

**COMPREHENSIVE ANNUAL FINANCIAL**

**REPORT OF THE**

**CITY OF**

**WILLMAR, MINNESOTA**

**FOR THE**

**YEAR ENDED**

**DECEMBER 31, 2009**

**DIVISION OF FINANCE**

**STEVEN B. OKINS, DIRECTOR OF FINANCE  
MEMBER OF THE GOVERNMENT FINANCE OFFICER'S  
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, 2009**

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# **CITY OF WILLMAR, MINNESOTA**

## **INTRODUCTORY SECTION**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**CITY OF WILLMAR, MINNESOTA**

**2009**

**CITY COUNCIL**

**LESTER HEITKE, MAYOR**

**COUNCIL MEMBERS:**

**DENIS ANDERSON**

**BRUCE DEBLIECK**

**RON CHRISTIANSON**

**TIM JOHNSON**

**STEVE AHMANN**

**RICK FAGERLIE**

**JAMES DOKKEN**

**DOUG REESE**

**FINANCE DIRECTOR**

**STEVEN B. OKINS**

**CITY ADMINISTRATOR**

**MICHAEL C. SCHMIT**

# **CITY OF WILLMAR, MINNESOTA**

## **FINANCIAL SECTION - I**

## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying 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 (the City), as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. 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 assets, 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 the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.

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, 2009. The amount by which this departure would affect the liabilities of the governmental activities is not reasonably determinable.

In our opinion, except for the effects of the matter discussed in the preceding paragraph, the financial statements referred to above present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the governmental activities of the City of Willmar, Minnesota, as of December 31, 2009, or the changes in financial position thereof for the year then ended.

In addition, in our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the discretely presented component units, each major fund, and aggregate remaining fund information of the City as of December 31, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.



In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2010, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 1 through 10 and 51 through 64 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 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City'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 accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the City. The combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken 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 express no opinion on them.



WESTBERG EISCHENS, PLLP

September 28, 2010

**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 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 (the City), as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated September 28, 2010. 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. 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. Other auditors audited the financial statements of Rice Memorial Hospital and Willmar Municipal Utilities, as described in our report on the City of Willmar'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.

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 certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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 deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2008-1 and 2007-1 to be material weaknesses 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*.

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in dark ink that reads "Westberg Eischens, PLLP". The signature is written in a cursive, flowing style.

WESTBERG EISCHENS, PLLP

September 28, 2010

## AUDITOR'S REPORT ON MINNESOTA LEGAL COMPLIANCE

Mayor and City Council  
City of Willmar, Minnesota

We have audited the basic financial statements of the City of Willmar, Minnesota, as of and for the year ended December 31, 2009, and have issued our report thereon dated September 28, 2010.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the provisions of the Minnesota Legal Compliance Audit Guide for Local Government, promulgated by the Legal Compliance Task Force pursuant to Minnesota Statutes Sec.6.65. Accordingly, the audit included such tests of the accounting records and other auditing procedures, as we considered necessary in the circumstances.

The Minnesota Legal Compliance Audit Guide for Local Government covers 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 study included all of the listed categories.

The results of our tests indicate that for the items tested, the City of Willmar complied with the material terms and conditions of applicable legal provisions.

This report is intended solely for the use of The City of Willmar and the Office of the Minnesota State Auditor and is not intended to be, and should not be, used by anyone other than those specified parties.



WESTBERG EISCHENS, PLLP

September 28, 2010

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Mayor and City Council  
City of Willmar, Minnesota

Compliance

We have audited the compliance of the City of Willmar, Minnesota (the City), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2009. 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Willmar, Minnesota's management. Our responsibility is to express an opinion on the City of Willmar, Minnesota's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB circular A-133 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's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2009.

Internal Control over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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's internal control over compliance.

*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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, City Council, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in dark ink that reads "Westberg Eischens, PLLP". The signature is written in a cursive, flowing style.

WESTBERG EISCHENS, PLLP

September 28, 2010

**CITY OF WILLMAR, MINNESOTA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED DECEMBER 31, 2009**

<u>Federal Funding Source</u>	<u>Pass-Through Agency</u>	<u>Program Name</u>	<u>Catalog of Federal Domestic Assistance Number</u>	<u>State or Other Contract Number</u>	<u>Expenditures</u>
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-08-0074-O-FY09 CDAP-06-0083-O-FY07	\$ 24,737 73,572
U.S. Environmental Protection Agency	Minnesota Public Facilities Authority	Capitalization Grants for Clean Water State Revolving Funds	66.458	MPFA-07-0043-R-FY09 MPFA-09-0043-R-FY10	31,765,692 7,347,121
U.S. Environmental Protection Agency	Minnesota Public Facilities Authority	Capitalization Grants for Clean Water State Revolving Funds-ARRA	66.458	MPFA-09-0005-R-FY10 ARRA-09-0005-R-FY10	52,339 442,391
U.S. Department of Justice	Direct Award	Recovery Act-Edward Byrne Memorial Justice Assistance Grant Program -Grants to Units of Local Government	16.804	2009-SB-B9-1827	<u>47,453</u>
Total Expended					<u>\$ 39,753,305</u>

**CITY OF WILLMAR**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For The Year Ended December 31, 2009**

**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 OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. 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: SUBRECIPIENTS**

Of the expenditures presented in the schedule, the City of Willmar provided federal awards to subrecipients as follows:

<u>CFDA Number</u>	<u>Program Name</u>	<u>Amount Provided to Subrecipients</u>
14.228	Community Development Block Grants - State's Program	\$ 98,309



**CITY OF WILLMAR, MINNESOTA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For The Year Ended December 31, 2009**

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

**Financial Statements**

Type of auditor's report issued: Qualified

Internal control over financial reporting:

Significant deficiency (ies) identified?   X   yes        no

Significant deficiency (ies) identified that are considered to be material weaknesses?   X   yes        none reported

Noncompliance material to financial statement noted?        yes   X   no

**Federal Awards**

Internal control over major programs:

Significant deficiency (ies) identified?        yes   X   no

Significant deficiency (ies) identified that are considered to be material weakness (es)?        yes   X   none reported

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 section 510(a) of Circular A-133?        yes   X   no

**Identification of major programs:**

CFDA Number(s)	Name of Federal Program or Cluster
	Capitalization Grants for Clean Water
<u>66.458</u>	<u>State Revolving Funds</u>
	Capitalization Grants for Clean Water
<u>66.458</u>	<u>State Revolving Funds - ARRA</u>

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee?        yes   X   no

**CITY OF WILLMAR, MINNESOTA**  
**Schedule of Findings and Questioned Costs**  
**Year Ended December 31, 2009**

**SECTION II: FINANCIAL STATEMENT FINDINGS**

**Finding 2008-1**

**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:**

At December 31, 2008, 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 2008-1**

**Explanation of Disagreement with Audit Finding:**

There is no disagreement with the audit finding.

**Actions Planned in Response to Finding:**

The City will hire an actuary to perform the necessary calculations to determine its OPEB liabilities.

**Officer Responsible for Ensuring CAP:**

Clerk/Treasurer

**Planned Completion Date:**

Ongoing

**Plan to Monitor Completion of CAP:**

City Administrator

**CITY OF WILLMAR, MINNESOTA**  
**Schedule of Findings and Questioned Costs**  
**Year Ended December 31, 2009**

**SECTION II: FINANCIAL STATEMENT FINDINGS (continued)**

**Finding 2007-1**

**Criteria:**

The proper design or operation of an internal control system assists management or employees in the normal course of performing their assigned functions, to prevent or detect misstatements of the financial statements on a timely basis. A control deficiency exists when the design of a control does not allow management or employees in the normal course of performing their assigned functions to prevent or detect misstatements of the financial statements on a timely basis.

**Condition:**

During our audit, we proposed adjustments that resulted in material changes to the City's financial statements.

**Questioned Costs:**

None

**Cause:**

Internal controls and monitoring of internal controls by City personnel were insufficient to detect material misstatements.

**Effect:**

Proposed audit adjustments were reviewed and approved by the appropriate staff and are reflected in the financial statements. By definition, however, independent external auditors cannot be considered part of the government's internal control.

**Recommendation:**

We recommend the City establish internal controls for determining all necessary entries required to present fairly the financial statements in accordance with generally accepted accounting principles.

**CORRECTIVE ACTION PLAN (CAP)**

**Finding 2007-1**

**Explanation of Disagreement with Audit Finding:**

There is no disagreement with the audit finding.

**Actions Planned in Response to Finding:**

The City will continue to review internal controls and work to design modifications that will increase internal control and the ability to detect material misstatements.

**Officer Responsible for Ensuring CAP:**

Clerk/Treasurer

**Planned Completion Date:**

December 31, 2010

**Plan to Monitor Completion of CAP:**

City Administrator

**CITY OF WILLMAR, MINNESOTA**  
**Schedule of Findings and Questioned Costs**  
**Year Ended December 31, 2009**

**SECTION III: FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None

**SECTION IV: PRIOR FINDINGS**

**Finding 2007-1**

**Status:**

Unresolved

**Condition:**

During our audit, we proposed adjustments that resulted in material changes to the City's financial statements.

**Recommendation:**

We recommend the City establish internal controls for determining all necessary entries required to present fairly the financial statements in accordance with generally accepted accounting principles.

**Actions Planned in Response to Finding:**

The City will continue to review internal controls and work to design modifications that will increase internal control and the ability to detect material misstatements.

**Finding 2007-2**

**Status:**

Resolved

**Condition:**

The City relied upon the auditor to prepare the financial statements and related disclosures in accordance with GAAP.

**Recommendation:**

We recommend that the City work with Auditor for proper financial statement presentation and disclosure.

**Actions Planned in Response to Finding:**

The City will continue to review auditor prepared financial statements with the intention of understanding and acceptance of responsibility for reporting under GAAP.

**Finding 2008-1**

**Status:**

Unresolved

**Condition:**

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

**CITY OF WILLMAR, MINNESOTA**  
**Schedule of Findings and Questioned Costs**  
**Year Ended December 31, 2009**

**SECTION IV: PRIOR FINDINGS (continued)**

**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 will hire 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, 2009**

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, 2009. 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 \$151,435,049 (net assets). Of this amount, \$43,514,759 (unrestricted net assets) 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.
- The City's total net assets increased by \$1,560,910.
- The City's governmental funds reported combined ending fund balances of \$37,117,502. Of this total amount, approximately 80% is available for spending at the City's discretion.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$14,394,777, or 115% of the total General Fund expenditures of \$12,478,626.

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets 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 Activities. 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 Assets and Statement of Activities

Our analysis of the City of Willmar begins with the Statement of Net Assets 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 Assets 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 assets and changes in them. You can think of the City's net assets – 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 assets are 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, 2009**

In the Statement of Net Assets 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 Assets 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 15-19 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 Assets 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 26-50 of this report.

Statement of Net Assets

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

**CITY OF WILLMAR, MINNESOTA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**December 31, 2009**

Table 1  
Condensed Statement of Net Assets

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 46,997,854	\$ 47,313,373	\$ 8,797,394	15,156,162	\$ 55,795,248	\$ 62,469,535
Net capital assets	94,961,508	98,847,238	84,897,079	37,811,165	179,858,587	136,658,403
Total Assets	141,959,362	146,160,611	93,694,473	52,967,327	235,653,835	199,127,938
Other liabilities	4,643,302	3,453,402	5,400,610	3,089,149	10,043,912	6,542,551
Long-term liabilities	15,872,484	19,651,045	58,302,390	23,302,957	74,174,874	42,954,002
Total Liabilities	20,515,786	23,104,447	63,703,000	26,392,106	84,218,786	49,496,553
Net Assets						
Invested in capital assets, net of related debt	77,149,024	75,946,707	25,943,897	14,508,208	103,092,921	90,454,915
Restricted	6,996,848	8,770,733	(2,169,479)	6,234,404	4,827,369	15,005,137
Unrestricted	37,297,704	38,581,478	6,217,055	5,832,609	43,514,759	44,414,087
Total Net Assets	\$121,443,576	\$123,298,918	\$ 29,991,473	\$ 26,575,221	\$151,435,049	\$149,874,139

Governmental Activities

The net assets of the City's governmental activities decreased by \$1,855,342 in 2009. The decrease was mainly due to the reclassification and reconciliation of the waste treatment plant construction fund to the business-type activities.

Business-Type Activities

The total net assets of the City's business-type activities increased by \$3,416,252 in 2009. The increase was mainly due to capital grants received.

Table 2  
Condensed Statement of Net Assets

	Rice Memorial Hospital		Municipal Utilities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 51,517,312	\$ 45,729,264	\$ 21,043,800	\$ 19,273,562	\$ 72,561,112	\$ 65,002,826
Net capital assets	64,889,411	67,661,314	32,488,367	29,875,746	97,377,778	97,537,060
Total Assets	116,406,723	113,390,578	53,532,167	49,149,308	169,938,890	162,539,886
Current and other liabilities	16,053,704	15,116,157	4,581,567	8,640,751	20,635,271	23,756,908
Long-term liabilities	50,767,376	49,781,216	9,540,012	1,705,000	60,307,388	51,486,216
Total Liabilities	66,821,080	64,897,373	14,121,579	10,345,751	80,942,659	75,243,124
Net Assets						
Invested in capital assets, net of related debt	12,455,893	16,787,414	22,141,348	27,705,746	34,597,241	44,493,160
Restricted debt	6,303,731	6,254,335	11,344,602	8,435,812	17,648,333	14,690,147
Unrestricted	30,826,019	25,451,456	5,924,638	2,661,999	36,750,657	28,113,455
Total Net Assets	\$ 49,585,643	\$ 48,493,205	\$ 39,410,588	\$ 38,803,557	\$ 88,996,231	\$ 87,296,762

**CITY OF WILLMAR, MINNESOTA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**December 31, 2009**

**Primary Government**

Table 3  
Condensed Statement of Activities

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 1,588,135	\$ 2,579,222	\$ 3,576,202	\$ 3,559,867	\$ 5,164,337	\$ 6,139,089
Operating grants and contributions	669,502	583,141	-	468,671	669,502	1,051,812
Capital grants and contributions	1,907,405	2,429,515	2,670,126	-	4,577,531	2,429,515
General revenues:						
Property and other taxes	5,687,570	5,497,952	-	-	5,687,570	5,497,952
Grants and contributions not restricted to specific program	4,516,981	4,308,372	-	-	4,516,981	4,308,372
Other	(1,399,725)	2,172,581	270,991	338,530	(1,128,734)	2,511,111
Intergovernmental	-	-	-	-	-	-
<b>Total Revenues</b>	<b>12,969,868</b>	<b>17,570,783</b>	<b>6,517,319</b>	<b>4,367,068</b>	<b>19,487,187</b>	<b>21,937,851</b>
<b>Expenses</b>						
General Government	3,315,545	3,413,966	-	-	3,315,545	3,413,966
Public works	6,151,836	6,038,356	-	-	6,151,836	6,038,356
Public safety	4,724,853	6,138,553	-	-	4,724,853	6,138,553
Social services	-	-	-	-	-	-
Culture and recreation	2,428,603	2,463,581	-	-	2,428,603	2,463,581
Economic development	71,204	254,895	-	-	71,204	254,895
Capital projects	-	-	-	-	-	-
Debt service	499,798	588,973	-	-	499,798	588,973
Office services	-	-	-	-	-	-
Waste treatment	-	-	2,851,067	2,775,906	2,851,067	2,775,906
<b>Total Expenses</b>	<b>17,191,839</b>	<b>18,898,324</b>	<b>2,851,067</b>	<b>2,775,906</b>	<b>20,042,906</b>	<b>21,674,230</b>
<b>Changes in Net Assets Before Transfers</b>	<b>(4,221,971)</b>	<b>(1,327,541)</b>	<b>3,666,252</b>	<b>1,591,162</b>	<b>(555,719)</b>	<b>263,621</b>
<b>Transfers</b>	<b>2,366,629</b>	<b>(13,952,903)</b>	<b>(250,000)</b>	<b>9,029,100</b>	<b>2,116,629</b>	<b>(4,923,803)</b>
<b>Changes in Net Assets</b>	<b>(1,855,342)</b>	<b>(15,280,444)</b>	<b>3,416,252</b>	<b>10,620,262</b>	<b>1,560,910</b>	<b>(4,660,182)</b>
<b>Net Assets, Beginning of Year</b>	<b>123,307,418</b>	<b>138,587,862</b>	<b>26,575,221</b>	<b>15,954,959</b>	<b>149,882,639</b>	<b>154,542,821</b>
<b>Prior period adjustment</b>	<b>(8,500)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(8,500)</b>	<b>-</b>
<b>Net Assets, End of Year</b>	<b>\$ 121,443,576</b>	<b>\$ 123,307,418</b>	<b>\$ 29,991,473</b>	<b>\$ 26,575,221</b>	<b>\$ 151,435,049</b>	<b>\$ 149,882,639</b>

**CITY OF WILLMAR, MINNESOTA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**December 31, 2009**

**Component Units**

Component Units

The total Net Assets of the City's two component units increased by \$1,699,469 in 2010. The net assets of the Municipal Utilities Commission increased by \$607,031, and the net assets of Rice Memorial Hospital increased by \$1,092,438.

