

WILLMAR

**City Finance Department**

**City Office Building  
333 SW 6<sup>th</sup> Street  
Willmar, MN 56201  
Main Number 320-235-4984  
Fax Number 320-235-4917**

**COUNCIL ACTION REQUEST**

**DATE:** August 22, 2016

**SUBJECT:** 2015 Comprehensive Annual Financial Report

**RECOMMENDATION:** Review and accept reports as submitted.

**BACKGROUND:** Staff's annual submission of the year-end Financial Report. Over its last couple of meetings, the Finance Committee has reviewed and discussed the Management Letter, Footnotes, and General Fund Budget-To-Actual Comparison sections of the 2015 Comprehensive Annual Financial Report in preparation of receiving the Independent Annual Audit Report at today's meeting. The 2015 Comprehensive Annual Financial Report is included herewith. It should be noted that this report is also located on the City's Website.

**FINANCIAL CONSIDERATION:** N/A

**LEGAL:** N/A

**Department/Responsible Party:** Finance Department/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**

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# **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**

## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the City Council  
City of Willmar, Minnesota

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Willmar, Minnesota, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents. We did not audit the financial statements of Rice Memorial Hospital and Willmar Municipal Utilities, which represent 100 percent, respectively, of the assets, net position, and revenues of Rice Memorial Hospital and Willmar Municipal Utilities. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, in so far as it relates to the amounts included for Rice Memorial Hospital and Willmar Municipal Utilities is based on the reports of the other auditors.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Rice Memorial Hospital and Willmar Municipal Utilities, which represent 100 percent, respectively, of the assets, net position, and revenues of Rice Memorial Hospital and Willmar Municipal Utilities. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, in so far as it relates to the amounts included for Rice Memorial Hospital and Willmar Municipal Utilities is based on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The financial statements of Rice Memorial Hospital were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Basis for Qualified Opinion on the Governmental Activities**

As discussed in Note 5 to the financial statements, the City has not adopted Governmental Accounting Standards Board No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*, as it relates to its Primary Government as of and for the year ended December 31, 2015. The amount by which this departure would affect the liabilities of the governmental activities is not reasonably determinable.

#### **Qualified Opinion**

In our opinion, except for the matters described in the "Basis for Qualified Opinion on the Governmental Activities" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the City of Willmar, Minnesota, as of December 31, 2015, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Unqualified Opinions**

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, and the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Willmar, Minnesota, as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Change in Accounting Principle**

As described in Note 4 to the financial statements, in 2015, the City adopted new accounting guidance, *GASB Statement No. 68, Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. Our opinion is not modified with respect to this matter.

#### **Other Matters**

##### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic

financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Willmar, Minnesota's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 15, 2016 on our consideration of the City of Willmar, Minnesota's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Willmar, Minnesota's internal control over financial reporting and compliance.

*Westberg Eischens, PLLP*

WESTBERG EISCHENS, PLLP  
Willmar, Minnesota  
July 15, 2016

**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**

Mayor and City Council  
City of Willmar, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Willmar, Minnesota, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City of Willmar, Minnesota's basic financial statements and have issued our report thereon dated July 15, 2016. Our report was qualified for governmental activities due to the failure to adopt GASB 45 and was modified to include a reference to other auditors. Our report includes a reference to other auditors who audited the financial statements of Rice Memorial Hospital and Willmar Municipal Utilities, as described in our report on the City of Willmar, Minnesota's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of Rice Memorial Hospital were not audited in accordance with *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a deficiency in internal control over financial reporting that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We considered the deficiency described in the accompanying schedule of findings and questioned costs as item 2008-1 to be a material weakness in internal control over financial reporting.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **City of Willmar, Minnesota's Response to Findings**

The City of Willmar, Minnesota's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Willmar, Minnesota's response was not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Westberg Eischens, PLLP*

Westberg Eischens, PLLP  
Willmar, Minnesota  
July 15, 2016

**INDEPENDENT AUDITOR'S REPORT ON MINNESOTA LEGAL COMPLIANCE**

Mayor and City Council  
City of Willmar, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the City of Willmar, Minnesota, as of and for the year ended December 31, 2015, and the related notes to the financial statements, and have issued our report thereon dated July 15 2016.

The *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, contains seven main categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing. Our audit considered all of the listed categories.

In connection with our audit, nothing came to our attention that caused us to believe that City of Willmar, Minnesota failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Cities*. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City of Willmar, Minnesota's noncompliance with the above referenced provisions.

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this communication is no suitable for any other purpose.

*Walter Eischen, PLLP*

Westberg Eischens, PLLP  
Willmar, Minnesota  
July 15, 2016

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

Mayor and City Council  
City of Willmar, Minnesota

**Report on Compliance for Each Major Federal Program**

We have audited the City of Willmar, Minnesota's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have direct and material effect on each of City of Willmar, Minnesota's major federal programs for the year ended December 31, 2015. The City of Willmar, Minnesota's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City of Willmar, Minnesota's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Willmar, Minnesota's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

***Opinion on Each Major Federal Programs***

In our opinion, the City of Willmar, Minnesota complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015.

**Report on Internal Control Over Compliance**

Management of the City of Willmar, Minnesota, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Willmar, Minnesota's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Willmar, Minnesota's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Westberg Eischens, PLLP*

Westberg Eischens, PLLP  
Willmar, Minnesota  
July 15, 2016

CITY OF WILLMAR, MINNESOTA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2015

Federal Funding Source	Pass-Through Agency	Program Name	Catalog of Federal Domestic Assistance Number	State or Other Contract Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Housing and Urban Development	Minnesota Department of Employment and Economic Development	Community Development Block Grants - State's Program	14.228	CDAP-11-0094-O-FY12	\$ 290,973	\$ 290,973
U.S. Environmental Protection Agency	Minnesota Public Facilities Authority	Capitalization Grants for Clean Water State Revolving Funds	66.458 66.458	MPFA-14-0050-R-FY15 MPFA-09-0044-R-FY13	\$ 432,065 131,179	\$ - -
		Total U.S. Environmental Protection Agency			\$ 563,244	\$ -
U.S. Department of Transportation	Minnesota Department of Public Safety	Interagency Hazardous Materials Public Sector Traning and Planning	20.703	A-HMEP-2014-WILLMARFD-00017	\$ 13,584	\$ -
		Total Federal Awards			\$ 867,801	\$ 290,973

**CITY OF WILLMAR**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For The Year Ended December 31, 2015**

**NOTE 1: REPORTING ENTITY**

The schedule of expenditures of federal awards presents the activities of federal award programs expended by the City of Willmar, Minnesota. The City of Willmar's reporting entity is defined in Note 1 to the financial statements.

**NOTE 2: BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Willmar and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE 4: LOANS**

CFDA 66.458 Capitalization Grants for Clean Water State Revolving Funds

Loan proceeds expended for the year ended December 31, 2015 was \$563,244. The loan balances outstanding at year end was \$4,385,461.

CITY OF WILLMAR, MINNESOTA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended December 31, 2015

**SECTION I: SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued: **Qualified**

Internal control over financial reporting:

- Material weaknesses identified? **Yes**
- Significant deficiencies identified? **No**

Noncompliance material to financial statement noted? **No**

**Federal Awards**

Internal control over major programs:

- Material weaknesses identified? **No**
- Significant deficiencies identified? **No**

Type of auditor's report issued on compliance for major programs: **Unqualified**

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **No**

**Identification of major programs:**

CFDA Number(s)	Name of Federal Program or Cluster
66.458	Capitalization Grants for Clean Water State Revolving Funds

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? **No**

**CITY OF WILLMAR, MINNESOTA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For The Year Ended December 31, 2015**

**SECTION II: FINANCIAL STATEMENT FINDINGS**

**Finding 2008-001**

**Criteria:**

Generally, a system of internal control includes the ability to understand and prepare the City's financial statements and related disclosures in accordance with accounting principles generally accepted in the United States of America (GAAP).

**Condition:**

The financial statements do not include all the required accruals and disclosures related to the City's OPEB obligations.

**Questioned Costs:**

None

**Cause:**

The City had not 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.

**Effect:**

The City is unable to make a determination of whether or not its OPEB liabilities are material.

**Recommendation:**

We recommend the City establish a plan to adopt GASB 45 in order to comply with generally accepted accounting principles.

**CORRECTIVE ACTION PLAN (CAP)**

**Finding 2008-001**

**Explanation of Disagreement with Audit Finding:**

There is no disagreement with the audit finding.

**Actions Planned in Response to Finding:**

The City has an agreement with an actuary to perform the necessary calculations to determine its OPEB liabilities.

**Officer Responsible for Ensuring CAP:**

Finance Director

**Planned Completion Date:**

December 2016

**Plan to Monitor Completion of CAP:**

City Administrator

**CITY OF WILLMAR, MINNESOTA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For The Year Ended December 31, 2015**

**SECTION III: MAJOR FEDERAL AWARDS FINDINGS**

None

**SECTION IV: PRIOR YEAR FINDINGS**

**Finding 2008-001**

**Status:**

Unresolved

**Condition:**

The financial statements do not include all the required accruals and disclosures related to the City's OPEB obligations.

**Recommendation:**

We recommend the City establish a plan to adopt GASB 45 in order to comply with generally accepted accounting principles.

**Actions Planned in Response to Finding:**

The City has an agreement with an actuary to perform the necessary calculations to determine its OPEB liabilities.

**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 2015 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	<u>94,001,610</u>	<u>91,190,056</u>	<u>87,067,448</u>	<u>88,937,197</u>	<u>181,069,058</u>	<u>180,127,253</u>
Total Assets	<u>137,608,967</u>	<u>137,518,162</u>	<u>95,959,161</u>	<u>96,388,333</u>	<u>233,568,128</u>	<u>233,906,495</u>
Deferred Outflows	<u>1,066,653</u>	-	<u>73,054</u>	-	<u>1,139,707</u>	<u>88,937,197</u>
Other liabilities	3,067,929	3,374,253	72,289	289,888	3,140,218	3,664,141
Long-term liabilities	<u>21,113,770</u>	<u>15,819,795</u>	<u>73,507,309</u>	<u>75,054,698</u>	<u>94,621,079</u>	<u>90,874,493</u>
Total Liabilities	<u>24,181,699</u>	<u>19,194,048</u>	<u>73,579,598</u>	<u>75,344,586</u>	<u>97,761,297</u>	<u>94,538,634</u>
Deferred Inflows	<u>838,159</u>	-	<u>65,004</u>	-	<u>903,163</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	36,159,987	39,063,497	1,818,242	(320,224)	37,978,229	38,743,273
Unrestricted	<u>(4,686,531)</u>	<u>150,561</u>	<u>6,472,729</u>	<u>7,481,472</u>	<u>1,786,198</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	\$ 73,378,303	\$ 70,015,155	\$ 26,276,644	\$ 27,345,793	\$ 99,654,947	\$ 97,360,948
Net capital assets	<u>61,065,987</u>	<u>61,760,743</u>	<u>30,703,855</u>	<u>30,412,231</u>	<u>91,769,842</u>	<u>92,172,974</u>
Total Assets	<u>134,444,290</u>	<u>131,775,898</u>	<u>56,980,499</u>	<u>57,758,024</u>	<u>191,424,789</u>	<u>189,533,922</u>
Deferred Outflows	<u>6,344,246</u>	-	<u>466,760</u>	-	<u>6,811,006</u>	-
Current and other liabilities	21,023,113	15,981,135	3,949,692	4,704,701	24,972,805	20,685,836
Long-term liabilities	<u>85,559,462</u>	<u>50,940,468</u>	<u>10,663,451</u>	<u>7,595,405</u>	<u>96,222,913</u>	<u>58,535,873</u>
Total Liabilities	<u>106,582,575</u>	<u>66,921,603</u>	<u>14,613,143</u>	<u>12,300,106</u>	<u>121,195,718</u>	<u>79,221,709</u>
Deferred Inflows	<u>4,737,635</u>	-	<u>371,961</u>	-	<u>5,109,596</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
<b>Revenues</b>						
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	-	-	-	-	-	-
<b>Total Revenues</b>	<b>16,546,208</b>	<b>16,660,920</b>	<b>9,300,783</b>	<b>9,268,581</b>	<b>25,846,991</b>	<b>25,929,501</b>
<b>Expenses</b>						
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
<b>Total Expenses</b>	<b>19,708,432</b>	<b>20,176,795</b>	<b>6,773,721</b>	<b>6,749,481</b>	<b>26,482,153</b>	<b>26,926,276</b>
Changes in Net Position Before Transfers	(3,162,224)	(3,515,875)	2,527,062	2,519,100	(635,162)	(996,775)
<b>Transfers</b>	<b>3,263,739</b>	<b>1,936,405</b>	<b>(668,768)</b>	<b>619,940</b>	<b>2,594,971</b>	<b>2,556,345</b>
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)	-
<b>Net Position, End of Year</b>	<b>\$ 113,655,762</b>	<b>\$ 118,324,114</b>	<b>\$ 22,387,613</b>	<b>\$ 21,043,747</b>	<b>\$ 136,043,375</b>	<b>\$ 139,367,861</b>

**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 \$4,516,205 in 2015. The net position of the Municipal Utilities Commission increased by \$426,600, and the net position of Rice Memorial Hospital increased by \$4,089,605.

