

MAGIC Fund Screening Committee
Annual Compliance Report
2021

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Report from the Chair:

MAGIC FUND BALANCE AND FUNDS SPENT

The MAGIC Fund Screening Committee held two meetings in 2021 to address an application from Stevens Welding to access PACE loan interest buydown funds. Farden Construction would be purchasing Stevens Welding in Glenburn and keeping existing jobs and adding more moving forward. The MAGIC Fund Committee unanimously approved the \$128,571.49 requested and that was sent to the Minot City Council for its consideration. The second meeting was to correct an error in the application and approval regarding job requirements. There were no other applications through the course of the year.

For the year end 2021, overall sales tax collections were up significantly from budget by \$460,576.00. Overall revenue for the year end 2021 totaled \$1,767,264.00 which was up from 2020.

Our local Minot economy is beginning to see a resurgence right now. COVID had a great impact on prior years. The forced closure of certain businesses by government was stinging to many, and the lack of confidence among a certain segment of the population to engage in the economy had proven to be difficult. But in 2021 we saw government step back on its over-reach and allowed business to flourish. We are seeing that prove wise now as businesses have rebounded. Moving forward, inflation concerns paired with supply chain issues will be the biggest concerns for business.

PERFORMANCE of JOB DEVELOPMNET AGREEMENTS

Brady Martz and Associates, Public Accountants and Consultants, have been retained to independently verify the performance criteria required of Fund participants. One fund recipient was noted in their review. Minot Vocational Adjustment Workshop, Inc. dba Kalix. Kalix's review showed one exception that required a payment of \$11,138.40 to the City of Minot.

DENIED APPLICATIONS

None that were allowed to reach the committee.

FINANCIAL and MANAGEMENT HEALTH OF THE MAGIC FUND

The MAGIC Fund is fortunate to have a large amount of cash for future endeavors. These tax dollars hopefully soon will go to work for the community, and not sit in an account. As of December 31st, 2020 total assets were \$10,126,810.00. Total assets were \$10,012,508.00 on December 31st of 2021.

Respectfully submitted on behalf of the MAGIC Fund Screening Committee,



Perry Olson, Chairman

MAGIC Fund Screening Committee Members as of December 2021

Professional	Employment	Original Appointment	Expiration of Term
Jordan Nelson	Peoples State Bank of Velva	October 2021	June 2023
Labor			
Steve Bigelow	Central Machining	June 2019	June 2022
Business			
Jarid Lundeen	Tires Plus	March 2019	July 2022
Trade Area			
Travis Mowbray	Mowbray & Son, Inc	December 2020	December 2023
Finance			
Perry Olson, Chairman	First International Bank	June 2016	June 2022
Kelly Perrin	United Community Bank of ND	June 2021	June 2024

City of Minot, North Dakota
Economic Development Fund
Balance Sheet
December 31, 2021
With Comparative Totals for December 31, 2020
(Preliminary & Unaudited)

	Dec 31, 2021	Dec 31, 2020
ASSETS		
Current Assets		
Cash and Investments	\$ 7,729,373	\$ 7,912,149
Restricted Cash and Investments		
SBPC PACE Revolving Loan Fund for Interest Buydowns	\$ 389,832	
Visit Minot Professional Marketing Consultant	9,561	
Visit Minot Tourism Recovery & Resilience	319,394	
Total Restricted Cash and Investments	718,787	774,341
Intergovernmental Receivable	134,108	-
Current Loans Receivable		
Cypress Development	750,000	750,000
Kalix	37,800	50,400
Allowance for Loans Receivable @ 20%	(357,560)	(360,080)
Total Current Assets	9,012,508	9,126,810
Noncurrent Assets		
Loans Receivable		
Cypress Development	1,000,000	1,000,000
Total Noncurrent Assets	1,000,000	1,000,000
Total Assets	\$ 10,012,508	\$ 10,126,810
LIABILITIES		
Accounts Payable	\$ 18,637	\$ 5,432
Total Liabilities	18,637	5,432
FUND BALANCE		
Committed	\$ 9,993,871	\$ 10,121,378
Total Fund Balance	9,993,871	10,121,378
Total Liabilities and Fund Balance	\$ 10,012,508	\$ 10,126,810

	Current Amount Due	Date Due	Last Payment
Loans Receivable			
Kalix - Minot Vocational Adjustment Workshop	\$ 12,600	06/01/2022	n/a
Renaissance Parking Ramp	375,000	12/16/2025	n/a
Central Parking Ramp - Forgivable Loan	375,000	12/16/2025	n/a
Parking Ramps Loan	1,000,000	10 year maturity 12/15/2025	