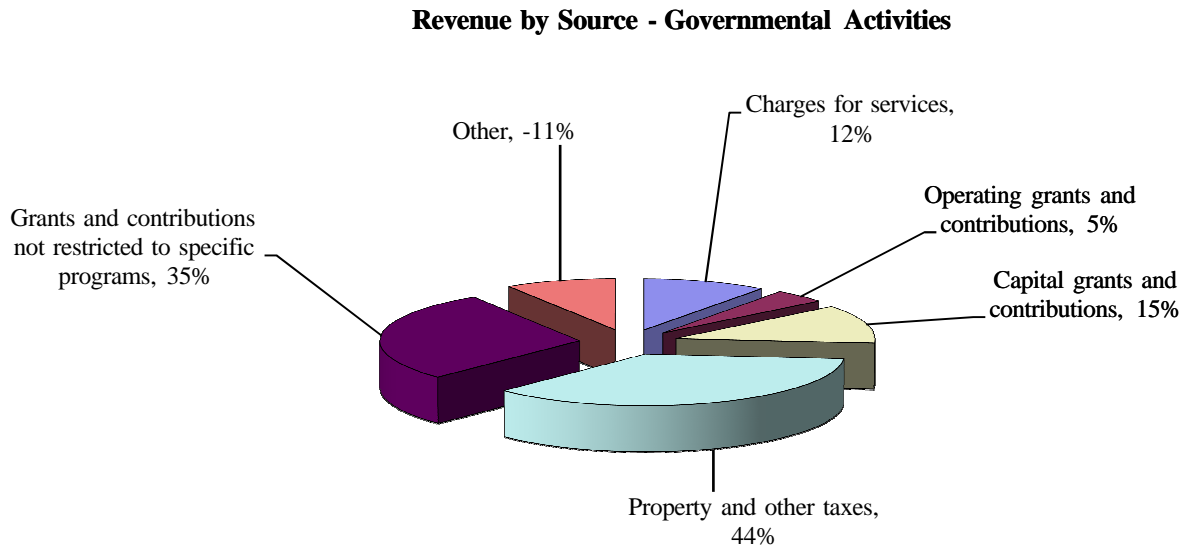
Table 4  
Condensed Statement of Activities

	Rice Memorial Hospital		Municipal Utilities		Total	
	2009	2008	2009	2008	2009	2008
Revenues						
Hospital	\$ 91,283,548	\$ 87,652,812	\$ -	\$ -	\$ 91,283,548	\$ 87,652,812
Municipal Utility	-	-	25,310,427	24,442,995	25,310,427	24,442,995
Interest Earnings	559,066	708,742	(1,207,330)	457,430	(648,264)	1,166,172
Gain (Loss) on sale of Capital Assets	17,000	(3,199)	(14,788)	13,377	2,212	10,178
Miscellaneous	<u>307,508</u>	<u>367,917</u>	<u>28,248</u>	<u>22,682</u>	<u>335,756</u>	<u>390,599</u>
Total Revenues	<u>92,167,122</u>	<u>88,726,272</u>	<u>24,116,557</u>	<u>24,936,484</u>	<u>116,283,679</u>	<u>113,662,756</u>
Expenses						
Hospital	90,874,684	88,165,966	-	-	90,874,684	88,165,966
Municipal Utility	<u>-</u>	<u>-</u>	<u>21,738,126</u>	<u>22,611,065</u>	<u>21,738,126</u>	<u>22,611,065</u>
Total Expenses	<u>90,874,684</u>	<u>88,165,966</u>	<u>21,738,126</u>	<u>22,611,065</u>	<u>112,612,810</u>	<u>110,777,031</u>
Changes in Net Assets Before transfers	1,292,438	560,306	2,378,431	2,325,419	3,670,869	2,885,725
Transfers	<u>(200,000)</u>	<u>(200,000)</u>	<u>(1,771,400)</u>	<u>(1,703,292)</u>	<u>(1,971,400)</u>	<u>(1,903,292)</u>
Changes in Net Assets	1,092,438	360,306	607,031	622,127	1,699,469	982,433
Net Assets, Beginning	<u>48,493,205</u>	<u>48,132,899</u>	<u>38,803,557</u>	<u>38,181,430</u>	<u>87,296,762</u>	<u>86,314,329</u>
Net Assets, Ending	<u>\$ 49,585,643</u>	<u>\$ 48,493,205</u>	<u>\$ 39,410,588</u>	<u>\$ 38,803,557</u>	<u>\$ 88,996,231</u>	<u>\$ 87,296,762</u>

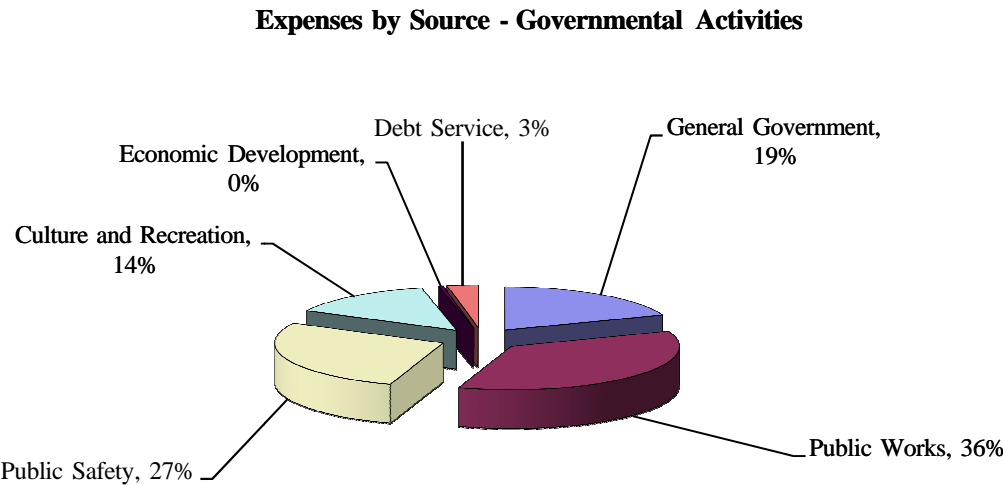
**CITY OF WILLMAR, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2009**

**Governmental Activities**

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



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



**CITY OF WILLMAR, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2009**

Financial Analysis of the City's Funds

General Fund –

The City's General Fund balance decreased by \$553,568 in 2009. The actual fund balance decrease is \$997,445 less than the projected decrease in the final budget because the City prepared and implemented a plan to defer capital expenditures as a result of the Local Government Aid Unallotment notification received.

Debt Service Funds –

Special Assessments Bond Debt Service Fund increased by \$347,645. The increase was attributable to higher than expected collection of special assessments .

Special Revenue Fund –

Local Option Sales Tax Fund increased by \$1,089,010. The increase was due to pending capital projects not yet finalized .

Special Revenue Fund –

Community Investment Fund decreased by \$91,501. The decrease was due to transfers to the debt service funds.

Capital Projects Fund –

Street, Water/Sewer Capital Projects Fund decreased by \$703,268. The fund decrease was due to the scheduled expenditures for street projects .

**GENERAL FUND BUDGETARY HIGHLIGHTS:**

The City approved the 2009 general fund budget anticipating expenditures would exceed revenues by over \$1,147,713. The main difference between the original and final budget was due to increase in transfers to other funds in order to fund capital improvements.

At the end of the year, revenues exceeded the final budget by over \$243,000 and expenditures were less than the final budget by over \$517,000. The most significant positive variances for revenues were in License/Permits and Service Charges while the most significant negative variance was in Intergovernmental Revenues and Investment Income. The negative variance was due to the unexpected reduction in local government aid in December. The most significant negative variance for expenditures was in General Government while the most significant positive variance was in Public Safety and Public Works.

**CITY OF WILLMAR, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2009**

Capital Assets

At the end of 2009, the City of Willmar had over \$181,000,000 (net of accumulated depreciation) invested in a broad range of capital assets. Refer to Note 3 of the Notes to the Financial Statements for a schedule showing the City's capital asset activity.

**Primary Government**

Table 5  
Capital Assets

	<u>Government Activities</u>		<u>Business-Type Activities</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Land and improvements	\$ 3,687,421	\$ 3,687,421	\$ 321,370	\$ 321,370
Buildings	7,874,458	12,029,944	20,176,514	20,176,514
Furniture and equipment	3,962,586	3,413,229	996,442	996,609
Machinery and auto	6,934,723	6,897,379	745,931	654,967
Other improvements	92,774,219	85,692,606	2,932,202	2,932,202
Construction in progress	26,628,919	31,298,820	72,234,581	24,776,744
Less: Depreciation	<u>(46,900,818)</u>	<u>(44,172,161)</u>	<u>(12,509,960)</u>	<u>(12,045,469)</u>
	<u>\$ 94,961,508</u>	<u>\$ 98,847,238</u>	<u>\$ 84,897,080</u>	<u>\$ 37,812,937</u>

**Component Units**

	<u>Rice Memorial Hospital</u>		<u>Willmar Municipal Utilities</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Land	\$ 2,603,000	\$ 2,603,000	\$ 905,134	\$ 905,134
Buildings	81,548,000	78,912,000	12,573,400	4,285,993
Furniture and equipment	33,403,000	31,536,000	57,337,117	54,558,328
Machinery and auto	-	-	1,382,592	1,336,395
Other improvements	1,448,000	1,446,000	-	-
Utility Plant in Service	-	-	-	-
Construction in progress	334,000	1,484,000	3,028,368	9,617,795
Less: Depreciation	<u>(54,447,000)</u>	<u>(48,320,000)</u>	<u>(42,738,244)</u>	<u>(40,827,899)</u>
	<u>\$ 64,889,000</u>	<u>\$ 67,661,000</u>	<u>\$ 32,488,367</u>	<u>\$ 29,875,746</u>

**CITY OF WILLMAR, MINNESOTA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**December 31, 2009**

Long-Term Debt

At year-end, the City of Willmar had \$73,208,182 in bonds outstanding . Refer to Note 3 of the Notes to the Financial Statements for a schedule showing the City's long-term debt activity.

**Primary Government**

Table 7

	<u>2009</u>	<u>2008</u>	<u>Change</u>
Governmental Activities			
G.O. Special Assessment Bonds	\$ 12,615,000	\$ 14,265,000	\$ (1,650,000)
G.O. Revenue Bonds	<u>1,640,000</u>	<u>1,760,000</u>	<u>(120,000)</u>
	<u>\$ 14,255,000</u>	<u>\$ 16,025,000</u>	<u>\$ (1,770,000)</u>
Business-Type Activities			
G.O. Revenue Bonds	\$ 1,010,000	\$ 8,300,000	\$ (7,290,000)
G.O. Revenue Notes	<u>57,943,182</u>	<u>15,002,957</u>	<u>42,940,225</u>
	<u>\$ 58,953,182</u>	<u>\$ 23,302,957</u>	<u>\$ 35,650,225</u>

**Component Units**

Table 8

	<u>2009</u>	<u>2008</u>	<u>Change</u>
Rice Memorial Hospital			
G.O. Revenue Bonds	\$ 46,655,000	\$ 47,470,000	\$ (815,000)
Special Obligation Revenue Bonds	825,000	935,000	(110,000)
Promissory Note Payable	2,694,504	-	2,694,504
Note Payable to Foundation	499,660	610,698	(111,038)
Rice Home Medical Notes Payable	797,503	835,377	(37,874)
Rice Home Medical Leases Payable	<u>-</u>	<u>18,301</u>	<u>(18,301)</u>
	<u>\$ 51,471,667</u>	<u>\$ 49,869,376</u>	<u>\$ 1,602,291</u>
Willmar Municipal Utilities			
Municipal Utility Revenue Bond 1999	\$ 460,000	\$ 675,000	\$ (215,000)
Municipal Utility Revenue Bond 2001	295,000	430,000	(135,000)
Municipal Utility Revenue Bond 2009	8,120,000	-	8,120,000
General Obligation Water Revenue Bond	950,000	1,065,000	2,015,000
Note Payable Big Stone II Joint Venture	<u>474,519</u>	<u>-</u>	<u>474,519</u>
	<u>\$ 10,299,519</u>	<u>\$ 2,170,000</u>	<u>\$ 8,129,519</u>



**CITY OF WILLMAR, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2009**

Economic Factors and Next Year's Budget

In the City adopted budget for 2010, expenditures were forecast to exceed revenue by approximately \$590,000. The difference is to be funded by using 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 ASSETS**  
**December 31, 2009**

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Municipal Utilities Commission	Rice Memorial Hospital
<b>Assets</b>					
Cash and Cash Equivalents	\$ 4,278,483	\$ 370	\$ 4,278,853	\$ 549,022	\$ 5,973,790
Investments	31,823,234	7,659,993	39,483,227	5,318,663	11,117,305
Investments with Trustee	-	-	-	-	6,031,391
Receivables (Net of Allow for Uncollect)					
Accounts Receivable	227,271	21,317	248,588	2,431,573	18,248,815
Accrued Interest	158,780	38,231	197,011	-	-
Taxes Receivable	938,665	-	938,665	-	-
Special Assessments	6,752,332	-	6,752,332	-	-
Notes Receivable	256,342	-	256,342	-	-
Related-Party Investments	-	-	-	-	3,721,908
Due from Component Unit	-	-	-	-	-
Due from Other Governmental Units	728,350	-	728,350	-	-
Internal Balances	250,000	(250,000)	-	-	-
Inventories	109,707	14,137	123,844	737,245	2,147,029
Prepaid Items	1,273,415	18,762	1,292,177	525,138	1,073,720
Deferred Charges					
Bond Discount Unamortized	30,100	-	30,100	121,840	561,312
Bond Refunding Escrow account	-	-	-	-	-
Restricted Assets:					
Temporarily Restricted:					
Cash and Cash Equivalents	5,000	1,294,584	1,299,584	-	213,957
Investments	-	-	-	11,344,602	-
Permanently Restricted:					
Investments	30,000	-	30,000	-	2,358,864
Capital Assets					
Nondepreciable	30,316,340	72,555,951	102,872,291	3,028,368	2,937,411
Depreciable, net	64,645,168	12,341,128	76,986,296	29,459,999	61,952,000
Other Assets	136,175	-	136,175	15,717	69,221
<b>Total Assets</b>	<b>\$ 141,959,362</b>	<b>\$ 93,694,473</b>	<b>\$ 235,653,835</b>	<b>\$ 53,532,167</b>	<b>\$ 116,406,723</b>

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

**CITY OF WILLMAR, MINNESOTA**  
**STATEMENT OF NET ASSETS**  
**December 31, 2009**

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Municipal Utilities Commission	Rice Memorial Hospital
<b><u>Liabilities</u></b>					
Accounts and Contracts Payable	\$ 444,402	\$ 4,749,818	\$ 5,194,220	\$ 1,789,514	\$ 4,431,188
Accrued Interest Payable	496,356	-	496,356	298,394	1,005,784
Due to Component Units	-	-	-	-	-
Due to Primary Government	-	-	-	275,972	-
Due to Other Governmental Units	390,129	-	390,129	-	-
Unearned Revenue	1,365,380	-	1,365,380	-	-
Accrued Compensation and Benefits	7,035	-	7,035	201,069	8,950,590
Noncurrent Liabilities					
Due within one year	1,940,000	650,792	2,590,792	807,007	1,666,142
Due in more than one year	15,872,484	58,302,390	74,174,874	10,749,623	50,767,376
Total Liabilities	20,515,786	63,703,000	84,218,786	14,121,579	66,821,080
<b><u>Net Assets</u></b>					
Invested in Capital Assets, Net of Related Debt	77,149,024	25,943,897	103,092,921	22,141,348	12,455,893
Restricted For:					
Capital Improvements	2,026,207	1,289,626	3,315,833	7,700,000	-
Construction Fund	-	(3,459,105)	(3,459,105)	-	-
Debt Service	4,940,641	-	4,940,641	1,514,602	3,730,910
Specific Operating Activities	-	-	-	-	242,951
Nonexpendable Perm. Endowment	30,000	-	30,000	-	2,329,870
Other Purposes	-	-	-	2,130,000	-
Unrestricted	37,297,704	6,217,055	43,514,759	5,924,638	30,826,019
Total Net Assets	\$ 121,443,576	\$ 29,991,473	\$ 151,435,049	\$ 39,410,588	\$ 49,585,643

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, 2009**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary Government:</b>				
Governmental Activities:				
General Government	\$ 3,315,545	\$ 512,194	\$ -	\$ -
Public Safety	4,724,853	448,755	409,284	47,453
Public Works	6,151,836	161,856	239,117	1,761,644
Social Services	-	-	-	-
Culture and Recreation	2,428,603	465,330	21,101	-
Economic Development	71,204	-	-	98,308
Debt Service - interest	499,798	-	-	-
Total Governmental Activities	<u>17,191,839</u>	<u>1,588,135</u>	<u>669,502</u>	<u>1,907,405</u>
Business-Type Activities:				
Waste Treatment	<u>2,851,067</u>	<u>3,576,202</u>	<u>-</u>	<u>2,670,126</u>
Total Business-Type Activities	<u>2,851,067</u>	<u>3,576,202</u>	<u>-</u>	<u>2,670,126</u>
Total Primary Government	<u>\$ 20,042,906</u>	<u>\$ 5,164,337</u>	<u>\$ 669,502</u>	<u>\$ 4,577,531</u>
<b>Component Units:</b>				
Municipal Utilities	\$ 21,738,126	\$ 25,310,427	\$ -	\$ -
Rice Memorial Hospital	90,874,684	91,283,548	-	80,717
Total Component Units	<u>\$ 112,612,810</u>	<u>\$ 116,593,975</u>	<u>\$ -</u>	<u>\$ 80,717</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) on sale of Capital Assets
- Miscellaneous

Transfers

Total General Revenues /Transfers

Change in Net Assets

Net Assets - Beginning

Prior period adjustment see Note 9

Net Assets - Ending

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

Net (Expense) Revenue and Changes in Net Assets				
Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Total	Municipal Utilities Commission	Rice Memorial Hospital
\$ (2,803,351)		\$ (2,803,351)		
(3,819,361)		(3,819,361)		
(3,989,219)		(3,989,219)		
-		-		
(1,942,172)		(1,942,172)		
27,104		27,104		
(499,798)		(499,798)		
(13,026,797)		(13,026,797)		
-	\$ 3,395,261	3,395,261		
-	3,395,261	3,395,261		
(13,026,797)	3,395,261	(9,631,536)		
			\$ 3,572,301	\$ -
			-	489,581
			3,572,301	489,581
3,727,251	-	3,727,251	-	-
1,816,720	-	1,816,720	-	-
143,599	-	143,599	-	-
4,516,981	-	4,516,981	-	-
1,047,442	241,866	1,289,308	(1,207,330)	515,364
(257,351)	(63,007)	(320,358)	-	43,702
(3,288,054)	58,102	(3,229,952)	(14,788)	17,000
1,098,238	34,030	1,132,268	28,248	226,791
2,366,629	(250,000)	2,116,629	(1,771,400)	(200,000)
11,171,455	20,991	11,192,446	(2,965,270)	602,857
(1,855,342)	3,416,252	1,560,910	607,031	1,092,438
123,307,418	26,575,221	149,882,639	38,803,557	48,493,205
(8,500)	-	(8,500)	-	-
\$ 121,443,576	\$ 29,991,473	\$ 151,435,049	\$ 39,410,588	\$ 49,585,643