Table 4  
Condensed Statement of Activities

	Rice Memorial Hospital		Municipal Utilities		Total	
	2015	2014	2015	2014	2015	2014
<b>Revenues</b>						
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>
<b>Expenses</b>						
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>(458,129)</u>	<u>(482,347)</u>	<u>(2,152,597)</u>	<u>(2,075,396)</u>	<u>(2,610,726)</u>	<u>(2,557,743)</u>
Changes in Net Position	4,089,605	(636,665)	426,600	1,848,890	4,516,205	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>\$ 34,205,961</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>

\*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.

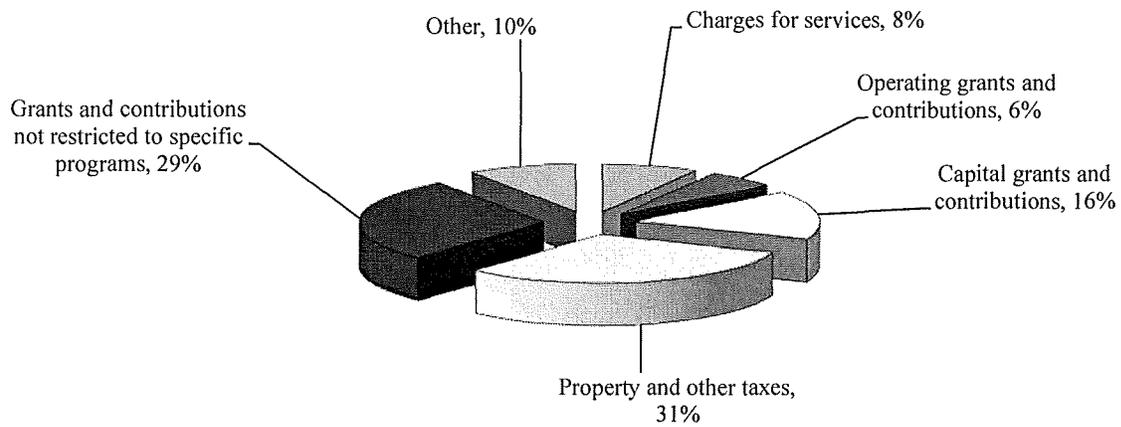
\*Due to adoption of GASB Statement No. 68 and 71 by WMU, the previously reported net position as of December 31, 2014, of \$45,457,918 was reduced by \$3,422,363 to arrive at the restated balance of \$42,035,555.

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

Governmental Activities

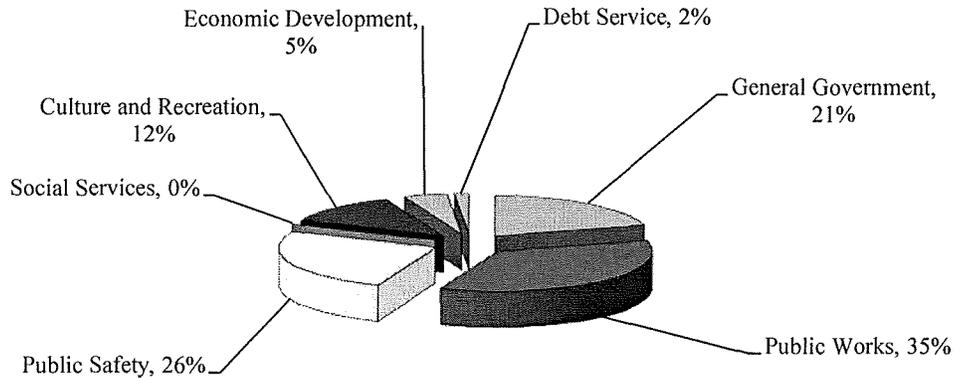
Revenues – The following chart visually illustrates the City's revenues by source for its governmental activities:

**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

	Government Activities		Business-Type Activities	
	2015	2014	2015	2014
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	13,213,317	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>\$ 94,001,610</u>	<u>\$ 91,190,056</u>	<u>\$ 87,067,448</u>	<u>\$ 88,937,197</u>

**Component Units**

Table 6  
Capital Assets

	Rice Memorial Hospital		Willmar Municipal Utilities	
	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  
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
<b>Governmental Activities</b>			
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>
<b>Business-Type Activities</b>			
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
<b>Rice Memorial Hospital</b>			
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>
<b>Willmar Municipal Utilities</b>			
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 6<sup>th</sup> 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
<b>Assets</b>					
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
<b>Total Assets</b>	<b>137,608,967</b>	<b>95,959,161</b>	<b>233,568,128</b>	<b>56,980,499</b>	<b>134,444,290</b>
<b>Deferred Outflows of Resources</b>					
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
<b>Total Deferred Outflows of Resources</b>	<b>1,066,653</b>	<b>73,054</b>	<b>1,139,707</b>	<b>466,760</b>	<b>6,344,246</b>
<b>Total Assets/Def. Outflows of Resources</b>	<b>\$ 138,675,620</b>	<b>\$ 96,032,215</b>	<b>\$ 234,707,835</b>	<b>\$ 57,447,259</b>	<b>\$ 140,788,536</b>

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
<b>Liabilities</b>					
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	1,323,165	-	1,323,165	-	-
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	13,590,064	70,323,669	83,913,733	7,268,901	49,940,009
Net Pension Liability	5,377,706	536,503	5,914,209	3,394,550	35,619,453
<b>Total Liabilities</b>	<b>24,181,699</b>	<b>73,579,598</b>	<b>97,761,297</b>	<b>14,613,143</b>	<b>101,844,940</b>
<b>Deferred Inflows of Resources</b>					
Deferred Inflows on Pension	838,159	65,004	903,163	371,961	4,737,635
<b>Total Deferred Inflows of Resources</b>	<b>838,159</b>	<b>65,004</b>	<b>903,163</b>	<b>371,961</b>	<b>4,737,635</b>
<b>Net Position</b>					
Net Investment in Capital Assets	95,772,370	84,420,311	180,192,681	24,138,855	15,776,192
NonExpendable	-	-	-	-	3,388,205
Restricted				12,442,081	-
Capital Improvements	6,711,347	495,364	7,206,711	-	-
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	-	-	-	-	-
Unrestricted	(4,686,531)	6,472,729	1,786,198	5,881,219	10,821,014
<b>Total Net Position</b>	<b>127,245,826</b>	<b>92,711,282</b>	<b>219,957,108</b>	<b>42,462,155</b>	<b>34,205,961</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$ 152,265,684</b>	<b>\$ 166,355,884</b>	<b>\$ 318,621,568</b>	<b>\$ 57,447,259</b>	<b>\$ 140,788,536</b>

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**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>		
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
<b>Primary Government:</b>				
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
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>
<b>Component Units:</b>				
Municipal Utilities	\$ 30,068,869	\$ 32,164,157	\$ -	\$ -
Rice Memorial Hospital	<u>98,105,584</u>	<u>99,256,583</u>	<u>1,705,843</u>	<u>818,607</u>
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

	General	Special Assessments Bonds Debt Service	Street Water/Sewer Capital Projects
<b>ASSETS</b>			
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	-	-
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	-	-
Restricted Assets:			
Cash and Cash Equivalents	-	-	-
Investments	-	-	-
Unamortized Discount	-	16,119	-
<b>Total Assets</b>	<b>\$ 16,856,512</b>	<b>\$ 9,024,039</b>	<b>\$ 4,261,266</b>
<b>LIABILITIES</b>			
Accounts Payable	\$ 168,630	\$ -	\$ 2
Contracts Payable	-	-	335,228
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	-	-
<b>Total Liabilities</b>	<b>2,575,300</b>	<b>1,430</b>	<b>368,751</b>
<b>DEFERRED INFLOWS OF REOURCES</b>			
Unavailable Revenue	98,828	3,868,251	-
<b>Total Deferred Inflows of Resources</b>	<b>98,828</b>	<b>3,868,251</b>	<b>-</b>
<b>FUND BALANCES</b>			
Nonspendable Fund Balance	236,988	548,760	-
Restricted Fund Balance	-	4,605,598	-
Committed Fund Balance	13,945,396	-	3,892,515
Unassigned Fund Balance	-	-	-
<b>Total Fund Balances</b>	<b>14,182,384</b>	<b>5,154,358</b>	<b>3,892,515</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 16,856,512</b>	<b>\$ 9,024,039</b>	<b>\$ 4,261,266</b>

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

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	4,140	
Deferred Outflow of Resources - Pension	1,066,653	
Net Pension Asset	<u>309,230</u>	
		5,048,491
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.		
Less Net Investment in Capital Assets (included above)	<u>157,022</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	(286,110)	
Net Pension Liability	(5,377,706)	
Deferred Inflow of Resources - Pension	<u>(838,159)</u>	
		<u>(22,238,039)</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>
<b>REVENUES</b>			
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>
<b>EXPENDITURES</b>			
Current:			
General Government	3,800,646	-	-
Public Safety	4,681,605	-	-
Streets and Highways	2,915,067	-	-
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>
<b>OTHER FINANCING SOURCES (USES)</b>			
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**

<b>Industrial Development Special Revenue Fund</b>	<b>Community Investment Special Revenue</b>	<b>Other Government Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ -	\$ 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)
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.		
Capital Outlay Expense	7,820,764	
Depreciation Expense	<u>(4,733,320)</u>	3,087,444
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase/(decrease) net position		
		(275,340)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		
Unavailable Revenue, December 31, 2015	3,672,608	
Unavailable Revenue, December 31, 2014	<u>(4,277,016)</u>	(604,408)
Pension Contribution	<u>121,532</u>	(482,876)
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.		
Compensated absences, December 31, 2015	(3,916,760)	
Compensated absences, December 31, 2014	<u>3,739,795</u>	(176,965)
Fire Pension Expense	<u>(191,647)</u>	(368,612)
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.		
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
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		
		<u>1,049</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 Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
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>
<b>EXPENDITURES</b>				
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
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>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating Transfers In	2,896,342	2,896,342	2,852,971	(43,371)
Operating Transfers Out	<u>(1,921,386)</u>	<u>(1,942,322)</u>	<u>(1,938,297)</u>	<u>4,025</u>
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 Waste Treatment Plant	Governmental Activities Internal Service Funds
<b>ASSETS</b>		
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	-
<b>TOTAL ASSETS</b>	<b>96,627,929</b>	<b>157,604</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Related to Pensions	73,054	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>73,054</b>	<b>-</b>
<b>LIABILITIES</b>		
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	-
<b>TOTAL LIABILITIES</b>	<b>74,248,366</b>	<b>582</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Related to Pensions	65,004	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>65,004</b>	<b>-</b>
<b>NET POSITION</b>		
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	-
Unrestricted	6,472,729	153,451
<b>TOTAL NET POSITION</b>	<b>\$ 22,387,613</b>	<b>\$ 157,022</b>

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

**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 <u>Waste Treatment Plant</u>	Governmental Activities <u>Internal Service Funds</u>
<b>Operating Revenues</b>		
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>
<b>Operating Expenses</b>		
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)
<b>Nonoperating Revenues (Expenses)</b>		
Lift Station Tapping Fees Collected	-	-
Investment Earnings	136,012	2,979
Change in market value	106,906	3,483
Capital Asset (Disposal)/Acquisition	58,978	(550)
Interest Expense	(2,167,960)	-
Other Revenue (Expense)	<u>-</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	Governmental Activities
	Waste Treatment Plant	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
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)
Liquidation of Liabilities	-	-
Net Cash Provided by Operating Activities	6,090,627	(1,241)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Transfer from Other Funds	1,429,074	-
Transfer to Other Funds	(144)	-
Net Cash Provided (Used) by Noncapital Financing Activities	1,428,930	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
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)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
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
<b>Classified As:</b>		
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
<b>Reconciliation of Operating Income to Net Cash Provided (Used)</b>		
<b>by Operating Activities:</b>		
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**  
**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	<u>96,962,515</u>
	<u>\$ 115,704,324</u>
 Primary Government	
Cash and cash equivalents	\$ 8,053,392
Investments	36,151,870
Permanently restricted investments	<u>30,000</u>
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	<u>12,442,081</u>
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	<u>4,508,451</u>
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, 2015, 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	7,379,541	6,117,463	283,687	13,213,317
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	<u>2,722,290</u>	<u>485,697</u>	<u>3,070,282</u>	<u>137,705</u>
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	<u>25,568,722</u>	<u>1,228,113</u>	<u>-</u>	<u>26,796,835</u>
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	<u>2,659,368</u>	<u>494,239</u>	<u>-</u>	<u>3,153,607</u>
	<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**

