



**MAGIC FUND**  
**Annual Compliance**  
**Report**  
**2009**

**Compiled by the City of Minot  
Finance Department  
515 2<sup>nd</sup> Ave SW  
Minot, ND 58701  
701-857-4784**

# MAGIC Fund Screening Committee

## Annual Compliance Report

### 2009

---

## Table of Contents

Report from the Chair	
MAGIC FUND BALANCE and FUNDS SPENT.....	2
PERFORMANCE of JOB DEVELOPMENT AGREEMENTS .....	2
SUPPORTING SERVICES CONTRACTS.....	2
DENIED APPLICATIONS.....	3
FINANCIAL and MANAGEMENT HEALTH of the FUND.....	3
MAGIC Fund Steering Committee.....	4
MAGIC Fund Approved Projects .....	4
Balance Sheet.....	5
Schedule of Revenues, Expenditures and Changes in Fund Balance, Budget to Actual .....	6
Brady Martz and Associates Report .....	7

Report from the Chair:

## **MAGIC FUND BALANCE AND FUNDS SPENT**

2009 was not an active year for new MAGIC Fund projects. The MAGIC Fund screening committee had only three meetings and approved the two projects listed below:

\$ 19,500	Pace interest rate buydown grant to the Granville Economic Development Corporation for the Simcoe Grain Processors Project.
\$500,000	Interest free loan to Heliplane, LLC to establish their manufacturing operation in Minot. This loan is fully secured by a pledge of bank deposits maintained by one of the Heliplane principals. Repayment of the loan begins on December 15, 2010. Only \$125,000 of the \$500,000 commitment was advanced to Heliplane in 2009 and the balance will be advanced in defined increments in 2010.

The MAGIC Fund portion of sales tax collections increased by \$54,315 from \$2,914,868 at year-end 2008 to \$2,969,183 at year-end 2009 or 1.9%. The sales tax collections accompanied by under-budget expenditures in nearly every budget category resulted in the MAGIC Fund balance increasing from \$4,835,743 at year-end 2008 to \$6,494,063 at year-end 2009 or 34.3%.

The Minot economy has been stimulated in the past year by the increase in the price of oil and the resultant increase in economic activity and the addition of a new bomb squadron at Minot Air Force Base which is bringing housing needs for approximately 800 new airmen and their families. We anticipate stronger demand for project assistance from the MAGIC Fund in 2010.

## **PERFORMANCE OF JOB DEVELOPMENT AGREEMENTS**

Brady Martz and Associates, PC has been retained to independently verify the performance criteria required of Fund participants. We are not aware of any Fund participants who are out of compliance with their Development Agreements at this time. See the report on page seven from Brady Martz and Associates.

## **SUPPORTING SERVICE CONTRACTS**

The Minot Area Development Corporation (MADC) is a non-profit organization engaged by the City of Minot to assist with the marketing and promotion of the Minot area. The MAGIC Fund supported the MADC with direct payments of \$345,000 in both 2008 and 2009. MADC also received \$28,050 from the MAGIC Fund in 2009 for Marketing - Workforce Development.

The MAGIC Fund advanced \$50,843 to area communities for them to use for marketing purposes (the budget for this item was \$75,000) and advanced \$89,581 for Minot Air Force Base retention (the budget for this item was \$150,000).

## **DENIED APPLICATIONS**

No applications, other than marketing grants, were denied in 2009.

## **FINANCIAL HEALTH OF THE FUND**

The MAGIC Fund had an unrestricted cash and investment balance of \$3,409,972 on December 31, 2009. We are hopeful the MAGIC Fund can play a larger role in the expanding economy evident in NW North Dakota at this time in 2010.

Respectfully submitted on behalf of the MAGIC Fund Screening Committee.