**CITY OF WILLMAR, MINNESOTA**  
**BALANCE SHEETS**  
**GOVERNMENTAL FUNDS**  
**December 31, 2009**

	<u>General</u>	<u>Special Assessments Bonds Debt Service</u>	<u>Street Water/Sewer Capital Projects</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 3,840,165	\$ (58,708)	\$ (50,005)
Investments	10,248,328	3,233,393	1,970,814
Receivables (Net of Allowance for Uncollect)			
Accounts	87,842	-	85,533
Interest	51,874	16,143	9,821
Taxes			
Current	-	-	-
Delinquent	114,055	-	-
Deferred	-	427,608	-
Assessments			
Delinquent	-	128,292	-
Deferred	2,285	5,874,180	-
Notes	717	-	-
Due From Other Funds	331,641	833,388	160,660
Due From Other Governments	51,636	482	415,032
Inventory	105,066	-	-
Prepaid Expenses	181,566	886,677	-
Deposits	12,146	-	-
Workers Comp Deposit	136,176	-	-
Restricted Assets:			
Cash and Cash Equivalents	5,000	-	-
Investments	-	-	-
Unamortized Discount	-	13,720	-
Total Assets	<u>\$ 15,168,497</u>	<u>\$ 11,355,175</u>	<u>\$ 2,591,855</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Accounts Payable	\$ 180,662	\$ -	\$ 14
Contracts Payable	(933)	-	219,805
Accrued Wages	7,035	-	-
Customer Deposits	3,940	-	-
Due to Other Funds	4,737	1,040	510,362
Due to Other Governments	280,074	-	-
Deferred Revenue	<u>116,640</u>	<u>6,430,561</u>	<u>415,032</u>
Total Liabilities	<u>592,154</u>	<u>6,431,601</u>	<u>1,145,213</u>
Fund Balances			
Reserved for:			
Prepaid Items	181,566	886,677	-
Debt Service	-	4,036,897	-
Fiduciary Funds	-	-	-
Capital Projects Funds	-	-	1,446,642
Unreserved, designated, reported in:			
General Fund	14,394,777	-	-
Special Revenue Fund	-	-	-
Capital Projects Funds	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>14,576,343</u>	<u>4,923,574</u>	<u>1,446,642</u>
Total Liabilities and Fund Balances	<u>\$ 15,168,497</u>	<u>\$ 11,355,175</u>	<u>\$ 2,591,855</u>

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

<b>Local Option Sales Tax Special Revenue Fund</b>	<b>Community Investment Special Revenue Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 1,927	\$ 2,020	\$ 638,833	\$ 4,374,232
3,305,802	9,197,010	3,170,652	31,125,999
-	-	53,896	227,271
16,503	44,953	15,988	155,282
365,061	-	9,035	374,096
-	-	-	114,055
-	22,906	-	450,514
-	9,970	-	138,262
-	737,605	-	6,614,070
-	-	255,625	256,342
480,187	-	3,454,905	5,260,781
-	-	239,639	706,789
-	-	-	105,066
-	-	193,026	1,261,269
-	-	-	12,146
-	-	-	136,176
-	-	-	5,000
-	-	30,000	30,000
-	-	16,380	30,100
<u>\$ 4,169,480</u>	<u>\$ 10,014,464</u>	<u>\$ 8,077,979</u>	<u>\$ 51,377,450</u>
\$ -	\$ -	\$ 40,914	\$ 221,590
-	-	-	218,872
-	-	-	7,035
-	-	-	3,940
3,589,915	375,125	967,790	5,448,969
-	106,047	4,008	390,129
<u>-</u>	<u>767,542</u>	<u>239,639</u>	<u>7,969,414</u>
<u>3,589,915</u>	<u>1,248,714</u>	<u>1,252,351</u>	<u>14,259,948</u>
-	-	169,201	1,237,444
-	-	17,067	4,053,964
-	-	267,050	267,050
579,565	-	-	2,026,207
-	-	-	14,394,777
-	8,765,750	1,144,096	9,909,846
<u>-</u>	<u>-</u>	<u>5,228,214</u>	<u>5,228,214</u>
<u>579,565</u>	<u>8,765,750</u>	<u>6,825,628</u>	<u>37,117,502</u>
<u>\$ 4,169,480</u>	<u>\$ 10,014,464</u>	<u>\$ 8,077,979</u>	<u>\$ 51,377,450</u>



**City of Willmar, Minnesota**  
**Reconciliation of Net Assets in the**  
**Government-Wide Financial Statements and Fund Balances**  
**in the Fund Basis Financial Statements**  
**December 31, 2009**

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

Total governmental fund balances		\$ 37,117,502
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental funds - capital assets	141,850,645	
Less: Accumulated depreciation	<u>(46,890,306)</u>	
		94,960,339
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Delinquent property taxes	114,055	
Deferred special assessments	<u>6,489,979</u>	
		6,604,034
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.		1,070,541
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	(14,562,998)	
Compensated absences	(3,249,486)	
Accrued interest	<u>(496,356)</u>	
		<u>(18,308,840)</u>
Net assets of governmental activities		<u>\$ 121,443,576</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, 2009**

	<b>General</b>	<b>Special Assessments Bonds Debt Service</b>	<b>Street Water/Sewer Capital Projects</b>
<b>REVENUES</b>			
General Property Taxes	\$ 3,505,876	\$ -	\$ -
Sales Tax	-	-	-
Other Taxes	-	-	-
Special Assessments	1,302	1,474,217	-
License and Permits	447,306	-	-
Intergovernmental	5,212,835	-	613,310
Charges for Services	902,661	-	-
Fines and Forfeits	188,957	-	-
Investment Income	334,978	86,807	84,920
Change in market value	(84,256)	(26,608)	(16,185)
Miscellaneous Revenues	946,756	9,701	-
Total Revenues	<u>11,456,415</u>	<u>1,544,117</u>	<u>682,045</u>
<b>EXPENDITURES</b>			
Current:			
General Government	3,190,772	-	-
Public Safety	4,450,305	-	-
Streets and Highways	2,992,636	-	-
Culture & Recreation	1,844,913	-	-
Economic Development	-	-	-
Debt Service:			
Principal	-	1,650,000	-
Interest	-	504,542	-
Other Charges and Services	-	4,646	-
Capital Outlay	-	-	2,231,609
Total Expenditures	<u>12,478,626</u>	<u>2,159,188</u>	<u>2,231,609</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,022,211)</u>	<u>(615,071)</u>	<u>(1,549,564)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating Transfers In	2,277,311	962,716	1,314,588
Operating Transfers Out	(1,808,668)	-	(468,292)
Bond Proceeds	-	-	-
Total Other Financing Sources (Uses)	<u>468,643</u>	<u>962,716</u>	<u>846,296</u>
Net Change in Fund Balances	<u>(553,568)</u>	<u>347,645</u>	<u>(703,268)</u>
Fund Balances - Beginning	15,259,788	4,575,929	2,028,533
Prior period adjustment see Note 9	(129,877)	-	121,377
Fund Balances - Ending	<u>\$ 14,576,343</u>	<u>\$ 4,923,574</u>	<u>\$ 1,446,642</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, 2009**

<b>Local Option Sales Tax Special Revenue Fund</b>	<b>Community Investment Special Revenue</b>	<b>Other Government Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ -	\$ 221,375	\$ 3,727,251
1,816,720	-	-	1,816,720
-	-	143,599	143,599
-	50,272	-	1,525,791
-	-	-	447,306
-	-	1,316,242	7,142,387
-	-	17,148	919,809
-	-	-	188,957
102,696	323,150	92,097	1,024,648
(27,199)	(70,990)	(26,348)	(251,586)
-	100,491	41,290	1,098,238
1,892,217	402,923	1,805,403	17,783,120
-	-	-	3,190,772
-	-	1,256	4,451,561
-	-	-	2,992,636
-	-	368,485	2,213,398
33,847	-	98,308	132,155
-	-	127,611	1,777,611
-	-	64,699	569,241
-	-	3,361	8,007
-	-	913,720	3,145,329
33,847	-	1,577,440	18,480,710
1,858,370	402,923	227,963	(697,590)
-	-	1,426,840	5,981,455
(769,360)	(494,424)	(32,082)	(3,572,826)
-	-	-	-
(769,360)	(494,424)	1,394,758	2,408,629
1,089,010	(91,501)	1,622,721	1,711,039
(509,445)	8,857,251	5,202,907	35,414,963
-	-	-	(8,500)
\$ 579,565	\$ 8,765,750	\$ 6,825,628	\$ 37,117,502

**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, 2009**

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

Net Change in Fund Balances-Governmental Funds		\$ 1,711,039
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	3,145,329	
Depreciation Expense	<u>(3,743,005)</u>	
		(597,676)
The net effect of various miscellaneous transactions involving		
capital assets (i.e., sales, trade-ins, and donations) is to		
decrease net assets		(3,288,054)
Revenues in the statement of activities that do not provide current		
financial resources are not reported as revenues in the funds		
Deferred Revenue, December 31, 2009	6,604,034	
Deferred Revenue, December 31, 2008	<u>(8,177,022)</u>	
		(1,572,988)
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, 2009	(3,249,486)	
Compensated absences, December 31, 2008	<u>3,249,486</u>	
		-
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 assets.		
Principle Retirement of Long-Term Debt	1,838,557	
Bond Proceeds	-	
Change in accrued interest	<u>69,448</u>	
		1,908,005
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>(15,668)</u>
Change in Net Assets-Governmental Activities		<u>\$ (1,855,342)</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, 2009**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance With</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>REVENUES</b>				
General Property Taxes	\$ 3,575,325	\$ 3,575,325	\$ 3,505,876	\$ (69,449)
Special Assessments	-	-	1,302	1,302
License and Permits	326,775	326,775	447,306	120,531
Intergovernmental	5,373,344	5,389,011	5,212,835	(176,176)
Charges for Services	735,300	735,300	902,661	167,361
Fines and Forfeits	238,000	238,000	188,957	(49,043)
Investment Income	500,000	500,000	334,978	(165,022)
Change in market value	-	-	(84,256)	(84,256)
Miscellaneous Revenues	444,500	448,475	946,756	498,281
Total Revenues	11,193,244	11,212,886	11,456,415	243,529
<b>EXPENDITURES</b>				
General Government	3,119,582	3,122,882	3,190,772	(67,890)
Public Safety	4,764,798	4,784,440	4,450,305	334,135
Public Works	3,150,190	3,150,190	2,992,636	157,554
Culture & Recreation	1,918,945	1,918,945	1,826,913	92,032
Non-Departmental	20,000	20,000	18,000	2,000
Total Expenditures	12,973,515	12,996,457	12,478,626	517,831
Excess (deficiency) of revenues over (under) expenditures	(1,780,271)	(1,783,571)	(1,022,211)	761,360
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating Transfers In	2,270,758	2,270,758	2,277,311	6,553
Operating Transfers Out	(1,638,200)	(2,038,200)	(1,808,668)	229,532
Total Other Financing Sources (Uses)	632,558	232,558	468,643	236,085
Net Change in Fund Balances	(1,147,713)	(1,551,013)	(553,568)	997,445
Fund Balances - Beginning	15,259,788	15,259,788	15,259,788	-
Prior Period Adjustment - See Note 9	(129,877)	(129,877)	(129,877)	-
Fund Balances - Ending	\$ 13,982,198	\$ 13,578,898	\$ 14,576,343	\$ 997,445

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

**City of Willmar, Minnesota**  
**Statement of Net Assets**  
**Proprietary Funds**  
**December 31, 2009**

	Business-Type Activities Waste Treatment Plant	Governmental Activities Internal Service Funds
<b>ASSETS</b>		
Current Assets		
Cash and Cash Equivalents	\$ 370	\$ (95,749)
Investments	7,659,993	697,235
Accounts Receivable	21,317	-
Interest Receivable	38,231	3,498
Due From Other Governments	-	21,561
Due From Other Funds	-	480,187
Inventories	14,137	4,641
Prepaid Items	18,762	-
Restricted Cash and Investments	1,294,584	-
Total Current Assets	9,047,394	1,111,373
Noncurrent Assets		
Capital Assets:		
Nondepreciable	72,555,951	-
Depreciable	24,851,088	11,680
Less: Accumulated Depreciation	(12,509,960)	(10,512)
Net capital assets	84,897,079	1,168
Total Noncurrent Assets	84,897,079	1,168
<b>TOTAL ASSETS</b>	93,944,473	1,112,541
<b>LIABILITIES</b>		
Current Liabilities		
Accounts Payable	52,608	-
Contracts Payable	4,697,210	-
Accrued Wages	-	-
Due To Other Funds	250,000	42,000
Deferred Revenue	-	-
Current Portion of Debt	650,792	-
Total Current Liabilities	5,650,610	42,000
Noncurrent Liabilities:		
Bonds Payable	925,000	-
Notes Payable	57,377,390	-
Total Noncurrent Liabilities	58,302,390	-
<b>TOTAL LIABILITIES</b>	63,953,000	42,000
<b>NET ASSETS</b>		
Invested in Capital Assets, net of related debt	25,943,897	1,168
Restricted:		
Designated Plant Improvements	1,289,626	-
Construction Fund	(3,459,105)	-
Unrestricted	6,217,055	1,069,373
<b>TOTAL NET ASSETS</b>	\$ 29,991,473	\$ 1,070,541

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 Assets**  
**Proprietary Funds**  
**For the Year Ended December 31, 2009**

	Business-Type Activities <u>Waste Treatment Plant</u>	Governmental Activities <u>Internal Service Funds</u>
<b>Operating Revenues</b>		
Intergovernmental	\$ 416	\$ -
Charges For Sales and Services:	<u>3,575,786</u>	<u>30,761</u>
Total Operating Revenues	<u>3,576,202</u>	<u>30,761</u>
<b>Operating Expenses</b>		
Personal Services	905,654	-
Supplies	131,241	10,497
Other Services and Charges	540,110	10,961
Depreciation	<u>640,562</u>	<u>-</u>
Total Operating Expenses	<u>2,217,567</u>	<u>21,458</u>
Operating Income (Loss)	1,358,635	9,303
<b>Nonoperating Revenues (Expenses)</b>		
Lift Station Tapping Fees Collected	3,471	-
Investment Earnings	241,866	22,794
Change in market value	(63,007)	(5,765)
Capital Asset (Disposal)/Acquisition	58,102	-
Interest Expense	(633,500)	-
Other Revenue (Expense)	<u>34,030</u>	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>(359,038)</u>	<u>17,029</u>
Income (Loss) Before Contributions and Transfers	999,597	26,332
Capital Grants - Federal	442,391	-
Capital Grants - State	2,224,264	-
Transfers In	-	-
Transfers Out	<u>(250,000)</u>	<u>(42,000)</u>
Change in Net Assets	3,416,252	(15,668)
Total Net Assets - Beginning	<u>26,575,221</u>	<u>1,086,209</u>
Total Net Assets - Ending	<u>\$ 29,991,473</u>	<u>\$ 1,070,541</u>

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, 2009**

	Business-Type Activities Waste Treatment Plant	Governmental Activities Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Customers and Users	\$ 3,576,859	\$ 30,761
Payments to Suppliers	(728,539)	(10,922)
Payments to Employees	(932,621)	(10,961)
Net Cash Provided by Operating Activities	<u>1,915,699</u>	<u>8,878</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Transfer from Other Funds	-	-
Transfer to Other Funds	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Capital Contributions	2,931,020	-
Purchases of Capital Assets	(45,914,457)	-
Interest Paid on Capital Debt	(632,500)	-
Principal Paid on Capital Debt	(7,511,720)	-
Proceeds from Debt	49,632,130	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,495,527)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Principal Collected On Loan	-	1,805
Proceeds from Sales and Maturities of Investments	1,063,646	1,358
Purchase of Investments	(914,000)	(41,000)
Interest Received	284,382	26,119
Net Cash Provided/(Used) by Investing Activities	<u>434,028</u>	<u>(11,718)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	854,200	(2,840)
Cash and Cash Equivalents - Beginning	<u>440,754</u>	<u>(92,909)</u>
Cash and Cash Equivalents - Ending	<u><u>\$ 1,294,954</u></u>	<u><u>\$ (95,749)</u></u>
<b>Classified As:</b>		
Cash and Cash Equivalents	\$ 370	\$ (95,749)
Restricted Cash	1,294,584	-
Total Cash and Cash Equivalents, End of Year	<u><u>\$ 1,294,954</u></u>	<u><u>\$ (95,749)</u></u>

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, 2009**

	Business-Type Activities	Governmental Activities
	Waste Treatment Plant	Internal Service Funds
<b>Reconciliation of Operating Income to Net Cash Provided (Used)</b>		
<b>by Operating Activities:</b>		
Operating Income	\$ 1,371,665	\$ 9,303
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) By		
Operating Activities:		
Depreciation	640,562	-
Change in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(12,373)	-
(Increase) Decrease in Inventories	(10,291)	129
(Increase) Decrease in Prepaid Items	385	-
Increase (Decrease) in Accounts Payable	(6,915)	(554)
Increase (Decrease) in Contracts Payable	(40,368)	-
Increase (Decrease) in Accrued Wages	(26,966)	-
Increase (Decrease) in Due To Other Funds	-	-
Total Adjustments	544,034	(425)
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,915,699</u>	<u>\$ 8,878</u>
 Non Cash Transactions:		
Decrease in fair value of investments	\$ (63,007)	\$ (5,765)

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, 2009**

**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, 2009. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989, (when applicable) that do not conflict with or contradict GASB pronouncements. Although the City has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the City has chosen not to do so. 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.

**CITY OF WILLMAR, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2009**

**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.

**B. Basic Financial Statements**

**1. Government -Wide Statements**

The government-wide financial statements (the statement of net assets 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 assets, 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 assets are reported in three parts: (1) invested in capital assets, net of related debt; (2) restricted net assets; and (3) unrestricted net assets.

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.

**CITY OF WILLMAR, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2009**

**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.

**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 – Local Option Sales Tax**

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.

**CITY OF WILLMAR, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2009**

**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 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.

**CITY OF WILLMAR, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2009**

**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.

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 remain unpaid are classified as delinquent taxes receivable. Revenue from delinquent property taxes not collected within 60 days of year-end is deferred in the fund financial statements because they are not known to be available to finance the operations of the City in the current year.

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 deferred revenue in the governmental funds of the fund financial statements because they are not known to be available to finance current expenditures.

**CITY OF WILLMAR, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2009**

**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 two 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

**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 Revenue**

All City funds and the government-wide financial statements defer revenue for resources that have been received, but not yet earned. Governmental funds also report deferred revenue in connection with receivables for revenues not considered to be available to liquidate liabilities of the current period.



**CITY OF WILLMAR, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2009**

**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 assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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. Net Assets/Fund Balances**

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

**a. Invested in capital assets, net of related debt**

This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

**b. Restricted net assets**

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.

**c. Unrestricted net assets**

This category represents net assets of the City, not restricted for any project or other purpose.

In the fund financial statements, governmental funds report reservations of fund balance for amounts not available for appropriation or legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans subject to change.

**10. 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.

**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.

**CITY OF WILLMAR, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2009**

**A. Budgets (continued)**

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**

The following fund had a deficit fund balance as of December 31, 2009:

Capital Project Fund	
Local Option Sales Tax	\$ <u>(25,382)</u>

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

**A. Assets**

**1. Deposits and Investments**

Cash and cash equivalents	\$ 12,315,206
Investments	<u>75,684,052</u>
	<u>\$ 87,999,258</u>

Primary Government	
Cash and cash equivalents	\$ 4,278,853
Investments	39,483,227
Temporarily restricted cash	1,299,584
Permanently restricted investments	<u>30,000</u>
Total Primary Government	<u>45,091,664</u>

**CITY OF WILLMAR, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2009**

**1. Deposits and Investments (continued)**

Discretely Presented Component Units

Willmar Municipal Utilities:

Cash and cash equivalents	549,022
Investments	5,318,663
Temporarily restricted investments	<u>11,344,602</u>
Total Willmar Municipal Utilities	<u>17,212,287</u>

Rice Memorial Hospital

Cash and cash equivalents	5,973,790
Investments	11,117,305
Investments with trustee	6,031,391
Temporarily restricted cash	213,957
Permanently restricted investments	<u>2,358,864</u>
Total Rice Memorial Hospital	<u>25,695,307</u>

Total	<u>\$ 87,999,258</u>
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**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, 2009, 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.

