



★ WILLMAR

Finance Director

**City Office Building
333 SW 6th Street
Willmar, MN 56201
Main Number 320-235-4913
Fax Number 320-235-4917**

COUNCIL ACTION REQUEST

DATE: July 25, 2016

SUBJECT: City of Willmar Investment Policy

RECOMMENDATION: Change the current City Investment Policy

BACKGROUND: Due to current Job Description changes and transferring Treasurer Duties from the previous City Clerk Treasurer position to the Finance Department and the Finance Director job description. The City of Willmar Investment Policy needed to changes to reflect the change in responsibilities. Changes were to replace any City Clerk/ Treasurer reference in the policy to Finance Director.

FINANCIAL CONSIDERATION: N/A

LEGAL: Pending / N/A

Department/Responsible Party: Steven B. Okins, Finance Director

CITY OF WILLMAR INVESTMENT POLICY

Dated: December 20, 1995
Revised: January 13, 1997
Revised: January 21, 1998
Revised: February 3, 1999
Revised: January 24, 2000
Revised: January 6, 2002
Revised: December 15, 2003
Revised: March 16, 2009
Revised: September 20, 2010
Revised: March 7, 2011
Revised: September 4, 2012
Revised: July 25, 2016

1.0 Policy:

It is the policy of the City of Willmar to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the entity and conforming to all state and local statues governing the investment of public funds.

2.0 Scope:

This investment policy applies to all financial assets of the City of Willmar. These funds are accounted for the City's **Annual Financial Report** and include:

2.1 **Funds:**

2.1.1 General Fund

2.1.2 Special Revenue Funds

2.1.3 General Debt Service Funds:

2.1.4 Capital Projects Funds:

2.1.5 Enterprise Funds:

2.1.6 Internal Service Funds:

2.1.7 Trust and Agency Funds

3.0 Prudence:

Investments shall be made with judgment and care - under circumstances then prevailing - which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

3.1 The standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectation are reported in a timely fashion and appropriate action is taken to control adverse developments.

4.0 Objective:

The primary objectives, in priority order, of the City of Willmar investment activities shall be:

4.1 **Safety:** Safety of principal is the foremost objective of the investment program. Investments of the City of

Willmar be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, **diversification** is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

4.2 Liquidity: The City of Willmar investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements which might be reasonably anticipated.

4.3 Return on Investments: The City of Willmar investment portfolio shall be designed with the objective of attaining a rate of return throughout budgetary and economic cycles, commensurate with the City's investment risk constraints and the cash flow characteristics of the portfolio.

5.0 Delegation of Authority:

Authority to manage the City of Willmar's investment program is derived from trading resolutions and Minnesota statutes. Management responsibility for the investment program is hereby delegated to the City Finance Director, who shall establish written procedures for the operation of the investment program consistent with this investment policy. Procedures should include reference to: safekeeping, repurchase agreements, wire transfer agreements, banking service contracts and collateral/depository agreements. Such procedures shall include explicit delegation of authority to person responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy

and the procedures established by the City Finance Director. The City Finance Director shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

6.0 Ethics and Conflicts of Interest:

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decision. Employees and investment officials shall disclose to the City Administrator any material financial interests in financial institutions that conduct business within this jurisdiction, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the City of Willmar, particularly with regard to the time of purchases and sales.

7.0 Authorized Financial Dealers and Institutions:

The City Finance Director will maintain a list of financial institutions authorized to provide investment services. In addition, a list will also be maintained of approved security **broker/dealers** selected by credit worthiness who are authorized to provide investment services in the State of Minnesota. These may include "**primary**" dealers or regional dealers that qualify under **Securities & Exchange Commission Rule 15C3-1 (uniform net capital rule)**. No public deposit shall be made except in a

qualified public depository as established by state laws.

All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the City Finance Director with a **Notification to Broker and Certification by Broker** pursuant to Minnesota Statute 118A.04.

8.0 Authorized and Suitable Investments

Minnesota Statutes, Section 118A.04, Subdivision 1 through Subdivision 7, lists all permissible investments for municipalities. This list established the maximum investments risk permitted for a Minnesota municipality. The City of Willmar will not authorize its employees to invest in all of these investments, staying consistent with its number one priority of safety of capital. The following are investments the City will be authorized to invest in:

8.1 Government Securities: Instruments such as bonds, notes, bills, mortgages and other securities which are direct obligations of the federal government or its agencies and instrumentalities, with the principal fully guaranteed by the U.S. government or its agencies. The City will not invest in any mortgage or mortgage related security unless a return of principal is completely guaranteed by a federal entity.

8.2 Certificate of Deposit: A negotiable or nonnegotiable instrument issued by commercial banks and insured up to \$100,000 by the Federal Deposit Insurance Corporation (FDIC). (See 9.0

“Collateralization”)

8.3 Repurchase Agreement: An investment which consists of two simultaneous transactions, where the City purchases securities from a bank or dealer. At the same time, the selling bank or dealer agrees to repurchase the securities at the same price plus interest at some agreed-upon future date. The security purchased is the collateral protecting the investment.

8.4 Prime Commercial Paper: An investment used by corporations to finance receivables. A short-term (matures in 270 days or less) unsecured promissory note is issued for maturity specified by the purchaser. The City will only invest in commercial paper that has the highest rating of two (2) of the three (3) rating agencies.

8.5 Any security which is a **general obligation of the State of Minnesota** or any of its municipalities.

8.6 Bankers Acceptances of United States banks eligible for purchase by the Federal Reserve System.

8.7 Investment Pools: Governmental sponsored pools and money market mutual funds are allowable short-term cash management facilities. These pools/funds can provide safety, liquidity and yield in a single investment instrument. However, the City will follow due diligence standard which applies to the use of pools/funds. A thorough investigation of the pool/fund is required prior to investing. Currently the City uses the Minnesota Money Market Mutual Fund (4M) sponsored by the League of Minnesota Cities.

8.8 Mutual Funds: Shares of an investment company registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933 whose portfolio consists of direct obligations or are guaranteed issued of the United States, its agencies or instrumentalities. ***Effective January 1, 1997, mutual funds will be limited to funds held as of December 31, 1996, or a funds whose portfolio consists of the aforementioned obligations with a maturity of thirteen (13) months or shorter. Reinvestment of dividends paid from a fund holding obligation maturing beyond thirteen months will be prohibited.*** Generally speaking, participation in this investment type shall maintain a target balance of 15-20% of the portfolio and staff shall exercise discretion in setting mutual fund investment levels given market conditions and cash flow projections.

Investing in mutual funds is deemed long term and local restrictions therefore, prohibit the purchase of shares from any **general debt service fund** or any other city funds anticipating investment proceeds within a 36 month period and forcing the liquidation of shares in an unfavorable market.

9.0 Collateralization:

Collateralization will be required on two types of investments: certificates of deposit where the par value exceeds the Federal Deposit Insurance Corporation (FDIC) coverage limit, and repurchase agreements. In order to anticipate market changes and provide a level of security for all funds, the collateralization level

shall be at least 10 percent more than the amount on deposit at the close of the financial institution's banking day, except when the collateral is irrevocable standby letters of credit issued by Federal Reserve Banks. In that case, the amount of collateral must be at least equal the amount of deposit.

Collateral will always be held by an independent third party with whom the entity has a current custodial agreement or physically remitted to the City. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the entity and retained.

10.0 Safekeeping and Custody:

All security transactions entered into by the City of Willmar shall be held in safekeeping by the respective investment dealer on behalf of the City of Willmar and evidenced by safekeeping receipts. Each investment dealer must provide evidence to the City of possessing customer account insurance protection of \$500,000 from Securities Investor Protection Corporation (SIPC) plus other insurance totaling at a minimum \$10,000,000 per account.

11.0 Diversification:

The City will diversify its investments by security type and institution. No more than **40%** of the City's total deposits will be invested with a single financial institution or broker/dealer on the day of purchase.

12.0 **Maximum Maturities:**

To the extent possible, the City will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not directly invest in securities maturing more than 10 years from date of purchase. Funds dedicated to capital projects anticipated to be completed within one year shall not be invested in instruments maturing beyond one year. Reserve funds may be invested in securities exceeding 10 years if the maturity of such investments are made to coincide as nearly as practicable with the expected use of the funds.

13.0 **Internal Control:**

The development of a system of internal controls shall be established by the City Finance Director.

The City Finance Director shall assist in an annual process of independent review by an external auditor. This review will provide internal control by assuring compliance with policies and procedures.

14.0 **Performance Standards:**

The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs.

14.1 Market Yield (Benchmark): The City's investment strategy is active and mildly aggressive, yet it always yields to the objective of safety of principal. Given

this strategy, the basis used by the City Finance Director to determine whether market yields are being achieved shall be the annual goal of one and one-half (1 ½) percent above the annualized earnings at the Fed Funds rate during the year.

15.0 **Reporting:**

The Finance Director shall provide to the City Council quarterly investment reports which provide a clear picture of the status of the current investment portfolio. The report should include comments on the markets and economic conditions, discussions regarding restrictions on percentage of investment by categories, possible changes in the portfolio structure going forward and thoughts on investment strategies.

Schedules in the quarterly report should include the following:

- A listing of individual securities held at the end of the reporting period by authorized investment category
- Average life and final maturity of all investments listed
- Coupon, discount or earnings rate
- Par value and Market Value

16.0 **Investment Policy Adoption:**

The City of Willmar investment policy shall be adopted by resolution of the Willmar City Council. The policy shall be reviewed annually by the Finance Committee and any modifications made thereto must be approved by the City Council.



WILLMAR



Finance Director

City Office Building
333 SW 6th Street
Willmar, MN 56201
Main Number 320-235-4913
Fax Number 320-235-4917

COUNCIL ACTION REQUEST

DATE: July 25, 2016

SUBJECT: 2015 Comprehensive Annual Financial Report

RECOMMENDATION: Review and accept reports as submitted

BACKGROUND: Staffs annual submission of the yearend Financial Report. In preparation of receiving the Independent Annual Audit report, scheduled for the August 22nd Finance committee, staff will review the Management letter, Footnotes and General Fund Budget to Actual comparison sections of the 2015 Comprehensive Annual Financial Report.

FINANCIAL CONSIDERATION: N/A

LEGAL: Pending / N/A

Department/Responsible Party: Steven B. Okins, Finance Director



COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT

DECEMBER 31, 2015



COMPREHENSIVE ANNUAL FINANCIAL

REPORT OF THE

CITY OF

WILLMAR, MINNESOTA

FOR THE

YEAR ENDED

DECEMBER 31, 2015

DIVISION OF FINANCE

**STEVEN B. OKINS, DIRECTOR OF FINANCE
MEMBER OF THE GOVERNMENT FINANCE OFFICERS
ASSOCIATION OF THE UNITED STATES AND CANADA &
MINNESOTA FINANCE OFFICERS ASSOCIATION**

**CITY OF WILLMAR, MINNESOTA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015**

TABLE OF CONTENTS

PAGE

INTRODUCTORY SECTION

List of Elected and Appointed Officials i

FINANCIAL SECTION-I

Independent Auditor’s Report ii
 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 iii
 Independent Auditor’s Report on Minnesota Legal Compliance iv
 Independent Auditor’s Report on Compliance with Requirements Applicable to Each Major Program
 and on Internal Control Over Compliance in Accordance with OMB Circular A-133 v
 Schedule of Expenditures of Federal Awards vi
 Notes to the Schedule of Expenditures of Federal Awards vii
 Schedule of Findings and Questioned Costs viii

FINANCIAL SECTION-II

Management’s Discussion and Analysis 1

Basic Financial Statements:

Government-Wide Financial Statements:

Statement of Net Position 11
 Statement of Activities 13

Fund Financial Statements:

Balance Sheet – Governmental Funds 15
 Reconciliation of Net Position in the Government-Wide Financial Statements
 and Fund Balances in the Fund Basis Financial Statements
 Statement of Revenues, Expenditures, and Changes in Fund 17
 Balances – Governmental Funds 18
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in
 Fund Balances of Governmental Funds to the Statement of Activities 20
 Statement of Revenues, Expenditures, and Changes in Fund Balances
 Budget to Actual – General Fund 21
 Statement of Net Position – Proprietary Funds 22
 Statement of Revenues, Expenses, & Changes in Fund Net Position – Proprietary Funds 23
 Statement of Cash Flows – Proprietary Funds 24

Notes to the Financial Statements 26

**CITY OF WILLMAR, MINNESOTA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015**

TABLE OF CONTENTS (continued)

PAGE

FINANCIAL SECTION-II (continued)

Required Supplementary Information:

Individual Schedule of Revenue, Expenditures and Changes in Fund Balances – Budget and Actual:

General Fund	58
Industrial Development Special Revenue Fund	63
Convention and Visitors' Bureau Special Revenue Fund	64
Community Development Special Revenue Fund	65
Willmar Municipal Airport Special Revenue Fund.....	66
Library Improvement Reserve Special Revenue Fund.....	67
Community Investment Special Revenue Fund	68
Public Works Reserve Special Revenue Fund	69
Debt Service Funds/Special Assessments Bonds	70
Debt Service Funds/Airport G.O. Revenue Bonds.....	71

Schedules of Proportionate Share of Net Pension Liability and Employer Contributions – GERF	72
Schedules of Proportionate Share of Net Pension Liability and Employer Contributions – PEPFF	73
Notes to the Required Supplementary Information	74

Other Supplementary Information:

Combining Balance Sheet – Nonmajor Governmental Funds	75
Combining Statement of Revenue, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds	76
Combining Balance Sheet – Nonmajor Special Revenue Funds.....	77
Combining Statement of Revenue, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds	78
Combining Balance Sheet – Nonmajor Capital Project Funds	79
Combining Statement of Revenue, Expenditures and Changes in Fund Balances – Nonmajor Capital Project Funds	80
Combining Balance Sheet – Nonmajor Debt Service Funds.....	81
Combining Statement of Revenue, Expenditures and Changes in Fund Balances – Nonmajor Capital Project Funds	82
Combining Statement of Net Position – Internal Service Funds.....	83
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position – Internal Service Funds	84
Combining Statement of Cash Flows – Internal Service Funds.....	85

**CITY OF WILLMAR, MINNESOTA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015**

TABLE OF CONTENTS (continued)

PAGE

FINANCIAL SECTION-II (continued)

Other Supplementary Information (continued):

Statement of Net Position – Fiduciary/Agency Fund.....	86
Statement of Revenues, Expenses and Changes in Fund Net Position – Fiduciary/Agency Fund	87

STATISTICAL SECTION

Capital Assets Used in the Operation of Governmental Funds:

Comparative Schedules By Source	88
Schedule of Changes by Function and Activity	89
Schedule By Function and Activity.....	90

Government-Wide Information:

Government-Wide Expenses By Function	91
Government-Wide Revenues.....	92

Fund Information:

General Governmental Expenditures by Function	93
General Governmental Revenues by Source	94
Property Tax Levies and Collections	95
Tax Capacities and Estimated Market Value of Taxable Property	96
Tax Capacity Rates – Direct and Overlapping Governments	98
Tax Levies – Direct and Overlapping Governments	99
Principal Taxpayers	100
Special Assessments Billings and Collections	101
Computation of Legal Debt Margin	102
Miscellaneous Statistics.....	103

CITY OF WILLMAR, MINNESOTA

INTRODUCTORY SECTION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF WILLMAR, MINNESOTA

2015

CITY COUNCIL

MARVIN CALVIN, MAYOR

COUNCIL MEMBERS:

DENIS ANDERSON

ANDREW PLOWMAN

RON CHRISTIANSON

TIM JOHNSON

STEVE AHMANN

RICK FAGERLIE

SHAWN MUESKE

AUDREY NELSEN

FINANCE DIRECTOR

STEVEN B. OKINS

CITY ADMINISTRATOR

LARRY KRUSE

CITY OF WILLMAR, MINNESOTA

FINANCIAL SECTION - I

CITY OF WILLMAR, MINNESOTA

FINANCIAL SECTION - II

**MANAGEMENT DISCUSSION AND
ANALYSIS**

CITY OF WILLMAR, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2015

This section of the basic financial statements of the City of Willmar (the City) presents a discussion and analysis of the City's financial performance during the fiscal year ended December 31, 2015. Please read it in conjunction with the City's basic financial statements following this section.

Financial Highlights

- The assets of the City exceeded liabilities by \$136,043,375 (net position). Of this amount, \$39,764,427 (in Committed and Unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designations and fiscal policies.
- Due to adoption of GASB Statement No. 68, the Net Position had a decrease of \$5,284,295 and a 2016 Net Position increase of \$1,959,809 resulting in a net decrease of \$3,324,486 as stated in Table 3 on page 4.
- The City's governmental funds reported combined ending fund balances of \$36,686,678. Of this total amount, approximately 3% is Nonspendable, 35% is Restricted, and 62% is Committed.
- At the end of the current fiscal year, committed fund balance for the General Fund was \$13,945,396, or 105% of the total General Fund expenditures of \$13,292,218.

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements are presented after the Statement of Net Position. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's funds. The notes to the basic financial statements provide information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. This report also contains other supplementary information in addition to the basic financial statements.

The City as a whole: Statement of Net Position and Statement of Activities

Our analysis of the City of Willmar begins with the Statement of Net Position and the Statement of Activities. One of the most important questions asked about the City's finances is, "Is the City as a whole better off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities both report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the City's net position and changes thereto. You can think of the City's net position – the difference between assets and liabilities – as one way to measure the City's financial health. Over time, increases and decreases in the City's net position is one indicator of whether the City's financial health is improving or deteriorating.

You will need to consider other nonfinancial factors, however, to assess the overall health of the City of Willmar.

**CITY OF WILLMAR, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2015**

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

Governmental Activities - Most of the City's basic services are reported here, including the police, public works, parks departments and general administration. Property taxes, franchise fees, and state and federal grants finance most of these activities.

Business-Type Activities - The City charges a fee to customers to help cover all or most of the cost of certain services it provides. The City's waste treatment fund and internal service fund are reported here.

The City's Most Significant Funds: Fund Financial Statements

Our analysis of the City of Willmar's major funds begins with the fund financial statements. These statements provided detailed information about the most significant funds - not the City as a whole. Some funds are required to be established by state law and by bond covenants. However, the City Council establishes other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The City of Willmar's two kinds of funds - governmental and proprietary - use different accounting approaches.

Governmental Funds - Most of the City of Willmar's basic services are reported in governmental funds. Governmental funds focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps the reader of the statements determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation after the fund financial statements.

The governmental fund financial statements can be found on pages 15-21 of this report.

Proprietary Funds - When the City of Willmar charges customers for the services it provides - whether to outside customers or to other units of the City - these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds are the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds.

The proprietary fund financial statements can be found on pages 22-25 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26-57 of this report.

Statement of Net Position

The City of Willmar's net position increased from a year ago. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 3) of the City's governmental and business-type activities.

CITY OF WILLMAR, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2015

Table 1
Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 43,607,357	\$ 46,328,106	\$ 8,891,713	7,451,136	\$ 52,499,070	\$ 53,779,242
Net capital assets	94,001,610	91,190,056	87,067,448	88,937,197	181,069,058	180,127,253
Deferred Outflows of Re:	<u>1,066,653</u>	<u>-</u>	<u>73,054</u>	<u>-</u>	<u>1,139,707</u>	<u>88,937,197</u>
Total Assets & Deferred						
Outflows of Resources	<u>138,675,620</u>	<u>137,518,162</u>	<u>96,032,215</u>	<u>96,388,333</u>	<u>234,707,835</u>	<u>233,906,495</u>
Other liabilities	1,744,764	3,374,253	72,289	289,888	1,817,053	3,664,141
Long-term liabilities	21,113,770	15,819,795	73,507,309	75,054,698	94,621,079	90,874,493
Deferred Inflows of Res.	<u>2,161,324</u>	<u>-</u>	<u>65,004</u>	<u>-</u>	<u>2,226,328</u>	<u>-</u>
Total Liabilities &						
Deferred Inflows of Re:	<u>25,019,858</u>	<u>19,194,048</u>	<u>73,644,602</u>	<u>75,344,586</u>	<u>98,664,460</u>	<u>94,538,634</u>
Net Position						
Net Investment in						
Capital Assets	82,182,306	79,110,056	14,096,642	13,882,499	96,278,948	92,992,555
NonExpendable	-	-	-	-	-	-
Restricted	31,320,005	39,063,497	1,303,814	(320,224)	32,623,819	38,743,273
Unrestricted	<u>153,451</u>	<u>150,561</u>	<u>6,987,157</u>	<u>7,481,472</u>	<u>7,140,608</u>	<u>7,632,033</u>
Total Net Position	<u>\$113,655,762</u>	<u>\$118,324,114</u>	<u>\$ 22,387,613</u>	<u>\$ 21,043,747</u>	<u>\$136,043,375</u>	<u>\$139,367,861</u>

Governmental Activities

The net position of the City's governmental activities decreased by \$4,668,352 in 2015. The decrease was mainly due to a combination of adoption of GASB 68 by the City (decrease of \$4,769,867) and a stabilization of annual revenues and a slight decrease in annual expenditures due to a number of vacant positions throughout the year.

Business-Type Activities

The total net position of the City's business-type activities increased by \$1,343,866 in 2015. The increase was due to rates being set through 2017 to handle the pending increase in debt service payments and future capital expenditure needs.

Table 2
Condensed Statement of Net Position

	Rice Memorial Hospital		Municipal Utilities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 79,722,549	\$ 70,015,155	\$ 26,743,404	\$ 27,345,793	\$ 106,465,953	\$ 97,360,948
Net capital assets	61,065,987	61,760,743	30,703,855	30,412,231	91,769,842	92,172,974
Total Assets	<u>140,788,536</u>	<u>131,775,898</u>	<u>57,447,259</u>	<u>57,758,024</u>	<u>198,235,795</u>	<u>189,533,922</u>
Current and other liabilities	21,023,113	15,981,135	4,321,653	4,704,701	25,344,766	20,685,836
Long-term liabilities	85,559,462	50,940,468	10,663,451	7,595,405	96,222,913	58,535,873
Total Liabilities	<u>106,582,575</u>	<u>66,921,603</u>	<u>14,985,104</u>	<u>12,300,106</u>	<u>121,567,679</u>	<u>79,221,709</u>
Net Position						
Net Investment in						
capital assets	15,776,192	15,646,999	24,138,855	23,252,231	39,915,047	38,899,230
NonExpendable	3,388,205	3,530,542	-	-	3,388,205	3,530,542
Restricted debt	4,220,550	3,675,320	12,442,081	12,441,724	16,662,631	16,117,044
Unrestricted	<u>10,821,014</u>	<u>42,001,434</u>	<u>5,881,219</u>	<u>9,763,963</u>	<u>16,702,233</u>	<u>51,765,397</u>
Total Net Position	<u>\$ 34,205,961</u>	<u>\$ 64,854,295</u>	<u>\$ 42,462,155</u>	<u>\$ 45,457,918</u>	<u>\$ 76,668,116</u>	<u>\$ 110,312,213</u>

CITY OF WILLMAR, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2015

Primary Government

Table 3
Condensed Statement of Activities

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues						
Program revenues:						
Charges for services	\$ 1,680,295	\$ 1,702,698	\$ 8,982,387	\$ 8,876,769	\$ 10,662,682	\$ 10,579,467
Operating grants and contributions	983,269	771,958	-	-	983,269	771,958
Capital grants and contributions	2,669,016	1,710,801	-	-	2,669,016	1,710,801
General revenues:						
Property and other taxes	4,999,764	4,582,848	-	-	4,999,764	4,582,848
Grants and contributions not restricted to specific program	4,661,459	4,611,868	-	-	4,661,459	4,611,868
Other	1,552,405	3,280,747	318,396	391,812	1,870,801	3,672,559
Intergovernmental	-	-	-	-	-	-
Total Revenues	16,546,208	16,660,920	9,300,783	9,268,581	25,846,991	25,929,501
Expenses						
General Government	4,068,912	4,429,369	-	-	4,068,912	4,429,369
Public works	6,949,073	7,506,805	-	-	6,949,073	7,506,805
Public safety	5,055,428	4,725,380	-	-	5,055,428	4,725,380
Social services	-	-	-	-	-	-
Culture and recreation	2,441,662	2,344,720	-	-	2,441,662	2,344,720
Economic development	896,033	863,301	-	-	896,033	863,301
Capital projects	-	-	-	-	-	-
Debt service	297,324	307,220	-	-	297,324	307,220
Office services	-	-	-	-	-	-
Waste treatment	-	-	6,773,721	6,749,481	6,773,721	6,749,481
Total Expenses	19,708,432	20,176,795	6,773,721	6,749,481	26,482,153	26,926,276
Changes in Net Position						
Before Transfers	(3,162,224)	(3,515,875)	2,527,062	2,519,100	(635,162)	(996,775)
Transfers	3,263,739	1,936,405	(668,768)	619,940	2,594,971	2,556,345
Changes in Net Position	101,515	(1,579,470)	1,858,294	3,139,040	1,959,809	1,559,570
Net Position, Beginning of Year	118,324,114	119,903,584	21,043,747	17,904,707	139,367,861	137,808,291
Prior period adjustment	(4,769,867)	-	(514,428)	-	(5,284,295)	-
Net Position, End of Year	\$ 113,655,762	\$ 118,324,114	\$ 22,387,613	\$ 21,043,747	\$ 136,043,375	\$ 139,367,861

CITY OF WILLMAR, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2015

Component Units

Component Units

The total net position of the City's two component units increased by \$4,916,205 in 2015. The net position of the Municipal Utilities Commission increased by \$426,600, and the net position of Rice Memorial Hospital increased by \$4,489,605.

Table 4
Condensed Statement of Activities

	Rice Memorial Hospital		Municipal Utilities		Total	
	2015	2014	2015	2014	2015	2014
Revenues						
Hospital	\$ 101,781,033	\$ 94,944,183	\$ -	\$ -	\$ 101,781,033	\$ 94,944,183
Municipal Utility	-	-	32,164,157	31,203,470	32,164,157	31,203,470
Interest Earnings	1,156,525	1,460,784	365,300	827,219	1,521,825	2,288,003
Gain (Loss) on sale of Capital Assets	224,944	(14,982)	107,552	18,718	332,496	3,736
Miscellaneous	(509,184)	81,492	11,057	88,197	(498,127)	169,689
Total Revenues	102,653,318	96,471,477	32,648,066	32,137,604	135,301,384	128,609,081
Expenses						
Hospital	98,105,584	96,625,795	-	-	98,105,584	96,625,795
Municipal Utility	-	-	30,068,869	28,213,318	30,068,869	28,213,318
Total Expenses	98,105,584	96,625,795	30,068,869	28,213,318	128,174,453	124,839,113
Changes in Net Position						
Before transfers	4,547,734	(154,318)	2,579,197	3,924,286	7,126,931	3,769,968
Transfers	(58,129)	(482,347)	(2,152,597)	(2,075,396)	(2,210,726)	(2,557,743)
Changes in Net Position	4,489,605	(636,665)	426,600	1,848,890	4,916,205	1,212,225
Net Position, Beginning	30,116,356 *	65,490,960	42,035,555 *	43,609,028	72,151,911	109,099,988
Net Position, Ending	\$ 34,605,961	\$ 64,854,295	\$ 42,462,155	\$ 45,457,918	\$ 77,068,116	\$ 110,312,213

*Due to the adoption of GASB Statement No. 68 by Rice Hospital, the previously reported net position as of December 31, 2014, of \$64,854,295 was reduced by \$34,737,939 to arrive at the restated balance of \$30,116,356.

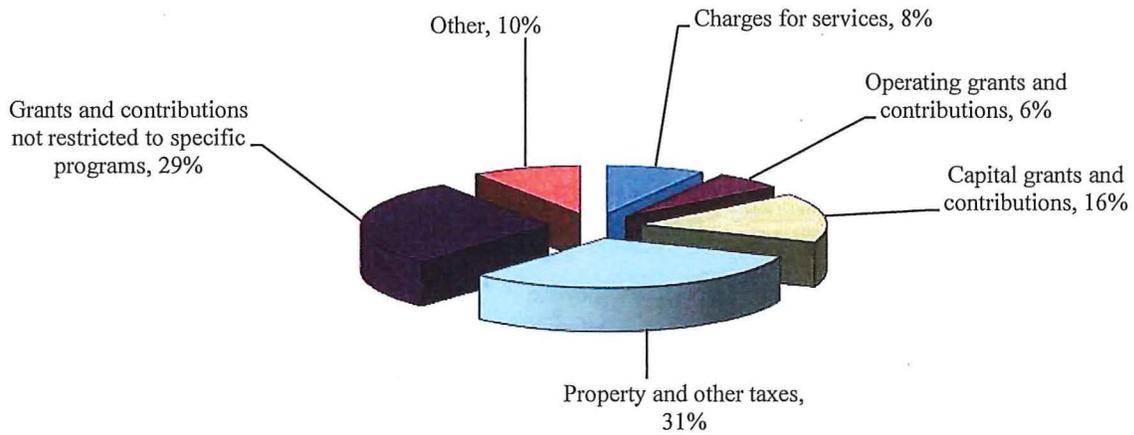
*Due to adoption of GASB Statement No. 68 and 71 by WMU, the previously reported net position as of December 31, 2014, of \$45,457,918 was reduced by \$3,422,363 to arrive at the restated balance of \$42,035,555.

**CITY OF WILLMAR, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2015**

Governmental Activities

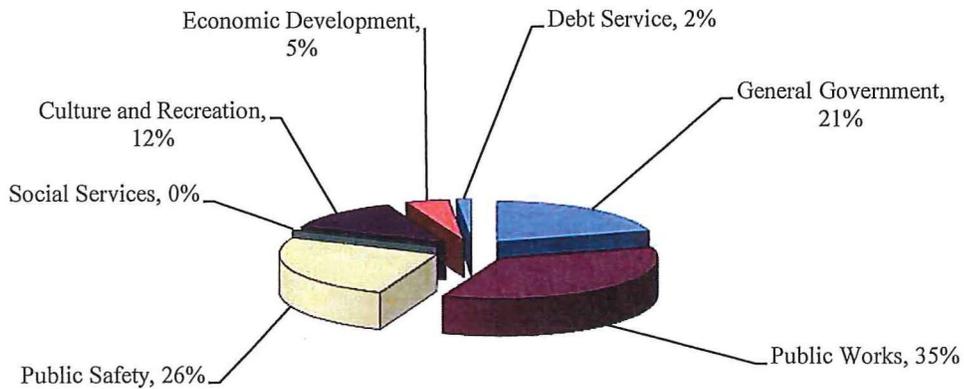
Revenues – The following chart visually illustrates the City's revenues by source for its governmental activities:

Revenue by Source - Governmental Activities



Expenses – The following chart visually illustrates the City's expenses by source for its governmental activities:

Expenses by Source - Governmental Activities



**CITY OF WILLMAR, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2015**

Financial Analysis of the City's Funds

General Fund –

The City's General Fund increased by \$63,105 in 2015 which is \$598,788 more than the final budget projection which reflected a decrease of \$535,683. Part of the increase is due to the decrease in expenditures for Public Safety, Public Works, and Culture & Recreation due to vacant positions throughout the year.

Debt Service Funds –

Special Assessments Bond Debt Service Fund decreased by \$356,337. The decrease was attributable to planned retirement of debt principal.

Special Revenue Fund –

Industrial Development Fund increased by \$379,658. The increase was due to transfers in of \$250,000 to repay previously borrowed funds and interest earnings of \$140,868.

Special Revenue Fund –

Community Investment Fund increased by \$134,811. The increase was mainly due to the substantial net increase in fair market values of investments during 2015.

Capital Projects Fund –

Street, Water/Sewer Capital Projects Fund decreased by \$1,168,203. The fund decrease was due to an increase in the usage of Local Option Sales tax Funds for specific Capital Improvements (expansion of the Industrial Park).

GENERAL FUND BUDGETARY HIGHLIGHTS:

The City approved the 2015 general fund budget anticipating expenditures would exceed revenues by \$599,167. The main difference between the original and final budget totaling \$63,484 was mainly due to a decrease in General Government appropriations.

At the end of the year, revenues exceeded the final budget by \$156,561 and expenditures were less than the final budget by \$481,573. Transfers in were less than the final budget by \$43,371. The most significant positive variance for revenues was in Licenses/Permits. Positive variances in expenditures were reflected in Public Safety, Public Works, and Culture/Recreation.

**CITY OF WILLMAR, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2015**

Capital Assets

At the end of 2015, the Primary Government of the City of Willmar had over \$181,100,000 (net of accumulated depreciation) invested in a broad range of capital assets. In addition, the Component Units had over \$91,700,000 (net of accumulated depreciation) invested in capital assets. Refer to Note 3.A.2 of the Notes to the Financial Statements for a schedule showing the City's capital asset activity.

Primary Government

Table 5
Capital Assets

	<u>Government Activities</u>		<u>Business-Type Activities</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Land and improvements	\$ 8,585,806	\$ 8,557,673	\$ 2,005,122	\$ 2,005,122
Buildings	13,176,273	13,040,182	75,039,444	73,197,275
Furniture and equipment	3,025,874	2,780,406	515,985	515,985
Machinery and auto	9,060,641	8,721,534	6,461,115	6,499,749
Other improvements	119,258,649	118,954,637	26,796,835	25,568,722
Construction in progress	13,336,893	7,379,541	137,705	2,722,290
Less: Depreciation	<u>(72,318,950)</u>	<u>(68,243,917)</u>	<u>(23,888,758)</u>	<u>(21,571,946)</u>
	<u>\$ 94,125,186</u>	<u>\$ 91,190,056</u>	<u>\$ 87,067,448</u>	<u>\$ 88,937,197</u>

Component Units

Table 6
Capital Assets

	<u>Rice Memorial Hospital</u>		<u>Willmar Municipal Utilities</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Land	\$ 2,918,000	\$ 2,918,000	\$ 1,385,907	\$ 1,385,248
Buildings	96,870,000	95,907,000	3,101,003	2,835,197
Furniture and equipment	45,936,987	42,213,000	77,975,158	76,880,419
Machinery and auto	-	-	-	-
Other improvements	1,517,000	1,498,000	-	-
Utility Plant in Service	-	-	-	-
Construction in progress	1,246,000	112,743	1,746,649	2,957,428
Less: Depreciation	<u>(87,422,000)</u>	<u>(80,888,000)</u>	<u>(53,504,862)</u>	<u>(53,646,061)</u>
	<u>\$ 61,065,987</u>	<u>\$ 61,760,743</u>	<u>\$ 30,703,855</u>	<u>\$ 30,412,231</u>

CITY OF WILLMAR, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2015

Long-Term Debt

At year-end, the City of Willmar's Primary Government had over \$84,700,000 in bonds outstanding and its Component Units had over \$53,300,000 in bonds outstanding. Refer to Note 3.C.2 of the Notes to the Financial Statements for a schedule showing the City's long-term debt activity.

Primary Government

Table 7

	2015	2014	Change
Governmental Activities			
G.O. Special Assessment Bonds	\$ 10,390,000	\$ 11,100,000	\$ (710,000)
G.O. Revenue Bonds	835,000	980,000	(145,000)
Note Payable - TIF	594,304	-	594,304
	<u>\$ 11,819,304</u>	<u>\$ 12,080,000</u>	<u>\$ (260,696)</u>
Business-Type Activities			
G.O. Revenue Bonds	\$ 450,000	\$ 550,000	\$ (100,000)
G.O. Revenue Notes	72,520,805	74,504,698	(1,983,893)
	<u>\$ 72,970,805</u>	<u>\$ 75,054,698</u>	<u>\$ (2,083,893)</u>

Component Units

Table 8

	2015	2014	Change
Rice Memorial Hospital			
G.O. Revenue Bonds	\$ 36,600,000	\$ 38,065,000	\$ (1,465,000)
Hospital Revenue Notes	8,682,200	9,100,000	(417,800)
Capital Lease	1,469,185	267,126	1,202,059
	<u>\$ 46,751,385</u>	<u>\$ 47,432,126</u>	<u>\$ (680,741)</u>
Willmar Municipal Utilities			
Municipal Utility Revenue Bond 2009	\$ 6,410,000	\$ 6,860,000	\$ (450,000)
General Obligation Water Revenue Bond	155,000	300,000	(145,000)
	<u>\$ 6,565,000</u>	<u>\$ 7,160,000</u>	<u>\$ (595,000)</u>

**CITY OF WILLMAR, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2015**

Economic Factors and Next Year's Budget

In the City adopted budget for 2016, expenditures were forecast to exceed revenue by approximately \$4,212,863, of which the General Fund expenditures were forecast to exceed revenue by approximately \$931,296. The major difference is to be funded by using Local Option Sales Tax Fund Balances.

Contacting the City's Financial Management

This financial report is designated to provide our residents, customers, and creditors with a general overview of the City of Willmar's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional information, contact the City of Willmar, 333 6th St SW, Willmar, MN 56201 or by phone at (320) 235-4913.

BASIC FINANCIAL STATEMENTS

CITY OF WILLMAR, MINNESOTA
STATEMENT OF NET POSITION
December 31, 2015

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Municipal Utilities Commission	Rice Memorial Hospital
Assets					
Cash and Cash Equivalents	\$ 10,627,073	\$ (2,613,466)	\$ 8,013,607	\$ 3,822,899	\$ 3,906,826
Investments	24,831,874	11,349,997	36,181,871	5,497,809	28,266,266
Receivables (Net of Allow for Uncollect)					
Accounts Receivable	723,008	746,402	1,469,410	2,594,559	20,390,193
Accrued Interest	103,425	44,396	147,821	-	-
Taxes Receivable	175,092	-	175,092	-	-
Special Assessments	4,394,626	-	4,394,626	-	-
Notes Receivable	350,000	-	350,000	-	-
Due from Component Unit	-	-	-	-	-
Due from Other Governmental Units	368,492	-	368,492	-	-
Internal Balances	668,768	(668,768)	-	-	-
Inventories	47,065	14,137	61,202	1,259,515	2,140,792
Prepaid Items	977,042	19,015	996,057	659,781	1,025,311
Restricted Assets:					
Temporarily Restricted:					
Cash and Cash Equivalents	-	-	-	-	2,958,692
Investments	-	-	-	12,442,081	10,066,038
Permanently Restricted:					
Investments	-	-	-	-	4,508,451
Capital Assets					
Nondepreciable	21,799,123	2,142,827	23,941,950	3,132,556	4,164,000
Depreciable, net	72,202,487	84,924,621	157,127,108	27,571,299	56,901,987
Net Pension Asset	309,230	-	309,230	-	-
Other Assets	31,662	-	31,662	-	115,734
Total Assets	\$ 137,608,967	\$ 95,959,161	\$ 233,568,128	\$ 56,980,499	\$ 134,444,290
Deferred Outflows of Resources					
Deferred Loss on Refunding Escrow Account	-	-	-	-	1,405,653
Deferred Outflows on Pension	1,066,653	73,054	1,139,707	466,760	4,938,593
Total Deferred Outflows of Resources	1,066,653	73,054	1,139,707	466,760	6,344,246
Total Assets/Def. Outflows of Resources	\$ 138,675,620	\$ 96,032,215	\$ 234,707,835	\$ 57,447,259	\$ 140,788,536

The notes to the financial statements are an integral part of this statement.

CITY OF WILLMAR, MINNESOTA
STATEMENT OF NET POSITION
December 31, 2015

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Municipal Utilities Commission	Rice Memorial Hospital
Liabilities					
Accounts and Contracts Payable	\$ 1,055,461	\$ 33,817	\$ 1,089,278	\$ 2,384,868	\$ 4,279,133
Accrued Interest Payable	286,110	-	286,110	150,337	731,031
Due to Component Units	8,312	-	8,312	-	-
Due to Primary Government	-	-	-	664,720	-
Due to Other Governmental Units	70,859	-	70,859	-	-
Unearned Revenue	-	-	-	-	-
Accrued Compensation and Benefits	324,022	38,472	362,494	134,767	9,035,717
Noncurrent Liabilities					
Due within one year	2,146,000	2,647,137	4,793,137	615,000	2,239,597
Due in more than one year	18,967,770	70,860,172	89,827,942	10,663,451	85,559,462
Total Liabilities	22,858,534	73,579,598	96,438,132	14,613,143	101,844,940
Deferred Inflows of Resources					
Unavailable Revenue	1,323,165	-	1,323,165	-	-
Deferred Inflows on Pension	838,159	65,004	-	371,961	4,737,635
Total Deferred Inflows of Resources	2,161,324	65,004	1,323,165	371,961	4,737,635
Net Position					
Net Investment in Capital Assets	82,182,306	14,096,642	96,278,948	24,138,855	15,776,192
NonExpendable	-	-	-	-	3,388,205
Restricted	-	-	-	12,442,081	-
Capital Improvements	6,711,347	495,364	7,206,711	-	-
Construction Fund	-	-	-	-	-
Debt Service	14,010,409	-	14,010,409	-	2,227,661
Specific Operating Activities	15,438,231	1,322,878	16,761,109	-	1,992,889
Other Purposes	(4,839,982)	(514,428)	(5,354,410)	-	-
Unrestricted	153,451	6,987,157	7,140,608	5,881,219	10,821,014
Total Net Position	\$ 113,655,762	\$ 22,387,613	\$ 136,043,375	\$ 42,462,155	\$ 34,205,961
Total Liabilities, Deferred Inflows of Resources, and Net Position	138,675,620	96,032,215	233,804,672	57,447,259	140,788,536

The notes to the financial statements are an integral part of this statement.

**City of Willmar
Statement of Activities
For the Year Ended December 31, 2015**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government:				
Governmental Activities:				
General Government	\$ 4,068,912	\$ 507,335	\$ 121,532	\$ -
Public Safety	5,055,428	408,291	467,400	1,375
Public Works	6,949,073	216,640	339,995	2,377,122
Social Services	-	-	-	-
Culture and Recreation	2,441,662	548,029	54,342	-
Economic Development	896,033	-	-	290,519
Debt Service - interest	297,324	-	-	-
Total Governmental Activities	<u>19,708,432</u>	<u>1,680,295</u>	<u>983,269</u>	<u>2,669,016</u>
Business-Type Activities:				
Waste Treatment	<u>6,773,721</u>	<u>8,982,387</u>	<u>-</u>	<u>-</u>
Total Business-Type Activities	<u>6,773,721</u>	<u>8,982,387</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 26,482,153</u>	<u>\$ 10,662,682</u>	<u>\$ 983,269</u>	<u>\$ 2,669,016</u>
Component Units:				
Municipal Utilities	\$ 30,068,869	\$ 32,164,157	\$ -	\$ -
Rice Memorial Hospital	98,105,584	99,256,583	1,705,843	818,607
Total Component Units	<u>\$ 128,174,453</u>	<u>\$ 131,420,740</u>	<u>\$ 1,705,843</u>	<u>\$ 818,607</u>

General Revenues:
Property Taxes
Sales Taxes
Other Taxes
Grants and contributions not restricted to specific programs
Interest earnings
Net increase (decrease) in fair value of investments
Gain (Loss) Capital Assets
Miscellaneous
Transfers
Total General Revenues /Transfers
Change in Net Position
Net Position - Beginning as restated
Net Position - Ending

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Total	Municipal Utilities Commission	Rice Memorial Hospital
\$ (3,440,045)		\$ (3,440,045)		
(4,178,362)		(4,178,362)		
(4,015,316)		(4,015,316)		
-		-		
(1,839,291)		(1,839,291)		
(605,514)		(605,514)		
(297,324)		(297,324)		
<u>(14,375,852)</u>		<u>(14,375,852)</u>		
-	\$ 2,208,666	2,208,666		
-	2,208,666	2,208,666		
<u>(14,375,852)</u>	<u>2,208,666</u>	<u>(12,167,186)</u>		
			\$ 2,095,288	\$ -
			-	3,675,449
			<u>2,095,288</u>	<u>3,675,449</u>
4,473,147	-	4,473,147	-	-
-	-	-	-	-
526,617	-	526,617	-	-
4,661,459	-	4,661,459	-	-
594,471	136,012	730,483	365,300	1,156,525
398,282	106,906	505,188	-	(509,184)
(146,867)	75,478	(71,389)	107,552	224,944
706,519	-	706,519	11,057	-
3,263,739	(668,768)	2,594,971	(2,152,597)	(458,129)
<u>14,477,367</u>	<u>(350,372)</u>	<u>14,126,995</u>	<u>(1,668,688)</u>	<u>414,156</u>
101,515	1,858,294	1,959,809	426,600	4,089,605
113,554,247	20,529,319	134,083,566	42,035,555 *	30,116,356
<u>\$ 113,655,762</u>	<u>\$ 22,387,613</u>	<u>\$ 136,043,375</u>	<u>\$ 42,462,155</u>	<u>\$ 34,205,961</u>

**Due to the adoption of GASB Statement No. 68 by Rice Hospital, the previously reported net position as of December 31, 2014, of \$64,854,295 was reduced by \$34,737,939 to arrive at the restated balance of \$30,116,356.

