmar Elks Lodge #952 to conduct their operations. The lease commenced on December 1, 2019, and is to expire in 8 years on November 30, 2027. The monthly payment is \$2,000 and the interest rate on the lease is the prime rate plus an additional 1 percent as of GASB Statement No. 87 adoption date, January 1, 2022.

Annual requirements to amortize lease obligations and related interest are as follows:

<u>Year Ending December 31:</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 24,665	\$ 4,560
2024	25,723	3,498
2025	25,963	2,372
2026	22,562	1,359
2027	<u>21,540</u>	<u>385</u>
Total Lease Payments	<u>\$ 120,453</u>	<u>\$ 12,174</u>

KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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 2022 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, 2022, were \$18,579. 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, 2022

NOTE 4 DEFINED BENEFIT PENSION PLANS (continued)

D. Pension Costs

1. General Employees Fund Pension Costs

At December 31, 2022, the EDC reported a liability of \$245,521 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 \$7,219.

The net pension liability was measured as of June 30, 2022, 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, 2021 through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. The EDC's proportionate share was .0031% at the end of the measurement period and .0028% for the beginning of the period.

The EDC's proportionate share of the net pension liability	\$ 245,521
State of Minnesota's proportionate share of the net pension liability associated with the EDC	<u>7,219</u>
Total	<u>\$ 252,740</u>

For the year ended December 31, 2022, the EDC recognized pension expense of \$38,024 for its proportionate share of the General Employees Plan's pension expense. In addition, the EDC recognized an additional \$1,079 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, 2022, 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	\$ 2,051	\$ 2,362
Changes in actuarial assumptions	50,351	869
Net collective difference between projected and actual investment earnings	12,134	-
Changes in proportion	13,988	-
Contributions paid to PERA subsequent to the measurement date	<u>9,354</u>	<u>-</u>
Total	<u>\$ 87,878</u>	<u>\$ 3,231</u>

The \$9,354 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, 2023. 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, 2022

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
2023	\$ 27,611
2024	\$ 27,072
2025	\$ (1,595)
2026	\$ 22,205

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, 2022, 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 investment return 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 27 years of service.

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, 2022

NOTE 4 DEFINED BENEFIT PENSION PLANS (continued)

F. Actuarial Methods and Assumptions (continued)

The following changes in actuarial assumptions and plan provisions occurred in 2022:

General Employees Fund

Changes in Actuarial Assumptions:

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

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 2022 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:

Sensitivity Analysis			
<i>Net Pension Liability at Different Discount Rates</i>			
	General Employees Fund		
1% Lower	5.50%	\$	387,813
Current Discount Rate	6.50%	\$	245,521
1% Higher	7.50%	\$	128,819

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.

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, 2022

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, 2022, all outstanding loan balances were paid off. Total outstanding loan balances under this loan program are \$0 at December 31, 2022.

NOTE 7 SUBSEQUENT EVENTS

The EDC has evaluated subsequent events through October 24, 2023, the date the financial statements were available to be issued.

KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended December 31, 2022

	Budgeted Amounts		Actual	Over (Under)
	Original	Final	Amounts	Final Budget
REVENUES				
Property taxes	\$ 556,000	\$ 556,000	\$ 552,654	\$ (3,346)
Charges for services	1,100	1,100	-	(1,100)
Intergovernmental	-	40,000	23,435	(16,565)
Interest income	9,375	9,375	10,625	1,250
Miscellaneous	90,500	85,500	37,299	(48,201)
TOTAL REVENUES	<u>656,975</u>	<u>691,975</u>	<u>624,013</u>	<u>(67,962)</u>
EXPENDITURES				
Salaries and wages	259,154	261,138	247,718	(13,420)
Payroll taxes and benefits	66,762	67,062	62,125	(4,937)
Administrative	141,501	150,335	147,072	(3,263)
Committees and special projects	84,900	79,150	108,613	29,463
Events and programs	42,090	60,196	43,378	(16,818)
Grants and donations	29,200	29,950	29,296	(654)
Capital outlay	-	-	1,833	1,833
Rent	29,050	29,050	29,355	305
TOTAL EXPENDITURES	<u>652,657</u>	<u>676,881</u>	<u>669,390</u>	<u>(7,491)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 4,318</u>	<u>\$ 15,094</u>	(45,377)	<u>\$ (60,471)</u>
FUND BALANCE, Beginning of year			<u>1,058,144</u>	
FUND BALANCE, End of year			<u>\$ 1,012,767</u>	

See notes to required supplementary information.