**CITY OF WILLMAR, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2009**

**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.

**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
Commercial paper	\$ 1,733,581	\$ 1,733,581	\$ -	\$ -
Certificates of Deposit	931,992	-	931,992	-
Federal Home Loan Bank	17,284,722	-	2,590,092	14,694,630
Federal Home Loan Mortgage Corporation	13,240,998	-	1,736,807	11,504,191
Federal National Mortgage Association	5,757,533	-	-	5,757,533
Mutual Funds	564,400	564,400	-	-
	<u>\$ 39,513,226</u>	<u>\$ 2,297,981</u>	<u>\$ 5,258,891</u>	<u>\$ 31,956,354</u>

**CITY OF WILLMAR, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2009**

**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:

	<u>Rating</u>
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:

<u>Issuer</u>	<u>Amount</u>	<u>Percent</u>
Smith Barney Citigroup	\$ 7,351,964	19%
United Bank Services	\$ 6,567,932	17%
Wells Fargo	\$ 12,894,603	33%
Wells Fargo Advisors	\$ 12,134,328	31%

**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>
Federal Home Loan Bank	\$ 17,284,722	44%
Federal Home Loan Mortgage Corporation	\$ 13,240,998	34%
Federal National Mortgage Association	\$ 5,757,533	15%

**CITY OF WILLMAR, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2009**

**2. Capital Assets**

Capital asset activity for the year ended December 31, 2009 was as follows:

**Governmental Activities \***

	<b>Balance January 1, 2009</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance December 31, 2009</b>
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 3,687,421	\$ -	\$ -	\$ 3,687,421
Construction in progress	<u>31,298,820</u>	<u>2,349,733</u>	<u>7,019,634</u>	<u>26,628,919</u>
Total	<u>34,986,241</u>	<u>2,349,733</u>	<u>7,019,634</u>	<u>30,316,340</u>
Capital assets being depreciated				
Buildings and structures	12,029,944	75,590	4,231,076	7,874,458
Furniture and equipment	3,413,229	573,408	24,051	3,962,586
Machinery and auto	6,897,379	193,605	156,261	6,934,723
Other improvements	<u>85,692,606</u>	<u>7,103,613</u>	<u>22,000</u>	<u>92,774,219</u>
Total	<u>108,033,158</u>	<u>7,946,216</u>	<u>4,433,388</u>	<u>111,545,986</u>
Less accumulated depreciation for:				
Buildings	3,186,585	156,018	847,929	2,494,674
Furniture and equipment	1,892,490	302,333	14,691	2,180,132
Machinery and equipment	3,443,567	442,868	151,728	3,734,707
Other improvements	<u>35,649,519</u>	<u>2,841,786</u>	<u>-</u>	<u>38,491,305</u>
	<u>44,172,161</u>	<u>3,743,005</u>	<u>1,014,348</u>	<u>46,900,818</u>
Net property and equipment	<u>\$ 98,847,238</u>	<u>\$ 6,552,944</u>	<u>\$ 10,438,674</u>	<u>\$ 94,961,508</u>

\* Includes internal service fund capital assets

**CITY OF WILLMAR, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2009**

**2. Capital Assets (continued)**

**Business-Type Activities**

	<b>Balance January 1, 2009</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance December 31, 2009</b>
Business-Type Activities				
Capital assets not being depreciated				
Land	\$ 321,370	\$ -	\$ -	\$ 321,370
Construction in progress	24,776,744	47,457,837	-	72,234,581
Total	<u>25,098,114</u>	<u>47,457,837</u>	<u>-</u>	<u>72,555,951</u>
Capital assets being depreciated				
Buildings and structures	20,176,514	-	-	20,176,514
Furniture and equipment	996,609	-	167	996,442
Machinery and auto	654,967	268,538	177,574	745,931
Other improvements	<u>2,932,202</u>	<u>-</u>	<u>-</u>	<u>2,932,202</u>
Total	24,760,292	268,538	177,741	24,851,089
Less accumulated depreciation for:				
Buildings	10,021,983	492,356	-	10,514,339
Furniture and equipment	641,907	41,232	149	682,990
Machinery and auto	422,002	51,444	150,681	322,765
Other improvements	<u>959,577</u>	<u>30,289</u>	<u>-</u>	<u>989,866</u>
	<u>12,045,469</u>	<u>615,321</u>	<u>150,830</u>	<u>12,509,960</u>
Net property and equipment	<u>\$ 37,812,937</u>	<u>\$ 47,111,054</u>	<u>\$ 26,911</u>	<u>\$ 84,897,080</u>

**Component Units**

	<u>Rice Memorial Hospital</u>		<u>Willmar Municipal Utilities</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Land	\$ 2,603,000	\$ 2,603,000	\$ 905,134	\$ 905,134
Buildings	81,548,000	78,912,000	12,573,400	4,285,993
Furniture and equipment	33,403,000	31,536,000	57,337,117	54,558,328
Machinery and auto	-	-	1,382,592	1,336,395
Other improvements	1,448,000	1,446,000	-	-
Utility Plant in Service	-	-	-	-
Construction in progress	334,000	1,484,000	3,028,368	9,617,795
Less: Depreciation	<u>(54,447,000)</u>	<u>(48,320,000)</u>	<u>(42,738,244)</u>	<u>(40,827,899)</u>
	<u>\$ 64,889,000</u>	<u>\$ 67,661,000</u>	<u>\$ 32,488,367</u>	<u>\$ 29,875,746</u>

**CITY OF WILLMAR, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2009**

**2. Capital Assets (continued)**

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

Governmental Activities	
General government	\$ 103,315
Public safety	273,292
Public works	3,151,193
Culture and recreation	<u>215,205</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 3,743,005</u>
Business-Type Activities	
Waste treatment	<u>\$ 615,321</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 615,321</u>

**Construction Commitments**

The City has active construction projects as of December 31, 2009. The projects include street improvements and wastewater treatment improvements and storm water upgrades. At year end the City's commitments with contractors were as follows:

Construction Projects	Remaining Commitment
Street Projects	\$ 554,698
Waste Water Treatment Plant	<u>19,231,887</u>
	<u>\$ 19,786,585</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	Capital Projects - Capital Improvements	\$ 33,825
General Fund	Waste Treatment	250,000
General Fund	Public Improvement Revolving	42,000
General Fund	Trust & Agency	1,500
General Fund	Fire Dept Radio Grant	4,316
Special Revenue - Local Option Sales Tax	Capital Projects - Airport	480,187
Debt Service - Special Assessments	Special Revenue - Community Investment	375,125
Debt Service - Special Assessments	Capital Projects - Street	457,223
Debt Service - Special Assessments	Debt Service - Special Assessments	1,040
Debt Service - Tax Increment Bonds	General Fund	4,268
Capital Projects - Street	Special Revenue - Local Option Sales Tax	160,660
Capital Projects - Local Option Sales Tax	Special Revenue - Local Option Sales Tax	78,640
Capital Projects - Local Option Sales Tax	Capital Projects - Street	53,139
Capital Projects - Airport Development	Special Revenue - Industrial Development	7,668
Capital Projects - Airport Development	Special Revenue - Local Option Sales Tax	2,870,428
Capital Projects - Capital Improvements	Special Revenue - WRAC8	39,000
Capital Projects - Capital Improvements	Capital Projects - Miscellaneous Projects	401,294
Capital Projects - Baker Diamond	General Fund	61
Internal Services - Public Improvement	Special Revenue - Local Option Sales Tax	480,187
Senior Citizens Transit Fund	General Fund	<u>407</u>
		<u>\$ 5,740,968</u>



**CITY OF WILLMAR, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2009**

**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><b>Funds transferred to</b></u>		<u><b>Funds transferred from</b></u>	
General Fund	\$ 305,911	Nonmajor Special Revenue	\$ 7,250
		Nonmajor Debt Service	846
		Waste Treatment	250,000
		Internal Service Fund	42,000
		Nonmajor Capital Project Fund	4,315
		Nonmajor Trust & Agency Fund	1,500
			<u>305,911</u>
Special Assessments Bonds	1,144,216	General Fund	181,500
		Special Revenue - Community Investment	494,424
		Capital Project - Street, Water, Sewer	468,292
			<u>1,144,216</u>
Capital Project - Street, Water, Sewer	1,169,360	General Fund	400,000
		Special Revenue - LOST	769,360
			<u>1,169,360</u>
Nonmajor Capital Projects	1,244,933	General Fund	1,226,761
		Nonmajor Special Revenue	18,172
			<u>1,244,933</u>
Nonmajor Trust & Agency Fund	407	General Fund	407
Waste Treatment	6,387,807	Capital Project - Waste Treatment	6,387,807
Total	<u>\$ 10,252,634</u>	Total	<u>\$ 10,252,634</u>

**CITY OF WILLMAR, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2009**

**C. Liabilities**

**1. Deferred Revenue**

Deferred revenue 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 by not earned.

**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 12/31/2009</u>
<b>Primary Government</b>					
<b>Governmental Activities</b>					
<u>G.O. Special Assessments</u>					
2000 Improvement Bond	4.75-5.25	2000	2011	\$ 665,000	\$ 140,000
2001 Improvement Bond	3.00-4.25	2001	2012	1,400,000	420,000
2002 Improvement Bond	2.00-3.75	2002	2013	1,125,000	410,000
2003 Improvement Bond	2.00-4.10	2003	2014	600,000	280,000
2004 Improvement Bond	2.10-4.00	2004	2015	2,125,000	1,225,000
2005 Improvement Bond	3.25-3.65	2005	2016	3,675,000	2,510,000
2006 Improvement Bond	3.60-3.85	2006	2017	1,950,000	1,565,000
2007A Improvement Bond	3.75-4.00	2007	2018	3,285,000	2,980,000
2007B Improvement Bond	4	2007	2018	1,725,000	1,555,000
2008 Improvement Bond	3.00-4.00	2008	2019	1,530,000	1,530,000
Total Special Assessment Bonds				<u>18,080,000</u>	<u>12,615,000</u>
<u>G.O. Revenue Bonds</u>					
2004 Airport Bond	2.00-4.05	2004	2020	<u>2,100,000</u>	<u>1,640,000</u>
Total G.O. Revenue Bonds				<u>2,100,000</u>	<u>1,640,000</u>
<b>Total Governmental Activities</b>				<u>20,180,000</u>	<u>14,255,000</u>
<b>Business-Type Activities</b>					
<u>G.O. Revenue Notes and Bonds</u>					
1997 Waste Treatment Note	3.13	1997	2017	4,300,000	2,043,360
2008 Waste Treatment Note	3.275	2008	2028	42,001,362	42,000,362
2008 Waste Treatment Note	0	2008	2030	7,000,000 *	6,500,000
2009 Waste Treatment Note	2.457	2009	2029	1,788,716 *	52,339
2009 Waste Treatment Note	3.44	2009	2038	<u>36,238,638 *</u>	<u>7,347,121</u>
Total G.O. Revenue Notes				<u>91,328,716</u>	<u>57,943,182</u>
2004 Waste Treatment Bond	1.45-4.15	2004	2019	<u>1,410,000</u>	<u>1,010,000</u>
Total G.O. Revenue Notes and Bonds				<u>92,738,716</u>	<u>58,953,182</u>
<b>Total Business-Type Activities</b>				<u>92,738,716</u>	<u>58,953,182</u>
<b>Total Primary Government</b>				<u>\$ 112,918,716</u>	<u>\$ 73,208,182</u>

\*Includes undrawn proceeds of \$500,000, \$1,736,377 and \$28,891,517

**CITY OF WILLMAR, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2009**

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

	<u>Interest Rates</u>	<u>Date Issued</u>	<u>Date Matures</u>	<u>Original Issue</u>	<u>Outstanding at 12/31/2009</u>
<b>Component Units</b>					
<b>Municipal Utilities</b>					
<u>Revenue Bonds</u>					
1999 Bond	4.20-5.00	1999	2011	\$ 1,760,000	\$ 460,000
2001 Bond	3.50-4.50	2001	2011	1,240,000	295,000
2009 Bond	3.50-5.00	2009	2025	<u>8,120,000</u>	<u>8,120,000</u>
Total Revenue Bonds				<u>11,120,000</u>	<u>8,875,000</u>
<u>G.O. Revenue Bonds</u>					
2005 Bond	3.00-3.75	2005	2016	<u>1,290,000</u>	<u>950,000</u>
Total G.O. Revenue Bonds				<u>1,290,000</u>	<u>950,000</u>
<u>Note Payable</u>					
Big Stone II Joint Vent	N/A	N/A	2011	<u>474,519</u>	<u>474,519</u>
Total Note Payable				<u>474,519</u>	<u>474,519</u>
<b>Total Municipal Utilities</b>				<u>\$ 12,884,519</u>	<u>\$ 10,299,519</u>
<b>Rice Memorial Hospital</b>					
<u>Revenue Bonds</u>					
1994 Bond	6.20-6.70	1994	2015	<u>\$ 1,865,000</u>	<u>\$ 825,000</u>
<u>G.O. Revenue Bonds</u>					
2002 Bond	3.00-5.00	2002	2032	<u>51,200,000</u>	<u>46,655,000</u>
<u>Notes Payable</u>					
Foundation	Prime - 0.8	2004	2014	1,165,888	499,660
Promissory Note	5.47	2009	2014	3,000,000	2,694,504
Rice Home Medical	6.95	2007	2014	<u>880,000</u>	<u>797,503</u>
Total Notes Payable				<u>5,045,888</u>	<u>3,991,667</u>
<u>Lease Payable</u>					
Rice Home Medical	N/A	N/A	2009	<u>141,768</u>	<u>-</u>
<b>Total Rice Memorial Hospital</b>				<u>\$ 58,252,656</u>	<u>\$ 51,471,667</u>

**CITY OF WILLMAR, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2009**

**3. Long-Term Debt Maturities**

Long-Term Debt maturities are as follows:

**General Obligation Special Assessments Bonds**

<u>Year</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2010	\$ 1,815,000	\$ 438,619
2011	1,805,000	371,760
2012	1,715,000	306,527
2013	1,570,000	245,704
2014	1,455,000	189,485
2015-2019	4,255,000	294,425
Total	<u>\$ 12,615,000</u>	<u>\$ 1,846,520</u>

**General Obligation Revenue Bonds**

<u>Year</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 125,000	\$ 57,737	\$ 85,000	\$ 36,102
2011	130,000	53,750	90,000	33,365
2012	130,000	49,428	90,000	30,350
2013	135,000	44,855	95,000	27,111
2014	140,000	40,043	100,000	23,600
2015-2019	800,000	116,316	550,000	57,513
2020-2024	180,000	3,645	-	-
Total	<u>\$ 1,640,000</u>	<u>\$ 365,774</u>	<u>\$ 1,010,000</u>	<u>\$ 208,041</u>

**General Obligation Revenue Notes**

<u>Year</u>	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2010	\$ 565,792	\$ 1,740,129
2011	1,935,567	2,570,605
2012	2,453,371	2,647,137
2013	2,567,048	2,566,418
2014	2,649,968	2,481,959
2015-2019	14,205,330	11,048,864
2020-2024	15,804,000	8,628,554
2025-2029	31,275,000	5,070,508
2030-2034	9,830,000	2,220,692
2035-2039	7,785,000	680,260
Total	<u>\$ 89,071,076</u>	<u>\$ 39,655,126</u>

**CITY OF WILLMAR, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2009**

**3. Long-Term Debt Maturities (continued)**

<b><u>Component Units</u></b>				
<u>Year</u>	<u>G.O. Revenue Bonds</u>		<u>Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 965,000	\$ 2,338,763	\$ 485,000	\$ 442,609
2011	1,150,000	2,292,256	510,000	417,164
2012	1,270,000	2,233,825	540,000	389,954
2013	1,335,000	2,170,687	560,000	366,566
2014	1,400,000	2,104,340	585,000	342,151
2015-2019	8,140,000	9,390,365	2,795,000	1,373,191
2020-2024	10,400,000	7,087,500	3,435,000	708,125
2025-2029	13,280,000	4,140,500	790,000	39,500
2030-2034	9,665,000	740,625	-	-
Total	<u>\$ 47,605,000</u>	<u>\$ 32,498,861</u>	<u>\$ 9,700,000</u>	<u>\$ 4,079,260</u>

**3. Changes in Long-Term Liabilities**

	<b><u>Balance</u></b>		<b><u>Retired/</u></b>	<b><u>Balance</u></b>
	<b><u>01/01/2009</u></b>	<b><u>Issued</u></b>	<b><u>Defeased</u></b>	<b><u>12/31/09</u></b>
<b>Primary Government</b>				
<b>Governmental Activities</b>				
G.O. Special Assessment Bonds	\$ 14,265,000	\$ -	\$ 1,650,000	\$ 12,615,000
G.O. Revenue Bonds	1,760,000	-	120,000	1,640,000
Compensated Absences	3,249,486	-	-	3,249,486
Total Governmental Activities	<u>19,274,486</u>	<u>-</u>	<u>1,770,000</u>	<u>17,504,486</u>
<b>Business-Type Activities</b>				
G.O. Revenue Notes	15,002,957	43,162,945	222,720	57,943,182
G.O. Revenue Bonds	8,300,000	-	7,290,000	1,010,000
Total Business-Type Activities	<u>23,302,957</u>	<u>43,162,945</u>	<u>7,512,720</u>	<u>58,953,182</u>
<b>Total Primary Government</b>	<u>\$ 42,577,443</u>	<u>\$ 43,162,945</u>	<u>\$ 9,282,720</u>	<u>\$ 76,457,668</u>
<b>Component Units</b>				
<b>Municipal Utilities</b>				
Revenue Bonds	\$ 1,105,000	\$ 8,120,000	\$ 350,000	\$ 8,875,000
G.O. Revenue Bonds	1,065,000	-	115,000	950,000
Note Payable Big Stone II Joint Vent	-	474,519	-	474,519
Total Municipal Utilities	<u>2,170,000</u>	<u>8,594,519</u>	<u>465,000</u>	<u>10,299,519</u>
<b>Rice Memorial Hospital</b>				
Revenue Bond	935,000	-	110,000	825,000
G.O. Revenue Bonds	47,470,000	-	815,000	46,655,000
Note Payable: Foundation	610,698	-	111,038	499,660
Promissory Note Payable	-	3,000,000	305,496	2,694,504
Note Payable: Rice Home Medical	835,377	-	37,874	797,503
Lease Payable: Rice Home Medical	18,301	-	18,301	-
Total Rice Memorial Hospital	<u>49,869,376</u>	<u>3,000,000</u>	<u>1,397,709</u>	<u>51,471,667</u>
<b>Total Component Units</b>	<u>\$ 52,039,376</u>	<u>\$ 11,594,519</u>	<u>\$ 1,862,709</u>	<u>\$ 61,771,186</u>

**CITY OF WILLMAR, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2009**

**D. Designated Fund Balance**

At December 31, 2009, the following balances were designated:

GENERAL FUND

Designated for:

2010 Operating Budget	\$ 850,026
2011 Operating Budget	519,188
Advance to TIF	650,000
Public Works Blacktop	200,000
Compensated Absence	3,249,486
Retirees' Insurance Buy Out	223,540
Capital Improvements Fund	2,100,237
Self-Insurance	1,000,000
Working Capital	3,000,000
Current Year Emergency Appropriations	1,300,000
Future Year Emergency Appropriations	1,300,000
Petty Cash	2,300
	<u>\$ 14,394,777</u>

**NOTE 4 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS**

**A. Plan Description**

All full-time and certain part-time employees of the City are covered by defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). The PERA administers the Public Employees Retirement Fund and the Public Employees Police and Fire Fund, which are cost sharing, multiple-employer retirement plans. These plans are established and administered in accordance with Minn. Stat. chs.353 and 356.

