

COMPREHENSIVE ANNUAL FINANCIAL

REPORT OF THE

CITY OF

WILLMAR, MINNESOTA

FOR THE

YEAR ENDED

DECEMBER 31, 2011

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, 2011**

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CITY OF WILLMAR, MINNESOTA

INTRODUCTORY SECTION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF WILLMAR, MINNESOTA

2011

CITY COUNCIL

FRANK YANISH, 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

CHARLENE STEVENS

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, 2011, 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, 2011. 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, 2011, 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, 2011, 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 August 3, 2012 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 66 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

WESTBERG EISCHENS, PLLP
Willmar, Minnesota

August 3, 2012

**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, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated August 3, 2012. 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 deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2008-1 to be a material weakness in internal control over financial reporting.

Compliance and Other Matters

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

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.



WESTBERG EISCHENS, PLLP
Willmar, Minnesota

August 3, 2012

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, 2011, and have issued our report thereon dated August 3, 2012.

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, Minnesota complied with the material terms and conditions of applicable legal provisions.

This report is intended solely for the use of The City of Willmar, Minnesota 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

WESTBERG EISCHENS, PLLP
Willmar, Minnesota

August 3, 2012

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON 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 City of Willmar, Minnesota's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City of Willmar, Minnesota's major federal programs for the year ended December 31, 2011. 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 City of Willmar, Minnesota's management. Our responsibility is to express an opinion on 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 City of Willmar, Minnesota'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 of City of Willmar, Minnesota's compliance with those requirements.

In our opinion, the City of Willmar, Minnesota, 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, 2011.

Internal Control over Compliance

Management of City of Willmar, Minnesota, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered City of Willmar, Minnesota's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 City of Willmar, Minnesota'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.

Westberg Eischens, PLLP

WESTBERG EISCHENS, PLLP
Willmar, Minnesota

August 3, 2012

**CITY OF WILLMAR, MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2011**

<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	\$ 522,600
U.S. Environmental Protection Agency	Minnesota Public Facilities Authority	Capitalization Grants for Clean Water State Revolving Funds	66.458	MPFA-09-0043-R-FY10	4,455,812
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	53,055
U.S. Department of Justice	Direct Award	Bulletproof Vest Partnership Program	16.607		<u>10,500</u>
Total Expended					<u>\$ 5,041,967</u>

CITY OF WILLMAR
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2011

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 Grant - State's Program	\$ 522,600

NOTE 4: LOANS

CFDA 66.458 Capitalization Grants for Clean Water State Revolving Funds

Loan proceeds expended for the year ended December 31, 2011 was \$4,455,812. The loan balance outstanding at year end was \$67,706,989.

CFDA 66.458 Capitalization Grants for Clean Water State Revolving Funds - ARRA

Loan proceeds expended for the year ended December 31, 2011 was \$53,055. The loan balance outstanding at year end was \$1,573,151.

CITY OF WILLMAR, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended December 31, 2011

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?	<u> X </u> yes	<u> </u> no
Significant deficiency (ies) identified that are considered to be material weaknesses?	<u> X </u> yes	<u> </u> none reported
Noncompliance material to financial statement noted?	<u> </u> yes	<u> X </u> no

Federal Awards

Internal control over major programs:

Significant deficiency (ies) identified?	<u> </u> yes	<u> X </u> no
Significant deficiency (ies) identified that are considered to be material weakness (es)?	<u> </u> yes	<u> X </u> 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:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>66.458</u>	<u>Capitalization Grants for Clean Water State Revolving Funds</u>
<u>14.228</u>	<u>Community Development Block Grants – State Program</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, 2011

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:

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:

Finance Director

Planned Completion Date:

December 2012

Plan to Monitor Completion of CAP:

City Administrator

CITY OF WILLMAR, MINNESOTA
Schedule of Findings and Questioned Costs
Year Ended December 31, 2011

SECTION III: FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

SECTION IV: PRIOR FINDINGS

Finding 2007-1

Status:

Resolved

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 2008-1

Status:

Unresolved

Condition:

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

Recommendation:

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

Actions Planned in Response to Finding:

The City 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, 2011

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, 2011. 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 \$139,131,174 (net assets). Of this amount, \$37,874,318 (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 decreased by \$2,427,334.
- The City's governmental funds reported combined ending fund balances of \$41,850,226. Of this total amount, approximately 50% is available for spending at the City's discretion.
- At the end of the current fiscal year, assigned fund balance for the General Fund was \$13,969,160, or 111% of the total General Fund expenditures of \$12,572,377.

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, 2011

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 15-21 of this report.

Proprietary Funds – When the City of Willmar charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net 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 26-49 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, 2011

Table 1
Condensed Statement of Net Assets

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 50,692,065	\$ 49,097,008	\$ 7,295,729	9,621,923	\$ 57,987,794	\$ 58,718,931
Net capital assets	<u>91,891,201</u>	<u>92,520,282</u>	<u>88,553,654</u>	<u>97,214,420</u>	<u>180,444,855</u>	<u>189,734,702</u>
Total Assets	<u>142,583,266</u>	<u>141,617,290</u>	<u>95,849,383</u>	<u>106,836,343</u>	<u>238,432,649</u>	<u>248,453,633</u>
Other liabilities	4,267,342	5,327,120	2,660,224	3,734,069	6,927,566	9,061,189
Long-term liabilities	<u>16,219,423</u>	<u>17,281,614</u>	<u>76,154,486</u>	<u>73,698,927</u>	<u>92,373,909</u>	<u>90,980,541</u>
Total Liabilities	<u>20,486,765</u>	<u>22,608,734</u>	<u>78,814,710</u>	<u>77,432,996</u>	<u>99,301,475</u>	<u>100,041,730</u>
Net Assets						
Invested in capital assets, net of related debt	76,971,363	77,203,154	9,859,797	21,489,927	86,831,160	98,693,081
Restricted	12,374,679	8,629,830	2,051,017	2,376,591	14,425,696	11,006,421
Unrestricted	<u>32,750,459</u>	<u>33,175,572</u>	<u>5,123,859</u>	<u>5,536,829</u>	<u>37,874,318</u>	<u>38,712,401</u>
Total Net Assets	<u>\$122,096,501</u>	<u>\$119,008,556</u>	<u>\$ 17,034,673</u>	<u>\$ 29,403,347</u>	<u>\$139,131,174</u>	<u>\$148,411,903</u>

Governmental Activities

The net assets of the City's governmental activities increased by \$3,091,340 in 2011. The increase was mainly due to significant capital assets placed in service during 2011.

Business-Type Activities

The total net assets of the City's business-type activities decreased by \$5,518,674 in 2011. The decrease was mainly due to depreciation on significant capital assets placed in service during 2011 and interest expense.

Table 2
Condensed Statement of Net Assets

	Rice Memorial Hospital		Municipal Utilities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 67,427,152	\$ 59,938,006	\$ 22,875,283	\$ 22,276,841	\$ 90,302,435	\$ 82,214,847
Net capital assets	<u>61,769,610</u>	<u>61,717,061</u>	<u>30,311,070</u>	<u>31,539,048</u>	<u>92,080,680</u>	<u>93,256,109</u>
Total Assets	<u>129,196,762</u>	<u>121,655,067</u>	<u>53,186,353</u>	<u>53,815,889</u>	<u>182,383,115</u>	<u>175,470,956</u>
Current and other liabilities	16,036,339	14,893,025	2,987,220	3,800,584	19,023,559	18,693,609
Long-term liabilities	<u>50,037,735</u>	<u>49,258,207</u>	<u>9,463,997</u>	<u>10,039,718</u>	<u>59,501,732</u>	<u>59,297,925</u>
Total Liabilities	<u>66,074,074</u>	<u>64,151,232</u>	<u>12,451,217</u>	<u>13,840,302</u>	<u>78,525,291</u>	<u>77,991,534</u>
Net Assets						
Invested in capital assets, net of related debt	10,796,003	11,331,245	20,312,073	20,784,317	31,108,076	32,115,562
Restricted debt	7,448,293	8,218,295	11,261,103	11,257,340	18,709,396	19,475,635
Unrestricted	<u>44,878,392</u>	<u>37,954,295</u>	<u>9,161,960</u>	<u>7,933,930</u>	<u>54,040,352</u>	<u>45,888,225</u>
Total Net Assets	<u>\$ 63,122,688</u>	<u>\$ 57,503,835</u>	<u>\$ 40,735,136</u>	<u>\$ 39,975,587</u>	<u>\$ 103,857,824</u>	<u>\$ 97,479,422</u>

CITY OF WILLMAR, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2011

Primary Government

Table 3
Condensed Statement of Activities

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues						
Program revenues:						
Charges for services	\$ 1,449,172	\$ 1,860,344	\$ 5,670,166	\$ 4,139,101	\$ 7,119,338	\$ 5,999,445
Operating grants and contributions	784,483	733,094	-	-	784,483	733,094
Capital grants and contributions	2,663,283	2,893,352	-	295,788	2,663,283	3,189,140
General revenues:						
Property and other taxes	5,937,945	5,531,315	-	-	5,937,945	5,531,315
Grants and contributions not restricted to specific program	4,227,825	4,231,033	-	-	4,227,825	4,231,033
Other	3,760,152	1,493,462	(3,570,973)	81,528	189,179	1,574,990
Intergovernmental	-	-	-	-	-	-
Total Revenues	<u>18,822,860</u>	<u>16,742,600</u>	<u>2,099,193</u>	<u>4,516,417</u>	<u>20,922,053</u>	<u>21,259,017</u>
Expenses						
General Government	2,936,275	3,959,815	-	-	2,936,275	3,959,815
Public works	7,367,466	9,212,988	-	-	7,367,466	9,212,988
Public safety	4,666,965	4,788,655	-	-	4,666,965	4,788,655
Social services	-	-	-	-	-	-
Culture and recreation	2,489,029	2,388,824	-	-	2,489,029	2,388,824
Economic development	665,894	662,838	-	-	665,894	662,838
Capital projects	-	-	-	-	-	-
Debt service	413,242	449,116	-	-	413,242	449,116
Office services	-	-	-	-	-	-
Waste treatment	-	-	6,952,251	4,854,543	6,952,251	4,854,543
Total Expenses	<u>18,538,871</u>	<u>21,462,236</u>	<u>6,952,251</u>	<u>4,854,543</u>	<u>25,491,122</u>	<u>26,316,779</u>
Changes in Net Assets Before Transfers	283,989	(4,719,636)	(4,853,058)	(338,126)	(4,569,069)	(5,057,762)
Transfers	<u>2,807,351</u>	<u>2,292,301</u>	<u>(665,616)</u>	<u>(250,000)</u>	<u>2,141,735</u>	<u>2,042,301</u>
Changes in Net Assets	3,091,340	(2,427,335)	(5,518,674)	(588,126)	(2,427,334)	(3,015,461)
Net Assets, Beginning of Year	119,008,556	121,443,576	29,403,347	29,991,473	148,411,903	151,435,049
Prior period adjustment	<u>(3,395)</u>	<u>(7,685)</u>	<u>(6,850,000)</u>	<u>-</u>	<u>(6,853,395)</u>	<u>(7,685)</u>
Net Assets, End of Year	<u>\$ 122,096,501</u>	<u>\$ 119,008,556</u>	<u>\$ 17,034,673</u>	<u>\$ 29,403,347</u>	<u>\$ 139,131,174</u>	<u>\$ 148,411,903</u>

CITY OF WILLMAR, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2011

Component Units

Component Units

The total Net Assets of the City's two component units increased by \$6,378,402 in 2011. The net assets of the Municipal Utilities Commission increased by \$759,549, and the net assets of Rice Memorial Hospital increased by \$5,618,853.