**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, 2022	0.0031%	\$ 245,521	\$ 7,219	\$ 252,740	\$ 247,720	102.0%	76.7%
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**

<u>Fiscal Year Ending</u>	<u>Statutorily Required Contribution (a)</u>	<u>Contributions in Relation to the Statutorily Required Contribution (b)</u>	<u>Contribution Deficiency (Excess) (a-b)</u>	<u>Covered- Employee Payroll (c)</u>	<u>Contributions as a Percentage of Covered- Employee Payroll (b/c)</u>
December 31, 2022	\$ 18,579	\$ 18,579	\$ -	\$ 247,720	7.50%
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, 2022

NOTE 1 BUDGETARY INFORMATION

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

NOTE 2 CHANGES IN NET PENSION LIABILITIES AND RELATED RATIOS

General Employees Fund

2022 Changes:

Changes in Actuarial Assumptions:

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

Changes in Plan Provisions:

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

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.

KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2022

NOTE 2 CHANGES IN NET PENSION LIABILITIES AND RELATED RATIOS (continued)

General Employees Fund (continued)

2019 Changes:

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2018 Changes:

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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



westberg | eischens
advisors and accountants

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, 2022, 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 October 24, 2023.

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 2022-003 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 2022-001 and 2022-002 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

October 24, 2023

KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2022

FINANCIAL STATEMENT FINDINGS

Finding 2022-001

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 2021-001.

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 2022-001

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, 2022**

FINANCIAL STATEMENT FINDINGS (continued)

Finding 2022-002

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 2021-002.

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 2022-002

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, 2022

FINANCIAL STATEMENT FINDINGS (continued)

Finding 2022-003

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 personnel 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 2021-003.

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 2022-003

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.

AIA® Document G802® – 2017

Amendment to the Professional Services Agreement

PROJECT: (name and address)

887.02 EDC Site Selection

AGREEMENT INFORMATION:

Date: August 25, 2023

AMENDMENT INFORMATION:Amendment Number: 1
Date: November 6, 2023**OWNER: (name and address)**Kandiyohi County & City of Willmar
EDC
222 20th Street SE
Willmar, MN 56201**ARCHITECT: (name and address)**Engan Associates, P.A.

311 4th Street SW
Willmar, MN 56201

The Owner and Architect amend the Agreement as follows:

Provide additional exploration for the EDC Site Selection process by adding a third location, the existing EDC site at 222 20th St SE, Willmar, MN.

The site will be reviewed and information will be added to the Site Comparison document.

The preliminary Program of Needs will be revisited adding a partnership opportunity section.

Bubble diagrams will be developed for the location at 222 20th St SE, exploring standalone and partnership opportunities.

The Architect's compensation and schedule shall be adjusted as follows:


Compensation Adjustment:

This work can be accomplished for a fee of \$2,450

Schedule Adjustment:

SIGNATURES:

Engan Associates, P.A.

Kandiyohi County & City of Willmar
EDC**ARCHITECT (Firm name)****OWNER (Firm name)****SIGNATURE****SIGNATURE**Andy M. Engan, AIA, LEED AP,
CID, PrincipalAaron Backman, *Exec. Director***PRINTED NAME AND TITLE****PRINTED NAME AND TITLE**

November 6, 2023


11/9/23

DATE**DATE**

PROGRAM OF NEEDS

APPLETREE SQUARE LOCATION	HERITAGE BANK LOCATION	RANK OF IMPORTANCE (1)LOW - (3)HIGH	RANK OF IMPORTANCE (1)LOW - (3)HIGH-EDC	FAVORED LOCATION	COMMENTS/NOTES
I. SUMMARY COMMENTS					
22 items of review are noted as equal or not a significant difference from location to location, with adjustments to the Program of Needs, the EDC can make either space work. See preliminary Program of Needs.					
The Heritage Bank location is slightly favored in area of importance on items ranked >2.5					
	Apple Tree Square edges out HB in 5 categories of review. 4 of the 5 have an EDC rated importance of 2.5 or higher	Heritage Bank edges out ATS in 12 categories of review. 5 of the 12 have an EDC rated importance of 2.5 or higher			
	Willing to work on interior renovation with the owner	Willing to work on interior renovation with the owner			
	Have an established aesthetic for the building and would be hesitant to modify entry points, but willing to work with owner regarding signage - it must match established aesthetic	Have an established aesthetic for the building a would be willing to modify entry points.			
II. CIVIC BENEFIT					
Perception	on the highway	a part of downtown	3	2.75	ATS professional look is important
Partnership Opportunities	near LSS and WACF	near financial institution and legal guidance	3	2.75	ATS/HB
Staff Disruption				2.375	ATS/HB the EDC would move with either of these options, it will be a disruption
Public Disruption				1.75	ATS/HB is there any benefit to "being down the street" if someone comes to the wrong location
III. LOCATION					
Address	1601 E Highway 12	320 1st Street SW	1	2.375	one likes that ATS is just down the street from a current location
Neighborhood	East Highway 12	Downtown	2	2.5	ATS/HB "1st street" and "Hwy 12" are both prominent addresses
	See- food service, banking, retail, trucking	See - healthcare, banking, professional services, retail			Healthcare, banking, professional services, retail
Near arterial road	yes	yes	3	2.54	ATS/HB
Accessibility	off of parking lot	off parking lot or city street	2	2.9	HB number of doors and hallways can be complicated for those with limited mobility
Visibility	space located at building "front"	space located at building "rear"	3	2.72	ATS Modifications to building exterior at HB can make this equal
Expansion opportunities	if another suite is taken over	within suite	3	2	HB this is based on original owner information not supplied program
Deliveries	secondary entrance available	secondary entrance available	1	1.875	ATS/HB
Off street parking available	48,000 sf plus, shared	47,882 sf plus, shared	3	2.54	ATS/HB
On street parking available	no	yes	1	2.14	HB
IV. BUILDING ELEMENTS					
Square feet available	2,840	3,665	3	2.36	HB GIS-existing east side of building 3,120
Layout of available space					
Education opportunities	yes, but shared with conference	yes, could be it's own space	3	2.5	HB elevate-needs and convenience of enough space