Public Employees Retirement Fund 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. All new members must participate in the Coordinated Plan. All police officers, firefighters, and peace officers who qualify for membership by statute are covered by the Public Employees Police and Fire Fund.

The PERA provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefits are established by state statute and vest after three years of credited service. The retirement 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.

**CITY OF WILLMAR, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2009**

**NOTE 4 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)**

**A. Plan Description (Continued)**

Two methods are used to compute benefits for 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 percent of average salary for each of the first ten years of service and 2.7 percent for each year thereafter. For a Coordinated Plan member, the annuity accrual rate is 1.2 percent of average salary for each of the first ten years and 1.7 percent for each successive year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For Public Employees Police and Fire Fund members, the annuity accrual rate is 3.0 percent of average salary for each year of service.

For all Public Employees Retirement Fund members whose annuity is calculated using Method 1, and for all Public Employees Police and Fire Fund members, a full annuity is available when age plus years of service equal 90. A reduced retirement annuity is also available to eligible members seeking early retirement.

The benefit provisions stated in the previous paragraphs of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not yet receiving them are bound by the provisions in effect at the time they last terminated public service.

PERA issues a publicly available financial report that includes financial statements and required supplementary information for the Public Employees Retirement Fund and the Public Employees Police and Fire Fund. That report may be obtained on the internet at [www.mnpera.org](http://www.mnpera.org); by writing to PERA at 60 Empire Drive, Suite 200, Saint Paul, Minnesota 55103-2088; or by calling 651-296-7460 or 1-800-652-9026.

**B. Funding Policy**

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Minn. Stat. ch. 353 sets the rates for employer and employee contributions. These statutes are established and amended by the State Legislature. The City makes annual contributions to the pension plans equal to the amount required by state statutes. Public Employees Retirement Fund Basic Plan members and Coordinated Plan members are required to contribute 9.10 and 6.0 percent, respectively, of their annual covered salary in 2009. Public Employees Police and Fire Fund members were required to contribute 9.40 percent of their annual covered salary in 2009. Contribution rates will remain the same in 2010 for all PERA members.

The City is required to contribute the following percentages of annual covered payroll in 2009 and 2010:

	<u>2009</u>	<u>2010</u>
Public Employee Retirement Fund		
Basic Plan Members	11.78 %	11.78 %
Coordinated Plan Members	6.75 %	7.00 %
Public Employees Police and Fire Fund	14.10 %	14.10 %

**CITY OF WILLMAR, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2009**

**NOTE 4 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)**

**B. Funding Policy (Continued)**

The City's contributions for the years ending December 31, 2009, 2008, and 2007, for the Public Employees Retirement Fund and the Public Employees Police and Fire Fund were:

	Employees Retirement Fund	Employees Police and Fire Fund
2009	\$ 274,045	\$ 322,542
2008	\$ 248,216	\$ 272,954
2007	\$ 235,299	\$ 232,873

These contribution amounts are equal to the contractually required contributions for each year as set by state statute.

**NOTE 5 OTHER POST EMPLOYMENT BENEFITS**

**Primary Government**

At December 31, 2009, 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. 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**

The Utilities engaged an actuary to determine the Utilities liability for postemployment benefits other than pensions. The liability was determined to be immaterial and therefore GASB Statement No. 45 was not adopted.

**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, 2009 there were approximately 23 retirees receiving benefits from the Hospital's health plan.

**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 (of funding excess) over a period not to exceed thirty years.



**CITY OF WILLMAR, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2009**

**NOTE 5 OTHER POST EMPLOYMENT BENEFITS (continued)**

**Rice Memorial Hospital (continued)**

**Annual OPEB Cost and Net OPEB Obligation** (continued)

The following table shows the components of the Hospital's annual OPEB cost as of December 31, 2009, the amount actually contributed to the insurance plan, and changes in the Hospital's net OPEB obligation.

Net OPEB, Beginning of Year	\$ 219,218
Activity During the Year:	
Annual Required Contribution (ARC)	311,374
Interest on Net OPEB Obligation	8,769
Adjustments to ARC	(12,677)
Contributions during the fiscal year	<u>(126,269)</u>
Increase in Net OPEB Obligation	<u>181,197</u>
Net OPEB, End of the Year	<u><u>\$ 400,415</u></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 at December 31, 2009:

	<u>OPEB Cost</u>	<u>Contribution</u>	<u>Contribution</u>	<u>Obligation</u>
12/31/2008	\$ 311,374	\$ 92,156	29.60%	\$ 219,218
12/31/2009	\$ 307,466	\$ 126,269	41.07%	\$ 400,415

**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 23 retirees receiving benefits from the Hospital's health plan.

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, 2009. The following is a summary of the funding status at January 1, 2008, the 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)
\$ -	\$ 2,570,463	\$ 2,570,463	0.00%	\$ 29,120,432	8.83%

**CITY OF WILLMAR, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2009**

**NOTE 6 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 7 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.

The City of Willmar has an agreement with the Minnesota Department of Transportation to repay the State Airport Fund approximately \$824,380 from proceeds of the sale of land located at the former airport.

**NOTE 8 LEASE AGREEMENTS**

The City has entered into an agreement with the Housing and Redevelopment Authority In and For the City of Willmar (the Authority) to lease a building used for the city garage. The term of the lease is 15 years commencing October 1996. The agreement requires annual payments equal to the principal and interest due on bonds issued by the Authority. As of December 31, 2009, the principal balance was \$145,000.

Future minimum lease payments are:

2010	\$ 76,455
2011	<u>77,213</u>
	<u>\$ 153,668</u>

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:

2010	\$ 175,000
2011	175,000
2012	175,000
2013	175,000
2014	175,000
2015-2019	875,000
2020	<u>175,000</u>
	<u>\$ 1,925,000</u>

**CITY OF WILLMAR, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2009**

**NOTE 9 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.

**Kandiyohi Area Transit**

KAT was established on October 20, 1998 by a joint powers agreement Kandiyohi County and the City of Willmar. The Transit Board is made up of two members appointed by Kandiyohi County, two members appointed by the City of Willmar, and one elected official from other local governments in Kandiyohi County appointed by the Transit Board. Complete financial information for KAT can be obtained at Kandiyohi Area Transit, 1320 22<sup>nd</sup> Street SW, Willmar, Minnesota 56201.

**NOTE 10 PRIOR PERIOD ADJUSTMENTS**

Certain adjustments have been made to the January 1, 2009 fund balances, they are as follows:

**General Fund**

1/1/2009 Fund Balance	\$ 15,259,788
Accounts Receivable Adjustment	(353)
Intergovernmental Receivable Adjustment	<u>(129,524)</u>
1/1/2009 Adjusted Fund Balance	<u><u>\$ 15,129,911</u></u>

**Capital Projects - Street, Water, Sewer**

1/1/2009 Fund balance	\$ 2,028,533
Contracts payable adjustment	<u>121,377</u>
1/1/2009 Adjusted fund balance	<u><u>\$ 2,149,910</u></u>

The January 1, 2009 net assets balance for governmental activities was adjusted as follows:

**Governmental Activities**

1/1/2009 Net assets	\$ 123,307,418
Accounts Receivable Adjustment	(353)
Intergovernmental Receivable Adjustment	(129,524)
Contracts Payable Adjustment	<u>121,377</u>
1/1/2009 Adjusted net assets	<u><u>\$ 123,298,918</u></u>

**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, 2009

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget Positive (Negative)
<b>REVENUES</b>				
GENERAL PROPERTY TAXES				
Current Ad Valorem	\$ 3,525,325	\$ 3,525,325	\$ 3,440,974	\$ (84,351)
Delinquent Ad Valorem	50,000	50,000	64,902	14,902
TOTAL TAXES	3,575,325	3,575,325	3,505,876	(69,449)
LICENSES/PERMITS				
Business License/Permit	42,275	42,275	51,877	9,602
Non-Business License/Permit	284,500	284,500	395,429	110,929
TOTAL LICENSES & PERMITS	326,775	326,775	447,306	120,531
INTERGOVERNMENTAL				
FEDERAL GOVERNMENT				
Federal Grant	500	500	47,453	46,953
STATE GRANTS				
Local Government Aid	4,596,086	4,596,086	4,327,043	(269,043)
Police Department Aid	160,000	160,000	226,164	66,164
P.E.R.A. Aid	172,146	172,146	172,146	-
Airport Aid	43,362	43,362	51,636	8,274
State Grant	10,000	25,667	17,574	(8,093)
MFG Home HACA	250	250	218	(32)
Fire Department Aid	90,000	90,000	63,120	(26,880)
Shared Highway User Tax	171,000	171,000	183,176	12,176
COUNTY GRANTS				
Kandiyohi County Highways	4,000	4,000	4,305	305
SCHOOL DISTRICT #347				
School Liaison Officer	126,000	126,000	120,000	(6,000)
TOTAL INTERGOVERNMENTAL	5,373,344	5,389,011	5,212,835	(176,176)
SERVICE CHARGES				
General Government	15,300	15,300	32,825	17,525
Public Safety	167,600	167,600	248,650	81,050
Buildings & Grounds	11,500	11,500	10,103	(1,397)
Civic Center	262,600	262,600	271,345	8,745
Leisure Services	188,200	188,200	165,855	(22,345)
Highways & Streets	14,100	14,100	24,183	10,083
Community Center	11,000	11,000	12,027	1,027
Transportation (Airport)	65,000	65,000	137,673	72,673
TOTAL SERVICE CHARGES	735,300	735,300	902,661	167,361
FINES AND FORFEITS				
Other Fines and Forfeits	40,000	40,000	8,730	(31,270)
Court Fines	120,000	120,000	118,321	(1,679)
Parking Violations	24,000	24,000	23,746	(254)
Impounding Fees	54,000	54,000	38,160	(15,840)
TOTAL FINES & FORFEITS	238,000	238,000	188,957	(49,043)
SPECIAL ASSESSMENTS				
Special Assessments	-	-	1,302	1,302
TOTAL SPECIAL ASSESSMENTS	-	-	1,302	1,302

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, 2009

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES (Con't)</b>				
MISCELLANEOUS REVENUE				
Miscellaneous	36,000	36,000	95,199	59,199
Interest Earnings	500,500	500,500	334,978	(165,522)
Sale of Fixed Assets	10,000	10,000	80,578	70,578
Sale of Materials	45,000	45,000	62,995	17,995
Contributions/Donations	1,000	4,975	2,800	(2,175)
City Auditorium Rents	2,000	2,000	1,366	(634)
Capital Gains	-	-	296,014	296,014
Market Value Decrease	-	-	(84,256)	(84,256)
Insurance Reimbursements	150,000	150,000	84,214	(65,786)
Insurance Pass Through	200,000	200,000	323,590	123,590
TOTAL MISCELLANEOUS	944,500	948,475	1,197,478	249,003
 TOTAL REVENUE	 11,193,244	 11,212,886	 11,456,415	 243,529
<b>EXPENDITURES</b>				
GENERAL GOVERNMENT				
City Administrator				
Personal Services	223,063	223,063	227,111	(4,048)
Supplies	1,250	1,250	1,106	144
Other Services & Charges	3,360	3,360	3,204	156
Total	227,673	227,673	231,421	(3,748)
Mayor and Council				
Personal Services	81,450	81,450	78,762	2,688
Supplies	11,500	11,500	12,325	(825)
Other Services & Charges	97,500	97,500	84,373	13,127
Total	190,450	190,450	175,460	14,990
Planning & Development				
Personal Services	406,586	406,586	405,309	1,277
Supplies	11,450	11,450	9,205	2,245
Other Services & Charges	29,650	32,950	32,667	283
Total	447,686	450,986	447,181	3,805
City Clerk/Treasurer				
Personal Services	191,410	191,410	191,132	278
Supplies	5,935	5,935	6,566	(631)
Other Services & Charges	6,275	6,275	4,756	1,519
Total	203,620	203,620	202,454	1,166
Assessing				
Personal Services	285,549	285,549	283,757	1,792
Supplies	3,050	3,050	4,000	(950)
Other Services & Charges	9,650	9,650	5,724	3,926
Total	298,249	298,249	293,481	4,768
Accounting				
Personal Services	331,993	331,993	323,068	8,925
Supplies	5,700	5,700	5,268	432
Other Services & Charges	29,500	29,500	35,818	(6,318)
Total	367,193	367,193	364,154	3,039

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, 2009

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>EXPENDITURES (Con't)</b>				
GENERAL GOVERNMENT (Con't)				
Legal				
Personal Services	154,783	154,783	154,936	(153)
Supplies	5,600	5,600	4,352	1,248
Other Services & Charges	23,450	23,450	23,355	95
Total	183,833	183,833	182,643	1,190
City Hall				
Personal Services	44,009	44,009	43,836	173
Supplies	13,650	13,650	13,380	270
Other Services & Charges	42,275	42,275	46,839	(4,564)
Total	99,934	99,934	104,055	(4,121)
Data Processing Center				
Personal Services	132,944	132,944	131,297	1,647
Supplies	8,570	8,570	3,802	4,768
Other Services & Charges	71,526	71,526	68,955	2,571
Total	213,040	213,040	204,054	8,986
Cultural Diversity				
Other Services & Charges	83,425	83,425	54,164	29,261
Total	83,425	83,425	54,164	29,261
Elections & Voters Registration				
Personal Services	22,329	22,329	22,648	(319)
Supplies	150	150	1	149
Total	22,479	22,479	22,649	(170)
Non-Departmental Expenses				
Personal Services	29,000	29,000	1,144	27,856
Other Charges/Services	82,000	82,000	134,883	(52,883)
Southwest Initiative	10,000	10,000	-	10,000
Insurances	-	-	1,052	(1,052)
Labor Negotiator	20,000	20,000	3,833	16,167
Severance	-	-	574	(574)
Deferred Compensation	-	-	14,227	(14,227)
Re-Employment Insurance	1,000	1,000	988	12
Retired Employees Insurance	100,000	100,000	90,374	9,626
Insurance Pass Through	200,000	200,000	321,373	(121,373)
Downtown Items	60,000	60,000	57,887	2,113
Workers Comp. Self Insurance	-	-	2,143	(2,143)
Insurance Deductible	100,000	100,000	90,849	9,151
Internship Program	5,000	5,000	-	5,000
Refunds Paid	175,000	175,000	189,729	(14,729)
Total	782,000	782,000	909,056	(127,056)
TOTAL GENERAL GOVERNMENT	3,119,582	3,122,882	3,190,772	(67,890)
PUBLIC SAFETY				
Police Department				
Personal Services	3,372,801	3,384,721	3,287,644	97,077
Supplies	214,900	214,900	122,673	92,227
Other Services & Charges	237,650	237,650	154,174	83,476
Debt Redemption	175,000	175,000	175,000	-
Total	4,000,351	4,012,271	3,739,491	272,780

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, 2009

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget Positive (Negative)
<b>EXPENDITURES (Con't)</b>				
PUBLIC SAFETY (Con't)				
Fire Department				
Personal Services	563,340	563,340	523,626	39,714
Supplies	94,148	94,148	86,396	7,752
Other Services & Charges	91,959	99,681	96,136	3,545
Total	749,447	757,169	706,158	51,011
Non-Department Expenses				
Civil Defense Sirens	5,000	5,000	2,621	2,379
Safety Program	10,000	10,000	2,035	7,965
Total	15,000	15,000	4,656	10,344
TOTAL PUBLIC SAFETY	4,764,798	4,784,440	4,450,305	334,135
PUBLIC WORKS				
Engineering				
Personal Services	465,547	465,547	453,393	12,154
Supplies	12,550	12,550	9,334	3,216
Other Services & Charges	78,650	78,650	33,785	44,865
Total	556,747	556,747	496,512	60,235
Public Works				
Personal Services	1,614,343	1,614,343	1,578,504	35,839
Supplies	413,450	413,450	449,001	(35,551)
Other Services & Charges	267,350	267,350	253,653	13,697
Interest	25,000	25,000	9,932	15,068
Debt Redemption	65,000	65,000	70,000	(5,000)
Total	2,385,143	2,385,143	2,361,090	24,053
Airport				
Personal Services	47,350	47,350	2,736	44,614
Supplies	15,250	15,250	11,283	3,967
Other Services & Charges	133,700	133,700	111,174	22,526
Total	196,300	196,300	125,193	71,107
Transit				
Other Services & Charges	9,000	9,000	9,000	-
Total	9,000	9,000	9,000	-
Non-Departmental Expenses				
Other Services & Charges	3,000	3,000	841	2,159
Total	3,000	3,000	841	2,159
TOTAL PUBLIC WORKS	3,150,190	3,150,190	2,992,636	157,554
NON-DEPARTMENTAL EXPENSES				
Social Services				
Meals on Wheels	20,000	20,000	18,000	2,000
TOTAL NON-DEPARTMENTAL EXPENSE	20,000	20,000	18,000	2,000
CULTURE & RECREATION				
Library				
Other Services & Charges	451,187	451,187	461,443	(10,256)
Total	451,187	451,187	461,443	(10,256)