City of Minot, North Dakota
Schedule of Revenues, Expenditures and Changes in Fund Balance, Budget to Actual
Special Revenue Fund
December 31, 2021
With Comparative Totals for December 31, 2020
(Preliminary & Unaudited)

	Sales Tax Economic Development				
	Original Budgeted Amounts	Final Budgeted Amounts	Dec 31, 2021 Actual Amounts	Variance with Final Budget	Dec 31, 2020 Actual Amounts
REVENUES					
Sales tax collections	\$ 1,275,000	\$ 1,275,000	\$ 1,735,576	\$ 460,576	\$ 1,549,133
Interest income	35,150	35,150	17,772	(17,378)	58,470
Miscellaneous	-	-	13,916	13,916	21,344
Total revenues	<u>1,310,150</u>	<u>1,310,150</u>	<u>1,767,264</u>	<u>457,114</u>	<u>1,628,947</u>
EXPENDITURES					
Current					
Community Contributions	108,041	2,657,755	1,332,555	1,325,200	677,235
Expert Professional Advice	413,500	463,500	375,111	88,389	12
General Administration	1,000	12,500	4,540	7,960	2,725
Total expenditures	<u>522,541</u>	<u>3,133,755</u>	<u>1,712,206</u>	<u>1,421,549</u>	<u>679,972</u>
Excess (deficiency) of revenues over (under) expenditures	787,609	(1,823,605)	55,058	1,878,663	948,975
OTHER FINANCING SOURCES (USES)					
Transfers out	(191,959)	(191,959)	(182,565)	9,394	(1,004,636)
Total other financing sources (uses)	<u>(191,959)</u>	<u>(191,959)</u>	<u>(182,565)</u>	<u>9,394</u>	<u>(1,004,636)</u>
Net change in fund balance	<u>\$ 595,650</u>	<u>\$ (2,015,564)</u>	<u>(127,507)</u>	<u>\$ 1,888,057</u>	<u>(55,661)</u>
Fund balance, January 1			<u>10,121,378</u>		<u>10,177,039</u>
Fund balance, December 31			<u>\$ 9,993,871</u>		<u>\$ 10,121,378</u>

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

City of Minot
515 2nd Ave SW
Minot, ND 58701-3854

Minot Vocational Adjustment Workshop, Inc. dba Kalix
P.O. Box 1030
Minot, ND 58702-1030

We have performed the procedures enumerated below on the accounting records and transactions, in accordance with the Development Agreement between Minot Vocational Adjustment Workshop, Inc. dba Kalix and the City of Minot, dated June 3, 2014, for the period of June 1, 2020 to May 31, 2021. Kalix's management is responsible for the accounting records and transactions.

The City of Minot has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose with respect to the accounting records and transactions. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

- From the payroll summary report and review of employee timecards for all employees who coded time to the recycling department from June 1, 2020 to May 31, 2021, we determined if:
 - The employees' I-9 was properly completed.
 - The employees' W-4 was properly completed.
 - Payroll data existed to support hours worked per employee.

No exceptions were noted as a result of the procedures performed.

- We performed verification testing to determine if Minot Vocational Adjustment Workshop, Inc. dba Kalix met the minimum hour commitment (30,000) from June 1, 2020 to May 31, 2021 as specified in the Development Agreement by:
 - Reviewing timecard detail and payroll reports generated from Kalix's payroll software for employees who coded time to the recycling department to determine the number of hours worked in the recycling department for the year.
 - Tracing timecard detail to hours reported on actual paystubs for ten percent of employees who coded time to recycling for six pay periods.
 - Reviewing hour allocations made by management for those employees who work in multiple departments to determine if the allocations were performed properly.

We calculated total hours worked in the recycling department to be 3,480. This results in a required payment of \$11,138.40 (\$0.42 per hour under the 30,000 requirement), to be paid by Minot Vocational Adjustment Workshop, Inc. dba Kalix, to the City of Minot.

We were engaged by the City of Minot to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an audit or review, the objective of which would be the expression of an opinion or conclusion. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City of Minot and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the use of the City of Minot and Minot Vocational's management and Board of Directors and is not intended to be and should not be used by anyone other than these specified parties.



BRADY, MARTZ & ASSOCIATES, P.C.
MINOT, NORTH DAKOTA

September 1, 2021