	Rice Memorial Hospital		Willmar Municipal Utilities	
	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:

<u>Funds transferred to</u>		<u>Funds transferred from</u>	
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>
<b>Primary Government</b>					
<b>Governmental Activities</b>					
<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	<u>1,400,000</u>	<u>1,400,000</u>
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	<u>2,100,000</u>	<u>835,000</u>
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		<u>594,304</u>	<u>594,304</u>
Total Tax Increment Financing Notes				<u>594,304</u>	<u>594,304</u>
<b>Total Governmental Activities</b>				<b><u>\$ 24,239,304</u></b>	<b><u>\$ 11,819,304</u></b>
<b>Business-Type Activities</b>					
<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
2014 Waste Treatment Note	1.00	2014	2034	<u>3,000,000</u> ^	<u>2,815,054</u>
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	<u>1,410,000</u>	<u>450,000</u>
Total G.O. Revenue Notes and Bonds				<u>88,973,571</u>	<u>72,970,805</u>
<b>Total Business-Type Activities</b>				<b><u>\$ 88,973,571</u></b>	<b><u>\$ 72,970,805</u></b>
<b>Total Primary Government</b>				<b><u>\$ 113,212,875</u></b>	<b><u>\$ 84,790,109</u></b>

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

^Includes Undrawn Proceeds of \$164,946. Loan not finalized as of 12/31/15

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

**2. Long-Term Debt (continued)**

	<u>Interest Rates</u>	<u>Date Issued</u>	<u>Date Matures</u>	<u>Original Issue</u>	<u>Outstanding at 12/31/2015</u>
<b>Component Units</b>					
<b>Municipal Utilities</b>					
<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>
<b>Total Municipal Utilities</b>				<b><u>\$ 9,410,000</u></b>	<b><u>\$ 6,565,000</u></b>
<b>Rice Memorial Hospital</b>					
<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
<b>Total Rice Memorial Hospital</b>				<b><u>\$ 50,311,394</u></b>	<b><u>\$ 46,751,385</u></b>

**3. Long-Term Debt Maturities**

Long-Term Debt maturities are as follows:

<u>General Obligation Special Assessments Bonds</u>		
<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):

<b><u>General Obligation Revenue Bonds</u></b>				
Year	<b><u>Governmental Activities</u></b>		<b><u>Business-Type Activities</u></b>	
	Principal	Interest	Principal	Interest
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>

<b><u>General Obligation Revenue Notes</u></b>		
Year	<b><u>Business-Type Activities</u></b>	
	Principal	Interest
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>	<u>Municipal Utilities</u>		<u>Rice Memorial Hospital</u>		
	<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
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>Balance</u>	<u>Due Within</u>
	<u>01/01/2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>12/31/2015</u>	<u>One Year</u>
<b>Primary Government</b>					
<b>Governmental Activities</b>					
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-Jennic-O	-	594,304	-	594,304	-
Compensated Absences	3,739,795	404,108	227,143	3,916,760	-
<b>Total Governmental Activities</b>	<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>
<b>Business-Type Activities</b>					
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
<b>Total Business-Type Activities</b>	<u>75,054,698</u>	<u>563,244</u>	<u>2,647,137</u>	<u>72,970,805</u>	<u>2,652,137</u>
<b>Total Primary Government</b>	<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>
<b>Component Units</b>					
<b>Municipal Utilities</b>					
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	-
<b>Total Municipal Utilities</b>	<u>8,190,405</u>	<u>6,518,977</u>	<u>3,430,931</u>	<u>11,278,451</u>	<u>615,000</u>
<b>Rice Memorial Hospital</b>					
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
<b>Total Rice Memorial Hospital</b>	<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>
<b>Total Component Units</b>	<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:

<u>Fund</u>	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Unassigned</u>
<b>General Fund</b>				
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 BuyOut	-	-	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	-	-	-	-
<b>Special Revenue Funds</b>				
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	-	-
<b>Debt Service Funds</b>				
Special Assessments Funds	548,760	4,605,598	-	-
Nonmajor Airport Debt Service	171,150	-	-	(12,899)
Nonmajor TIF Debt Service	-	1,044	-	-
<b>Capital Projects Funds</b>				
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	-
<b>Permanent Funds</b>	30,000	4,909	-	-
<b>Totals</b>	<b>\$ 1,007,042</b>	<b>\$ 12,905,711</b>	<b>\$ 22,786,824</b>	<b>\$ (12,899)</b>

**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. GERF 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 GERF 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. GERF Pension Cost**

At December 31, 2015, the City of Willmar reported a liability of \$3,187,249 for its proportionate share of the GERF'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 GERF's pension expense.

At December 31, 2015, the City of Willmar reported its proportionate share of the GERF'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 GERF 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	\$ 15,937
2017	\$ 15,937
2018	\$ 15,937
2019	\$ (102,845)

**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](http://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**  
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**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.

	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability (Asset)</b>
<b>Beginning Balance 12/31/13</b>	\$ 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>
<b>Balance End of Year 12/31/14</b>	<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:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
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  
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**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](http://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**  
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**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**

The City has not 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**  
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**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	<u>(12,533)</u>
Annual OPEB Cost (Expense)	214,651
Contributions Made	<u>157,825</u>
Increase (Decrease) in Net OPEB Obligation	56,826
Net OPEB Liability - Beginning of Year	<u>216,720</u>
Net OPEB Liability - End of Year	<u><u>273,546</u></u>

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

Fiscal Year Ended	Annual OPEB Cost	Annual Plan Sponsor Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Liability
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 22<sup>nd</sup> 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		
<b>REVENUES</b>				
<b>GENERAL PROPERTY TAXES</b>				
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
<b>TOTAL TAXES</b>	<b>4,771,028</b>	<b>4,771,028</b>	<b>4,757,895</b>	<b>(13,133)</b>
<b>LICENSES/PERMITS</b>				
Business License/Permit	55,675	55,675	61,075	5,400
Non-Business License/Permit	272,700	278,700	413,832	135,132
<b>TOTAL LICENSES &amp; PERMITS</b>	<b>328,375</b>	<b>334,375</b>	<b>474,907</b>	<b>140,532</b>
<b>INTERGOVERNMENTAL</b>				
<b>FEDERAL GOVERNMENT</b>				
Federal Grant	500	500	984	484
<b>STATE GRANTS</b>				
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	-
State Grant	8,000	25,500	67,571	42,071
Fire Department Aid	-	-	-	-
Shared Highway User Tax	238,000	238,000	276,906	38,906
Local Performance Aid	-	-	-	-
<b>COUNTY GRANTS</b>				
Kandiyohi County Highways	3,795	3,795	3,795	-
Kandiyohi County	9,000	9,000	17,281	8,281
<b>SCHOOL DISTRICT #347</b>				
School Liaison Officer	147,000	147,000	147,000	-
<b>TOTAL INTERGOVERNMENTAL</b>	<b>5,277,754</b>	<b>5,295,254</b>	<b>5,412,935</b>	<b>117,681</b>
<b>SERVICE CHARGES</b>				
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)
<b>TOTAL SERVICE CHARGES</b>	<b>761,850</b>	<b>761,850</b>	<b>775,780</b>	<b>13,930</b>
<b>FINES AND FORFEITS</b>				
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
<b>TOTAL FINES &amp; FORFEITS</b>	<b>152,000</b>	<b>152,000</b>	<b>189,682</b>	<b>37,682</b>
<b>SPECIAL ASSESSMENTS</b>				
Special Assessments	1,700	1,700	2,384	684
<b>TOTAL SPECIAL ASSESSMENTS</b>	<b>1,700</b>	<b>1,700</b>	<b>2,384</b>	<b>684</b>

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		
<b>REVENUES (Con't)</b>				
<b>MISCELLANEOUS REVENUE</b>				
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)
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>
 <b>EXPENDITURES</b>				
<b>GENERAL GOVERNMENT</b>				
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		
<b>EXPENDITURES (Con't)</b>				
<b>GENERAL GOVERNMENT (Con't)</b>				
Legal				
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>
<b>TOTAL GENERAL GOVERNMENT</b>	<u>3,860,528</u>	<u>3,797,044</u>	<u>3,800,646</u>	<u>(3,602)</u>
<b>PUBLIC SAFETY</b>				
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		
<b>EXPENDITURES (Con't)</b>				
<b>PUBLIC SAFETY (Con't)</b>				
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>
<b>TOTAL PUBLIC SAFETY</b>	<u>4,822,886</u>	<u>4,836,361</u>	<u>4,681,605</u>	<u>154,756</u>
<b>PUBLIC WORKS</b>				
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>	-
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>
<b>TOTAL PUBLIC WORKS</b>	<u>3,099,767</u>	<u>3,105,237</u>	<u>2,915,067</u>	<u>190,170</u>
<b>NON-DEPARTMENTAL EXPENSES</b>				
Social Services				
Meals on Wheels	-	-	-	-
<b>TOTAL NON-DEPARTMENTAL EXPENSE</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>CULTURE &amp; RECREATION</b>				
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		
<b>EXPENDITURES (Con't)</b>				
<b>CULTURE &amp; RECREATION (Con't)</b>				
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
<b>TOTAL CULTURE &amp; RECREATION</b>	<b>2,029,149</b>	<b>2,035,149</b>	<b>1,894,900</b>	<b>140,249</b>
<b>TOTAL EXPENDITURES</b>	<b>13,812,330</b>	<b>13,773,791</b>	<b>13,292,218</b>	<b>481,573</b>
Excess of Revenues Over Expenditures	(1,574,123)	(1,489,703)	(851,569)	638,134
<b>OTHER FINANCING SOURCES (USES)</b>				
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	<u>\$ 13,520,112</u>	<u>\$ 13,583,596</u>	<u>\$ 14,182,384</u>	<u>\$ 598,788</u>

See notes to required supplementary information.

**City of Willmar, Minnesota**  
**Industrial Development Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended December 31, 2015**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Miscellaneous Revenue				
Sale of Fixed Assets	\$ -	\$ -	\$ -	\$ -
Rental of Land	-	-	-	-
Interest Earnings	-	-	140,868	140,868
Market Value Incr/(Decr)	-	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>140,868</u>	<u>140,868</u>
<b>EXPENDITURES</b>				
Supplies	-	-	-	-
Other Services/Charges	-	-	-	-
Capital Outlay	-	-	11,210	(11,210)
Total Expenditures	<u>-</u>	<u>-</u>	<u>11,210</u>	<u>(11,210)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>129,658</u>	<u>129,658</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer In	-	-	250,000	250,000
Transfer Out - C.P. 2014	(3,222,549)	(3,222,549)	-	3,222,549
Transfer Out - Capital Improvments	-	-	-	-
Transfer Out - C.P. 2013	-	-	-	-
Transfer Out - C.P. Waste Treatment	-	-	-	-
Total Other Financing Sources (Uses)	<u>(3,222,549)</u>	<u>(3,222,549)</u>	<u>250,000</u>	<u>3,472,549</u>
Net Change in Fund Balances	(3,222,549)	(3,222,549)	379,658	3,602,207
Fund Balance - Beginning	657,643	657,643	657,643	-
Fund Balance - Ending	<u>\$ (2,564,906)</u>	<u>\$ (2,564,906)</u>	<u>\$ 1,037,301</u>	<u>\$ 3,602,207</u>

See notes to required supplementary information.

**City of Willmar, Minnesota**  
**Convention & Visitors' Bureau Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended December 31, 2015**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
<b>REVENUES</b>				
General Taxes				
Hotel-Motel Tax	\$ 170,000	\$ 170,000	\$ 240,825	\$ 70,825
Intergovernmental				
State Tourism Grant	7,000	7,000	4,057	(2,943)
Kandiyohi County Camping Fees	14,500	14,500	14,785	285
Kandiyohi County Phone Reimb	1,000	1,000	-	(1,000)
Kandiyohi County Tourism Partner.	34,000	34,000	34,000	-
Total Intergovernmental	56,500	56,500	52,842	(3,658)
Service Charges	2,000	2,000	2,040	40
Miscellaneous Revenue				
Interest Earnings	-	-	4,070	4,070
Market Value Increase/(Decrease)	-	-	4,099	4,099
Miscellaneous	-	-	3,491	3,491
Total Miscellaneous Revenue	-	-	11,660	11,660
Total Revenue	228,500	228,500	307,367	78,867
<b>EXPENDITURES</b>				
Personal Services	106,000	106,000	110,153	(4,153)
Supplies	7,700	7,700	7,014	686
Other Services and Charges	31,000	31,000	37,996	(6,996)
Tourism	34,000	34,000	39,171	(5,171)
Ad Development	300	300	40	260
Conference & Convention	22,000	22,000	22,318	(318)
Group Tour Promotions	1,500	1,500	1,500	-
Leisure Travel	25,000	25,000	29,724	(4,724)
Fall/Winter Promotions	6,500	6,500	7,166	(666)
Refunds & Reimbursements	-	-	-	-
Special Projects	5,000	5,000	2,250	2,750
Strategic Marketing	4,000	4,000	4,614	(614)
Total Expenditures	243,000	243,000	261,946	(18,946)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(14,500)	(14,500)	45,421	59,921
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out - General	(8,500)	(8,500)	(8,000)	500
Total Other Financing Sources (Uses)	(8,500)	(8,500)	(8,000)	500
Net Change in Fund Balances	(23,000)	(23,000)	37,421	60,421
Fund Balance - Beginning	187,848	187,848	187,848	-
Fund Balance - Ending	\$ 164,848	\$ 164,848	\$ 225,269	\$ 60,421

See notes to required supplementary information.