Table 4
Condensed Statement of Activities

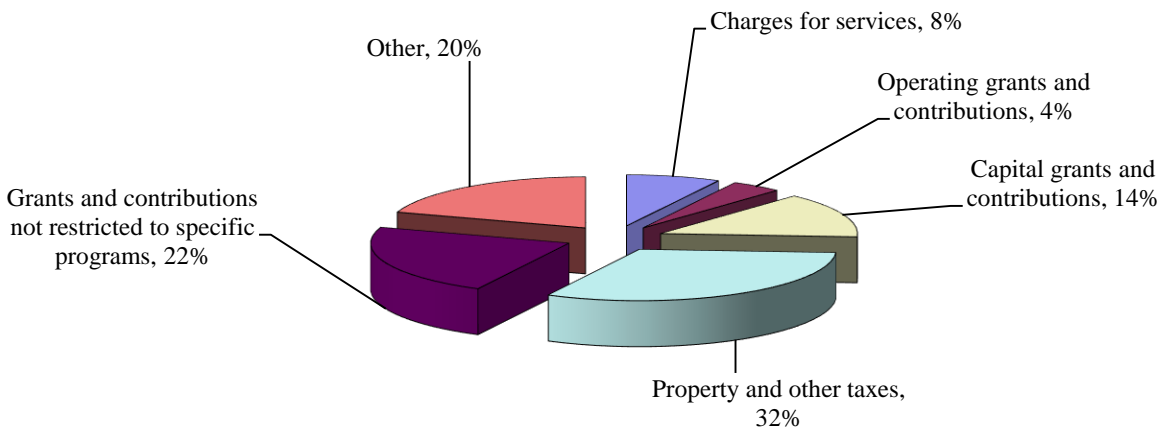
	Rice Memorial Hospital		Municipal Utilities		Total	
	2011	2010	2011	2010	2011	2010
Revenues						
Hospital	\$ 100,333,403	\$ 93,834,103	\$ -	\$ -	\$ 100,333,403	\$ 93,834,103
Municipal Utility	-	-	27,289,445	26,463,044	27,289,445	26,463,044
Interest Earnings	1,206,115	1,364,518	717,365	274,476	1,923,480	1,638,994
Gain (Loss) on sale of Capital Assets	57,781	119,329	11,494	(17,175)	69,275	102,154
Miscellaneous	1,752,067	8,463,297	21,165	45,637	1,773,232	8,508,934
Total Revenues	<u>103,349,366</u>	<u>103,781,247</u>	<u>28,039,469</u>	<u>26,765,982</u>	<u>131,388,835</u>	<u>130,547,229</u>
Expenses						
Hospital	97,480,477	95,663,055	-	-	97,480,477	95,663,055
Municipal Utility	-	-	25,388,220	24,358,683	25,388,220	24,358,683
Total Expenses	<u>97,480,477</u>	<u>95,663,055</u>	<u>25,388,220</u>	<u>24,358,683</u>	<u>122,868,697</u>	<u>120,021,738</u>
Changes in Net Assets						
Before transfers	5,868,889	8,118,192	2,651,249	2,407,299	8,520,138	10,525,491
Transfers	<u>(250,036)</u>	<u>(200,000)</u>	<u>(1,891,700)</u>	<u>(1,842,300)</u>	<u>(2,141,736)</u>	<u>(2,042,300)</u>
Changes in Net Assets	5,618,853	7,918,192	759,549	564,999	6,378,402	8,483,191
Net Assets, Beginning	<u>57,503,835</u>	<u>49,585,643</u>	<u>39,975,587</u>	<u>39,410,588</u>	<u>97,479,422</u>	<u>88,996,231</u>
Net Assets, Ending	<u>\$ 63,122,688</u>	<u>\$ 57,503,835</u>	<u>\$ 40,735,136</u>	<u>\$ 39,975,587</u>	<u>\$ 103,857,824</u>	<u>\$ 97,479,422</u>

**CITY OF WILLMAR, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2011**

Governmental Activities

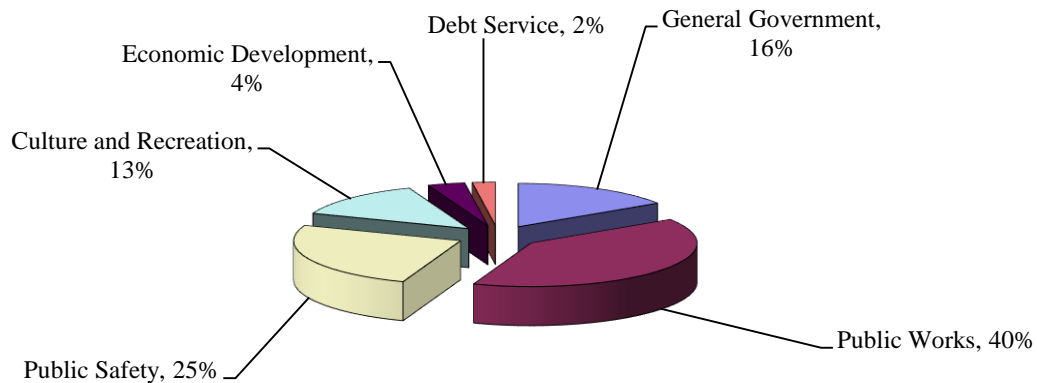
Revenues – The following chart visually illustrates the City's revenues by source for its governmental activities:

Revenue by Source - Governmental Activities



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

Expenses by Source - Governmental Activities



**CITY OF WILLMAR, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2011**

Financial Analysis of the City's Funds

General Fund –

The City's General Fund balance increased by \$151,543 in 2011. The final budget projected a decrease of \$287,725. The actual fund balance increase is \$439,268 more 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 \$171,803. The increase was attributable to higher than expected collection of special assessments.

Special Revenue Fund –

Local Option Sales Tax Fund increased by \$3,866,234. The increase was due to pending capital projects not yet finalized due to land release issues.

Special Revenue Fund –

Community Investment Fund increased by \$171,600. The increase was due to an increase in investment market values.

Capital Projects Fund –

Street, Water/Sewer Capital Projects Fund increased by \$635,533. The fund increase was due to an increase in special assessments and intergovernmental funds received.

GENERAL FUND BUDGETARY HIGHLIGHTS:

The City approved the 2011 general fund budget anticipating expenditures would exceed revenues by over \$538,145. The main difference between the original and final budget was due to a decrease in anticipated property tax revenues.

At the end of the year, revenues exceeded the final budget by \$647,511 and expenditures exceeded the final budget by \$242,836. The most significant positive variances for revenues were in Miscellaneous Revenues while the most significant negative variance was in Fines and Forfeits and Investment Income. The most significant negative variance for expenditures was in General Government while the most significant positive variance was in Public Safety.

CITY OF WILLMAR, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2011

Capital Assets

At the end of 2011, the Primary Government of the City of Willmar had over \$180,000,000 (net of accumulated depreciation) invested in a broad range of capital assets. In addition, the Component Units had over \$92,000,000 (net of accumulated depreciation) invested in 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>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Land and improvements	\$ 8,450,011	\$ 8,449,733	\$ 2,050,447	\$ 1,630,927
Buildings	12,746,556	11,631,916	73,189,970	83,329,651
Furniture and equipment	3,999,912	4,037,042	702,455	1,081,589
Machinery and auto	7,167,030	6,991,140	6,451,337	6,348,313
Other improvements	114,600,115	110,558,916	20,881,662	9,025,682
Construction in progress	2,310,137	3,850,158	179,328	9,461,189
Less: Depreciation	<u>(57,382,560)</u>	<u>(52,998,623)</u>	<u>(14,901,545)</u>	<u>(13,662,931)</u>
	<u>\$ 91,891,201</u>	<u>\$ 92,520,282</u>	<u>\$ 88,553,654</u>	<u>\$ 97,214,420</u>

Component Units

Table 6
Capital Assets

	<u>Rice Memorial Hospital</u>		<u>Willmar Municipal Utilities</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Land	\$ 2,602,000	\$ 2,602,000	\$ 1,172,481	\$ 1,172,207
Buildings	86,057,000	82,259,000	3,536,037	3,536,000
Furniture and equipment	38,423,000	35,583,000	71,747,882	71,294,873
Machinery and auto	-	-	-	-
Other improvements	1,501,000	1,456,000	-	-
Utility Plant in Service	-	-	-	-
Construction in progress	722,000	630,000	890,019	476,563
Less: Depreciation	<u>(67,535,000)</u>	<u>(60,813,000)</u>	<u>(47,035,349)</u>	<u>(44,940,595)</u>
	<u>\$ 61,770,000</u>	<u>\$ 61,717,000</u>	<u>\$ 30,311,070</u>	<u>\$ 31,539,048</u>

CITY OF WILLMAR, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2011

Long-Term Debt

At year-end, the City of Willmar's Primary Government had over \$93,300,000 in bonds outstanding and its Component Units had over \$58,900,000 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

	2011	2010	Change
Governmental Activities			
G.O. Special Assessment Bonds	\$ 12,605,000	\$ 12,585,000	\$ 20,000
G.O. Revenue Bonds	1,385,000	1,515,000	(130,000)
Note Payable	929,838	1,217,128	(287,290)
	<u>\$ 14,919,838</u>	<u>\$ 15,317,128</u>	<u>\$ (397,290)</u>
Business-Type Activities			
G.O. Revenue Bonds	\$ 835,000	\$ 925,000	\$ (90,000)
G.O. Revenue Notes	77,858,857	74,799,493	3,059,364
	<u>\$ 78,693,857</u>	<u>\$ 75,724,493</u>	<u>\$ 2,969,364</u>

Component Units

Table 8

	2011	2010	Change
Rice Memorial Hospital			
G.O. Revenue Bonds	\$ 44,785,000	\$ 45,810,000	\$ (1,025,000)
Special Obligation Revenue Bonds	-	710,000	(710,000)
Hospital Revenue Notes	3,000,000	-	3,000,000
Promissory Note Payable	1,555,413	2,140,713	(585,300)
Capital Lease	38,446	48,897	(10,451)
Rice Home Medical Notes Payable	713,730	757,020	(43,290)
	<u>\$ 50,092,589</u>	<u>\$ 49,466,630</u>	<u>\$ 625,959</u>
Willmar Municipal Utilities			
Municipal Utility Revenue Bond 1999	\$ -	\$ 235,000	\$ (235,000)
Municipal Utility Revenue Bond 2001	-	150,000	(150,000)
Municipal Utility Revenue Bond 2009	8,120,000	8,120,000	-
General Obligation Water Revenue Bond	705,000	830,000	(125,000)
Note Payable Big Stone II Joint Venture	-	205,012	(205,012)
	<u>\$ 8,825,000</u>	<u>\$ 9,540,012</u>	<u>\$ (715,012)</u>

CITY OF WILLMAR, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2011

Economic Factors and Next Year's Budget

In the City adopted budget for 2012, expenditures were forecast to exceed revenue by approximately \$6,282,774, of which the General Fund expenditures were forecast to exceed revenue by approximately \$292,273. The major difference is to be funded by using Local Option Sales Tax Fund Balances.