APPLETREE SQUARE LOCATION		HERITAGE BANK LOCATION	RANK OF IMPORTANCE (1)LOW - (3)HIGH	RANK OF IMPORTANCE (1)LOW - (3)HIGH-EDC	FAVORED LOCATION	COMMENTS/NOTES
Conference opportunities	yes, but shared with education	yes	3	2.36	HB	
Huddle opportunities	yes	yes	3	2.36	ATS/HB	
Office opportunities	yes	yes	3	2.625	ATS/HB	
Storage opportunities	limited-en suite	yes- en suite	3	2.45	HB	
Building envelope	newer renovation	newer renovation	2	2.85	ATS/HB	
	roof redone +/- 8 years ago	roof redone +/- 4 years ago	3			
Interiors and finishes	willing to remodel	willing to remodel	3	2.5	ATS/HB	Both are willing to remodel
Building systems						
Structure	Concrete slab on grade	Concrete slab on grade	2	2.62	ATS/HB	
	Steel frame	Steel frame	2		ATS/HB	
	Sloping beams 12' low on north side	"flat" roof unsure of deck height	2		ATS/HB	
Mechanical	Ducted supply with wild return	Ducted supply with ducted return	3	2.62	HB	
Electrical	Old lighting	Lighting will be updated to match other areas	2	2.62	ATS/HB	
	Lots of outlets	former office	2		ATS/HB	
	former office/T-Mobile	banking related	2		ATS/HB	
	100 amp each side	unclear on amps-appears adequate-elec	3		ATS/HB	
ADA	non-compliant-planning to modify existing	non-compliant-planning new	3	2.62	ATS/HB	These should all be updated if they are not ADA compliant
Wayfinding	enter directly into suite	could enter into suite or hallway	2	2.5	ATS	
Anonymity	Front and back	Shared entry or individual front and back are a possibility	1	1.36	HB	transparency-confidential when we need to be , back parking when we really need it
Safety/security	no existing security system	security system for entire building	3	3	HB	
Exterior views	parking lot-retail and service business, highway, landscaping at entry	parking lot-healthcare, financial and service businesses, 1st street, landscape at entry	2	2.36	ATS	Slightly more visible as an individual entity, this could be modified at HB
Natural Light	south only	south and west	3	2.54	HB	
Restroom en suite	yes	yes	3	2.54	ATS/HB	
Internal expansion	no	yes	3	2.12	HB	
Separate staff and public entry available	yes	yes	1	1.87	ATS/HB	
V. MARKETING/IMAGE						
Sense of arrival	yes, shared impression	yes, shared impression	3	2.36	ATS/HB	
Appearance	"current"	current but "back" of building	2	2.5	ATS	Modifications to building exterior at HB can make this equal
Modification to exterior likely/possible	likely no change on exterior beyond signage	change at exterior appears possible	2	2.125		Modifications to building exterior at HB can make this equal

	APPLETREE SQUARE LOCATION	HERITAGE BANK LOCATION	RANK OF IMPORTANCE (1)LOW - (3)HIGH	RANK OF IMPORTANCE (1)LOW - (3)HIGH-EDC	FAVORED LOCATION	COMMENTS/NOTES
Current exterior images			2			