**City of Willmar, Minnesota**  
**Community Development Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended December 31, 2015**

	<u>Budget Amounts</u>		<u>Actual</u>	<b>Variance With</b>
	<u>Original</u>	<u>Final</u>		<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>REVENUES</b>				
Intergovernmental				
Federal Grants	\$ -	\$ -	\$ 290,519	\$ 290,519
State Grants	-	-	-	-
Total Intergovernmental	-	-	290,519	290,519
Miscellaneous Revenue	-	-	-	-
Total Revenue	-	-	290,519	290,519
<b>EXPENDITURES</b>				
Other Services/Charges	-	-	290,519	(290,519)
Total Expenditures	-	-	290,519	(290,519)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
Net Change in Fund Balances	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -

See notes to required supplementary information.

**City of Willmar, Minnesota**  
**Willmar Municipal Airport Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended December 31, 2015**

	Budget Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental				
Federal Grant	-	-	-	-
State Airport Aid	51,636	51,636	58,794	7,158
Total Intergovernmental	51,636	51,636	58,794	7,158
Service Charges				
Rental Income	160,000	160,000	191,455	31,455
Fuel Sales	10,000	10,000	15,634	5,634
Total Service Charges	170,000	170,000	207,089	37,089
Miscellaneous Revenue				
Interest Earnings	-	-	236	236
Market Value Increase/(Decrease)	-	-	187	187
Miscellaneous	-	-	65	65
Total Miscellaneous Revenue	-	-	488	488
Total Revenue	221,636	221,636	266,371	44,735
<b>EXPENDITURES</b>				
Personal Services	2,000	2,000	1,521	479
Supplies	21,250	21,250	7,672	13,578
Other Services and Charges	223,000	223,000	225,286	(2,286)
Total Expenditures	246,250	246,250	234,479	11,771
Excess (Deficiency) of Revenues Over (Under) Expenditures	(24,614)	(24,614)	31,892	56,506
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In - General Fund	190,788	190,788	190,788	-
Transfers Out - C.P. Airport	(180,000)	(180,000)	(183,016)	(3,016)
Total Other Financing Sources (Uses)	10,788	10,788	7,772	(3,016)
Net Change in Fund Balances	(13,826)	(13,826)	39,664	53,490
Fund Balance - Beginning	44,263	44,263	44,263	-
Fund Balance - Ending	\$ 30,437	\$ 30,437	\$ 83,927	\$ 53,490

See notes to required supplementary information.

**City of Willmar, Minnesota**  
**Library Improvement Reserve Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended December 31, 2015**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<b>REVENUES</b>				
Miscellaneous Revenue				
Interest Earnings	\$ -	\$ -	\$ 3,402	\$ 3,402
Market Value Incr/(Decr)	-	-	4,003	4,003
Total Revenues	-	-	7,405	7,405
<b>EXPENDITURES</b>				
Supplies	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	7,405	7,405
Net Change in Fund Balances	-	-	7,405	7,405
Fund Balance - Beginning	168,229	168,229	168,229	-
Fund Balance - Ending	\$ 168,229	\$ 168,229	\$ 175,634	\$ 7,405

See notes to required supplementary information.

**City of Willmar, Minnesota**  
**Community Investment Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended December 31, 2015**

	Budget Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Special Assessments	\$ 1,917	\$ 1,917	\$ 27,200	\$ 25,283
Miscellaneous Revenue				
Interest Earnings	180,000	180,000	179,810	(190)
Market Value Increase (Decrease)	-	-	211,132	211,132
Miscellaneous	-	-	105	105
Total Revenues	<u>181,917</u>	<u>181,917</u>	<u>418,247</u>	<u>236,330</u>
<b>EXPENDITURES</b>				
Other Charges	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>181,917</u>	<u>181,917</u>	<u>418,247</u>	<u>236,330</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	400,000	400,000	401,430	1,430
Transfers Out	<u>(684,866)</u>	<u>(684,866)</u>	<u>(684,866)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(284,866)</u>	<u>(284,866)</u>	<u>(283,436)</u>	<u>1,430</u>
Net Change in Fund Balances	(102,949)	(102,949)	134,811	237,760
Fund Balance - Beginning	<u>8,848,055</u>	<u>8,848,055</u>	<u>8,848,055</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 8,745,106</u>	<u>\$ 8,745,106</u>	<u>\$ 8,982,866</u>	<u>\$ 237,760</u>

See notes to required supplementary information.

**City of Willmar, Minnesota**  
**Public Works Reserve Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended December 31, 2015**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance With Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Miscellaneous Revenue				
Interest Earnings	\$ 10,000	\$ 10,000	\$ 17,397	\$ 7,397
Market Value Incr/(Decr)	-	-	20,476	20,476
Miscellaneous	-	-	-	-
Total Revenues	<u>10,000</u>	<u>10,000</u>	<u>37,873</u>	<u>27,873</u>
<b>EXPENDITURES</b>				
Other Charges	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>10,000</u>	<u>10,000</u>	<u>37,873</u>	<u>27,873</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	412,000	412,000	418,768	6,768
Transfers Out	(400,000)	(400,000)	(400,000)	-
Total Other Financing Sources (Uses)	<u>12,000</u>	<u>12,000</u>	<u>18,768</u>	<u>6,768</u>
Net Change in Fund Balances	22,000	22,000	56,641	34,641
Fund Balance - Beginning	<u>858,754</u>	<u>858,754</u>	<u>858,754</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 880,754</u>	<u>\$ 880,754</u>	<u>\$ 915,395</u>	<u>\$ 34,641</u>

See notes to required supplementary information.

**City of Willmar, Minnesota**  
**Debt Service Funds/Special Assessments Bonds**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended December 31, 2015**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Over (Under)</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
<b>REVENUES</b>				
Special Assessments				
Special Assessments	\$ 990,374	\$ 990,374	\$ 1,193,010	\$ 202,636
Miscellaneous Revenue				
Miscellaneous	58,713	58,713	4,575	(54,138)
Interest Earnings	43,500	43,500	76,832	33,332
Net change in fair market value	-	-	72,620	72,620
Total Revenues	<u>1,092,587</u>	<u>1,092,587</u>	<u>1,347,037</u>	<u>254,450</u>
<b>EXPENDITURES</b>				
Bond Principal Payments	2,110,000	2,110,000	2,115,000	5,000
Interest Payments	275,080	275,080	294,030	18,950
Other Charges	6,040	6,040	11,301	5,261
Total Expenditures	<u>2,391,120</u>	<u>2,391,120</u>	<u>2,420,331</u>	<u>29,211</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,298,533)</u>	<u>(1,298,533)</u>	<u>(1,073,294)</u>	<u>225,239</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	626,151	626,151	718,387	92,236
Transfers Out	-	-	(1,430)	(1,430)
Bond Proceeds	-	-	-	-
Total Other Financing Sources (Uses)	<u>626,151</u>	<u>626,151</u>	<u>716,957</u>	<u>90,806</u>
Net Change in Fund Balances	(672,382)	(672,382)	(356,337)	316,045
Fund Balances - Beginning	<u>5,510,695</u>	<u>5,510,695</u>	<u>5,510,695</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 4,838,313</u>	<u>\$ 4,838,313</u>	<u>\$ 5,154,358</u>	<u>\$ 316,045</u>

See notes to required supplementary information.

**City of Willmar, Minnesota**  
**Debt Service Funds/ Airport G.O. Revenue Bonds**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended December 31, 2015**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Over (Under)</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
<b>REVENUES</b>				
Interest Earnings	\$ 500	\$ 500	\$ -	\$ (500)
Market Value Increase (Decrease)	-	-	-	-
Total Revenues	<u>500</u>	<u>500</u>	<u>-</u>	<u>(500)</u>
<b>EXPENDITURES</b>				
Bond Principal Payments	145,000	145,000	140,000	5,000
Interest Payments	34,946	34,946	37,396	2,450
Other Charges	3,161	3,161	450	(2,711)
Total Expenditures	<u>183,107</u>	<u>183,107</u>	<u>177,846</u>	<u>4,739</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(182,607)</u>	<u>(182,607)</u>	<u>(177,846)</u>	<u>4,239</u>
<b>OTHER FINANCING SOURCES(USES)</b>				
Transfers In	<u>182,607</u>	<u>182,607</u>	<u>182,607</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>182,607</u>	<u>182,607</u>	<u>182,607</u>	<u>-</u>
Net Change in Fund Balances	-	-	4,761	4,239
Fund Balances - Beginning	<u>153,490</u>	<u>153,490</u>	<u>153,490</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 153,490</u>	<u>\$ 153,490</u>	<u>\$ 158,251</u>	<u>\$ 4,239</u>

See notes to required supplementary information.

**CITY OF WILLMAR, MINNESOTA  
SCHEDULES OF PROPORTIONATE SHARE OF NET PENSION LIABILITY  
AND EMPLOYER CONTRIBUTIONS  
GENERAL EMPLOYEES RETIREMENT FUND**

**Schedule of Proportionate Share of Net Pension Liability**

<u>Fiscal Year Ending</u>	<u>Employer's Proportion (Percentage) of the Net Pension Liability (Asset)</u>	<u>Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset)</u>	<u>Employer's Covered- Employee Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- Employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
June 30, 2015	0.0615%	\$ 3,187,249	\$ 3,618,192	88.1%	78.2%

**Schedule of Employer Contributions**

<u>Fiscal Year Ending</u>	<u>Statutorily Required Contribution</u>	<u>Contributions in Relation to the Statutorily Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered- Employee Payroll</u>	<u>Contributions as a Percentage of Covered- Employee Payroll</u>
December 31, 2015	\$ 265,540	\$ 265,540	\$ -	\$ 3,540,543	7.50%

Note: Schedules are intended to show a 10 year trend. Additional years will be reported as they become available.

**CITY OF WILLMAR, MINNESOTA  
SCHEDULES OF PROPORTIONATE SHARE OF NET PENSION LIABILITY  
AND EMPLOYER CONTRIBUTIONS  
PUBLIC EMPLOYEES POLICE AND FIRE FUND**

**Schedule of Proportionate Share of Net Pension Liability**

<u>Fiscal Year Ending</u>	<u>Employer's Proportion (Percentage) of the Net Pension Liability (Asset)</u>	<u>Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset)</u>	<u>Employer's Covered- Employee Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- Employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
June 30, 2015	0.2400%	\$ 2,726,962	\$ 2,199,684	124.0%	86.6%

**Schedule of Employer Contributions**

<u>Fiscal Year Ending</u>	<u>Statutorily Required Contribution</u>	<u>Contributions in Relation to the Statutorily Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered- Employee Payroll</u>	<u>Contributions as a Percentage of Covered- Employee Payroll</u>
December 31, 2015	\$ 359,668	\$ 359,668	\$ -	\$ 2,220,176	16.20%

Note: Schedules are intended to show a 10 year trend. Additional years will be reported as they become available.