*Due to the adoption of GASB Statement No. 68 and 71 by WMU, the previously reported net position as of December 31, 2014, of \$45,457,918 was reduced by \$3,422,363 to arrive at the restated balance of \$42,035,555.

CITY OF WILLMAR, MINNESOTA
BALANCE SHEETS
GOVERNMENTAL FUNDS
December 31, 2015

	<u>General</u>	<u>Special Assessments Bonds Debt Service</u>	<u>Street Water/Sewer Capital Projects</u>
ASSETS			
Cash and Cash Equivalents	\$ 7,645,168	\$ (409,452)	\$ 3,541,427
Investments	7,754,039	4,264,066	368,246
Receivables (Net of Allowance for Uncollect)			
Accounts	692,104	-	-
NSF Payments	60	-	-
Interest	31,600	17,908	199
Taxes			
Current	67,936	-	-
Delinquent	93,024	-	-
Deferred	-	-	-
Assessments			
Current	-	-	-
Delinquent	-	369,258	-
Deferred	4,304	3,341,754	-
Notes	-	-	-
Due From Component Units	-	-	-
Due From Other Funds	268,123	718,387	147,000
Due From Other Governments	6,859	157,239	204,394
Inventory	43,494	-	-
Prepaid Expenses	236,988	548,760	-
Deposits	12,813	-	-
Workers Comp Deposit	-	-	-
Restricted Assets:			
Cash and Cash Equivalents	-	-	-
Investments	-	-	-
Unamortized Discount	-	16,119	-
Total Assets	\$ 16,856,512	\$ 9,024,039	\$ 4,261,266
LIABILITIES			
Accounts Payable	\$ 168,630	\$ -	\$ 2
Contracts Payable	-	-	335,228
Notes Payable	-	-	-
Accrued Wages	317,298	-	-
Separation Severance Payable	6,724	-	-
Deposits	5,122	-	-
Due to Component Units	-	-	-
Due to Other Funds	2,006,667	1,430	33,521
Due to Other Governments	70,859	-	-
Total Liabilities	2,575,300	1,430	368,751
DEFERRED INFLOWS OF REOURCES			
Unavailable Revenue	98,828	3,868,251	-
Total Deferred Inflows of Resources	98,828	3,868,251	-
FUND BALANCES			
Nonspendable Fund Balance	236,988	548,760	-
Restricted Fund Balance	-	4,605,598	-
Committed Fund Balance	13,945,396	-	3,892,515
Assigned Fund Balance	-	-	-
Unassigned Fund Balance	-	-	-
Total Fund Balances	14,182,384	5,154,358	3,892,515
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 16,856,512	\$ 9,024,039	\$ 4,261,266

The notes to the financial statements are an integral part of this statement. 15

CITY OF WILLMAR, MINNESOTA
BALANCE SHEETS
GOVERNMENTAL FUNDS
December 31, 2015

Industrial Development Special Revenue Fund	Community Investment Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
\$ 15,700	\$ 304	\$ (166,185)	\$ 10,626,962
772,528	9,229,883	2,290,320	24,679,082
-	-	30,312	722,416
-	-	-	60
3,004	36,115	14,001	102,827
-	-	14,132	82,068
-	-	-	93,024
-	-	-	-
-	-	-	-
-	189	-	369,447
-	679,121	-	4,025,179
-	-	350,000	350,000
-	-	-	-
250,000	401,430	2,295,778	4,080,718
-	-	-	368,492
-	-	-	43,494
-	-	191,294	977,042
-	-	-	12,813
-	-	-	-
-	-	-	-
-	-	2,730	18,849
<u>\$ 1,041,232</u>	<u>\$ 10,347,042</u>	<u>\$ 5,022,382</u>	<u>\$ 46,552,473</u>
\$ -	\$ -	\$ 68,451	\$ 237,083
-	-	474,203	809,431
-	-	-	-
-	-	-	317,298
-	-	-	6,724
-	-	280	5,402
-	8,312	-	8,312
3,931	684,866	684,498	3,414,913
-	-	-	70,859
<u>3,931</u>	<u>693,178</u>	<u>1,227,432</u>	<u>4,870,022</u>
-	670,998	357,696	4,995,773
-	670,998	357,696	4,995,773
-	-	221,294	1,007,042
-	8,232,866	67,247	12,905,711
1,037,301	750,000	3,161,612	22,786,824
-	-	-	-
-	-	(12,899)	(12,899)
<u>1,037,301</u>	<u>8,982,866</u>	<u>3,437,254</u>	<u>36,686,678</u>
<u>\$ 1,041,232</u>	<u>\$ 10,347,042</u>	<u>\$ 5,022,382</u>	<u>\$ 46,552,473</u>

City of Willmar, Minnesota
Reconciliation of Net Position in the
Government-Wide Financial Statements and Fund Balances
in the Fund Basis Financial Statements
December 31, 2015

Amounts reported for governmental activities in the statement of net position are different because:

Total governmental fund balances		\$ 36,686,678
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental funds - capital assets	166,320,560	
Less: Accumulated depreciation	<u>(72,318,950)</u>	
		94,001,610
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Delinquent property taxes	93,024	
Unavailable special assessments	3,220,388	
Due From State of Minnesota	-	
Notes/Interest Receivable	355,056	
Unavailable Revenue for 2015	<u>4,140</u>	
		3,672,608
Internal service funds are used by management to charge the costs of equipment, information technology and insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		
	157,022	
Less Net Investment in Capital Assets (included above)	<u>-</u>	157,022
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Bonds and notes payable	(11,819,304)	
Compensated absences	(3,916,760)	
Accrued interest	<u>(286,110)</u>	
		(16,022,174)
Pension Fund Net Position not reported in the funds.		<u>(4,839,982)</u>
Net position of governmental activities		<u>\$ 113,655,762</u>

The notes to the financial statements are an integral part of this statement.

CITY OF WILLMAR, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2015

	<u>General</u>	<u>Special Assessments Bonds Debt Service</u>	<u>Street Water/Sewer Capital Projects</u>
REVENUES			
General Property Taxes	\$ 4,472,103	\$ -	\$ -
Sales Tax	-	-	-
Other Taxes	285,792	-	-
Special Assessments	2,384	1,193,010	54,678
License and Permits	474,907	-	-
Intergovernmental	5,412,935	-	1,695,103
Charges for Services	775,780	-	-
Fines and Forfeits	189,682	-	-
Investment Income	126,279	76,832	14,742
Change in market value	24,072	72,620	22,792
Miscellaneous Revenues	676,715	4,575	-
Total Revenues	<u>12,440,649</u>	<u>1,347,037</u>	<u>1,787,315</u>
EXPENDITURES			
Current:			
General Government	3,800,646	-	-
Public Safety	4,681,605	-	-
Streets and Highways	2,915,067	-	-
Social Services	-	-	-
Culture & Recreation	1,894,900	-	-
Economic Development	-	-	-
Debt Service:			
Principal	-	2,115,000	-
Interest	-	294,030	-
Other Charges and Services	-	11,301	-
Capital Outlay	-	-	4,551,997
Total Expenditures	<u>13,292,218</u>	<u>2,420,331</u>	<u>4,551,997</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(851,569)</u>	<u>(1,073,294)</u>	<u>(2,764,682)</u>
OTHER FINANCING SOURCES (USES)			
Operating Transfers In	2,852,971	718,387	230,000
Operating Transfers Out	(1,938,297)	(1,430)	(33,521)
Bond Proceeds	-	-	1,400,000
Total Other Financing Sources (Uses)	<u>914,674</u>	<u>716,957</u>	<u>1,596,479</u>
Net Change in Fund Balances	<u>63,105</u>	<u>(356,337)</u>	<u>(1,168,203)</u>
Fund Balances - Beginning	<u>14,119,279</u>	<u>5,510,695</u>	<u>5,060,718</u>
Fund Balances - Ending	<u>\$ 14,182,384</u>	<u>\$ 5,154,358</u>	<u>\$ 3,892,515</u>

The notes to the financial statements are an integral part of this statement.

CITY OF WILLMAR, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2015

Industrial Development Special Revenue Fund	Community Investment Special Revenue	Other Government Funds	Total Governmental Funds
\$ -	\$ -	\$ 1,044	\$ 4,473,147
-	-	-	-
-	-	240,825	526,617
-	27,200	-	1,277,272
-	-	-	474,907
-	-	413,694	7,521,732
-	-	226,268	1,002,048
-	-	-	189,682
140,868	179,810	52,961	591,492
-	211,132	64,183	394,799
-	105	25,124	706,519
<u>140,868</u>	<u>418,247</u>	<u>1,024,099</u>	<u>17,158,215</u>
-	-	-	3,800,646
-	-	6,122	4,687,727
-	-	234,479	3,149,546
-	-	-	-
-	-	277,220	2,172,120
11,210	-	290,519	301,729
-	-	140,000	2,255,000
-	-	37,396	331,426
-	-	450	11,751
-	-	2,714,960	7,266,957
<u>11,210</u>	<u>-</u>	<u>3,701,146</u>	<u>23,976,902</u>
<u>129,658</u>	<u>418,247</u>	<u>(2,677,047)</u>	<u>(6,818,687)</u>
250,000	401,430	2,059,722	6,512,510
-	(684,866)	(590,657)	(3,248,771)
-	-	-	1,400,000
<u>250,000</u>	<u>(283,436)</u>	<u>1,469,065</u>	<u>4,663,739</u>
<u>379,658</u>	<u>134,811</u>	<u>(1,207,982)</u>	<u>(2,154,948)</u>
<u>657,643</u>	<u>8,848,055</u>	<u>4,645,236</u>	<u>38,841,626</u>
<u>\$ 1,037,301</u>	<u>\$ 8,982,866</u>	<u>\$ 3,437,254</u>	<u>\$ 36,686,678</u>

City of Willmar, Minnesota
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2015

Amounts reported for governmental activities in the statement of activities are different because:

Net Change in Fund Balances-Governmental Funds		\$ (2,154,948)
<p>Governmental funds reported capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital Outlay Expense	7,820,764	
Depreciation Expense	<u>(4,733,320)</u>	
		3,087,444
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase/(decrease) net position</p>		
		(275,340)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds</p>		
Unavailable Revenue, December 31, 2015	3,672,608	
Unavailable Revenue, December 31, 2014	<u>(4,277,016)</u>	
		(604,408)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Compensated absences, December 31, 2015	(3,916,760)	
Compensated absences, December 31, 2014	<u>3,739,795</u>	
		(176,965)
<p>Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principle is an expenditure in the governmental fund, but the repayment reduces long-term liabilities in the statement of net position.</p>		
Principle Retirement of Long-Term Debt	2,255,000	
Note Payable - TIF Jennie-O	(594,304)	
Bond Proceeds	(1,400,000)	
Change in accrued interest (286,110 - 320,212)	<u>34,102</u>	
		294,798
<p>Internal service funds are used by management to charge the costs of equipment, information technology and insurance to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities</p>		
		1,049
<p>State Pension Fund Reporting Requirements</p>		
State of MN Payments	121,532	
Expenditures recorded for the year	<u>(191,647)</u>	
		<u>(70,115)</u>
Change in Net Position-Governmental Activities		<u>\$ 101,515</u>

The notes to the financial statements are an integral part of this statement.

City of Willmar, Minnesota
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the fiscal year ended December 31, 2015

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		Positive (Negative)
REVENUES				
General Property Taxes	\$ 4,771,028	\$ 4,771,028	\$ 4,757,895	\$ (13,133)
Special Assessments	1,700	1,700	2,384	684
License and Permits	328,375	334,375	474,907	140,532
Intergovernmental	5,277,754	5,295,254	5,412,935	117,681
Charges for Services	761,850	761,850	775,780	13,930
Fines and Forfeits	152,000	152,000	189,682	37,682
Investment Income	150,000	150,000	126,279	(23,721)
Change in market value	-	-	24,072	24,072
Miscellaneous Revenues	795,500	817,881	676,715	(141,166)
Total Revenues	<u>12,238,207</u>	<u>12,284,088</u>	<u>12,440,649</u>	<u>156,561</u>
EXPENDITURES				
General Government	3,860,528	3,797,044	3,800,646	(3,602)
Public Safety	4,822,886	4,836,361	4,681,605	154,756
Public Works	3,099,767	3,105,237	2,915,067	190,170
Social Services	-	-	-	-
Culture & Recreation	2,029,149	2,035,149	1,894,900	140,249
Total Expenditures	<u>13,812,330</u>	<u>13,773,791</u>	<u>13,292,218</u>	<u>481,573</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,574,123)</u>	<u>(1,489,703)</u>	<u>(851,569)</u>	<u>638,134</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	2,896,342	2,896,342	2,852,971	(43,371)
Operating Transfers Out	(1,921,386)	(1,942,322)	(1,938,297)	4,025
Total Other Financing Sources (Uses)	<u>974,956</u>	<u>954,020</u>	<u>914,674</u>	<u>(39,346)</u>
Net Change in Fund Balances	<u>(599,167)</u>	<u>(535,683)</u>	<u>63,105</u>	<u>598,788</u>
Fund Balances - Beginning	<u>14,119,279</u>	<u>14,119,279</u>	<u>14,119,279</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 13,520,112</u>	<u>\$ 13,583,596</u>	<u>\$ 14,182,384</u>	<u>\$ 598,788</u>

The notes to the financial statements are an integral part of this statement.

City of Willmar, Minnesota
Statement of Net Position
Proprietary Funds
December 31, 2015

	Business-Type Activities	Governmental Activities
	Waste Treatment Plant	Internal Service Funds
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ (2,613,466)	\$ 111
Investments	11,349,997	152,792
Accounts Receivable	746,402	532
Interest Receivable	44,396	598
Inventories	14,137	3,571
Prepaid Items	19,015	-
Total Current Assets	9,560,481	157,604
Noncurrent Assets		
Capital Assets:		
Nondepreciable	2,142,827	-
Depreciable	108,813,379	-
Less: Accumulated Depreciation	(23,888,758)	-
Net capital assets	87,067,448	-
Total Noncurrent Assets	87,067,448	-
TOTAL ASSETS	96,627,929	157,604
DEFERRED OUTFLOWS OF RESOURCES		
Related to Pensions	73,054	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	73,054	-
LIABILITIES		
Current Liabilities		
Accounts Payable	12,258	582
Contracts Payable	21,559	-
Accrued Wages	38,472	-
Due To Other Funds	668,768	-
Current Portion of Debt	2,647,137	-
Total Current Liabilities	3,388,194	582
Noncurrent Liabilities:		
Notes Payable	70,323,669	-
Net Pension Liability	536,503	-
Total Noncurrent Liabilities	70,860,172	-
TOTAL LIABILITIES	74,248,366	582
DEFERRED INFLOWS OF RESOURCES		
Related to Pensions	65,004	-
TOTAL DEFERRED INFLOWS OF RESOURCES	65,004	-
NET POSITION		
Net Investment in Capital Assets	14,096,642	-
Restricted:		
Petty Cash	100	-
Inventories	14,137	3,571
Prepays	19,015	-
Working Capital	1,289,626	-
Capital Improvements	405,653	-
System Replacement	89,711	-
Net Position - Pensions	(514,428)	-
Unrestricted	6,987,157	153,451
TOTAL NET POSITION	\$ 22,387,613	\$ 157,022

City of Willmar, Minnesota
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2015

	Business-Type Activities	Governmental Activities
	Waste Treatment Plant	Internal Service Funds
Operating Revenues		
Intergovernmental	\$ 55,213	\$ -
Charges For Sales and Services:	<u>8,927,174</u>	<u>11,274</u>
Total Operating Revenues	<u>8,982,387</u>	<u>11,274</u>
Operating Expenses		
Personal Services	976,721	-
Supplies	286,749	6,227
Other Services and Charges	942,003	9,910
Depreciation	<u>2,383,788</u>	<u>-</u>
Total Operating Expenses	<u>4,589,261</u>	<u>16,137</u>
Operating Income (Loss)	4,393,126	(4,863)
Nonoperating Revenues (Expenses)		
Lift Station Tapping Fees Collected	-	-
Investment Earnings	136,012	2,979
Change in market value	106,906	3,483
Capital Asset (Disposal)/Acquisition	75,478	(550)
Interest Expense	(2,167,960)	-
Other Revenue (Expense)	<u>(16,500)</u>	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>(1,866,064)</u>	<u>5,912</u>
Income (Loss) Before Contributions and Transfers	2,527,062	1,049
Capital Grants - Federal	-	-
Capital Grants - State	-	-
Transfers In	-	-
Transfers Out	<u>(668,768)</u>	<u>-</u>
Change in Net Position	1,858,294	1,049
Total Net Position - Beginning of Year, as originally stated	21,043,747	155,973
Prior Period Adjustment	<u>(514,428)</u>	<u>-</u>
Net Position - Beginning of Year, as restated	<u>20,529,319</u>	<u>155,973</u>
Total Net Position - Ending	<u>\$ 22,387,613</u>	<u>\$ 157,022</u>

City of Willmar, Minnesota
Statement of Cash Flows
Proprietary Funds
For the fiscal year ended December 31, 2015

	Business-Type Activities Waste Treatment Plant	Governmental Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from Customers and Users	\$ 8,328,232	\$ 13,833
Payments to Suppliers	(1,292,598)	(6,503)
Payments to Employees	(945,007)	(8,571)
Liquidiation of Liabilities	-	-
Net Cash Provided by Operating Activities	6,090,627	(1,241)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfer from Other Funds	1,429,074	-
Transfer to Other Funds	(144)	-
Net Cash Provided (Used) by Noncapital Financing Activities	1,428,930	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital Contributions	-	-
Purchases of Capital Assets	(440,933)	-
Interest Paid on Capital Debt	(2,167,960)	-
Principal Paid on Capital Debt	(2,647,137)	-
Proceeds from Debt	563,244	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(4,692,786)	-
CASH FLOWS FROM INVESTING ACTIVITIES:		
Principal Collected On Loan	-	-
Proceeds from Sales and Maturities of Investments	200,000	-
Purchase of Investments	(5,700,000)	(2,000)
Interest Received	113,375	2,936
Net Cash Provided/(Used) by Investing Activities	(5,386,625)	936
Net Increase (Decrease) in Cash and Cash Equivalents	(2,559,854)	(305)
Cash and Cash Equivalents - Beginning	(53,612)	416
Cash and Cash Equivalents - Ending	\$ (2,613,466)	\$ 111
Classified As:		
Cash and Cash Equivalents	\$ (2,613,466)	\$ 111
Restricted Cash	-	-
Total Cash and Cash Equivalents, End of Year	\$ (2,613,466)	\$ 111

The notes to the financial statements are an integral part of this statement.

City of Willmar, Minnesota
Statement of Cash Flows
Proprietary Funds
For the fiscal year ended December 31, 2015

	Business-Type Activities Waste Treatment Plant	Governmental Activities Internal Service Funds
Reconciliation of Operating Income to Net Cash Provided (Used)		
by Operating Activities:		
Operating Income	\$ 4,407,151	\$ (4,863)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) By		
Operating Activities:		
Depreciation	2,383,788	-
Change in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(654,155)	2,560
(Increase) Decrease in Due From Other Governmental Units	-	-
(Increase) Decrease in Due From Component Units	-	-
(Increase) Decrease in Inventories	-	452
(Increase) Decrease in Prepaid Items	(12,072)	838
Increase (Decrease) in Accounts Payable	(51,774)	(228)
Increase (Decrease) in Contracts Payable	-	-
Increase (Decrease) in Accrued Wages	17,689	-
Increase (Decrease) in Due To Other Funds	-	-
Total Adjustments	1,683,476	3,622
Net Cash Provided (Used) by Operating Activities	\$ 6,090,627	\$ (1,241)
	\$ -	
Non Cash Transactions:		
Net Increase (Decrease) in fair value of investments	\$ 136,012	\$ 2,979

The notes to the financial statements are an integral part of this statement.

**NOTES TO FINANCIAL
STATEMENTS**

**CITY OF WILLMAR, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2015**

This section of the basic financial statements of the City of Willmar (the City) presents a discussion and analysis of the City's financial performance during the fiscal year ended December 31, 2015. Please read it in conjunction with the City's basic financial statements following this section.

Financial Highlights

- The assets of the City exceeded liabilities by \$136,043,375 (net position). Of this amount, \$39,764,427 (in Committed and Unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designations and fiscal policies.
- Due to adoption of GASB Statement No. 68, the Net Position had a decrease of \$5,284,295 and a 2016 Net Position increase of \$1,959,809 resulting in a net decrease of \$3,324,486 as stated in Table 3 on page 4.
- The City's governmental funds reported combined ending fund balances of \$36,686,678. Of this total amount, approximately 3% is Nonspendable, 35% is Restricted, and 62% is Committed.
- At the end of the current fiscal year, committed fund balance for the General Fund was \$13,945,396, or 105% of the total General Fund expenditures of \$13,292,218.

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements are presented after the Statement of Net Position. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's funds. The notes to the basic financial statements provide information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. This report also contains other supplementary information in addition to the basic financial statements.

The City as a whole: Statement of Net Position and Statement of Activities

Our analysis of the City of Willmar begins with the Statement of Net Position and the Statement of Activities. One of the most important questions asked about the City's finances is, "Is the City as a whole better off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities both report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the City's net position and changes thereto. You can think of the City's net position – the difference between assets and liabilities – as one way to measure the City's financial health. Over time, increases and decreases in the City's net position is one indicator of whether the City's financial health is improving or deteriorating.

You will need to consider other nonfinancial factors, however, to assess the overall health of the City of Willmar.

CITY OF WILLMAR, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2015

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

Governmental Activities - Most of the City's basic services are reported here, including the police, public works, parks departments and general administration. Property taxes, franchise fees, and state and federal grants finance most of these activities.

Business-Type Activities – The City charges a fee to customers to help cover all or most of the cost of certain services it provides. The City's waste treatment fund and internal service fund are reported here.

The City's Most Significant Funds: Fund Financial Statements

Our analysis of the City of Willmar's major funds begins with the fund financial statements. These statements provided detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by state law and by bond covenants. However, the City Council establishes other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The City of Willmar's two kinds of funds – governmental and proprietary – use different accounting approaches.

Governmental Funds – Most of the City of Willmar's basic services are reported in governmental funds. Governmental funds focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps the reader of the statements determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation after the fund financial statements.

The governmental fund financial statements can be found on pages 15-21 of this report.

Proprietary Funds – When the City of Willmar charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds are the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds.

The proprietary fund financial statements can be found on pages 22-25 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26-57 of this report.

Statement of Net Position

The City of Willmar's net position increased from a year ago. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 3) of the City's governmental and business-type activities.

CITY OF WILLMAR, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2015

Table 1
Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 43,607,357	\$ 46,328,106	\$ 8,891,713	7,451,136	\$ 52,499,070	\$ 53,779,242
Net capital assets	94,001,610	91,190,056	87,067,448	88,937,197	181,069,058	180,127,253
Deferred Outflows of Re:	1,066,653	-	73,054	-	1,139,707	88,937,197
Total Assets & Deferred Outflows of Resources	138,675,620	137,518,162	96,032,215	96,388,333	234,707,835	233,906,495
Other liabilities	1,744,764	3,374,253	72,289	289,888	1,817,053	3,664,141
Long-term liabilities	21,113,770	15,819,795	73,507,309	75,054,698	94,621,079	90,874,493
Deferred Inflows of Res.	2,161,324	-	65,004	-	2,226,328	-
Total Liabilities & Deferred Inflows of Re:	25,019,858	19,194,048	73,644,602	75,344,586	98,664,460	94,538,634
Net Position						
Net Investment in Capital Assets	82,182,306	79,110,056	14,096,642	13,882,499	96,278,948	92,992,555
NonExpendable	-	-	-	-	-	-
Restricted	31,320,005	39,063,497	1,303,814	(320,224)	32,623,819	38,743,273
Unrestricted	153,451	150,561	6,987,157	7,481,472	7,140,608	7,632,033
Total Net Position	\$113,655,762	\$118,324,114	\$ 22,387,613	\$ 21,043,747	\$136,043,375	\$139,367,861

Governmental Activities

The net position of the City's governmental activities decreased by \$4,668,352 in 2015. The decrease was mainly due to a combination of adoption of GASB 68 by the City (decrease of \$4,769,867) and a stabilization of annual revenues and a slight decrease in annual expenditures due to a number of vacant positions throughout the year.

Business-Type Activities

The total net position of the City's business-type activities increased by \$1,343,866 in 2015. The increase was due to rates being set through 2017 to handle the pending increase in debt service payments and future capital expenditure needs.

Table 2
Condensed Statement of Net Position

	Rice Memorial Hospital		Municipal Utilities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 79,722,549	\$ 70,015,155	\$ 26,743,404	\$ 27,345,793	\$ 106,465,953	\$ 97,360,948
Net capital assets	61,065,987	61,760,743	30,703,855	30,412,231	91,769,842	92,172,974
Total Assets	140,788,536	131,775,898	57,447,259	57,758,024	198,235,795	189,533,922
Current and other liabilities	21,023,113	15,981,135	4,321,653	4,704,701	25,344,766	20,685,836
Long-term liabilities	85,559,462	50,940,468	10,663,451	7,595,405	96,222,913	58,535,873
Total Liabilities	106,582,575	66,921,603	14,985,104	12,300,106	121,567,679	79,221,709
Net Position						
Net Investment in capital assets	15,776,192	15,646,999	24,138,855	23,252,231	39,915,047	38,899,230
NonExpendable	3,388,205	3,530,542	-	-	3,388,205	3,530,542
Restricted debt	4,220,550	3,675,320	12,442,081	12,441,724	16,662,631	16,117,044
Unrestricted	10,821,014	42,001,434	5,881,219	9,763,963	16,702,233	51,765,397
Total Net Position	\$ 34,205,961	\$ 64,854,295	\$ 42,462,155	\$ 45,457,918	\$ 76,668,116	\$ 110,312,213

**CITY OF WILLMAR, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2015**

Primary Government

Table 3
Condensed Statement of Activities

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues						
Program revenues:						
Charges for services	\$ 1,680,295	\$ 1,702,698	\$ 8,982,387	\$ 8,876,769	\$ 10,662,682	\$ 10,579,467
Operating grants and contributions	983,269	771,958	-	-	983,269	771,958
Capital grants and contributions	2,669,016	1,710,801	-	-	2,669,016	1,710,801
General revenues:						
Property and other taxes	4,999,764	4,582,848	-	-	4,999,764	4,582,848
Grants and contributions not restricted to specific program	4,661,459	4,611,868	-	-	4,661,459	4,611,868
Other	1,552,405	3,280,747	318,396	391,812	1,870,801	3,672,559
Intergovernmental	-	-	-	-	-	-
Total Revenues	<u>16,546,208</u>	<u>16,660,920</u>	<u>9,300,783</u>	<u>9,268,581</u>	<u>25,846,991</u>	<u>25,929,501</u>
Expenses						
General Government	4,068,912	4,429,369	-	-	4,068,912	4,429,369
Public works	6,949,073	7,506,805	-	-	6,949,073	7,506,805
Public safety	5,055,428	4,725,380	-	-	5,055,428	4,725,380
Social services	-	-	-	-	-	-
Culture and recreation	2,441,662	2,344,720	-	-	2,441,662	2,344,720
Economic development	896,033	863,301	-	-	896,033	863,301
Capital projects	-	-	-	-	-	-
Debt service	297,324	307,220	-	-	297,324	307,220
Office services	-	-	-	-	-	-
Waste treatment	-	-	6,773,721	6,749,481	6,773,721	6,749,481
Total Expenses	<u>19,708,432</u>	<u>20,176,795</u>	<u>6,773,721</u>	<u>6,749,481</u>	<u>26,482,153</u>	<u>26,926,276</u>
Changes in Net Position						
Before Transfers	(3,162,224)	(3,515,875)	2,527,062	2,519,100	(635,162)	(996,775)
Transfers	<u>3,263,739</u>	<u>1,936,405</u>	<u>(668,768)</u>	<u>619,940</u>	<u>2,594,971</u>	<u>2,556,345</u>
Changes in Net Position	101,515	(1,579,470)	1,858,294	3,139,040	1,959,809	1,559,570
Net Position, Beginning of Year	118,324,114	119,903,584	21,043,747	17,904,707	139,367,861	137,808,291
Prior period adjustment	<u>(4,769,867)</u>	<u>-</u>	<u>(514,428)</u>	<u>-</u>	<u>(5,284,295)</u>	<u>-</u>
Net Position, End of Year	<u>\$ 113,655,762</u>	<u>\$ 118,324,114</u>	<u>\$ 22,387,613</u>	<u>\$ 21,043,747</u>	<u>\$ 136,043,375</u>	<u>\$ 139,367,861</u>

**CITY OF WILLMAR, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2015**

Component Units

Component Units

The total net position of the City's two component units increased by \$4,916,205 in 2015. The net position of the Municipal Utilities Commission increased by \$426,600, and the net position of Rice Memorial Hospital increased by \$4,489,605.

Table 4
Condensed Statement of Activities

	Rice Memorial Hospital		Municipal Utilities		Total	
	2015	2014	2015	2014	2015	2014
Revenues						
Hospital	\$ 101,781,033	\$ 94,944,183	\$ -	\$ -	\$ 101,781,033	\$ 94,944,183
Municipal Utility	-	-	32,164,157	31,203,470	32,164,157	31,203,470
Interest Earnings	1,156,525	1,460,784	365,300	827,219	1,521,825	2,288,003
Gain (Loss) on sale of Capital Assets	224,944	(14,982)	107,552	18,718	332,496	3,736
Miscellaneous	(509,184)	81,492	11,057	88,197	(498,127)	169,689
Total Revenues	<u>102,653,318</u>	<u>96,471,477</u>	<u>32,648,066</u>	<u>32,137,604</u>	<u>135,301,384</u>	<u>128,609,081</u>
Expenses						
Hospital	98,105,584	96,625,795	-	-	98,105,584	96,625,795
Municipal Utility	-	-	30,068,869	28,213,318	30,068,869	28,213,318
Total Expenses	<u>98,105,584</u>	<u>96,625,795</u>	<u>30,068,869</u>	<u>28,213,318</u>	<u>128,174,453</u>	<u>124,839,113</u>
Changes in Net Position Before transfers	4,547,734	(154,318)	2,579,197	3,924,286	7,126,931	3,769,968
Transfers	<u>(58,129)</u>	<u>(482,347)</u>	<u>(2,152,597)</u>	<u>(2,075,396)</u>	<u>(2,210,726)</u>	<u>(2,557,743)</u>
Changes in Net Position	4,489,605	(636,665)	426,600	1,848,890	4,916,205	1,212,225
Net Position, Beginning	<u>30,116,356</u> *	<u>65,490,960</u>	<u>42,035,555</u> *	<u>43,609,028</u>	<u>72,151,911</u>	<u>109,099,988</u>
Net Position, Ending	<u>\$ 34,605,961</u>	<u>\$ 64,854,295</u>	<u>\$ 42,462,155</u>	<u>\$ 45,457,918</u>	<u>\$ 77,068,116</u>	<u>\$ 110,312,213</u>

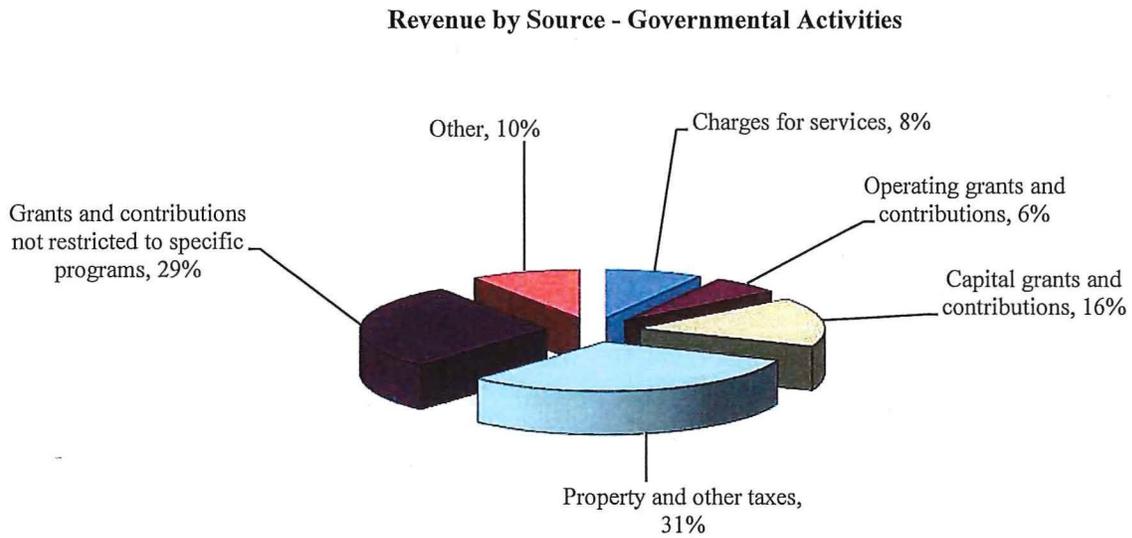
*Due to the adoption of GASB Statement No. 68 by Rice Hospital, the previously reported net position as of December 31, 2014, of \$64,854,295 was reduced by \$34,737,939 to arrive at the restated balance of \$30,116,356.

*Due to adoption of GASB Statement No. 68 and 71 by WMU, the previously reported net position as of December 31, 2014, of \$45,457,918 was reduced by \$3,422,363 to arrive at the restated balance of \$42,035,555.

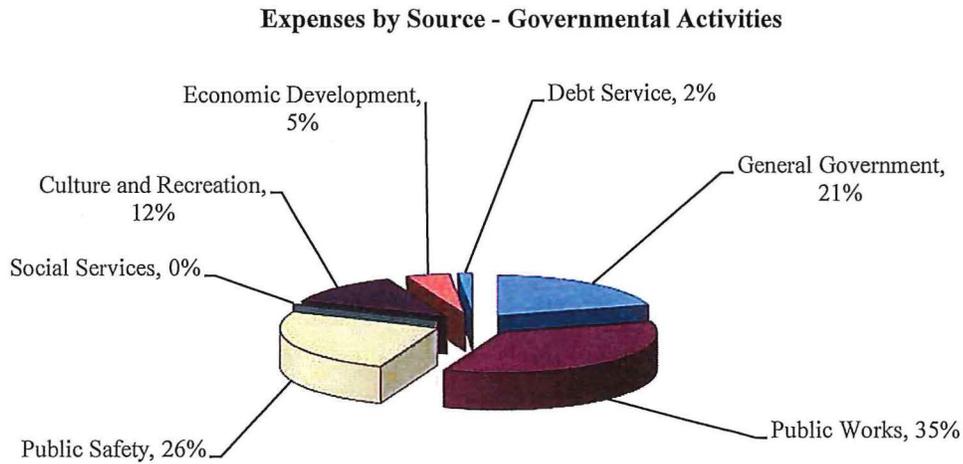
**CITY OF WILLMAR, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2015**

Governmental Activities

Revenues – The following chart visually illustrates the City's revenues by source for its governmental activities:



Expenses – The following chart visually illustrates the City's expenses by source for its governmental activities:



**CITY OF WILLMAR, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2015**

Financial Analysis of the City's Funds

General Fund –

The City's General Fund increased by \$63,105 in 2015 which is \$598,788 more than the final budget projection which reflected a decrease of \$535,683. Part of the increase is due to the decrease in expenditures for Public Safety, Public Works, and Culture & Recreation due to vacant positions throughout the year.

Debt Service Funds –

Special Assessments Bond Debt Service Fund decreased by \$356,337. The decrease was attributable to planned retirement of debt principal.

Special Revenue Fund –

Industrial Development Fund increased by \$379,658. The increase was due to transfers in of \$250,000 to repay previously borrowed funds and interest earnings of \$140,868.

Special Revenue Fund –

Community Investment Fund increased by \$134,811. The increase was mainly due to the substantial net increase in fair market values of investments during 2015.

Capital Projects Fund –

Street, Water/Sewer Capital Projects Fund decreased by \$1,168,203. The fund decrease was due to an increase in the usage of Local Option Sales tax Funds for specific Capital Improvements (expansion of the Industrial Park).

GENERAL FUND BUDGETARY HIGHLIGHTS:

The City approved the 2015 general fund budget anticipating expenditures would exceed revenues by \$599,167. The main difference between the original and final budget totaling \$63,484 was mainly due to a decrease in General Government appropriations.

At the end of the year, revenues exceeded the final budget by \$156,561 and expenditures were less than the final budget by \$481,573. Transfers in were less than the final budget by \$43,371. The most significant positive variance for revenues was in Licenses/Permits. Positive variances in expenditures were reflected in Public Safety, Public Works, and Culture/Recreation.

CITY OF WILLMAR, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2015

Capital Assets

At the end of 2015, the Primary Government of the City of Willmar had over \$181,100,000 (net of accumulated depreciation) invested in a broad range of capital assets. In addition, the Component Units had over \$91,700,000 (net of accumulated depreciation) invested in capital assets. Refer to Note 3.A.2 of the Notes to the Financial Statements for a schedule showing the City's capital asset activity.

Primary Government

Table 5
Capital Assets

	<u>Government Activities</u>		<u>Business-Type Activities</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Land and improvements	\$ 8,585,806	\$ 8,557,673	\$ 2,005,122	\$ 2,005,122
Buildings	13,176,273	13,040,182	75,039,444	73,197,275
Furniture and equipment	3,025,874	2,780,406	515,985	515,985
Machinery and auto	9,060,641	8,721,534	6,461,115	6,499,749
Other improvements	119,258,649	118,954,637	26,796,835	25,568,722
Construction in progress	13,336,893	7,379,541	137,705	2,722,290
Less: Depreciation	<u>(72,318,950)</u>	<u>(68,243,917)</u>	<u>(23,888,758)</u>	<u>(21,571,946)</u>
	<u>\$ 94,125,186</u>	<u>\$ 91,190,056</u>	<u>\$ 87,067,448</u>	<u>\$ 88,937,197</u>

Component Units

Table 6
Capital Assets

	<u>Rice Memorial Hospital</u>		<u>Willmar Municipal Utilities</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Land	\$ 2,918,000	\$ 2,918,000	\$ 1,385,907	\$ 1,385,248
Buildings	96,870,000	95,907,000	3,101,003	2,835,197
Furniture and equipment	45,936,987	42,213,000	77,975,158	76,880,419
Machinery and auto	-	-	-	-
Other improvements	1,517,000	1,498,000	-	-
Utility Plant in Service	-	-	-	-
Construction in progress	1,246,000	112,743	1,746,649	2,957,428
Less: Depreciation	<u>(87,422,000)</u>	<u>(80,888,000)</u>	<u>(53,504,862)</u>	<u>(53,646,061)</u>
	<u>\$ 61,065,987</u>	<u>\$ 61,760,743</u>	<u>\$ 30,703,855</u>	<u>\$ 30,412,231</u>

**CITY OF WILLMAR, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2015**

Long-Term Debt

At year-end, the City of Willmar's Primary Government had over \$84,700,000 in bonds outstanding and its Component Units had over \$53,300,000 in bonds outstanding. Refer to Note 3.C.2 of the Notes to the Financial Statements for a schedule showing the City's long-term debt activity.

Primary Government

Table 7

	<u>2015</u>	<u>2014</u>	<u>Change</u>
Governmental Activities			
G.O. Special Assessment Bonds	\$ 10,390,000	\$ 11,100,000	\$ (710,000)
G.O. Revenue Bonds	835,000	980,000	(145,000)
Note Payable - TIF	594,304	-	594,304
	<u>\$ 11,819,304</u>	<u>\$ 12,080,000</u>	<u>\$ (260,696)</u>
Business-Type Activities			
G.O. Revenue Bonds	\$ 450,000	\$ 550,000	\$ (100,000)
G.O. Revenue Notes	72,520,805	74,504,698	(1,983,893)
	<u>\$ 72,970,805</u>	<u>\$ 75,054,698</u>	<u>\$ (2,083,893)</u>

Component Units

Table 8

	<u>2015</u>	<u>2014</u>	<u>Change</u>
Rice Memorial Hospital			
G.O. Revenue Bonds	\$ 36,600,000	\$ 38,065,000	\$ (1,465,000)
Hospital Revenue Notes	8,682,200	9,100,000	(417,800)
Capital Lease	1,469,185	267,126	1,202,059
	<u>\$ 46,751,385</u>	<u>\$ 47,432,126</u>	<u>\$ (680,741)</u>
Willmar Municipal Utilities			
Municipal Utility Revenue Bond 2009	\$ 6,410,000	\$ 6,860,000	\$ (450,000)
General Obligation Water Revenue Bond	155,000	300,000	(145,000)
	<u>\$ 6,565,000</u>	<u>\$ 7,160,000</u>	<u>\$ (595,000)</u>

**CITY OF WILLMAR, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2015**

Economic Factors and Next Year's Budget

In the City adopted budget for 2016, expenditures were forecast to exceed revenue by approximately \$4,212,863, of which the General Fund expenditures were forecast to exceed revenue by approximately \$931,296. The major difference is to be funded by using Local Option Sales Tax Fund Balances.

Contacting the City's Financial Management

This financial report is designated to provide our residents, customers, and creditors with a general overview of the City of Willmar's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional information, contact the City of Willmar, 333 6th St SW, Willmar, MN 56201 or by phone at (320) 235-4913.

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Willmar's financial statements are prepared in accordance with generally accepted accounting principles (GAAP) as of and for the year ended December 31, 2015. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the City are discussed below.

A. Financial Reporting Entity

The City of Willmar was established in 1901 and is governed under a charter. The governing body consists of an eight member council, and mayor elected by eligible voters of the City. Four members are elected every two years for a four year term. The Mayor's office is for four years. The accompanying financial statements present the City's primary government and component units over which the City exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the City (as distinct from legal relationships).

1. Component Unit

a. Discretely presented component units

The component unit columns in the government-wide financial statements includes the financial data of the City's other component units. The units are reported in separate columns to emphasize that they are legally separate from the City but are included because the primary government is financially accountable and is able to impose its will on the organizations.

Rice Memorial Hospital

The hospital provides inpatient and outpatient health care services to the City of Willmar and surrounding area. The governing board of Rice Memorial Hospital is appointed by the City Council. The City may change the manner, mode and type of operations of the hospital to permit participation of other agencies. The City also has the power to overrule any decision, motion, resolution, rule, regulation, or order of the board and the legal liability for the general obligation portion of any debt remains with the City. Complete financial statements for Rice Memorial Hospital may be obtained at 301 Becker Avenue SW, Willmar, MN 56201.