VI. COST

Leasing fees	3	
Renovation cost	2.87	



PROGRAM OF NEEDS

NAME OF	AREA	NAME OF EMPLOYEE	EXISTING SQ. FT.	PROPOSED SQ. FT.	EQUIPMENT	AREA	IN	GENERAL	NOTES
I. PUBLIC									
Lobby				100					
Reception				80					
Restroom(s)				80					can be shared with another area
TOTAL			0	260					
II. EDUCATION / MEETING									
Education/Meeting Lobby				250					break out space
									food prep
Meeting room/classroom				735					ability for private after hours use
									Elevate <25
									Other potential program <49
									operable wall partition?
Storage				150					specific to meeting room furniture
Break out spaces									
	Small Conference			100					2-3 people
	Medium Conference			150					8-12 people
Work room				200					can this be shared with other area?
Restroom(s)				80					can be shared with another area
				80					require "after hours access"
TOTAL			0	1495					
III. OFFICE /ADMINISTRATIVE AREA									
Executive Director	Aaron			100					
Business Development Manager	Sarah			100					
Office Manager	Cathy			100					

NAME OF	AREA	NAME OF EMPLOYEE	EXISTING SQ. FT.	PROPOSED SQ. FT.	EQUIPMENT AREA	IN GENERAL	NOTES
Marketing and Communications Specialist		Kelsey		100			
Child Care Community Coordinator		Tanna		100			
Work room				200			
Staff Break Room				150			

TOTAL			0	850			
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IV. SUPPORT / SERVICE

Mechanical				150			
Electrical				50			
Storage				200			currently in detached space 200 includes paper work and some bulky items
				50			3 separate closets 50 sq ft supplies

TOTAL			0	450			
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V. SUMMARY

I. PUBLIC			0	260			
II. EDUCATION / MEETING			0	1,495			
III. OFFICE /ADMINISTRATIVE AREA			0	850			
IV. SUPPORT / SERVICE			0	450			
TOTAL			0	3055			

CIRCULATION	(20% of New Construction)		0	611			
	STRUCTURE (15% of New Construction)		0	458			
TOTAL			0	4,124			

VI. NOTES

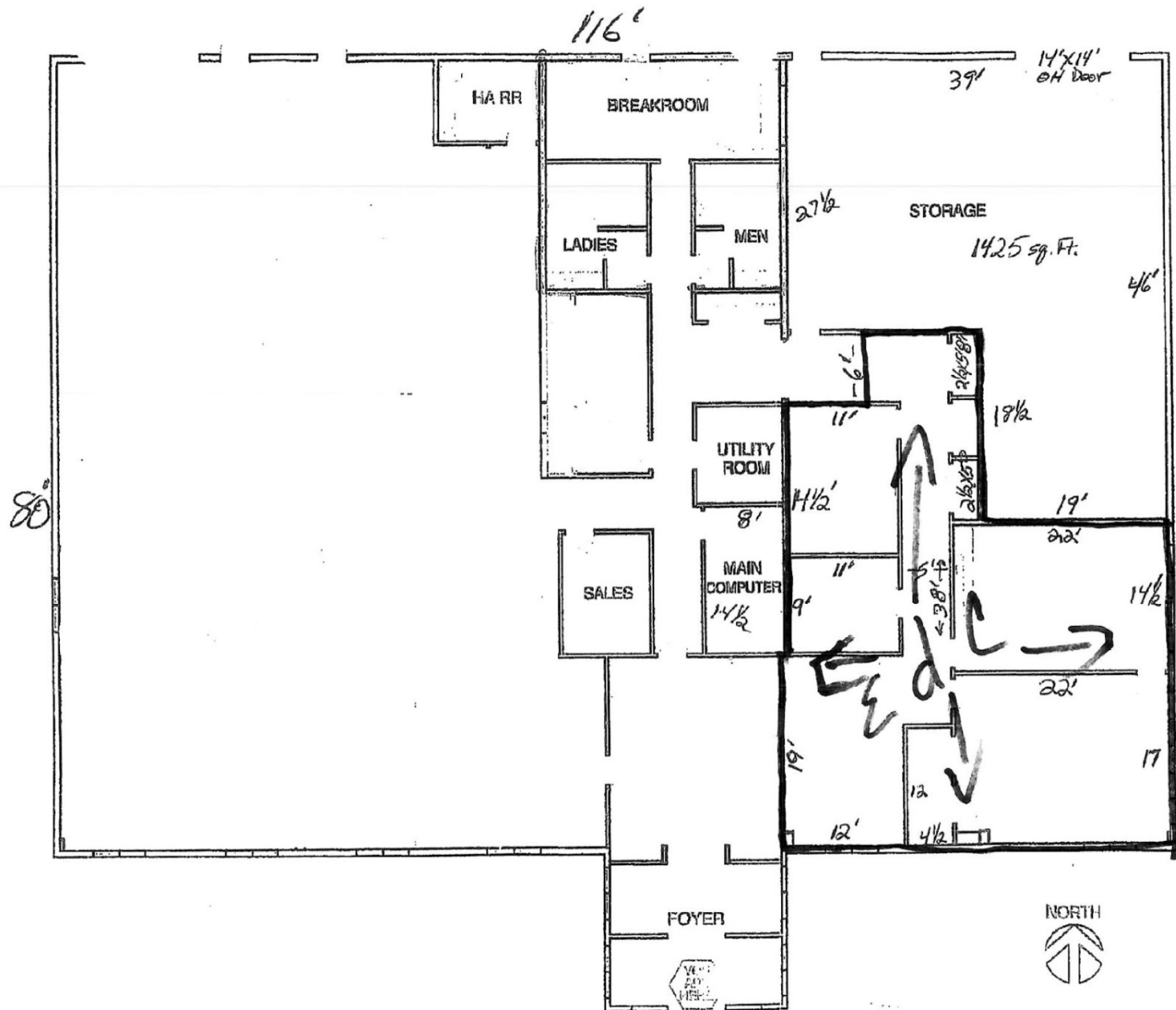
This information is based on diagram provided by owner and professional opinion of space requirements
Detailed discussion with board and staff needed moving forward