**NOTES TO THE REQUIRED  
SUPPLEMENTARY INFORMATION**

**CITY OF WILLMAR, MINNESOTA**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**December 31, 2015**

**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.

**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

City of Willmar, Minnesota  
Combining Balance Sheet  
NonMajor Governmental Funds  
December 31, 2015

	Total Special Revenue Funds	Total Capital Projects Funds	Total Debt Service Funds	Permanent Fund Perpetual Care	Total Nonmajor Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 93,093	\$ (62,159)	\$ (197,192)	\$ 73	\$ (166,185)
Investments	1,309,505	946,111	-	34,704	2,290,320
Receivables					
Taxes Receivable - Current	14,132	-	-	-	14,132
Accounts Receivable	23,512	6,800	-	-	30,312
Notes Receivable	350,000	-	-	-	350,000
Interest Receivable	10,168	3,701	-	132	14,001
Due From Other Funds	678,894	1,434,277	182,607	-	2,295,778
Due From Other Governments	-	-	-	-	-
Prepaid Items	20,144	-	171,150	-	191,294
Restricted Assets:					
Investments	-	-	-	-	-
Unamortized Discounts On Bonds	-	-	2,730	-	2,730
<b>Total Assets</b>	<b>\$ 2,499,448</b>	<b>\$ 2,328,730</b>	<b>\$ 159,295</b>	<b>\$ 34,909</b>	<b>\$ 5,022,382</b>
<b>LIABILITIES</b>					
Accounts Payable	\$ 38,814	\$ 29,637	\$ -	\$ -	\$ 68,451
Contracts Payable	40,000	434,203	-	-	474,203
Due To Other Funds	601,139	83,359	-	-	684,498
Due To Other Gov Units	-	-	-	-	-
Deposits	280	-	-	-	280
<b>Total Liabilities</b>	<b>680,233</b>	<b>547,199</b>	<b>-</b>	<b>-</b>	<b>1,227,432</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable Revenue	357,696	-	-	-	357,696
<b>Total Deferred Inflows of Resources</b>	<b>357,696</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>357,696</b>
<b>FUND BALANCES</b>					
Nonspendable Fund Balance	20,144	-	171,150	30,000	221,294
Restricted Fund Balance	61,294	-	1,044	4,909	67,247
Committed Fund Balance	1,380,081	1,781,531	-	-	3,161,612
Unassigned Fund Balance	-	-	(12,899)	-	(12,899)
<b>Total Fund Balances</b>	<b>1,461,519</b>	<b>1,781,531</b>	<b>159,295</b>	<b>34,909</b>	<b>3,437,254</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 2,499,448</b>	<b>\$ 2,328,730</b>	<b>\$ 159,295</b>	<b>\$ 34,909</b>	<b>\$ 5,022,382</b>

**City of Willmar, Minnesota**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**NonMajor Governmental Funds**  
**For the Year Ended December 31, 2015**

	<u>Total Special Revenue Funds</u>	<u>Total Capital Projects Funds</u>	<u>Total Debt Service Funds</u>	<u>Permanent Fund Perpetual Care</u>	<u>Total Nonmajor Governmental Funds</u>
<b>REVENUES</b>					
General Taxes	\$ -	\$ -	\$ 1,044	\$ -	\$ 1,044
Other Taxes	240,825	-	-	-	240,825
Intergovernmental	402,155	11,539	-	-	413,694
Charges for Services	226,268	-	-	-	226,268
Investment Income	25,149	27,034	-	778	52,961
Net change in fair market value	28,764	34,545	-	874	64,183
Contributions/Donations	-	-	-	10,620	10,620
Miscellaneous Revenue	3,556	10,948	-	-	14,504
<b>Total Revenues</b>	<u>926,717</u>	<u>84,066</u>	<u>1,044</u>	<u>12,272</u>	<u>1,024,099</u>
<b>EXPENDITURES</b>					
Public Safety	6,122	-	-	-	6,122
Streets & Highways	234,479	-	-	-	234,479
Culture and Recreation	261,946	-	-	15,274	277,220
Economic Development	290,519	-	-	-	290,519
Debt Service					
Principal	-	-	140,000	-	140,000
Interest	-	-	37,396	-	37,396
Other Charges	-	-	450	-	450
Capital Projects	-	2,714,960	-	-	2,714,960
<b>Total Expenditures</b>	<u>793,066</u>	<u>2,714,960</u>	<u>177,846</u>	<u>15,274</u>	<u>3,701,146</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>133,651</u>	<u>(2,630,894)</u>	<u>(176,802)</u>	<u>(3,002)</u>	<u>(2,677,047)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating Transfers In	609,556	1,267,559	182,607	-	2,059,722
Operating Transfers Out	(591,016)	359	-	-	(590,657)
<b>Total Other Financing Sources (Uses)</b>	<u>18,540</u>	<u>1,267,918</u>	<u>182,607</u>	<u>-</u>	<u>1,469,065</u>
Net Change in Fund Balances	152,191	(1,362,976)	5,805	(3,002)	(1,207,982)
Fund Balances - Beginning	1,309,328	3,144,507	153,490	37,911	4,645,236
Prior Period Adjustment - See Note 9	-	-	-	-	-
<b>Fund Balances - Ending</b>	<u>\$ 1,461,519</u>	<u>\$ 1,781,531</u>	<u>\$ 159,295</u>	<u>\$ 34,909</u>	<u>\$ 3,437,254</u>

City of Willmar, Minnesota  
Combining Balance Sheet  
NonMajor Governmental Funds/Special Revenue  
December 31, 2015

	Convention and Visitors Bureau	Community Development	Willmar Municipal Airport	Library Improvement Reserve	Public Works Reserve	Law Enforcement Forfeiture Fund	Law Enforcement Explorer Fund	Total Special Revenue Funds
<b>ASSETS</b>								
Cash and Cash Equivalents	\$ 142	\$ -	\$ 29,753	\$ 1,521	\$ 383	\$ 59,955	\$ 1,339	\$ 93,093
Investments	243,314	-	-	173,433	892,758	-	-	1,309,505
Receivables								
Taxes Receivable	14,132	-	-	-	-	-	-	14,132
Accounts Receivable	42	-	23,470	-	-	-	-	23,512
Notes Receivable	-	350,000	-	-	-	-	-	350,000
Interest Receivable	946	5,056	-	680	3,486	-	-	10,168
Due From Other Governments	-	-	-	-	-	-	-	-
Due From Other Funds	-	-	260,126	-	418,768	-	-	678,894
Prepaid Items	13,416	-	6,728	-	-	-	-	20,144
<b>Total Assets</b>	<b>\$ 271,992</b>	<b>\$ 355,056</b>	<b>\$ 320,077</b>	<b>\$ 175,634</b>	<b>\$ 1,315,395</b>	<b>\$ 59,955</b>	<b>\$ 1,339</b>	<b>\$ 2,499,448</b>
<b>LIABILITIES</b>								
Accounts Payable	\$ 38,723	\$ -	\$ 91	\$ -	\$ -	\$ -	\$ -	\$ 38,814
Contract Payable	-	-	40,000	-	-	-	-	40,000
Due To Other Governments	-	-	-	-	-	-	-	-
Due To Other Funds	8,000	-	193,139	-	400,000	-	-	601,139
Deposits	-	-	280	-	-	-	-	280
<b>Total Liabilities</b>	<b>46,723</b>	<b>-</b>	<b>233,510</b>	<b>-</b>	<b>400,000</b>	<b>-</b>	<b>-</b>	<b>680,233</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable Revenue	-	355,056	2,640	-	-	-	-	357,696
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>355,056</b>	<b>2,640</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>357,696</b>
<b>FUND BALANCES</b>								
Nonspendable Fund Balance	13,416	-	6,728	-	-	-	-	20,144
Restricted Fund Balance	-	-	-	-	-	59,955	1,339	61,294
Committed Fund Balance	211,853	-	77,199	175,634	915,395	-	-	1,380,081
<b>Total Fund Balances</b>	<b>225,269</b>	<b>-</b>	<b>83,927</b>	<b>175,634</b>	<b>915,395</b>	<b>59,955</b>	<b>1,339</b>	<b>1,461,519</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 271,992</b>	<b>\$ 355,056</b>	<b>\$ 320,077</b>	<b>\$ 175,634</b>	<b>\$ 1,315,395</b>	<b>\$ 59,955</b>	<b>\$ 1,339</b>	<b>\$ 2,499,448</b>

City of Willmar, Minnesota  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
NonMajor Governmental Funds/Special Revenue  
For the Year Ended December 31, 2015

	Convention and Visitors Bureau	Community Development	Willmar Municipal Airport	Library Improvement Reserve	Public Works Reserve	Law Enforcement Forfeiture Fund	Law Enforcement Explorer Fund	Total Special Revenue Funds
<b>REVENUES</b>								
General Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Taxes	240,825	-	-	-	-	-	-	240,825
Intergovernmental	52,842	290,519	58,794	-	-	-	-	402,155
Service Charges	2,040	-	207,090	-	-	15,356	1,782	226,268
Investment income	4,070	-	236	3,402	17,397	44	-	25,149
Fair Market Value Incr/(Deer)	4,099	-	186	4,003	20,476	-	-	28,764
Miscellaneous Revenue	3,491	-	65	-	-	-	-	3,556
<b>Total Revenues</b>	<b>307,367</b>	<b>290,519</b>	<b>266,371</b>	<b>7,405</b>	<b>37,873</b>	<b>15,400</b>	<b>1,782</b>	<b>926,717</b>
<b>EXPENDITURES</b>								
Public Safety	-	-	-	-	-	5,179	943	6,122
Streets and Highways	-	-	234,479	-	-	-	-	234,479
Culture and Recreation	261,946	-	-	-	-	-	-	261,946
Economic Development	-	290,519	-	-	-	-	-	290,519
<b>Total Expenditures</b>	<b>261,946</b>	<b>290,519</b>	<b>234,479</b>	<b>-</b>	<b>-</b>	<b>5,179</b>	<b>943</b>	<b>793,066</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	45,421	-	31,892	7,405	37,873	10,221	839	133,651
<b>OTHER FIN. SOURCES (USES)</b>								
Transfers In	-	-	190,788	-	418,768	-	-	609,556
Transfers Out	(8,000)	-	(183,016)	-	(400,000)	-	-	(591,016)
<b>Total Other Fin. Sources (Uses)</b>	<b>(8,000)</b>	<b>-</b>	<b>7,772</b>	<b>-</b>	<b>18,768</b>	<b>-</b>	<b>-</b>	<b>18,540</b>
Net Change in Fund Balances	37,421	-	39,664	7,405	56,641	10,221	839	152,191
Fund Balances - Beginning	187,848	-	44,263	168,229	858,754	49,734	500	1,309,328
<b>Fund Balances - Ending</b>	<b>\$ 225,269</b>	<b>\$ -</b>	<b>\$ 83,927</b>	<b>\$ 175,634</b>	<b>\$ 915,395</b>	<b>\$ 59,955</b>	<b>\$ 1,339</b>	<b>\$ 1,461,519</b>

City of Willmar, Minnesota  
Combining Balance Sheet  
NonMajor Governmental Funds/Capital Projects  
December 31, 2015

	<u>Airport Capital Project</u>	<u>Capital Improvement</u>	<u>Surface Water</u>	<u>Total Capital Projects Funds</u>
<b>ASSETS</b>				
Cash	\$ (409)	\$ 19,765	\$ (81,515)	\$ (62,159)
Investments	-	946,111	-	946,111
Accounts Receivable	-	6,800	-	6,800
Interest Receivable	-	3,701	-	3,701
Due From Other Funds	409	1,350,509	83,359	1,434,277
Due From Other Governments	-	-	-	-
Prepaid Expenses	-	-	-	-
<b>Total Assets</b>	<u>\$ -</u>	<u>\$ 2,326,886</u>	<u>\$ 1,844</u>	<u>\$ 2,328,730</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ 29,637	\$ -	\$ 29,637
Contracts Payable	-	434,203	-	434,203
Due To Other Funds	-	83,359	-	83,359
Due To Other Gov Units	-	-	-	-
<b>Total Liabilities</b>	<u>-</u>	<u>547,199</u>	<u>-</u>	<u>547,199</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Restricted Fund Balance	-	-	-	-
Committed Fund Balance	-	1,779,687	1,844	1,781,531
Unassigned Fund Balance	-	-	-	-
<b>Total Fund Balance</b>	<u>-</u>	<u>1,779,687</u>	<u>1,844</u>	<u>1,781,531</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ -</u>	<u>\$ 2,326,886</u>	<u>\$ 1,844</u>	<u>\$ 2,328,730</u>

City of Willmar, Minnesota  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
NonMajor Governmental Funds/Capital Projects  
For the Year Ended December 31, 2015

	Airport Capital Project	Capital Improvement	Surface Water	Total Capital Project Funds
<b>REVENUES</b>				
Intergovernmental	\$ 953	\$ 10,586	\$ -	\$ 11,539
Investment Income	-	26,199	835	27,034
Market Value Incr/(Decr)	-	33,895	650	34,545
Miscellaneous	-	10,948	-	10,948
Total Revenues	953	81,628	1,485	84,066
<b>EXPENDITURES</b>				
Capital/Construction Projects	1,362	2,713,598	-	2,714,960
Total Expenditures	1,362	2,713,598	-	2,714,960
Excess (Deficiency) of Revenues Over (Under) Expenditures	(409)	(2,631,970)	1,485	(2,630,894)
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating Transfers In	409	1,267,150	-	1,267,559
Operating Transfers Out	-	-	359	359
Total Other Financing Sources (Uses)	409	1,267,150	359	1,267,918
Net Change in Fund Balances	-	(1,364,820)	1,844	(1,362,976)
Fund Balance - Beginning	-	3,144,507	-	3,144,507
Fund Balance- Ending	\$ -	\$ 1,779,687	\$ 1,844	\$ 1,781,531