Willmar Municipal Utilities

The Willmar Municipal Utilities (WMU) is responsible for the operation and management of the electric, water and district heating systems of the City of Willmar. WMU is governed by the Municipal Utilities Commission which is appointed by the Willmar City Council. The City also has the power to overrule any decision, motion, resolution, rule, regulation, or order of the board and the legal liability for the general obligation portion of any debt remains with the City. The rates for user charges and bond issuance authorizations are approved by the City Council. Complete financial statements for Willmar Municipal Utilities may be obtained at 700 Litchfield Avenue SW, Willmar, MN 56201.

b. Excluded: Firefighters Association

This association is organized as a non-profit organization by its members to provide pension and other benefits to such members in accordance with Minnesota Statutes. Their board of directors is appointed by the membership of the organization. All funding is conducted in accordance with Minnesota Statutes whereby State Aids flow to the association, tax levies are determined by the association and are only reviewed by the City, and the association pays benefits directly to its members.

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

B. Basic Financial Statements

1. Government-Wide Statements

The government-wide financial statements (the statement of net position and the statement of activities) display information about the primary government and its component units. These statements include the financial activities of the overall City government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external parties for support.

In the government-wide statement of net position, both the governmental and business-type activities columns: (a) are presented on a consolidated basis by column; and (b) are 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 City's net position is reported in three parts: (1) invested in capital assets, net of related debt; (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 City's governmental activities and its business-type activities are offset by program revenues. Direct expenses are those clearly identifiable with a specific function or activity. Program revenues include: (1) fees, fines, and charges paid by the recipients of goods, services, or privileges provided by a given function or activity; and (2) grants and contributions restricted to meeting the operational or 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 accounts of the City are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The fund financial statements provide information about the City's funds. Separate statements for each fund category-governmental, proprietary and fiduciary-are presented. The emphasis of governmental and proprietary fund financial statements is on major individual governmental and enterprise funds, with each displayed in a separate column in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

a. Governmental Funds

The City reports the following major governmental funds:

General Fund

The General Fund is the primary operating fund of the City and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Debt Service Fund - Special Assessments Bond

This fund accounts for the accumulation of financial resources for the payment of principal and interest on the City's general obligation special assessment bonds.

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

Capital Project Fund – Street, Water and Sewer

This fund is used to account for capital acquisition, construction and improvement projects related to streets, water and sewer.

Special Revenue Fund – Industrial Development

This fund is used to account for the local sales tax revenue. The resources are restricted for specific projects: connecting the Willmar Civic Center and Blue Line Center, the City walking and bike path system and the development of the land acquired through the relocation of the Willmar Airport.

Special Revenue Fund – Community Investment

This fund is used to account for surplus money in each separate improvement fund and in the improvement bond redemption fund which remain after the costs of each improvement have been fully funded.

b. Enterprise Funds

The City reports the following major enterprise fund:

Waste Treatment Fund

This fund is used to account for activities related to providing sewer services to the public.

c. Internal Service Fund

This fund is used to account for operations that provide services to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis.

d. Agency Funds

Financial statements of agency funds, which are used to account for assets held by the City as an agent for individuals, private organizations, other governments, and/or other funds, are reported using the economic resources measurement focus and the accrual basis of accounting. Agency funds assets, liabilities, and net assets are included in the fiduciary statement of net assets.

C. Measurement Focus and Basis of Accounting

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. 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 City considers all revenues as available if collected within 60 days after the end of the current period, except for reimbursement (expenditure driven) grants for which the period is 90 days. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

that they have matured. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, hotel-motel taxes, licenses and permits, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. *Operating* revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing business operations. The principal operating revenues of the City's enterprise and internal service funds are charges to customers for sales and services. *Operating* expenses for the City's enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use unrestricted resources first, and then restricted resources as they are needed.

D. Assets, Liabilities, and Net Assets or Equity

1. Cash and Cash Equivalents

The City 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 from the date of acquisition. Additionally, each fund's equity in the City's investment pool is treated as a cash equivalent because the City can deposit or effectively withdraw cash at any time without prior notice or penalty.

2. Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the City in certificates of deposit and other authorized investments. Earnings on cash accounts are allocated to individual funds based upon an average of month-end balances.

Investments are stated at fair value based on quoted market prices at the reporting date.

3. Receivables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All receivables are shown net of an allowance for uncollectibles.

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

Property taxes are levied by the City Council in December of each year and are certified to Kandiyohi County for collection in the following year. The property taxes attach an enforceable lien on taxable property within the City on January 1 and are payable by the property owners in two installments in May and October. The County collects the taxes and periodically remits them to the City. The majority of these remittances are made in June and November.

Taxes that are not received by the end of the year are classified as delinquent taxes receivable. Delinquent taxes receivable are offset by a deferred inflow of resources in the governmental funds of the fund financial statements because they are not available to finance current expenditures.

Assessments are levied at various times upon City Council resolution for property owner improvements made by the City. Generally, assessment collections are deferred over periods ranging from one to ten years. Revenue from these assessments is recognized when assessed in the government-wide financial statements and as the annual installments become collectible in the governmental funds of the fund financial statements. Annual installments not collected as of each December 31 are classified as delinquent assessments receivable. Delinquent assessments receivable are offset by a deferred inflow of resources in the governmental funds of the fund financial statements because they are not available to finance current expenditures.

4. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are reported as prepaid items in both government-wide and fund financial statements.

5. Capital Assets

Capital assets include property, plant, equipment, and infrastructure assets (such as roads, bridges, sidewalks, and similar items), and are reported in the applicable governmental or business-type activities column in the government-wide financial statements and in the proprietary funds. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of three 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.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the current period, the City did not have any capitalized interest.

Property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	25 - 50
Building improvements	25 - 50
Infrastructure	10 - 20
Furniture, equipment, and vehicles	3 - 20

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

6. Compensated Absences

It is the City's policy to permit employees to accumulate earned vacation and sick pay benefits. The liability for compensated absences is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the government funds only if they have matured. The City typically liquidates the liability for compensated absences to the fund where employees' salaries were originally charged.

7. Deferred Inflows of Resources

In addition to assets, the statement of financial position and fund financial statements will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The City of Willmar has one item that qualifies for reporting in this category – a deferred outflow relating to pension activity, reported in government-wide statement of net position and proprietary statement of net position. A deferred outflow relating to pension activity results from the net effect of the change in proportionate share and employer contributions.

In addition to liabilities, the statement of financial position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that times. The City of Willmar has one item that qualifies for reporting in this category under full accrual basis of accounting. Accordingly, the item, deferred inflow is reported in the government-wide statement of financial position and proprietary statement of net position. A deferred inflow relating to pension activity is a result of the net difference between projected and actual earning on plan investments. The City of Willmar 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 the following sources; taxes, special assessments and notes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

8. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as an expense in the period incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. Pensions

For purposes of measuring the net pension liability or asset, 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.

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

10. Net Position/Fund Balances

The government-wide and business-type activities fund financial statements use a net position presentation. Net position is categorized as net investment in capital assets (net of related debt), restricted and unrestricted:

Net Investment in Capital Assets - This category includes all capital assets, net of accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets.

Restricted net position - This category presents external restrictions imposed by creditors, grantors, contributors or 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 City, not restricted for any project or other purpose.

In the governmental fund financial statements, fund balance is divided into five classifications based primarily on the extent to which the City 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, inventories and 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 City Council. Those committed amounts cannot be used for any other purpose unless the Council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

Assigned - Consists of amounts intended for specific purposes set by the governing body itself or by an official to which the governing body delegates the authority. Pursuant to the City's fund balance policy, the City Administrator is authorized to establish assignments of fund balance.

Unassigned - Is the residual classification for the General Fund and reflects negative residual amounts in other funds.

The City of Willmar uses unrestricted amounts to be spent first when both restricted and unrestricted fund balance is available. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balances when expenditures are made.

11. 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 and 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.

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds and special revenue funds except some capital projects funds, which adopt project-length budgets. All annual appropriations except those for capital outlay lapse at fiscal year end.

On or before the first Tuesday in August of each year, all agencies of the government submit request for appropriations to the Mayor so that a budget may be prepared. In September, the proposed budget is presented to the City's council for review. The council holds public hearings and a final budget must be prepared and adopted no later than December 31.

The appropriated budget is prepared by fund, function and department. The government's City Administrator may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the governing council. The legal level of budgetary control is the department level. All supplemental budgetary appropriations in all funds were approved by the City Council.

B. Deficit Fund Balances

There were no funds with a deficit fund balance as of December 31, 2015.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Assets

1. Deposits and Investments

Cash and cash equivalents	\$ 18,741,809
Investments	96,962,515
	<u>\$ 115,704,324</u>
Primary Government	
Cash and cash equivalents	\$ 8,053,392
Investments	36,151,870
Permanently restricted investments	30,000
Total Primary Government	<u>\$ 44,235,262</u>
Discretely Presented Component Units	
Willmar Municipal Utilities:	
Cash and cash equivalents	\$ 3,822,899
Investments	5,497,809
Temporarily restricted investments	12,442,081
Total Willmar Municipal Utilities	<u>\$ 21,762,789</u>
Rice Memorial Hospital	
Cash and cash equivalents	\$ 3,906,826
Investments	28,266,266
Related-Party Investments	-
Temporarily restricted cash	2,958,692
Temporarily restricted investments	10,066,038
Permanently restricted investments	4,508,451
Total Rice Memorial Hospital	<u>\$ 49,706,273</u>
Total	<u>\$ 115,704,324</u>

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

1. Deposits and Investments (continued)

a. Deposits

Minn. Stat. §§ 118A.02 and 118A.04 authorize the City to designate a depository for public funds and to invest in certificates of deposit. Minn. Stat. § 118A.03 requires that all City 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 or 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 City's deposits may not be returned to it. It is the City's policy that collateral or bonds will be required 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. As of December 31, 2014, the City's deposits were entirely covered by federal depository insurance or by collateral held by the City or its agent in the City's name.

b. Investments

Minn. Stat. §§ 118A.04 and 118A.05 generally authorize the following types of investments as available to the City:

- (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.

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

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. It is the City's policy to minimize its exposure to interest rate risk by investing in both shorter and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time, taking into account the City's investment risk constraints, cash flow characteristics of the portfolio, and prudent investment principles.

	Fair Value	Investment Maturities in Years		
		Less than 1	1-5 Years	6-10 Years
Certificates of Deposit	\$ 3,850,753	\$ 1,693,236	\$ 2,157,517	\$ -
Federal Farm Credit Banks	5,939,524	-	-	5,939,524
Federal Home Loan Banks	13,019,559	-	-	13,019,559
Federal Home Loan Mortgage Corporation	10,980,124	-	-	10,980,124
Federal National Mortgage Association	8,636,618	-	-	8,636,618
	<u>\$ 42,426,578</u>	<u>\$ 1,693,236</u>	<u>\$ 2,157,517</u>	<u>\$ 38,575,825</u>

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. It is the City's policy to invest only in securities that meet the ratings requirements set by state statute. The City's investments are rated as follows:

	Rating
Commerical Paper	A1/P1 and A1+/P1
US Government Securities	AAA
Mutual/Bond Funds	Not Rated

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 City's policy is that brokers may hold City investments only to the extent that there is SIPC and excess SIPC coverage available.

The issuers and amounts that exceed five percent of the City's investments are as follows:

Issuer	Amount	Percent
Morgan Stanley Smith Barney	\$ 6,690,912	16%
Multi-Bank Securities	\$ 2,980,370	7%
United Bank Services	\$ 14,702,256	35%
Wells Fargo	\$ 9,803,064	23%
Wells Fargo Advisors	\$ 8,249,976	19%

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

Concentration of Credit Risk

The concentration of credit risk is the risk of loss that may be caused by the City's investment in a single issuer. The City's investment policy dictates that it will diversify its investments by security type and by institution. The security types and amounts that exceed five percent of the City's total investments are as follows:

<u>Security Type</u>	<u>Amount</u>	<u>Percent</u>
Certificates of Deposit	\$ 3,850,753	9%
Federal Farm Credit Banks	\$ 5,939,524	14%
Federal Home Loan Banks	\$ 13,019,559	31%
Federal Home Loan Mortgage Corporation	\$ 10,980,124	26%
Federal National Mortgage Association	\$ 8,636,618	20%

2. Capital Assets

Capital asset activity for the year ended December 31, 2015, was as follows:

Governmental Activities*

	<u>Balance January 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2015</u>
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 8,557,673	\$ 28,133	\$ -	\$ 8,585,806
Construction in progress	<u>7,379,541</u>	<u>6,117,463</u>	<u>283,687</u>	<u>13,213,317</u>
Total	<u>15,937,214</u>	<u>6,145,596</u>	<u>283,687</u>	<u>21,799,123</u>
Capital assets being depreciated				
Buildings and structures	13,040,182	136,091	-	13,176,273
Furniture and equipment	2,780,406	358,810	113,342	3,025,874
Machinery and auto	8,721,534	1,018,120	679,013	9,060,641
Other improvements	<u>118,954,637</u>	<u>316,811</u>	<u>12,799</u>	<u>119,258,649</u>
Total	<u>143,496,759</u>	<u>1,829,832</u>	<u>805,154</u>	<u>144,521,437</u>
Less accumulated depreciation for:				
Buildings	4,376,167	281,630	-	4,657,797
Furniture and equipment	1,887,716	141,116	102,009	1,926,823
Machinery and equipment	3,848,350	589,887	548,455	3,889,782
Other improvements	<u>58,131,684</u>	<u>3,720,687</u>	<u>7,823</u>	<u>61,844,548</u>
Total	<u>68,243,917</u>	<u>4,733,320</u>	<u>658,287</u>	<u>72,318,950</u>
Net property and equipment	<u>\$ 91,190,056</u>	<u>\$ 3,242,108</u>	<u>\$ 430,554</u>	<u>\$ 94,001,610</u>

* Includes internal service fund capital assets

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

2. Capital Assets (continued)

Business-Type Activities

	Balance January 1, 2015	Additions	Deletions	Balance December 31, 2015
Business-Type Activities				
Capital assets not being depreciated				
Land	\$ 2,005,122	\$ -	\$ -	\$ 2,005,122
Construction in progress	2,722,290	485,697	3,070,282	137,705
Total	<u>4,727,412</u>	<u>485,697</u>	<u>3,070,282</u>	<u>2,142,827</u>
Capital assets being depreciated				
Buildings and structures	73,197,275	1,842,169	-	75,039,444
Furniture and equipment	515,985	-	-	515,985
Machinery and auto	6,499,749	35,784	74,418	6,461,115
Other improvements	25,568,722	1,228,113	-	26,796,835
Total	105,781,731	3,106,066	74,418	108,813,379
Less accumulated depreciation for:				
Buildings	16,961,044	1,564,961	-	18,526,005
Furniture and equipment	384,924	13,729	-	398,653
Machinery and auto	1,566,610	310,859	66,976	1,810,493
Other improvements	2,659,368	494,239	-	3,153,607
Total	<u>21,571,946</u>	<u>2,383,788</u>	<u>66,976</u>	<u>23,888,758</u>
Net property and equipment	<u>\$ 88,937,197</u>	<u>\$ 1,207,975</u>	<u>\$ 3,077,724</u>	<u>\$ 87,067,448</u>

Component Units

	<u>Rice Memorial Hospital</u>		<u>Willmar Municipal Utilities</u>	
	2015	2014	2015	2014
Land	\$ 2,918,000	\$ 2,918,000	\$ 1,385,907	\$ 1,385,248
Buildings	96,870,000	95,907,000	3,101,003	2,835,197
Furniture and equipment	45,936,987	42,213,000	77,975,158	76,880,419
Machinery and auto	-	-	-	-
Other improvements	1,517,000	1,498,000	-	-
Utility Plant in Service	-	-	-	-
Construction in progress	1,246,000	112,743	1,746,649	2,957,428
Less: Depreciation	<u>(87,422,000)</u>	<u>(80,888,000)</u>	<u>(53,504,862)</u>	<u>(53,646,061)</u>
	<u>\$ 61,065,987</u>	<u>\$ 61,760,743</u>	<u>\$ 30,703,855</u>	<u>\$ 30,412,231</u>

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

2. Capital Assets (continued)

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

Governmental Activities	
General government	\$ 48,391
Public safety	239,244
Public works	4,181,473
Culture and recreation	<u>264,212</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 4,733,320</u>
Business-Type Activities	
Waste treatment	<u>\$ 2,383,788</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 2,383,788</u>

Construction Commitments

The City has active construction projects as of December 31, 2015. The projects include street improvements, airport turf runway improvements, and wastewater treatment improvements and storm water upgrades. At year end the City's commitments with contractors were as follows:

<u>Construction Projects</u>	<u>Remaining Commitment</u>
Street Projects	\$ 893,006
Airport Improvements	<u>\$ 40,000</u>
Total	<u>\$ 933,006</u>

B. Interfund Receivables, Payables and Transfers

1. Due from/Due to

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General Fund	Special Revenue - Convention & Visitors Bureau	\$ 8,000
General Fund	Special Revenue - Willmar Municipal Airport	\$ 10,123
General Fund	Enterprise - Waste Treatment Plant	250,000
Special Revenue - Industrial Development	General Fund	250,000
Special Revenue - Municipal Airport	General Fund	256,195
Special Revenue - Municipal Airport	Special Revenue - Industrial Development	3,931
Special Revenue - Community Investment	Special Revenue - Public Works Reserve	400,000
Special Revenue - Community Investment	Debt Service - Special Assessments Bonds	1,430
Special Revenue - Public Works Reserve	Enterprise - Waste Treatment Plant	418,768
Debt Service - Special Assessment Bonds	Special Revenue - Community Investment	684,866
Debt Service - Special Assessment Bonds	Capital Projects - Street, Water, Sewer	33,521
Debt Service - Airport Bond	Special Revenue - Willmar Municipal Airport	182,607
Capital Projects - Street, Water, Sewer	General Fund	147,000
Capital Projects - Surface Water	Capital Projects - Capital Improvements	83,359
Capital Projects - Airport	Special Revenue - Willmar Municipal Airport	409
Capital Projects - Capital Improvements	General Fund	1,350,509
Agency Fund - Fire Department Grant	General Fund	<u>2,963</u>
		<u>\$ 4,083,681</u>

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

2. Transfers

Transfers are indicative of funding for capital projects, lease payments or debt service, subsidies of various City operations and re-allocations of special revenues. The following schedule briefly summarizes the City's transfer activity:

Funds transferred to		Funds transferred from	
General Fund	\$ 258,000	Nonmajor Special Revenue Waste Treatment	\$ 8,000 <u>250,000</u> 258,000
Special Revenue - Industrial Develop.	250,000	Nonmajor Special Revenue Fund	<u>250,000</u>
Special Revenue - Community Investm.	401,430	Nonmajor Special Revenue Fund Special Assessments Bonds	400,000 <u>1,430</u> 401,430
Nonmajor Special Revenue Funds	609,556	General Fund Waste Treatment	190,788 <u>418,768</u> 609,556
Special Assessments Bonds	718,387	Special Revenue - Community Investment Capital Projects - Street, Water, Sewer	684,866 <u>33,521</u> 718,387
Capital Projects - Street, Water, Sewer	230,000	General Fund Nonmajor Capital Project	147,000 <u>83,000</u> 230,000
Nonmajor Debt Service Fund	182,607	Nonmajor Special Revenue Fund	<u>182,607</u>
Nonmajor Capital Projects	1,267,559	General Fund Nonmajor Special Revenue Fund Nonmajor Capital Projects	1,350,509 409 <u>(83,359)</u> 1,267,559
Total	<u>\$ 3,917,539</u>	Total	<u>\$ 3,917,539</u>

C. Liabilities

1. Deferred Inflows of Resources

Deferred Inflows of Resources consists of taxes and special assessments receivable that are not collected soon enough after year-end to pay liabilities of the current period and prepayments that have been received but not earned.

Deferred Inflows of Resources

Unavailable Taxes	\$ 93,024
Unavailable Special Assessments	4,543,553
Unavailable Notes Receivable	355,056
Unavailable Rental Revenue	4,140
Unavailable Intergovernmental Revenue	-
	<u>\$ 4,995,773</u>

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

C. Liabilities (continued)

2. Long-Term Debt

The long-term debt obligations outstanding at year end are summarized as follows:

	<u>Interest Rates</u>	<u>Date Issued</u>	<u>Date Matures</u>	<u>Original Issue</u>	<u>Outstanding at 12/31/2015</u>
Primary Government					
Governmental Activities					
<u>G.O. Special Assessments</u>					
2005 Improvement Bond	3.25-3.65	2005	2016	3,675,000	340,000
2006 Improvement Bond	3.60-3.85	2006	2017	1,950,000	395,000
2007A Improvement Bond	3.75-4.00	2007	2018	3,285,000	975,000
2007B Improvement Bond	4	2007	2018	1,725,000	545,000
2008 Improvement Bond	3.00-4.00	2008	2019	1,530,000	605,000
2010 Improvement Bond	2.00-3.00	2010	2021	1,785,000	1,055,000
2011 Improvement Bond	.60-2.85	2011	2022	1,825,000	1,270,000
2012 Improvement Bond	2.00-2.25	2012	2023	1,460,000	1,095,000
2013 Improvement Bond	2.00-3.00	2013	2024	1,910,000	1,710,000
2014 Improvement Bond	2.17	2014	2025	1,000,000	1,000,000
2015 Improvement Bond	2.625	2015	2026	1,400,000	1,400,000
Total Special Assessment Bonds				<u>21,545,000</u>	<u>10,390,000</u>
<u>G.O. Revenue Bonds</u>					
2004 Airport Bond	2.00-4.05	2004	2020	2,100,000	835,000
Total G.O. Revenue Bonds				<u>2,100,000</u>	<u>835,000</u>
<u>Tax Increment Financing Notes</u>					
2015 Jennie-O Turkey Store		2015		594,304	594,304
Total Tax Increment Financing Notes				<u>594,304</u>	<u>594,304</u>
Total Governmental Activities				<u>\$ 24,239,304</u>	<u>\$ 11,819,304</u>
Business-Type Activities					
<u>G.O. Revenue Notes and Bonds</u>					
1997 Waste Treatment Note	3.13	1997	2017	\$ 4,300,000	\$ 558,193
2008 Waste Treatment Note	3.275	2008	2028	42,001,362	34,813,000
2008 Waste Treatment Note	0	2008	2030	7,000,000	7,000,000
2009 Waste Treatment Note	2.457	2009	2029	1,711,867	1,281,151
2009 Waste Treatment Note	3.44	2009	2038	27,663,530	24,483,000
2013 Waste Treatment Note	1.124	2013	2042	1,886,812 *	1,570,407
2015 Waste Treatment Note	1.124	2013	2042	3,000,000 ^	2,815,054
Total G.O. Revenue Notes				<u>87,563,571</u>	<u>72,520,805</u>
2004 Waste Treatment Bond	1.45-4.15	2004	2019	1,410,000	450,000
Total G.O. Revenue Notes and Bonds				<u>88,973,571</u>	<u>72,970,805</u>
Total Business-Type Activities				<u>\$ 88,973,571</u>	<u>\$ 72,970,805</u>
Total Primary Government				<u>\$ 113,212,875</u>	<u>\$ 84,790,109</u>

*Includes Undrawn Proceeds of \$304,593. Loan not finalized as of 12/31/15

^Includes Undrawn Proceeds of \$16,946. Loan not finalized as of 12/31/15

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

2. Long-Term Debt (continued)

Component Units	Interest Rates	Date Issued	Date Matures	Original Issue	Outstanding at 12/31/2015
Municipal Utilities					
<u>Revenue Bonds</u>					
2009 Bond	3.50-5.00	2009	2025	\$ 8,120,000	\$ 6,410,000
Total Revenue Bonds				<u>8,120,000</u>	<u>6,410,000</u>
<u>G.O. Revenue Bonds</u>					
2005 Bond	3.00-3.75	2005	2016	1,290,000	155,000
Total G.O. Revenue Bonds				<u>1,290,000</u>	<u>155,000</u>
Total Municipal Utilities				<u>\$ 9,410,000</u>	<u>\$ 6,565,000</u>
Rice Memorial Hospital					
<u>Revenue Notes</u>					
2013 Care Center	3.65-15.00	2013	2034	\$ 9,100,000	\$ 8,682,200
<u>G.O. Revenue Bonds</u>					
2012 Bond	2.00-4.00	2012	2032	40,910,000	36,600,000
<u>Lease Payable</u>					
Rice Home Medical	4.5	2010	2015	301,394	1,469,185
Total Rice Memorial Hospital				<u>\$ 50,311,394</u>	<u>\$ 46,751,385</u>

3. Long-Term Debt Maturities

Long-Term Debt maturities are as follows:

General Obligation Special Assessments Bonds		
<u>Year</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 1,991,000	\$ 256,639
2017	1,751,000	205,128
2018	1,574,000	156,455
2019	1,070,000	120,133
2020	915,000	94,998
2021-2025	2,930,000	173,786
2026-2030	<u>159,000</u>	<u>2,087</u>
Total	<u>\$ 10,390,000</u>	<u>\$ 1,009,226</u>

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

3. Long-Term Debt Maturities (Continued)

Long-Term Debt maturities (continued):

<u>General Obligation Revenue Bonds</u>				
<u>Year</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 155,000	\$ 29,471	\$ 105,000	\$ 16,004
2017	160,000	23,643	110,000	11,810
2018	165,000	17,466	115,000	7,309
2019	175,000	10,790	120,000	2,490
2020	180,000	3,645	-	-
Total	<u>\$ 835,000</u>	<u>\$ 85,015</u>	<u>\$ 450,000</u>	<u>\$ 37,613</u>

<u>General Obligation Revenue Notes</u>		
<u>Year</u>	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 2,650,563	\$ 2,074,670
2017	2,764,630	1,993,632
2018	2,803,000	1,905,717
2019	2,890,000	1,819,497
2020	3,000,000	1,730,653
2021-2025	18,157,000	7,222,965
2026-2030	28,009,151	3,546,889
2031-2035	7,604,000	1,525,141
2036-2040	4,923,000	336,986
2041-2045	189,000	3,203
Total	<u>\$ 72,990,344</u>	<u>\$ 22,159,353</u>

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

3. Long-Term Debt Maturities (continued)

<u>Component Units:</u> Year	<u>Municipal Utilities</u>		<u>Rice Memorial Hospital</u>	
	Principal	Interest	Principal	Interest
2016	\$ 615,000	\$ 298,338	\$ 1,939,000	\$ 1,799,170
2017	550,000	277,031	1,999,800	1,737,071
2018	575,000	255,031	2,071,300	1,664,852
2019	600,000	229,156	2,163,200	1,573,269
2020	625,000	202,156	2,265,900	1,469,023
2021-2025	3,600,000	545,469	12,164,500	6,611,825
2026-2030	-	-	14,769,800	4,002,515
2031-2035	-	-	7,908,700	851,473
Total	<u>\$ 6,565,000</u>	<u>\$ 1,807,181</u>	<u>\$ 45,282,200</u>	<u>\$ 19,709,198</u>

4. Changes in Long-Term Liabilities

	<u>Balance</u> <u>01/01/2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/2015</u>	<u>Due Within</u> <u>One Year</u>
Primary Government					
Governmental Activities					
G.O. Special Assessment Bonds	\$ 11,100,000	\$ 1,400,000	\$ 2,110,000	\$ 10,390,000	\$ 1,991,000
G.O. Revenue Bonds	980,000	-	145,000	835,000	155,000
TIF Note Payable-Jennie-O	-	594,304	-	594,304	-
Compensated Absences	3,739,795	404,108	227,143	3,916,760	-
Total Governmental Activities	<u>15,819,795</u>	<u>2,398,412</u>	<u>2,482,143</u>	<u>15,736,064</u>	<u>2,146,000</u>
Business-Type Activities					
G.O. Revenue Notes	74,504,698	563,244	2,547,137	72,520,805	2,547,137
G.O. Revenue Bonds	550,000	-	100,000	450,000	105,000
Total Business-Type Activities	<u>75,054,698</u>	<u>563,244</u>	<u>2,647,137</u>	<u>72,970,805</u>	<u>2,652,137</u>
Total Primary Government	<u>\$ 90,874,493</u>	<u>\$ 2,961,656</u>	<u>\$ 5,129,280</u>	<u>\$ 88,706,869</u>	<u>\$ 4,798,137</u>
Component Units					
Municipal Utilities					
Revenue Bonds	\$ 6,860,000	\$ -	\$ 450,000	\$ 6,410,000	\$ 460,000
G.O. Revenue Bonds	300,000	-	145,000	155,000	155,000
Compensated Absences	1,030,405	884,368	595,872	1,318,901	-
Net Pension Liability	-	5,634,609	2,240,059	3,394,550	-
Total Municipal Utilities	<u>8,190,405</u>	<u>6,518,977</u>	<u>3,430,931</u>	<u>11,278,451</u>	<u>615,000</u>
Rice Memorial Hospital					
G.O. Revenue Bonds	38,065,000	-	1,465,000	36,600,000	1,505,000
Revenue Notes	9,100,000	-	417,800	8,682,200	434,000
Capital Lease Payable	267,126	1,272,018	69,959	1,469,185	300,597
Total Rice Memorial Hospital	<u>47,432,126</u>	<u>1,272,018</u>	<u>1,952,759</u>	<u>46,751,385</u>	<u>2,239,597</u>
Total Component Units	<u>\$ 55,622,531</u>	<u>\$ 7,790,995</u>	<u>\$ 5,383,690</u>	<u>\$ 58,029,836</u>	<u>\$ 2,854,597</u>

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

E. Fund Balance Detail

The following is a detail of Governmental Fund Balances at December 31, 2015:

Fund	Nonspendable	Restricted	Committed	Unassigned
General Fund				
Prepays/Deposits	\$ 236,988	\$ -	\$ -	\$ -
Working Capital	-	-	4,000,000	-
Year 2016	-	-	1,090,296	-
Year 2017	-	-	1,396,991	-
Retirees Sick Leave Held	-	-	156,783	-
Self-Insurance	-	-	781,916	-
Petty Cash	-	-	2,650	-
Current Employees Ins Buy Out	-	-	1,248,720	-
Current Employees Sick Leave	-	-	1,985,576	-
Current Employees Vacation	-	-	401,674	-
Retiree Insurance Buy Out	-	-	280,790	-
Next Year's Budget	-	-	1,300,000	-
Current Year Emergency	-	-	1,300,000	-
Capital Improvements	-	-	-	-
Special Revenue Funds				
Industrial Development	-	-	1,020,190	-
Industrial Development-CP Airport	-	-	17,111	-
CVB-Prepays	13,416	-	-	-
CVB	-	-	211,803	-
CVB-Petty Cash	-	-	50	-
Willmar Municipal Airport	6,728	-	77,199	-
Library Improvement Reserve	-	-	175,634	-
Community Investment	-	8,232,866	-	-
Community Investment-PIR	-	-	750,000	-
Public Works Reserve	-	-	915,395	-
Law Enforcement Forfeiture Fund	-	59,955	-	-
Law Enforcement Explorer Fund	-	1,339	-	-
Debt Service Funds				
Special Assessments Funds	548,760	4,605,598	-	-
Nonmajor Airport Debt Service	171,150	-	-	(12,899)
Nonmajor TIF Debt Service	-	1,044	-	-
Capital Projects Funds				
Street Projects	-	-	3,892,515	-
Nonmajor Capital Improvements	-	-	-	-
Surface Water	-	-	1,844	-
Stormwater	-	-	213,545	-
Year 2014	-	-	304,373	-
Year 2015	-	-	511,809	-
Year 2016	-	-	744,460	-
CVB	-	-	5,500	-
Permanent Funds	30,000	4,909	-	-
Totals	\$ 1,007,042	\$ 12,905,711	\$ 22,786,824	\$ (12,899)

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 4 DEFINED BENEFIT PENSION PLANS

A. Plan Description

The City of Willmar participates in the following cost-sharing multiple-employer defined benefit pension plans 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 Fund (GERF)

All full-time and certain part-time employees of the City of Willmar are covered by the General Employees Retirement Fund (GERF). GERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. The Basic Plan was closed to new members in 1967. All new members must participate in the Coordinated Plan.

2. Public Employees Police and Fire Fund (PEPFF)

The PEPFF, originally established for police officers and firefighters not covered by a local relief association, now covers all police officers and firefighters hired since 1980. Effective July 1, 1999, the PEPFF also covers police officers and firefighters belonging to a local relief association that elected to merge with and transfer assets and administration to PERA.

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.

Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Members in plans that are at least 90% funded for two consecutive years are given 2.5% increases. Members in plans that have not exceeded 90% funded, or have fallen below 80%, are given 1% increases.

The benefit provisions stated in the following paragraphs of this section are current provisions and apply to active plan participants. 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. GERF Benefits

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 and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2% of average salary for each of the first ten years of service and 2.7% for each remaining year. The annuity accrual rate for a Coordinated Plan members is 1.2% of average salary for each of the first ten years and 1.7% for each remaining year. Under Method 2, the annuity accrual rate is 2.7% of average salary for Basic Plan members and 1.7% for Coordinated Plan members for each year of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equals 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.

2. PEPFF Benefits

Benefits for the PEPFF members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50% after five years up to 100% after ten years of credited service. Benefits for PEPFF members first hired after June 30, 2014, vest on a prorated basis from 50% after ten years up to 100% after twenty years of credited service. The annuity accrual rate is 3% of average salary for each year of service. For PEPFF who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equals at least 90.

**CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 4 DEFINED BENEFIT PENSION PLANS (Continued)

B. Contributions

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state legislature.

1. GERP Contributions

Basic Plan members and Coordinated Plan members were required to contribute 9.1% and 6.50%, respectively, of their annual covered salary in calendar year 2015. The City of Willmar was required to contribute 11.78% of pay for Basic Plan members and 7.50% for Coordinated Plan members in calendar year 2015. The City of Willmar's contributions to the GERP for the year ended December 31, 2015, were \$265,540. The City of Willmar's contributions were equal to the required contributions as set by state statute.

2. PEPFF Contributions

Plan members were required to contribute 10.8% of their annual covered salary in calendar year 2015. The City of Willmar was required to contribute 16.20% of pay for PEPFF members in calendar year 2015. The City of Willmar's contributions to the PEPFF for the year ended December 31, 2015, were \$359,668. The City of Willmar's contributions were equal to the required contributions as set by state statute.

C. Pension Costs

1. GERP Pension Cost

At December 31, 2015, the City of Willmar reported a liability of \$3,187,249 for its proportionate share of the GERP's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City of Willmar's proportion of the net pension liability was based on the City of Willmar's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2014, through June 30, 2015, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2015, the City of Willmar's proportion was .0615% which was an decrease of .0064% from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the City of Willmar recognized pension expense of \$348,857 for its proportionate share of the GERP's pension expense.

At December 31, 2015, the City of Willmar reported its proportionate share of the GERP'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>
Difference between projected and actual investment earnings	\$ 301,722	\$ -
Differences between expected and actual economic experience	-	160,692
Changes in proportion and differences between contributions made and City's proportionate share of contributions	-	225,480
City's contributions to GERP subsequent to the measurement date	<u>132,275</u>	<u>-</u>
Totals	<u>\$ 433,997</u>	<u>\$ 386,172</u>

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 4 DEFINED BENEFIT PENSION PLANS (Continued)

\$132,275 reported as deferred outflows of resources related to pensions resulting from City of Willmar contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	Pension Expense Amount
2016	\$ (53,293)
2017	\$ (53,293)
2018	\$ (53,294)
2019	\$ 75,430

2. PEPFF Pension Costs

At December 31, 2015, the City of Willmar reported a liability of \$2,726,962 for its proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City of Willmar's proportion of the net pension liability was based on the City of Willmar's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2014, through June 30, 2015, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2015, the City of Willmar's proportion was .240% which was a decrease of .008% from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the City of Willmar recognized pension expense of \$455,710 for its proportionate share of the PEPFF's pension expense. The City of Willmar also recognized \$21,600 for the year ended December 31, 2015, as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's on-behalf contributions to the PEPFF. Legislation passed in 2013 required the State of Minnesota to begin contributing \$9 million to the PEPFF each year, starting in fiscal year 2014.

At December 31, 2015, the City of Willmar reported its proportionate share of the PEPFF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual investment earnings	\$ 475,128	\$ -
Differences between expected and actual economic experience	-	442,224
Changes in proportion and differences between contributions made and City's proportionate share of contributions	-	72,003
City's contributions to PEPFF subsequent to the measurement date	179,676	-
Totals	\$ 654,804	\$ 514,227

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 4 DEFINED BENEFIT PENSION PLANS (Continued)

\$179,676 reported as deferred outflows of resources related to pensions resulting from City of Willmar contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	Pension Expense Amount
2016	\$ (52,627)
2017	\$ (52,627)
2018	\$ (52,627)
2019	\$ 118,782

E. Actuarial Assumptions

The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.75% per year
Active Member Payroll Growth	3.50% per year
Investment Rate of Return	7.90%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants were based on RP-2000 tables for males or females, as appropriate, with slight adjustments. Benefit increases for retirees are assumed to be 1% effective every January 1st through 2026 and 2.5% thereafter.

Actuarial assumptions used in the June 30, 2015, valuation were based on the results of actuarial experience studies. The experience study in the GERP was for the period July 1, 2004, through June 30, 2008, with an update of economic assumptions in 2014. Experience studies have not been prepared for PERA's other plans, but assumptions are reviewed annually.

There were no changes in actuarial assumptions in 2015.

The long-term expected rate of return on pension plan investments is 7.9%. The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis 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 arithmetic 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 Stocks	45%	5.50%
International Stocks	15%	6.00%
Bonds	18%	1.45%
Alternative Assets	20%	6.40%
Cash	2%	0.50%

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 4 DEFINED BENEFIT PENSION PLANS (Continued)

F. Discount Rate

The discount rate used to measure the total pension liability was 7.9%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. 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.

G. Pension Liability Sensitivity

The following presents the City of Willmar'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 City of Willmar's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

	<u>1% Decrease in Discount Rate (6.9%)</u>	<u>Discount Rate (7.9%)</u>	<u>1% Increase in Discount Rate (8.9%)</u>
City's proportionate share of the GERF net pension liability	\$ 5,011,489	\$ 3,187,249	\$ 1,680,708
City's proportionate share of the PEPFF net pension liability	\$ 5,314,877	\$ 2,726,962	\$ 588,893

H. 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; by writing to PERA at 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088; or by calling (651) 296-7460 or 1-800-652-9026.

NOTE 5 DEFINED BENEFIT PENSION PLANS – STATEWIDE VOLUNTEER FIREFIGHTERS FUND

Plan Description

The Willmar Fire Department participates in the Statewide Volunteer Firefighter Retirement Plan (SVF), an agent multiple-employer lump-sum defined benefit pension plan administered by the Public Employees Retirement Association of Minnesota (PERA). The SVF plan covers volunteer firefighters of municipal fire departments or independent nonprofit firefighting corporations that have elected to join the plan. As of December 31, 2014, the plan covered 31 active firefighters and 11 vested terminated fire fighters whose pension benefits are deferred. The plan is established and administered in accordance with Minnesota Statutes, Chapter 353 G.

Benefits Provided

The SVF provides lump-sum retirement, death, and supplemental benefits to covered firefighters and survivors. Benefits are paid based on the number of years of service multiplied by a benefit level per year of service approved by the City. The benefit is selected from 71 possible levels in \$100 increments ranging from \$500 to \$7,500 per year of service. Members are eligible for a lump-sum retirement benefit at 50 years of age with five years of service. Plan provisions include a pro-rated vesting schedule that increases from 5 years at 40% through 20 years at 100%.

**CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

**NOTE 5 DEFINED BENEFIT PENSION PLANS – STATEWIDE VOLUNTEER FIREFIGHTERS
FUND (Continued)**

Contributions

The SVF is funded by fire state aid, investment earnings and, if necessary, employer contributions as specified in Minnesota Statutes. The State of Minnesota contributed \$98,932 in fire state aid to the plan on behalf of the Willmar Fire Department for the year ended December 31, 2014, which was recorded as a revenue. Required employer contributions are calculated annually based on statutory provisions. The City's statutorily-required contributions to the SVF plan for the year ended December 31, 2015, were \$0. The City's contributions were equal to the required contributions as set by state statute.

Pension Costs

At December 31, 2015, the City reported a net pension asset of \$309,230 for the SVF plan. The net pension asset was measured as of December 31, 2014. The total pension liability used to calculate the net pension asset in accordance with GASB 68 was determined by PERA applying an actuarial formula to specific census data certified by the fire department as of December 31, 2014. The following table presents the changes in net pension asset during the year.

	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability (Asset)</u>
Beginning Balance 12/31/13	\$ 805,639	\$ 1,089,392	\$ (283,753)
Changes for the Year			
Service Cost	30,527	-	30,527
Interest on Pension Liability	47,764	-	47,764
Actuarial Experience (Gains)/Losses	63,633	-	63,633
Projected Investment Earnings	-	65,364	(65,364)
Contributions (Employer)	-	-	-
Contributions (State)	-	99,932	(99,932)
Asset (Gain)/Loss	-	3,455	(3,455)
Benefit Payouts	(80,200)	(80,200)	-
PERA Administrative Fee	-	(1,350)	1,350
Net Changes	<u>61,724</u>	<u>87,201</u>	<u>(25,477)</u>
Balance End of Year 12/31/14	<u>\$ 867,363</u>	<u>\$ 1,176,593</u>	<u>\$ (309,230)</u>

There were no benefit provision changes during the measurement period.

For the year ended December 31, 2015, the City recognized pension expense of \$26,313.

At December 31, 2015, the City reported deferred outflows and deferred inflows related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between projected and actual investment earnings	\$ -	\$ 2,764
Differences between expected and actual economic experience	<u>50,906</u>	<u>-</u>
Totals	<u>\$ 50,906</u>	<u>\$ 2,764</u>

**CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

**NOTE 5 DEFINED BENEFIT PENSION PLANS – STATEWIDE VOLUNTEER FIREFIGHTERS
FUND (Continued)**

Pension Costs (Continued)

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	Pension Expense Amount
2016	\$ 12,036
2017	\$ 12,036
2018	\$ 12,036
2019	\$ 12,036

Actuarial Assumptions

The total pension liability at December 31, 2014, was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

- Retirement eligibility at the later of age 50 or 20 years of service
- Investment rate of return of 6.0%
- Inflation rate of 3.0%

There were no changes in actuarial assumptions in 2014.

Discount Rate

The discount rate used to measure the total pension liability was 6.0%. The projection of cash flows used to determine the discount rate assumed that contributions to the SVF plan will be made as specified in statute. Based on that assumption and considering the funding ratio of the plan, the fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive 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.

Pension Liability Sensitivity

The following presents the City's net pension asset for the SVF plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City's net pension asset would be if it were calculated using a discount rate 1% lower or 1% higher than the current discount rate:

	1% Decrease in Discount Rate (6.9%)	Discount Rate (7.9%)	1% Increase in Discount Rate (8.9%)
Net Pension Asset	\$ (281,450)	\$ (309,230)	\$ (336,172)

Plan Investments

Investment Policy:

The Minnesota State Board of Investment (SBI) is established by Article XI of the Minnesota Constitution to invest all state funds. Its membership as specified in the Constitution is comprised of the Governor (who is designated as chair of the Board), State Auditor, Secretary of State and State Attorney General. All investments

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 5 DEFINED BENEFIT PENSION PLANS – STATEWIDE VOLUNTEER FIREFIGHTERS FUND (Continued)

Plan Investments (Continued)

Investment Policy (Continued):

undertaken by the SBI are governed by the prudent person rule and other standards codified in *Minnesota Statutes*, Chapter 11A and Chapter 356A. Within the requirements defined by state law, the SBI, with assistance of the SBI staff and the Investment Advisory Council, establishes investment policy for all funds under its control. These investments policies are tailored to the particular needs of each fund and specify investment objectives, risk tolerance, asset allocation, investment management structure and specific performance standards. Studies guide the on-going management of the funds and are updated periodically.