Appletree Square



Heritage Bank





EDC Rebranding

11/9/2023

Proposed Name Votes	FIRST CHOICE	SECOND CHOICE
Prosper Kandiyohi County	6	8
Prosper Economic Development		2
Kandiyohi County Economic Development	26	5
Kandiyohi/Willmar Development	2	2
Willmar/Kandiyohi County Development	2	4
Kandiyohi County/Willmar Development	3	9
Total Votes	39	30

Agriculture & Renewable Energy Votes		
Prosper Kandiyohi County	3	3
Prosper Economic Development		1
Kandiyohi County Economic Development	4	1
Kandiyohi/Willmar Development	1	1
Willmar/Kandiyohi County Development	1	
Kandiyohi County/Willmar Development	1	2
Total Agriculture & Renewable Energy Votes	10	8
Broadband & Advanced Technology Votes		
Prosper Kandiyohi County	1	2
Prosper Economic Development		
Kandiyohi County Economic Development	5	2
Kandiyohi/Willmar Development	1	
Willmar/Kandiyohi County Development		
Kandiyohi County/Willmar Development		2
Total Broadband & Advanced Technology Votes	7	6
Business Retention & Expansion/Recruitment Votes		
Prosper Kandiyohi County		
Prosper Economic Development		
Kandiyohi County Economic Development	4	
Kandiyohi/Willmar Development		1
Willmar/Kandiyohi County Development		2
Kandiyohi County/Willmar Development	1	2
Total Business Retention & Expansion/Recruitment Votes	5	5
Finance Committee Votes		
Prosper Kandiyohi County		1
Prosper Economic Development		
Kandiyohi County Economic Development	7	
Kandiyohi/Willmar Development		
Willmar/Kandiyohi County Development		1
Kandiyohi County/Willmar Development		1
Total Finance Committee Votes	7	3
Marketing & Public Relations Committee Votes		
Prosper Kandiyohi County		2
Prosper Economic Development		1
Kandiyohi County Economic Development	5	
Kandiyohi/Willmar Development		
Willmar/Kandiyohi County Development		1
Kandiyohi County/Willmar Development	1	1
Total Marketing & Public Relations Committee Votes	6	5
EDC Operations Board Votes		
Prosper Kandiyohi County	2	
Prosper Economic Development		
Kandiyohi County Economic Development	1	2
Kandiyohi/Willmar Development		
Willmar/Kandiyohi County Development	1	
Kandiyohi County/Willmar Development		1
Total EDC Operations Board Votes	4	3
Additional name suggestions:		
Kandiyohi Economic Development		
Kandiyohi County Development		

TO: Joint Operations Board

FROM: Sarah Swedburg
Business Development Manager

DATE: November 9, 2023

RE: Business Development Manager Updates

Providing a staff report is always a great opportunity to reflect on all of the activity that has taken place over the last several months. Since July, the EDC has continued to execute activity for several grant programs. The following report details notable projects and activity that I have participated or assisted with since the end of July.