**City of Willmar, Minnesota**  
**Non-Major Debt Service Funds**  
**Combining Balance Sheets**  
**December 31, 2015**

	<b>Airport G.O. Revenue Bond</b>	<b>Tax Increment Bonds</b>	<b>Total Debt Service Funds</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ (198,236)	\$ 1,044	\$ (197,192)
Due From Other Funds	182,607	-	182,607
Prepaid Expenses	171,150	-	171,150
Unamort Discount On Bonds Sold	2,730	-	2,730
Total Assets	<u>\$ 158,251</u>	<u>\$ 1,044</u>	<u>\$ 159,295</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ -	\$ -	\$ -
Due To Other Funds	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>			
Nonspendable - Prepaid Expenses	171,150	-	171,150
Restricted	-	1,044	1,044
Unassigned	(12,899)	-	(12,899)
Total Fund Balances	<u>158,251</u>	<u>1,044</u>	<u>159,295</u>
Total Liabilities and Fund Balances	<u>\$ 158,251</u>	<u>\$ 1,044</u>	<u>\$ 159,295</u>

**City of Willmar, Minnesota**  
**Non-Major Debt Service Funds**  
**Combined Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Year Ended December 31, 2015**

	<b>Airport G.O. Revenue Bond</b>	<b>Tax Increment Bonds</b>	<b>Total Debt Service Funds</b>
<b>REVENUES</b>			
Tax Increment	\$ -	\$ 1,044	\$ 1,044
Investment Income	-	-	-
Market Value Increase (Decrease)	-	-	-
Miscellaneous	-	-	-
Total Revenues	<u>-</u>	<u>1,044</u>	<u>1,044</u>
<b>EXPENDITURES</b>			
Bond Principal Payments	140,000	-	140,000
Interest Payments	37,396	-	37,396
Other Charges	450	-	450
Total Expenditures	<u>177,846</u>	<u>-</u>	<u>177,846</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(177,846)</u>	<u>1,044</u>	<u>(176,802)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	182,607	-	182,607
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>182,607</u>	<u>-</u>	<u>182,607</u>
Net Change in Fund Balances	4,761	1,044	5,805
Fund Balances - Beginning	<u>153,490</u>	<u>-</u>	<u>153,490</u>
Fund Balances - Ending	<u>\$ 158,251</u>	<u>\$ 1,044</u>	<u>\$ 159,295</u>

**City of Willmar, Minnesota**  
**Internal Service Funds**  
**Combining Statement of Net Position**  
**December 31, 2015**

	<b>Office Services</b>
<b>ASSETS</b>	
Current Assets:	
Cash And Cash Equivalents	\$ 111
Investments	152,792
Accounts Receivable	532
Interest Receivable	598
Due From Component Unit	-
Intergovernmental Receivable	-
Due From Other Funds	-
Inventories - Merchandise For Resale	3,571
Prepaid Expenses	-
Amount To Be Provided	-
Total Current Assets	157,604
Noncurrent Assets:	
Capital Assets:	
Office Equipment	-
Less Accumulated Depreciation	-
Total Capital Assets (net of accumulated depreciation)	-
Total Assets	157,604
<b>LIABILITIES</b>	
Current Liabilities	
Accounts Payable	582
Due To Other Funds	-
Total Current Liabilities	582
<b>NET POSITION</b>	
Restricted Fund Balance-Inventories	3,571
Restricted Fund Balance-Prepays	-
Assigned Fund Balance	153,451
Assigned Fund Balance-Surplus Invested In Fixed Assets	-
Total Net Position	\$ 157,022

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

	<b>Office Services</b>
Operating Revenues:	
Charges For Services	\$ 11,274
Total Operating Revenues	11,274
Operating Expenses:	
Cost of Materials Used:	
Inventory, January 1	4,024
Purchases	5,774
Total Available	9,798
Inventory, December 31	(3,571)
Total Cost of Materials Used	6,227
Other Services And Charges	9,910
Depreciation	-
Total Operating Expenses	16,137
Operating Income (Loss)	(4,863)
Nonoperating Revenues (Expenses):	
Interest On Investments	2,979
Market Value Increase/(Decrease)	3,483
Capital Asset Acquisition/(Disposal)	(550)
Total Nonoperating Revenues	5,912
Income (Loss) Before Contributions and Transfers	1,049
Operating Transfers In	-
Operating Transfers Out	-
Change in Net Position	1,049
Total Net Position - Beginning	155,973
Total Net Position - Ending	\$ 157,022

**City of Willmar, Minnesota  
Internal Service Funds  
Combining Statement of Cash Flows  
For the Year Ended December 31, 2015**

	<b>Office Services</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Receipts from Charges For Services	\$ 13,833
Payments For Purchases	(6,503)
Payments For Other Services and Charges	(8,571)
Liquidation of Liabilities	-
Net Cash Provided (Used) by Operating Activities	(1,241)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
Transfer from Other Funds	-
Transfer to Other Funds	-
Net Cash Used in Noncapital and Related Financing Activities	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Principal Payments on Long-Term Debt	-
Net Cash Used in Capital and Related Financing Activities	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Principal Collected on Loan	-
Proceeds from Sales and Maturities of Investments	-
Purchase of Investments	(2,000)
Interest and Dividends Received	2,936
Net Cash Provided (Used) from Investing Activities	936
Net Increase (Decrease) in Cash and Cash Equivalents	(305)
Cash and Cash Equivalents - Beginning	416
Cash and Cash Equivalents - Ending	\$ 111
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>	
Operating Income (Loss)	\$ (4,863)
Adjustments to Reconcile Operating Income from to Net Cash Provided (Used) by Operating Activities:	
Depreciation	-
Change in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	2,560
(Increase) Decrease in Prepaid Expenses	838
(Increase) Decrease in Due From Other Funds	-
(Increase) Decrease in Due From Component Units	-
(Increase) Decrease in Inventories	452
Increase (Decrease) in Accounts Payable	(228)
Increase (Decrease) in Due to Other Funds	-
Total Adjustments	3,622
Net Cash Provided (Used) by Operating Activities	\$ (1,241)

**City of Willmar, Minnesota**  
**Statement of Net Position**  
**Fiduciary Funds - Agency Fund**  
**December 31, 2015**

	<u>Trust Fund</u>	<u>Agency Fund</u>	<u>Agency Fund</u>
	<u>Fire Insurance</u>	<u>Fire Department</u>	<u>Bioscience</u>
	<u>Escrow</u>	<u>Grant Fund</u>	<u>Grant Fund</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 39,784	\$ (2,963)	\$ (2,011)
Accounts Receivable	-	-	2,011
Due From General Fund	-	2,963	-
Total Assets	<u>\$ 39,784</u>	<u>\$ -</u>	<u>\$ -</u>
<b>LIABILITIES</b>			
Deposits	<u>\$ 39,784</u>	<u>\$ -</u>	<u>\$ -</u>
Total Liabilities	<u>39,784</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>			
Restricted	<u>-</u>	<u>-</u>	<u>-</u>
Total Net Position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**City of Willmar, Minnesota**  
**Statement of Changes in Net Position**  
**Fiduciary Funds - Agency Funds**  
**For the Year Ended December 31, 2015**

	<u>Fire Insurance Escrow</u>	<u>Fire Department Grant Fund</u>	<u>Bioscience Grant Fund</u>
<b>ADDITIONS</b>			
Intergovernmental			
State Grant	\$ -	\$ -	\$ -
Service Charges			
Miscellaneous	-	-	-
Miscellaneous			
Insurance Reimbursement	12,149	-	2,011
Total Additions	<u>12,149</u>	<u>-</u>	<u>2,011</u>
<b>DEDUCTIONS</b>			
Other Services			
Other Services	12,149	-	-
Other Charges			
Insurance and Bonds	-	-	2,011
End-Use Grant	-	-	-
Total Deductions	<u>12,149</u>	<u>-</u>	<u>2,011</u>
Change in Net Position	-	-	-
Net Position - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Net Position - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF WILLMAR, MINNESOTA**

**STATISTICAL SECTION**

**City of Willmar, Minnesota**

**Capital Assets Used in the Operation of Governmental Funds**

**Comparative Schedules By Source\***

**December 31, 2015 and 2014**

	<b>2014</b>	<b>2015</b>
Governmental Funds Capital Assets:		
Land	\$ 8,557,673	\$ 8,585,806
Buildings and Structures	13,040,183	13,176,273
Furniture and Equipment	2,774,906	3,025,874
Machinery and Auto Equipment	8,721,534	9,060,641
Other Improvements	118,954,636	119,258,648
Total Governmental Funds Capital Assets	<b>\$ 152,048,932</b>	<b>\$ 153,107,242</b>
Investments in Governmental Funds Capital Assets By Source:		
General Fund	\$ 127,260,708	\$ 128,145,917
Special Revenue Fund	24,788,224	24,961,325
Capital Projects Funds	-	-
Total Governmental Funds Capital Assets	<b>\$ 152,048,932</b>	<b>\$ 153,107,242</b>

\*This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

**City of Willmar, Minnesota**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule of Changes By Function and Activity\***  
**For the Fiscal Year Ended December 31, 2015**

<b>FIXED ASSETS-2015</b>	<b>Governmental Funds Capital Assets</b>			<b>Governmental Funds Capital Assets</b>
	<b><u>01/01/2015</u></b>	<b><u>Additions</u></b>	<b><u>Deductions</u></b>	<b><u>12/31/2015</u></b>
<b><u>GENERAL GOVERNMENT</u></b>				
Mayor & Council	\$ 20,743	\$ -	\$ -	\$ 20,743
Community Development	240,572	-	-	240,572
City Clerk-Treasurer	-	-	-	-
Assessing	5,325	-	-	5,325
Accounting	-	-	-	-
City Hall	810,653	-	-	810,653
Data Processing	392,946	69,356	36,607	425,695
Elections	83,370	-	-	83,370
Non-Departmental	164,893	18,632	-	183,525
Industrial Development	1,102,281	-	-	1,102,281
Total	<u>2,820,783</u>	<u>87,988</u>	<u>36,607</u>	<u>2,872,164</u>
<b><u>PUBLIC SAFETY</u></b>				
Police Dept.	644,589	100,005	85,700	658,894
Trust & Agency K-9	-	-	-	-
Fire Dept.	3,752,935	-	-	3,752,935
Public Parking	631,870	-	-	631,870
Total	<u>5,029,394</u>	<u>100,005</u>	<u>85,700</u>	<u>5,043,699</u>
<b><u>PUBLIC WORKS</u></b>				
Engineering	208,601	-	-	208,601
Public Works	110,950,749	722,688	587,991	111,085,446
Airport	23,685,943	173,101	-	23,859,044
Transit	-	-	-	-
Total	<u>134,845,293</u>	<u>895,789</u>	<u>587,991</u>	<u>135,153,091</u>
<b><u>CULTURE &amp; RECREATION</u></b>				
Auditorium	534,847	22,727	-	557,574
Buildings & Grounds	952,141	251,813	-	1,203,954
Leisure Services	80,133	75,107	4,107	151,133
Civic Center	4,817,385	370,084	85,248	5,102,221
Community Center	494,032	-	-	494,032
Aquatic Center	2,003,972	54,450	-	2,058,422
WRAC-8	318,448	-	-	318,448
C.V.B.	-	-	-	-
Library	152,504	-	-	152,504
Total	<u>9,353,462</u>	<u>774,181</u>	<u>89,355</u>	<u>10,038,288</u>
<b>GRAND TOTAL</b>	<b><u>\$ 152,048,932</u></b>	<b><u>\$ 1,857,963</u></b>	<b><u>\$ 799,653</u></b>	<b><u>\$ 153,107,242</u></b>

\*This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

City of Willmar, Minnesota  
 Capital Assets Used in the Operation of Governmental Funds  
 Schedule By Function and Activity\*  
 December 31, 2015

FIXED ASSETS-2015	Total	Land	Buildings/ Structures	Furniture/ Equipment	Machinery/ Auto	Other Improvements
<u>GENERAL GOVERNMENT</u>						
Mayor & Council	\$ 20,743	\$ -	\$ -	\$ 20,743	\$ -	\$ -
Community Development	240,572	174,960	-	-	65,612	-
City Clerk-Treasurer	-	-	-	-	-	-
Assessing	5,325	-	-	-	-	5,325
Accounting	-	-	-	-	-	-
City Hall	810,653	40,000	746,705	-	-	23,948
Data Processing	425,695	-	22,961	278,229	-	124,505
Elections	83,370	-	-	83,370	-	-
Non-Departmental	183,525	-	-	183,525	-	-
Industrial Development	1,102,281	1,102,281	-	-	-	-
Total	<u>2,872,164</u>	<u>1,317,241</u>	<u>769,666</u>	<u>565,867</u>	<u>65,612</u>	<u>153,778</u>
<u>PUBLIC SAFETY</u>						
Police Dept.	658,894	-	-	80,629	565,065	13,200
Trust & Agency K-9	-	-	-	-	-	-
Fire Dept.	3,752,935	163,547	631,019	490,384	2,419,669	48,316
Public Parking	631,870	631,870	-	-	-	-
Total	<u>5,043,699</u>	<u>795,417</u>	<u>631,019</u>	<u>571,013</u>	<u>2,984,734</u>	<u>61,516</u>
<u>PUBLIC WORKS</u>						
Engineering	208,601	-	-	77,699	93,388	37,514
Public Works	111,085,446	1,923,271	1,408,454	392,251	5,483,128	101,878,342
Airport	23,859,044	4,236,165	3,961,108	17,663	23,533	15,620,575
Transit	-	-	-	-	-	-
Total	<u>135,153,091</u>	<u>6,159,436</u>	<u>5,369,562</u>	<u>487,613</u>	<u>5,600,049</u>	<u>117,536,431</u>
<u>CULTURE &amp; RECREATION</u>						
Auditorium	557,574	-	530,978	14,596	-	12,000
Buildings & Grounds	1,203,954	112,405	14,169	376,630	6,950	693,800
Leisure Services	151,133	14,900	11,660	29,232	-	95,341
Civic Center	5,102,221	23,572	3,801,244	424,851	397,974	454,580
Community Center	494,032	87,635	316,409	10,570	5,321	74,097
Aquatic Center	2,058,422	75,200	1,483,603	322,514	-	177,105
WRAC-8	318,448	-	95,461	222,987	-	-
C.V.B	-	-	-	-	-	-
Library	152,504	-	152,504	-	-	-
Total	<u>10,038,288</u>	<u>313,712</u>	<u>6,406,028</u>	<u>1,401,380</u>	<u>410,245</u>	<u>1,506,923</u>
GRAND TOTAL	<u>\$ 153,107,242</u>	<u>\$ 8,585,806</u>	<u>\$ 13,176,275</u>	<u>\$ 3,025,873</u>	<u>\$ 9,060,640</u>	<u>\$ 119,258,648</u>