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, 2009

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>EXPENDITURES (Con't)</b>				
CULTURE & RECREATION (Con't)				
Auditorium				
Personal Services	61,685	61,685	41,733	19,952
Supplies	13,600	13,600	12,267	1,333
Other Services & Charges	38,625	38,625	44,566	(5,941)
Total	113,910	113,910	98,566	15,344
Non-Department Expenses				
Arts & Humanities	150	150	-	150
Civic Promotion	93,000	93,000	90,439	2,561
Total	93,150	93,150	90,439	2,711
Leisure Services				
Personal Services	240,890	240,890	226,130	14,760
Supplies	23,550	23,550	19,654	3,896
Other Services & Charges	142,220	142,220	138,821	3,399
Total	406,660	406,660	384,605	22,055
Civic Center - Ice Arena				
Personal Services	330,385	330,385	294,014	36,371
Supplies	78,500	78,500	73,044	5,456
Other Services & Charges	158,850	158,850	154,637	4,213
Miscellaneous	-	-	2,383	(2,383)
Total	567,735	567,735	524,078	43,657
Community Center				
Personal Services	59,853	59,853	60,298	(445)
Supplies	8,700	8,700	11,569	(2,869)
Other Services & Charges	50,100	50,100	28,819	21,281
Refunds Paid	-	-	325	(325)
Total	118,653	118,653	101,011	17,642
Aquatics Center				
Personal Services	105,000	105,000	100,666	4,334
Supplies	34,600	34,600	36,260	(1,660)
Other Services & Charges	28,050	28,050	29,845	(1,795)
Total	167,650	167,650	166,771	879
TOTAL CULTURE & RECREATION	1,918,945	1,918,945	1,826,913	92,032
TOTAL EXPENDITURES	12,973,515	12,996,457	12,478,626	517,831
Excess of Revenues Over Expenditures	(1,780,271)	(1,783,571)	(1,022,211)	761,360
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	2,270,758	2,270,758	2,277,311	6,553
Transfers Out	(1,638,200)	(2,038,200)	(1,808,668)	229,532
Total Other Financing Sources (Uses)	632,558	232,558	468,643	236,085
Net Change in Fund Balances	(1,147,713)	(1,551,013)	(553,568)	997,445
Fund Balances - Beginning	15,259,788	15,259,788	15,259,788	-
Prior Period Adjustment - See Note 9	(129,877)	(129,877)	(129,877)	-
Fund Balances - Ending	\$ 13,982,198	\$ 13,578,898	\$ 14,576,343	\$ 997,445

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, 2009**

	<b>Budget Amounts</b>			<b>Variance With Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
Special Assessments	\$ 3,032	\$ 3,032	\$ 50,272	\$ 47,240
Miscellaneous Revenue				
Interest Earnings	350,000	350,000	323,150	(26,850)
Market Value Decrease	-	-	(70,990)	(70,990)
Miscellaneous	-	-	100,491	100,491
Total Revenues	353,032	353,032	402,923	49,891
<b>EXPENDITURES</b>				
Other Charges	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	353,032	353,032	402,923	49,891
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(494,424)	(494,424)	(494,424)	-
Total Other Financing Sources (Uses)	(494,424)	(494,424)	(494,424)	-
Net Change in Fund Balances	(141,392)	(141,392)	(91,501)	49,891
Fund Balance - Beginning	8,857,251	8,857,251	8,857,251	-
Fund Balance - Ending	\$ 8,715,859	\$ 8,715,859	\$ 8,765,750	\$ 49,891

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, 2009**

	<b>Budget Amounts</b>			<b>Variance With Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
General Taxes				
Hotel-Motel Tax	\$ 145,000	\$ 145,000	\$ 131,706	\$ (13,294)
Intergovernmental				
State Tourism Grant	2,000	2,000	5,286	3,286
Kandiyohi County Camping Fees	13,500	13,500	15,815	2,315
Kandiyohi County Phone Reimb	1,000	1,000	-	(1,000)
Total Intergovernmental	16,500	16,500	21,101	4,601
Service Charges	6,500	6,500	6,000	(500)
Miscellaneous Revenue				
Interest Earnings	3,000	3,000	8,621	5,621
Market Value Decrease	-	-	(2,106)	(2,106)
Miscellaneous	9,100	9,100	16,108	7,008
Total Miscellaneous Revenue	12,100	12,100	22,623	10,523
Total Revenue	180,100	180,100	181,430	1,330
<b>EXPENDITURES</b>				
Personal Services	75,000	75,000	77,090	(2,090)
Supplies	11,250	11,250	4,215	7,035
Other Services and Charges	32,300	32,300	22,697	9,603
Ad Development	1,000	1,000	-	1,000
Conference & Convention	25,000	25,000	18,455	6,545
Group Tour Promotions	8,650	8,650	7,688	962
Leisure Travel	35,000	35,000	40,456	(5,456)
Fall/Winter Promotions	5,000	5,000	1,824	3,176
Refunds & Reimbursements	3,250	3,250	-	3,250
Special Projects	10,000	10,000	13,175	(3,175)
Strategic Marketing	30,000	30,000	17,107	12,893
Total Expenditures	236,450	236,450	202,707	33,743
Excess (Deficiency) of Revenues Over (Under) Expenditures	(56,350)	(56,350)	(21,277)	35,073
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out - General	(7,250)	(7,250)	(7,250)	-
Transfers Out - Capital Improvement	(3,000)	(3,000)	(3,000)	-
Total Other Financing Sources (Uses)	(10,250)	(10,250)	(10,250)	-
Net Change in Fund Balances	(66,600)	(66,600)	(31,527)	35,073
Fund Balance - Beginning	279,105	279,105	279,105	-
Fund Balance - Ending	\$ 212,505	\$ 212,505	\$ 247,578	\$ 35,073

See notes to required supplementary information.

**City of Willmar, Minnesota**  
**WRAC - 8 Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended December 31, 2009**

	<b>Budget Amounts</b>			<b>Variance With Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
General Taxes				
Franchise Taxes	\$ -	\$ 182,000	\$ 217,516	\$ 35,516
Miscellaneous Revenue				
Interest Earnings	8,000	8,000	12,003	4,003
Market Value Decrease	-	-	(3,104)	(3,104)
Miscellaneous	182,000	-	243	243
Total Miscellaneous Revenue	190,000	8,000	9,142	1,142
Total Revenues	190,000	190,000	226,658	36,658
<b>EXPENDITURES</b>				
Personal Services	119,989	119,989	126,785	(6,796)
Supplies	8,430	8,430	7,827	603
Other Services/Charges	17,375	17,375	19,358	(1,983)
Total Expenditures	145,794	145,794	153,970	(8,176)
Excess (Deficiency) of Revenues Over (Under) Expenditures	44,206	44,206	72,688	28,482
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer Out - Capital Improvements	(15,000)	(15,000)	(15,000)	-
Total Other Financing Sources (Uses)	(15,000)	(15,000)	(15,000)	-
Net Change in Fund Balances	29,206	29,206	57,688	28,482
Fund Balances - Beginning	341,581	341,581	341,581	-
Fund Balances - Ending	\$ 370,787	\$ 370,787	\$ 399,269	\$ 28,482

See notes to required supplementary information.

**City of Willmar, Minnesota**  
**Economic Development Revolving Loan Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended December 31, 2009**

	<b>Budget Amounts</b>			<b>Variance With Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
Miscellaneous Revenue				
Interest Earnings	\$ 12,380	\$ 12,380	\$ 13,487	\$ 1,107
Market Value Decrease	-	-	(1,626)	(1,626)
Total Revenues	12,380	12,380	11,861	(519)
<b>EXPENDITURES</b>				
Other Services/Charges	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	12,380	12,380	11,861	(519)
Net Change in Fund Balances	12,380	12,380	11,861	(519)
Fund Balance - Beginning	444,496	444,496	444,496	-
Fund Balance - Ending	\$ 456,876	\$ 456,876	\$ 456,357	\$ (519)

See notes to required supplementary information.

**City of Willmar, Minnesota**  
**Local Option Sales Tax Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended December 31, 2009**

	<b>Budget Amounts</b>			<b>Variance With Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
General Taxes				
Sales/Use Tax	\$ 1,700,000	\$ 1,700,000	\$ 1,766,410	\$ 66,410
Excise Tax	65,000	65,000	50,310	(14,690)
Total General Taxes	1,765,000	1,765,000	1,816,720	51,720
Miscellaneous Revenue				
Interest Earnings	45,000	45,000	102,696	57,696
Market Value Decrease	-	-	(27,199)	(27,199)
Total Miscellaneous Revenue	45,000	45,000	75,497	30,497
Total Revenue	1,810,000	1,810,000	1,892,217	82,217
<b>EXPENDITURES</b>				
Other Services and Charges	-	-	33,847	(33,847)
Total Expenditures	-	-	33,847	(33,847)
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,810,000	1,810,000	1,858,370	48,370
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	-	(608,700)	(769,360)	(160,660)
Total Other Financing Sources (Uses)	-	(608,700)	(769,360)	(160,660)
Net Change in Fund Balances	1,810,000	1,201,300	1,089,010	(112,290)
Fund Balance - Beginning	(509,445)	(509,445)	(509,445)	-
Fund Balance - Ending	\$ 1,300,555	\$ 691,855	\$ 579,565	\$ (112,290)

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, 2009**

	<b>Budget Amounts</b>			<b>Over (Under)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
<b>REVENUES</b>				
Special Assessments				
Special Assessments	\$ 1,411,553	\$ 1,411,553	\$ 1,474,217	\$ 62,664
Miscellaneous Revenue				
Miscellaneous	-	-	9,701	9,701
Interest Earnings	67,000	67,000	86,807	19,807
Net change in fair market value	-	-	(26,608)	(26,608)
Total Revenues	1,478,553	1,478,553	1,544,117	65,564
<b>EXPENDITURES</b>				
Bond Principal Payments	1,706,000	1,706,000	1,650,000	(56,000)
Interest Payments	504,553	504,553	504,542	(11)
Other Charges	4,997	4,997	4,646	(351)
Total Expenditures	2,215,550	2,215,550	2,159,188	(56,362)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(736,997)	(736,997)	(615,071)	121,926
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	494,424	494,424	962,716	468,292
Total Other Financing Sources (Uses)	494,424	494,424	962,716	468,292
Net Change in Fund Balances	(242,573)	(242,573)	347,645	590,218
Fund Balances - Beginning	4,575,929	4,575,929	4,575,929	-
Fund Balances - Ending	\$ 4,333,356	\$ 4,333,356	\$ 4,923,574	\$ 590,218

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, 2009**

	<b>Budget Amounts</b>			<b>Over (Under)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
<b>REVENUES</b>				
Interest Earnings	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
<b>EXPENDITURES</b>				
Bond Principal Payments	120,000	120,000	120,000	-
Interest Payments	61,263	61,263	61,262	(1)
Other Charges	237	237	3,361	3,124
Total Expenditures	181,500	181,500	184,623	3,123
Excess (Deficiency) of Revenues Over (Under) Expenditures	(181,500)	(181,500)	(184,623)	3,123
<b>OTHER FINANCING SOURCES(USES)</b>				
Transfers In	181,500	181,500	181,500	-
Total Other Financing Sources (Uses)	181,500	181,500	181,500	-
Net Change in Fund Balances	-	-	(3,123)	3,123
Fund Balances - Beginning	171,137	171,137	171,137	-
Fund Balances - Ending	\$ 171,137	\$ 171,137	\$ 168,014	\$ 3,123

See notes to required supplementary information.



**City of Willmar, Minnesota**  
**Debt Service Funds/Tax Increment Bonds**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended December 31, 2009**

	<b>Budget Amounts</b>			<b>Over (Under)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
<b>REVENUES</b>				
General Taxes				
Current Ad Valorem	\$ -	\$ -	\$ 3,859	\$ 3,859
Tax Increment	40,900	40,900	11,893	(29,007)
Total Taxes	40,900	40,900	15,752	(25,148)
Miscellaneous	-	-	-	-
Total Revenues	40,900	40,900	15,752	(25,148)
<b>EXPENDITURES</b>				
Interest Payments	10,003	10,003	3,437	(6,566)
Contracts	27,207	27,207	7,611	(19,596)
Total Expenditures	37,210	37,210	11,048	(26,162)
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,690	3,690	4,704	1,014
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(3,690)	(3,690)	(845)	(2,845)
Total Other Financing Sources (Uses)	(3,690)	(3,690)	(845)	(2,845)
Net Change in Fund Balances	-	-	3,859	3,859
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ 3,859	\$ 3,859

See notes to required supplementary information.

**CITY OF WILLMAR, MINNESOTA**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**December 31, 2009**

**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, 2009**

	<b>Total Special Revenue Funds</b>	<b>Total Capital Projects Funds</b>	<b>Total Debt Service Funds</b>	<b>Total Fiduciary Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 59,892	\$ 581,508	\$ (3,581)	\$ 1,014	\$ 638,833
Investments	839,090	2,095,779	-	235,783	3,170,652
Receivables					
Taxes Receivable - Current	9,035	-	-	-	9,035
Accounts Receivable	53,203	693	-	-	53,896
Notes Receivable	255,625	-	-	-	255,625
Interest Receivable	4,193	10,449	-	1,346	15,988
Due From Other Funds	-	3,450,230	4,268	407	3,454,905
Due From Other Governments	-	239,639	-	-	239,639
Prepaid Items	14,395	23,825	154,806	-	193,026
Restricted Assets:	-	-	-	-	-
Investments	-	-	-	30,000	30,000
Unamortized Discounts On Bonds	-	-	16,380	-	16,380
Total Assets	<u>\$ 1,235,433</u>	<u>\$ 6,402,123</u>	<u>\$ 171,873</u>	<u>\$ 268,550</u>	<u>\$ 8,077,979</u>
<b>LIABILITIES</b>					
Accounts Payable	\$ 30,274	\$ 10,640	\$ -	\$ -	\$ 40,914
Due To Other Funds	46,668	919,622	-	1,500	967,790
Due To Other Gov Units	-	4,008	-	-	4,008
Deferred Revenue	-	239,639	-	-	239,639
Total Liabilities	<u>76,942</u>	<u>1,173,909</u>	<u>-</u>	<u>1,500</u>	<u>1,252,351</u>
<b>FUND BALANCES</b>					
Reserved - Debt Service	-	-	17,067	-	17,067
Reserved - Prepaid Items	14,395	-	154,806	-	169,201
Reserved - Perpetual Care Fund	-	-	-	38,568	38,568
Unreserved - Designated Future Exp.	1,144,096	5,228,214	-	228,482	6,600,792
Total Fund Balances	<u>1,158,491</u>	<u>5,228,214</u>	<u>171,873</u>	<u>267,050</u>	<u>6,825,628</u>
Total Liabilities and Fund Balances	<u>\$ 1,235,433</u>	<u>\$ 6,402,123</u>	<u>\$ 171,873</u>	<u>\$ 268,550</u>	<u>\$ 8,077,979</u>

**City of Willmar, Minnesota**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**NonMajor Governmental Funds**  
**For the Year Ended December 31, 2009**

	<b>Total Special Revenue Funds</b>	<b>Total Capital Projects Funds</b>	<b>Total Debt Service Funds</b>	<b>Total Fiduciary Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>REVENUES</b>					
General Taxes	\$ 217,516	\$ -	\$ 3,859	\$ -	\$ 221,375
Other Taxes	131,706	-	11,893	-	143,599
Intergovernmental	119,409	1,196,833	-	-	1,316,242
Charges for Services	17,148	-	-	-	17,148
Investment Income	34,504	48,479	-	9,114	92,097
Net change in fair market value	(6,910)	(17,221)	-	(2,217)	(26,348)
Miscellaneous Revenue	16,351	24,939	-	-	41,290
Total Revenues	<u>529,724</u>	<u>1,253,030</u>	<u>15,752</u>	<u>6,897</u>	<u>1,805,403</u>
<b>EXPENDITURES</b>					
Public Safety	1,256	-	-	-	1,256
Culture and Recreation	356,677	-	-	11,808	368,485
Economic Development	98,308	-	-	-	98,308
Debt Service					
Principal	-	-	127,611	-	127,611
Interest and other	-	-	68,060	-	68,060
Capital Projects	-	913,720	-	-	913,720
Total Expenditures	<u>456,241</u>	<u>913,720</u>	<u>195,671</u>	<u>11,808</u>	<u>1,577,440</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>73,483</u>	<u>339,310</u>	<u>(179,919)</u>	<u>(4,911)</u>	<u>227,963</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating Transfers In	-	1,244,933	181,500	407	1,426,840
Operating Transfers Out	(25,422)	(4,315)	(845)	(1,500)	(32,082)
Total Other Financing Sources (Uses)	<u>(25,422)</u>	<u>1,240,618</u>	<u>180,655</u>	<u>(1,093)</u>	<u>1,394,758</u>
Net Change in Fund Balances	48,061	1,579,928	736	(6,004)	1,622,721
Fund Balances - Beginning	1,110,430	3,648,286	171,137	273,054	5,202,907
Prior Period Adjustment - See Note 9	-	-	-	-	-
Fund Balances - Ending	<u>\$ 1,158,491</u>	<u>\$ 5,228,214</u>	<u>\$ 171,873</u>	<u>\$ 267,050</u>	<u>\$ 6,825,628</u>

**City of Willmar, Minnesota**  
**Combining Balance Sheet**  
**NonMajor Governmental Funds/Special Revenue**  
**December 31, 2009**

	<b>Economic Development Revolving Loan</b>	<b>Industrial Development</b>	<b>W.R.A.C. - 8</b>	<b>Convention and Visitors Bureau</b>	<b>Law Enforcement Forfeiture Fund</b>	<b>Total Special Revenue Funds</b>
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 1,371	\$ 697	\$ 940	\$ 1,441	\$ 55,443	\$ 59,892
Investments	198,374	6,926	378,896	254,894	-	839,090
Receivables						
Taxes Receivable - Current	-	-	-	9,035	-	9,035
Accounts Receivable	-	-	53,196	7	-	53,203
Notes Receivable	255,625	-	-	-	-	255,625
Interest Receivable	987	45	1,883	1,278	-	4,193
Prepaid Items	-	-	3,993	10,402	-	14,395
Total Assets	<u>\$ 456,357</u>	<u>\$ 7,668</u>	<u>\$ 438,908</u>	<u>\$ 277,057</u>	<u>\$ 55,443</u>	<u>\$ 1,235,433</u>
<b>LIABILITIES</b>						
Accounts Payable	\$ -	\$ -	\$ 639	\$ 29,479	\$ 156	\$ 30,274
Due To Other Funds	-	7,668	39,000	-	-	46,668
Total Liabilities	<u>-</u>	<u>7,668</u>	<u>39,639</u>	<u>29,479</u>	<u>156</u>	<u>76,942</u>
<b>FUND BALANCES</b>						
Reserved - Prepaid Items	-	-	3,993	10,402	-	14,395
Reserved - Petty Cash	-	-	-	50	-	50
Unreserved - Designated Future Exp.	456,357	-	395,276	237,126	55,287	1,144,046
Total Fund Balances	<u>456,357</u>	<u>-</u>	<u>399,269</u>	<u>247,578</u>	<u>55,287</u>	<u>1,158,491</u>
Total Liabilities and Fund Balances	<u>\$ 456,357</u>	<u>\$ 7,668</u>	<u>\$ 438,908</u>	<u>\$ 277,057</u>	<u>\$ 55,443</u>	<u>\$ 1,235,433</u>