Terry Zeltinger, Chairman

## **MAGIC Fund Screening Committee Members as of December 31, 2009**

<b>Professional</b>	<b>Employment</b>	<b>Original Appointment</b>	<b>Expiration of Term</b>
Jay Hight	Hight Construction	September 1, 2008	June 30, 2011
<b>Labor</b>			
Jeff Mowan	SRT	August 1, 2007	June 30, 2010
Randy Bartsch	International Brotherhood of Electrical Workers Local 714	July 7, 2009	June 30, 2012
<b>Business</b>			
Dr. Mark Hildahl	Souris Valley Dental Group	July 6, 2004	June 30, 2010
<b>Trade Area</b>			
Roger Ness	Kenmare, ND Mayor	September 1, 2008	June 30, 2011
<b>Finance</b>			
Terry Zeltinger	United Community Bank	July 6, 2004	June 30, 2010
GW Melgaard	Dacotah Bank	July 7, 2009	June 30, 2012

## **MAGIC FUND APPROVED PROJECTS**

The following is a summary of each of the projects receiving a grant or loan from the MAGIC Fund during 2009.

The Granville Economic Development Corporation was approved for up to \$19,500 for a PACE interest buy down for Simcoe Grain Processors, a food-grade pea and lentil processing company in Simcoe, North Dakota.

Heliplane, LLC was approved for a \$500,000 loan to be used for product development, marketing and production, employee retention, and other activities related to the manufacture and production of air trailers with payback in equal installments of \$125,000 with the payment dates on December 15, 2010, June 15, 2011 and December 15, 2011 and June 15, 2012.

**City of Minot, North Dakota**  
**Economic Development Growth Fund**  
**Balance Sheet**  
**December 31, 2009**  
**With Comparative Totals for December 31, 2008**  
(b unaudited)

	<b>December 31, 2009</b>	<b>December 31, 2008</b>
<b>Assets</b>		
<b>Current Assets</b>		
<b>Cash and Investments</b>	\$ 3,409,972	\$ 2,290,985
<b>Restricted Cash and Investments</b>		
MADC Port of ND Intermodal Facility (Approved 02-07-07)	\$ 816	
MADC Port of ND Intermodal Facility (Approved 09-04-07)	285,025	
Workforce Development Program (Approved 07-07-08)	20,071	
Great Plains Energy Park Phase II (Approved 10-6-08)	1,647,600	
MADC Add'l Energy Park - Phase I (Approved 01-12-09)	114,089	
Heliplane (Approved 8-3-09)	<u>375,000</u>	
Total Restricted Cash and Investments	2,442,601	1,997,969
<b>Equity Investment - NDSBIC</b>	25,329	53,304
<b>Loans Receivable</b>		
Albertson Consulting, Inc.	8,045	7,730
Deva Lifewear	4,884	4,740
Info Tech - Minot	66,667	133,333
Pure Energy Services	50,000	-
Heliplane	125,000	-
Allowance for Loans Receivable @ 20%	(95,173)	(99,465)
Intergovernmental Receivable	<u>272,558</u>	<u>325,945</u>
<b>Total Current Assets</b>	<u>6,309,884</u>	<u>4,714,541</u>
<b>Noncurrent assets</b>		
Albertson Consulting, Inc.	13,772	23,656
Deva Lifewear	7,495	11,198
Info Tech - Minot	-	66,667
Pure Energy Services	<u>200,000</u>	<u>250,000</u>
Total Noncurrent Assets	<u>221,267</u>	<u>351,521</u>
<b>Total Assets</b>	<u><u>\$ 6,531,150</u></u>	<u><u>\$ 5,066,062</u></u>
<b>Liabilities</b>		
<b>Accounts Payable</b>	\$ 20,899	\$ 109,040
<b>Retainage Payable</b>	16,188	80,185
<b>Due to Other Agencies</b>	-	41,094
<b>Total Liabilities</b>	<u>37,087</u>	<u>230,319</u>
<b>Fund Balance</b>		
<b>Nonspendable</b>	221,267	351,521
<b>Committed</b>	2,442,601	1,997,969
<b>Assigned</b>	<u>3,830,196</u>	<u>2,486,253</u>
<b>Total Fund Balance</b>	<u>6,494,063</u>	<u>4,835,743</u>
<b>Total Liabilities and Fund Balance</b>	<u><u>\$ 6,531,150</u></u>	<u><u>\$ 5,066,062</u></u>