Asset Allocation:

To match the long-term nature of the pension obligations, the SBI maintains a strategic asset allocation for the Statewide Volunteer Firefighter Retirement Plan (VOLP) that includes allocations to domestic equity, international equity, bonds and cash equivalents. The long-term target asset allocation and long-term expected real rate of return is the following:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Stocks	35%	5.50%
International Stocks	15%	6.00%
Bonds	45%	1.45%
Cash	5%	0.50%

The 6% long-term expected rate of return on pension plan investments was determined using a building-block method. Best estimates for expected future real rates of return (expected returns, net of inflation) were developed for each asset class using both long-term historical returns and long-term capital market expectations. The asset class estimates and the target allocations were then combined to produce a geometric, long-term expected real rate of return for the portfolio. Inflation expectations were applied to derive the nominal rate of return for the portfolio.

Description of significant investment policy changes during the year: The SBI made no significant changes to their investment policy during Fiscal Year 2015 for the Statewide Volunteer Firefighter Retirement Plan.

Pension Plan Fiduciary Net Position

Detailed information about the SVF plan's fiduciary net position as of June 30, 2015, 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; by writing to PERA at 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088; or by calling (651) 296-7460 or 1-800-652-9026.

NOTE 6 DEFINED CONTRIBUTION PLAN

Nine council members and mayor, of the City of Willmar are covered by the Public Employees Defined Contribution Plan (PEDCP), a multiple-employer deferred compensation plan administered by PERA. The PEDCP is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 6 DEFINED CONTRIBUTION PLAN (Continued)

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Minnesota Statutes, Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5% of salary which is matched by the elected official's employer. For ambulance service personnel, employer contributions are determined by the employer, and for salaried employees must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2% of employer contributions and twenty-five hundredths of 1% (.0025) of the assets in each member's account annually.

Total contributions made by the City of Willmar during fiscal year 2015 were: \$-0-

NOTE 7 OTHER POST EMPLOYMENT BENEFITS

Primary Government

At December 31, 2014, the City has adopted Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* (OPEB) as it relates to the Primary Government. This Statement establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers.

Component Units

Willmar Municipal Utilities

In 2015, the Utilities began contributing to the single-employer defined benefit plan ("the Plan") that provides health, dental, and life insurance to eligible employees and their families through the Utilities commercial insurance plans. There are 60 active participants and 10 retired participants. Benefit and eligibility provisions are established through negotiations between the Utilities and employee groups including a union. The union contract is renegotiated each two-year bargaining period. The Plan does not issue a publicly available financial report.

Contribution requirements are negotiated between the Utilities and employees. The Utilities contributed 0% - 100% of the cost of current-year premiums for eligible retired plan members and their spouses. For 2015, the Utilities contributed \$157,825 to the Plan. The Plan is financed on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation

The Utilities annual other postemployment benefit (OPEB) costs (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs for each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

**CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 7 OTHER POST EMPLOYMENT BENEFITS (Continued)

Component Units/Willmar Municipal Utilities (Continued)

Annual OPEB Cost and Net OPEB Obligation (Continued)

The following table shows the components of the Utilities' net OPEB obligation.

Annual Required Contribution	\$	218,515
Interest on Net OPEB Obligation		8,669
Adjustment to Annual Required Contribution		(12,533)
Annual OPEB Cost (Expense)		214,651
Contributions Made		157,825
Increase (Decrease) in Net OPEB Obligation		56,826
Net OPEB Liability - Beginning of Year		216,720
Net OPEB Liability - End of Year		273,546

The Utilities annual OPEB cost, the percentage of the annual OPEB cost contributed to the Plan and the net OPEB asset for 2015 was:

<u>Fiscal</u> <u>Year Ended</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Annual</u> <u>Plan Sponsor</u> <u>Contribution</u>	<u>Percentage</u> <u>of Annual</u> <u>OPEB Cost</u> <u>Contributed</u>	<u>Net OPEB</u> <u>Liability</u>
2015	\$ 214,651	\$ 157,825	73.5%	\$ 273,546

Funding Status

As of December 31, 2014, the most recent actuarial valuation date, the Utilities' unfunded actuarial accrued liability (UAAL) was \$1,801,808. The covered payroll (annual payroll of active employees covered by the Plan) was \$3,999,640 and the ratio of the UAAL to the covered payroll of 45.0%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with the past expectations and the new estimates are made about the future.

Rice Memorial Hospital

As of December 31, 2008 the Hospital implemented the requirements of Governmental Accounting Standards Board (GASB) No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions*. Qualified employees may choose to participate in the Hospital's insurance plan after retirement, with no contribution from the Hospital. The Hospital provides these benefits to retirees as required by Minnesota Statute 471.61 subdivision 2b. As of December 31, 2015, there were approximately 714 active employees subject to potential future benefit and 18 retirees receiving benefits from the Hospital's health insurance plan. The Hospital has chosen to fund the retiree medical plan on a pay-as-you-go basis.

**CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 7 OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Component Units/Rice Memorial Hospital (Continued)

Annual OPEB Cost and Net OPEB Obligation

The Hospital's annual other post-employment benefit (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the Hospital's annual OPEB cost as of December 31, 2015, and 2014, the amount actually contributed to the insurance plan, and changes in the Hospital's net OPEB obligation:

	<u>2015</u>	<u>2014</u>
Net OPEB, Beginning of Year	\$ 1,502,017	\$ 1,272,356
Activity During the Year:		
Annual Required Contribution (ARC)	387,678	376,047
Interest on Net OPEB Obligation	60,081	50,894
Adjustments to ARC	(86,862)	(73,580)
Contributions during the fiscal year	<u>(155,391)</u>	<u>(123,700)</u>
Increase in Net OPEB Obligation	<u>205,506</u>	<u>229,661</u>
Net OPEB, End of the Year	<u>\$ 1,707,523</u>	<u>\$ 1,502,017</u>

The Hospital's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation consist of the following:

	<u>OPEB Cost</u>	<u>Contribution</u>	<u>Contribution</u>	<u>Obligation</u>
12/31/2013	\$ 293,491	\$ 139,365	47.49%	\$ 1,272,356
12/31/2014	\$ 353,361	\$ 123,700	35.01%	\$ 1,502,017
12/31/2015	\$ 360,897	\$ 155,391	43.06%	\$ 1,707,523

Funding Status

The Hospital provides to retirees the option to participate in the Hospital's health insurance plan after retirement, with no contribution from the Hospital. The Hospital currently has 18 retirees receiving benefits from the Hospital's health plan.

**CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 7 OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Component Units/Rice Memorial Hospital/Funding Status (Continued)

The Hospital currently has no assets that have been irrevocably deposited in a trust for future health benefits. Therefore, the actuarial value of the assets is \$-0- at December 31, 2014. The following is a summary of the funding status at January 1, 2014, the most recent actuarial valuation date:

Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
\$ -	\$ 2,735,839	\$ 2,735,839	0.00%	\$ 38,490,496	7.10%

NOTE 8 RISK MANAGEMENT

The City 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 City carries insurance. The City obtains insurance through participation in the League of Minnesota Cities Insurance Trust (LMCIT) which is a risk sharing pool with approximately 800 other governmental units. This City pays an annual premium to LMCIT for its workers compensation and property and casualty insurance. The LMCIT is self-sustaining through member premiums and will reinsure for claims above a prescribed dollar amount for each insurance event. Settled claims have not exceeded the City's coverage in any of the past three fiscal years.

The workers' compensation policy is a retrospectively rated policy with premiums that accrue based on the ultimate cost of the experience to date. There is no way to estimate what the change in premium may be. Generally, it has been minimal.

NOTE 9 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 City expects such amounts, if any, to be immaterial.

NOTE 10 LEASE AGREEMENTS

The City has entered into an agreement with Kandiyohi County to lease space for the Willmar Police Department. The term of the lease is 20 years commencing October 2000. The agreement requires annual payments of \$175,000.

Future minimum lease payments are:

2016	175,000
2017	175,000
2018	175,000
2019	175,000
2020	175,000
	<u>175,000</u>
	<u>\$ 875,000</u>

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 11 JOINTLY-GOVERNED ORGANIZATIONS

Kandiyohi County and City of Willmar Economic Development Commission

The EDC was established on July 1, 2003, by a joint-powers agreement between Kandiyohi County and the City of Willmar by resolution pursuant to Minn. Laws 1989, First Special Session, ch. 1, Art. 17, § 21. The EDC was set up to encourage, attract, promote, and develop economically sound industry and commerce within the County and City. The EDC has six members. Kandiyohi County appoints three members, and the City of Willmar appoints three members of the EDC. Each member is appointed to serve for three years. Complete financial information for the EDC can be obtained at Kandiyohi County and City of Willmar Economic Development Commission, 333 Litchfield Avenue S.W., P. O. Box 1783, Willmar, Minnesota 56201.

Central Community Transit (CCT)

Kandiyohi Area Transit was established on October 20, 1998 by a joint powers agreement between Kandiyohi County and the City of Willmar. Effective January 1, 2015, Kandiyohi Area Transit combined with Renville County Heartland Express to form Central Community Transit (CCT). The CCT Board is made up of two members appointed by Kandiyohi County, two members appointed by the City of Willmar, one elected official from other local governments in Kandiyohi County, and two members appointed from Renville County. Complete financial information for CCT can be obtained at Central Community Transit, 1320 22nd Street SW, Willmar, Minnesota 56201.

NOTE 12 SUBSEQUENT EVENTS

In preparing these financial statements, the City of Willmar, Minnesota, has evaluated events and transactions for the potential recognition or disclosure through June 30, 2016, the date the financial statements were available to be issued.

NOTE 13 PRIOR PERIOD ADJUSTMENT

As of January 1, 2015, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*. This implementation requires the City to report its proportionate share of collective net pension liability, deferred inflows of resources and deferred outflows of resources, and pension expense and to reflect an actuarially determine liability for the present value of projected future benefits for retired and active employees less the pension plan's fiduciary net position on the financial statements.

The beginning net position of the governmental activities and business-type activities has been adjusted \$4,769,867 and \$514,428, respectively, to reflect this change in accounting principle.

BUDGET AND ACTUAL SCHEDULES

City of Willmar, Minnesota
 General Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the fiscal year ended December 31, 2015

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
GENERAL PROPERTY TAXES				
Current Ad Valorem	\$ 4,451,028	\$ 4,451,028	\$ 4,373,956	\$ (77,072)
Delinquent Ad Valorem	70,000	70,000	98,147	28,147
Franchise Fees	250,000	250,000	285,792	35,792
TOTAL TAXES	4,771,028	4,771,028	4,757,895	(13,133)
LICENSES/PERMITS				
Business License/Permit	55,675	55,675	61,075	5,400
Non-Business License/Permit	272,700	278,700	413,832	135,132
TOTAL LICENSES & PERMITS	328,375	334,375	474,907	140,532
INTERGOVERNMENTAL				
FEDERAL GOVERNMENT				
Federal Grant	500	500	984	484
STATE GRANTS				
Local Government Aid	4,489,313	4,489,313	4,489,313	-
Police Department Aid	210,000	210,000	237,939	27,939
P.E.R.A. Aid	172,146	172,146	172,146	-
Airport Aid	-	-	-	-
State Grant	8,000	25,500	67,571	42,071
MFG Home HACA	-	-	-	-
Fire Department Aid	-	-	-	-
Shared Highway User Tax	238,000	238,000	276,906	38,906
Local Performance Aid	-	-	-	-
COUNTY GRANTS				
Kandiyohi County Highways	3,795	3,795	3,795	-
Kandiyohi County	9,000	9,000	17,281	8,281
SCHOOL DISTRICT #347				
School Liaison Officer	147,000	147,000	147,000	-
Contributions/Donations	-	-	-	-
TOTAL INTERGOVERNMENTAL	5,277,754	5,295,254	5,412,935	117,681
SERVICE CHARGES				
General Government	16,800	16,800	18,770	1,970
Public Safety	218,300	218,300	201,471	(16,829)
Buildings & Grounds	23,700	23,700	31,240	7,540
Civic Center	289,100	289,100	341,882	52,782
Leisure Services	163,600	163,600	163,711	111
Highways & Streets	12,100	12,100	9,550	(2,550)
Community Center	13,250	13,250	9,156	(4,094)
Transportation (Airport)	25,000	25,000	-	(25,000)
TOTAL SERVICE CHARGES	761,850	761,850	775,780	13,930
FINES AND FORFEITS				
Other Fines and Forfeits	-	-	-	-
Court Fines	105,000	105,000	121,134	16,134
Parking Violations	18,000	18,000	25,613	7,613
Solid Waste Citations	-	-	130	130
Impounding Fees	29,000	29,000	42,805	13,805
TOTAL FINES & FORFEITS	152,000	152,000	189,682	37,682
SPECIAL ASSESSMENTS				
Special Assessments	1,700	1,700	2,384	684
TOTAL SPECIAL ASSESSMENTS	1,700	1,700	2,384	684

See notes to required supplementary information.

City of Willmar, Minnesota
 General Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the fiscal year ended December 31, 2015

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES (Con't)				
MISCELLANEOUS REVENUE				
Miscellaneous	110,500	110,500	95,416	(15,084)
Interest Earnings	150,000	150,000	126,279	(23,721)
Sale of Fixed Assets	35,000	35,000	58,185	23,185
Sale of Materials	65,000	65,000	48,868	(16,132)
Contributions/Donations	-	-	-	-
City Auditorium Rents	5,000	5,000	-	(5,000)
Other Rents	-	22,381	25,432	3,051
Market Value Increase/(Decrease)	-	-	24,072	24,072
Insurance Reimbursements	230,000	230,000	130,489	(99,511)
Insurance Pass Through	350,000	350,000	318,325	(31,675)
Restitution	-	-	-	-
TOTAL MISCELLANEOUS	<u>945,500</u>	<u>967,881</u>	<u>827,066</u>	<u>(140,815)</u>
TOTAL REVENUE	<u>12,238,207</u>	<u>12,284,088</u>	<u>12,440,649</u>	<u>156,561</u>
EXPENDITURES				
GENERAL GOVERNMENT				
City Administrator				
Personal Services	251,708	251,708	286,788	(35,080)
Supplies	1,525	1,525	1,098	427
Other Services & Charges	5,500	5,500	9,967	(4,467)
Total	<u>258,733</u>	<u>258,733</u>	<u>297,853</u>	<u>(39,120)</u>
Mayor and Council				
Personal Services	79,150	79,150	76,182	2,968
Supplies	3,950	3,950	2,858	1,092
Other Services & Charges	115,758	115,758	115,514	244
Total	<u>198,858</u>	<u>198,858</u>	<u>194,554</u>	<u>4,304</u>
Planning & Development				
Personal Services	459,036	459,036	483,360	(24,324)
Supplies	9,750	9,750	7,014	2,736
Other Services & Charges	30,500	30,500	35,268	(4,768)
Total	<u>499,286</u>	<u>499,286</u>	<u>525,642</u>	<u>(26,356)</u>
City Clerk/Treasurer				
Personal Services	241,284	185,147	211,684	(26,537)
Supplies	6,850	6,850	6,055	795
Other Services & Charges	4,545	4,545	3,090	1,455
Total	<u>252,679</u>	<u>196,542</u>	<u>220,829</u>	<u>(24,287)</u>
Assessing				
Personal Services	253,676	253,676	184,409	69,267
Supplies	3,785	3,785	6,559	(2,774)
Other Services & Charges	10,650	10,650	39,487	(28,837)
Total	<u>268,111</u>	<u>268,111</u>	<u>230,455</u>	<u>37,656</u>
Accounting				
Personal Services	351,363	351,363	335,407	15,956
Supplies	6,550	6,550	4,771	1,779
Other Services & Charges	31,100	31,100	28,618	2,482
Total	<u>389,013</u>	<u>389,013</u>	<u>368,796</u>	<u>20,217</u>

See notes to required supplementary information.

City of Willmar, Minnesota
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the fiscal year ended December 31, 2015

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (Con't)				
GENERAL GOVERNMENT (Con't)				
Legal				
Personal Services	-	-	-	-
Supplies	-	-	-	-
Other Services & Charges	250,000	250,000	284,692	(34,692)
Total	<u>250,000</u>	<u>250,000</u>	<u>284,692</u>	<u>(34,692)</u>
City Hall				
Personal Services	48,555	48,555	61,627	(13,072)
Supplies	20,450	20,450	11,376	9,074
Other Services & Charges	48,700	48,700	59,974	(11,274)
Other Disbursements	-	-	770	(770)
Total	<u>117,705</u>	<u>117,705</u>	<u>133,747</u>	<u>(16,042)</u>
Information Technology				
Personal Services	295,892	295,892	281,493	14,399
Supplies	49,460	49,460	56,820	(7,360)
Other Services & Charges	160,875	160,875	143,154	17,721
Total	<u>506,227</u>	<u>506,227</u>	<u>481,467</u>	<u>24,760</u>
Elections & Voters Registration				
Personal Services	5,697	20,863	20,337	526
Supplies	50	50	1,354	(1,304)
Other Services & Charges	2,040	2,040	8,601	(6,561)
Total	<u>7,787</u>	<u>22,953</u>	<u>30,292</u>	<u>(7,339)</u>
Non-Departmental Expenses				
Personal Services	25,000	25,000	10,027	14,973
Supplies	-	-	-	-
Other Charges/Services	310,000	310,000	372,159	(62,159)
Insurances	2,129	2,129	-	2,129
Labor Negotiator	-	-	-	-
Severance	-	-	30,508	(30,508)
Deferred Compensation	-	-	-	-
Re-Employment Insurance	5,000	5,000	2,656	2,344
Retired Employees Insurance	120,000	120,000	94,343	25,657
Insurance Pass Through	350,000	350,000	288,927	61,073
Downtown Items	-	-	-	-
Workers Comp Self Insurance	-	-	-	-
Insurance Deductible	100,000	100,000	5,633	94,367
Refunds Paid	200,000	177,487	228,066	(50,579)
Total	<u>1,112,129</u>	<u>1,089,616</u>	<u>1,032,319</u>	<u>57,297</u>
TOTAL GENERAL GOVERNMENT	<u>3,860,528</u>	<u>3,797,044</u>	<u>3,800,646</u>	<u>(3,602)</u>
PUBLIC SAFETY				
Police Department				
Personal Services	3,522,337	3,522,337	3,484,210	38,127
Supplies	243,550	243,550	151,062	92,488
Other Services & Charges	142,295	142,295	154,558	(12,263)
Debt Redemption	228,000	228,000	222,900	5,100
Other Disbursements	-	-	395	(395)
Total	<u>4,136,182</u>	<u>4,136,182</u>	<u>4,013,125</u>	<u>123,057</u>

See notes to required supplementary information.

City of Willmar, Minnesota
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the fiscal year ended December 31, 2015

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (Con't)				
PUBLIC SAFETY (Con't)				
Fire Department				
Personal Services	472,891	490,391	414,872	75,519
Supplies	99,250	99,250	84,307	14,943
Other Services & Charges	99,563	95,538	133,088	(37,550)
Total	<u>671,704</u>	<u>685,179</u>	<u>632,267</u>	<u>52,912</u>
Non-Departmental Expenses				
Personal Services	-	-	-	-
Civil Defense	5,000	5,000	20,212	(15,212)
Safety Program	10,000	10,000	9,542	458
Refunds Paid	-	-	6,459	(6,459)
Total	<u>15,000</u>	<u>15,000</u>	<u>36,213</u>	<u>(21,213)</u>
TOTAL PUBLIC SAFETY	<u>4,822,886</u>	<u>4,836,361</u>	<u>4,681,605</u>	<u>154,756</u>
PUBLIC WORKS				
Engineering				
Personal Services	528,252	528,252	423,091	105,161
Supplies	10,950	10,950	6,200	4,750
Other Services & Charges	63,850	63,850	48,061	15,789
Total	<u>603,052</u>	<u>603,052</u>	<u>477,352</u>	<u>125,700</u>
Public Works				
Personal Services	1,603,115	1,603,115	1,630,301	(27,186)
Supplies	528,700	534,170	476,995	57,175
Other Services & Charges	342,900	342,900	309,582	33,318
Total	<u>2,474,715</u>	<u>2,480,185</u>	<u>2,416,878</u>	<u>63,307</u>
Transit				
Other Services & Charges	20,000	20,000	20,000	-
Total	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Non-Departmental Expenses				
Supplies	-	-	-	-
Other Services & Charges	2,000	2,000	837	1,163
Total	<u>2,000</u>	<u>2,000</u>	<u>837</u>	<u>1,163</u>
TOTAL PUBLIC WORKS	<u>3,099,767</u>	<u>3,105,237</u>	<u>2,915,067</u>	<u>190,170</u>
NON-DEPARTMENTAL EXPENSES				
Social Services				
Meals on Wheels	-	-	-	-
TOTAL NON-DEPARTMENTAL EXPENSE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CULTURE & RECREATION				
Library				
Other Services & Charges	497,643	497,643	490,357	7,286
Total	<u>497,643</u>	<u>497,643</u>	<u>490,357</u>	<u>7,286</u>
Auditorium				
Personal Services	-	-	983	(983)
Supplies	16,700	16,700	24,235	(7,535)
Other Services & Charges	39,150	39,150	61,657	(22,507)
Total	<u>55,850</u>	<u>55,850</u>	<u>86,875</u>	<u>(31,025)</u>

See notes to required supplementary information.

City of Willmar, Minnesota
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the fiscal year ended December 31, 2015

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (Con't)				
CULTURE & RECREATION (Con't)				
Non-Department Expenses				
Civic Promotion	114,000	120,000	113,269	6,731
Total	114,000	120,000	113,269	6,731
Park Development				
Supplies	-	-	2,151	(2,151)
Total	-	-	2,151	(2,151)
Leisure Services				
Personal Services	232,377	232,377	154,011	78,366
Supplies	21,650	21,650	20,796	854
Other Services & Charges	218,329	218,329	216,892	1,437
Total	472,356	472,356	391,699	80,657
Civic Center - Ice Arena				
Personal Services	338,267	338,267	281,210	57,057
Supplies	80,600	80,600	97,443	(16,843)
Other Services & Charges	174,726	174,726	170,468	4,258
Other Disbursements	-	-	1,824	(1,824)
Total	593,593	593,593	550,945	42,648
Community Center				
Personal Services	58,285	58,285	25,904	32,381
Supplies	16,050	16,050	20,340	(4,290)
Other Services & Charges	35,650	35,650	27,690	7,960
Total	109,985	109,985	73,934	36,051
Aquatics Center				
Personal Services	110,325	110,325	111,172	(847)
Supplies	41,000	41,000	45,170	(4,170)
Other Services & Charges	34,397	34,397	28,916	5,481
Other Disbursements	-	-	412	(412)
Total	185,722	185,722	185,670	52
TOTAL CULTURE & RECREATION	2,029,149	2,035,149	1,894,900	140,249
TOTAL EXPENDITURES	13,812,330	13,773,791	13,292,218	481,573
Excess of Revenues Over Expenditures	(1,574,123)	(1,489,703)	(851,569)	638,134
OTHER FINANCING SOURCES (USES)				
Transfers In	2,896,342	2,896,342	2,852,971	(43,371)
Transfers Out	(1,921,386)	(1,942,322)	(1,938,297)	4,025
Total Other Financing Sources (Uses)	974,956	954,020	914,674	(39,346)
Net Change in Fund Balances	(599,167)	(535,683)	63,105	598,788
Fund Balances - Beginning	14,119,279	14,119,279	14,119,279	-
Fund Balances - Ending	\$ 13,520,112	\$ 13,583,596	\$ 14,182,384	\$ 598,788

See notes to required supplementary information.



★ WILLMAR

Finance Director

City Office Building
333 SW 6th Street
Willmar, MN 56201
Main Number 320-235-4913
Fax Number 320-235-4917

COUNCIL ACTION REQUEST

DATE: July 25, 2016

SUBJECT: Consideration of submitted Reports

RECOMMENDATION: Review and accept reports as submitted

BACKGROUND: Staffs monthly submission of various reports. Reports included for this meeting are the 2nd quarter Investment Activity, June 30th Cash/Investment Balance, Institution Interest/Dividend, 10 year Historical Investment/Cash, 10 year Historical Interest/Dividend, June 30th Rice Memorial Financial and the 2nd Quarter Rice Trust Investment.

FINANCIAL CONSIDERATION: N/A

LEGAL: Pending / N/A

Department/Responsible Party: Steven B. Okins, Finance Director



FINANCE

City Office Building
 Box 755
 Willmar, Minnesota 56201
 320-235-4984
 Fax 320-235-4917
 www.willmarmn.gov

INVESTMENT ACTIVITY REPORT FOR QUARTER ENDING JUNE 30, 2016

BALANCE AT PRIOR QUARTER ENDED MARCH 31, 2016 \$ 36,756,051.24

SUMMARY OF APRIL, 2016, THROUGH JUNE, 2016, TRANSACTIONS:

(04/19/2016) PURCHASED: MSSB, FNMA-3136G3GT6, 1.500-4.500%	2,996,970.00
(04/21/2016) PURCHASED: Multi-Bank Securities, FHLMC-3134G8VU0, 2.000-4.000%	1,000,000.00
(04/25/2016) SOLD: Wells Fargo Advisors, FHLB-313382VW0, 1.625-5.500%	(1,150,000.00)
(04/25/2016) Market Value Adjustment: Wells Fargo Advisors, FHLB-313382VW0	(460.00)
(04/26/2016) SOLD: UBS, FHLMC-3134G3YP9, 2.000%	(6,000,000.00)
(04/26/2016) Market Value Adjustment: UBS, FHLMC-3134G3YP9	21,060.00
(04/28/2016) PURCHASED: FHLMC-3134G9CK1, 2.000-8.500%	2,000,000.00
(04/28/2016) PURCHASED: UBS, FHLB-3130A7UX1, 2.620%	1,997,920.00
(04/28/2016) PURCHASED: FHLB-3130A7UE3, 2.000-8.500%	2,996,997.00
(05/16/2016) SOLD: UBS, FNMA-3138G02Z3, 2.250%	(1,900,000.00)
(05/16/2016) Market Value Adjustment: UBS, FNMA-3136G02Z3	19.00
(05/18/2016) PURCHASED: UBS, FHLB-3130A7ZP3, 2.600%	1,000,000.00
(05/23/2016) SOLD: Wells Fargo, FHLMC-3134G3D49, 2.000%	(2,000,000.00)
(05/23/2016) Market Value Adjustment: Wells Fargo, FHLMC-3134G3D49	(514.00)
(05/23/2016) SOLD: Multi-Bank Securities, FHLB-3133832Q3, 1.750-8.000%	(1,000,000.00)
(05/23/2016) Market Value Adjustment: Multi-Bank Securities, FHLB-3133832Q3	(2,080.00)
(05/23/2016) PURCHASED: Wells Fargo, FHLMC-3134G9GY7, 2.000-8.500%	2,000,000.00
(06/13/2016) SOLD: Wells Fargo Advisors, FFCB-3133EFJA6, 2.000%	(1,000,000.00)
(06/14/2016) SOLD: Wells Fargo, FHLB-313381DA0, 2.190% (Partial Call)	(1,000,000.00)
(06/15/2016) PURCHASED: Wells Fargo, FHLB-3130A8GU1, 2.500%	1,000,000.00
(06/15/2016) PURCHASED: Wells Fargo Advisors, FHLB-3130A8B69, 2.500%	1,000,000.00
(06/20/2016) SOLD: Wells Fargo, FHLB-313381C60, 2.080% (Partial Call)	(1,250,000.00)
(06/21/2016) SOLD: UBS, FHLMC-3134G3WU0, 2.250%	(1,000,000.00)
(06/21/2016) Market Value Adjustment: UBS, FHLMC-3134G3WU0	(580.00)
(06/28/2016) SOLD: Multi-Bank Securities, FHLB-313381H40, Step-Up 1.500-9.000%	(1,000,000.00)
(06/28/2016) Market Value Adjustment: Multi-Bank Securities, FHLB-313381H40	1,730.00
(06/30/2016) PURCHASED: Multi-Bank Securities, FHLMC-3134G9ZK6, Step-Up 2.000-6.000%	2,000,000.00
(06/30/2015) Market Value Adjustment At Quarter-End	68,383.44

JUNE 30, 2016 BALANCE

\$ 37,535,496.68

CASH/INVESTMENT PORTFOLIO AS OF JUNE 30, 2016

	INSTITUTION	SECURITY TYPE	MATURITY DATE	INTEREST RATE	PAR VALUE	MARKET VALUE
1	MSSB	CD-06279HBC6	10/05/2016	0.600%	248,000.00	248,059.52
2	MSSB	CD-80280JJB8	10/07/2016	0.650%	248,000.00	248,062.00
3	MSSB	CD-06062QBY9	10/13/2016	0.650%	248,000.00	248,071.92
3	MSSB	CD-29976DC65	10/14/2016	0.650%	248,000.00	248,071.92
4	MSSB	CD-36160TE51	12/09/2016	2.100%	150,000.00	151,012.50
5	MSSB	CD-06740KFC6	12/14/2016	1.950%	245,000.00	246,700.30
6	MSSB	CD-38143ADT9	12/14/2016	2.050%	150,000.00	151,006.50
7	MSSB	CD-02587DJS8	12/15/2016	2.050%	150,000.00	151,045.50
8	MSSB	CD-2546703M2	02/08/2017	1.750%	245,000.00	246,692.95
9	Wells Fargo Advisors	CD-36157PFB0	06/08/2018	2.000%	150,000.00	152,070.00
10	MSSB	CD-87164YBX1	07/18/2019	2.050%	97,000.00	99,421.12
11	MSSB	CD-74267GUQ8	07/22/2019	2.000%	247,000.00	253,100.90
12	MSSB	CD-856284X58	07/22/2019	2.000%	247,000.00	253,175.00
13	MSSB	CD-38147JU59	07/23/2019	2.050%	97,000.00	99,276.59
14	MSSB	CD-02587CAJ9	07/24/2019	2.000%	247,000.00	253,179.94
15	MSSB	CD-140420PS3	10/08/2019	2.100%	245,000.00	251,909.00
16	MSSB	CD-17284A3Z9	12/12/2019	1.600%	245,000.00	245,279.30
17	MSSB	CD-36161TS30	07/20/2020	2.200%	97,000.00	100,342.62
18	MSSB	CD-14042E5F3	08/05/2020	2.300%	245,000.00	253,523.55
19	Wells Fargo	FFCB-3133EFJG3	01/13/2021	1.790%	2,000,000.00	2,000,056.00
20	Wells Fargo	FHLB-313381C60	06/07/2022	2.080%	750,000.00 +	750,057.75
21	UBS	FNMA-3136G0TG6	07/26/2022	2.000%	1,000,000.00 *	1,000,230.00
22	Wells Fargo	FNMA-3136G0TG6	07/26/2022	2.000%	2,000,000.00 *	2,000,464.00
23	UBS	FNMA-3136G0D65	09/27/2022	2.000%	3,000,000.00 *	3,000,420.00
24	UBS	FNMA-3135G0RC9	10/25/2022	2.200%	1,000,000.00	1,000,050.00
25	Wells Fargo	FHLB-313381DA0	12/05/2022	2.190%	1,000,000.00 ^	1,000,023.00
26	Wells Fargo Advisors	FHLB-313383A27	06/13/2023	1.625-10.000%	2,000,000.00 *	2,000,800.00
27	MSSB	FNMA-3136G3GT6	04/19/2016	1.500-4.500%	3,000,000.00 *	3,003,360.00
28	Wells Fargo Advisors	FHLMC-3134G75Y3	10/28/2025	2.250-8.000%	1,000,000.00	999,800.00
29	UBS	FHLMC-3134G75Y3	10/28/2025	2.250-8.000%	1,000,000.00 *	1,000,390.00
30	Multi-Bank Securities	FNMA-3136G3DZ5	03/30/2026	2.000-4.500%	860,000.00	862,777.80
31	Multi-Bank Securities	FHLMC-3134G8VU0	04/21/2026	2.000-6.000%	1,000,000.00	1,000,900.00
32	Wells Fargo Advisors	FHLMC-3134G9CK1	04/28/2026	2.000-8.500%	2,000,000.00	2,002,000.00
33	UBS	FHLB-3130A7UX1	04/28/2026	2.620%	2,000,000.00 *	2,005,220.00
34	UBS	FHLB-3130A7UE3	04/28/2026	2.000-8.500%	3,000,000.00 *	3,002,130.00
35	UBS	FHLB-3130A7ZP3	05/18/2026	2.600%	1,000,000.00	1,000,980.00
36	Wells Fargo	FHLMC-3134G9GY7	05/26/2026	2.000-8.500%	2,000,000.00	2,000,862.00
37	Wells Fargo	FHLB-3130A8GU1	06/15/2026	2.500%	1,000,000.00	1,000,815.00
38	Wells Fargo Advisors	FHLB-3130A8B69	06/15/2026	2.000-8.000%	1,000,000.00	1,001,400.00
39	Multi-Bank Securities	FHLMC-3134G9ZK6	06/30/2026	2.000-6.000%	2,000,000.00	2,002,760.00
TOTAL INVESTMENT					\$ 37,459,000.00	\$ 37,535,496.68
40	Heritage Bank	Flex Gold Ckg	None	0.230%	10,851,724.30	10,851,724.30
41	Heritage Bank	Commercial Ckg	None	0.080%	286,279.45	286,279.45
42	Heritage Bank	Law Enf Forfeitur Fd	None	0.080%	75,585.76	75,585.76
43	Heritage Bank	Law Enf Explorer Fd	None	0.000%	1,709.26	1,709.26
TOTAL PORTFOLIO FOR JUNE 30, 2016					\$ 48,674,298.77	\$ 48,750,795.45

* Par Value is not equal to Purchase Amount

^ After Partial Call 06/14/16 of \$1,000,000

+ After Partial Call 06/20/16 of \$1,250,000

Total Net Market Value Increase During Quarter Ended June 30, 2016 \$ 87,608.44



WILLMAR



FINANCE

City Office Building
Box 755
Willmar, Minnesota 56201
320-235-4984
Fax 320-235-4917
www.willmarmn.gov

2016 Interest/Dividends Received By Institution

<u>Institution</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>2016 Year-To-Date</u>	<u>2015 Year-To-Date</u>
Heritage Bank	\$ 1,493.28	\$ 1,179.56	\$ 1,762.32	\$ 7,806.29	\$ 6,071.71
Morgan Stanley Smith Barney	\$ 2,579.55	\$ -	\$ 9,023.40	\$ 69,576.49	\$ 61,979.15
Multi-Bank Securities	\$ -	\$ 8,750.00	\$ 7,500.00	\$ 26,250.00	\$ 26,250.00
UBS	\$ 57,250.00	\$ 26,250.00	\$ 16,250.00	\$ 184,750.00	\$ 153,625.00
Wells Fargo	\$ -	\$ 20,000.00	\$ 44,186.38	\$ 93,136.38	\$ 101,100.00
Wells Fargo Advisors	\$ 21,312.50	\$ -	\$ 26,087.44	\$ 65,524.94	\$ 79,713.97
Totals	\$ 82,635.33	\$ 56,179.56	\$ 104,809.54	\$ 447,044.10	\$ 428,739.83

Historical Balances At the End of Each Quarter 2006 through 06/30/2016

Year	Investments				Operating Cash (Flex Gold and Checking)			
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
2016	\$36,756,051.24	\$37,535,496.68		#	\$ 9,469,606.22	\$11,215,298.77		
2015	\$42,089,898.87 #	\$41,645,493.62 #	\$37,279,279.96 #	\$42,426,578.11 #	\$ 6,052,923.58	\$ 7,746,033.30	\$ 9,955,964.40	\$ 8,044,197.86
2014	\$44,669,958.48 #	\$44,497,454.10 #	\$44,393,573.89 #	\$44,192,171.67 #	\$ 2,692,337.80	\$ 7,288,512.71	\$ 5,397,016.71	\$ 7,929,545.18
2013	\$45,036,646.37 #	\$43,145,874.09 #	\$45,544,516.83 #	\$43,871,669.60 #	\$ 4,864,300.48	\$ 7,115,084.74	\$ 2,428,725.91	\$ 6,945,509.90
2012	\$41,122,817.67 #	\$37,855,613.32 #	\$44,310,158.10 #	\$47,119,283.92 #	\$ 8,136,948.46	\$11,647,103.27	\$ 6,473,162.53	\$ 7,735,728.32
2011	\$41,498,738.04 #	\$42,926,445.51 #	\$33,053,338.89 #	\$46,841,372.72 #	\$ 6,566,351.65	\$ 9,181,801.11	\$18,167,922.89	\$ 7,404,105.73
2010	\$41,358,462.50	\$40,144,176.24 #	\$44,577,231.24 #	\$48,797,293.88 #	\$ 5,700,619.84	\$ 8,771,348.62	\$ 3,304,736.92	\$ 4,417,038.74
2009	\$40,055,806.99	\$41,062,156.99	\$38,897,050.00	\$45,863,584.72	\$ (2,077,111.26)	\$ 7,201,418.64	\$ 8,850,416.77	\$ 5,516,985.71
2008	\$41,205,848.94	\$43,736,011.19	\$45,244,926.32	\$42,945,529.36	\$ 3,167,634.31	\$ 1,718,731.16	\$ 1,997,209.74	\$ 6,351,625.00
2007	\$43,139,351.72	\$48,100,353.36	\$47,115,305.03	\$50,105,966.14	\$ 926,179.01	\$ 663,940.06	\$ 926,179.01	\$ (341,184.39)
2006	\$40,287,460.83	\$39,045,724.67	\$45,986,724.51	\$48,565,446.01	\$ 239,513.13	\$ 982,309.33	\$ 1,133,968.89	\$ 171,495.87

Investment Balance after adjusting for market values
2010 market values were only adjusted 1/1/10 and 12/31/10

Historical Interest/Dividends Received Per Quarter 2006 through 06/30/2016

<u>Year</u>	<u>1st Quarter</u>	<u>2nd Quarter</u>	<u>3rd Quarter</u>	<u>4th Quarter</u>	<u>Annual Totals</u>
2016	\$ 203,419.67	\$ 243,624.43			
2015	\$ 187,662.01	\$ 241,077.82	\$ 183,436.47	\$ 238,629.12	\$ 850,805.42
2014	\$ 196,385.66	\$ 258,307.26	\$ 182,514.61	\$ 259,763.87	\$ 896,971.40
2013	\$ 221,647.55	\$ 231,204.91	\$ 171,397.74	\$ 264,878.39	\$ 889,128.59
2012	\$ 143,871.89	\$ 345,677.26	\$ 175,728.62	\$ 159,483.59	\$ 824,761.36
2011	\$ 281,807.02	\$ 275,608.48	\$ 290,307.92	\$ 211,444.35	\$ 1,059,167.77
2010	\$ 234,241.45	\$ 446,351.92	\$ 233,012.97	\$ 365,903.94	\$ 1,279,510.28
2009	\$ 509,706.62	\$ 484,844.91	\$ 342,331.25	\$ 343,882.12	\$ 1,680,764.90
2008	\$ 531,303.45	\$ 435,311.50	\$ 478,334.39	\$ 554,954.62	\$ 1,999,903.96
2007	\$ 622,474.29	\$ 495,977.22	\$ 582,224.88	\$ 728,080.25	\$ 2,428,756.64
2006	\$ 392,269.92	\$ 398,251.19	\$ 435,489.27	\$ 424,705.40	\$ 1,650,715.78

Rice Memorial Hospital

Financial Statements

June 30, 2016

Executive Summary

June was a positive month in terms of actual financial performance with Rice generating Operating Income of \$570,000. Total Patient Revenues were 5.12% lower than the three-month average with Total Operating Revenues 6.37% lower than average. However, Net Operating Expenses were 6.09% lower than average contributing to the positive performance.

Here is a summary of key financial indicators:

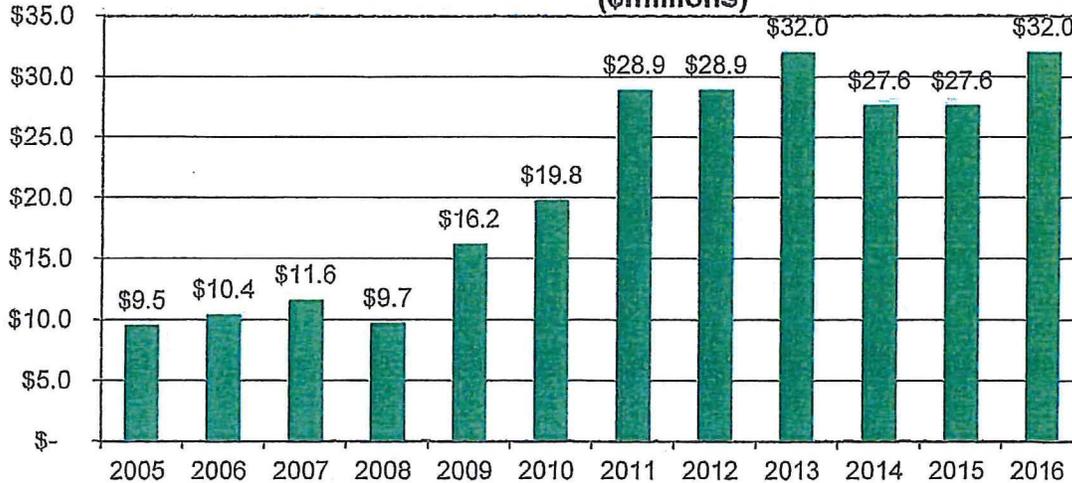
	<u>Actual</u>	<u>Target</u>	<u>2015</u>	<u>2014</u>	<u>Benchmark</u>	<u>Actual - YTD</u>	<u>Desired</u>
Operating Margin-Month	6.6%	2.8%				↑	↑
Operating Margin-YTD	4.1%	2.8%	2.4%	-3.3%	2.8%	↑	
Excess Margin-Month	9.8%	3.8%				↑	
Excess Margin-YTD	5.6%	3.8%	3.3%	-1.8%	5.4%	↑	
EBIDA Margin-Month	16.0%	12.8%				↑	
EBIDA Margin-YTD	13.6%	12.8%	12.9%	7.1%	11.1%	↑	
Debt/Capitalization	40.9%	40.0%	43.5%	45.8%	35.5%	↔	↓
Net Days of Receivables	50	50	63	53	47	↔	↓
Days of Cash	123	133	116	116	151	↓	↑
Cash/Debt	71%	69%	59%	57%	101%	↑	↑

May 31, 2016 Balance Sheet:

The May Balance Sheet realized an increase in Net Assets of \$3.4 million from December 31, 2015. Total Assets increased \$2.8 million while Total Liabilities have decreased \$864,000. Recall, the Balance Sheet includes a new line item Line #56, "Net Pension Liability" which increased \$263,000 from the prior year end. The Total Assets increase was due to a decrease in Current Assets of \$42,000; an increase in Property, Plant, and Equipment of \$1.5 million; and an increase in Other Assets of \$1.2 million. The decrease in Current Assets was due to decreases in Trustee Bond Agreements related to principal and interest payments made and Receivables offset by an increase in Cash. Assets-Use is Limited increased by \$15,000 due to earnings in the Endowment Fund.

Property, Plant, and Equipment has increased due to higher capital expenditures (primarily the Rehab project) than depreciation. Other Assets have increased due to General Investment earnings and WMS. Cash & General Investments have increased \$4.3 million since December 31, 2015.