**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, 2009**

	<b>Economic Development Revolving Loan</b>	<b>Industrial Development</b>	<b>W.R.A.C. - 8</b>	<b>Convention and Visitors Bureau</b>	<b>Community Development</b>	<b>Law Enforcement Forfeiture Fund</b>	<b>Total Special Revenue Funds</b>
<b>REVENUES</b>							
General Taxes	\$ -	\$ -	\$ 217,516	\$ -	\$ -	\$ -	\$ 217,516
Other Taxes	-	-	-	131,706	-	-	131,706
Intergovernmental	-	-	-	21,101	98,308	-	119,409
Service Charges	-	-	-	6,000	-	11,148	17,148
Investment income	13,487	246	12,003	8,621	-	147	34,504
Fair Market Value Decrease	(1,626)	(74)	(3,104)	(2,106)	-	-	(6,910)
Miscellaneous Revenue	-	-	243	16,108	-	-	16,351
Total Revenues	<u>11,861</u>	<u>172</u>	<u>226,658</u>	<u>181,430</u>	<u>98,308</u>	<u>11,295</u>	<u>529,724</u>
<b>EXPENDITURES</b>							
Public Safety	-	-	-	-	-	1,256	1,256
Culture and Recreation	-	-	153,970	202,707	-	-	356,677
Economic Development	-	-	-	-	98,308	-	98,308
Total Expenditures	<u>-</u>	<u>-</u>	<u>153,970</u>	<u>202,707</u>	<u>98,308</u>	<u>1,256</u>	<u>456,241</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>11,861</u>	<u>172</u>	<u>72,688</u>	<u>(21,277)</u>	<u>-</u>	<u>10,039</u>	<u>73,483</u>
<b>OTHER FIN. SOURCES (USES)</b>							
Transfers In	-	-	-	-	-	-	-
Transfers Out	-	(172)	(15,000)	(10,250)	-	-	(25,422)
Total Other Fin. Sources (Uses)	<u>-</u>	<u>(172)</u>	<u>(15,000)</u>	<u>(10,250)</u>	<u>-</u>	<u>-</u>	<u>(25,422)</u>
Net Change in Fund Balances	11,861	-	57,688	(31,527)	-	10,039	48,061
Fund Balances - Beginning	<u>444,496</u>	<u>-</u>	<u>341,581</u>	<u>279,105</u>	<u>-</u>	<u>45,248</u>	<u>1,110,430</u>
Fund Balances - Ending	<u>\$ 456,357</u>	<u>\$ -</u>	<u>\$ 399,269</u>	<u>\$ 247,578</u>	<u>\$ -</u>	<u>\$ 55,287</u>	<u>\$ 1,158,491</u>

**City of Willmar, Minnesota**  
**Combining Balance Sheet**  
**NonMajor Governmental Funds/Capital Projects**  
**December 31, 2009**

	<b>Local Option Sales Tax</b>	<b>Airport Capital Project</b>	<b>Miscellaneous Projects</b>	<b>Capital Improvement</b>	<b>Baker Diamond Stadium</b>	<b>Fire Dept Radio Grant Fund</b>	<b>Total Capital Projects Funds</b>
<b>ASSETS</b>							
Cash	\$ (157,160)	\$ 329,062	\$ 401,294	\$ 742	\$ (61)	\$ 7,631	\$ 581,508
Investments	-	-	-	2,095,779	-	-	2,095,779
Accounts Receivable	-	-	-	-	-	693	693
Interest Receivable	-	-	-	10,449	-	-	10,449
Due From Other Funds	131,778	2,878,097	-	440,294	61	-	3,450,230
Due From Other Governments	96,224	143,415	-	-	-	-	239,639
Prepaid Expenses	-	-	-	23,825	-	-	23,825
Total Assets	<u>\$ 70,842</u>	<u>\$ 3,350,574</u>	<u>\$ 401,294</u>	<u>\$ 2,571,089</u>	<u>\$ -</u>	<u>\$ 8,324</u>	<u>\$ 6,402,123</u>
<b>LIABILITIES</b>							
Accounts Payable	\$ -	\$ -	\$ -	\$ 10,640		\$ -	\$ 10,640
Due To Other Funds	-	480,187	401,294	33,825	-	4,316	919,622
Due To Other Gov Units	-	-	-	-	-	4,008	4,008
Deferred Revenue	96,224	143,415	-	-	-	-	239,639
Total Liabilities	<u>96,224</u>	<u>623,602</u>	<u>401,294</u>	<u>44,465</u>	<u>-</u>	<u>8,324</u>	<u>1,173,909</u>
<b>FUND BALANCES</b>							
Unreserved-Designated	<u>(25,382)</u>	<u>2,726,972</u>	<u>-</u>	<u>2,526,624</u>	<u>-</u>	<u>-</u>	<u>5,228,214</u>
Total Fund Balance	<u>(25,382)</u>	<u>2,726,972</u>	<u>-</u>	<u>2,526,624</u>	<u>-</u>	<u>-</u>	<u>5,228,214</u>
Total Liabilities/Fund Bal.	<u>\$ 70,842</u>	<u>\$ 3,350,574</u>	<u>\$ 401,294</u>	<u>\$ 2,571,089</u>	<u>\$ -</u>	<u>\$ 8,324</u>	<u>\$ 6,402,123</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, 2009**

	<u>Local Option Sales Tax</u>	<u>Airport Capital Project</u>	<u>Miscellaneous Projects</u>	<u>Capital Improvement</u>	<u>Baker Diamond Stadium</u>	<u>Fire Dept Radio Grant Fund</u>	<u>Total Capital Project Funds</u>
<b>REVENUES</b>							
Intergovernmental	\$ -	\$ 918,310	\$ -	\$ -	\$ -	\$ 278,523	\$ 1,196,833
Investment Income	-	-	-	48,460	-	19	48,479
Market Value Decrease	-	-	-	(17,221)	-	-	(17,221)
Miscellaneous	-	-	-	25,000	(61)	-	24,939
Total Revenues	-	918,310	-	56,239	(61)	278,542	1,253,030
<b>EXPENDITURES</b>							
Capital/Construction Projects	29,792	156,644	-	445,445	-	281,839	913,720
Total Expenditures	29,792	156,644	-	445,445	-	281,839	913,720
Excess (Deficiency) of Revenues Over (Under) Expenditures	(29,792)	761,666	-	(389,206)	(61)	(3,297)	339,310
<b>OTH FINANC SOURCES (USES)</b>							
Operating Transfers In	-	172	-	1,244,700	61	-	1,244,933
Operating Transfers Out	-	-	-	-	-	(4,315)	(4,315)
Total Other Financ Sources (Uses)	-	172	-	1,244,700	61	(4,315)	1,240,618
Net Change in Fund Balances	(29,792)	761,838	-	855,494	-	(7,612)	1,579,928
Fund Balance - Beginning	4,410	1,965,134	-	1,671,130	-	7,612	3,648,286
Prior Period Adjustment See Note 9	-	-	-	-	-	-	-
Fund Balance- Ending	\$ (25,382)	\$ 2,726,972	\$ -	\$ 2,526,624	\$ -	\$ -	\$ 5,228,214

**City of Willmar, Minnesota**  
**Non-Major Debt Service Funds**  
**Combining Balance Sheets**  
**December 31, 2009**

	<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	\$ (3,172)	\$ (409)	\$ (3,581)
Due From Other Funds	-	4,268	4,268
Prepaid Expenses	154,806	-	154,806
Unamort Discount On Bonds Sold	<u>16,380</u>	<u>-</u>	<u>16,380</u>
Total Assets	<u><u>\$ 168,014</u></u>	<u><u>\$ 3,859</u></u>	<u><u>\$ 171,873</u></u>
<b>LIABILITIES</b>			
Due To Other Funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>			
Reserved for Prepaid Items	154,806	-	154,806
Reserved For Debt Service	<u>13,208</u>	<u>3,859</u>	<u>17,067</u>
Total Fund Balances	<u>168,014</u>	<u>3,859</u>	<u>171,873</u>
Total Liabilities and Fund Balances	<u><u>\$ 168,014</u></u>	<u><u>\$ 3,859</u></u>	<u><u>\$ 171,873</u></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, 2009**

	<b>Airport G.O. Revenue Bond</b>	<b>Tax Increment Bonds</b>	<b>Total Debt Service Funds</b>
<b>REVENUES</b>			
General Taxes			
Current Ad Valorem	\$ -	\$ 3,859	\$ 3,859
Tax Increment	-	11,893	11,893
TOTAL TAXES	-	15,752	15,752
Total Revenues	-	15,752	15,752
<b>EXPENDITURES</b>			
Bond Principal Payments	120,000	7,611	127,611
Interest Payments	61,262	3,437	64,699
Other Charges	3,361	-	3,361
Total Expenditures	184,623	11,048	195,671
Excess (Deficiency) of Revenues Over (Under) Expenditures	(184,623)	4,704	(179,919)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	181,500	-	181,500
Transfers Out	-	(845)	(845)
Total Other Financing Sources (Uses)	181,500	(845)	180,655
Net Change in Fund Balances	(3,123)	3,859	736
Fund Balances - Beginning	171,137	-	171,137
Fund Balances - Ending	\$ 168,014	\$ 3,859	\$ 171,873

**City of Willmar, Minnesota**  
**Combining Statement of Net Assets**  
**NonMajor Governmental Funds/Fiduciary Funds**  
**December 31, 2009**

	<b>Senior Citizens Transit Fund</b>	<b>Perpetual Care Fund</b>	<b>Library Improvement Reserve Fund</b>	<b>Total Fiduciary Funds</b>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ (407)	\$ 1,198	\$ 223	\$ 1,014
Investments	-	38,668	227,115	265,783
Receivables				
Interest Receivable	-	202	1,144	1,346
Due From Other Funds	407	-	-	407
Total Assets	<u>\$ -</u>	<u>\$ 40,068</u>	<u>\$ 228,482</u>	<u>\$ 268,550</u>
<b>LIABILITIES</b>				
Due To Other Funds	<u>\$ -</u>	<u>\$ 1,500</u>	<u>\$ -</u>	<u>\$ 1,500</u>
Total Liabilities	<u>-</u>	<u>1,500</u>	<u>-</u>	<u>1,500</u>
<b>NET ASSETS</b>				
Held In Trust	<u>\$ -</u>	<u>\$ 38,568</u>	<u>\$ 228,482</u>	<u>\$ 267,050</u>

**City of Willmar, Minnesota**  
**Combining Statement of Changes in Net Assets**  
**NonMajor Governmental Funds/Fiduciary Funds**  
**For the Year Ended December 31, 2009**

	<b>Senior Citizens Transit Fund</b>	<b>Perpetual Care Fund</b>	<b>Library Improvement Reserve Fund</b>	<b>Total Fiduciary Funds</b>
<b>REVENUES</b>				
Investment Earnings	\$ -	\$ 1,306	\$ 7,808	\$ 9,114
Fair Market Value Decrease	-	(332)	(1,885)	(2,217)
Total Revenues	-	974	5,923	6,897
<b>EXPENDITURES</b>				
Culture and Recreation	550	-	11,258	11,808
Total Expenditures	550	-	11,258	11,808
Excess (Deficiency) of Revenues Over (Under) Expenditures	(550)	974	(5,335)	(4,911)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	407	-	-	407
Transfers Out	-	(1,500)	-	(1,500)
Total Other Financing Sources (Uses)	407	(1,500)	-	(1,093)
Net Change in Fund Balances	(143)	(526)	(5,335)	(6,004)
Fund Balances - Beginning	143	39,094	233,817	273,054
Fund Balances - Ending	\$ -	\$ 38,568	\$ 228,482	\$ 267,050

**City of Willmar, Minnesota**  
**Internal Service Funds**  
**Combining Statement of Net Assets**  
**December 31, 2009**

	<b>Office Services</b>	<b>Public Improve. Revolving</b>	<b>Total</b>
<b>ASSETS</b>			
Current Assets:			
Cash And Cash Equivalents	\$ 1,339	\$ (97,088)	\$ (95,749)
Investments	115,039	582,196	697,235
Interest Receivable	583	2,915	3,498
Intergovernmental Receivable	-	21,561	21,561
Due From Other Funds	-	480,187	480,187
Inventories - Merchandise For Resale	4,641	-	4,641
Total Current Assets	<u>121,602</u>	<u>989,771</u>	<u>1,111,373</u>
Noncurrent Assets:			
Capital Assets:			
Office Equipment	11,680	-	11,680
Less Accumulated Depreciation	<u>(10,512)</u>	<u>-</u>	<u>(10,512)</u>
Total Capital Assets (net of accumulated depreciation)	<u>1,168</u>	<u>-</u>	<u>1,168</u>
Total Assets	<u>122,770</u>	<u>989,771</u>	<u>1,112,541</u>
<b>LIABILITIES</b>			
Current Liabilities			
Due To Other Funds	<u>-</u>	<u>42,000</u>	<u>42,000</u>
Total Current Liabilities	<u>-</u>	<u>42,000</u>	<u>42,000</u>
<b>NET ASSETS</b>			
Invested In Capital Assets	1,168	-	1,168
Unrestricted	<u>121,602</u>	<u>947,771</u>	<u>1,069,373</u>
Total Net Assets	<u><u>\$ 122,770</u></u>	<u><u>\$ 947,771</u></u>	<u><u>\$ 1,070,541</u></u>

**City of Willmar, Minnesota**  
**Internal Service Funds**  
**Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**For the Year Ended December 31, 2009**

	<b>Office Services</b>	<b>Public Improve. Revolving</b>	<b>Total</b>
Operating Revenues:			
Charges For Services	\$ 30,761	\$ -	\$ 30,761
Total Operating Revenues	<u>30,761</u>	<u>-</u>	<u>30,761</u>
Operating Expenses:			
Cost of Materials Used:			
Inventory, January 1	4,770	-	4,770
Purchases	10,368	-	10,368
Total Available	<u>15,138</u>	<u>-</u>	<u>15,138</u>
Inventory, December 31	(4,641)	-	(4,641)
Total Cost of Materials Used	<u>10,497</u>	<u>-</u>	<u>10,497</u>
Other Services And Charges	10,961	-	10,961
Total Operating Expenses	<u>21,458</u>	<u>-</u>	<u>21,458</u>
Operating Income (Loss)	<u>9,303</u>	<u>-</u>	<u>9,303</u>
Nonoperating Revenues (Expenses):			
Interest On Investments	3,494	19,300	22,794
Market Value Decrease	<u>(961)</u>	<u>(4,804)</u>	<u>(5,765)</u>
Total Nonoperating Revenues	2,533	14,496	17,029
Income (Loss) Before Contributions and Transfers	11,836	14,496	26,332
Operating Transfers Out	<u>-</u>	<u>(42,000)</u>	<u>(42,000)</u>
Change in Net Assets	11,836	(27,504)	(15,668)
Total Net Assets - Beginning	<u>110,934</u>	<u>975,275</u>	<u>1,086,209</u>
Total Net Assets - Ending	<u><u>\$ 122,770</u></u>	<u><u>\$ 947,771</u></u>	<u><u>\$ 1,070,541</u></u>

**City of Willmar, Minnesota**  
**Internal Service Funds**  
**Combining Statement of Cash Flows**  
**For the Year Ended December 31, 2009**

	<b>Office Services</b>	<b>Public Improvement Revolving</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from Charges For Services	\$ 30,761	\$ -	\$ 30,761
Payments For Purchases	(10,922)	-	(10,922)
Payments For Other Services and Charges	(10,961)	-	(10,961)
Liquidation of Liabilities	-	-	-
Net Cash Provided (Used) by Operating Activities	<u>8,878</u>	<u>-</u>	<u>8,878</u>
<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	<u>-</u>	<u>-</u>	<u>-</u>
<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	<u>-</u>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Principal Collected on Loan	-	1,805	1,805
Proceeds from Sales and Maturities of Investments	603	755	1,358
Purchase of Investments	(17,000)	(24,000)	(41,000)
Interest and Dividends Received	<u>3,954</u>	<u>22,165</u>	<u>26,119</u>
Net Cash Provided (Used) from Investing Activities	<u>(12,443)</u>	<u>725</u>	<u>(11,718)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(3,565)	725	(2,840)
Cash and Cash Equivalents - Beginning	<u>4,904</u>	<u>(97,813)</u>	<u>(92,909)</u>
Cash and Cash Equivalents - Ending	<u><u>\$ 1,339</u></u>	<u><u>\$ (97,088)</u></u>	<u><u>\$ (95,749)</u></u>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>			
Operating Income (Loss)	<u>\$ 9,303</u>	<u>\$ -</u>	<u>\$ 9,303</u>
Adjustments to Reconcile Operating Income from to Net Cash Provided (Used) by Operating Activities:			
Change in Assets and Liabilities:			
(Increase) Decrease in Inventories	129	-	129
Increase (Decrease) in Accounts Payable	<u>(554)</u>	<u>-</u>	<u>(554)</u>
Total Adjustments	<u>(425)</u>	<u>-</u>	<u>(425)</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 8,878</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 8,878</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, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
Governmental Funds Capital Assets:		
Land	\$ 3,687,421	\$ 4,530,801
Buildings and Structures	7,874,458	7,811,954
Furniture and Equipment	3,950,907	3,401,550
Machinery and Auto Equipment	6,934,723	6,897,379
Other Improvements	<u>92,774,219</u>	<u>85,692,606</u>
Total Governmental Funds Capital Assets	<u>\$ 115,221,728</u>	<u>\$ 108,334,290</u>
Investments in Governmental Funds Capital Assets By Source:		
General Fund	\$ 113,676,880	\$ 106,798,626
Special Revenue Fund	1,544,848	1,535,664
Capital Projects Funds	<u>-</u>	<u>-</u>
Total Governmental Funds Capital Assets	<u>\$ 115,221,728</u>	<u>\$ 108,334,290</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**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule By Function and Activity\***  
**December 31, 2009**