Contacting the City's Financial Management

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

BASIC FINANCIAL STATEMENTS

CITY OF WILLMAR, MINNESOTA
STATEMENT OF NET ASSETS
December 31, 2011

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Municipal Utilities Commission	Rice Memorial Hospital
Assets					
Cash and Cash Equivalents	\$ 5,929,788	\$ 3,153	\$ 5,932,941	\$ 1,679,468	\$ 4,117,541
Investments	34,612,320	6,342,843	40,955,163	5,651,879	28,870,372
Investments with Trustee	-	-	-	-	5,862,082
Receivables (Net of Allow for Uncollect)					
Accounts Receivable	216,327	30,814	247,141	2,501,924	16,818,535
Accrued Interest	130,711	23,701	154,412	-	-
Taxes Receivable	633,934	-	633,934	-	-
Special Assessments	6,399,722	-	6,399,722	-	-
Notes Receivable	-	-	-	-	-
Related-Party Investments	-	-	-	-	3,746,729
Due from Component Unit	400	-	400	-	-
Due from Other Governmental Units	387,935	-	387,935	-	-
Internal Balances	665,616	(665,616)	-	-	-
Inventories	123,780	14,137	137,917	964,730	1,858,423
Prepaid Items	1,107,701	6,147	1,113,848	722,848	1,517,862
Deferred Charges					
Bond Discount Unamortized	21,896	-	21,896	93,331	518,347
Bond Refunding Escrow account	-	-	-	-	-
Restricted Assets:					
Temporarily Restricted:					
Cash and Cash Equivalents	5,004	1,540,550	1,545,554	-	1,092,774
Investments	-	-	-	11,261,103	-
Permanently Restricted:					
Investments	30,000	-	30,000	-	2,945,351
Capital Assets					
Nondepreciable	10,760,148	2,229,775	12,989,923	2,062,500	3,324,000
Depreciable, net	81,131,053	86,323,879	167,454,932	28,248,570	58,445,610
Other Assets	426,931	-	426,931	-	79,136
Total Assets	\$ 142,583,266	\$ 95,849,383	\$ 238,432,649	\$ 53,186,353	\$ 129,196,762

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

CITY OF WILLMAR, MINNESOTA
STATEMENT OF NET ASSETS
December 31, 2011

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Municipal Utilities Commission	Rice Memorial Hospital
<u>Liabilities</u>					
Accounts and Contracts Payable	\$ 221,297	\$ 106,502	\$ 327,799	\$ 1,631,230	\$ 3,327,500
Accrued Interest Payable	413,241	-	413,241	188,198	957,755
Due to Component Units	9,949	-	9,949	-	-
Due to Primary Government	-	-	-	407,661	-
Due to Other Governmental Units	142,124	-	142,124	-	-
Unearned Revenue	1,330,313	-	1,330,313	-	-
Accrued Compensation and Benefits	120,418	14,351	134,769	225,131	9,880,941
Noncurrent Liabilities					
Due within one year	2,030,000	2,539,371	4,569,371	535,000	1,870,143
Due in more than one year	16,219,423	76,154,486	92,373,909	9,463,997	50,037,735
Total Liabilities	20,486,765	78,814,710	99,301,475	12,451,217	66,074,074
<u>Net Assets</u>					
Invested In Capital Assets, Net of Related Debt	76,971,363	9,859,797	86,831,160	20,312,073	10,796,003
Restricted For:	-	-	-	-	-
Capital Improvements	5,986,899	1,698,770	7,685,669	7,700,000	-
Construction Fund	-	-	-	-	-
Debt Service	5,126,299	-	5,126,299	1,431,103	3,731,642
Specific Operating Activities	-	346,000	346,000	-	800,065
Nonexpendable Permanent Endowment	30,000	-	30,000	-	2,916,586
Other Purposes	1,231,481	6,247	1,237,728	2,130,000	-
Unrestricted	32,750,459	5,123,859	37,874,318	9,161,960	44,878,392
Total Net Assets	\$ 122,096,501	\$ 17,034,673	\$ 139,131,174	\$ 40,735,136	\$63,122,688

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, 2011**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 2,936,275	\$ 344,964	\$ -	\$ -
Public Safety	4,666,965	389,987	469,907	18,000
Public Works	7,367,466	186,694	259,488	2,122,683
Social Services	-	-	-	-
Culture and Recreation	2,489,029	527,527	55,088	-
Economic Development	665,894	-	-	522,600
Debt Service - interest	413,242	-	-	-
Total Governmental Activities	18,538,871	1,449,172	784,483	2,663,283
Business-Type Activities:				
Waste Treatment	6,952,251	5,670,166	-	-
Total Business-Type Activities	6,952,251	5,670,166	-	-
Total Primary Government	\$ 25,491,122	\$ 7,119,338	\$ 784,483	\$ 2,663,283
Component Units:				
Municipal Utilities	\$ 25,388,220	\$ 27,289,445	\$ -	\$ -
Rice Memorial Hospital	97,480,477	100,333,403	-	1,555,991
Total Component Units	\$ 122,868,697	\$ 127,622,848	\$ -	\$ 1,555,991

General Revenues:

- Property Taxes
- Sales Taxes
- Other Taxes
- Grants and contributions not restricted to specific programs
- Interest earnings
- Net increase (decrease) in fair value of investments
- Gain (Loss) Capital Assets
- Miscellaneous

Transfers

Total General Revenues /Transfers

Change in Net 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
\$ (2,591,311)		\$ (2,591,311)		
(3,789,071)		(3,789,071)		
(4,798,601)		(4,798,601)		
-		-		
(1,906,414)		(1,906,414)		
(143,294)		(143,294)		
(413,242)		(413,242)		
<u>(13,641,933)</u>		<u>(13,641,933)</u>		
-	\$ (1,282,085)	(1,282,085)		
-	(1,282,085)	(1,282,085)		
<u>(13,641,933)</u>	<u>(1,282,085)</u>	<u>(14,924,018)</u>		
			\$ 1,901,225	\$ -
			<u>-</u>	<u>4,408,917</u>
			<u>1,901,225</u>	<u>4,408,917</u>
3,578,078	-	3,578,078	-	-
1,970,760	-	1,970,760	-	-
389,107	-	389,107	-	-
4,227,825	-	4,227,825	-	-
757,449	149,665	907,114	717,365	1,206,115
549,368	131,508	680,876	-	196,076
1,453,416	(3,852,146)	(2,398,730)	11,494	57,781
999,919	-	999,919	21,165	-
2,807,351	(665,616)	2,141,735	(1,891,700)	(250,036)
<u>16,733,273</u>	<u>(4,236,589)</u>	<u>12,496,684</u>	<u>(1,141,676)</u>	<u>1,209,936</u>
3,091,340	(5,518,674)	(2,427,334)	759,549	5,618,853
119,008,556	29,403,347	148,411,903	39,975,587	57,503,835
(3,395)	(6,850,000)	(6,853,395)	-	-
<u>\$ 122,096,501</u>	<u>\$ 17,034,673</u>	<u>\$ 139,131,174</u>	<u>\$ 40,735,136</u>	<u>\$ 63,122,688</u>

CITY OF WILLMAR, MINNESOTA
BALANCE SHEETS
GOVERNMENTAL FUNDS
December 31, 2011

	General	Special Assessments Bonds Debt Service	Street Water/Sewer Capital Projects
ASSETS			
Cash and Cash Equivalents	\$ 3,513,090	\$ (63,157)	\$ 58,490
Investments	9,738,461	3,691,373	1,712,852
Receivables (Net of Allowance for Uncollect)			
Accounts	154,253	-	61,771
NSF Payments	57	-	-
Interest	37,692	13,792	6,371
Taxes			
Current	-	-	-
Delinquent	87,859	-	-
Deferred	-	-	-
Assessments			
Current	-	-	-
Delinquent	-	261,001	-
Deferred	1,782	5,482,053	-
Notes	-	-	-
Due From Other Funds	888,257	643,445	824,125
Due From Other Governments	8,498	283,031	67,232
Inventory	119,091	-	-
Prepaid Expenses	90,056	833,916	-
Deposits	12,813	-	-
Workers Comp Deposit	-	-	-
Restricted Assets:			
Cash and Cash Equivalents	5,004	-	-
Investments	-	-	-
Unamortized Discount	-	10,976	-
	<u>\$ 14,656,913</u>	<u>\$ 11,156,430</u>	<u>\$ 2,730,841</u>
Total Assets			
LIABILITIES AND FUND BALANCES			
Accounts Payable	\$ 102,999	\$ 1,200	\$ -
Contracts Payable	-	-	39,439
Notes Payable	-	-	-
Accrued Wages	118,709	-	-
Deposits	4,020	-	-
Due to Component Units	-	-	-
Due to Other Funds	8,935	13,569	352,100
Due to Other Governments	133,619	-	-
Deferred Revenue	97,511	6,026,082	482,072
	<u>465,793</u>	<u>6,040,851</u>	<u>873,611</u>
Total Liabilities			
Fund Balances			
Nonspendable Fund Balance	221,960	833,916	-
Restricted Fund Balance	-	4,281,663	-
Committed Fund Balance	-	-	1,463,688
Assigned Fund Balance	13,969,160	-	393,542
Unassigned Fund Balance	-	-	-
	<u>14,191,120</u>	<u>5,115,579</u>	<u>1,857,230</u>
Total Fund Balances			
	<u>\$ 14,656,913</u>	<u>\$ 11,156,430</u>	<u>\$ 2,730,841</u>