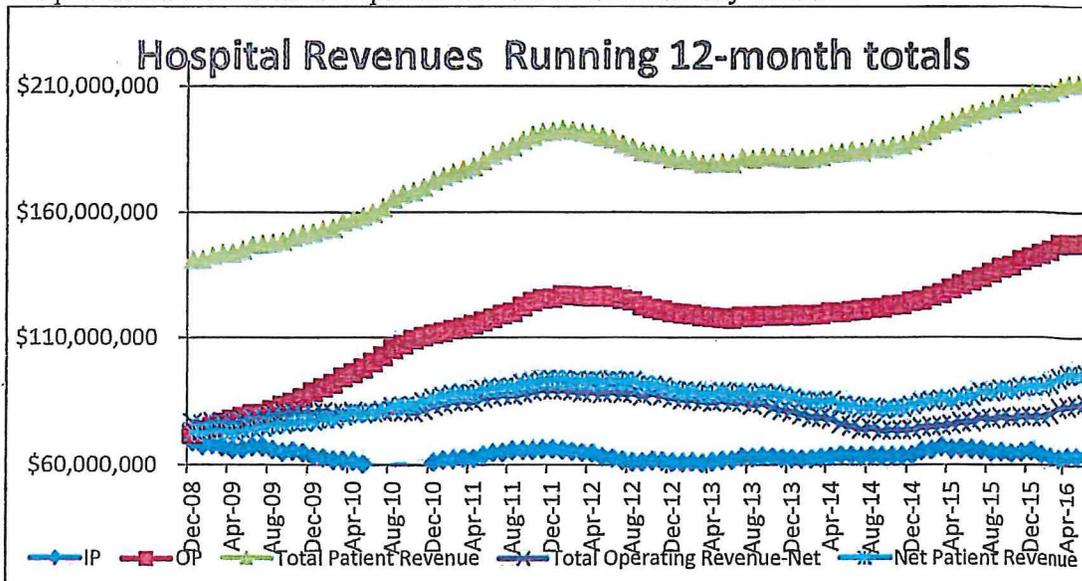
**Cash & General Investments
(\$millions)**



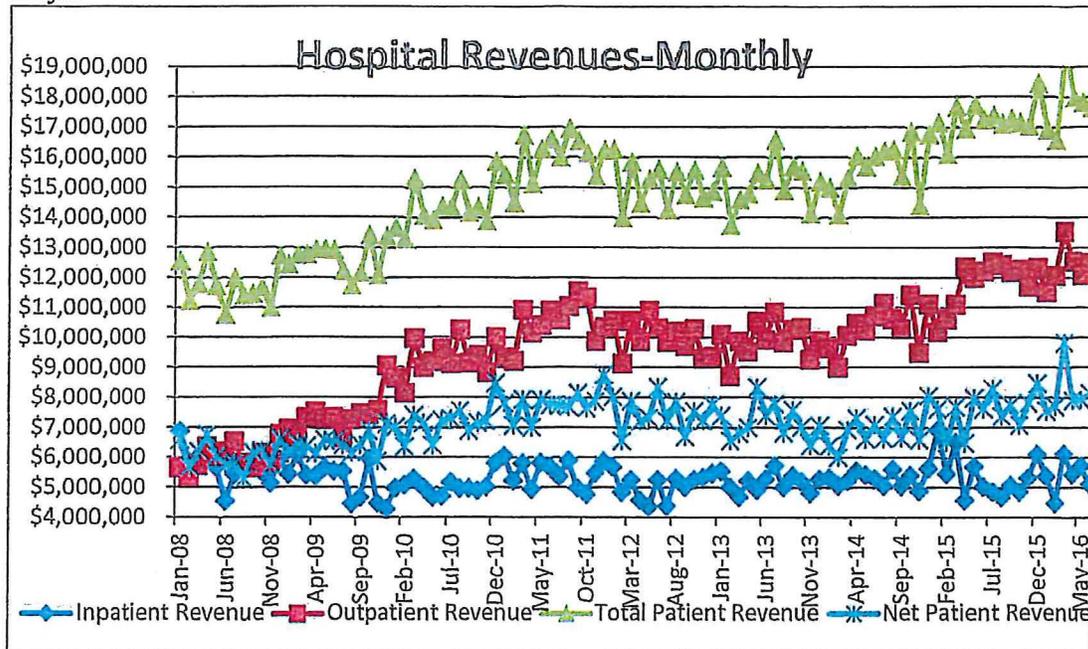
Liabilities have decreased due to Debt Principal payments and offset by increases in Accrued Interest, Accrued Salaries and Due to WMS. Net Pension Liability of \$35.6 million is the result of adopting GASB 68 Accounting and Financial Reporting for Pensions, in December 2015. In the Net Asset section, Specific Purpose Funds have decreased \$68,000.

June 2016 Results:

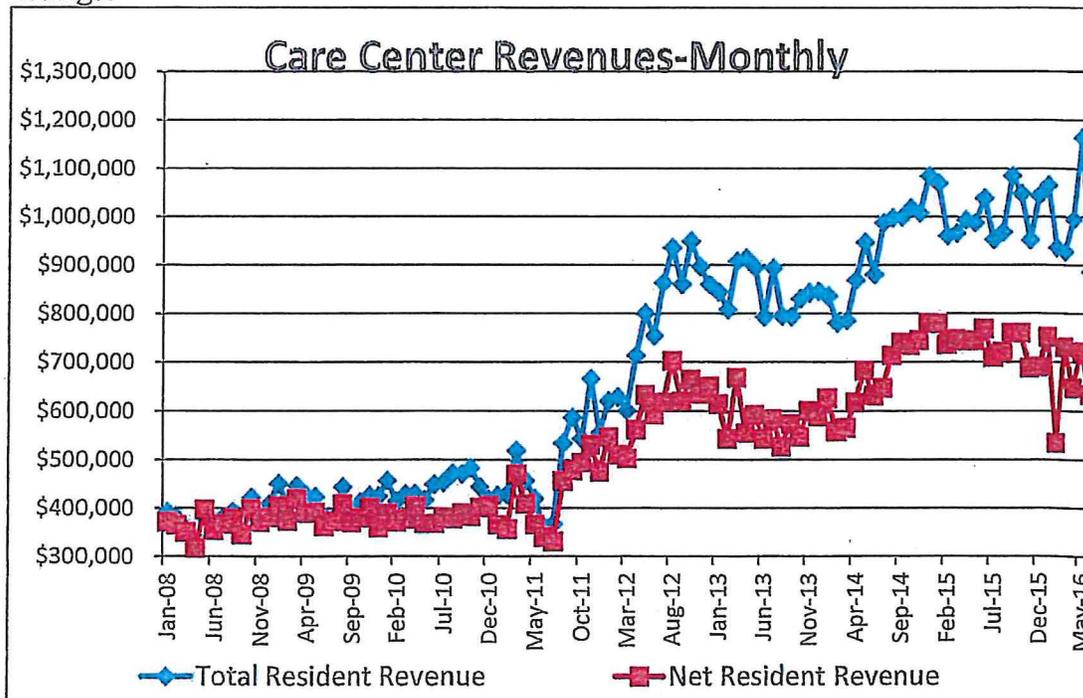
The Consolidated Operating Income was \$570,000 compared to the prior three-month average Operating Gain of \$635,000. Total Patient Revenues were 5.12% lower than the 3-month average while Total Operating Revenues were 6.37% lower than the average. Hospital Total Operating Revenues were 6.11% lower than the average with Inpatient Revenues 11.03% lower than average and Outpatient Revenues 1.75% lower than average. As shown in the graph below, Total Patient Revenues have been trending upward for the past year although flat over the past few months with the increase from Outpatient Revenues while Inpatient Revenues have steadily declined.



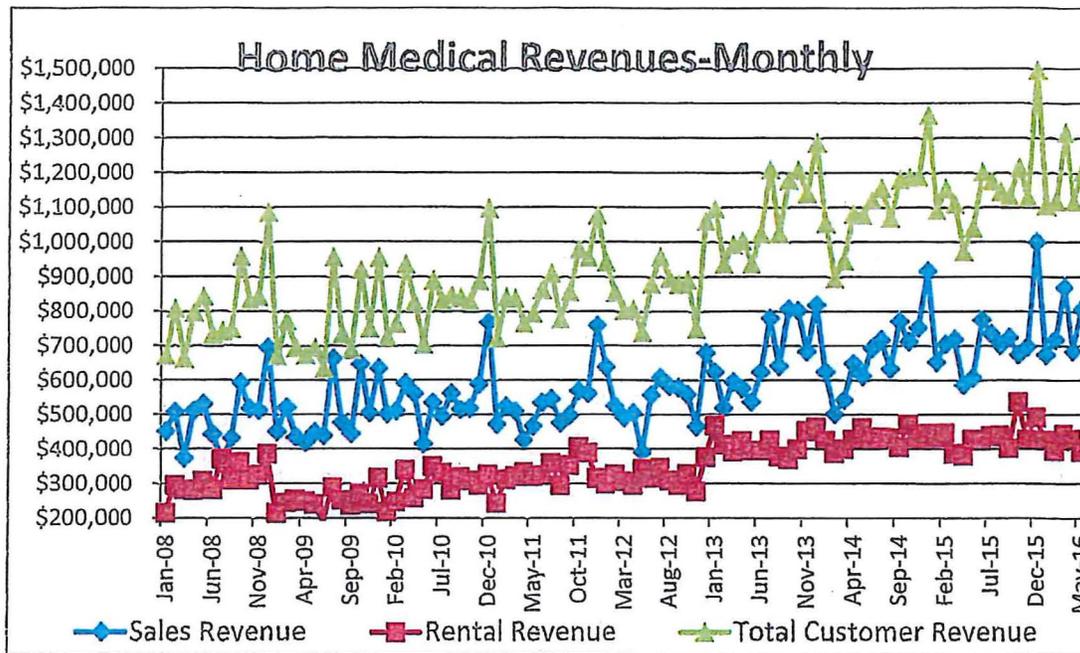
The monthly Hospital Revenues decreased in June due to decreases in Inpatient and Outpatient Revenues. Inpatient Revenues decreased due to the 5.3% decrease in Patient Days.



Care Center Total Operating Revenues were significantly lower than average by 13.78% for the month with Total Resident Revenues at \$887,000. The decrease is due to a decrease in Average Daily Census of 8.6% mostly due to lower demand for Therapy Suites. The average daily census decreased to 68.6 compared to the 71.6 three month average.



Home Medical Total Customer Revenues were 5.1% lower than average. Sales Revenues were 5.7% lower than average while Rental Revenues were 3.9% lower than average.

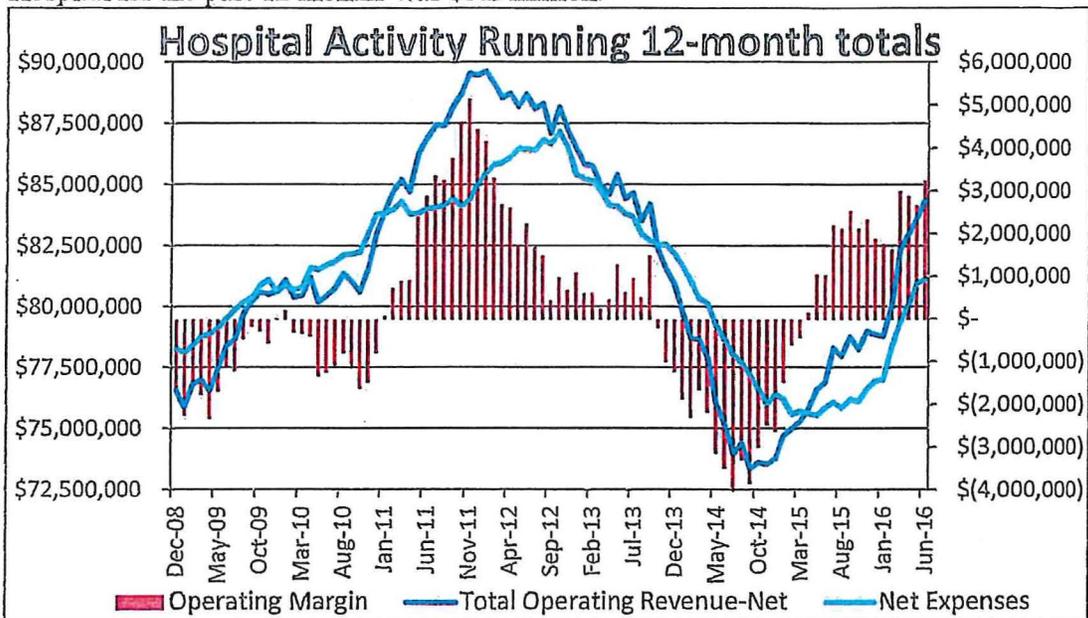


Total Deductions from Revenue were 4.91% lower than average. The Hospital's reimbursement rate for the month was 46.2% compared to the 2nd Quarter 2016 reimbursement rate of 44.9% and 1st Quarter 2016 reimbursement rate of 47.2%. As a result from decrease of Patient Revenues, the change in the Payer Mix, and the increase in reimbursement; Net Revenue from Patients was 5.35% lower than average. Other Operating Revenues were 5.95% lower than average and net WMS activity 1.69% less than the average.

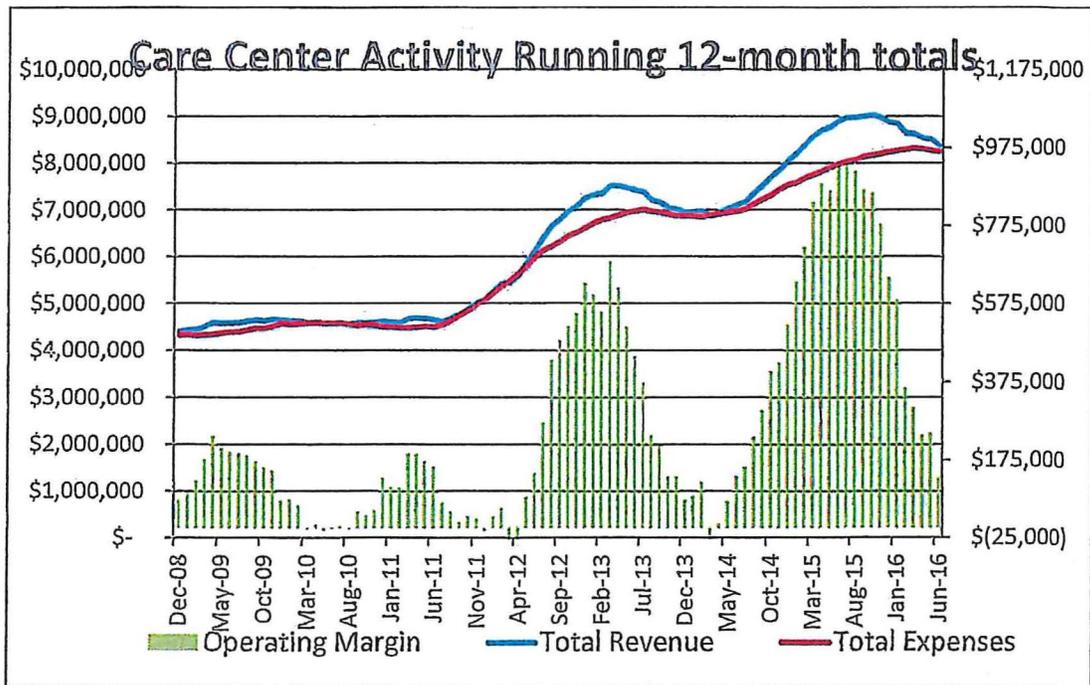
Net Expenses were \$8.1 million, 6.09% lower than average. Expenses were mostly lower for the month with Salaries 5.99% (\$244,000) lower than average, Contract Labor was 8.11% (\$35,000) lower than average due to lower contracted ED Physicians, and Benefits 19.7% (\$288,000) lower than average due to a decrease in Health Insurance Claims activity. The Hospital Compensation Ratio was 48.0% for the month compared to the target of 50%. Although FTE's were higher in the month which was due to many staff utilizing Paid Time Off; the lower Salaries were due to many of this staff not needing to be replaced due to lower activity. Supplies were 8.26% (\$90,000) higher than average due to minor equipment purchases expensed and timing of other departmental purchases expensed as received. Drugs were 2.37% (\$17,000) lower than average due to lower Oncology activity. Purchased Services were 12.24% (\$86,000) lower due to Administration; Repairs Service & Rentals were 3.23% (\$10,000) lower; Utilities 12.51% higher; Insurance 59.36% higher due to post-employment malpractice coverage purchased; Patient Related Travel 14.42% higher; Education Travel and Dues 21.24% lower; and Other 5.91% higher. Total Hospital Controllable Costs were \$7.3 million and 6.5% lower than average due to variances identified above. Capital Costs were lower with Depreciation 2.8% lower and Interest 1.26% lower. Taxes were 10.73% lower due to lower MN Care tax payments.

Non-operating activity was \$263,000 higher than the three-month average. Investment Income was lower than average by 9.62% while Unrealized Gains were \$270,000 higher than average.

The Hospital generated Operating Income of \$642,000 compared to average Operating Income of \$659,000. Total Operating Revenues were lower than average by 6.11% while Net Operating Expenses were 2.58% lower than average. Operating Income at the Hospital for the past 12 months was \$3.2 million.

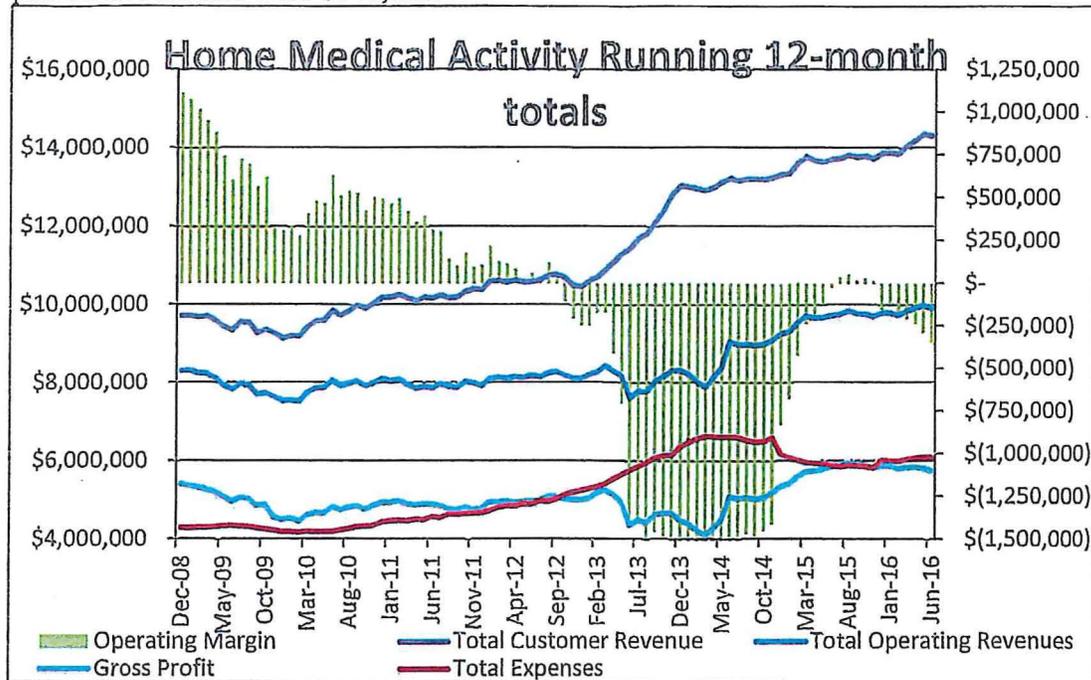


Care Center activity generated Operating Losses of \$12,000 compared to average Operating Income of \$24,000. Total Operating Revenues were 9.41% lower than average with Net Operating Expenses 4.19% lower than average. Lower than anticipated resident activity contributed to the losses. Operating Income for the past twelve months was \$128,000.



Home Medical activity generated Operating Losses of \$61,000 compared to average Operating Losses of \$49,000. Total Operating Revenues were 7.8% lower than average

while Total Operating Expenses were 4.7% lower than average. Operating Losses for the past twelve months were \$348,000.



June YTD Summary

The Consolidated YTD Operating Income was \$2.1 million compared to last year's Operating Income of \$1.5 million and 2014 YTD Operating Losses of \$3.3 million. Total Operating Revenues were 10.67% greater in 2016 compared to 2015 and 21.85% greater than 2014. Hospital Inpatient Revenues were 5.78% lower than 2015 and 1.12% higher than 2014 with Outpatient Revenues 8.34% higher than 2015 and 23.24% higher than 2014. Care Center Revenues were 0.66% lower than 2015 and 17.11% higher than 2014 and Home Medical Revenues were 6.68% higher than last year and 13.50% higher than 2014. Total Patient Revenues were 3.58% higher than last year; 15.53% higher than 2014; and 18.7% higher than 2013.

While the Revenue increase was significant from the prior year, the reimbursement rate also improved. Consolidated Deductions from Revenues were 0.99% lower than 2015 but 11.79% higher than 2014. Net Patient Revenues have increased 8.96% from 2015; 19.8% from 2014; and 16.44% compared to 2013. Other Operating Revenues were 7.39% higher than 2015 and 21.96% higher than 2014. WMS activity at Rice which transfers net revenues back to WMS has increased 1.83% from 2015 and 13.61% from 2014.

Net Expenses were 9.58% greater than 2015; 8.51% greater than 2014; and 3.71% greater than 2013. Expenses have increased in most categories with Salaries 4.25% higher than 2015 and 5.66% higher than 2014; Contract Labor 33.83% higher than 2015 due to Emergency Department physician coverage and 12.03% higher than 2014; and Benefits 23.58% higher than 2015 due to recording anticipated PERA expense and Health Insurance activity and 14.42% higher than 2014. Other expenses that were higher were Supplies (11.45%/15.85% higher) due to Surgery and Lab increased activity, Drugs were (14.99%/68.78% higher) than 2015 due to increased Oncology activity, Purchased Services (4.47%/9.69% higher) due to increases in Radiation Therapy, Consulting and

physician recruitment expense; Repairs (9.01%/13.94% higher) due to various maintenance items; Utilities (2.26%/3.69% lower); Insurance (8.77%/9.08% lower); Education, Travel, & Dues (28.19%/34.22% higher), and Other (0.0%/1.72% higher). Expense categories realizing lower costs in 2016 were Patient Related Travel (10.84%/32.44% lower). Capital Costs were higher with Depreciation (1.59% higher/3.73% lower) and Interest (2.85% lower/7.17% lower). Taxes were lower (0.15%/0.19% higher) due to MnCare Tax activity.

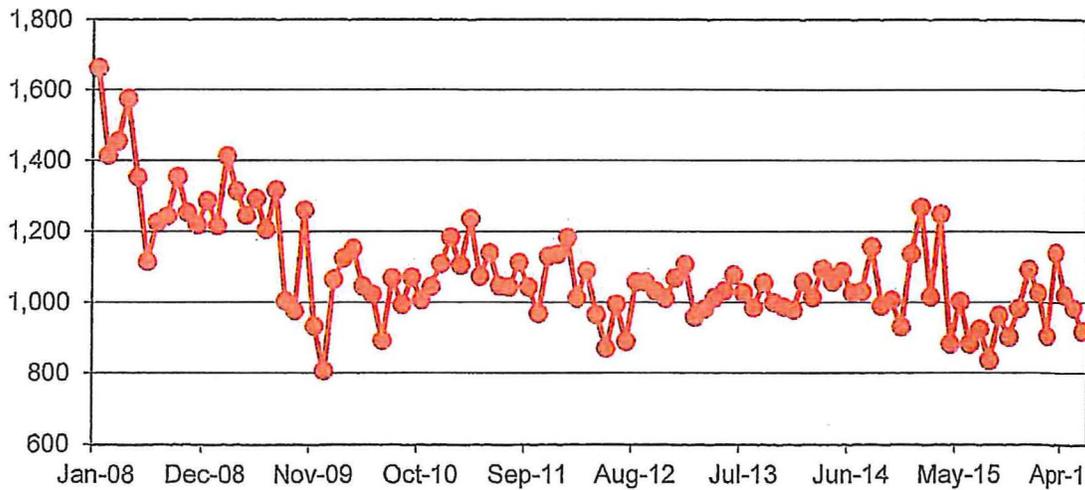
Non-Operating Income has increased \$149,000 from 2015. Non-Operating Income was \$825,000 in 2016 compared to \$676,000 in 2015. Investment Income was \$23,000 lower; Unrealized Gains on Investments were \$414,000 higher compared to 2015; and Other Gains were \$241,000 lower compared to 2015 (sale of existing Rehab Building).

The Hospital generated Operating Income of \$2.4 million compared to last year's Operating Income of \$1.0 million. Care Center's Operating Loss was \$4,400 compared to last year's Income of \$510,000 while Home Medical's Operating Loss was \$273,000 compared to last year's Loss of \$76,000.

Statistical and Volume Summary

Patient days were 52 (5.3%) lower than forecast with admissions 25 (9.3%) higher than forecast yielding a decrease in length of stay of 11.3% and a 6.3% decrease in case-mix adjusted length of stay. Compared to the prior year, patient days were 4.0% higher with admissions 12.2% higher. The average daily census for the month was 30.7 compared to forecast of 32.4; 29.5 last year; and a 34.2 three month average.

Hospital Patient Days



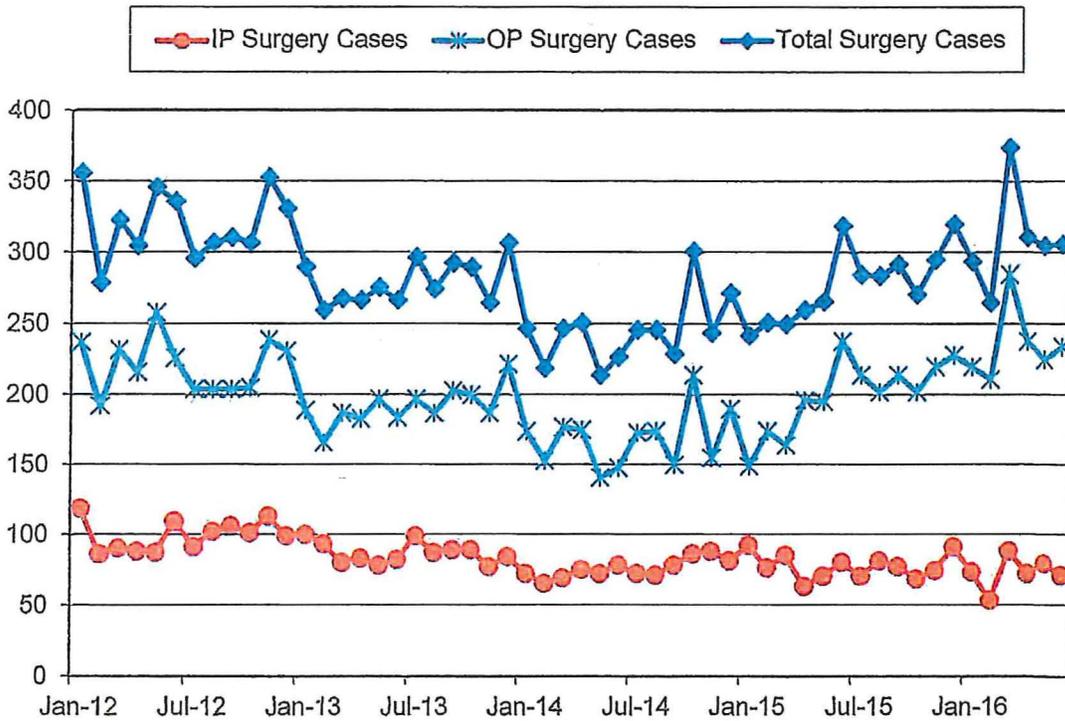
YTD Patient days were 115 (2.0%) greater than forecast with YTD admissions 46 (2.8%) greater than forecast yielding a decrease in length of stay of 0.8% and a 6.6% decrease in case-mix adjusted length of stay. Compared to the prior year, patient days were 4.9% lower with admissions 2.5% lower. The YTD average daily census was 33.0 compared to forecast of 32.4 and 34.9 last year.

The monthly Hospital Medicare case mix was 3.9% less than forecast and 12.6% less than last year. The overall case mix was 5.3% less than forecast and 3.1% less than last year. Overall activity as measured in adjusted admissions was 29.5% higher than forecast and 12.5% higher than last year while adjusted patient days were 12.2% higher

than forecast and 4.3% higher than last year. Care Center resident days were 8.6% less than forecast with a 68.6 average daily census. .

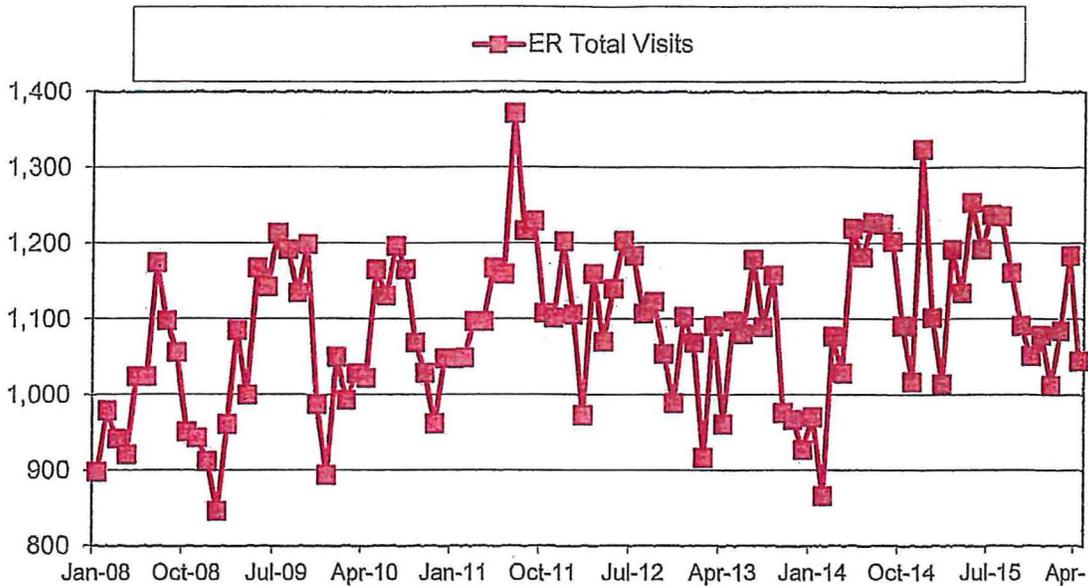
The YTD Hospital Medicare case mix was 3.1% greater than forecast and 3.3% greater than last year. The overall case mix was 6.1% greater than forecast and 5.1% greater than last year. YTD overall activity as measured in adjusted admissions was 17.0% greater than forecast and 6.8% higher than last year while adjusted patient days were 16.2% greater than forecast and 4.8% greater than last year. YTD Care Center resident days were 4.7% less than forecast with a 71.5 average daily census.

Ancillary departments were mixed for the month. Monthly Surgery & GI cases were 3.4% greater than forecast, 4.1% less than last year, and 34.8% greater than average. Inpatient activity was 4.0% less than forecast and 11.1% less than last year while Outpatient activity was 5.9% greater than forecast and 1.7% less than last year.



YTD Surgery cases were 7.3% greater than forecast and 16.8% greater than last year. Inpatient cases were 3.7% less than forecast and 6.4% less than last year while Outpatient cases were 11.3% greater than forecast and 26.6% greater than last year.

Emergency Room visits were 1.1% greater than forecast for the month, 4.0% less than last year, and 3.2% lower than average. YTD visits were 2.4% less than forecast and 3.3% less than last year and 5.0% greater than 2014.



Monthly Laboratory tests were 5.6% less than forecast, 5.7% less than last year, and 3.3% less than average. Medical Imaging procedures were 4.5% greater than forecast, 1.2% less than last year, and 4.5% less than average. Radiation Oncology visits 13.9% less than forecast, 22.4% less than last year while Medical Oncology volumes were 3.2% higher than forecast and 11.4% higher than last year. Dialysis treatments were 8.5% less than forecast, 11.3% less than last year, and 7.3% less than average; Rehab visits were 6.8% greater than forecast, 4.8% greater than last year, and 0.1% less than average; Hospice visits were 17.5% less than forecast, 11.6% less than last year, and 15.2% less than average; and Ambulance runs were 1.3% greater than forecast, 6.0% greater than last year, but 3.4% less than average.

YTD Laboratory tests were 1.0% less than forecast and 2.9% less than last year. Medical Imaging procedures were 0.3% greater than forecast and 3.9% less than last year. Radiation Oncology treatments were 2.5% less than forecast and 4.3% less than last year. Medical Oncology visits were 5.9% greater than forecast and 18.9% greater than last year. Dialysis treatments were 10.4% less than forecast and 11.7% less than last year; Rehab visits were 1.8% greater than forecast and 2.3% less than last year; Hospice visits were 2.5% less than forecast and 8.5% greater than last year; and Ambulance runs were 5.5% less than forecast and 5.8% less than last year.

Full Time Equivalents (FTE's) for the month were 782 compared to a forecast of 759. This compared to last year's total of 773 (1.2% higher) but less than the three month average of 789. Hospital FTE's were 3.6% higher than forecast, 2.1% higher than last year, and 0.5% less than average. Care Center FTE's were 6.8% greater than forecast, 2.8% less than last year and 5.0% higher than average. Home Medical FTE's were 5.3% less than forecast, 2.0% less than last year, and 10.0% less than average.

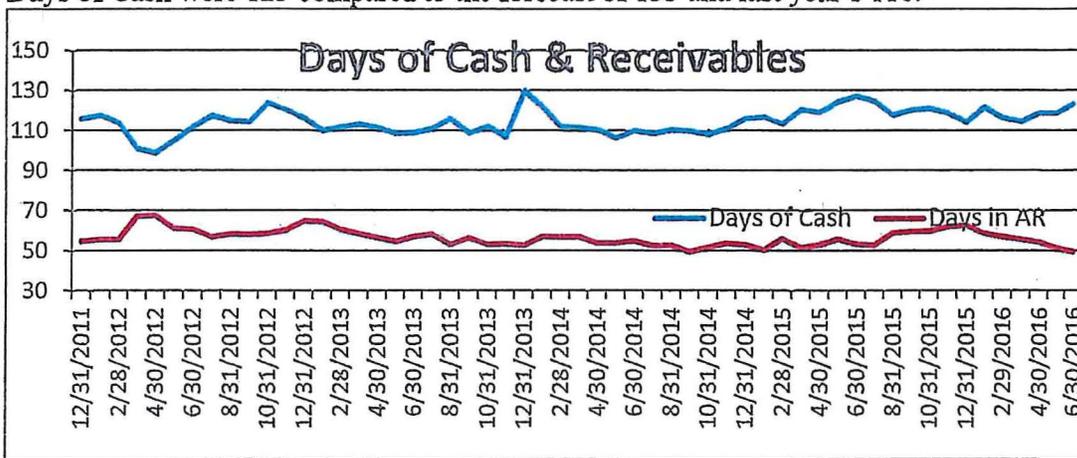
YTD FTE's were 2.5% higher than forecast at 784 compared to the forecast of 765 and higher than last year's FTE's of 774 (1.3% higher) but lower than the 790 (0.8% lower) from 2014. Hospital FTE's were 2.6% higher than forecast and 1.5% higher than last year. Care Center was 6.9% higher than forecast and 0.6% lower than last year while Home Medical was 3.7% less than forecast and 1.4% higher than last year.

Key Performance Indicators

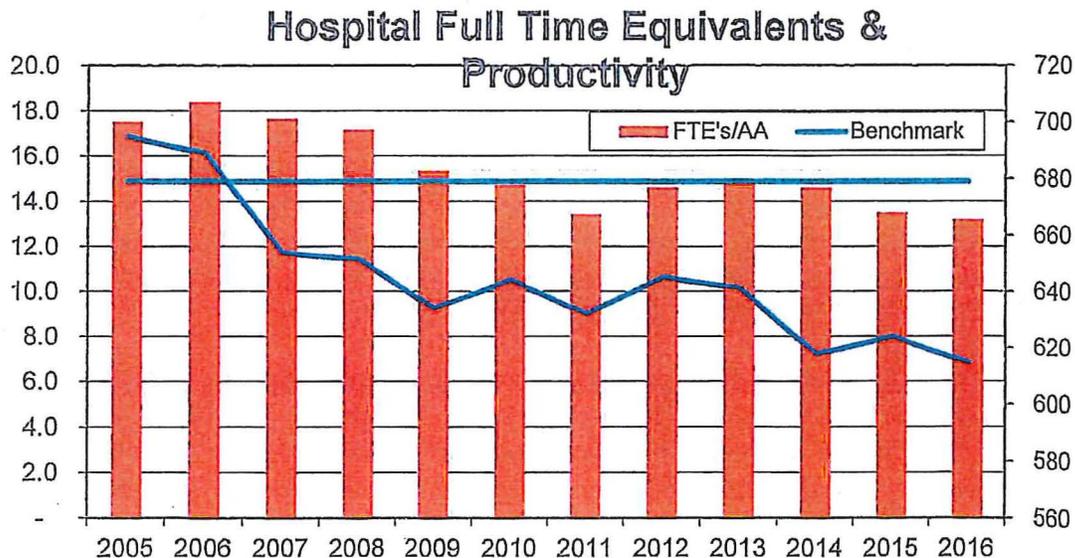
The Operational indicators were positive for the month and compared to the forecast. Consolidated Operating Margin was 6.6% for the month; 4.1% YTD; forecast of 2.8% and last year's 2.4%. Excess Margin was 9.8% for the month; 5.6% YTD; forecast of 3.8% and last year's 3.3%. EBIDA Operating Margin was 16.0% for the month; 13.6% YTD; forecast of 12.8% and last year's 12.9%.

The Financial ratios indicate that the Debt/Capitalization ratio of 40.9% was lower than last month; higher than the forecast of 40.0%; lower than last year's 43.5%, and higher than the targeted ceiling of 35.5%. The Debt/Cap ratio does not include the Net Pension Liability for comparability purposes. Debt Service Coverage was 3.8 compared to the forecast of 3.6 and last year's 3.6. The Cash/Debt ratio was 71% compared to the forecast of 69% and last year's 59%.

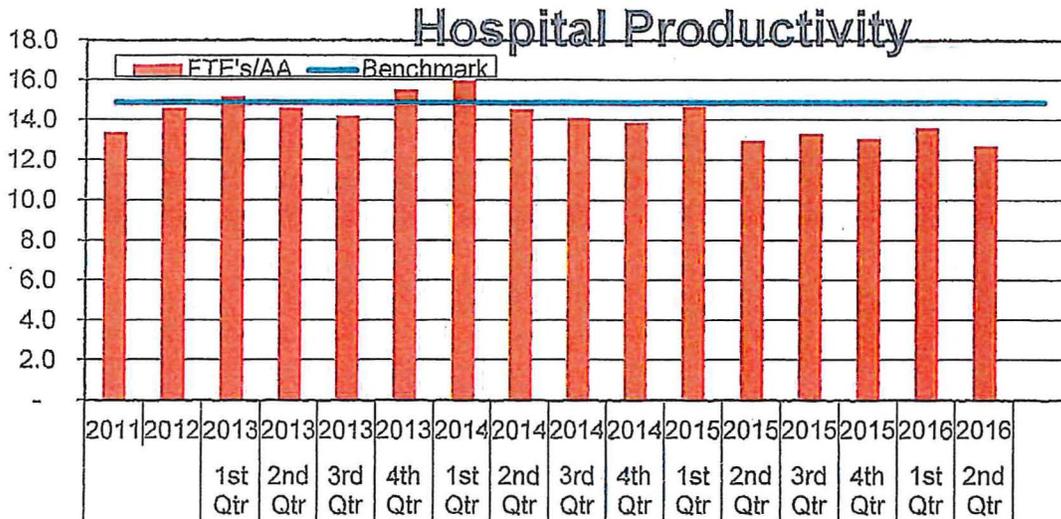
Days in accounts receivable were 50 compared to the forecast of 50 and last year's 63. Days of Cash were 123 compared to the forecast of 133 and last year's 116.



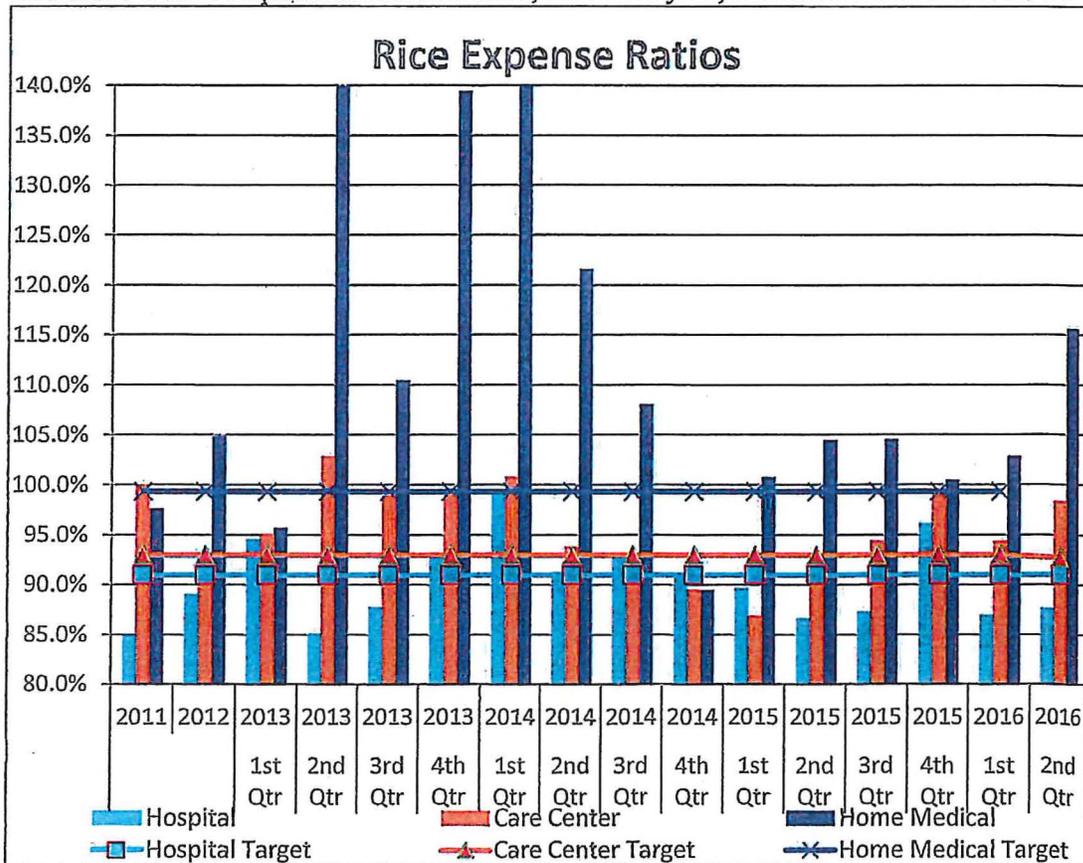
Hospital productivity ratios in terms of staffing were lower for the month than the forecast with FTE's per adjusted admit at 12.0 and 13.2 YTD compared to the forecast of 14.0 and last year's ratio of 13.5. FTE's per adjusted patient day were 3.8 for the month and 3.7 YTD compared to the forecast of 3.7 and 3.8 last year.



In 2nd Quarter 2016, the Hospital Productivity ratio improved compared to 1st Quarter with the lower volumes that occurred in January and February.



The Hospital Total Operating Expense Ratio was 84.0% for the month; 87.3% YTD, forecast of 91%; and last year's 89.9%. Bad Debt ratio was 0.6% YTD compared to the 2.0% forecast and significantly better than the benchmark of 7.4%. Capital Expense ratio was 8.0% YTD compared to 8.0% forecast, 8.6% last year, and the benchmark of 6.9%.