<b>FIXED ASSETS-2009</b>	<b>Total</b>	<b>Land</b>	<b>Buildings/ Structures</b>	<b>Furniture/ Equipment</b>	<b>Machinery/ Auto</b>	<b>Other Improvements</b>
<b><u>GENERAL GOVERNMENT</u></b>						
Mayor & Council	\$ 24,709	\$ -	\$ -	\$ 24,709	\$ -	\$ -
City Development	49,490	9,060	-	-	39,125	1,305
City Clerk-Treas.	4,143	-	-	4,143	-	-
Assessing	14,117	-	-	8,792	-	5,325
Accounting	1,268	-	-	1,268	-	-
City Hall	844,007	40,000	698,973	27,552	53,534	23,948
Data Processing	522,981	-	-	458,666	-	64,315
Elections	86,970	-	-	86,970	-	-
Non-Departmental	164,893	-	-	164,893	-	-
Indust. Dev.	277,900	277,900	-	-	-	-
W.R.A.C. - 8	403,185	-	99,623	303,562	-	-
Total	2,393,663	326,960	798,596	1,080,555	92,659	94,893
<b><u>PUBLIC SAFETY</u></b>						
Police Dept.	725,809	-	3,146	256,285	466,378	-
Trust & Agency K-9	5,000	-	-	5,000	-	-
Fire Dept.	3,790,897	166,936	597,604	912,310	2,062,228	51,819
Insp. Services	0	-	-	-	-	-
Fire Inspection	0	-	-	-	-	-
Public Parking	631,870	631,870	-	-	-	-
Total	5,153,576	798,806	600,750	1,173,595	2,528,606	51,819
<b><u>HIGHWAYS</u></b>						
Engineering	180,510	-	-	93,300	79,084	8,126
Public Works	97,474,321	1,972,622	1,249,833	639,810	3,897,974	89,714,082
Street Mtce.	0	-	-	-	-	-
Snow & Ice	0	-	-	-	-	-
Signs & Signals	0	-	-	-	-	-
Tree Mtce.	0	-	-	-	-	-
Waterlines	0	-	-	-	-	-
Total	97,654,831	1,972,622	1,249,833	733,110	3,977,058	89,722,208
<b><u>SANITATION/WASTE</u></b>						
Storm Sewer	-	-	-	-	-	-
<b><u>PARK/RECREATION</u></b>						
Auditorium	501,279	3,000	455,557	30,722	-	12,000
Buildings & Grounds	1,122,569	112,405	21,177	259,623	6,950	722,414
Leisure Services	104,175	-	-	56,481	19,294	28,400
Civic Center	3,561,366	23,572	2,589,577	246,708	239,407	462,102
Sr. Citizens Cntr.	485,081	87,635	340,055	12,377	5,321	39,693
Aquatic Center	2,000,876	75,200	1,482,411	276,223	-	167,042
Total	7,775,346	301,812	4,888,777	882,134	270,972	1,431,651
<b><u>OTHER SERVICES</u></b>						
Airport	2,105,029	286,220	219,802	59,934	65,427	1,473,646
C.V.B	20,383	-	-	20,383	-	-
Transit	1,000	1,000	-	-	-	-
Library	117,900	-	116,703	1,197	-	-
Total	2,244,312	287,220	336,505	81,514	65,427	1,473,646
Grand Total	\$ 115,221,728	\$ 3,687,420	\$ 7,874,461	\$ 3,950,908	\$ 6,934,722	\$ 92,774,217

\*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, 2009**

<b>FIXED ASSETS-2009</b>	<b>Governmental Funds Capital Assets 01/01/2009</b>	<b>Additions</b>	<b>Deductions</b>	<b>Governmental Funds Capital Assets 12/31/2009</b>
<b><u>GENERAL GOVERNMENT</u></b>				
Mayor & Council	\$ 24,709	\$ -	\$ -	\$ 24,709
City Development	67,481	-	17,991	49,490
City Clerk-Treas.	4,143	-	-	4,143
Assessing	14,117	-	-	14,117
Accounting	1,268	-	-	1,268
City Hall	835,725	13,000	4,718	844,007
Data Processing	482,191	50,718	9,928	522,981
Elections	86,970	-	-	86,970
Non-Departmental	164,893	-	-	164,893
Indust. Dev.	1,121,280	-	843,380	277,900
W.R.A.C.-8	395,817	7,711	343	403,185
Total	3,198,594	71,429	876,360	2,393,663
<b><u>PUBLIC SAFETY</u></b>				
Police Dept.	682,869	123,050	80,110	725,809
Trust & Agency K-9	5,000	-	-	5,000
Fire Dept.	3,346,203	444,694	-	3,790,897
Insp. Services	-	-	-	-
Fire Inspection	-	-	-	-
Public Parking	631,870	-	-	631,870
Total	4,665,942	567,744	80,110	5,153,576
<b><u>HIGHWAYS</u></b>				
Engineering	172,804	19,225	11,519	180,510
Public Works	90,360,342	7,192,390	78,411	97,474,321
Street Mtce.	-	-	-	-
Snow & Ice	-	-	-	-
Signs & Signals	-	-	-	-
Tree Mtce.	-	-	-	-
Waterlines	-	-	-	-
Total	90,533,146	7,211,615	89,930	97,654,831
<b><u>SANITATION/WASTE</u></b>				
Storm Sewer	-	-	-	-
<b><u>PARK/RECREATION</u></b>				
Auditorium	501,279	-	-	501,279
Buildings & Grounds	1,113,849	14,345	5,625	1,122,569
Leisure Services	104,175	22,000	22,000	104,175
Civic Center	3,515,995	48,115	2,744	3,561,366
Sr. Citizens Cntr.	485,081	-	-	485,081
Aquatic Center	1,994,615	6,260	-	2,000,875
Total	7,714,994	90,720	30,369	7,775,345
<b><u>OTHER SERVICES</u></b>				
Airport	2,091,294	13,735	-	2,105,029
C.V.B.	18,566	1,817	-	20,383
Transit	1,000	-	-	1,000
Library	110,754	7,147	-	117,901
Total	2,221,614	22,699	-	2,244,313
Grand Total	\$ 108,334,290	\$ 7,964,207	\$ 1,076,769	\$ 115,221,728

\*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 2000 Through 2009

<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 Revolvy Loans</u>	<u>Total</u>
2000	\$ 2,145,631	\$ 2,992,703	\$ 2,406,268	\$ 2,303,681	\$ 1,263,707	\$ 2,734,904	\$ 2,044,265	\$ 27,276	\$ 234,799	\$ 16,153,234
2001	\$ 1,987,113	\$ 3,177,527	\$ 2,360,295	\$ 5,926,553	\$ 1,309,758	\$ 2,875,947	\$ 2,551,062	\$ 31,857	\$ 50,000	\$ 20,270,112
2002	\$ 2,107,030	\$ 3,334,687	\$ 2,239,998	\$ 5,647,526	\$ 1,359,845	\$ 2,583,665	\$ 2,449,676	\$ 23,377	\$ 35,000	\$ 19,780,804
2003	\$ 2,100,653	\$ 3,362,219	\$ 2,352,839	\$ 16,506,760	\$ 1,321,291	\$ 1,326,327	\$ 2,090,791	\$ 20,926	\$ -	\$ 29,081,806
2004	\$ 2,276,924	\$ 3,596,160	\$ 2,529,753	\$ 12,647,931	\$ 1,472,386	\$ 4,837,110	\$ 2,202,238	\$ 23,642	\$ -	\$ 29,586,144
2005	\$ 2,483,779	\$ 3,658,760	\$ 2,675,202	\$ 13,244,275	\$ 1,744,408	\$ 4,107,819	\$ 2,885,754	\$ 23,528	\$ -	\$ 30,823,525
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

CITY OF WILLMAR, MINNESOTA

GOVERNMENT-WIDE REVENUES

Years 2000 Through 2009

Fiscal <u>Year</u>	<u>Program Revenues</u>	<u>General Revenues</u>		
	<u>Charges For Services</u>	<u>Taxes</u>	<u>Miscellaneous Revenue</u>	<u>Total</u>
2000	\$ 533,112	\$ 4,006,137	\$ 8,593,857	\$ 13,133,106
2001	\$ 630,335	\$ 4,523,868	\$ 9,453,991	\$ 14,608,194
2002	\$ 590,349	\$ 2,135,115	\$ 10,370,923	\$ 13,096,387
2003	\$ 3,390,786	\$ 2,162,007	\$ 15,636,825	\$ 21,189,618
2004	\$ 3,363,740	\$ 2,315,035	\$ 15,486,160	\$ 21,164,935
2005	\$ 3,603,967	\$ 2,435,037	\$ 15,697,584	\$ 21,736,588
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	\$ 13,876,093	\$ 24,728,000

CITY OF WILLMAR, MINNESOTA

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION

Years 2000 Through 2009

<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>
2000	\$ 2,145,631	\$ 2,992,703	\$ 2,406,268	\$ 2,303,681	\$ 1,263,707	\$ 2,734,904	\$ 13,846,894
2001	\$ 1,987,113	\$ 3,177,527	\$ 2,360,295	\$ 5,926,553	\$ 1,309,758	\$ 2,875,947	\$ 17,637,193
2002	\$ 2,107,030	\$ 3,334,687	\$ 2,239,998	\$ 5,647,526	\$ 1,359,845	\$ 2,583,665	\$ 17,272,751
2003	\$ 2,100,653	\$ 3,362,219	\$ 2,352,839	\$ 13,264,700	\$ 1,321,291	\$ 4,404,017	\$ 26,805,719
2004	\$ 2,276,924	\$ 3,596,160	\$ 2,529,753	\$ 9,582,886	\$ 1,472,386	\$ -	\$ 19,458,109
2005	\$ 2,483,779	\$ 3,658,760	\$ 2,675,202	\$ 10,651,251	\$ 1,744,408	\$ -	\$ 21,213,400
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

CITY OF WILLMAR, MINNESOTA

GENERAL GOVERNMENTAL REVENUES BY SOURCE

Years 2000 Through 2009

<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>
2000	\$ 4,006,137	\$ 201,571	\$ 4,462,173	\$ 533,112	\$ 193,123	\$ 3,736,990	\$ 13,133,106
2001	\$ 4,523,868	\$ 443,817	\$ 5,325,273	\$ 630,335	\$ 192,660	\$ 3,492,241	\$ 14,608,194
2002	\$ 2,135,115	\$ 519,351	\$ 6,675,900	\$ 590,349	\$ 194,698	\$ 2,980,974	\$ 13,096,387
2003	\$ 2,162,007	\$ 800,093	\$ 9,058,086	\$ 948,305	\$ 203,121	\$ 4,405,980	\$ 17,577,592
2004	\$ 2,315,035	\$ 769,293	\$ 9,989,732	\$ 686,158	\$ 238,512	\$ 9,005,981	\$ 23,004,711
2005	\$ 2,435,037	\$ 707,981	\$ 6,047,404	\$ 739,782	\$ 230,762	\$ 7,779,869	\$ 17,940,835
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



CITY OF WILLMAR, MINNESOTA

PROPERTY TAX LEVIES AND COLLECTIONS

Years 2000 Through 2009

<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>
2000	2,375,593	2,274,251	95.73%	50,288	2,324,539	97.85%	116,765	4.92%
2001	2,544,350	2,484,499	97.65%	101,998	2,586,497	101.66%	77,537	3.05%
2002	1,917,749	1,866,708	97.34%	57,195	1,923,903	100.32%	71,459	3.73%
2003	1,835,251	1,793,370	97.72%	54,995	1,848,385	100.72%	52,666	2.87%
2004	2,069,429	2,024,475	97.83%	42,263	2,066,738	99.87%	57,332	2.77%
2005	2,255,677	2,216,210	98.25%	47,857	2,264,067	100.37%	49,160	2.18%
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%

CITY OF WILLMAR, MINNESOTA

TAX CAPACITIES AND ESTIMATED MARKET VALUE OF TAXABLE PROPERTY

YEARS 2000 THROUGH 2009

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Population (*Census)	18,903	18,903	18,903	18,903
REAL PROPERTY				
Tax Capacity	9,410,190	9,748,599	7,370,074	7,578,460
Less: Tax Increment Districts -				
Highland #91	0	0	0	0
Center City #92	27,177	31,826	0	0
Theatre & Hotel #93	0	0	0	0
Shared Health #94	75,153	75,153	0	0
Phoenix #95	10,949	11,056	13,206	13,206
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	65,667	65,667	55,024	55,024
West Central Steel #03	22,852	22,876	13,783	13,783
Coborns #04	29,332	29,332	17,477	17,477
Relco #05	0	42,831	12,340	12,340
Lakewood #06	0	0	4,456	4,456
JOBZ	0	0	0	0
Net Tax Capacity	9,180,136	9,493,108	7,253,788	7,462,174
Estimated Market Value	561,261,400	582,092,700	595,989,800	620,455,700
PERSONAL PROPERTY				
Tax Capacity	116,966	94,689	57,193	56,201
Estimated Market Value	3,607,900	3,033,800	3,008,600	2,961,900
TOTAL REAL AND PERSONAL PROPERTY				
Tax Capacity	9,180,136	9,493,108	7,310,981	7,518,375
Estimated Market Value	564,869,300	585,126,500	598,998,400	623,417,600
PERCENT OF TAX CAPACITY TO ESTIMATED MARKET VALUE	0.016252	0.016224	0.012205	0.01206
PER CAPITA VALUATION				
Tax Capacity	485	502	387	398
Estimated Market Value	29,692	30,954	31,688	32,980
NET BONDED DEBT				
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>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
18,903	18,903	18,757	18,757	18,757	18,757
8,001,757	8,956,269	9,664,031	10,947,806	12,005,028	12,526,714
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
12,538	12,538	12,538	13,697	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
49,722	49,722	0	0	0	0
20,357	20,357	0	0	0	0
0	0	0	0	0	0
12,642	12,642	15,016	15,874	27,154	0
4,822	4,822	5,414	6,262	7,382	7,384
0	0	30,260	61,393	82,927	99,310
7,887,152	8,856,188	9,600,803	10,850,580	11,872,534	12,404,539
658,842,700	737,628,700	806,284,500	904,555,700	983,810,800	1,020,849,500
60,962	67,230	90,344	104,040	110,372	112,608
3,215,100	3,527,500	4,696,500	5,396,500	5,921,300	6,095,700
7,948,114	8,923,418	9,691,147	10,954,620	11,982,906	12,517,147
662,057,800	741,156,200	810,981,000	909,952,200	989,732,100	1,026,945,200
0.012005	0.01204	0.01195	0.012039	0.012107	0.012189
420	472	517	584	639	667
35,024	39,208	43,236	48,513	52,766	54,750
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 2000 Through 2009

A 10-YEAR COMPARISON OF TAX CAPACITY RATES

Year Tax <u>Due</u>	<u>City</u>	<u>School</u>	***	<u>County</u>	<u>H.R.A.</u>	Rural Dev. Fin. <u>Auth.</u>	<u>Total</u>
2000	26.09	56.42		54.15	0.71	0.78	138.14
2001	26.99	53.88		61.06	0.80	0.76	143.49
2002	26.36	24.49		77.89	1.17	0.91	130.82
2003	24.58	24.99		79.59	1.19	0.85	131.20
2004	26.20	25.71		78.25	1.19	1.32	132.67
2005	25.27	23.69		69.78	1.18	1.38	121.30
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

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

CITY OF WILLMAR, MINNESOTA

TAX LEVIES

ALL OVERLAPPING GOVERNMENTS

Years 2000 Through 2009

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>
2000	2,395,465	5,179,249	356,847	4,970,493	65,363	71,789	13,039,206
2001	2,562,285	5,115,076	374,426	5,796,871	75,660	72,432	13,996,750
2002	1,926,809	1,790,679	938,273	5,694,377	85,831	66,530	10,502,499
2003	1,848,317	1,878,692	967,051	5,983,799	89,393	64,207	10,831,459
2004	2,082,088	2,043,222	756,285	6,219,638	94,742	105,155	11,301,130
2005	2,254,502	2,114,047	760,160	6,226,940	105,564	126,357	11,587,570
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

\* 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, 2009

Taxpayer	Type of Business	Market Valuation Payable 2010	Total Tax
Affiliated Community Health	Medical Center	\$ 10,669,700	\$ 336,610
WalMart Stores, Inc.	Discount Retailer	10,270,200	325,049
Kandi Mall 1999, LLC	Kandi Mall	9,387,000	297,000
Menard Inc.	Building Materials	9,361,200	296,180
Mills Properties, Inc.	Auto Dealership	7,008,800	216,826
Jennie-O Turkey Store, Inc.	Food Processing	5,738,700	179,940
Willmar Ten Investors	Investment Company	4,803,700	145,807
Home Depot U.S.A., Inc.	Building Materials	4,311,300	135,798
BNSF Railway Company	Railroad	3,836,200	120,708
Dayton Hudson Corp.	Target Stores	3,724,700	117,168

CITY OF WILLMAR, MINNESOTA

SPECIAL ASSESSMENT COLLECTIONS

Year 2000 Through 2009

<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>
2000	627,008	580,864	92.64	79,493
2001	540,155	490,620	90.83	88,907
2002	571,873	521,802	91.24	93,661
2003	566,469	503,488	88.88	120,056
2004	608,519	563,291	92.57	84,346
2005	657,968	615,429	93.53	80,524
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

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, 2009

**Legal Debt Limit and Margin**

Legal Debt Limit (2% of Estimated Market Value \$1,026,945,200)	\$ 20,538,904
Less: Outstanding Debt Subject to Limit	\$ -
Legal Debt Margin as of December 31, 2009	<u>\$ 20,538,904</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 2009	772
Year 2008	780
Year 2007	651
Year 2006	693
Year 2005	728
Year 2004	752
Year 2003	760
Year 2002	669
Year 2001	565
Year 2000	577
Estimated Construction Costs	
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
Year 2004	34,723,015
Year 2003	53,373,765
Year 2002	62,334,342
Year 2001	29,203,778
Year 2000	15,474,996

\*Information obtained from various Departmental Reports

CITY OF WILLMAR, MINNESOTA

MISCELLANEOUS STATISTICAL FACTS

	<u>2009</u>	<u>2008</u>
Public Safety:		
Fire Protection:		
Number of Stations	1.00	1.00
Number of Employees (Admin. & Clerical)	3.00	3.00
Number of Volunteer Firefighters	30.00	40.00
Police Protection:		
Number of Stations	1.00	1.00
Number of Employees (Admin. & Clerical)	4.00	4.00
Number of Employees (Law Enforcement Officers)	33.00	34.00
Total Number of Employees	<u>72.00</u>	<u>83.00</u>
Leisure Services:		
Number of Full-Time Employees	7	5
Number of Part-Time Employees	149	152
Number of Wading Pools	1	1
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	1
Tennis Courts - Lighted	10	10
Non-Lighted	5	5
Shared-Lighted	4	4
Lighted Softball, Football, Baseball and Soccer Fields	6	6
Miles of Hiking and Bicycle Paths	Est. 16 Miles	Est. 16 Miles
Skate Board Parks	1	1
BMX Bike Tracks	1	1
9-Hole Frisbee Golf Course	1	0
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