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

Local Option Sales Tax Special Revenue Fund	Community Investment Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
\$ 2,026	\$ 4,531	\$ 2,412,884	\$ 5,927,864
3,723,406	8,942,210	5,727,713	33,536,015
-	-	246	216,270
-	-	-	57
13,917	33,416	21,514	126,702
477,495	-	68,580	546,075
-	-	-	87,859
-	-	-	-
-	-	-	-
-	4,294	-	265,295
-	650,592	-	6,134,427
-	-	-	-
2,299,062	193,707	628,836	5,477,432
-	-	8,123	366,884
-	-	-	119,091
-	-	170,916	1,094,888
-	-	-	12,813
-	-	-	-
-	-	-	5,004
-	-	30,000	30,000
-	-	10,920	21,896
<u>\$ 6,515,906</u>	<u>\$ 9,828,750</u>	<u>\$ 9,079,732</u>	<u>\$ 53,968,572</u>
\$ -	\$ -	\$ 72,710	\$ 176,909
-	-	-	39,439
-	-	-	-
-	-	1,709	120,418
-	-	-	4,020
-	9,949	-	9,949
224,411	515,544	3,260,326	4,374,885
8,505	-	-	142,124
-	644,937	-	7,250,602
<u>232,916</u>	<u>1,170,430</u>	<u>3,334,745</u>	<u>12,118,346</u>
-	-	170,916	1,226,792
6,282,990	8,000,000	1,024,301	19,588,954
-	-	502,910	1,966,598
-	658,320	3,969,260	18,990,282
-	-	77,600	77,600
<u>6,282,990</u>	<u>8,658,320</u>	<u>5,744,987</u>	<u>41,850,226</u>
<u>\$ 6,515,906</u>	<u>\$ 9,828,750</u>	<u>\$ 9,079,732</u>	<u>\$ 53,968,572</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, 2011

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

Total governmental fund balances		\$ 41,850,226
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Governmental funds - capital assets	149,259,940	
Less: Accumulated depreciation	<u>(57,371,870)</u>	
		91,888,070

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

Delinquent property taxes	87,859	
Deferred special assessments	5,342,489	
Due From State of Minnesota	482,071	
Deferred Revenue for 2012	<u>7,870</u>	
		5,920,289

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.

1,100,580

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	(14,919,838)	
Compensated absences	(3,329,585)	
Accrued interest	<u>(413,241)</u>	
		<u>(18,662,664)</u>

Net assets of governmental activities		<u>\$ 122,096,501</u>
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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, 2011

	General	Special Assessments Bonds Debt Service	Street Water/Sewer Capital Projects
REVENUES			
General Property Taxes	\$ 3,562,239	\$ -	\$ -
Sales Tax	-	-	-
Other Taxes	-	-	-
Special Assessments	1,477	1,597,739	115,086
License and Permits	297,119	-	-
Intergovernmental	4,975,220	-	836,308
Charges for Services	944,488	-	-
Fines and Forfeits	163,098	-	-
Investment Income	218,898	84,679	38,119
Change in market value	119,275	69,361	28,880
Miscellaneous Revenues	827,489	12,392	-
Total Revenues	<u>11,109,303</u>	<u>1,764,171</u>	<u>1,018,393</u>
EXPENDITURES			
Current:			
General Government	3,418,244	-	-
Public Safety	4,394,856	-	-
Streets and Highways	3,002,099	-	-
Culture & Recreation	1,757,178	-	-
Economic Development	-	-	-
Debt Service:			
Principal	-	1,805,000	-
Interest	-	413,149	-
Other Charges and Services	-	9,023	-
Capital Outlay	-	-	2,248,026
Total Expenditures	<u>12,572,377</u>	<u>2,227,172</u>	<u>2,248,026</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,463,074)</u>	<u>(463,001)</u>	<u>(1,229,633)</u>
OTHER FINANCING SOURCES (USES)			
Operating Transfers In	2,632,936	643,445	397,194
Operating Transfers Out	(1,018,319)	(13,569)	(352,100)
Bond Proceeds	-	4,928	1,820,072
Total Other Financing Sources (Uses)	<u>1,614,617</u>	<u>634,804</u>	<u>1,865,166</u>
Net Change in Fund Balances	<u>151,543</u>	<u>171,803</u>	<u>635,533</u>
Fund Balances - Beginning	14,042,972	4,943,776	1,221,697
Prior period adjustment see Note 9	(3,395)	-	-
Fund Balances - Ending	<u>\$ 14,191,120</u>	<u>\$ 5,115,579</u>	<u>\$ 1,857,230</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, 2011

Local Option Sales Tax Special Revenue Fund	Community Investment Special Revenue	Other Government Funds	Total Governmental Funds
\$ -	\$ -	\$ 15,839	\$ 3,578,078
1,970,760	-	-	1,970,760
-	-	389,107	389,107
-	18,738	-	1,733,040
-	-	-	297,119
-	-	682,035	6,493,563
-	-	12,805	957,293
-	-	-	163,098
70,948	207,631	111,614	731,889
63,261	163,532	86,527	530,836
-	103,537	56,501	999,919
<u>2,104,969</u>	<u>493,438</u>	<u>1,354,428</u>	<u>17,844,702</u>
-	-	-	3,418,244
-	-	10,957	4,405,813
-	-	-	3,002,099
-	-	366,977	2,124,155
30,584	-	922,600	953,184
-	-	130,000	1,935,000
-	-	53,750	466,899
-	-	31,517	40,540
-	-	690,246	2,938,272
<u>30,584</u>	<u>-</u>	<u>2,206,047</u>	<u>19,284,206</u>
<u>2,074,385</u>	<u>493,438</u>	<u>(851,619)</u>	<u>(1,439,504)</u>
1,818,875	193,707	1,440,835	7,126,992
(27,026)	(515,545)	(2,383,082)	(4,309,641)
-	-	-	1,825,000
<u>1,791,849</u>	<u>(321,838)</u>	<u>(942,247)</u>	<u>4,642,351</u>
3,866,234	171,600	(1,793,866)	3,202,847
2,416,756	8,486,720	7,538,853	38,650,774
-	-	-	(3,395)
<u>\$ 6,282,990</u>	<u>\$ 8,658,320</u>	<u>\$ 5,744,987</u>	<u>\$ 41,850,226</u>

City of Willmar, Minnesota
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2011

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

Net Change in Fund Balances-Governmental Funds		\$ 3,202,847
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	2,938,272	
Depreciation Expense	<u>(5,020,419)</u>	
		(2,082,147)
The net effect of various miscellaneous transactions involving		
capital assets (i.e., sales, trade-ins, and donations) is to		
increase net assets		1,453,416
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, 2011	5,920,289	
Deferred Revenue, December 31, 2010	<u>(6,469,824)</u>	
		(549,535)
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, 2011	(3,329,585)	
Compensated absences, December 31, 2010	<u>3,899,486</u>	
		569,901
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	1,935,000	
Principle Retirement of Long-Term Debt-TIF Notes	287,290	
Bond Proceeds	(1,825,000)	
Change in accrued interest (413,241 - 466,898)	<u>53,657</u>	
		450,947
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>45,911</u>
Change in Net Assets-Governmental Activities		<u>\$ 3,091,340</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, 2011

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
General Property Taxes	\$ 3,846,734	\$ 3,560,110	\$ 3,562,239	\$ 2,129
Special Assessments	-	-	1,477	1,477
License and Permits	282,325	282,325	297,119	14,794
Intergovernmental	5,321,528	4,892,043	4,975,220	83,177
Charges for Services	733,620	758,969	944,488	185,519
Fines and Forfeits	212,000	212,000	163,098	(48,902)
Investment Income	250,200	250,200	218,898	(31,302)
Change in market value	-	-	119,275	119,275
Miscellaneous Revenues	505,500	506,145	827,489	321,344
Total Revenues	11,151,907	10,461,792	11,109,303	647,511
EXPENDITURES				
General Government	3,166,076	3,102,153	3,418,244	(316,091)
Public Safety	4,681,633	4,578,578	4,394,856	183,722
Public Works	3,026,853	2,862,953	3,002,099	(139,146)
Culture & Recreation	1,770,357	1,770,857	1,742,178	28,679
Non-Departmental	15,000	15,000	15,000	-
Total Expenditures	12,659,919	12,329,541	12,572,377	(242,836)
Excess (deficiency) of revenues over (under) expenditures	(1,508,012)	(1,867,749)	(1,463,074)	404,675
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	2,365,208	2,589,408	2,632,936	43,528
Operating Transfers Out	(1,395,341)	(1,009,384)	(1,018,319)	(8,935)
Total Other Financing Sources (Uses)	969,867	1,580,024	1,614,617	34,593
Net Change in Fund Balances	(538,145)	(287,725)	151,543	439,268
Fund Balances - Beginning	14,042,972	14,042,972	14,042,972	-
Prior Period Adjustment - See Note 9	(3,395)	(3,395)	(3,395)	-
Fund Balances - Ending	\$ 13,501,432	\$ 13,751,852	\$ 14,191,120	\$ 439,268

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, 2011

	Business-Type Activities Waste Treatment Plant	Governmental Activities Internal Service Funds
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 3,153	\$ 1,924
Investments	6,342,843	1,076,305
Accounts Receivable	30,814	-
Interest Receivable	23,701	4,009
Due From Component Unit	-	400
Due From Other Governments	-	21,051
Due From Other Funds	-	-
Inventories	14,137	4,689
Prepaid Items	6,147	-
Restricted Cash and Investments	1,540,550	-
Amount To Be Provided	-	426,931
Total Current Assets	<u>7,961,345</u>	<u>1,535,309</u>
Noncurrent Assets		
Capital Assets:		
Nondepreciable	2,229,775	-
Depreciable	101,225,424	13,821
Less: Accumulated Depreciation	<u>(14,901,545)</u>	<u>(10,690)</u>
Net capital assets	<u>88,553,654</u>	<u>3,131</u>
Total Noncurrent Assets	<u>88,553,654</u>	<u>3,131</u>
TOTAL ASSETS	<u>96,514,999</u>	<u>1,538,440</u>
LIABILITIES		
Current Liabilities		
Accounts Payable	106,502	929
Contracts Payable	-	-
Accrued Wages	14,351	-
Due To Other Funds	665,616	436,931
Deferred Revenue	-	-
Current Portion of Debt	<u>2,539,371</u>	<u>-</u>
Total Current Liabilities	<u>3,325,840</u>	<u>437,860</u>
Noncurrent Liabilities:		
Bonds Payable	745,000	-
Notes Payable	<u>75,409,486</u>	<u>-</u>
Total Noncurrent Liabilities	<u>76,154,486</u>	<u>-</u>
TOTAL LIABILITIES	<u>79,480,326</u>	<u>437,860</u>
NET ASSETS		
Invested in Capital Assets, net of related debt	9,859,797	3,131
Restricted:		
Petty Cash	100	-
Prepays	6,147	4,689
Working Capital	1,289,626	-
Capital Improvements	409,144	-
2009 Operating Budget	346,000	-
Unrestricted	<u>5,123,859</u>	<u>1,092,760</u>
TOTAL NET ASSETS	<u>\$ 17,034,673</u>	<u>\$ 1,100,580</u>