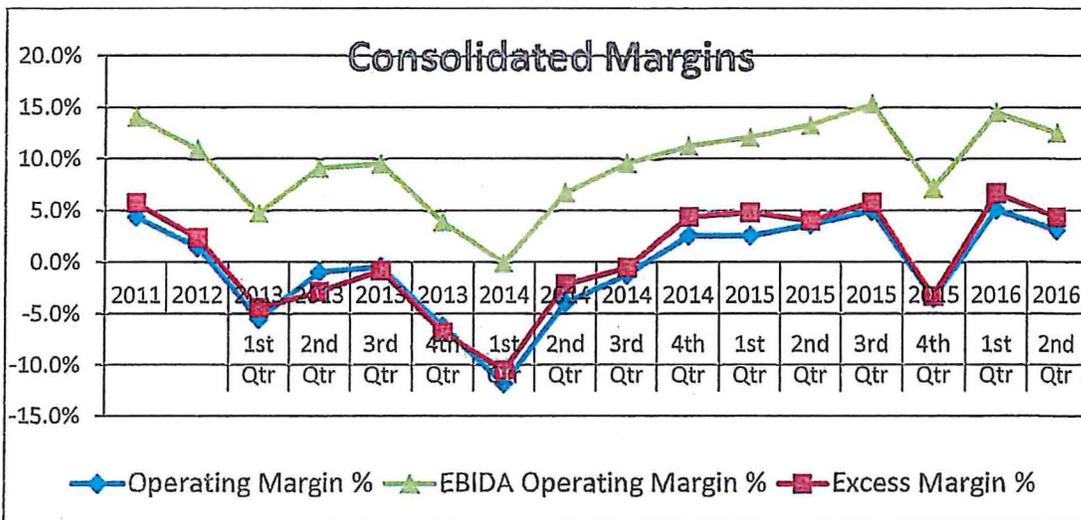


Care Center Hours per Resident Day were 7.0 for the month; 6.7 YTD; forecast of 6.5 and 6.7 last year. The Care Center's Total Operating Expense Ratio was 102.0% for the month; 100.1% YTD; 93% Forecast; and 92.8% in 2015.

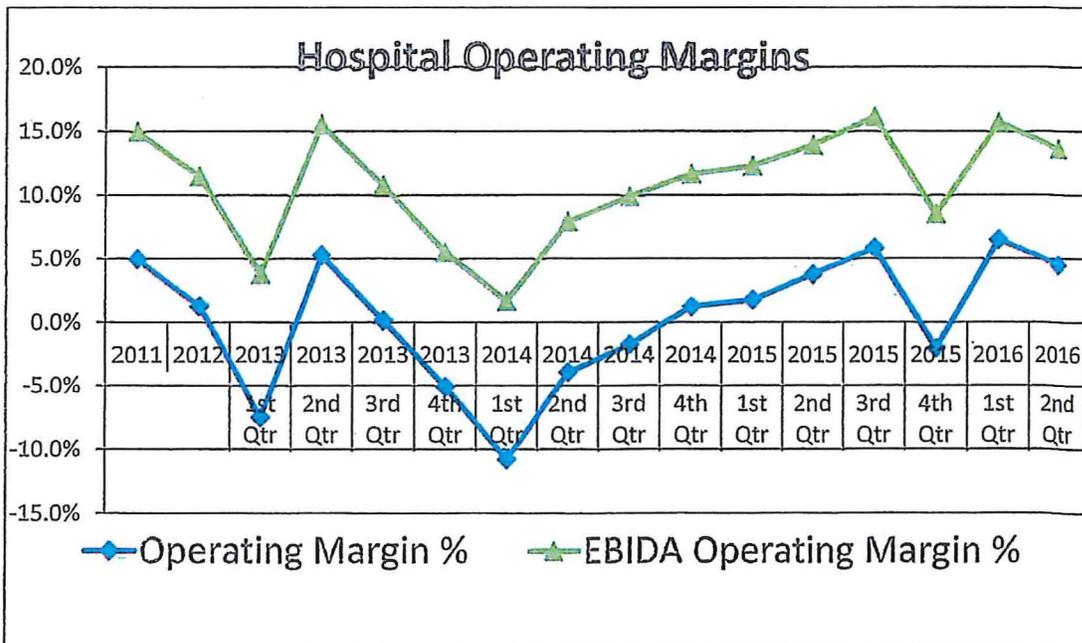
Sales per FTE at Home Medical were \$199,900 for the month; \$196,800 YTD; forecast of \$197,000 and \$194,800 last year. Home Medical's Total Operating Expense Ratio was 114.2% for the month; 109.8% YTD; 100.0% Forecast; and 102.6% in 2015.

Key Performance Indicators by Entity

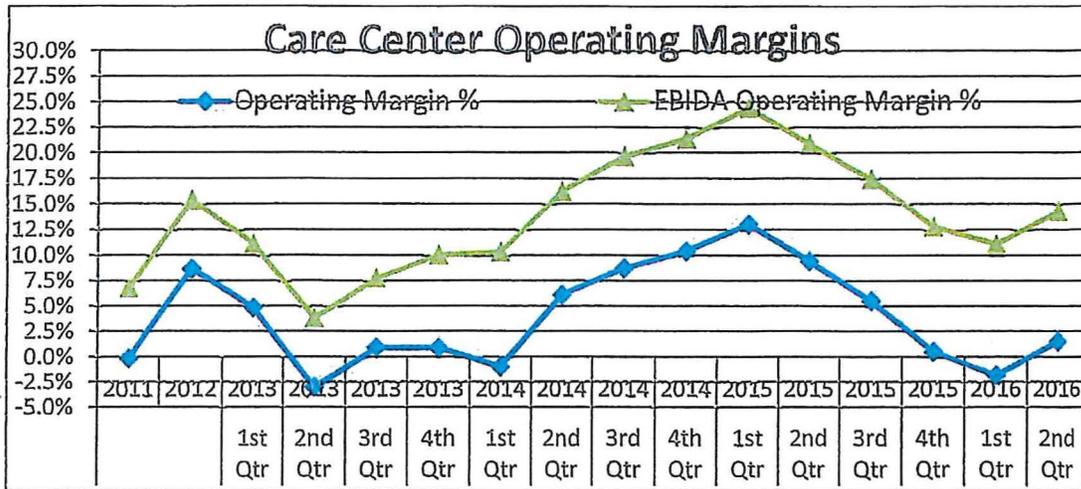
The Consolidated Margins declined in 2nd Quarter 2016 but were still positive at 3.1% compared to Operating Margin of 5.1% in 1st Quarter 2016 and improved significantly over 4th Quarter 2015's result of -3.4%. The EBIDA Operating Margin, and Excess Margin also fell from 1st Quarter's improvement over 4th Quarter 2015.



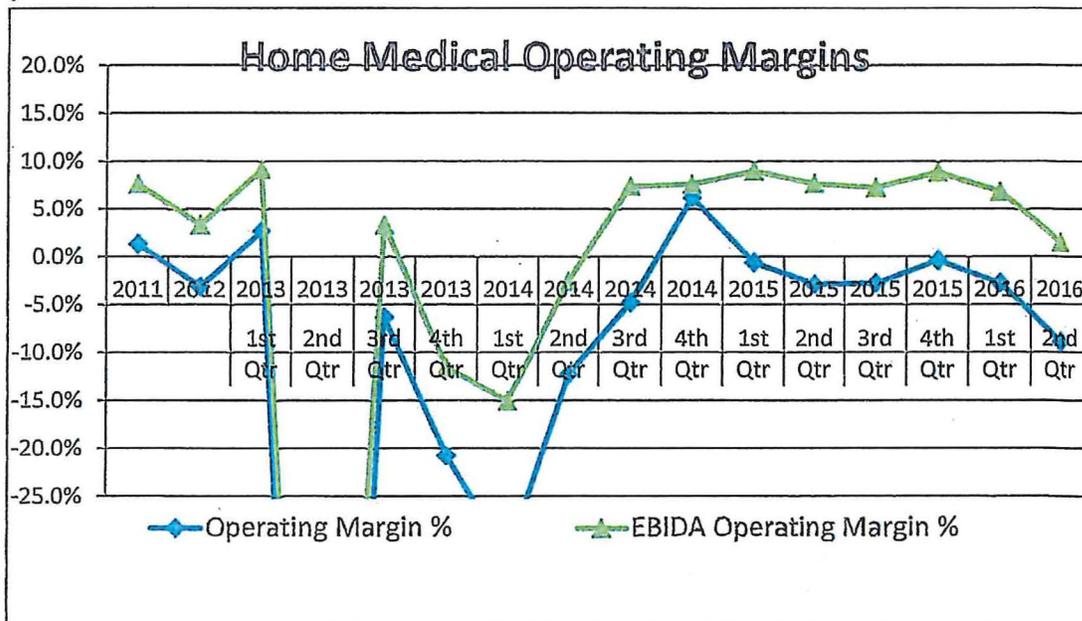
Hospital Margins also declined in 2nd Quarter 2016 compared to 1st Quarter 2016 which boasted lower expense ratios and increased volume.



Care Center Margins increased in 2nd Quarter 2016 compared to 1st Quarter where lower volumes and increased write-offs contributed to negative performance.



Home Medical financial performance experience further decline in 2nd Quarter 2016 compared to the past quarter due to lower sales.



**RICE MEMORIAL HOSPITAL
CONSOLIDATED
BALANCE SHEET**
For the Six Periods Ending June 30, 2016

	June 2016	12/31/2015	Variance	12/31/2014	Variance	12/31/2013	Variance
1 ASSETS							
2 CURRENT ASSETS							
3 CASH AND CASH EQUIVALENTS	\$7,059,502	\$3,234,021	\$3,825,481	\$2,449,437	\$4,610,065	\$9,357,051	(\$2,297,549)
4 TRUSTEE BOND AGREEMENTS - CURRENT	1,958,246	2,958,692	(1,000,446)	2,757,540	(799,294)	2,379,838	(421,592)
5 ACCOUNTS RECEIVABLE NET	15,897,333	18,878,069	(2,980,736)	14,718,037	1,179,296	14,511,931	1,385,402
6 OTHER RECEIVABLES	810,629	795,332	15,297	548,759	261,870	437,453	373,176
7 INVENTORY	2,214,045	2,140,792	73,253	1,974,860	239,185	2,117,850	96,195
8 PREPAID EXPENSES	1,050,381	1,025,311	25,070	877,299	173,081	991,750	58,630
10 TOTAL CURRENT ASSETS	28,990,137	29,032,218	(42,081)	23,325,933	5,664,203	29,795,874	(805,737)
11 ASSETS LIMITED AS TO USE							
12 HELD BY TRUSTEES - BOND AGREEMENTS	3,776,634	3,776,634	0	3,776,634	0	3,571,278	205,356
16 REMAINDER UNITRUST - RECEIVABLE	47,522	47,522	0	47,522	0	47,522	0
17 ENDOWMENT FUND - INVESTMENTS	2,936,749	2,920,922	15,827	3,061,232	(124,483)	2,960,184	(23,434)
19 TOTAL ASSETS - USE IS LIMITED	6,760,906	6,745,079	15,827	6,885,388	(124,483)	6,578,984	181,921
20 PROPERTY PLANT & EQUIPMENT							
22 PROPERTY PLANT & EQUIPMENT	153,559,136	148,474,757	5,084,379	142,634,962	10,924,173	136,903,754	16,655,381
23 LESS: ACCUMULATED DEPRECIATION	(90,898,091)	(87,408,770)	(3,489,322)	(80,874,221)	(10,023,870)	(75,712,695)	(15,185,396)
25 NET PROPERTY, PLANT & EQUIPMENT	62,661,044	61,065,987	1,595,057	61,760,741	900,303	61,191,059	1,469,985
26 OTHER ASSETS							
28 INVESTMENTS - FIXED INCOME	24,901,646	24,355,400	546,246	25,106,026	(204,380)	22,595,563	2,306,082
29 INVESTMENTS - SHR	487,523	487,523	0	459,048	28,476	439,455	48,068
30 INVESTMENTS - WMS	4,748,854	4,020,928	727,927	4,269,043	479,812	3,769,317	979,538
31 INVESTMENTS - LAKE REGION HMS	(12,936)	(16,322)	3,386	18,124	(31,060)	0	(12,936)
32 INVESTMENTS - VHA UMCS	50,000	50,000	0	54,963	(4,963)	54,963	(4,963)
33 GODWILL, NET	81,393	82,056	(663)	83,389	(1,996)	84,722	(3,330)
37 TOTAL OTHER ASSETS	30,256,480	28,979,585	1,276,895	29,990,593	265,887	26,944,020	3,312,460
39 TOTAL ASSETS	61,287,608,507	61,268,222,809	19,385,698	51,219,622,656	9,067,955,911	51,248,509,937	10,038,630
41 LIABILITIES AND NET ASSETS							
42 CURRENT LIABILITIES							
43 CURRENT MATURITIES OF LTD	\$2,239,597	\$2,239,597	\$0	\$1,944,520	\$295,077	\$1,730,232	\$509,365
45 ACCOUNTS PAYABLE TRADE	2,361,011	2,418,818	(57,807)	1,856,340	504,671	1,939,719	421,292
46 EST. THIRD PARTY PAYOR SETTLEMENTS	93,896	80,000	13,896	(188,000)	281,896	192,060	(98,164)
47 ACCRUED SALARIES AND BENEFITS	11,748,262	10,635,036	1,113,226	11,471,484	276,778	11,131,571	616,692
48 ACCRUED INTEREST AND DUE TO WMS	2,773,903	2,651,080	122,823	2,225,849	548,054	2,093,781	680,122
50 TOTAL CURRENT LIABILITIES	19,216,670	18,024,531	1,192,138	17,310,194	1,906,476	17,087,362	2,129,307
51 LONG TERM DEBT (LESS CURRENT)	44,770,228	46,826,832	(2,056,603)	47,945,859	(3,175,630)	49,770,570	(5,000,342)
54 TOTAL LIABILITIES	63,986,898	64,851,363	(864,465)	65,256,052	(1,269,154)	66,857,932	(2,871,035)
55 NET PENSION LIABILITY	35,682,265	35,418,495	263,770	0	35,682,265	0	35,682,265
58 NET ASSETS							
59 RESTRICTED FUNDS							
60 DEBT SERVICE AND RESERVE	3,776,634	3,776,634	0	3,776,634	0	3,571,278	205,356
61 SPECIFIC PURPOSE FUND	204,973	273,764	(68,790)	216,568	(11,594)	270,286	(65,313)
62 PERMANENT ENDOWMENT	2,936,749	2,920,922	15,827	3,061,232	(124,483)	2,960,184	(23,434)
63 CURRENT YEAR INCOME	2,995,916	2,848,854	147,062	(1,677,986)	4,673,902	(3,426,313)	6,422,229
64 UNRESTRICTED	19,085,131	15,732,837	3,352,294	51,330,156	(32,245,025)	54,276,569	(35,191,438)
66 TOTAL NET ASSETS	28,999,404	25,553,011	3,446,393	56,706,604	(27,707,200)	57,652,005	(28,652,601)
68 TOTAL LIABILITIES AND NET ASSETS	61,287,608,507	61,268,222,809	19,385,698	51,219,622,656	9,067,955,911	51,248,509,937	10,038,630

RICE MEMORIAL HOSPITAL
CONSOLIDATED
For The Month Ending June 30, 2016

	JUNE 2016	PRIOR 3 MO AVERAGE	% VAR	MAY 2016	% VAR	APRIL 2016	% VAR	MARCH 2016	% VAR
OPERATING REVENUE									
INPATIENT REVENUE	\$5,135,218	\$5,771,720	(11.03%)	\$5,726,479	(10.33%)	\$5,453,310	(5.83%)	\$6,135,371	(16.30%)
OUTPATIENT REVENUE	12,513,755	12,736,340	(1.75%)	12,107,866	3.35%	12,555,533	(0.33%)	13,545,620	(7.62%)
RICE CARE CENTER REVENUE	887,874	1,029,811	(13.78%)	1,164,735	(23.77%)	995,325	(10.80%)	929,373	(4.47%)
RICE HOME MEDICAL REVENUE	1,151,361	1,213,192	(5.10%)	1,203,291	(4.32%)	1,118,650	2.92%	1,317,636	(12.62%)
TOTAL PATIENT REVENUE	19,688,208	20,751,063	(5.12%)	20,202,371	(2.55%)	20,122,817	(2.16%)	21,928,000	(10.21%)
LESS DISCOUNTS & CONTRACTUALS	9,818,628	10,617,180	(7.52%)	10,698,587	(8.23%)	10,637,897	(7.70%)	10,515,056	(6.62%)
LESS UNCOMPENSATED CARE	156,605	22,875	584.62%	(105,481)	(248.47%)	89,814	74.37%	84,290	85.79%
LESS BAD DEBT EXPENSE	166,667	25,458	554.68%	141,360	17.90%	73,592	126.48%	(138,578)	(220.27%)
TOTAL DEDUCTIONS FROM REVENUE	10,141,901	10,665,513	(4.91%)	10,734,466	(5.52%)	10,801,303	(6.10%)	10,460,768	(3.05%)
NET REVENUE FROM PATIENTS	9,546,308	10,085,550	(5.35%)	9,467,905	0.83%	9,321,514	2.41%	11,467,232	(16.75%)
OTHER OPERATING REVENUE	1,499,549	1,594,455	(5.95%)	1,845,092	(18.73%)	1,404,158	6.79%	1,534,114	(2.25%)
TOTAL OPERATING REVENUE	11,045,857	11,680,005	(5.43%)	11,312,998	(2.36%)	10,725,672	2.99%	13,001,346	(15.04%)
LESS: WILLMAR MEDICAL SERVICES									
OPERATING REVENUE	2,310,464	2,350,203	(1.69%)	2,308,693	0.08%	2,329,216	(0.81%)	2,412,698	(4.24%)
TOTAL OPERATING REVENUE	8,735,393	9,329,803	(6.37%)	9,004,304	(2.99%)	8,396,456	4.04%	10,588,648	(17.50%)
OPERATING EXPENSES									
SALARIES AND WAGES	3,829,678	4,073,560	(5.99%)	4,147,278	(7.66%)	4,041,033	(5.23%)	4,032,370	(5.03%)
CONTRACT LABOR	390,888	425,399	(8.11%)	416,734	(6.20%)	422,839	(7.56%)	436,624	(10.48%)
SUPPLEMENTAL BENEFITS	1,174,093	1,462,082	(19.70%)	1,262,272	(6.99%)	1,517,092	(22.61%)	1,606,881	(26.93%)
SUPPLIES	1,179,592	1,089,601	8.26%	1,138,586	3.60%	973,422	21.18%	1,156,796	1.97%
DRUGS	713,466	730,775	(2.37%)	806,953	(11.59%)	648,719	9.98%	736,651	(3.15%)
PURCHASED SERVICES	617,131	703,183	(12.24%)	707,570	(12.78%)	681,480	(9.44%)	720,500	(14.35%)
REPAIRS, SERVICE & RENTALS	295,170	305,018	(3.23%)	285,603	3.35%	311,923	(5.37%)	317,527	(7.04%)
UTILITIES	151,675	134,808	12.51%	126,678	19.73%	140,146	8.23%	137,600	10.23%
INSURANCE	79,769	50,056	59.36%	50,549	57.81%	50,539	57.84%	49,080	62.53%
PATIENT RELATED TRAVEL	27,119	23,702	14.42%	20,742	30.74%	25,990	4.35%	24,374	11.26%
EDUCATION, TRAVEL, & DUES	92,622	117,604	(21.24%)	134,678	(31.23%)	117,932	(21.46%)	100,201	(7.56%)
OTHER	41,454	39,141	5.91%	40,137	3.28%	22,935	80.75%	54,350	(23.73%)
DEPRECIATION AND AMORT	678,779	698,354	(2.80%)	696,276	(2.51%)	680,209	(0.21%)	718,575	(5.54%)
INTEREST	139,604	141,382	(1.26%)	142,398	(1.96%)	140,025	(0.30%)	141,724	(1.50%)
TAXES & SURCHARGE	172,567	193,304	(10.73%)	199,338	(13.43%)	189,335	(8.86%)	191,238	(9.76%)
TOTAL OPERATING EXPENSES	9,583,606	10,187,968	(5.93%)	10,175,792	(5.82%)	9,963,620	(3.81%)	10,424,493	(8.07%)
LESS: WILLMAR MEDICAL SERVICES									
OPERATING EXPENSES	1,418,450	1,493,389	(5.02%)	1,550,437	(8.51%)	1,421,835	(0.24%)	1,507,895	(5.93%)
NET OPERATING EXPENSES	8,165,156	8,694,579	(6.09%)	8,625,355	(5.34%)	8,541,785	(4.41%)	8,916,598	(8.43%)
OPERATING INCOME (LOSS)	\$570,237	\$635,223	(10.23%)	\$378,949	50.48%	(\$145,329)	(492.38%)	\$1,672,050	(65.90%)
NON OPERATING INCOME									
INVESTMENT INCOME	58,112	64,300	(9.62%)	54,693	6.25%	50,212	15.73%	87,994	(33.96%)
UNREALIZED GAIN (LOSS)	252,531	(18,155)	(1,490.95%)	(46,047)	(648.42%)	(17,900)	(1,510.78%)	9,481	2,563.43%
OTHER GAIN (LOSS)	0	1,750	(100.00%)	0	0.00%	5,249	(100.00%)	0	0.00%
TOTAL NON OPERATING INCOME	310,643	47,894	548.61%	8,646	3,493.10%	37,561	727.03%	97,475	218.69%
NET INCOME (LOSS)	880,880	683,117	28.95%	387,595	127.27%	(107,768)	(917.39%)	1,769,525	(50.22%)

RICE MEMORIAL HOSPITAL
RICE MEMORIAL HOSPITAL
For The Month Ending June 30, 2016

	JUNE 2016	PRIOR 3 MO AVERAGE	% VAR	MAY 2016	% VAR	APRIL 2016	% VAR	MARCH 2016	% VAR
OPERATING REVENUE									
INPATIENT REVENUE	\$5,135,218	\$5,771,720	(11.03%)	\$5,726,479	(10.33%)	\$5,453,310	(5.83%)	\$6,135,371	(16.30%)
OUTPATIENT REVENUE	12,513,755	12,736,340	(1.75%)	12,107,866	3.35%	12,555,533	(0.33%)	13,545,620	(7.62%)
TOTAL PATIENT REVENUE	17,648,973	18,508,060	(4.64%)	17,834,345	(1.04%)	18,008,842	(2.00%)	19,680,992	(10.32%)
LESS DISCOUNTS & CONTRACTUALS	9,183,214	9,909,004	(7.32%)	9,880,278	(7.06%)	9,927,382	(7.50%)	9,919,353	(7.42%)
LESS UNCOMPENSATED CARE	156,129	21,887	613.36%	(106,682)	(246.35%)	88,209	77.00%	84,133	85.57%
LESS BAD DEBT EXPENSE	160,058	12,356	1,195.37%	117,199	36.57%	68,706	132.96%	(148,836)	(207.54%)
TOTAL DEDUCTIONS FROM REVENUE	9,499,401	9,943,247	(4.46%)	9,890,794	(3.96%)	10,084,296	(5.80%)	9,854,651	(3.60%)
NET REVENUE FROM PATIENTS	8,149,573	8,564,813	(4.85%)	7,943,551	2.59%	7,924,546	2.84%	9,826,341	(17.06%)
OTHER OPERATING REVENUE	1,479,649	1,580,376	(6.37%)	1,833,082	(19.28%)	1,385,836	6.77%	1,522,210	(2.80%)
TOTAL OPERATING REVENUE	9,629,222	10,145,189	(5.09%)	9,776,634	(1.51%)	9,310,382	3.42%	11,348,551	(15.15%)
LESS: WILLMAR MEDICAL SERVICES									
OPERATING REVENUE	2,310,464	2,350,203	(1.69%)	2,308,693	0.08%	2,329,216	(0.81%)	2,412,698	(4.24%)
TOTAL OPERATING REVENUE	7,318,758	7,794,987	(6.11%)	7,467,940	(2.00%)	6,981,166	4.84%	8,935,853	(18.10%)
OPERATING EXPENSES									
SALARIES AND WAGES	3,318,080	3,540,065	(6.27%)	3,610,364	(8.10%)	3,522,322	(5.80%)	3,487,510	(4.86%)
CONTRACT LABOR	309,163	334,316	(7.52%)	322,283	(4.07%)	339,501	(8.94%)	341,163	(9.38%)
SUPPLEMENTAL BENEFITS	998,692	1,278,845	(21.91%)	1,085,363	(7.99%)	1,338,870	(25.41%)	1,412,300	(29.29%)
SUPPLIES	790,578	685,253	15.37%	730,284	8.26%	601,164	31.51%	724,310	9.15%
DRUGS	696,925	711,458	(2.04%)	784,159	(11.12%)	631,541	10.35%	718,674	(3.03%)
PURCHASED SERVICES	564,766	648,463	(12.91%)	656,399	(13.96%)	624,772	(9.60%)	664,217	(14.97%)
REPAIRS, SERVICE & RENTALS	267,717	276,705	(3.25%)	258,681	3.49%	283,744	(5.65%)	287,689	(6.94%)
UTILITIES	130,408	114,571	13.82%	108,952	19.69%	119,524	9.11%	115,237	13.16%
INSURANCE	72,172	42,633	69.29%	43,119	67.38%	43,119	67.38%	41,660	73.24%
PATIENT RELATED TRAVEL	19,554	15,383	27.11%	12,731	53.59%	18,718	4.46%	14,699	33.02%
EDUCATION, TRAVEL, & DUES	87,675	110,378	(20.57%)	129,500	(32.30%)	108,520	(19.21%)	93,114	(5.84%)
OTHER	36,100	28,747	25.58%	29,684	21.62%	17,506	106.21%	39,051	(7.56%)
DEPRECIATION AND AMORT	538,842	555,851	(3.06%)	551,166	(2.24%)	539,355	(0.10%)	577,033	(6.62%)
INTEREST	114,516	116,294	(1.53%)	117,310	(2.38%)	114,936	(0.37%)	116,636	(1.82%)
TAXES & SURCHARGE	149,084	169,438	(12.01%)	175,105	(14.86%)	165,433	(9.88%)	167,775	(11.14%)
TOTAL OPERATING EXPENSES	8,094,271	8,628,398	(6.19%)	8,615,100	(6.05%)	8,469,027	(4.43%)	8,801,069	(8.03%)
LESS: WILLMAR MEDICAL SERVICES									
OPERATING EXPENSES	1,418,450	1,493,389	(5.02%)	1,550,437	(8.51%)	1,421,835	(0.24%)	1,507,895	(5.93%)
NET OPERATING EXPENSES	6,675,820	7,135,010	(6.44%)	7,064,663	(5.50%)	7,047,192	(5.27%)	7,293,174	(8.46%)
OPERATING INCOME (LOSS)	\$642,938	\$659,977	(2.58%)	\$403,278	59.43%	(\$66,026)	(1,073.77%)	\$1,642,679	(60.86%)
NON OPERATING INCOME									
INVESTMENT INCOME	55,309	60,213	(8.15%)	53,252	3.86%	48,712	13.54%	78,676	(29.70%)
UNREALIZED GAIN (LOSS)	252,531	(18,155)	(1,490.95%)	(46,047)	(648.42%)	(17,900)	(1,510.78%)	9,481	2,563.43%
OTHER GAIN (LOSS)	0	1,750	(100.00%)	0	0.00%	5,249	(100.00%)	0	0.00%
TOTAL NON OPERATING INCOME	307,840	43,808	602.71%	7,205	4,172.56%	36,061	753.66%	88,157	249.19%
NET INCOME (LOSS)	950,778	703,785	35.09%	410,483	131.62%	(29,965)	(3,273.00%)	1,730,836	(45.07%)

RICE MEMORIAL HOSPITAL
RICE CARE CENTER
For The Month Ending June 30, 2016

	JUNE 2016	PRIOR 3 MO AVERAGE	% VAR	MAY 2016	% VAR	APRIL 2016	% VAR	MARCH 2016	% VAR
OPERATING REVENUE									
RICE CARE CENTER REVENUE	\$887,874	\$1,029,811	(13.78%)	\$1,164,735	(23.77%)	\$995,325	(10.80%)	\$929,373	(4.47%)
TOTAL PATIENT REVENUE	887,874	1,029,811	(13.78%)	1,164,735	(23.77%)	995,325	(10.80%)	929,373	(4.47%)
LESS DISCOUNTS & CONTRACTUALS	247,577	318,464	(22.26%)	426,198	(41.91%)	339,467	(27.07%)	189,726	30.49%
LESS UNCOMPENSATED CARE	150	183	(18.18%)	150	0.00%	400	(62.50%)	0	0.00%
LESS BAD DEBT EXPENSE	4,577	8,965	(48.95%)	14,414	(68.25%)	6,357	(28.00%)	6,126	(25.29%)
TOTAL DEDUCTIONS FROM REVENUE	252,304	327,613	(22.99%)	440,762	(42.76%)	346,224	(27.13%)	195,852	28.82%
NET REVENUE FROM PATIENTS	635,570	702,198	(9.49%)	723,974	(12.21%)	649,101	(2.08%)	733,520	(13.35%)
OTHER OPERATING REVENUE	1,344	854	57.28%	1,140	17.90%	438	206.84%	985	36.37%
TOTAL OPERATING REVENUE	636,914	703,053	(9.41%)	725,113	(12.16%)	649,539	(1.94%)	734,505	(13.29%)
LESS: WILLMAR MEDICAL SERVICES									
TOTAL OPERATING REVENUE	636,914	703,053	(9.41%)	725,113	(12.16%)	649,539	(1.94%)	734,505	(13.29%)
OPERATING EXPENSES									
SALARIES AND WAGES	279,386	282,605	(1.14%)	288,795	(3.26%)	271,447	2.92%	287,572	(2.85%)
CONTRACT LABOR	81,725	91,083	(10.27%)	94,451	(13.47%)	83,338	(1.94%)	95,461	(14.39%)
SUPPLEMENTAL BENEFITS	96,717	99,104	(2.41%)	94,901	1.91%	89,745	7.77%	112,667	(14.16%)
SUPPLIES	38,331	38,306	0.07%	38,306	0.07%	36,196	5.90%	40,415	(5.16%)
DRUGS	16,540	19,317	(14.37%)	22,794	(27.44%)	17,178	(3.72%)	17,978	(8.00%)
PURCHASED SERVICES	10,265	17,300	(40.67%)	13,152	(21.95%)	22,032	(53.41%)	16,718	(38.60%)
REPAIRS, SERVICE & RENTALS	4,912	8,718	(43.66%)	6,644	(26.08%)	8,444	(41.83%)	11,065	(55.61%)
UTILITIES	12,845	9,430	36.21%	9,319	37.83%	9,622	33.49%	9,350	37.38%
INSURANCE	3,259	3,259	0.00%	3,259	0.00%	3,259	0.00%	3,259	0.00%
PATIENT RELATED TRAVEL	282	220	28.50%	329	(14.16%)	146	93.79%	185	53.02%
EDUCATION, TRAVEL, & DUES	2,350	2,768	(15.13%)	2,215	6.05%	3,238	(27.45%)	2,852	(17.61%)
OTHER	383	298	28.59%	816	(53.11%)	61	528.02%	16	2,316.54%
DEPRECIATION AND AMORT	59,326	62,043	(4.38%)	62,701	(5.38%)	60,748	(2.34%)	62,680	(5.35%)
INTEREST	25,088	25,088	0.00%	25,088	0.00%	25,088	0.00%	25,088	0.00%
TAXES & SURCHARGE	18,298	18,548	(1.35%)	19,048	(3.94%)	18,298	0.00%	18,298	0.00%
TOTAL OPERATING EXPENSES	649,707	678,087	(4.19%)	681,818	(4.71%)	648,840	0.13%	703,602	(7.66%)
LESS: WILLMAR MEDICAL SERVICES									
NET OPERATING EXPENSES	649,707	678,087	(4.19%)	681,818	(4.71%)	648,840	0.13%	703,602	(7.66%)
OPERATING INCOME (LOSS)	(\$12,793)	\$24,966	(151.24%)	\$43,295	(129.55%)	\$699	(1,930.25%)	\$30,903	(141.40%)
NON OPERATING INCOME									
INVESTMENT INCOME	3,384	4,158	(18.60%)	1,500	125.63%	1,500	125.63%	9,474	(64.28%)
TOTAL NON OPERATING INCOME	3,384	4,158	(18.60%)	1,500	125.63%	1,500	125.63%	9,474	(64.28%)
NET INCOME (LOSS)	(9,409)	29,124	(132.31%)	44,795	(121.00%)	2,199	(527.87%)	40,377	(123.30%)

RICE HOME MEDICAL
RICE HOME MEDICAL
For the Month Ending June 30, 2016

	June 2016	% of Gross Sales	Prior 3 Mo Average	% of Gross Sales	May 2016	% of Gross Sales	April 2016	% of Gross Sales
GROSS SALES								
SALES REVENUE	\$742,686	64.50%	\$787,900	64.94%	\$806,503	67.02%	\$685,932	61.32%
RENTS REVENUE	408,676	35.50%	425,292	35.06%	396,788	32.98%	432,718	38.69%
MISC REVENUE	0	0.00%	10	0.00%	0	0.00%	(99)	(0.01%)
GROSS SALES	1,151,361	100.00%	1,213,202	100.00%	1,203,291	100.00%	1,118,550	100.00%
LESS: CONTRACTUAL ALLOWANCES	(387,837)	(33.69%)	(389,712)	(32.12%)	(392,112)	(32.59%)	(371,048)	(33.17%)
LESS: UNCOMPENSATED CARE	(326)	(0.03%)	(805)	(0.07%)	(1,052)	(0.09%)	(1,206)	(0.11%)
LESS: BAD DEBT EXPENSE	(2,033)	(0.18%)	(4,136)	(0.34%)	(9,747)	(0.81%)	1,470	0.13%
NET SALES	761,165	66.11%	818,549	67.47%	800,380	66.52%	747,767	66.85%
COST OF GOODS SOLD								
OXYGEN	6,478	0.56%	5,842	0.48%	5,894	0.49%	6,289	0.56%
EQUIPMENT	49,073	4.26%	66,356	5.47%	66,677	5.54%	55,773	4.99%
SUPPLY - FREIGHT	16,242	1.41%	14,997	1.24%	12,648	1.05%	14,402	1.29%
SUPPLY	250,496	21.76%	243,629	20.08%	248,207	20.63%	232,190	20.76%
EQUIPMENT REPAIR	15,390	1.34%	22,645	1.87%	25,510	2.12%	15,090	1.35%
SHOP EXPENSE	1,230	0.11%	1,993	0.16%	1,429	0.12%	1,544	0.14%
EQUIPMENT RENTAL & LEASES	3,405	0.30%	4,126	0.34%	3,628	0.30%	4,481	0.40%
PURCHASE DISCOUNTS	(4,701)	(0.41%)	(5,160)	(0.43%)	(2,977)	(0.25%)	(8,679)	(0.78%)
TOTAL COST OF GOODS SOLD	337,613	29.32%	354,429	29.21%	361,015	30.00%	321,090	28.71%
GROSS PROFIT	423,552	36.79%	464,120	38.26%	439,365	36.51%	426,677	38.15%
OTHER OPERATING REVENUE	11,963	1.04%	8,093	0.67%	9,965	0.83%	9,368	0.84%
TOTAL OPERATING REVENUE	435,515	37.83%	472,213	38.92%	449,330	37.34%	436,046	38.98%
OPERATING EXPENSES								
SALARIES & WAGES	232,211	20.17%	250,890	20.68%	248,119	20.62%	247,264	22.11%
SUPPLEMENTAL BENEFITS	78,684	6.83%	84,133	6.93%	82,008	6.82%	88,477	7.91%
SUPPLIES AND DRUGS	8,369	0.73%	6,454	0.53%	6,004	0.50%	6,294	0.56%
PURCHASED SERVICES	42,101	3.66%	37,420	3.08%	38,020	3.16%	34,676	3.10%
REPAIRS, SERVICE & RENTALS	22,542	1.96%	19,595	1.62%	20,277	1.69%	19,735	1.76%
UTILITIES	8,423	0.73%	10,807	0.89%	8,407	0.70%	10,999	0.98%
INSURANCE	4,337	0.38%	4,164	0.34%	4,171	0.35%	4,161	0.37%
PATIENT RELATED TRAVEL	7,283	0.63%	8,099	0.67%	7,682	0.64%	7,126	0.64%
EDUCATION, TRAVEL, & DUES	2,598	0.23%	4,457	0.37%	2,963	0.25%	6,174	0.55%
OTHER EXPENSE	4,971	0.43%	10,096	0.83%	9,637	0.80%	5,368	0.48%
DEPRECIATION & AMORTIZATION	80,611	7.00%	80,459	6.63%	82,409	6.85%	80,106	7.16%
TAXES	5,185	0.45%	5,319	0.44%	5,185	0.43%	5,605	0.50%
TOTAL OPERATING EXPENSES	497,315	43.19%	521,893	43.02%	514,881	42.79%	515,984	46.13%
NET OPERATING INCOME (LOSS)	(61,800)	(5.37%)	(49,681)	(4.10%)	(65,552)	(5.45%)	(79,939)	(7.15%)
INVESTMENT INCOME (LOSS)	1,892	0.16%	(39)	0.00%	(2,072)	(0.17%)	(64)	(0.01%)
OTHER GAIN (LOSS)	(581)	(0.05%)	(72)	(0.01%)	(59)	0.00%	0	0.00%
NET INCOME (LOSS)	(\$60,489)	(5.25%)	(\$49,791)	(4.10%)	(\$67,683)	(5.62%)	(\$80,002)	(7.15%)

RICE MEMORIAL HOSPITAL
CONSOLIDATED
For the Year to Date June 30, 2016

	JUNE 2016	JUNE 2015	% VAR	JUNE 2014	% VAR	JUNE 2013	% VAR
OPERATING REVENUE							
INPATIENT REVENUE	\$32,322,874	\$34,306,009	(5.78%)	\$31,965,001	1.12%	\$30,765,712	5.06%
OUTPATIENT REVENUE	74,358,494	68,632,801	8.34%	60,336,488	23.24%	58,886,719	26.27%
RICE CARE CENTER REVENUE	5,981,586	6,021,596	(0.66%)	5,107,863	17.11%	5,173,647	15.62%
RICE HOME MEDICAL REVENUE	7,014,170	6,575,147	6.68%	6,179,980	13.50%	5,996,051	16.98%
TOTAL PATIENT REVENUE	119,677,125	115,535,553	3.58%	103,589,331	15.53%	100,822,129	18.70%
LESS DISCOUNTS & CONTRACTUALS	60,933,123	61,142,629	(0.34%)	53,525,859	13.84%	49,534,319	23.01%
LESS UNCOMPENSATED CARE	476,224	645,852	(26.26%)	708,785	(32.81%)	675,765	(29.53%)
LESS BAD DEBT EXPENSE	352,182	593,121	(40.62%)	1,012,682	(65.22%)	872,802	(59.65%)
TOTAL DEDUCTIONS FROM REVENUE	61,761,529	62,381,602	(0.99%)	55,247,327	11.79%	51,082,887	20.90%
NET REVENUE FROM PATIENTS	57,915,596	53,153,951	8.96%	48,342,004	19.80%	49,739,242	16.44%
OTHER OPERATING REVENUE	8,646,871	8,051,661	7.39%	7,089,717	21.96%	8,091,577	6.86%
TOTAL OPERATING REVENUE	66,562,468	61,205,612	8.75%	55,431,721	20.08%	57,830,819	15.10%
LESS: WILLMAR MEDICAL SERVICES							
OPERATING REVENUE	13,532,324	13,288,640	1.83%	11,911,578	13.61%	10,296,609	31.43%
TOTAL OPERATING REVENUE	53,030,144	47,916,972	10.67%	43,520,143	21.85%	47,534,210	11.56%
OPERATING EXPENSES							
SALARIES AND WAGES	24,129,933	23,146,413	4.25%	22,836,333	5.66%	22,981,339	5.00%
CONTRACT LABOR	2,454,364	1,833,939	33.83%	2,190,792	12.03%	1,689,096	45.31%
SUPPLEMENTAL BENEFITS	8,108,434	6,561,262	23.58%	7,086,809	14.42%	6,641,167	22.09%
SUPPLIES	6,523,069	5,852,722	11.45%	5,630,838	15.85%	5,860,109	11.31%
DRUGS	4,092,815	3,559,278	14.99%	2,424,952	68.78%	3,454,350	18.48%
PURCHASED SERVICES	4,025,758	3,853,480	4.47%	3,670,153	9.69%	3,275,204	22.92%
REPAIRS, SERVICE & RENTALS	1,864,571	1,710,475	9.01%	1,636,396	13.94%	1,722,527	8.25%
UTILITIES	841,144	822,528	2.26%	873,340	(3.69%)	788,893	6.62%
INSURANCE	331,344	304,627	8.77%	364,422	(9.08%)	342,077	(3.14%)
PATIENT RELATED TRAVEL	138,593	155,443	(10.84%)	205,131	(32.44%)	228,840	(39.44%)
EDUCATION, TRAVEL, & DUES	630,211	491,629	28.19%	469,527	34.22%	576,696	9.28%
OTHER	232,744	232,755	0.00%	228,801	1.72%	230,259	1.08%
DEPRECIATION AND AMORT	4,175,798	4,110,372	1.59%	4,337,396	(3.73%)	4,073,746	2.51%
INTEREST	851,602	876,616	(2.85%)	917,345	(7.17%)	836,136	1.85%
TAXES & SURCHARGE	1,116,154	1,117,886	(0.15%)	1,114,067	0.19%	1,091,053	2.30%
TOTAL OPERATING EXPENSES	59,516,535	54,629,423	8.95%	53,986,303	10.24%	53,791,494	10.64%
LESS: WILLMAR MEDICAL SERVICES							
OPERATING EXPENSES	8,656,519	8,213,924	5.39%	7,114,526	21.67%	4,749,236	82.27%
NET OPERATING EXPENSES	50,860,015	46,415,498	9.58%	46,871,777	8.51%	49,042,257	3.71%
OPERATING INCOME (LOSS)	\$2,170,128	\$1,501,474	44.53%	(\$3,351,634)	(164.75%)	(\$1,508,047)	(243.90)
NON OPERATING INCOME							
INVESTMENT INCOME	345,319	368,384	(6.26%)	354,709	(2.65%)	325,866	5.97%
UNREALIZED GAIN (LOSS)	475,219	61,417	673.76%	329,721	44.13%	(621,720)	(176.44%)
OTHER GAIN (LOSS)	5,249	246,476	(97.87%)	(31,258)	(116.79%)	108,653	(95.17%)
TOTAL NON OPERATING INCOME	825,787	676,276	22.11%	653,172	26.43%	(187,201)	(541.12)
NET INCOME (LOSS)	2,995,916	2,177,750	37.57%	(2,698,462)	(211.02%)	(1,695,248)	(276.72)