**City of Minot, North Dakota**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance, Budget to Actual**  
**Special Revenue Fund**  
**For the Month Ended December 31, 2009**  
**With Comparative Totals for December 31, 2008**  
(b unaudited)

---

<b>Sales Tax Economic Development</b>				
	<b>Original and Final Budgeted Amounts</b>	<b>December 31, 2009 Actual Amounts</b>	<b>Variance with Final Budget</b>	<b>December 31, 2008 Actual Amounts</b>
<b>REVENUES</b>				
Sales tax collections	\$ 2,688,282	\$ 2,969,183	\$ (280,901)	\$ 2,914,868
Interest income	50,000	89,442	(39,442)	126,370
Miscellaneous	-	78,014	(78,014)	997,834
<b>Total revenues</b>	<b>2,738,282</b>	<b>3,136,639</b>	<b>(398,357)</b>	<b>4,039,072</b>
<b>EXPENDITURES</b>				
Current				
Economic Development	1,967,042	414,208	1,552,834	3,114,753
Marketing - MADC	345,000	345,000	-	345,000
Marketing - Workforce Development	96,240	28,050	68,190	10,251
Marketing - Area Cities	75,000	50,843	24,157	40,577
MAFB Retention	150,000	89,581	60,419	92,210
General Administration	10,000	162	9,838	139,665
Audit Compliance Contract	45,000	475	44,525	-
<b>Total expenditures</b>	<b>2,688,282</b>	<b>928,319</b>	<b>1,759,963</b>	<b>3,742,456</b>
Excess (deficiency) of revenues over (under) expenditures	50,000	2,208,320	(2,158,320)	296,616
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(50,000)	(550,000)	500,000	(50,000)
<b>Total other financing sources (uses)</b>	<b>(50,000)</b>	<b>(550,000)</b>	<b>500,000</b>	<b>(50,000)</b>
Net change in fund balance	\$ -	1,658,320	\$(1,658,320)	246,616
Fund balance (deficit), January 1		4,835,743		4,589,127
Fund balance (deficit), December 31		<u>\$ 6,494,063</u>		<u>\$ 4,835,743</u>



INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES

City of Minot  
515 2<sup>nd</sup> Ave. SW  
Minot, ND 58701-3739

Info Tech – Minot Technology Center, Inc.  
15 Second Avenue SW, Suite 305  
Minot, ND 58701-3854

We have performed the procedures enumerated below, which were agreed to by the City of Minot solely to assist you in evaluating Info Tech's compliance with Magic Fund employment conditions, as described in the Development Agreement between Info Tech. and the City of Minot, dated August 22, 2008, from April 1, 2008 to March 1, 2009. The management of Info Tech is responsible for compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those specified parties in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

- From the monthly listings of full-time employees from April 1, 2008 to March 1, 2009 we selected 15 employees from each month to determine if they were full time employees as of March 1, 2009. The following documents were reviewed:
  - A properly completed employee form I-9.
  - Payroll data received from Accord (third party provider) indicated the employee qualified as full-time.
  - Additional employee data as needed.

No exceptions noted for the time period indicated above.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the City of Minot and Info Tech and is not intended to be and should not be used by anyone other than these specified parties.

*Brady, Martz & Associates*

Brady, Martz, & Associates

Minot, ND 58702-9848

April 15<sup>th</sup>, 2009

BRADY, MARTZ & ASSOCIATES, P.C.  
24 West Central P.O. Box 848  
Minot, ND 58702-0848 (701) 852-0196 • Fax (701) 839-5452  
OTHER OFFICES: Grand Forks, ND Bismarck, ND Thief River Falls, MN

RSM McGladrey Network

An Independently Owned Member