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, 2011

	Business-Type Activities <u>Waste Treatment Plant</u>	Governmental Activities <u>Internal Service Funds</u>
Operating Revenues		
Intergovernmental	\$ 78,411	\$ -
Charges For Sales and Services:	<u>5,591,755</u>	<u>30,185</u>
Total Operating Revenues	<u>5,670,166</u>	<u>30,185</u>
Operating Expenses		
Personal Services	945,389	-
Supplies	481,454	8,284
Other Services and Charges	889,097	9,732
Depreciation	<u>2,320,343</u>	<u>350</u>
Total Operating Expenses	<u>4,636,283</u>	<u>18,366</u>
Operating Income (Loss)	1,033,883	11,819
Nonoperating Revenues (Expenses)		
Lift Station Tapping Fees Collected	-	-
Investment Earnings	149,665	25,560
Change in market value	131,508	18,532
Capital Asset (Disposal)/Acquisition	(3,852,146)	-
Interest Expense	(2,315,968)	-
Other Revenue (Expense)	<u>-</u>	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>(5,886,941)</u>	<u>44,092</u>
Income (Loss) Before Contributions and Transfers	(4,853,058)	55,911
Capital Grants - Federal	-	-
Capital Grants - State	-	-
Transfers In	-	-
Transfers Out	<u>(665,616)</u>	<u>(10,000)</u>
Change in Net Assets	(5,518,674)	45,911
Total Net Assets - Beginning	29,403,347	1,054,669
Prior period adjustment see Note 9	<u>(6,850,000)</u>	<u>-</u>
Total Net Assets - Ending	<u>\$ 17,034,673</u>	<u>\$ 1,100,580</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, 2011

	Business-Type Activities Waste Treatment Plant	Governmental Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from Customers and Users	\$ 5,731,895	\$ 30,185
Payments to Suppliers	(1,369,983)	(17,090)
Payments to Employees	(945,420)	-
Net Cash Provided by Operating Activities	<u>3,416,492</u>	<u>13,095</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfer from Other Funds	-	3
Transfer to Other Funds	(409,512)	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(409,512)</u>	<u>3</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital Contributions	-	-
Purchases of Capital Assets	(5,133,018)	-
Interest Paid on Capital Debt	(2,315,968)	-
Principal Paid on Capital Debt	(2,022,566)	-
Proceeds from Debt	4,991,931	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(4,479,621)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Principal Collected On Loan	-	236
Proceeds from Sales and Maturities of Investments	3,933,043	91,000
Purchase of Investments	(2,428,000)	(31,000)
Interest Received	157,532	26,128
Net Cash Provided/(Used) by Investing Activities	<u>1,662,575</u>	<u>86,364</u>
Net Increase (Decrease) in Cash and Cash Equivalents	189,934	99,462
Cash and Cash Equivalents - Beginning	<u>1,353,769</u>	<u>(97,538)</u>
Cash and Cash Equivalents - Ending	<u><u>\$ 1,543,703</u></u>	<u><u>\$ 1,924</u></u>
Classified As:		
Cash and Cash Equivalents	\$ 3,153	\$ -
Restricted Cash	1,540,550	-
Total Cash and Cash Equivalents, End of Year	<u><u>\$ 1,543,703</u></u>	<u><u>\$ -</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, 2011

	Business-Type Activities	Governmental Activities
	Waste Treatment	Internal Service
	Plant	Funds
Reconciliation of Operating Income to Net Cash Provided (Used)		
by Operating Activities:		
Operating Income	\$ 1,033,883	\$ 11,819
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) By		
Operating Activities:		
Depreciation	2,320,343	350
Change in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	61,729	-
(Increase) Decrease in Due From Component Units	-	(400)
(Increase) Decrease in Inventories	-	615
(Increase) Decrease in Prepaid Items	11,357	-
Increase (Decrease) in Accounts Payable	(10,789)	711
Increase (Decrease) in Contracts Payable	-	-
Increase (Decrease) in Accrued Wages	(31)	-
Increase (Decrease) in Due To Other Funds	-	-
Total Adjustments	<u>2,382,609</u>	<u>1,276</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 3,416,492</u>	<u>\$ 13,095</u>
	\$ -	
 Non Cash Transactions:		
Net Increase in fair value of investments	\$ 131,508	\$ 18,532

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, 2011

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, 2011. 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.

b. Excluded: Firefighters Association

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

CITY OF WILLMAR, MINNESOTA
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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.

a. Governmental Funds

The City reports the following major governmental funds:

General Fund

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

Debt Service Fund - Special Assessments Bond

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

CITY OF WILLMAR, MINNESOTA
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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.

c. Internal Service Fund

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

d. Agency Funds

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

C. Measurement Focus and Basis of Accounting

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Shared revenues are generally recognized in the period the appropriation goes into effect. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. The City considers all revenues as available if collected within 60 days after the end of the current period, except for reimbursement (expenditure driven) grants for which the period is 90 days. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
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that they have matured. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

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

D. Assets, Liabilities, and Net Assets or Equity

1. Cash and Cash Equivalents

The City has defined cash and cash equivalents to include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Additionally, each fund's equity in the City's investment pool is treated as a cash equivalent because the City can deposit or effectively withdraw cash at any time without prior notice or penalty.

2. Deposits and Investments

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

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

3. Receivables

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

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

All receivables are shown net of an allowance for uncollectibles.

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
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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.

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

CITY OF WILLMAR, MINNESOTA
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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.

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:

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

Restricted net 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.

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

The City of Willmar adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* for the year ended December 31, 2011. This standard changed fund balance classifications within the governmental fund level statements.

CITY OF WILLMAR, MINNESOTA
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In the governmental fund financial statements, fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of resources reported in governmental funds. These classifications are as follows:

Nonspendable – Consists of amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact, such as, inventories and prepaid items.

Restricted – Consists of amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

Committed – Consists of amounts that are constrained for specific purposes that are internally imposed by formal action of the City Council. Those committed amounts cannot be used for any other purpose unless the Council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

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

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

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

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.

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.

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
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B. Deficit Fund Balances

The following fund had a deficit fund balance as of December 31, 2011:

Capital Project Fund	
2012 Capital Projects Fund	<u>\$ (426,931)</u>

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Assets

1. Deposits and Investments

Cash and cash equivalents	\$ 14,368,278
Investments	<u>95,575,950</u>
	<u>\$ 109,944,228</u>

Primary Government	
Cash and cash equivalents	\$ 5,932,941
Investments	40,955,163
Temporarily restricted cash	1,545,554
Permanently restricted investments	<u>30,000</u>
Total Primary Government	<u>48,463,658</u>

Discretely Presented Component Units	
Willmar Municipal Utilities:	
Cash and cash equivalents	1,679,468
Investments	5,651,879
Temporarily restricted investments	<u>11,261,103</u>
Total Willmar Municipal Utilities	<u>18,592,450</u>

Rice Memorial Hospital	
Cash and cash equivalents	4,117,541
Investments	28,870,372
Investments with trustee	5,862,082
Temporarily restricted cash	1,092,774
Permanently restricted investments	<u>2,945,351</u>
Total Rice Memorial Hospital	<u>42,888,120</u>

Total	<u>\$ 109,944,228</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.

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

1. Deposits and Investments (continued)

a. Deposits (continued)

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, 2011, the City’s deposits were entirely covered by federal depository insurance or by collateral held by the City or its agent in the City’s name.

b. Investments

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

- (1) securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as “high risk” by Minn. Stat. § 118A.04, subd. 6;
- (2) mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;
- (3) general obligations of the State of Minnesota and its municipalities, and in certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by a national bond rating service;
- (4) bankers’ acceptances of United States banks;
- (5) commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by two nationally recognized rating agencies and matures in 270 days or less; and
- (6) with certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

CITY OF WILLMAR, MINNESOTA
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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	\$ 2,998,190	\$ 2,998,190	\$ -	\$ -
Certificates of Deposit	2,272,482.00	98,178.00	2,174,304.00	-
Federal Farm Credit Banks	2,004,066	-	-	2,004,066
Federal Home Loan Banks	13,258,330	-	1,000,017	12,258,313
Federal Home Loan Mortgage Corporation	18,039,629	-	-	18,039,629
Federal National Mortgage Association	8,268,676	-	2,000,316	6,268,360
	<u>\$ 46,841,373</u>	<u>\$ 3,096,368</u>	<u>\$ 5,174,637</u>	<u>\$ 38,570,368</u>

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. It is the City's policy to invest only in securities that meet the ratings requirements set by state statute. The City's investments are rated as follows:

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

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities in the possession of an outside party. The City's policy is that brokers may hold City investments only to the extent that there is SIPC and excess SIPC coverage available.

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

Issuer	Amount	Percent
Smith Barney Citigroup	\$ 10,279,962	22%
United Bank Services	\$ 9,019,650	19%
Wells Fargo	\$ 8,762,408	19%
Wells Fargo Advisors	\$ 18,779,353	40%

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

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>
Commercial Paper	\$ 2,998,190	6%
Federal Home Loan Banks	\$ 13,258,330	28%
Federal Home Loan Mortgage Corporation	\$ 18,039,629	39%
Federal National Mortgage Association	\$ 8,268,676	18%

2. Capital Assets

Capital asset activity for the year ended December 31, 2011 was as follows:

Governmental Activities*

	Balance January 1, 2011	Additions	Deletions	Balance December 31, 2011
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 8,449,733	\$ 557	\$ 279	\$ 8,450,011
Construction in progress	<u>3,850,158</u>	<u>4,183,984</u>	<u>5,724,005</u>	<u>2,310,137</u>
Total	<u>12,299,891</u>	<u>4,184,541</u>	<u>5,724,284</u>	<u>10,760,148</u>
Capital assets being depreciated				
Buildings and structures	11,631,916	1,114,640	-	12,746,556
Furniture and equipment	4,037,042	53,539	90,669	3,999,912
Machinery and auto	6,991,140	572,509	396,619	7,167,030
Other improvements	<u>110,558,916</u>	<u>5,169,244</u>	<u>1,128,045</u>	<u>114,600,115</u>
Total	<u>133,219,014</u>	<u>6,909,932</u>	<u>1,615,333</u>	<u>138,513,613</u>
Less accumulated depreciation for:				
Buildings	3,385,449	373,816	-	3,759,265
Furniture and equipment	2,324,226	270,657	80,440	2,514,443
Machinery and equipment	3,807,104	424,881	355,090	3,876,895
Other improvements	<u>43,481,844</u>	<u>3,951,415</u>	<u>201,302</u>	<u>47,231,957</u>
	<u>52,998,623</u>	<u>5,020,769</u>	<u>636,832</u>	<u>57,382,560</u>
Net property and equipment	<u>\$ 92,520,282</u>	<u>\$ 6,073,704</u>	<u>\$ 6,702,785</u>	<u>\$ 91,891,201</u>

* Includes internal service fund capital assets

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
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2. Capital Assets (continued)