RICE MEMORIAL HOSPITAL
RICE MEMORIAL HOSPITAL
For the Year to Date June 30, 2016

	JUNE 2016	JUNE 2015	% VAR	JUNE 2014	% VAR	JUNE 2013	% VAR
OPERATING REVENUE							
INPATIENT REVENUE	\$32,322,874	\$34,306,009	(5.78%)	\$31,965,001	1.12%	\$30,765,712	5.06%
OUTPATIENT REVENUE	74,358,494	68,632,801	8.34%	60,336,488	23.24%	58,886,719	26.27%
TOTAL PATIENT REVENUE	106,681,368	102,938,810	3.64%	92,301,488	15.58%	89,652,431	18.99%
LESS DISCOUNTS & CONTRACTUALS	56,792,100	57,728,816	(1.62%)	50,206,682	13.12%	45,359,904	25.20%
LESS UNCOMPENSATED CARE	472,320	645,469	(26.83%)	705,079	(33.01%)	672,213	(29.74%)
LESS BAD DEBT EXPENSE	279,008	555,968	(49.82%)	940,712	(70.34%)	864,063	(67.71%)
TOTAL DEDUCTIONS FROM REVENUE	57,543,427	58,930,253	(2.35%)	51,852,472	10.98%	46,896,180	22.70%
NET REVENUE FROM PATIENTS	49,137,941	44,008,557	11.66%	40,449,016	21.48%	42,756,251	14.93%
OTHER OPERATING REVENUE	8,559,367	7,983,545	7.21%	7,047,746	21.45%	8,042,307	6.43%
TOTAL OPERATING REVENUE	57,697,307	51,992,102	10.97%	47,496,762	21.48%	50,798,558	13.58%
LESS: WILLMAR MEDICAL SERVICES							
OPERATING REVENUE	13,532,324	13,288,640	1.83%	11,911,578	13.61%	10,296,609	31.43%
TOTAL OPERATING REVENUE	44,164,983	38,703,462	14.11%	35,585,184	24.11%	40,501,949	9.04%
OPERATING EXPENSES							
SALARIES AND WAGES	20,975,998	20,223,186	3.72%	19,991,432	4.92%	20,259,980	3.53%
CONTRACT LABOR	1,894,144	1,234,929	53.38%	1,649,666	14.82%	1,062,848	78.21%
SUPPLEMENTAL BENEFITS	7,030,884	5,485,948	28.16%	5,955,396	18.06%	5,583,414	25.92%
SUPPLIES	4,208,269	3,762,890	11.84%	3,509,303	19.92%	3,824,422	10.04%
DRUGS	3,980,792	3,434,531	15.90%	2,320,944	71.52%	3,351,017	18.79%
PURCHASED SERVICES	3,718,480	3,597,173	3.37%	3,435,365	8.24%	2,922,088	27.25%
REPAIRS, SERVICE & RENTALS	1,701,122	1,565,519	8.66%	1,486,874	14.41%	1,552,643	9.56%
UTILITIES	717,413	692,679	3.57%	723,431	(0.83%)	674,188	6.41%
INSURANCE	286,639	259,800	10.33%	316,113	(9.32%)	293,248	(2.25%)
PATIENT RELATED TRAVEL	94,751	107,498	(11.86%)	127,214	(25.52%)	138,700	(31.69%)
EDUCATION, TRAVEL, & DUES	589,908	446,850	32.01%	423,170	39.40%	514,687	14.62%
OTHER	173,537	136,119	27.49%	135,667	27.91%	173,479	0.03%
DEPRECIATION AND AMORT	3,329,452	3,277,392	1.59%	3,573,006	(6.82%)	3,603,389	(7.60%)
INTEREST	701,073	718,166	(2.38%)	750,347	(6.57%)	748,740	(6.37%)
TAXES & SURCHARGE	974,506	875,164	11.35%	875,708	11.28%	854,389	14.06%
TOTAL OPERATING EXPENSES	50,376,968	45,817,843	9.95%	45,273,637	11.27%	45,557,231	10.58%
LESS: WILLMAR MEDICAL SERVICES							
OPERATING EXPENSES	8,656,519	8,213,924	5.39%	7,114,526	21.67%	4,749,236	82.27%
NET OPERATING EXPENSES	41,720,448	37,603,919	10.95%	38,159,111	9.33%	40,807,994	2.24%
OPERATING INCOME (LOSS)	\$2,444,535	\$1,099,544	122.32%	(\$2,573,927)	(194.97%)	(\$306,045)	(898.75)
NON OPERATING INCOME							
INVESTMENT INCOME	327,334	362,710	(9.75%)	351,149	(6.78%)	323,757	1.10%
UNREALIZED GAIN (LOSS)	475,219	61,417	673.76%	329,721	44.13%	(621,720)	(176.44%)
OTHER GAIN (LOSS)	5,249	238,730	(97.80%)	(36,892)	(114.23%)	102,244	(94.87%)
TOTAL NON OPERATING INCOME	807,802	662,857	21.87%	643,978	25.44%	(195,719)	(512.74)
NET INCOME (LOSS)	3,252,337	1,762,400	84.54%	(1,929,949)	(268.52%)	(501,764)	(748.18)

RICE MEMORIAL HOSPITAL
RICE CARE CENTER
For the Year to Date June 30, 2016

	JUNE 2016	JUNE 2015	% VAR	JUNE 2014	% VAR	JUNE 2013	% VAR
OPERATING REVENUE							
RICE CARE CENTER REVENUE	\$5,981,586	\$6,021,596	(0.66%)	\$5,107,863	17.11%	\$5,173,647	15.62%
TOTAL PATIENT REVENUE	5,981,586	6,021,596	(0.66%)	5,107,863	17.11%	5,173,647	15.62%
LESS DISCOUNTS & CONTRACTUALS	1,897,817	1,478,281	28.38%	1,416,508	33.98%	1,649,753	15.04%
LESS UNCOMPENSATED CARE	883	0	0.00%	0	0.00%	0	0.00%
LESS BAD DEBT EXPENSE	50,722	9,999	407.27%	3,569	1,321.25%	(3,746)	(1,453.97)
TOTAL DEDUCTIONS FROM REVENUE	1,949,422	1,488,280	30.98%	1,420,077	37.28%	1,646,007	18.43%
NET REVENUE FROM PATIENTS	4,032,164	4,533,316	(11.05%)	3,687,786	9.34%	3,527,640	14.30%
OTHER OPERATING REVENUE	5,954	7,415	(19.71%)	2,539	134.47%	2,828	110.52%
TOTAL OPERATING REVENUE	4,038,118	4,540,731	(11.07%)	3,690,326	9.42%	3,530,469	14.38%
LESS: WILLMAR MEDICAL SERVICES							
TOTAL OPERATING REVENUE	4,038,118	4,540,731	(11.07%)	3,690,326	9.42%	3,530,469	14.38%
OPERATING EXPENSES							
SALARIES AND WAGES	1,676,355	1,538,865	8.93%	1,325,247	26.49%	1,264,992	32.52%
CONTRACT LABOR	560,220	599,010	(6.48%)	541,126	3.53%	626,249	(10.54%)
SUPPLEMENTAL BENEFITS	582,139	549,329	5.97%	529,313	9.98%	521,555	11.62%
SUPPLIES	228,034	236,108	(3.42%)	223,259	2.14%	257,972	(11.61%)
DRUGS	112,023	124,097	(9.73%)	103,795	7.93%	103,333	8.41%
PURCHASED SERVICES	94,868	92,657	2.39%	82,498	14.99%	125,114	(24.17%)
REPAIRS, SERVICE & RENTALS	50,457	35,962	40.31%	23,523	114.50%	37,657	33.99%
UTILITIES	65,366	71,710	(8.85%)	78,552	(16.79%)	60,231	8.52%
INSURANCE	19,553	20,403	(4.17%)	25,172	(22.32%)	24,275	(19.46%)
PATIENT RELATED TRAVEL	1,348	1,951	(30.91%)	2,116	(36.30%)	1,526	(11.67%)
EDUCATION, TRAVEL, & DUES	20,438	17,893	14.22%	26,410	(22.61%)	23,344	(12.45%)
OTHER	1,874	10,403	(81.98%)	15,583	(87.97%)	2,392	(21.65%)
DEPRECIATION AND AMORT	368,845	363,072	1.59%	228,259	61.59%	167,147	120.67%
INTEREST	150,530	158,450	(5.00%)	166,998	(9.86%)	64,644	132.86%
TAXES & SURCHARGE	110,535	210,001	(47.36%)	216,048	(48.84%)	210,631	(47.52%)
TOTAL OPERATING EXPENSES	4,042,584	4,029,912	0.31%	3,587,899	12.67%	3,491,064	15.80%
LESS: WILLMAR MEDICAL SERVICES							
NET OPERATING EXPENSES	4,042,584	4,029,912	0.31%	3,587,899	12.67%	3,491,064	15.80%
OPERATING INCOME (LOSS)	(\$4,467)	\$510,819	(100.87%)	\$102,427	(104.36%)	\$39,405	(111.34)
NON OPERATING INCOME							
INVESTMENT INCOME	18,858	5,700	230.85%	3,560	429.73%	2,111	793.47%
OTHER GAIN (LOSS)	0	0	0.00%	0	0.00%	3,500	(100.00%)
TOTAL NON OPERATING INCOME	18,858	5,700	230.85%	3,560	429.73%	5,611	236.11%
NET INCOME (LOSS)	14,392	516,519	(97.21%)	105,987	(86.42%)	45,015	(68.03%)

Rice Home Medical
RICE HOME MEDICAL
For the 06 Months Ending June 30, 2016

	June 2016	% of Gross Sales	June 2015	% of Gross Sales	June 2014	% of Gross Sales	June 2013	% of Gross Sales
GROSS SALES								
SALES REVENUE	\$4,500,679	64.16%	\$4,051,210	61.61%	\$3,630,327	58.66%	\$3,484,858	58.06%
RENTS REVENUE	2,513,492	35.83%	2,523,937	38.38%	2,549,653	41.20%	2,511,193	41.84%
MISC REVENUE	73	0.00%	764	0.01%	8,858	0.14%	5,788	0.10%
GROSS SALES	7,014,244	100.00%	6,575,912	100.00%	6,188,838	100.00%	6,001,839	100.00%
LESS: CONTRACTUAL ALLOWANCES	(2,243,206)	(31.98%)	(1,935,532)	(29.43%)	(1,902,670)	(30.74%)	(2,524,662)	(42.06%)
LESS: UNCOMPENSATED CARE	(3,021)	(0.04%)	(383)	(0.01%)	(3,706)	(0.06%)	(3,552)	(0.06%)
LESS: BAD DEBT EXPENSE	(22,452)	(0.32%)	(27,155)	(0.41%)	(68,402)	(1.11%)	(12,486)	(0.21%)
NET SALES	4,745,565	67.66%	4,612,842	70.15%	4,214,061	68.09%	3,461,138	57.67%
COST OF GOODS SOLD								
OXYGEN	33,838	0.48%	38,142	0.58%	37,538	0.61%	37,553	0.96%
EQUIPMENT	351,878	5.02%	293,763	4.47%	455,122	7.35%	450,550	7.51%
SUPPLY - FREIGHT	86,795	1.24%	80,747	1.23%	69,525	1.12%	84,486	1.41%
SUPPLY	1,396,395	19.91%	1,219,892	18.55%	1,105,050	17.86%	992,321	16.53%
EQUIPMENT REPAIR	135,206	1.93%	143,733	2.19%	152,472	2.46%	118,553	1.98%
SHOP EXPENSE	16,313	0.23%	9,304	0.14%	27,320	0.44%	22,395	0.37%
EQUIPMENT RENTAL & LEASES	24,318	0.35%	19,633	0.30%	4,908	0.08%	40	0.00%
PURCHASE DISCOUNTS	(33,593)	(0.48%)	(37,473)	(0.57%)	(56,731)	(0.92%)	(40,655)	(0.68%)
TOTAL COST OF GOODS SOLD	2,011,150	28.67%	1,767,740	26.88%	1,795,204	29.01%	1,685,244	28.08%
GROSS PROFIT	2,734,415	38.98%	2,845,102	43.27%	2,418,857	39.08%	1,775,894	29.59%
OTHER OPERATING REVENUE	44,499	0.63%	54,613	0.83%	15,242	0.25%	0	0.00%
TOTAL OPERATING REVENUE	2,778,914	39.62%	2,899,715	44.10%	2,434,099	39.33%	1,775,894	29.59%
OPERATING EXPENSES								
SALARIES & WAGES	1,477,580	21.07%	1,384,363	21.05%	1,519,654	24.55%	1,456,367	24.27%
SUPPLEMENTAL BENEFITS	495,411	7.06%	525,985	8.00%	602,100	9.73%	536,198	8.93%
SUPPLIES AND DRUGS	42,022	0.60%	49,161	0.75%	46,555	0.75%	51,816	0.86%
PURCHASED SERVICES	212,410	3.03%	163,649	2.49%	152,290	2.46%	228,002	3.80%
REPAIRS, SERVICE & RENTALS	112,992	1.61%	108,994	1.66%	125,999	2.04%	132,227	2.20%
UTILITIES	58,366	0.83%	58,138	0.88%	71,356	1.15%	54,473	0.91%
INSURANCE	25,152	0.36%	24,423	0.37%	23,136	0.37%	24,554	0.41%
PATIENT RELATED TRAVEL	42,495	0.61%	45,995	0.70%	75,802	1.22%	88,614	1.48%
EDUCATION, TRAVEL, & DUES	19,864	0.28%	26,885	0.41%	19,948	0.32%	38,666	0.64%
OTHER EXPENSE	57,333	0.82%	86,232	1.31%	77,551	1.25%	54,388	0.91%
DEPRECIATION & AMORTIZATION	477,502	6.81%	469,908	7.15%	536,131	8.66%	303,210	5.05%
INTEREST EXPENSE	0	0.00%	0	0.00%	0	0.00%	22,751	0.38%
TAXES	31,112	0.44%	32,722	0.50%	22,311	0.36%	26,033	0.43%
TOTAL OPERATING EXPENSES	3,052,240	43.51%	2,976,454	45.26%	3,272,832	52.88%	3,017,300	50.27%
NET OPERATING INCOME (LOSS)	(273,326)	(3.90%)	(76,739)	(1.17%)	(838,733)	(13.55%)	(1,241,406)	(20.68%)
INVESTMENT INCOME (LOSS)	3,386	0.05%	(32,150)	(0.49%)	(41,400)	(0.67%)	0	0.00%
OTHER GAIN (LOSS)	(873)	(0.01%)	7,720	0.12%	5,633	0.09%	2,907	0.05%
NET INCOME (LOSS)	(\$270,813)	(3.86%)	(\$101,169)	(1.54%)	(\$874,500)	(14.13%)	(\$1,238,499)	(20.64%)

**RICE MEMORIAL HOSPITAL
CONSOLIDATED CASH FLOW STATEMENT**

FOR THE PERIOD ENDED:

June 30, 2016

Line #	Current YTD	Prior YTD
1 Sources of Cash & Investments:		
2 Net Income	\$ 3,003,920	\$ 2,177,753
3 Depreciation & Amortization	4,175,798	\$ 4,110,372
4 Debt Proceeds	-	-
5 Other		
6		
7 Total Sources	<u>7,179,718</u>	<u>6,288,125</u>
8		
9 Uses		
10 Property, Plant, and Equipment - Gross	5,601,734	2,550,440
11 Debt Payments/Re-funding	2,056,604	1,987,186
12 Working Capital Changes & Other - Net	(4,851,076)	(768,997)
13		
14 Total Uses	<u>2,807,262</u>	<u>3,768,629</u>
15		
16 Increase / (Decrease) Cash & Investments	4,372,456	2,519,496
17		
18 Beginning of Period (January 1)	<u>27,588,692</u>	<u>27,553,337</u>
19		
20 End of Period	<u>\$ 31,961,148</u>	<u>\$ 30,072,833</u>

RICE MEMORIAL HOSPITAL
STATISTICAL AND VOLUME SUMMARY
FOR THE PERIOD ENDED:
June 30, 2016

Line #	Patient Days	CURRENT MONTH				Act/2015	Prior	Act/Prior	
		Actual	Forecast	Var.	Var. %	2015	Var. %	3 mo avg	Var. %
1	Adult Health Care	472	483	(11)	-2.3%	450	4.9%	495	-4.6%
2	Women and Children's Care	164	184	(20)	-10.9%	165	-0.6%	199	-17.6%
3	ICCU	22	39	(17)	-43.6%	50	-56.0%	44	-50.0%
4	Mental Health	262	266	(4)	-1.5%	220	19.1%	311	-15.8%
5	Total Adult & Peds	920	972	(52)	-5.3%	885	4.0%	1,049	-12.3%
6									
7	Average Daily Census	30.7	32.4	(1.7)	-5.3%	29.5	4.0%	34.2	-10.3%
8									
9	Average Length of Stay	3.19	3.60	(0.41)	-11.3%	3.4	-5.4%	3.6	-10.3%
10	Average Length of Stay-CMI	3.12	3.33	(0.21)	-6.3%	3.2	-2.4%	3.4	-6.7%
11									
12	Admissions-Inpatient	295	270	25	9.3%	263	12.2%	292	1.0%
13	Observation patients	101	142	(41)	-28.9%	150	-32.8%	108	-6.6%
14									
15	Medicare Case Mix Index	1,216	1,266	(0,050)	-3.9%	1,392	-12.6%	1,290	-5.7%
16	Case Mix Index-Total	1,023	1,080	(0,058)	-5.3%	1,055	-3.1%	1,060	-3.5%
17									
18	Adjusted Admissions	1,014	783	231	29.5%	901	12.5%	935	8.4%
19	Adjusted Patient Days	3,162	2,819	343	12.2%	3,033	4.3%	3,369	-6.1%
20									
21	Births	61	68	(7)	-10.3%	53	15.1%	67	-9.0%
22									
23	Rice Care Center-Days	2,057	2,250	(193)	-8.6%	2,191	-6.1%	2,197	-6.4%
24	Rice Care Center-Average Daily Census	68.6	75.0	(6.4)	-8.6%	73.0	-6.1%	71.6	-4.3%
25	Rice Care Center Case Mix Index	-	1.120	(1.120)	-100.0%	1.150	-100.0%	1,070	-100.0%
26									
27									
Line #	Patient Days	YEAR-TO-DATE				Act/2015		Act/2014	
		Actual	Forecast	Var.	Var. %	2015	Var. %	2014	Var. %
29	Adult Health Care	2,862	2,988	(126)	-4.2%	3,359	-14.8%	3,433	-2.2%
30	Women and Children's Care	1,096	1,134	(38)	-3.4%	1,229	-10.8%	1,189	3.4%
31	ICCU	213	255	(42)	-16.5%	367	-42.0%	370	-0.8%
32	Mental Health	1,833	1,512	321	21.2%	1,357	35.1%	1,358	-0.1%
33	Total Adult & Peds	6,004	5,889	115	2.0%	6,312	-4.9%	6,350	-0.6%
34									
35									
36	Average Daily Census	33.0	32.4	0.6	2.0%	34.9	-5.4%	35.1	-0.6%
37									
38	Average Length of Stay	3.57	3.60	(0.03)	-0.8%	3.65	-2.1%	3.8	-3.9%
39	Average Length of Stay-CMI	3.38	3.62	(0.24)	-6.6%	3.63	-6.8%	3.8	-5.1%
40									
41	Admissions-Inpatient	1,681	1,635	46	2.8%	1,724	-2.5%	1,671	3.2%
42	Observation patients	661	894	(233)	-26.1%	996	-33.6%	829	20.1%
43									
44	Medicare Case Mix Index	1,305	1,266	0.039	3.1%	1,264	3.3%	1,289	-1.9%
45	Case Mix Index-Total	1,056	0,995	0.061	6.1%	1,005	5.1%	0,993	1.3%
46									
47	Adjusted Admissions	5,548	4,742	807	17.0%	5,196	6.8%	4,827	7.6%
48	Adjusted Patient Days	19,850	17,078	2,772	16.2%	18,934	4.8%	18,334	3.3%
49									
50	Births	376	408	(32)	-7.8%	395	-4.8%	395	0.0%
51									
52	Rice Care Center-Days	13,014	13,650	(636)	-4.7%	13,315	-2.3%	10,953	21.6%
53	Rice Care Center-Average Daily Census	71.5	75.0	(3.5)	-4.7%	73.6	-2.8%	60.5	21.6%
54	Rice Care Center Case Mix Index	1.078	1.120	(0.042)	-3.8%	1.061	1.5%	1.039	2.2%

RICE MEMORIAL HOSPITAL
STATISTICAL AND VOLUME SUMMARY
FOR THE PERIOD ENDED:
June 30, 2016

	CURRENT MONTH				Act/2015	Prior	Act/Prior
	Actual	Forecast	Var.	Var. %	2015	3 mo avg	Var. %
<u>Ancillary Services</u>							
1 IP Surgeries	72	75	(3)	-4.0%	81	79	-8.9%
2 OP Surgeries	234	221	13	5.9%	238	148	58.1%
3 Total Surgeries	306	296	10	3.4%	319	227	34.8%
4							
5 ER Visits-Inpatient	179	172	7	4.1%	178	172	4.1%
6 ER Visits-Outpatient	966	960	6	0.6%	1,015	1,011	-4.5%
7 ER Visits-Total	1,145	1,132	13	1.1%	1,193	1,183	-3.2%
8							
9 Lab Tests	20,821	22,056	(1,235)	-5.6%	22,091	21,525	-3.3%
10 Medical Imaging Procedures	1,468	1,405	63	4.5%	1,486	1,537	-4.5%
11 Radiation Oncology Treatments	472	548	(76)	-13.9%	608	315	49.8%
12 Medical Oncology Visits	704	682	22	3.2%	632	265	165.7%
13							
14 Dialysis Treatments	900	984	(84)	-8.5%	1,015	971	-7.3%
15 Rehab Visits	4,013	3,758	255	6.8%	3,831	4,017	-0.1%
16 Hospice Visits	1,609	1,950	(341)	-17.5%	1,820	1,897	-15.2%
17 Ambulance Runs	229	226	3	1.3%	216	237	-3.4%
18							
19							
<u>Full Time Equivalents (FTE's)</u>							
21 FTE's - Hospital	622	600	22	3.6%	609	625	-0.5%
22 FTE's - Care Center	91	86	6	6.8%	94	87	5.0%
23 FTE's - Home Medical	69	73	(4)	-5.3%	71	77	-10.0%
24 Total FTE's	782	759	24	3.1%	773	789	-0.8%

	YEAR-TO-DATE				Act/2015	Act/2014	
	Actual	Forecast	Var.	Var. %	2015	2014	Var. %
<u>Ancillary Services</u>							
30 IP Surgeries	442	459	(17)	-3.7%	472	437	1.1%
31 OP Surgeries	1,413	1,269	144	11.3%	1,116	968	46.0%
32 Total Surgeries	1,855	1,728	127	7.3%	1,588	1,405	32.0%
33							
34 ER Visits-Inpatient	1,011	1,056	(45)	-4.3%	1,145	1,032	-2.0%
35 ER Visits-Outpatient	5,656	5,778	(122)	-2.1%	5,749	5,317	6.4%
36 ER Visits-Total	6,667	6,834	(167)	-2.4%	6,894	6,349	5.0%
37							
38 Lab Tests	131,324	132,612	(1,288)	-1.0%	135,240	134,379	-2.3%
39 Medical Imaging Procedures	8,531	8,505	26	0.3%	8,878	8,812	-3.2%
40 Radiation Oncology Treatments	3,219	3,300	(81)	-2.5%	3,362	1,568	105.3%
41 Medical Oncology Visits	4,234	3,999	235	5.9%	3,560	1,462	189.6%
42							
43 Dialysis Treatments	5,388	6,012	(624)	-10.4%	6,101	5,811	-7.3%
44 Rehab Visits	23,172	22,761	411	1.8%	23,728	23,018	0.7%
45 Hospice Visits	11,171	11,454	(283)	-2.5%	10,293	11,338	-1.5%
46 Ambulance Runs	1,298	1,374	(76)	-5.5%	1,378	1,398	-7.2%
47							
48							
<u>Full Time Equivalents (FTE's)</u>							
50 FTE's - Hospital	621	605	16	2.6%	612	628	-1.1%
51 FTE's - Care Center	92	86	6	6.9%	92	82	12.0%
52 FTE's - Home Medical	71	74	(3)	-3.7%	70	81	-11.8%
53 Total FTE's	784	765	19	2.5%	774	790	-0.8%

**RICE MEMORIAL HOSPITAL
KEY PERFORMANCE INDICATORS**

FOR THE PERIOD ENDED:

Line #	06/30/16 Actual	2016 YTD Actual	2016 Forecast	2015 Actual	2014 Actual	2013 Actual	2012 Actual	2011 Actual	Industry Benchmarks
1	OPERATIONAL								
2	Operating Margin								
3	8.9%	5.6%	2.7%	2.4%	-3.6%	-1.5%	1.3%	5.0%	
4	-2.0%	-0.1%	6.8%	7.2%	6.5%	1.0%	8.7%	-0.1%	
5	-8.0%	-5.7%	0.4%	-1.5%	-9.0%	-22.5%	-3.0%	1.4%	
6									
7	6.6%	4.1%	2.8%	2.4%	-3.3%	-3.2%	1.4%	4.4%	2.8%
8									
9	9.8%	5.6%	3.8%	3.3%	-1.8%	-3.6%	2.4%	5.8%	5.4%
10									
11	16.0%	13.6%	12.8%	12.9%	7.1%	7.0%	11.6%	14.6%	11.1%
12									
13	FINANCIAL								
14		40.9%	40.0%	43.5%	45.8%	46.3%	43.3%	46.3%	35.5%
15		3.8	3.6	3.6	2.4	1.8	3.0	3.5	3.3
16		50	50	63	53	52	64	55	47
17		123	133	116	116	128	114	116	161
18		71%	69%	59%	57%	64%	63%	59%	101%
19		7.6	8.0	7.4	7.7	8.9	7.1	6.3	11.0
20		12.7	12.0	11.4	10.6	9.3	9.1	9.2	9.8
21		1.69	1.00	0.94	(0.33)	(0.52)	0.75	1.65	0.30
22	PRODUCTIVITY								
23	Rice Hospital								
24									
25	\$ 7,184	\$ 8,176		\$ 8,008	\$ 8,197	\$ 8,255	\$ 8,287	\$ 7,610	
26									
27	84.0%	87.3%	91.0%	89.9%	93.5%	90.0%	89.1%	85.0%	
28									
29	48.0%	51.8%	50.0%	52.3%	55.5%	52.6%	50.5%	48.1%	57%
30									
31	12.0	13.2	14.0	13.5	14.6	14.9	14.6	13.4	14.9
32	3.8	3.7	3.7	3.8	3.9	4.2	4.1	3.8	4.4
33									
34	\$ 781	\$ 718		\$ 748	\$ 771	\$ 770	\$ 755	\$ 739	
35	\$ 689	\$ 679		\$ 713	\$ 584	\$ 684	\$ 782	\$ 614	
36	\$ 1,470	\$ 1,397		\$ 1,461	\$ 1,355	\$ 1,454	\$ 1,517	\$ 1,353	
37									
38		0.6%	2.0%	1.4%	2.6%	2.0%	2.2%	2.1%	7.4%
39									
40		8.0%	8.0%	8.6%	9.3%	9.1%	9.0%	9.6%	6.9%
41									
42	Rice Care Center								
43	7.0	6.7	6.3	6.7	6.7	6.6	6.7	6.5	5.8
44									
45	102.0%	100.1%	93.0%	92.8%	93.5%	99.0%	91.3%	100.1%	
46									
47	Rice Home Medical								
48	\$ 199,900	\$ 196,800	\$ 197,000	\$ 194,900	\$ 171,700	\$ 161,600	\$ 144,500	\$ 158,000	
49									
50	114.2%	109.8%	99.4%	102.6%	115.5%	142.0%	104.9%	97.7%	
51									
52		4.7	5.0	4.6	4.9	4.7	5.8	6.0	
53		77	70	80	74	78	63	61	
54									



Wealth Management

1100 West St. Germain Street
St. Cloud, MN 56301

0800618 05 AT 1.467 A T 7 0 0740 56201-0755 559 K12 P00618



Willmar City Offices
ATTN: City Administrator
PO Box 755
Willmar MN 56201-0755





Wealth Management

1100 West St. Germain Street
St. Cloud, MN 56301

Relationship Manager: Jeffrey C Schultz
Phone Number: 320-231-8126

Associate: Kwynn M Bruess
Phone Number: 320-231-8176

Planning a summer vacation? Keep track of your account when you are on the go through Bremer Trust Online. Talk with your Relationship Manager if you are not already accessing your account online.

Account Statement

Statement of Value and Activity

April 1, 2016 - June 30, 2016

Cushman Albert Rice Trust
180205

Table of Contents

Account Summary	1
Asset Detail	2
Transaction Summary	14
Transaction Detail	15
Pending Trades	33
Messages and Notices Section	34

0005974 - 0800618

Willmar City Offices
ATTN: City Administrator
PO Box 755
Willmar MN 56201-0755

This page intentionally left blank.





Wealth Management

1100 West St. Germain Street
St. Cloud, MN 56301

Account Summary

Statement of Value and Activity

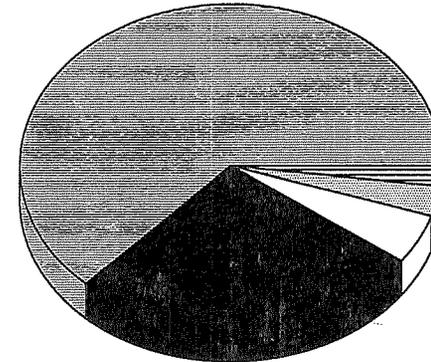
April 1, 2016 - June 30, 2016

Market Value Reconciliation

	<i>This Period</i>	<i>1/1/16 to 6/30/16</i>
Beginning Market Value	\$2,936,749.49	\$2,920,922.27
Additions	\$0.00	\$0.00
Withdrawals	-\$6,987.04	-\$15,730.73
Expenses/ Fees/ Taxes	-\$7,658.77	-\$14,067.17
Income	\$11,391.83	\$22,666.81
Other	\$0.00	\$0.00
Change in Market Value	\$25,677.09	\$45,381.42
Ending Market Value	\$2,959,172.60	\$2,959,172.60
Realized Gains/Losses (Included in Total Above)	\$2,909.55	\$5,647.15

Asset Allocation

	<i>Asset Class</i>	<i>Balance</i>
63%	Equities	\$1,873,034.19
27%	Fixed Income	\$810,646.96
5%	Alternative	\$152,177.69
3%	Cash and Money Market	\$76,681.43
2%	Other	\$46,632.33
100%	Total Assets Value	\$2,959,172.60



0005975 - 0800518

Asset Detail

Statement of Value and Activity

April 1, 2016 - June 30, 2016

Asset Detail

Description	Shares/Par Value	Current Price	Market Value	Tax Cost	Est. Ann. Income	Current Yield
Cash and Money Market						
Federated Government Obligations Tax-Managed Fund TICKER: GOTXX	75,948.44	1.000	\$75,948.44	\$75,948.44	\$169.90	0.22%
Cash			\$732.99	\$732.99		
Total Cash and Money Market			\$76,681.43	\$76,681.43	\$169.90	
Equities						
Stocks						
Akamai Technologies Inc TICKER: AKAM	560.00	55.930	\$31,320.80	\$15,878.82	\$0.00	0.00%
Alphabet Inc CL C TICKER: GOOG	34.00	692.100	\$23,531.40	\$9,237.94	\$0.00	0.00%
Altria Group Inc TICKER: MO	283.00	68.960	\$19,515.68	\$15,058.34	\$639.58	3.28%
Ameriprise Financial Inc. TICKER: AMP	180.00	89.850	\$16,173.00	\$19,386.20	\$540.00	3.34%
Anthem Inc TICKER: ANTM	144.00	131.340	\$18,912.96	\$18,733.28	\$374.40	1.98%
Apple Inc TICKER: AAPL	343.00	95.600	\$32,790.80	\$5,273.24	\$782.04	2.38%
BlackRock Inc CL A TICKER: BLK	29.00	342.530	\$9,933.37	\$10,569.75	\$265.64	2.67%
Celgene Corp TICKER: CELG	394.00	98.630	\$38,860.22	\$8,075.44	\$0.00	0.00%
Cisco Systems Inc TICKER: CSCO	745.00	28.690	\$21,374.05	\$13,498.81	\$774.80	3.63%

0005975-0800618

Asset Detail (continued)**Statement of Value and Activity**

April 1, 2016 - June 30, 2016

Description	Shares/Par Value	Current Price	Market Value	Tax Cost	Est. Ann. Income	Current Yield
Colgate Palmolive CO TICKER: CL	264.00	73.200	\$19,324.80	\$9,683.21	\$411.84	2.13%
Comcast Corp-CL A TICKER: CMCSA	813.00	65.190	\$52,999.47	\$13,575.13	\$894.30	1.69%
Delta Air Lines Inc TICKER: DAL	290.00	36.430	\$10,564.70	\$12,470.55	\$156.60	1.48%
eBay Inc TICKER: EBAY	627.00	23.410	\$14,678.07	\$10,287.19	\$0.00	0.00%
Expeditors Intl Wash Inc TICKER: EXPD	326.00	49.040	\$15,987.04	\$14,202.81	\$260.80	1.63%
Express Scripts Hldg TICKER: ESRX	377.00	75.800	\$28,576.60	\$25,750.23	\$0.00	0.00%
ExxonMobil Corp TICKER: XOM	163.00	93.740	\$15,279.62	\$9,871.93	\$489.00	3.20%
F5 Networks Inc TICKER: FFIV	259.00	113.840	\$29,484.56	\$18,649.42	\$0.00	0.00%
Gilead Sciences Inc TICKER: GILD	177.00	83.420	\$14,765.34	\$17,115.25	\$332.76	2.25%
Goldman Sachs Group Inc TICKER: GS	174.00	148.580	\$25,852.92	\$26,553.46	\$452.40	1.75%
Home Depot Inc TICKER: HD	84.00	127.690	\$10,725.96	\$9,374.95	\$231.84	2.16%
Honeywell International Inc TICKER: HON	204.00	116.320	\$23,729.28	\$19,042.44	\$485.52	2.05%
Intel Corp TICKER: INTC	582.00	32.800	\$19,089.60	\$16,779.64	\$605.28	3.17%
ITC Holdings Corp TICKER: ITC	852.00	46.820	\$39,890.64	\$17,701.21	\$639.00	1.60%
JP Morgan Chase & CO TICKER: JPM	461.00	62.140	\$28,646.54	\$29,579.57	\$885.12	3.09%

0005976-0800618

Asset Detail (continued)**Statement of Value and Activity**

April 1, 2016 - June 30, 2016

Description	Shares/Par Value	Current Price	Market Value	Tax Cost	Est. Ann. Income	Current Yield
Juniper Networks Inc TICKER: JNPR	513.00	22.490	\$11,537.37	\$11,761.09	\$205.20	1.78%
Lincoln Natl Corp TICKER: LNC	201.00	38.770	\$7,792.77	\$9,421.67	\$201.00	2.58%
Marathon Petroleum Corporation TICKER: MPC	273.00	37.960	\$10,363.08	\$13,344.05	\$349.44	3.37%
Nike Inc-Class B TICKER: NKE	596.00	55.200	\$32,899.20	\$14,310.24	\$381.44	1.16%
Nvr Inc TICKER: NVR	15.00	1,780.340	\$26,705.10	\$21,120.43	\$0.00	0.00%
ON Semiconductor Corp TICKER: ON	761.00	8.820	\$6,712.02	\$7,801.77	\$0.00	0.00%
Paypal Holdings Inc TICKER: PYPL	627.00	36.510	\$22,891.77	\$15,156.19	\$0.00	0.00%
Philip Morris International TICKER: PM	177.00	101.720	\$18,004.44	\$15,105.69	\$722.16	4.01%
Priceline Group Inc TICKER: PCLN	6.00	1,248.410	\$7,490.46	\$7,528.66	\$0.00	0.00%
Procter & Gamble CO TICKER: PG	203.00	84.670	\$17,188.01	\$11,529.86	\$543.63	3.16%
Southwest Airlines CO TICKER: LUV	196.00	39.210	\$7,685.16	\$7,469.99	\$78.40	1.02%
St Jude Medical Inc TICKER: STJ	262.00	78.000	\$20,436.00	\$8,956.30	\$324.88	1.59%
State Street Corp TICKER: STT	540.00	53.920	\$29,116.80	\$25,792.29	\$734.40	2.52%
Stericycle Inc TICKER: SRCL	145.00	104.120	\$15,097.40	\$8,027.09	\$0.00	0.00%
Stryker Corporation TICKER: SYK	120.00	119.830	\$14,379.60	\$11,281.01	\$182.40	1.27%

Asset Detail (continued)**Statement of Value and Activity**

April 1, 2016 - June 30, 2016

<i>Description</i>	<i>Shares/Par Value</i>	<i>Current Price</i>	<i>Market Value</i>	<i>Tax Cost</i>	<i>Est. Ann. Income</i>	<i>Current Yield</i>
Target Corp TICKER: TGT	359.00	69.820	\$25,065.38	\$12,938.51	\$861.60	3.44%
TE Connectivity Limited TICKER: TEL	226.00	57.110	\$12,906.86	\$13,071.06	\$334.48	2.59%
Thermo Fisher Scientific Inc TICKER: TMO	209.00	147.760	\$30,881.84	\$9,730.97	\$125.40	0.41%
Union Pac Corp TICKER: UNP	227.00	87.250	\$19,805.75	\$21,773.66	\$499.40	2.52%
United Technologies Corp TICKER: UTX	114.00	102.550	\$11,690.70	\$10,532.57	\$300.96	2.57%
UnitedHealth Group Inc TICKER: UNH	39.00	141.200	\$5,506.80	\$4,639.15	\$97.50	1.77%
Wells Fargo & CO TICKER: WFC	311.00	47.330	\$14,719.63	\$17,070.79	\$472.72	3.21%
Whirlpool Corporation TICKER: WHR	34.00	166.640	\$5,665.76	\$5,816.01	\$136.00	2.40%
Wyndham Worldwide Corp TICKER: WYN	84.00	71.230	\$5,983.32	\$5,825.14	\$168.00	2.81%
3M CO TICKER: MMM	141.00	175.120	\$24,691.92	\$8,436.73	\$626.04	2.53%
			\$967,224.56	\$664,789.73	\$16,565.97	
<i>Mutual Funds</i>						
Baron Growth Fund-Ins TICKER: BGRIX	1,340.36	66.690	\$89,388.34	\$56,217.76	\$29.49	0.03%
Diamond Hill Large Cap Fd-I TICKER: DHLRX	4,894.79	22.040	\$107,881.24	\$68,513.05	\$1,179.65	1.09%
Federated Strategic Val Div Is TICKER: SVAIX	24,289.79	6.400	\$155,454.64	\$91,481.78	\$4,882.25	3.14%

0005977-0900618

Asset Detail (continued)

Statement of Value and Activity

April 1, 2016 - June 30, 2016

<i>Description</i>	<i>Shares/Par Value</i>	<i>Current Price</i>	<i>Market Value</i>	<i>Tax Cost</i>	<i>Est. Ann. Income</i>	<i>Current Yield</i>
Harbor International Fd-Ins TICKER: HAINX	2,187.00	58.750	\$128,486.37	\$86,996.90	\$2,364.15	1.84%
ICM Small Company Port Instl TICKER: ICSCX	2,464.33	26.480	\$65,255.56	\$45,704.99	\$266.15	0.41%
JPMorgan Mid Cap Value-Inst TICKER: FLMVX	2,397.77	36.190	\$86,775.15	\$60,487.34	\$760.09	0.88%
Oppenheimer Developing Mkt-Y TICKER: ODVYX	2,327.20	31.130	\$72,445.74	\$48,610.80	\$521.29	0.72%
Oppenheimer Intl Small-Mid CO Y TICKER: OSMYX	1,270.47	36.260	\$46,067.21	\$45,177.88	\$122.63	0.27%
SPDR S&P Regional Banking ETF TICKER: KRE	493.00	38.400	\$18,931.20	\$16,307.90	\$388.98	2.05%
Vanguard International Growth Fd-Iv TICKER: VWIGX	6,505.74	20.770	\$135,124.18	\$84,474.12	\$1,906.18	1.41%
			\$905,809.63	\$603,972.52	\$12,420.86	
Total Equities			\$1,873,034.19	\$1,268,762.25	\$28,986.83	
Fixed Income						
Taxable Individual Bonds						
United States Treasury Strips Stripped Coupon DTD 08/15/1987 Zero Cpn 02/15/2017	100,000.00	99.724	\$99,724.00	\$99,208.05	\$0.00	0.00%
Montclair Twp New Jersey General Obligation DTD 11/07/2012 1.960% 04/01/2017 Non Callable	25,000.00	100.937	\$25,234.25	\$25,138.67	\$490.00	1.94%



0005977 - 0800618

Asset Detail (continued)**Statement of Value and Activity**

April 1, 2016 - June 30, 2016

Description	Shares/Par Value	Current Price	Market Value	Tax Cost	Est. Ann. Income	Current Yield
United States Treasury Notes DTD 08/31/2010 1.875% 08/31/2017	25,000.00	101.539	\$25,384.75	\$25,410.77	\$468.75	1.85%
United States Treasury Notes DTD 02/15/2009 2.750% 02/15/2019	25,000.00	105.406	\$26,351.50	\$23,875.86	\$687.50	2.61%
Fedl Natl Mtge Assn Pool #765251 15 Yr Gtd Single Family Mortgage DTD 03/01/2004 4.000% 03/01/2019 Non Callable TICKER: 765251A	1,165.47	103.591	\$1,207.32	\$1,165.67	\$46.62	3.86%
Federal National Mortgage Assn DTD 09/09/2014 2.000% 03/09/2020 Callable	50,000.00	100.274	\$50,137.00	\$49,820.00	\$1,000.00	1.99%
Charles Schwab Corp DTD 07/22/2010 4.450% 07/22/2020 Non Callable	25,000.00	110.897	\$27,724.25	\$26,435.23	\$1,112.50	4.01%
Fedl Natl Mtge Assn Pool #829079 15 Yr Gtd Single Family Mortgage DTD 09/01/2005 4.000% 09/01/2020 Non Callable TICKER: 829079A	6,023.50	103.609	\$6,240.89	\$6,068.01	\$240.94	3.86%
Quest Diagnostic Inc DTD 03/24/2011 4.700% 04/01/2021 Non Callable	50,000.00	110.033	\$55,016.50	\$52,381.76	\$2,350.00	4.27%
Burlington North Santa Fe DTD 05/19/2011 4.100% 06/01/2021 Callable	50,000.00	110.553	\$55,276.50	\$52,082.82	\$2,050.00	3.71%

0005978 - 0800618

Asset Detail (continued)**Statement of Value and Activity**

April 1, 2016 - June 30, 2016

Description	Shares/Par Value	Current Price	Market Value	Tax Cost	Est. Ann. Income	Current Yield
Federal Home Loan Mortgage Corp Medium Term Note DTD 01/13/2012 2.375% 01/13/2022 Non Callable	25,000.00	105.915	\$26,478.75	\$24,898.75	\$593.75	2.24%
Cameron Intl Corp DTD 05/17/2012 3.600% 04/30/2022 Callable	25,000.00	102.678	\$25,669.50	\$25,321.67	\$900.00	3.51%
United States Treasury Notes DTD 05/15/2015 2.125% 05/15/2025	25,000.00	105.629	\$26,407.25	\$24,783.20	\$531.25	2.01%
Mcdonald's Corp Medium Term Note DTD 05/26/2015 3.375% 05/26/2025 Callable	25,000.00	105.648	\$26,412.00	\$24,696.25	\$843.75	3.19%
Clear Creek Texas Indep Sch Dist School District Revenue DTD 11/01/2012 3.700% 02/15/2026 Non Callable Psf-Gtd	25,000.00	113.108	\$28,277.00	\$26,502.70	\$925.00	3.27%
Govt Natl Mtge Assn Pool #738040 15 Yr Gtd Single Family Mortgage DTD 03/01/2011 3.500% 03/15/2026 Non Callable TICKER: 738040X	10,846.93	106.252	\$11,525.08	\$11,086.41	\$379.64	3.29%
Govt Natl Mtge Assn Pool #553351 30 Yr Gtd Single Family Mortgage DTD 07/01/2003 4.500% 07/15/2033 Non Callable TICKER: 553351X	3,777.04	111.055	\$4,194.59	\$3,739.26	\$169.97	4.05%