\*This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

CITY OF WILLMAR, MINNESOTA

GOVERNMENT-WIDE EXPENSES BY FUNCTION

Years 2006 Through 2015

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Miscellaneous</u>	<u>Culture &amp; Recreation</u>	<u>Debt Service</u>	<u>Waste Treatment</u>	<u>Office Services</u>	<u>Public Improvement Revolv Loans</u>	<u>Total</u>
2006	\$ 2,638,867	\$ 3,890,662	\$ 2,865,920	\$ 14,431,623	\$ 1,732,007	\$ 2,317,583	\$ 2,263,868	\$ 21,558	\$ -	\$ 30,162,088
2007	\$ 2,841,646	\$ 4,075,315	\$ 2,858,588	\$ 11,310,300	\$ 1,973,936	\$ 5,485,266	\$ 2,396,676	\$ 26,366	\$ -	\$ 30,968,093
2008	\$ 3,120,895	\$ 5,483,622	\$ 3,174,692	\$ 4,778,060	\$ 2,023,979	\$ 2,120,587	\$ 2,775,907	\$ 27,311	\$ -	\$ 23,505,053
2009	\$ 3,190,772	\$ 4,451,561	\$ 2,992,636	\$ 3,277,484	\$ 2,213,398	\$ 2,354,859	\$ 2,851,067	\$ 21,458	\$ -	\$ 21,353,235
2010	\$ 3,207,918	\$ 4,552,433	\$ 3,133,761	\$ 4,000,966	\$ 2,167,668	\$ 2,455,304	\$ 4,854,543	\$ 22,486	\$ -	\$ 24,395,079
2011	\$ 2,917,909	\$ 4,666,965	\$ 7,367,466	\$ 665,894	\$ 2,489,029	\$ 413,242	\$ 6,952,251	\$ 18,366	\$ -	\$ 25,491,122
2012	\$ 3,561,177	\$ 4,491,386	\$ 7,629,637	\$ 61,642	\$ 2,333,523	\$ 404,292	\$ 6,870,154	\$ 19,924	\$ -	\$ 25,371,735
2013	\$ 3,789,359	\$ 4,721,161	\$ 6,342,972	\$ 38,864	\$ 2,476,352	\$ 369,360	\$ 6,734,381	\$ 17,816	\$ -	\$ 24,490,265
2014	\$ 4,411,086	\$ 4,725,380	\$ 7,506,805	\$ 863,301	\$ 2,344,720	\$ 307,220	\$ 6,749,481	\$ 18,283	\$ -	\$ 26,926,276
2015	\$ 4,052,775	\$ 5,055,428	\$ 6,949,073	\$ 896,033	\$ 2,441,662	\$ 297,324	\$ 6,773,721	\$ 16,137	\$ -	\$ 26,482,153

CITY OF WILLMAR, MINNESOTA

GOVERNMENT-WIDE REVENUES

Years 2006 through 2015

Fiscal Year	Program Revenues	General Revenues		Total
	Charges For Services	Taxes	Miscellaneous Revenue	
2006	\$ 3,722,861	\$ 4,215,909	\$ 16,049,775	\$ 23,988,545
2007	\$ 4,088,622	\$ 4,781,966	\$ 13,291,133	\$ 22,161,721
2008	\$ 6,139,089	\$ 5,497,952	\$ 9,493,609	\$ 21,130,650
2009	\$ 5,164,337	\$ 5,687,570	\$ 8,635,280	\$ 19,487,187
2010	\$ 5,999,445	\$ 5,531,315	\$ 9,728,257	\$ 21,259,017
2011	\$ 7,119,338	\$ 5,937,945	\$ 7,987,977	\$ 21,045,260
2012	\$ 8,216,270	\$ 6,556,909	\$ 5,618,843	\$ 20,392,022
2013	\$ 9,122,485	\$ 4,551,582	\$ 2,948,145	\$ 16,622,212
2014	\$ 10,579,467	\$ 4,582,848	\$ 8,284,427	\$ 23,446,742
2015	\$ 10,662,682	\$ 4,999,764	\$ 10,013,016	\$ 25,675,462

CITY OF WILLMAR, MINNESOTA

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION

Years 2006 Through 2015

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Miscellaneous</u>	<u>Culture &amp; Recreation</u>	<u>Debt Service</u>	<u>Total</u>
2006	\$ 2,638,867	\$ 3,890,662	\$ 2,865,920	\$ 11,675,212	\$ 1,732,007	\$ -	\$ 22,802,668
2007	\$ 2,841,646	\$ 4,075,315	\$ 2,858,588	\$ 8,629,657	\$ 1,973,936	\$ -	\$ 20,379,142
2008	\$ 3,120,895	\$ 5,483,622	\$ 3,174,692	\$ 6,898,647	\$ 2,023,979	\$ -	\$ 20,701,835
2009	\$ 3,190,772	\$ 4,451,561	\$ 2,992,636	\$ 5,632,343	\$ 2,213,398	\$ -	\$ 18,480,710
2010	\$ 3,207,918	\$ 4,552,433	\$ 3,133,761	\$ 6,456,270	\$ 2,167,668	\$ -	\$ 19,518,050
2011	\$ 3,418,244	\$ 4,405,813	\$ 3,002,099	\$ 6,333,895	\$ 2,124,155	\$ -	\$ 19,284,206
2012	\$ 3,514,064	\$ 4,247,132	\$ 2,726,069	\$ 5,786,080	\$ 2,098,772	\$ -	\$ 18,372,117
2013	\$ 3,744,641	\$ 4,497,748	\$ 2,735,734	\$ 7,978,526	\$ 2,238,245	\$ -	\$ 21,194,894
2014	\$ 3,955,656	\$ 4,468,517	\$ 3,148,422	\$ 9,527,501	\$ 2,095,665	\$ -	\$ 23,195,761
2015	\$ 3,800,646	\$ 4,687,727	\$ 3,149,546	\$ 10,166,863	\$ 2,172,120	\$ -	\$ 23,976,902

CITY OF WILLMAR, MINNESOTA

GENERAL GOVERNMENTAL REVENUES BY SOURCE

Years 2006 Through 2015

<u>Fiscal Year</u>	<u>Taxes</u>	<u>Licenses and Permits</u>	<u>Intergovernmental Revenues</u>	<u>Charges for Services</u>	<u>Fines and Forfeitures</u>	<u>Miscellaneous Revenue</u>	<u>Total</u>
2006	\$ 4,215,909	\$ 1,049,922	\$ 8,496,439	\$ 724,172	\$ 276,797	\$ 12,494,942	\$ 27,258,181
2007	\$ 4,781,966	\$ 454,878	\$ 7,177,007	\$ 864,241	\$ 259,559	\$ 9,443,920	\$ 22,981,571
2008	\$ 5,497,952	\$ 1,454,324	\$ 6,887,102	\$ 886,291	\$ 236,776	\$ 3,941,369	\$ 18,903,814
2009	\$ 5,687,570	\$ 447,306	\$ 7,142,387	\$ 919,809	\$ 188,957	\$ 3,397,091	\$ 17,783,120
2010	\$ 5,531,315	\$ 382,526	\$ 6,465,918	\$ 1,283,366	\$ 168,716	\$ 3,087,542	\$ 16,919,383
2011	\$ 5,937,945	\$ 297,119	\$ 6,493,563	\$ 957,293	\$ 163,098	\$ 3,995,684	\$ 17,844,702
2012	\$ 6,556,909	\$ 293,104	\$ 5,116,594	\$ 899,220	\$ 153,648	\$ 3,064,880	\$ 16,084,355
2013	\$ 4,551,582	\$ 542,406	\$ 7,155,696	\$ 941,224	\$ 153,774	\$ 502,949	\$ 13,847,631
2014	\$ 4,582,848	\$ 544,182	\$ 6,325,521	\$ 971,092	\$ 167,157	\$ 4,944,871	\$ 17,535,671
2015	\$ 4,999,764	\$ 474,907	\$ 7,521,732	\$ 1,002,048	\$ 189,682	\$ 2,970,082	\$ 17,158,215

CITY OF WILLMAR, MINNESOTA

PROPERTY TAX LEVIES AND COLLECTIONS

Years 2006 Through 2015

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Per Cent Of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Collections As Per Cent of Current Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Delinquent Taxes as Per Cent of Current Levy</u>
2006	2,335,677	2,294,467	98.24%	35,021	2,329,488	99.74%	60,889	2.61%
2007	2,806,995	2,755,905	98.18%	49,481	2,805,386	99.94%	66,336	2.36%
2008	3,383,646	3,304,665	98.18%	49,576	3,354,241	99.94%	97,374	2.88%
2009	3,525,325	3,440,974	97.61%	64,902	3,505,876	99.45%	114,055	3.24%
2010	3,668,705	3,296,429	89.85%	72,658	3,369,087	91.83%	133,513	3.64%
2011	3,796,734	3,450,982	90.89%	111,257	3,562,239	93.82%	87,859	2.31%
2012	3,992,734	3,899,155	97.66%	66,276	3,965,431	99.32%	115,222	2.89%
2013	4,140,118	4,043,802	97.67%	83,792	4,127,594	99.70%	119,118	2.88%
2014	4,139,734	4,046,221	97.74%	84,538	4,130,759	99.78%	52,084	1.26%
2015	4,451,028	4,373,956	98.27%	98,147	4,472,103	100.47%	93,024	2.09%

CITY OF WILLMAR, MINNESOTA

TAX CAPACITIES AND ESTIMATED MARKET VALUE OF TAXABLE PROPERTY

YEARS 2006 THROUGH 2015

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Population (*Census)	18,757	18,757	18,757	18,757
<b>REAL PROPERTY</b>				
Tax Capacity	9,664,031	10,947,806	12,005,028	12,526,714
Less: Tax Increment Districts -				
Highland #91	0	0	0	0
Center City #92	0	0	0	0
Theatre & Hotel #93	0	0	0	0
Shared Health #94	0	0	0	0
Phoenix #95	12,538	13,697	15,031	15,031
Somody #96	0	0	0	0
Accrupress #97	0	0	0	0
Brinton #98	0	0	0	0
Jennie-O #99	0	0	0	0
Holiday Inn #01	0	0	0	0
Bethesda #02	0	0	0	0
West Central Steel #03	0	0	0	0
Coborns #04	0	0	0	0
Relco #05	15,016	15,874	27,154	0
Lakewood #06	5,414	6,262	7,382	7,834
Jennie-O (2) #07	0	0	0	0
JOBZ	30,260	61,393	82,927	99,310
Net Tax Capacity	9,600,803	10,850,580	11,872,534	12,404,539
Estimated Market Value	806,284,500	904,555,700	983,810,800	1,020,849,500
<b>PERSONAL PROPERTY</b>				
Tax Capacity	90,344	104,040	110,372	112,608
Estimated Market Value	4,696,500	5,396,500	5,921,300	6,095,700
<b>TOTAL REAL AND PERSONAL PROPERTY</b>				
Tax Capacity	9,691,147	10,954,620	11,982,906	12,517,147
Estimated Market Value	810,981,000	909,952,200	989,732,100	1,026,945,200
<b>PERCENT OF TAX CAPACITY TO ESTIMATED MARKET VALUE</b>				
	0.01195	0.012039	0.012107	0.012189
<b>PER CAPITA VALUATION</b>				
Tax Capacity	517	584	639	667
Estimated Market Value	43,236	48,513	52,766	54,750
<b>NET BONDED DEBT</b>				
Net Bonded Debt per Capita	N/A	N/A	N/A	N/A
Net Bonded Debt per Tax Capacity	N/A	N/A	N/A	N/A