Business-Type Activities

	Balance January 1, 2011	Additions	Deletions	Balance December 31, 2011
Business-Type Activities				
Capital assets not being depreciated				
Land	\$ 1,630,927	\$ 419,520	\$ -	\$ 2,050,447
Construction in progress	9,461,189	3,272,503	12,554,364	179,328
Total	<u>11,092,116</u>	<u>3,692,023</u>	<u>12,554,364</u>	<u>2,229,775</u>
Capital assets being depreciated				
Buildings and structures	83,329,651	-	10,139,681	73,189,970
Furniture and equipment	1,081,589	5,681	384,815	702,455
Machinery and auto	6,348,312	210,444	107,419	6,451,337
Other improvements	9,025,683	11,869,712	13,733	20,881,662
Total	99,785,235	12,085,837	10,645,648	101,225,424
Less accumulated depreciation for:				
Buildings	11,427,255	1,579,846	729,012	12,278,089
Furniture and equipment	717,693	99,649	369,514	447,828
Machinery and auto	457,205	315,799	96,677	676,327
Other improvements	1,060,778	450,883	12,360	1,499,301
	<u>13,662,931</u>	<u>2,446,177</u>	<u>1,207,563</u>	<u>14,901,545</u>
Net property and equipment	<u>\$ 97,214,420</u>	<u>\$ 13,331,683</u>	<u>\$ 21,992,449</u>	<u>\$ 88,553,654</u>

Component Units

	Rice Memorial Hospital		Willmar Municipal Utilities	
	2011	2010	2011	2010
Land	\$ 2,602,000	\$ 2,602,000	\$ 1,172,481	\$ 1,172,207
Buildings	86,057,000	82,259,000	3,536,037	3,536,000
Furniture and equipment	38,423,000	35,583,000	71,747,882	71,294,873
Machinery and auto	-	-	-	-
Other improvements	1,501,000	1,456,000	-	-
Utility Plant in Service	-	-	-	-
Construction in progress	722,000	630,000	890,019	476,563
Less: Depreciation	<u>(67,535,000)</u>	<u>(60,813,000)</u>	<u>(47,035,349)</u>	<u>(44,940,595)</u>
	<u>\$ 61,770,000</u>	<u>\$ 61,717,000</u>	<u>\$ 30,311,070</u>	<u>\$ 31,539,048</u>

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

2. Capital Assets (continued)

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

Governmental Activities	
General government	\$ 69,916
Public safety	261,152
Public works	4,324,827
Culture and recreation	<u>364,874</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 5,020,769</u></u>
Business-Type Activities	
Waste treatment	<u>\$ 2,320,343</u>
Total Depreciation Expense - Business-Type Activities	<u><u>\$ 2,320,343</u></u>

Construction Commitments

The City has active construction projects as of December 31, 2011. 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	\$ 888,052
Waste Water Treatment Plant	<u>445,901</u>
	<u><u>\$ 1,333,953</u></u>

B. Interfund Receivables, Payables and Transfers

1. Due from/Due to

Receivable fund	Payable fund	Amount
General Fund	Special Revenue - CVB	\$ 7,000
General Fund	Capital Projects - Street	224,200
General Fund	Capital Projects - Capital Improvements	397,057
General Fund	Public Improvement Revolving	10,000
Special Revenue - Local Option Sales Tax	Capital Projects - Airport	2,299,062
Special Revenue - Community Investment	Special Revenue - Public Works Reserve	193,707
Debt Service - Special Assessments	Special Revenue - Community Investment	515,544
Debt Service - Special Assessments	Capital Projects - Street	127,900
Debt Service - Airport	General Fund	8,935
Capital Projects - Street	Special Revenue - Local Option Sales Tax	27,026
Capital Projects - Street	Special Revenue - WRAC8	352,000
Capital Projects - Street	Debt Service - Special Assessments	13,569
Capital Projects - Street	Internal Services - Public Improvement Revolv	426,931
Capital Projects - Local Option Sales Tax	Special Revenue - Local Option Sales Tax	197,385
Capital Projects - Capital Improvements	Special Revenue - WRAC8	9,000
Capital Projects - Capital Improvements	Special Revenue - CVB	2,500
General Fund	Enterprise - Waste Treatment Plant	250,000
Special Revenue - Public Works Reserve	Enterprise - Waste Treatment Plant	411,016
Capital Projects - Street	Enterprise - Waste Treatment Plant	<u>4,600</u>
		<u><u>\$ 5,477,432</u></u>

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

2. Transfers

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

<u>Funds transferred to</u>		<u>Funds transferred from</u>	
General Fund	\$ 491,200	Nonmajor Special Revenue	\$ 7,000
		Capital Project - Street, Water, Sewer	224,200
		Waste Treatment	250,000
		Internal Service Fund	10,000
			<u>491,200</u>
Special Revenue - Local Option Sales Tax	1,818,875	Nonmajor Capital Project	1,818,875
Special Revenue - Community Investment	193,707	Nonmajor Special Revenue	193,707
Nonmajor Special Revenue Fund	411,016	Waste Treatment	411,016
Special Assessments Bonds	847,448	General Fund	190,435
		Special Revenue - Community Investment	515,544
		Special Assessments Bonds	13,569
		Capital Project - Street, Water, Sewer	127,900
			<u>847,448</u>
Capital Project - Street, Water, Sewer	383,626	Special Revenue - Local Option Sales Tax	27,026
		Nonmajor Special Revenue	352,000
		Waste Treatment	4,600
			<u>383,626</u>
Nonmajor Capital Projects	839,384	General Fund	827,884
		Nonmajor Special Revenue	11,500
			<u>839,384</u>
Total	<u>\$ 4,985,256</u>	Total	<u>\$ 4,985,256</u>

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.

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

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 12/31/2011</u>
Primary Government					
Governmental Activities					
<u>G.O. Special Assessments</u>					
2001 Improvement Bond	3.00-4.25	2001	2012	1,400,000	140,000
2002 Improvement Bond	2.00-3.75	2002	2013	1,125,000	200,000
2003 Improvement Bond	2.00-4.10	2003	2014	600,000	165,000
2004 Improvement Bond	2.10-4.00	2004	2015	2,125,000	800,000
2005 Improvement Bond	3.25-3.65	2005	2016	3,675,000	1,760,000
2006 Improvement Bond	3.60-3.85	2006	2017	1,950,000	1,175,000
2007A Improvement Bond	3.75-4.00	2007	2018	3,285,000	2,305,000
2007B Improvement Bond	4	2007	2018	1,725,000	1,225,000
2008 Improvement Bond	3.00-4.00	2008	2019	1,530,000	1,225,000
2010 Improvement Bond	2.00-3.00	2010	2021	1,785,000	1,785,000
2011 Improvement Bond	.60-2.85	2011	2022	1,825,000	1,825,000
Total Special Assessment Bonds				<u>21,025,000</u>	<u>12,605,000</u>
<u>G.O. Revenue Bonds</u>					
2004 Airport Bond	2.00-4.05	2004	2020	<u>2,100,000</u>	<u>1,385,000</u>
Total G.O. Revenue Bonds				<u>2,100,000</u>	<u>1,385,000</u>
<u>Notes Payable</u>					
Airport Land Cost Repayment Agreement				<u>929,838</u>	<u>929,838</u>
Total Notes Payable				<u>929,838</u>	<u>929,838</u>
Total Governmental Activities				<u>24,054,838</u>	<u>14,919,838</u>
Business-Type Activities					
<u>G.O. Revenue Notes and Bonds</u>					
1997 Waste Treatment Note	3.13	1997	2017	4,300,000	1,578,717
2008 Waste Treatment Note	3.275	2008	2028	42,001,362	40,659,000
2008 Waste Treatment Note	0	2008	2030	7,000,000	7,000,000
2009 Waste Treatment Note	2.457	2009	2029	1,788,716	1,573,151
2009 Waste Treatment Note	3.44	2009	2038	<u>36,238,638 *</u>	<u>27,047,989</u>
Total G.O. Revenue Notes				<u>91,328,716</u>	<u>77,858,857</u>
2004 Waste Treatment Bond	1.45-4.15	2004	2019	<u>1,410,000</u>	<u>835,000</u>
Total G.O. Revenue Notes and Bonds				<u>92,738,716</u>	<u>78,693,857</u>
Total Business-Type Activities				<u>92,738,716</u>	<u>78,693,857</u>
Total Primary Government				<u>\$ 116,793,554</u>	<u>\$ 93,613,695</u>

*Includes undrawn proceeds of \$8,637,011

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

2. Long-Term Debt (continued)

Component Units	<u>Interest Rates</u>	<u>Date Issued</u>	<u>Date Matures</u>	<u>Original Issue</u>	<u>Outstanding at 12/31/2011</u>
Municipal Utilities					
<u>Revenue Bonds</u>					
2009 Bond	3.50-5.00	2009	2025	8,120,000	8,120,000
Total Revenue Bonds				8,120,000	8,120,000
<u>G.O. Revenue Bonds</u>					
2005 Bond	3.00-3.75	2005	2016	1,290,000	705,000
Total G.O. Revenue Bonds				1,290,000	705,000
Total Municipal Utilities				\$ 9,410,000	\$ 8,825,000
Rice Memorial Hospital					
<u>Revenue Notes</u>					
2011 Care Center	4.25	2011	2041	\$ 3,000,000	\$ 3,000,000
<u>G.O. Revenue Bonds</u>					
2002 Bond	3.00-5.00	2002	2032	51,200,000	44,785,000
<u>Notes Payable</u>					
Promissory Note	5.47	2009	2014	3,000,000	1,555,413
Rice Home Medical	6.95	2007	2014	880,000	713,730
Total Notes Payable				3,880,000	2,269,143
<u>Lease Payable</u>					
Rice Home Medical	4.5	2010	2015	55,612	38,446
Total Rice Memorial Hospital				\$ 58,135,612	\$ 50,092,589

3. Long-Term Debt Maturities

Long-Term Debt maturities are as follows:

<u>Notes Payable</u>	
Year	Governmental Activities
2012	Airport Land Cost Repayment Agr.