- Finished Elevate Summer Fellowship
- Rockin' Robbins Booth for Digital Equity Education and Surveys
- EDC Booth at Farm Fest
- Supported planning for Willmar Welcoming Week Event
- Vinna Human Resources Lunch & Learn
- RCCIP Meeting (Third Quarter)
- Began Elevate Alumni Advisory Group
- USDA Rural Development Climate Advisor Meet & Greet
- State Office of Broadband Development Digital Connectivity Plan Meeting at Willmar Library (First in their series of outreach events)
- Rural Business Succession Planning Workshop with UMN Extension
- Industrial Hemp Field Day at Hultgren Farms
- Margaret A. Cargill Foundation Visit
- MAPCED Meeting (Aitkin, MN)
- UMN Extension Creating Entrepreneurial Communities Conference (New London)
- Blandin Foundation Board Retreat
- IEDC Economic Development Basics Course (Maple Grove, MN)
- RedStar Love Your Work Retreat
- Equitable Entrepreneurial Ecosystems Workshop (Red Wing, MN)
- Willmar Area Community Foundation Gala
- Ignite Your Future "VIP Tour" (Hutchinson, MN)
- Rising Tide Network Partner Summit (Jersey City, NJ)

Agriculture

We held a very successful Industrial Hemp Field Day in partnership with AURI, Hultgren Farms, Christianson CPA, Minnesota Department of Agriculture, and Dun Agro at the beginning of September. We continue to develop our relationship with Dun Agro as they explore opportunities to construct an Industrial Hemp processing and manufacturing facility in the Kandiyohi County region.

The EDC Ag Committee is sponsoring a Farm Succession workshop taking place at Max's on the Grill in Olivia during the evening of December 5th, in partnership with Thrivent Redwood Financial Advisors. Dinner is included and RSVP is required. During dinner, a breakout session on ambiguous loss will also take place.

The 2024 Partners in Ag Innovation event, in partnership with MinnWest Technology Campus, will take place on Tuesday, June 18th.

Partners will soon begin planning for Farmtastic – an agriculture-themed night at the Stingers during their 2024 season. This event will take place in partnership with area agriculture organizations and commodity groups in addition to the Chamber's Agribusiness Committee.

Broadband

The Fall 2023 Border-to-Border Broadband Development Grant with the State's Office of Broadband Development opened October 10th. This next round of applications is due December 7th. We are working with Federated Telephone Cooperative and Vibrant Broadband to submit two or three applications. The project areas will include the townships of Lake Andrew, Colfax, and the remaining premises in St. Johns (Federated) as well as Genessee, Kandiyohi, Fahlun, and Lake Lillian Townships (Vibrant).

The West project (Dovre, Mamre, St. Johns, and Arctander Townships) progress is ahead of schedule. The projects in Harrison, Lake Elizabeth, and East Lake Lillian Townships, along with Burbank, Roseville, and Irving Townships will begin next year.

Child Care

We're grateful for the onboarding of Tanna Stuckey as our new Child Care Community Coordinator, in partnership with the United Community Action Partnership! Tanna is instrumental in the capacity of staff to continue to perform on the goals of our Child Care Economic Development Grant activity.

We have supported 33 family child care providers and 4 child care centers with forgivable loans. Of those family providers, 4 are working to become newly licensed providers.

In addition to these forgivable loans, the grant money is supporting new technology (laptops and iPads) for providers, as they gear up for online licensing, transportation costs, creating a mentorship program, and providing EAP services to all child care providers and center staff in Kandiyohi County.

Staff is actively working with 3-4 more local organizations who would like to build out child care space in their existing buildings.

Elevate

We are half-way through our Fall 2023 Elevate class! This semester, we have 15 dedicated students on track to graduate. Stephanie Lopez and Evelyn Soriano, two Elevate alumni, are leading the instruction of class and I'm meeting with them regularly to coach and provide them support for the students. Graduation for this class will take place on Friday, December 15th from 6-8pm at the Student Center at Ridgewater College. RSVP's will be required, so please reach out to myself or the main EDC office if you would like to attend!

Our ideal budget for 2024 and 2025 programming is approximately \$350,000 for Elevate. This would include two English and one non-English Community Business Academy class each year, plus the growth of education, mentorship, and support for our growing Alumni (soon to be over 70 folks!). We are waiting to hear about a Small Business Partnership grant application submitted to the State of Minnesota for the majority of this funding. We've also been working with the Southwest Initiative Foundation to build relationships with key philanthropic groups in the State to fully fund this work. SWIF is generously paying for the full cost of our Fall 2023 class. The growth of our framework for our alumni is top-of-mind, as I'm learning from other programs across the nation at this year's Rising Tide Network Partner Summit in Jersey City!