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
19,610	19,610	19,694	19,694	19,694	19,694
12,830,579	12,975,909	11,959,117	12,120,212	12,093,317	12,546,465
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
15,031	15,031	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
7,834	7,834	0	0	0	0
0	0	0	0	0	1,506
113,205	118,210	143,402	181,069	181,807	181,807
12,694,509	12,834,834	11,815,715	11,939,143	11,911,510	12,363,152
1,044,367,400	1,055,031,300	1,065,852,600	1,064,093,500	1,054,462,700	1,094,771,600
113,796	129,053	131,992	137,153	140,199	146,908
6,201,500	6,969,200	7,150,300	7,407,100	7,581,400	7,977,200
12,808,305	12,963,887	11,947,707	12,076,296	12,051,709	12,510,060
1,050,568,900	1,062,000,500	1,073,002,900	1,071,500,600	1,062,044,100	1,102,748,800
0.012192	0.012207	0.011135	0.011270	0.011348	0.011344
653	661	607	613	612	635
53,573	54,156	54,484	54,407	53,927	55,994
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A

CITY OF WILLMAR, MINNESOTA

TAX CAPACITY RATES

ALL OVERLAPPING GOVERNMENTS

Years 2006 Through 2015

A 10-YEAR COMPARISON OF TAX CAPACITY RATES

<u>Year Tax Due</u>	<u>City</u>	<u>School</u>	*** <u>County</u>	<u>H.R.A.</u>	<u>EDC/ Mid-MN Dev.</u>	<u>Total</u>
2006	24.10	23.31	64.22	1.19	1.64	114.46
2007	25.62	22.66	60.41	1.18	1.46	111.33
2008	28.23	20.23	56.71	1.18	1.32	107.67
2009	28.16	20.54	56.88	1.51	1.25	108.34
2010	28.64	19.84	53.36	1.32	1.16	104.32
2011	29.28	19.93	55.94	1.30	1.16	107.61
2012	33.42	22.35	60.66	1.41	1.22	119.06
2013	34.28	19.72	59.06	0.96	1.17	115.19
2014	34.35	12.61	56.40	1.39	1.11	105.86
2015	35.58	8.41	54.18	1.07	1.02	100.26

\*\*\* Includes Mid Minnesota Development Commission.

CITY OF WILLMAR, MINNESOTA

TAX LEVIES

ALL OVERLAPPING GOVERNMENTS

Years 2006 Through 2015

A 10-YEAR COMPARISON OF TAX CAPACITY LEVIES

<u>Year Tax Due</u>	<u>*City</u>	<u>School</u>	<u>Market Value Ref.</u>	<u>**County</u>	<u>H.R.A.</u>	<u>EDC/ Rural Dev. Fin. Auth.</u>	<u>Total</u>
2006	2,335,761	2,258,522	1,067,332	6,223,946	115,519	133,835	12,134,915
2007	2,806,902	2,483,193	1,183,484	6,617,795	129,265	133,865	13,354,504
2008	3,383,493	2,424,022	1,236,868	6,795,266	141,159	131,812	14,112,620
2009	3,525,204	2,571,272	1,724,036	7,145,914	188,884	129,302	15,284,612
2010	3,663,422	2,538,124	1,807,189	6,850,914	168,577	121,253	15,149,479
2011	3,755,160	2,555,586	1,840,022	7,199,752	166,953	121,945	15,639,418
2012	3,997,702	2,670,551	1,866,059	7,273,883	168,582	118,999	16,095,776
2013	4,139,754	2,381,446	1,670,118	7,158,587	168,585	114,846	15,633,336
2014	4,139,400	1,519,721	1,565,134	6,822,472	168,362	108,224	14,323,313
2015	4,450,579	1,052,346	1,649,161	6,800,969	133,733	104,834	14,191,622

\* This Levy does not take into consideration the small reduction that results from agricultural property.

\*\* Includes Mid Minnesota Development Commission.

CITY OF WILLMAR, MINNESOTA

PRINCIPAL TAXPAYERS

December 31, 2015

Taxpayer	Type of Business	Market Valuation Payable 2016	Total Tax
Mills Properties, Inc.	Auto Dealership	\$ 11,298,100	\$ 385,776
Affiliated Community Health	Medical Center	\$ 10,824,800	\$ 369,809
WalMart Stores, Inc.	Discount Retailer	\$ 10,270,200	\$ 353,152
RockStep Willmar, LLC	Shopping Center	\$ 9,327,800	\$ 320,634
Menard Inc.	Building Materials	\$ 8,772,100	\$ 301,458
Torgerson Properties, Inc.	Investment Company	\$ 8,321,600	\$ 284,671
BNSF Railway Company	Railroad	\$ 7,219,300	\$ 247,874
Willmar Ten Investors	Investment Company	\$ 6,865,000	\$ 229,441
Centerpoint Energy Minnegasco	Utility Company	\$ 5,569,800	\$ 189,714
Jennie-O Turkey Store, Inc.	Food Processing	\$ 5,432,300	\$ 186,136

CITY OF WILLMAR, MINNESOTA

SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS

Year 2006 Through 2015

<u>Fiscal Year</u>	<u>Current Assessments Due</u>	<u>Current Assessments Collected</u>	<u>Percent of Collections To Amount Due</u>	<u>Total Outstanding Current and Delinquent Assessments</u>
2006	1,087,759	1,048,115	96.36%	50,385
2007	1,024,590	984,177	96.06%	45,782
2008	1,497,645	1,459,639	97.46%	50,876
2009	1,268,693	1,145,147	90.26%	135,323
2010	1,149,652	1,031,192	89.70%	217,417
2011	1,129,081	1,014,192	89.82%	265,294
2012	1,162,674	1,074,741	92.44%	291,365
2013	1,095,335	985,263	89.95%	355,375
2014	1,008,979	974,209	96.55%	361,233
2015	920,213	881,012	95.74%	369,448

NOTE: Special Assessments are certified to the County Auditor of Kandiyohi County for collection. Special Assessment Bonds are general obligation pursuant to M.S.A. Section 430.12

CITY OF WILLMAR, MINNESOTA

COMPUTATION OF LEGAL DEBT MARGIN

December 31, 2015

**Legal Debt Limit and Margin**

Legal Debt Limit (2% of Estimated Market Value \$1,102,748,800)	\$ 22,054,976
Less: Outstanding Debt Subject to Limit	\$ -
Legal Debt Margin as of December 31, 2014	<u>\$ 22,054,976</u>

**General Obligation Debt Supported Solely by Taxes\*** \$ -

\* Nothing subject to legal debt limit

CITY OF WILLMAR, MINNESOTA

MISCELLANEOUS STATISTICAL FACTS

Date of Incorporation	November 19, 1901
Date of Adoption of City Charter	November 5, 1968
Form of Government	Administrator
Fiscal Year Begins	January 1
Area - Acres (Land)	7,398
- Acres (Water)	1,229
Miles of Streets and Alleys:	
Streets -	
Paved	132.34
Sidewalks	65.00
Bike Paths	17.70
Building Permits	
Number of Permits Issued	
Year 2015	439
Year 2014	450
Year 2013	414
Year 2012	479
Year 2011	533
Year 2010	592
Year 2009	772
Year 2008	780
Year 2007	651
Year 2006	693
Estimated Construction Costs	
Year 2015	\$ 34,088,689
Year 2014	48,558,272
Year 2013	49,216,963
Year 2012	17,114,395
Year 2011	13,041,853
Year 2010	22,520,064
Year 2009	30,922,465
Year 2008	70,002,629
Year 2007	33,722,627
Year 2006	42,379,065
Year 2005	48,732,487

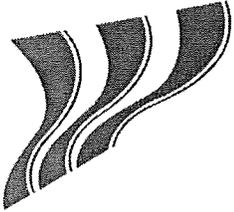
\*Information obtained from various Departmental Reports

CITY OF WILLMAR, MINNESOTA

MISCELLANEOUS STATISTICAL FACTS

	<u>2015</u>	<u>2014</u>
Public Safety:		
Fire Protection:		
Number of Stations	1.00	1.00
Number of Employees (Admin. & Clerical)	2.80	2.80
Number of Volunteer Firefighters	38.00	33.00
Police Protection:		
Number of Stations	1.00	1.00
Number of Employees (Admin. & Clerical)	4.00	4.00
Number of Employees (Law Enforcement Officers)	32.00	32.00
Total Number of Employees	<u>78.80</u>	<u>73.80</u>
Leisure Services:		
Number of Full-Time Employees	6	7
Number of Part-Time Employees	120	213
Number of Wading Pools	0	0
Number of Outdoor Swimming Pools	1	1
Number of Shelters	30	30
Number of Skating Rinks	4	4
Number of Hockey Rinks	2	2
Indoor Rinks	2	2
Tennis Courts - Lighted	6	6
Non-Lighted	0	0
Shared-Lighted	12	12
Lighted Softball, Football, Baseball and Soccer Fields	7	7
Miles of Hiking and Bicycle Paths	Est. 16 Miles	Est. 16 Miles
Skate Board Parks	1	1
BMX Bike Tracks	0	0
18-Hole Frisbee Golf Course	1	1
Number of Parks	37	37
Park Acres	310	310
Nature Areas	4	4
Parking Lots (Central Business District):		
Parking Spaces On Streets	380	380
Parking Spaces Off Streets	417	417

\*Information obtained from various Departmental Reports



WILLMAR

**City Finance Department**

**City Office Building  
333 SW 6<sup>th</sup> Street  
Willmar, MN 56201  
Main Number 320-235-4984  
Fax Number 320-235-4917**

**COUNCIL ACTION REQUEST**

**DATE:** August 22, 2016

**SUBJECT:** ACH Banking Changes

**RECOMMENDATION:** Receive for information.

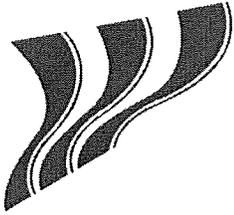
**BACKGROUND:** The National Automated Clearing House Association (NACHA) is implementing the "Same Day ACH" Rule which will be spread over three phases. The "Same Day ACH" Rule opens the door to same day processing of virtually any domestic ACH Payment.

Effective September 23, 2016, Phase I of the "Same Day ACH" Rule goes into effect and applies to credits only (i.e. payroll). Phase 2 is planned for September 15, 2017 and will allow for "Same Day ACH" debit transactions. Phase 3 is planned for March 16, 2018. This last phase will require Financial Institutions to credit "Same Day ACH" transactions by 5:00 PM local time.

**FINANCIAL CONSIDERATION:** None at this time.

**LEGAL:**

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



**WILLMAR**

**City Clerk-Treasurer**

**City Office Building  
333 SW 6<sup>th</sup> Street  
Willmar, MN 56201  
Main Number 320-214-5166  
Fax Number 320-235-4917**

**COUNCIL ACTION REQUEST**

**DATE:** September 6, 2016

**SUBJECT:** Oslo Meadows Special Assessment Hearings

**RECOMMENDATION:** It is respectfully recommended the City Council approve the following:

Set a Hearing for 7:01 p.m. on September 19, 2016, for the Oslo Meadows Special Assessments

**BACKGROUND:**

Oslo Meadows lot sales requiring additional assessments for the 2005 Street & Other Improvements. A hearing is required to place additional assessments against any parcel pursuant to MS Chapter 429.

Six (6) lots sold in late 2015 (too late to make the November 1, 2015, certification deadline for Kandiyohi County). The sales price for two of the lots sold was remitted to the City of Willmar in the normal County settlement. The four (4) remaining lots were sold on a Contract for Deed with Kandiyohi County. For those four lots the County Auditor will remit the total sale price to the City only when paid in full, some 3 or 4 years from now. With the known sales price we can determine that the remaining two years of the 2005 Special Assessments will be unpaid. Staff requests you hold a Public Hearing on September 19, 2016, to take testimony from the new buyers and then certify the remaining dollar amount against said parcels for 5 years at the stated project interest rate of 5.5%.

<u>Name</u>	<u>PID</u>	<u>Description</u>	<u>Sale Price</u>	<u>Pending Assessment</u>
Robin A. Javaherian	95-604-0060	Blk-1 Lot 6	\$7686.00	\$2325.76
Robin A. Javaherian	95-604-0080	Blk-1 Lot 8	\$7864.00	\$2325.76
David M & Karen M. Cram	95-604-0430	Blk-3 Lot 24	\$7760.00	\$2325.76
David M & Karen M. Cram	95-604-0440	Blk-3 Lot 25	\$7682.00	\$2325.76
John H. & Debra L. Schmitz	95-604-0460	Blk-3 Lot 27	\$7674.00	\$2325.76

**FINANCIAL CONSIDERATION:**

**LEGAL:**

**Department/Responsible Party:** Kevin J. Halliday, City Clerk-Treasurer