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

3. Long-Term Debt Maturities (Con't)

Long-Term Debt maturities (con't):

<u>General Obligation Special Assessments Bonds</u>		
<u>Year</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2012	1,900,000	363,814
2013	1,935,000	314,141
2014	1,825,000	253,193
2015	1,760,000	194,735
2016	1,560,000	140,461
2017-2021	3,445,000	222,952
2022-2026	180,000	5,130
Total	<u>\$ 12,605,000</u>	<u>\$ 1,494,426</u>

<u>General Obligation Revenue Bonds</u>				
<u>Year</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2012	130,000	49,427	90,000	30,350
2013	135,000	44,855	95,000	27,111
2014	140,000	40,043	100,000	23,600
2015	145,000	34,946	100,000	19,900
2016	155,000	29,471	105,000	16,004
2017-2021	680,000	55,544	345,000	21,609
Total	<u>\$ 1,385,000</u>	<u>\$ 254,286</u>	<u>\$ 835,000</u>	<u>\$ 138,574</u>

<u>General Obligation Revenue Notes</u>		
<u>Year</u>	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2012	2,449,371	2,561,395
2013	2,563,048	2,564,701
2014	2,645,968	2,480,341
2015	2,730,137	2,393,250
2016	2,846,563	2,303,388
2017-2021	14,635,630	10,101,677
2022-2026	21,416,000	7,488,753
2027-2031	24,239,151	3,504,192
2032-2036	8,955,000	1,635,720
2037-2041	4,015,000	208,464
Total	<u>\$ 86,495,868</u>	<u>\$ 35,241,881</u>

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

3. Long-Term Debt Maturities (continued)

<u>Component Units</u>				
<u>Year</u>	<u>Municipal Utilities</u>		<u>Rice Memorial Hospital</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2012	535,000	378,356	1,870,143	2,331,143
2013	555,000	359,544	1,969,427	2,358,550
2014	575,000	339,996	1,665,390	2,259,043
2015	595,000	319,640	1,445,758	2,183,746
2016	615,000	298,336	1,513,108	2,109,152
2017-2021	3,005,000	1,137,405	9,710,731	9,178,224
2022-2026	2,945,000	371,438	11,950,832	6,465,742
2027-2031	-	-	15,155,900	3,118,027
2032-2036	-	-	4,021,400	336,406
2037-2041	-	-	789,900	103,505
Total	\$ 8,825,000	\$ 3,204,715	\$ 50,092,589	\$ 30,443,538

4. Changes in Long-Term Liabilities

	<u>Balance</u> <u>01/01/2011</u>	<u>Issued</u>	<u>Retired/ Defeased</u>	<u>Balance</u> <u>12/31/2011</u>
Primary Government				
Governmental Activities				
G.O. Special Assessment Bonds	\$ 12,585,000	\$ 1,825,000	\$ 1,805,000	\$ 12,605,000
G.O. Revenue Bonds	1,515,000	-	130,000	1,385,000
Notes Payable	1,217,128	-	287,290	929,838
Compensated Absences	3,899,486	-	569,901	3,329,585
Total Governmental Activities	19,216,614	1,825,000	2,792,191	18,249,423
Business-Type Activities				
G.O. Revenue Notes	74,799,493	4,991,930	1,932,566	77,858,857
G.O. Revenue Bonds	925,000	-	90,000	835,000
Total Business-Type Activities	75,724,493	4,991,930	2,022,566	78,693,857
Total Primary Government	\$ 94,941,107	\$ 6,816,930	\$ 4,814,757	\$ 96,943,280
Component Units				
Municipal Utilities				
Revenue Bonds	\$ 8,505,000	\$ -	\$ 385,000	\$ 8,120,000
G.O. Revenue Bonds	830,000	-	125,000	705,000
Note Payable Big Stone II Joint Vent	205,013	-	205,013	-
Total Municipal Utilities	9,540,013	-	715,013	8,825,000
Rice Memorial Hospital				
Revenue Bond	710,000	-	710,000	-
G.O. Revenue Bonds	45,810,000	-	1,025,000	44,785,000
Revenue Notes	-	3,000,000	-	3,000,000
Promissory Note Payable	2,140,713	-	585,300	1,555,413
Note Payable: Rice Home Medical	757,020	-	43,290	713,730
Capital Lease Payable	48,897	-	10,451	38,446
Total Rice Memorial Hospital	49,466,630	3,000,000	2,374,041	50,092,589
Total Component Units	\$ 59,006,643	\$ 3,000,000	\$ 3,089,054	\$ 58,917,589

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

E. Fund Balance Detail

The following is a detail of Governmental Fund Balances at December 31, 2011:

Fund	Nonspendable	Restricted	Committed	Assigned
General Fund				
Prepays/Deposits	\$ 102,869	\$ -	\$ -	\$ -
Inventories	119,091	-	-	-
Working Capital	-	-	-	4,000,000
Year 2012	-	-	-	642,026
Year 2013	-	-	-	1,193,470
Retirees Insurance	-	-	-	223,540
Self-Insurance	-	-	-	1,000,000
Petty Cash	-	-	-	2,250
Public Works Blacktop	-	-	-	200,000
Uncompensated Absences-Regular	-	-	-	1,697,692
Uncompensated Absences-Overtime	-	-	-	1,364,811
Uncompensated Absences-Part Time	-	-	-	267,082
Next Year's Budget	-	-	-	1,300,000
Current Year Emergency	-	-	-	1,300,000
Capital Improvements	-	-	-	778,289
Special Revenue Funds				
Economic Develop Revolv Loan	-	-	-	77,600
WRAC-8-Prepays	1,778	-	-	-
WRAC-8	-	-	39,701	182,945
CVB-Prepays	13,319	-	-	-
CVB	-	-	31,194	163,359
CVB-Petty Cash	-	-	-	50
Local Option Sales Tax	-	6,282,990	-	-
Library Improvement Reserve	-	-	210,372	-
Community Investment	-	8,000,000	-	658,320
Public Works Reserve	-	-	-	635,086
Law Enforcement Forfeiture Fund	-	53,743	-	-
Debt Service Funds				
Special Assessments Funds	833,916	4,281,663	-	-
Nonmajor Airport Debt Service	155,819	10,720	-	-
Capital Projects Funds				
Street Projects	-	-	1,463,688	393,542
Nonmajor Surface Water C.P.	-	-	201,332	-
Nonmajor Local Option Sales Tax	-	-	-	18,137
Nonmajor Airport C.P.	-	929,838	10,679	-
Nonmajor Capital Improvements	-	-	-	116,919
Stormwater	-	-	-	13,545
Year 2009	-	-	-	855,495
Year 2010	-	-	-	185,870
Year 2011	-	-	-	257,188
Year 2012	-	-	-	469,951
Year 2013	-	-	-	1,000,000
WRAC-8	-	-	-	65,215
CVB	-	-	-	5,500
Permanent Funds	-	30,000	9,632	-
Totals	\$ 1,226,792	\$ 19,588,954	\$ 1,966,598	\$ 19,067,882

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

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.

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; 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 were required to contribute 9.10 and 6.25 percent, respectively, of their annual

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 4 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

B. Funding Policy (Continued)

covered salary in 2011. Public Employees Police and Fire Fund members were required to contribute 9.60 percent of their annual covered salary in 2011. Contribution rates will remain the same in 2012 for PERA Basic Plan members, Coordinated Plan members and Police and Fire Fund members.

The City is required to contribute the following percentages of annual covered payroll in 2011 and 2012:

	<u>2011</u>	<u>2012</u>
Public Employee Retirement Fund		
Basic Plan Members	11.78 %	11.78 %
Coordinated Plan Members	7.25 %	7.25 %
Public Employees Police and Fire Fund	14.40 %	14.40 %

The City's contributions for the years ending December 31, 2011, 2010, and 2009, for the Public Employees Retirement Fund and the Public Employees Police and Fire Fund were:

	Public Employees Retirement Fund	Public Employees Police and Fire Fund
2011	\$ 275,657	\$ 302,287
2010	\$ 274,961	\$ 310,143
2009	\$ 274,045	\$ 322,542

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, 2011, 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,

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 5 OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Component Units/Rice Memorial Hospital (Continued)

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, 2011, and 2010 there were approximately 32 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.

The following table shows the components of the Hospital's annual OPEB cost as of December 31, 2011, the amount actually contributed to the insurance plan, and changes in the Hospital's net OPEB obligation.

	<u>2011</u>	<u>2010</u>
Net OPEB, Beginning of Year	\$ 662,380	\$ 400,415
Activity During the Year:		
Annual Required Contribution (ARC)	434,144	395,838
Interest on Net OPEB Obligation	26,495	16,017
Adjustments to ARC	(38,306)	(23,156)
Contributions during the fiscal year	<u>(150,442)</u>	<u>(126,734)</u>
Increase in Net OPEB Obligation	<u>271,891</u>	<u>261,965</u>
Net OPEB, End of the Year	<u>\$ 934,271</u>	<u>\$ 662,380</u>

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

	<u>OPEB Cost</u>	<u>Contribution</u>	<u>Contribution</u>	<u>Obligation</u>
12/31/2010	\$ 388,699	\$ 126,734	32.60%	\$ 662,380
12/31/2011	\$ 422,333	\$ 150,442	35.62%	\$ 934,271

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 32 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.

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 5 OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

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

Therefore, the actuarial value of the assets is \$-0- at December 31, 2011. The following is a summary of the funding status at January 1, 2010, the most recent actuarial valuation date:

Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
\$ -	\$ 2,997,099	\$ 2,997,099	0.00%	\$ 33,576,612	8.93%

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.

NOTE 8 LEASE AGREEMENTS

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

Future minimum lease payments are:

2012	175,000
2013	175,000
2014	175,000
2015	175,000
2016	175,000
2017-2020	<u>700,000</u>
	<u>\$ 1,575,000</u>

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

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 22nd Street SW, Willmar, Minnesota 56201.

NOTE 10 PRIOR PERIOD ADJUSTMENTS

Certain adjustments have been made to the January 1, 2011 fund balances, they are as follows:

General Fund

1/1/2011 Fund Balance	\$ 14,042,972
Accounts Receivable Adjustment	(236)
Taxes Receivable Adjustment	<u>(3,159)</u>
1/1/2011 Adjusted Fund Balance	<u><u>\$ 14,039,577</u></u>

Enterprise Fund/Waste Treatment Plant

1/1/2011 Fund Balance	\$ 29,403,347
Work In Progress Duplication Adjustment	<u>(6,850,000)</u>
1/1/2011 Adjusted Fund Balance	<u><u>\$ 22,553,347</u></u>

The January 1, 2011 net assets balance for governmental activities was adjusted as follows:

Governmental Activities

1/1/2011 Net assets	\$ 119,008,556
Accounts Receivable Adjustment	(236)
Taxes Receivable Adjustment	<u>(3,159)</u>
1/1/2011 Adjusted net assets	<u><u>\$ 119,005,161</u></u>

The January 1, 2011 net assets balance for business-type activities was adjusted as follows:

Business-Type Activities

1/1/2011 Net assets	\$ 29,403,347
Work In Progress Duplication Adjustment	<u>(6,850,000)</u>
1/1/2011 Adjusted net assets	<u><u>\$ 22,553,347</u></u>

BUDGET AND ACTUAL SCHEDULES

City of Willmar, Minnesota
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the fiscal year ended December 31, 2011