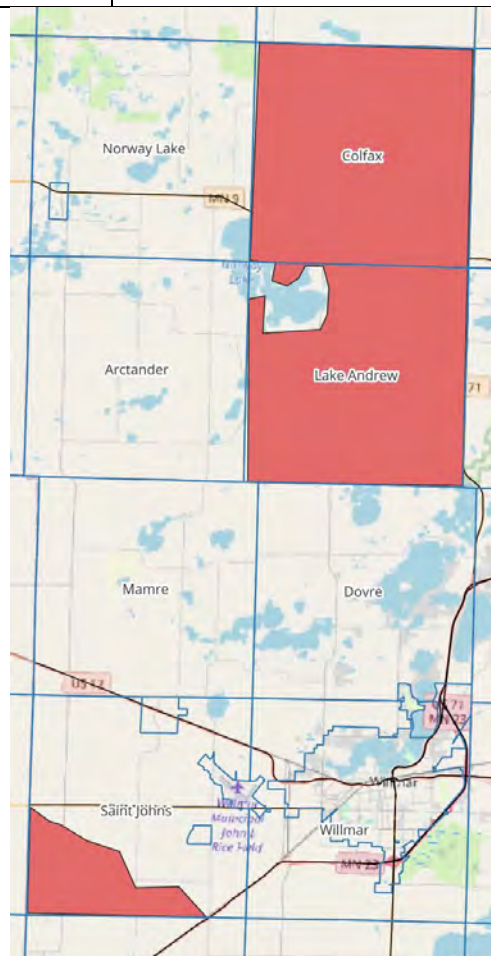
We are actively working with three alumni on establishments of their new businesses. If you haven't had the opportunity, be sure to follow "To the Moon and Back" on Facebook, a local Asian food truck based out of Atwater – and our newest Elevate alumni business start!

Project 1

Township	Passings	Notes
Lake Andrew	849	Includes complete township with exception of small TDS served area
Colfax	372	Includes complete township
Norway Lake	27	Passings on the route of the mainline
St Johns	34	Completes this township
Dovre	7	Includes a few properties we were unable to get to in the last grant
TOTAL	1289	

Costs

B2B Grant	50%	\$8,500,001.14
Federated	25%	\$4,250,000.57
County	15%	\$2,574,300.57 (\$1997/pass)
Townships	10%	\$1,675,700.00 (\$1300/pass)
TOTAL		\$17,000,000.00



Project 2

Township	Passings	Notes
Gennessee	178	Includes complete township with exception of served areas
Fahlun	124	Includes complete township with exception of areas served around Big Kandi Lake
Kandiyohi	192	Includes complete township with exception of served areas
TOTAL	494	

Costs

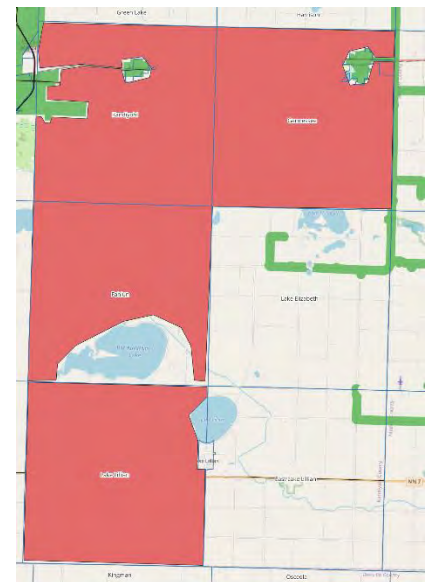
B2B Grant	50%	\$2,120,786.50
Vibrant	25%	\$1,081,497.80
County	20%	\$860,888.70 (\$1742/pass)
Townships	5%	\$178,400.00 (\$361/pass)
TOTAL		\$4,241,573.00

Project 3

Township	Passings	Notes
Lake Lillian	87	Includes complete township with exception of small served area
TOTAL	87	

Costs

B2B Grant	75%	\$1,092,055.50
Vibrant	13%	\$189,289.62
County	17%	\$156,128.88 (\$1794/pass)
Townships	1%	\$18,600.00 (\$213/pass)
TOTAL		\$1,456,074.00



Total County Costs

Project 1	\$2,574,300.57 (1289)
Project 2	\$860,888.70 (494)
Project 3	\$156,128.88 (87)
TOTAL	\$3,591,318.15 (1870)
TOTAL ARPA LEFT	\$3,476,625.98
SHORTFALL	\$114,692.17

Request:

Motion to recommend to County Board to allocate the remainder of ARPA broadband designated funds to these projects and allocate the remaining amount towards these projects from other funds.

EDC Operations Board Meeting
Wilmar, MN
11/9/2023
Child Care Community Coordinator Report

Hello Everyone,

Thank you for allowing me the time to attend this meeting.

I would like to start with a brief introduction of myself. My name is Tanna Stucky. I have currently joined the EDC as part of a partnership between the EDC and United Community Action Partnership (UCAP). I will serve as the Child Care Community Coordinator for Kandiyohi County.

My background in Child Care consists of being an Assistant Teacher and Teacher in various Child Care Centers throughout Minnesota. I have also been an Assistant Director and Director of Child Care Centers in Minnesota. Before becoming the Child Care Community Coordinator I worked as a Behavior Coach and a Lead Teacher in the Toddler room for UCAP HeadStart. I then transitioned into the Wayfinder Start Up and Retention Navigator with UCAP. I have been with UCAP for 5 years.