Asset Detail (continued)**Statement of Value and Activity**

April 1, 2016 - June 30, 2016

Description	Shares/Par Value	Current Price	Market Value	Tax Cost	Est. Ann. Income	Current Yield
Federal Natl Mtge Assn Pool #Ma1527 20 Yr Gtd Single Family Mortgage DTD 07/01/2013 3.000% 08/01/2033 Non Callable TICKER: MA1527A	19,027.53	105.417	\$20,058.25	\$18,837.28	\$570.83	2.85%
Federal Home Loan Mortgage Corp Gold Pool #C01676-30 Yr Gtd Mtge DTD 11/01/2003 6.000% 11/01/2033 Non Callable TICKER: C01676F	11,799.30	115.479	\$13,625.71	\$11,755.04	\$707.96	5.20%
Fedl Natl Mtge Assn Pool #357883 30 Yr Gtd Single Family Mortgage DTD 08/01/2005 5.000% 05/01/2035 Non Callable TICKER: 357883A	9,836.22	111.631	\$10,980.27	\$9,745.68	\$491.81	4.48%
Federal Home Loan Mortgage Corp Gold Pool #G02884-30 Yr Gtd Mtge DTD 04/01/2007 6.000% 04/01/2037 Non Callable TICKER: G02884F	9,185.71	115.004	\$10,563.93	\$9,225.29	\$551.14	5.22%
Federal Home Loan Mortgage Corp Gold Pool #G05634-30 Yr Gtd Mtge DTD 09/01/2009 4.000% 10/01/2039 Non Callable TICKER: G05634F	32,498.26	107.492	\$34,933.03	\$33,696.77	\$1,299.93	3.72%

0005979-0900618

Asset Detail (continued)

Statement of Value and Activity

April 1, 2016 - June 30, 2016

<i>Description</i>	<i>Shares/Par Value</i>	<i>Current Price</i>	<i>Market Value</i>	<i>Tax Cost</i>	<i>Est. Ann. Income</i>	<i>Current Yield</i>
Federal Home Loan Mortgage Corp Gold Pool #C03478-30 Yr Gtd Mtge DTD 06/01/2010 4.500% 06/01/2040 Non Callable TICKER: C03478F	10,915.00	109.640	\$11,967.21	\$11,115.40	\$491.18	4.10%
			\$623,389.53	\$596,990.54	\$16,902.52	
<i>Taxable Mutual Funds</i>						
Sit Emerging Markets Debt Fund TICKER: SITEX	4,600.37	9.750	\$44,853.56	\$50,009.84	\$207.02	0.46%
SIMT High Yield Bond Fund TICKER: SHYAX	6,136.20	6.880	\$42,217.06	\$46,027.36	\$2,592.72	6.14%
Vanguard Inflation-Protected Securities Fund TICKER: VAIPX	3,735.53	26.820	\$100,186.81	\$100,000.00	\$821.82	0.82%
			\$187,257.43	\$196,037.20	\$3,621.56	
Total Fixed Income			\$810,646.96	\$793,027.74	\$20,524.08	
<i>Alternative</i>						
JPMorgan Multi-Manager Alternatives Fund TICKER: JMMSX	6,052.46	14.980	\$90,665.78	\$90,000.00	\$0.00	0.00%
T Rowe Price Real Estate Fund TICKER: TRREX	2,071.11	29.700	\$61,511.91	\$60,000.00	\$1,304.80	2.12%
Total Alternative			\$152,177.69	\$150,000.00	\$1,304.80	



8190060-6165000

Asset Detail (continued)

Statement of Value and Activity

April 1, 2016 - June 30, 2016

Description	Shares/Par Value	Current Price	Market Value	Tax Cost	Est. Ann. Income	Current Yield
<i>Other</i>						
Mineral Interest In Se4 16-159-67 Towner CO ND	1.00	1,600.000	\$1,600.00	\$1.00	\$0.00	0.00%
Mineral Interest Ne4 31-8-30 W1m Storchoaks Area, Saskatchewan (Cert of Title)	1.00	18,400.000	\$18,400.00	\$1.00	\$0.00	0.00%
75% Mineral Interest In E2sw4 W2se4 17-119-34 Kandiyohi CO MN	1.00	600.000	\$600.00	\$1.00	\$0.00	0.00%
75% Mineral Interest In Lot 1 2-161-78 Bottineau CO ND	1.00	750.000	\$750.00	\$1.00	\$0.00	0.00%
75% Mineral Interest In Lot 4 of Govt Lot 5 4-121-35 Kandiyohi CO MN	1.00	150.000	\$150.00	\$1.00	\$0.00	0.00%
75% Mineral Interest In Lots 3-4 and E2sw4 31-162-77 Bottineau CO ND	1.00	2,926.130	\$2,926.13	\$1.00	\$0.00	0.00%
75% Mineral Interest In Lots 3-4 and S2nw4 1-161-78 Bottineau CO ND	1.00	3,000.000	\$3,000.00	\$1.00	\$0.00	0.00%
75% Mineral Interest In Lots 3-7 Se4nw4 E2sw4 N2se4 6-161-77 Bottineau CO ND	1.00	7,500.000	\$7,500.00	\$1.00	\$0.00	0.00%
75% Mineral Interest In Ne4nw4 20-119-34 Kandiyohi CO MN	1.00	150.000	\$150.00	\$1.00	\$0.00	0.00%
75% Mineral Interest In Ne4se4 9-118-34 Kandiyohi CO MN	1.00	150.000	\$150.00	\$1.00	\$0.00	0.00%
75% Mineral Interest In Nw4 33-162-78 Bottineau CO ND	1.00	3,000.000	\$3,000.00	\$1.00	\$0.00	0.00%

00059890 - 0800618

Asset Detail (continued)

Statement of Value and Activity

April 1, 2016 - June 30, 2016

Description	Shares/Par Value	Current Price	Market Value	Tax Cost	Est. Ann. Income	Current Yield
75% Mineral Interest In Nw4nw4 4-122-36 Kandiyohi CO MN	1.00	150.000	\$150.00	\$1.00	\$0.00	0.00%
75% Mineral Interest In Nw4se4 29-119-34 Kandiyohi CO MN	1.00	150.000	\$150.00	\$1.00	\$0.00	0.00%
75% Mineral Interest In N2nw4 Except W 18.25 Acres N2ne4 4-120-33 Kandiyohi CO MN	1.00	231.200	\$231.20	\$1.00	\$0.00	0.00%
75% Mineral Interest In Part of Govt Lot 4 34-121-35 Kandiyohi CO MN	1.00	150.000	\$150.00	\$1.00	\$0.00	0.00%
75% Mineral Interest In Sw4 S2nw4 W2se4 Sw4ne4 24-119-36 Kandiyohi CO MN	1.00	1,350.000	\$1,350.00	\$1.00	\$0.00	0.00%
75% Mineral Interest In Sw4 10-162-77 Bottineau CO ND	1.00	3,000.000	\$3,000.00	\$1.00	\$0.00	0.00%
75% Mineral Interest In Sw4 28-162-78 Bottineau CO ND	1.00	3,000.000	\$3,000.00	\$1.00	\$0.00	0.00%
75% Mineral Interest In S2se4 33-121-33 Kandiyohi CO MN	1.00	300.000	\$300.00	\$1.00	\$0.00	0.00%



0005980-0900618

Asset Detail (continued)

Statement of Value and Activity

April 1, 2016 - June 30, 2016

Description	Shares/Par Value	Current Price	Market Value	Tax Cost	Est. Ann. Income	Current Yield
75% Mineral Interest In S2se4ne4 9-118-34 Kandiyohi CO MN	1.00	75.000	\$75.00	\$1.00	\$0.00	0.00%
Total Other			\$46,632.33	\$20.00	\$0.00	
Total All Assets			\$2,959,172.60	\$2,288,491.42	\$50,985.61	

Publicly traded assets are valued using pricing sources we believe to be reliable. Assets for which a current value is not available may be shown at a value of \$1. Values are updated based on internal policy and may not be updated monthly.

0005981 - 0900618

Transaction Summary

Statement of Value and Activity

April 1, 2016 - June 30, 2016

Transaction Summary

<i>Transaction</i>	<i>Principal Cash</i>	<i>Income Cash</i>
Beginning Cash Balance on 4/1/16	\$0.00	\$433.25
Additions	\$0.00	\$0.00
Disbursements		
Withdrawals	\$0.00	-\$6,987.04
Transfers	\$0.00	\$0.00
Expenses	\$0.00	-\$972.56
Fees	-\$3,343.11	-\$3,343.10
Taxes	\$0.00	\$0.00
Total Disbursements	-\$3,343.11	-\$11,302.70
Income		
Taxable Interest	\$0.00	\$5,567.57
Tax Exempt Interest	\$0.00	\$0.00
Dividends	\$0.00	\$5,824.26
Rental Income	\$0.00	\$0.00
Other Income	\$0.00	\$0.00
Total Income	\$0.00	\$11,391.83
Security Purchases	-\$331,760.04	\$0.00
Security Sales/Maturities		
Security Sales/Maturities	\$293,788.92	\$0.00
Gain Distributions	\$0.00	\$0.00
Total Security Sales/Maturities	\$293,788.92	\$0.00
Money Market Purchases/Sales	\$41,524.84	\$0.00
Other	\$0.00	\$0.00
Ending Cash Balance on 6/30/16	\$210.61	\$522.38



8100080-1865000
0005991-0800016

Transaction Detail

Statement of Value and Activity

April 1, 2016 - June 30, 2016

Transaction Details By Category

<i>Date</i>	<i>Transaction Description</i>	<i>Principal Cash</i>	<i>Income Cash</i>	<i>Tax Cost</i>
4/1/16	Beginning Balance	\$0.00	\$433.25	
	Withdrawals			
6/30/16	Paid to Rice Memorial Hospital Charitable Distribution Quarterly Income Distribution	\$0.00	-\$6,987.04	\$0.00
		<hr/>	<hr/>	
		\$0.00	-\$6,987.04	
	Expenses			
4/11/16	Paid to Bremer Bank St Cloud Other Deductions	\$0.00	-\$736.95	\$0.00
5/11/16	Canada Draft for Mineral Appraisal INV 14179 Deductible Estate Expense	\$0.00	-\$25.00	\$0.00
6/30/16	Charitable Trust Annual Fee Paid to Bremer Bank Ad Valorem Tax MI Ne4 31-8-30 Saskatchewan Canada Mineral Rights Tax Invoice	\$0.00	-\$210.61	\$0.00
		<hr/>	<hr/>	
		\$0.00	-\$972.56	
	Fees			
4/20/16	Account Portfolio Fee Collected Total Charges: \$2,212.74 Fees up To: 3/31/16 Issue Maintenance Fee: \$35.42	-\$1,106.37	\$0.00	\$0.00
4/20/16	Account Portfolio Fee Collected Total Charges: \$2,212.74 Fees up To: 3/31/16 Issue Maintenance Fee: \$35.42	\$0.00	-\$1,106.37	\$0.00

00059992 - 0800618

Transaction Detail (continued)

Statement of Value and Activity

April 1, 2016 - June 30, 2016

<i>Date</i>	<i>Transaction Description</i>	<i>Principal Cash</i>	<i>Income Cash</i>	<i>Tax Cost</i>
5/20/16	Account Portfolio Fee Collected Total Charges: \$2,241.01 Fees up To: 4/30/16 Issue Maintenance Fee: \$35.42	-\$1,120.51	\$0.00	\$0.00
5/20/16	Account Portfolio Fee Collected Total Charges: \$2,241.01 Fees up To: 4/30/16 Issue Maintenance Fee: \$35.42	\$0.00	-\$1,120.50	\$0.00
6/20/16	Account Portfolio Fee Collected Total Charges: \$2,232.46 Fees up To: 5/31/16 Issue Maintenance Fee: \$35.42	-\$1,116.23	\$0.00	\$0.00
6/20/16	Account Portfolio Fee Collected Total Charges: \$2,232.46 Fees up To: 5/31/16 Issue Maintenance Fee: \$35.42	\$0.00	-\$1,116.23	\$0.00
		-\$3,343.11	-\$3,343.10	
Total Disbursements		-\$3,343.11	-\$11,302.70	

Taxable Interest

4/1/16	Montclair Twp NJ 1.960% 4/01/17	\$0.00	\$245.00	\$0.00
4/1/16	Quest Diagnostic 4.700% 4/01/21	\$0.00	\$1,175.00	\$0.00
4/1/16	Federated Gov Obl TX Mgd-I Dividend from 3/1/16 to 3/31/16	\$0.00	\$22.35	\$0.00
4/1/16	SEI SIMT High Yield Bond CL A 59 Dividend from 3/1/16 to 3/31/16	\$0.00	\$204.15	\$0.00
4/15/16	GNMA PL #553351 4.500% 7/15/33 March GNMA Due 4/15/16	\$0.00	\$14.41	\$0.00
4/15/16	GNMA PL #738040 3.500% 3/15/26 March GNMA Due 4/15/16	\$0.00	\$33.45	\$0.00
4/15/16	FHLMC Gd PL #C01676 6.000% 11/01/33 March FHLMC Due 4/15/16	\$0.00	\$61.46	\$0.00
4/15/16	FHLMC Gd PL #G02884 6.000% 4/01/37 March FHLMC Due 4/15/16	\$0.00	\$49.61	\$0.00



0005982 - 0800618

Transaction Detail (continued)

Statement of Value and Activity

April 1, 2016 - June 30, 2016

<i>Date</i>	<i>Transaction Description</i>	<i>Principal Cash</i>	<i>Income Cash</i>	<i>Tax Cost</i>
4/15/16	FHLMC Gd PL #C03478 4.500% 6/01/40 March FHLMC Due 4/15/16	\$0.00	\$44.04	\$0.00
4/15/16	FHLMC Gd PL #G05634 4.000% 10/01/39 March FHLMC Due 4/15/16	\$0.00	\$113.64	\$0.00
4/25/16	FNMA PL #357883 5.000% 5/01/35 March FNMA Due 4/25/16	\$0.00	\$42.15	\$0.00
4/25/16	FNMA PL #765251 4.000% 3/01/19 March FNMA Due 4/25/16	\$0.00	\$4.79	\$0.00
4/25/16	FNMA PL #829079 4.000% 9/01/20 March FNMA Due 4/25/16	\$0.00	\$21.55	\$0.00
4/25/16	FNMA PL #Ma1527 3.000% 8/01/33 March FNMA Due 4/25/16	\$0.00	\$49.39	\$0.00
5/2/16	Cameron Internat 3.600% 4/30/22	\$0.00	\$450.00	\$0.00
5/2/16	Federated Gov Obl TX Mgd-I Dividend from 4/1/16 to 4/30/16	\$0.00	\$20.79	\$0.00
5/2/16	SEI SIMT High Yield Bond CL A 59 Dividend from 4/1/16 to 4/30/16	\$0.00	\$216.19	\$0.00
5/16/16	GNMA PL #553351 4.500% 7/15/33 April GNMA Due 5/15/16	\$0.00	\$14.33	\$0.00
5/16/16	GNMA PL #738040 3.500% 3/15/26 April GNMA Due 5/15/16	\$0.00	\$32.60	\$0.00
5/16/16	FHLMC Gd PL #C01676 6.000% 11/01/33 April FHLMC Due 5/15/16	\$0.00	\$60.51	\$0.00
5/16/16	FHLMC Gd PL #G02884 6.000% 4/01/37 April FHLMC Due 5/15/16	\$0.00	\$48.89	\$0.00
5/16/16	FHLMC Gd PL #C03478 4.500% 6/01/40 April FHLMC Due 5/15/16	\$0.00	\$43.43	\$0.00
5/16/16	FHLMC Gd PL #G05634 4.000% 10/01/39 April FHLMC Due 5/15/16	\$0.00	\$111.74	\$0.00
5/16/16	U.S. Treasury Notes 2.125% 5/15/25	\$0.00	\$265.63	\$0.00
5/25/16	FNMA PL #357883 5.000% 5/01/35 April FNMA Due 5/25/16	\$0.00	\$41.83	\$0.00

0005983 - 0800618

Transaction Detail (continued)

Statement of Value and Activity

April 1, 2016 - June 30, 2016

<i>Date</i>	<i>Transaction Description</i>	<i>Principal Cash</i>	<i>Income Cash</i>	<i>Tax Cost</i>
5/25/16	FNMA PL #765251 4.000% 3/01/19 April FNMA Due 5/25/16	\$0.00	\$4.44	\$0.00
5/25/16	FNMA PL #829079 4.000% 9/01/20 April FNMA Due 5/25/16	\$0.00	\$21.09	\$0.00
5/25/16	FNMA PL #Ma1527 3.000% 8/01/33 April FNMA Due 5/25/16	\$0.00	\$48.82	\$0.00
5/26/16	McDonald's Corp MTN 3.375% 5/26/25	\$0.00	\$421.88	\$0.00
6/1/16	Burlington North 4.100% 6/01/21	\$0.00	\$1,025.00	\$0.00
6/1/16	Federated Gov Obl TX Mgd-I Dividend from 5/1/16 to 5/31/16	\$0.00	\$22.73	\$0.00
6/1/16	SEI SIMT High Yield Bond CL A 59 Dividend from 5/1/16 to 5/31/16	\$0.00	\$216.41	\$0.00
6/15/16	GNMA PL #553351 4.500% 7/15/33 May GNMA Due 6/15/16	\$0.00	\$14.24	\$0.00
6/15/16	GNMA PL #738040 3.500% 3/15/26 May GNMA Due 6/15/16	\$0.00	\$32.14	\$0.00
6/15/16	FHLMC Gd PL #C01676 6.000% 11/01/33 May FHLMC Due 6/15/16	\$0.00	\$59.73	\$0.00
6/15/16	FHLMC Gd PL #G02884 6.000% 4/01/37 May FHLMC Due 6/15/16	\$0.00	\$47.17	\$0.00
6/15/16	FHLMC Gd PL #C03478 4.500% 6/01/40 May FHLMC Due 6/15/16	\$0.00	\$42.24	\$0.00
6/15/16	FHLMC Gd PL #G05634 4.000% 10/01/39 May FHLMC Due 6/15/16	\$0.00	\$110.66	\$0.00
6/27/16	FNMA PL #357883 5.000% 5/01/35 May FNMA Due 6/25/16	\$0.00	\$41.18	\$0.00
6/27/16	FNMA PL #765251 4.000% 3/01/19 May FNMA Due 6/25/16	\$0.00	\$4.15	\$0.00
6/27/16	FNMA PL #829079 4.000% 9/01/20 May FNMA Due 6/25/16	\$0.00	\$20.52	\$0.00



8190080 - 5865000

Transaction Detail (continued)

Statement of Value and Activity

April 1, 2016 - June 30, 2016

<i>Date</i>	<i>Transaction Description</i>	<i>Principal Cash</i>	<i>Income Cash</i>	<i>Tax Cost</i>
6/27/16	FNMA PL #Ma1527 3.000% 8/01/33 May FNMA Due 6/25/16	\$0.00	\$48.24	\$0.00
		\$0.00	\$5,567.57	
	Dividends			
4/4/16	Nike Inc-Class B	\$0.00	\$95.36	\$0.00
4/11/16	Altria Group Inc	\$0.00	\$159.90	\$0.00
4/11/16	Philip Morris International	\$0.00	\$180.54	\$0.00
4/15/16	State Street Corp	\$0.00	\$183.60	\$0.00
4/15/16	Thermo Fisher Scientific Inc	\$0.00	\$31.35	\$0.00
4/27/16	Cisco Systems Inc	\$0.00	\$193.70	\$0.00
4/27/16	Comcast Corp-CL A	\$0.00	\$223.58	\$0.00
4/29/16	St Jude Medical Inc	\$0.00	\$81.22	\$0.00
4/29/16	Stryker Corporation	\$0.00	\$45.60	\$0.00
4/29/16	Federated Strategic Val Div Is	\$0.00	\$199.18	\$0.00
5/2/16	JP Morgan Chase & CO	\$0.00	\$202.84	\$0.00
5/2/16	Lincoln Natl Corp	\$0.00	\$50.25	\$0.00
5/12/16	Apple Inc	\$0.00	\$195.51	\$0.00
5/16/16	Abbott Labs	\$0.00	\$126.88	\$0.00
5/16/16	Colgate Palmolive CO	\$0.00	\$102.96	\$0.00
5/16/16	Procter & Gamble CO	\$0.00	\$135.91	\$0.00
5/20/16	Ameriprise Financial Inc.	\$0.00	\$135.00	\$0.00
5/31/16	Federated Strategic Val Div Is	\$0.00	\$500.37	\$0.00
6/1/16	Delta Air Lines Inc	\$0.00	\$39.15	\$0.00
6/1/16	Intel Corp	\$0.00	\$151.32	\$0.00
6/1/16	Pfizer Inc	\$0.00	\$105.00	\$0.00
6/1/16	Wells Fargo & CO	\$0.00	\$118.18	\$0.00
6/10/16	ExxonMobil Corp	\$0.00	\$122.25	\$0.00
6/10/16	Honeywell International Inc	\$0.00	\$121.38	\$0.00
6/10/16	Marathon Petroleum Corporation	\$0.00	\$87.36	\$0.00
6/10/16	Target Corp	\$0.00	\$201.04	\$0.00

0005994 - 0900618

Transaction Detail (continued)

Statement of Value and Activity

April 1, 2016 - June 30, 2016

<i>Date</i>	<i>Transaction Description</i>	<i>Principal Cash</i>	<i>Income Cash</i>	<i>Tax Cost</i>
6/10/16	TE Connectivity Limited	\$0.00	\$83.62	\$0.00
6/10/16	United Technologies Corp	\$0.00	\$75.24	\$0.00
6/10/16	Wyndham Worldwide Corp	\$0.00	\$42.00	\$0.00
6/13/16	3M CO	\$0.00	\$156.51	\$0.00
6/15/16	Expeditors Intl Wash Inc	\$0.00	\$130.40	\$0.00
6/15/16	ITC Holdings Corp	\$0.00	\$159.75	\$0.00
6/15/16	Whirlpool Corporation	\$0.00	\$34.00	\$0.00
6/16/16	Home Depot Inc	\$0.00	\$57.96	\$0.00
6/22/16	Juniper Networks Inc	\$0.00	\$51.30	\$0.00
6/23/16	BlackRock Inc CL A	\$0.00	\$66.41	\$0.00
6/24/16	Anthem Inc	\$0.00	\$93.60	\$0.00
6/27/16	SPDR S&P Regional Banking ETF	\$0.00	\$99.03	\$0.00
6/28/16	UnitedHealth Group Inc	\$0.00	\$24.38	\$0.00
6/29/16	Gilead Sciences Inc	\$0.00	\$83.19	\$0.00
6/29/16	Southwest Airlines CO	\$0.00	\$19.60	\$0.00
6/30/16	Union Pac Corp	\$0.00	\$124.85	\$0.00
6/30/16	ICM Small Company Port Instl	\$0.00	\$28.59	\$0.00
6/30/16	Federated Strategic Val Div Is	\$0.00	\$704.40	\$0.00
		\$0.00	\$5,824.26	
Total Income		\$0.00	\$11,391.83	

Security Purchases

5/13/16	Purchased 513 Shares of Juniper Networks Inc Trade Date 5/10/16 Paid \$20.52 Brokerage 513 Shares at \$22.886097	-\$11,761.09	\$0.00	\$11,761.09
---------	--	--------------	--------	-------------



0005994 - 0800618

Transaction Detail (continued)

Statement of Value and Activity

April 1, 2016 - June 30, 2016

<i>Date</i>	<i>Transaction Description</i>	<i>Principal Cash</i>	<i>Income Cash</i>	<i>Tax Cost</i>
5/20/16	Purchased 84 Shares of Wyndham Worldwide Corp Trade Date 5/17/16 Paid \$6.72 Brokerage 84 Shares at \$69.266862	-\$5,825.14	\$0.00	\$5,825.14
5/20/16	Purchased 34 Shares of Whirlpool Corporation Trade Date 5/17/16 Paid \$2.72 Brokerage 34 Shares at \$170.97900106	-\$5,816.01	\$0.00	\$5,816.01
5/24/16	Purchased 226 Shares of TE Connectivity Limited Trade Date 5/19/16 Paid \$9.04 Brokerage 226 Shares at \$57.796566	-\$13,071.06	\$0.00	\$13,071.06
6/1/16	Purchased 144 Shares of Anthem Inc Trade Date 5/26/16 Paid \$5.76 Brokerage 144 Shares at \$130.05219967	-\$18,733.28	\$0.00	\$18,733.28
6/14/16	Purchased 174 Shares of Goldman Sachs Group Inc Trade Date 6/9/16 Paid \$6.96 Brokerage 174 Shares at \$152.56611	-\$26,553.46	\$0.00	\$26,553.46
6/29/16	Purchased 6,052.455 Shares of JPMorgan Multi-Mgr Alter-Sel Trade Date 6/28/16 6,052.455 Shares at \$14.87	-\$90,000.00	\$0.00	\$90,000.00
6/29/16	Purchased 2,071.108 Shares of T Rowe Price Real Estate Fund Trade Date 6/28/16 2,071.108 Shares at \$28.97	-\$60,000.00	\$0.00	\$60,000.00

00059885-0800618

Transaction Detail (continued)

Statement of Value and Activity

April 1, 2016 - June 30, 2016

<i>Date</i>	<i>Transaction Description</i>	<i>Principal Cash</i>	<i>Income Cash</i>	<i>Tax Cost</i>
6/29/16	Purchased 3,735.526 Units of Vanguard Inflat Protected-Ad Trade Date 6/28/16 3,735.526 Units at \$26.77	-\$100,000.00	\$0.00	\$100,000.00
Total Security Purchases		-\$331,760.04	\$0.00	
Security Sales/Maturities				
4/15/16	Paid Down 22.17 Par Value of GNMA PL #553351 4.500% 7/15/33 for Record Date of March Due 4/15/16 March GNMA Due 4/15/16	\$22.17	\$0.00	-\$21.95
4/15/16	Paid Down 292.38 Par Value of GNMA PL #738040 3.500% 3/15/26 for Record Date of March Due 4/15/16 March GNMA Due 4/15/16	\$292.38	\$0.00	-\$299.14
4/15/16	Paid Down 190.41 Par Value of FHLMC Gd PL #C01676 6.000% 11/01/33 for Record Date of March Due 4/15/16 March FHLMC Due 4/15/16	\$190.41	\$0.00	-\$189.70
4/15/16	Paid Down 143.75 Par Value of FHLMC Gd PL #G02884 6.000% 4/01/37 for Record Date of March Due 4/15/16 March FHLMC Due 4/15/16	\$143.75	\$0.00	-\$144.40
4/15/16	Paid Down 163.61 Par Value of FHLMC Gd PL #C03478 4.500% 6/01/40 for Record Date of March Due 4/15/16 March FHLMC Due 4/15/16	\$163.61	\$0.00	-\$166.74



810060 - 9865000

Transaction Detail (continued)

Statement of Value and Activity

April 1, 2016 - June 30, 2016

<i>Date</i>	<i>Transaction Description</i>	<i>Principal Cash</i>	<i>Income Cash</i>	<i>Tax Cost</i>
4/15/16	Paid Down 568.9 Par Value of FHLMC Gd PL #G05634 4.000% 10/01/39 for Record Date of March Due 4/15/16 March FHLMC Due 4/15/16	\$568.90	\$0.00	-\$590.67
4/25/16	Paid Down 76.49 Par Value of FNMA PL #357883 5.000% 5/01/35 for Record Date of March Due 4/25/16 March FNMA Due 4/25/16	\$76.49	\$0.00	-\$75.76
4/25/16	Paid Down 105.27 Par Value of FNMA PL #765251 4.000% 3/01/19 for Record Date of March Due 4/25/16 March FNMA Due 4/25/16	\$105.27	\$0.00	-\$105.29
4/25/16	Paid Down 137.15 Par Value of FNMA PL #829079 4.000% 9/01/20 for Record Date of March Due 4/25/16 March FNMA Due 4/25/16	\$137.15	\$0.00	-\$138.25
4/25/16	Paid Down 225.67 Par Value of FNMA PL #Ma1527 3.000% 8/01/33 for Record Date of March Due 4/25/16 March FNMA Due 4/25/16	\$225.67	\$0.00	-\$223.41
5/13/16	Sold 241 Shares of Autonation Inc Trade Date 5/10/16 Paid \$9.64 Brokerage Paid \$0.25 SEC Fee 241 Shares at \$48.543784	\$11,689.16	\$0.00	-\$11,965.22
5/16/16	Paid Down 24.91 Par Value of GNMA PL #553351 4.500% 7/15/33 for Record Date of April Due 5/15/16 April GNMA Due 5/15/16	\$24.91	\$0.00	-\$24.66

00059500
989698 - 0800618

Transaction Detail (continued)

Statement of Value and Activity

April 1, 2016 - June 30, 2016

<i>Date</i>	<i>Transaction Description</i>	<i>Principal Cash</i>	<i>Income Cash</i>	<i>Tax Cost</i>
5/16/16	Paid Down 159.79 Par Value of GNMA PL #738040 3.500% 3/15/26 for Record Date of April Due 5/15/16 April GNMA Due 5/15/16	\$159.79	\$0.00	-\$163.40
5/16/16	Paid Down 156.12 Par Value of FHLMC Gd PL #C01676 6.000% 11/01/33 for Record Date of April Due 5/15/16 April FHLMC Due 5/15/16	\$156.12	\$0.00	-\$155.53
5/16/16	Paid Down 344.82 Par Value of FHLMC Gd PL #G02884 6.000% 4/01/37 for Record Date of April Due 5/15/16 April FHLMC Due 5/15/16	\$344.82	\$0.00	-\$346.34
5/16/16	Paid Down 318.5 Par Value of FHLMC Gd PL #C03478 4.500% 6/01/40 for Record Date of April Due 5/15/16 April FHLMC Due 5/15/16	\$318.50	\$0.00	-\$324.47
5/16/16	Paid Down 326 Par Value of FHLMC Gd PL #G05634 4.000% 10/01/39 for Record Date of April Due 5/15/16 April FHLMC Due 5/15/16	\$326.00	\$0.00	-\$338.25
5/20/16	Sold 350 Shares of Pfizer Inc Trade Date 5/17/16 Paid \$14.00 Brokerage Paid \$0.25 SEC Fee 350 Shares at \$33.037	\$11,548.70	\$0.00	-\$11,972.97
5/24/16	Sold 250 Shares of Qualcomm Inc Trade Date 5/19/16 Paid \$10.00 Brokerage Paid \$0.29 SEC Fee 250 Shares at \$52.402137	\$13,090.24	\$0.00	-\$10,032.22



8190080-9865000

Transaction Detail (continued)**Statement of Value and Activity**

April 1, 2016 - June 30, 2016

<i>Date</i>	<i>Transaction Description</i>	<i>Principal Cash</i>	<i>Income Cash</i>	<i>Tax Cost</i>
5/25/16	Paid Down 154.88 Par Value of FNMA PL #357883 5.000% 5/01/35 for Record Date of April Due 5/25/16 April FNMA Due 5/25/16	\$154.88	\$0.00	-\$153.42
5/25/16	Paid Down 87.46 Par Value of FNMA PL #765251 4.000% 3/01/19 for Record Date of April Due 5/25/16 April FNMA Due 5/25/16	\$87.46	\$0.00	-\$87.48
5/25/16	Paid Down 172.7 Par Value of FNMA PL #829079 4.000% 9/01/20 for Record Date of April Due 5/25/16 April FNMA Due 5/25/16	\$172.70	\$0.00	-\$174.03
5/25/16	Paid Down 234.5 Par Value of FNMA PL #Ma1527 3.000% 8/01/33 for Record Date of April Due 5/25/16 April FNMA Due 5/25/16	\$234.50	\$0.00	-\$232.16
6/1/16	Sold 488 Shares of Abbott Labs Trade Date 5/26/16 Paid \$19.52 Brokerage Paid \$0.42 SEC Fee 488 Shares at \$38.785085	\$18,907.18	\$0.00	-\$13,902.59
6/14/16	Sold 355 Shares of T Rowe Price Group Inc Trade Date 6/9/16 Paid \$14.20 Brokerage Paid \$0.58 SEC Fee 355 Shares at \$74.188512	\$26,322.14	\$0.00	-\$17,061.43
6/15/16	Paid Down 19.65 Par Value of GNMA PL #553351 4.500% 7/15/33 for Record Date of May Due 6/15/16 May GNMA Due 6/15/16	\$19.65	\$0.00	-\$19.45

0005987 - 0800618

Transaction Detail (continued)

Statement of Value and Activity

April 1, 2016 - June 30, 2016

<i>Date</i>	<i>Transaction Description</i>	<i>Principal Cash</i>	<i>Income Cash</i>	<i>Tax Cost</i>
6/15/16	Paid Down 171.09 Par Value of GNMA PL #738040 3.500% 3/15/26 for Record Date of May Due 6/15/16 May GNMA Due 6/15/16	\$171.09	\$0.00	-\$174.87
6/15/16	Paid Down 146.19 Par Value of FHLMC Gd PL #C01676 6.000% 11/01/33 for Record Date of May Due 6/15/16 May FHLMC Due 6/15/16	\$146.19	\$0.00	-\$145.64
6/15/16	Paid Down 247.66 Par Value of FHLMC Gd PL #G02884 6.000% 4/01/37 for Record Date of May Due 6/15/16 May FHLMC Due 6/15/16	\$247.66	\$0.00	-\$248.73
6/15/16	Paid Down 348.01 Par Value of FHLMC Gd PL #C03478 4.500% 6/01/40 for Record Date of May Due 6/15/16 May FHLMC Due 6/15/16	\$348.01	\$0.00	-\$354.40
6/15/16	Paid Down 698.93 Par Value of FHLMC Gd PL #G05634 4.000% 10/01/39 for Record Date of May Due 6/15/16 May FHLMC Due 6/15/16	\$698.93	\$0.00	-\$724.71
6/21/16	Sold 9,823.098 Shares of John Hancock II GI ABS Re-I Trade Date 6/20/16 9,823.098 Shares at \$10.00	\$98,230.98	\$0.00	-\$109,829.76
6/27/16	Paid Down 47.57 Par Value of FNMA PL #357883 5.000% 5/01/35 for Record Date of May Due 6/25/16 May FNMA Due 6/25/16	\$47.57	\$0.00	-\$47.13
6/27/16	Paid Down 79.05 Par Value of FNMA PL #765251 4.000% 3/01/19 for Record Date of May Due 6/25/16 May FNMA Due 6/25/16	\$79.05	\$0.00	-\$79.06



0005987 - 0800618

Transaction Detail (continued)

Statement of Value and Activity

April 1, 2016 - June 30, 2016

<i>Date</i>	<i>Transaction Description</i>	<i>Principal Cash</i>	<i>Income Cash</i>	<i>Tax Cost</i>
6/27/16	Paid Down 131.7 Par Value of FNMA PL #829079 4.000% 9/01/20 for Record Date of May Due 6/25/16 May FNMA Due 6/25/16	\$131.70	\$0.00	-\$132.67
6/27/16	Paid Down 266.75 Par Value of FNMA PL #Ma1527 3.000% 8/01/33 for Record Date of May Due 6/25/16 May FNMA Due 6/25/16	\$266.75	\$0.00	-\$264.08
6/29/16	Sold 4,705.25 Shares of Diamond Hill Long/Short-I Trade Date 6/28/16 4,705.25 Shares at \$22.94	\$107,938.44	\$0.00	-\$109,969.39
Total Security Sales/Maturities		\$293,788.92	\$0.00	
Money Market Purchases/Sales				
	Combined Purchases for the Period 4/1/16 - 6/30/16 of Federated Gov Obl TX Mgd-I	-\$171,960.17	\$0.00	\$171,960.17
	Combined Sales for the Period 4/1/16 - 6/30/16 of Federated Gov Obl TX Mgd-I	\$213,485.01	\$0.00	-\$213,485.01
Total Money Market Purchases/Sales		\$41,524.84	\$0.00	
Security Changes				
4/1/16	Amortized Premium on Montclair Twp NJ 1.960% 4/01/17 Fed Basis Decreased by \$34.12 to \$25,138.67 4/1/16 Current Year Amortization	\$0.00	\$0.00	-\$34.12

00059388-0800618

Transaction Detail (continued)

Statement of Value and Activity

April 1, 2016 - June 30, 2016

<i>Date</i>	<i>Transaction Description</i>	<i>Principal Cash</i>	<i>Income Cash</i>	<i>Tax Cost</i>
4/1/16	Amortized Premium on Quest Diagnostic 4.700% 4/01/21 Fed Basis Decreased by \$105.50 to \$52,381.76 4/1/16 Current Year Amortization	\$0.00	\$0.00	-\$105.50
4/15/16	Amortized Premium on GNMA PL #738040 3.500% 3/15/26 Fed Basis Decreased by \$6.24 to \$11,735.40 4/15/16 Current Year Amortization	\$0.00	\$0.00	-\$6.24
4/15/16	Amortized Premium on FHLMC Gd PL #G02884 6.000% 4/01/37 Fed Basis Decreased by \$1.09 to \$9,966.76 4/15/16 Current Year Amortization	\$0.00	\$0.00	-\$1.09
4/15/16	Amortized Premium on FHLMC Gd PL #C03478 4.500% 6/01/40 Fed Basis Decreased by \$4.67 to \$11,969.68 4/15/16 Current Year Amortization	\$0.00	\$0.00	-\$4.67
4/15/16	Amortized Premium on FHLMC Gd PL #G05634 4.000% 10/01/39 Fed Basis Decreased by \$24.83 to \$35,396.97 4/15/16 Current Year Amortization	\$0.00	\$0.00	-\$24.83
4/25/16	Accreted Discount on FNMA PL #357883 5.000% 5/01/35 Fed Basis Increased by \$2.20 to \$10,017.86 4/25/16 Market Discount	\$0.00	\$0.00	\$2.20

0005988 - 0806318

Transaction Detail (continued)

Statement of Value and Activity

April 1, 2016 - June 30, 2016

<i>Date</i>	<i>Transaction Description</i>	<i>Principal Cash</i>	<i>Income Cash</i>	<i>Tax Cost</i>
4/25/16	Amortized Premium on FNMA PL #765251 4.000% 3/01/19 Fed Basis Decreased by \$0.02 to \$1,437.53 4/25/16 Current Year Amortization	\$0.00	\$0.00	-\$0.02
4/25/16	Amortized Premium on FNMA PL #829079 4.000% 9/01/20 Fed Basis Decreased by \$2.04 to \$6,516.75 4/25/16 Current Year Amortization	\$0.00	\$0.00	-\$2.04
5/2/16	Amortized Premium on Cameron Internat 3.600% 4/30/22 Fed Basis Decreased by \$15.80 to \$25,321.67 4/30/16 Current Year Amortization	\$0.00	\$0.00	-\$15.80
5/16/16	Amortized Premium on GNMA PL #738040 3.500% 3/15/26 Fed Basis Decreased by \$5.79 to \$11,430.47 5/15/16 Current Year Amortization	\$0.00	\$0.00	-\$5.79
5/16/16	Amortized Premium on FHLMC Gd PL #G02884 6.000% 4/01/37 Fed Basis Decreased by \$1.01 to \$9,821.35 5/15/16 Current Year Amortization	\$0.00	\$0.00	-\$1.01
5/16/16	Amortized Premium on FHLMC Gd PL #C03478 4.500% 6/01/40 Fed Basis Decreased by \$4.37 to \$11,798.57 5/15/16 Current Year Amortization	\$0.00	\$0.00	-\$4.37

8190080 - 6666000

Transaction Detail (continued)

Statement of Value and Activity

April 1, 2016 - June 30, 2016

<i>Date</i>	<i>Transaction Description</i>	<i>Principal Cash</i>	<i>Income Cash</i>	<i>Tax Cost</i>
5/16/16	Amortized Premium on FHLMC Gd PL #G05634 4.000% 10/01/39 Fed Basis Decreased by \$23.23 to \$34,783.07 5/15/16 Current Year Amortization	\$0.00	\$0.00	-\$23.23
5/25/16	Accreted Discount on FNMA PL #357883 5.000% 5/01/35 Fed Basis Increased by \$2.07 to \$9,944.17 5/25/16 Market Discount	\$0.00	\$0.00	\$2.07
5/25/16	Amortized Premium on FNMA PL #765251 4.000% 3/01/19 Fed Basis Decreased by \$0.02 to \$1,332.22 5/25/16 Current Year Amortization	\$0.00	\$0.00	-\$0.02
5/25/16	Amortized Premium on FNMA PL #829079 4.000% 9/01/20 Fed Basis Decreased by \$1.94 to \$6,376.56 5/25/16 Current Year Amortization	\$0.00	\$0.00	-\$1.94
6/1/16	Amortized Premium on Burlington North 4.100% 6/01/21 Fed Basis Decreased by \$167.10 to \$52,082.82 6/1/16 Current Year Amortization	\$0.00	\$0.00	-\$167.10
6/15/16	Amortized Premium on GNMA PL #738040 3.500% 3/15/26 Fed Basis Decreased by \$5.79 to \$11,261.28 6/15/16 Current Year Amortization	\$0.00	\$0.00	-\$5.79



0005989 - 0800618

Transaction Detail (continued)

Statement of Value and Activity

April 1, 2016 - June 30, 2016

<i>Date</i>	<i>Transaction Description</i>	<i>Principal Cash</i>	<i>Income Cash</i>	<i>Tax Cost</i>
6/15/16	Amortized Premium on FHLMC Gd PL #G02884 6.000% 4/01/37 Fed Basis Decreased by \$0.99 to \$9,474.02 6/15/16 Current Year Amortization	\$0.00	\$0.00	-\$0.99
6/15/16	Amortized Premium on FHLMC Gd PL #C03478 4.500% 6/01/40 Fed Basis Decreased by \$4.30 to \$11,469.80 6/15/16 Current Year Amortization	\$0.00	\$0.00	-\$4.30
6/15/16	Amortized Premium on FHLMC Gd PL #G05634 4.000% 10/01/39 Fed Basis Decreased by \$23.34 to \$34,421.48 6/15/16 Current Year Amortization	\$0.00	\$0.00	-\$23.34
6/27/16	Accreted Discount on FNMA PL #357883 5.000% 5/01/35 Fed Basis Increased by \$2.06 to \$9,792.81 6/27/16 Market Discount	\$0.00	\$0.00	\$2.06
6/27/16	Amortized Premium on FNMA PL #765251 4.000% 3/01/19 Fed Basis Decreased by \$0.01 to \$1,244.73 6/25/16 Current Year Amortization	\$0.00	\$0.00	-\$0.01

0005990 - 0800618

Transaction Detail (continued)

Statement of Value and Activity

April 1, 2016 - June 30, 2016

<i>Date</i>	<i>Transaction Description</i>	<i>Principal Cash</i>	<i>Income Cash</i>	<i>Tax Cost</i>
6/27/16	Amortized Premium on FNMA PL #829079 4.000% 9/01/20 Fed Basis Decreased by \$1.85 to \$6,200.68 6/25/16 Current Year Amortization	\$0.00	\$0.00	-\$1.85
Total Other		\$0.00	\$0.00	
6/30/16	Ending Balance	\$210.61	\$522.38	

Pending Trades

Statement of Value and Activity

April 1, 2016 - June 30, 2016

Pending Purchases

<i>Shares or Par Value</i>	<i>Asset Description</i>	<i>Trade Date</i>	<i>Settlement Date</i>	<i>Unit Price</i>	<i>Settlement Amount</i>
50,000	Svb Financial Group DTD 09/20/2010 5.375% 09/15/2020 Non Callable	6/28/16	7/1/16	\$111.96	-\$55,978.50
				Total Pending Purchases	-\$55,978.50

0005991 - 0800618

Messages and Notices Section

Statement of Value and Activity

April 1, 2016 - June 30, 2016

The enclosed statement is provided to authorized recipients pursuant to state law or the account agreement. The statement reflects the receipts, disbursements, and market value of the assets and liabilities of the account managed by Bremer, as well as Bremer's compensation. If you have any questions about this statement, please contact your relationship manager.



0005991-0900618

