



MAGIC FUND
Annual Compliance
Report
2009

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

MAGIC Fund Screening Committee Annual Compliance Report 2009

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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

Professional	Employment	Original Appointment	Expiration of Term
Jay Hight	Hight Construction	September 1, 2008	June 30, 2011
Labor			
Jeff Mowan	SRT	August 1, 2007	June 30, 2010
Randy Bartsch	International Brotherhood of Electrical Workers Local 714	July 7, 2009	June 30, 2012
Business			
Dr. Mark Hildahl	Souris Valley Dental Group	July 6, 2004	June 30, 2010
Trade Area			
Roger Ness	Kenmare, ND Mayor	September 1, 2008	June 30, 2011
Finance			
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
(unaudited)

	<u>December 31,</u> <u>2009</u>	<u>December 31,</u> <u>2008</u>
Assets		
Current Assets		
Cash and Investments	\$ 3,409,972	\$ 2,290,985
Restricted Cash and Investments		
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
Equity Investment - NDSBIC	25,329	53,304
Loans Receivable		
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>
Total Current Assets	6,309,884	4,714,541
Noncurrent assets		
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>
Total Assets	<u>\$ 6,531,150</u>	<u>\$ 5,066,062</u>
Liabilities		
Accounts Payable	\$ 20,899	\$ 109,040
Retainage Payable	16,188	80,185
Due to Other Agencies	-	41,094
Total Liabilities	<u>37,087</u>	<u>230,319</u>
Fund Balance		
Nonspendable	221,267	351,521
Committed	2,442,601	1,997,969
Assigned	<u>3,830,196</u>	<u>2,486,253</u>
Total Fund Balance	<u>6,494,063</u>	<u>4,835,743</u>
Total Liabilities and Fund Balance	<u>\$ 6,531,150</u>	<u>\$ 5,066,062</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
(unaudited)

Sales Tax Economic Development				
	Original and Final Budgeted Amounts	December 31, 2009 Actual Amounts	Variance with Final Budget	December 31, 2008 Actual Amounts
REVENUES				
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
Total revenues	2,738,282	3,136,639	(398,357)	4,039,072
EXPENDITURES				
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	-
Total expenditures	2,688,282	928,319	1,759,963	3,742,456
Excess (deficiency) of revenues over (under) expenditures	50,000	2,208,320	(2,158,320)	296,616
OTHER FINANCING SOURCES (USES)				
Transfers out	(50,000)	(550,000)	500,000	(50,000)
Total other financing sources (uses)	(50,000)	(550,000)	500,000	(50,000)
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		\$ 6,494,063		\$ 4,835,743



CERTIFIED PUBLIC ACCOUNTANTS
AND CONSULTANTS

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

City of Minot
515 2nd 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 15th, 2009

BRADY, MARTZ & ASSOCIATES, P.C.
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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
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