I am excited to be part of this partnership and look forward to assisting in the Child Care needs in Kandiyohi County.

The following are some of the projects that I have been working on the past 3 weeks.

- Met with a church in New London for potentially opening a Child Care Center
- Met with a business in Atwater to discuss a Child Care space for Family Child Care or Child Care Center
- Started to work with another potential space for a Nature Preschool located in Spicer.
- Worked with SWIF and ISG Architectural Engineers to schedule walk throughs for potential Child Care spaces
- Connecting with providers regarding the Mentor program and the Employee Assistant Program
- Working with First Children's Finance to review and access goals for the RCCIP.

Thank you again for allowing me to be a part of this partnership. I look forward to working with you.

Sincerely,
Tanna Stucky



Joint Operations Board Meeting
Willmar, MN
11/7/2023
Marketing and Communications Update

Re-Branding

- Draft 2 of the site map has been created and is scheduled to be reviewed with RVTs
- The MPR Committee had two special meetings to create personas for each of our target audiences. This included the identification of a new audience. They are: 1. Site Selectors 2.) Developers 3.) Locally Elected Officials 4.) Current Business Owners 5.) Future Business Owners 6.) Citizens 7.) Community Partners, in no particular order
- Greenwater Garage in New London has created draft logos. They include about a dozen different designs and styles.
- There are three proposed new names:
 - Prosper Kandiyohi County
 - Prosper Economic Development
 - Kandiyohi County Economic Development
- The following steps are starting a conversation around the new proposed names and incorporating logo discussion after an MPR Committee logo recommendation is made.

Workforce Support

- The One-Stop-Shop Business Resource Fair closed on October 13th. There were 66 people registered, including HR from local businesses. The most visited resource booths included Earned Sick and Safe Leave and the Workplace Veterans Poster. Julia Contreas of JR Business Solutions partnered with us on the event and presented through the Minnesota Small Business Association earlier this month.
- The Minnesota Manufacturing Month Virtual Job Fair took place. Ten manufacturers and 7 out of over 6,000 invites were sent to job seekers.
- The In-Person Job Fair took place at Ridgewater. Many businesses were there, including the Minnesota Department of Human Resources, first recruited through our previous virtual events. It was great to see them in person, and Shay Marlow, a Diversity Recruiter, is even speaking on a local DEI panel.
- Classroom visits for 3rd and 5th grade continue to be coordinated. 8 Kandiyohi County professionals volunteered. The next steps include meeting with the BEN Coordinator and determining how this and the current program can be integrated for longevity.
- The EDC had a booth and hosted the kid's activities at the Latino Resource Fair in October

Child Care Grant

- Tanna being on board is a great help! We met with a Spicer/New London location and one in Atwater to help them complete their applications. Both should have applications in by November! This would add a new in-home provider and preschool center location.
- Coordination with SWIF, who will fund the project, and ISG Construction will conduct an in-depth walk-through of a church location.

Marketing/Public Relations/Communications

- An Events & Festivals Planning course through the U of M was started; the assignment for the class will include preparing for the Farmtastic Event at the Stingers game this summer.
- The fall newsletter "Pathways to Prosperity" went out in October. It highlighted stories of immigrant entrepreneurs in Kandiyohi County. It had a 52% open rate out of 2,326 contacts it was sent to.
- The Winter Newsletter will include highlighting the year of child care work in review and moving forward, including introducing Tanna to our team
- Executive Pulse is being integrated into daily work and reporting
- The EDC partnered with the City of Willmar, CLUES, and MMDC to achieve funding through SWIF, with Willmar Main Street being the financial holder of the grant, to create a video about "What Latino in Kandiyohi County Means." Ten17 Media did the video, but after the end of Hispanic Heritage Month (just barely!), it will be released next year.
- The EDC Ag & Renewable Energy Committee will be partnering again with the CVB for a booth at FarmFest next year.

Outreach Opportunities

- I have attended the Latino Service Network Providers meetings and continue to build those partnerships.
- October was Minnesota Manufacturing Month, National Disability Employment Awareness Month, which includes part of Hispanic Heritage Month, and Filipino American Heritage Month...to name a few! This offered us lots of social media material.
- Beth Fischer and I met and updated each other on projects after the Tourism Committee meeting was canceled or missed twice.
- I participated in the International Festival meeting hosted by the City of Willmar. The event will take place during Willmar Fest.

I will return virtually the first week on November 6th. My what's up? Our boys turned 2 and 4! We had a perfect fall day for Wally's party at home with a bounce house and Norm had a party at Alley on Ash!