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
GENERAL PROPERTY TAXES				
Current Ad Valorem	\$ 3,796,734	\$ 3,510,110	\$ 3,450,982	\$ (59,128)
Delinquent Ad Valorem	50,000	50,000	111,257	61,257
TOTAL TAXES	3,846,734	3,560,110	3,562,239	2,129
LICENSES/PERMITS				
Business License/Permit	49,200	49,200	55,466	6,266
Non-Business License/Permit	233,125	233,125	241,653	8,528
TOTAL LICENSES & PERMITS	282,325	282,325	297,119	14,794
INTERGOVERNMENTAL				
FEDERAL GOVERNMENT				
Federal Grant	500	500	10,500	10,000
STATE GRANTS				
Local Government Aid	4,482,275	4,052,790	4,052,790	-
Police Department Aid	220,000	220,000	223,401	3,401
P.E.R.A. Aid	172,146	172,146	172,146	-
Airport Aid	51,636	51,636	51,636	-
State Grant	15,000	15,000	19,946	4,946
MFG Home HACA	-	-	144	144
Fire Department Aid	63,000	63,000	66,394	3,394
Shared Highway User Tax	183,176	183,176	204,057	20,881
Local Performance Aid	-	-	2,745	2,745
COUNTY GRANTS				
Kandiyohi County Highways	3,795	3,795	3,795	-
Kandiyohi County	-	-	9,666	9,666
SCHOOL DISTRICT #347				
School Liaison Officer	130,000	130,000	133,000	3,000
Contributions/Donations	-	-	25,000	25,000
TOTAL INTERGOVERNMENTAL	5,321,528	4,892,043	4,975,220	83,177
SERVICE CHARGES				
General Government	15,820	15,820	16,183	363
Public Safety	188,300	212,758	214,084	1,326
Buildings & Grounds	20,500	20,500	18,405	(2,095)
Civic Center	253,000	253,000	320,995	67,995
Leisure Services	147,000	147,000	174,217	27,217
Highways & Streets	16,000	16,891	16,180	(711)
Community Center	12,000	12,000	13,910	1,910
Transportation (Airport)	81,000	81,000	170,514	89,514
TOTAL SERVICE CHARGES	733,620	758,969	944,488	185,519
FINES AND FORFEITS				
Other Fines and Forfeits	10,000	10,000	40	(9,960)
Court Fines	135,000	135,000	120,604	(14,396)
Parking Violations	25,000	25,000	17,201	(7,799)
Impounding Fees	42,000	42,000	25,253	(16,747)
TOTAL FINES & FORFEITS	212,000	212,000	163,098	(48,902)
SPECIAL ASSESSMENTS				
Special Assessments	-	-	1,477	1,477
TOTAL SPECIAL ASSESSMENTS	-	-	1,477	1,477

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, 2011

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES (Con't)				
MISCELLANEOUS REVENUE				
Miscellaneous	36,000	36,000	147,580	111,580
Interest Earnings	250,200	250,200	218,898	(31,302)
Sale of Fixed Assets	50,000	50,000	29,050	(20,950)
Sale of Materials	60,000	60,000	55,520	(4,480)
Contributions/Donations	2,500	3,145	-	(3,145)
City Auditorium Rents	2,000	2,000	2,406	406
Capital Gains	-	-	-	-
Other Rents	5,000	5,000	1	(4,999)
Market Value Increase/(Decrease)	-	-	119,275	119,275
Insurance Reimbursements	150,000	150,000	242,252	92,252
Insurance Pass Through	200,000	200,000	350,680	150,680
TOTAL MISCELLANEOUS	755,700	756,345	1,165,662	409,317
 TOTAL REVENUE	 11,151,907	 10,461,792	 11,109,303	 647,511
EXPENDITURES				
GENERAL GOVERNMENT				
City Administrator				
Personal Services	225,112	228,159	232,465	(4,306)
Supplies	1,050	1,050	1,534	(484)
Other Services & Charges	35,600	37,500	30,212	7,288
Total	261,762	266,709	264,211	2,498
Mayor and Council				
Personal Services	79,150	79,150	78,714	436
Supplies	11,750	11,750	13,453	(1,703)
Other Services & Charges	103,450	103,450	93,537	9,913
Total	194,350	194,350	185,704	8,646
Planning & Development				
Personal Services	417,430	417,430	422,384	(4,954)
Supplies	9,600	9,600	9,832	(232)
Other Services & Charges	23,500	23,500	16,832	6,668
Total	450,530	450,530	449,048	1,482
City Clerk/Treasurer				
Personal Services	194,359	194,359	194,218	141
Supplies	5,935	5,935	6,438	(503)
Other Services & Charges	5,175	5,175	6,050	(875)
Total	205,469	205,469	206,706	(1,237)
Assessing				
Personal Services	292,310	243,440	250,399	(6,959)
Supplies	3,250	3,250	3,107	143
Other Services & Charges	10,050	10,050	5,826	4,224
Total	305,610	256,740	259,332	(2,592)
Accounting				
Personal Services	306,235	306,235	311,262	(5,027)
Supplies	4,700	4,700	5,093	(393)
Other Services & Charges	29,500	29,500	27,971	1,529
Total	340,435	340,435	344,326	(3,891)

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, 2011

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (Con't)				
GENERAL GOVERNMENT (Con't)				
Legal				
Personal Services	155,226	155,226	155,757	(531)
Supplies	8,100	8,100	5,925	2,175
Other Services & Charges	32,300	32,300	23,598	8,702
Total	195,626	195,626	185,280	10,346
City Hall				
Personal Services	46,332	46,332	44,881	1,451
Supplies	15,900	15,900	23,292	(7,392)
Other Services & Charges	47,275	47,275	57,245	(9,970)
Total	109,507	109,507	125,418	(15,911)
Data Processing Center				
Personal Services	139,276	152,086	147,461	4,625
Supplies	7,450	7,450	6,864	586
Other Services & Charges	56,953	56,953	48,775	8,178
Total	203,679	216,489	203,100	13,389
Cultural Diversity				
Other Services & Charges	42,000	42,000	42,000	-
Total	42,000	42,000	42,000	-
Elections & Voters Registration				
Personal Services	22,893	22,893	23,092	(199)
Supplies	150	150	39	111
Other Services & Charges	65	65	5,541	(5,476)
Total	23,108	23,108	28,672	(5,564)
Non-Departmental Expenses				
Personal Services	29,000	29,000	140,441	(111,441)
Supplies	-	-	69	(69)
Other Charges/Services	80,000	80,000	178,289	(98,289)
Insurances	-	-	33	(33)
Labor Negotiator	20,000	20,000	1,382	18,618
Severance	-	-	86,414	(86,414)
Deferred Compensation	-	-	1,494	(1,494)
Re-Employment Insurance	1,000	1,000	8,228	(7,228)
Retired Employees Insurance	100,000	100,000	97,270	2,730
Insurance Pass Through	200,000	200,000	350,126	(150,126)
Downtown Items	24,000	24,000	43,200	(19,200)
Insurance Deductible	200,000	167,190	17,316	149,874
Internship Program	5,000	5,000	-	5,000
Refunds Paid	175,000	175,000	200,185	(25,185)
Total	834,000	801,190	1,124,447	(323,257)
TOTAL GENERAL GOVERNMENT	3,166,076	3,102,153	3,418,244	(316,091)
PUBLIC SAFETY				
Police Department				
Personal Services	3,379,349	3,236,811	3,167,010	69,801
Supplies	170,950	173,200	177,695	(4,495)
Other Services & Charges	219,978	219,978	169,130	50,848
Debt Redemption	175,000	175,000	175,000	-
Total	3,945,277	3,804,989	3,688,835	116,154

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, 2011

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (Con't)				
PUBLIC SAFETY (Con't)				
Fire Department				
Personal Services	560,961	580,961	540,523	40,438
Supplies	74,920	79,828	72,402	7,426
Other Services & Charges	92,475	98,675	78,488	20,187
Total	728,356	759,464	691,413	68,051
Non-Departmental Expenses				
Civil Defense	5,000	5,000	4,158	842
Safety Program	3,000	9,125	7,956	1,169
Refunds Paid	-	-	2,494	(2,494)
Total	8,000	14,125	14,608	(483)
TOTAL PUBLIC SAFETY	4,681,633	4,578,578	4,394,856	183,722
PUBLIC WORKS				
Engineering				
Personal Services	483,477	378,521	366,862	11,659
Supplies	11,050	11,050	8,604	2,446
Other Services & Charges	48,550	48,550	57,276	(8,726)
Total	543,077	438,121	432,742	5,379
Public Works				
Personal Services	1,629,776	1,567,941	1,536,154	31,787
Supplies	404,200	406,630	536,087	(129,457)
Other Services & Charges	275,900	276,361	271,034	5,327
Interest	25,000	25,000	2,208	22,792
Debt Redemption	-	-	75,000	(75,000)
Total	2,334,876	2,275,932	2,420,483	(144,551)
Airport				
Personal Services	-	-	1,828	(1,828)
Supplies	12,200	12,200	13,147	(947)
Other Services & Charges	127,700	127,700	127,087	613
Total	139,900	139,900	142,062	(2,162)
Transit				
Other Services & Charges	6,000	6,000	6,000	-
Total	6,000	6,000	6,000	-
Non-Departmental Expenses				
Other Services & Charges	3,000	3,000	812	2,188
Total	3,000	3,000	812	2,188
TOTAL PUBLIC WORKS	3,026,853	2,862,953	3,002,099	(139,146)
NON-DEPARTMENTAL EXPENSES				
Social Services				
Meals on Wheels	15,000	15,000	15,000	-
TOTAL NON-DEPARTMENTAL EXPENSE	15,000	15,000	15,000	-
CULTURE & RECREATION				
Library				
Other Services & Charges	459,007	459,007	459,007	-
Total	459,007	459,007	459,007	-

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, 2011

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (Con't)				
CULTURE & RECREATION (Con't)				
Auditorium				
Personal Services	-	-	286	(286)
Supplies	13,000	13,000	7,670	5,330
Other Services & Charges	40,875	40,875	30,911	9,964
Total	53,875	53,875	38,867	15,008
Non-Department Expenses				
Civic Promotion	51,000	51,000	51,000	-
Total	51,000	51,000	51,000	-
Leisure Services				
Personal Services	233,057	233,057	231,306	1,751
Supplies	17,700	18,200	19,905	(1,705)
Other Services & Charges	144,250	144,250	147,896	(3,646)
Total	395,007	395,507	399,107	(3,600)
Civic Center - Ice Arena				
Personal Services	305,977	305,977	306,492	(515)
Supplies	74,900	74,900	73,360	1,540
Other Services & Charges	157,490	157,490	157,076	414
Refunds Paid	-	-	2,955	(2,955)
Total	538,367	538,367	539,883	(1,516)
Community Center				
Personal Services	58,637	58,637	38,090	20,547
Supplies	7,895	7,895	8,269	(374)
Other Services & Charges	34,005	34,005	31,561	2,444
Total	100,537	100,537	77,920	22,617
Aquatics Center				
Personal Services	111,494	111,494	114,388	(2,894)
Supplies	29,400	29,400	34,798	(5,398)
Other Services & Charges	31,670	31,670	27,208	4,462
Total	172,564	172,564	176,394	(3,830)
TOTAL CULTURE & RECREATION	1,770,357	1,770,857	1,742,178	28,679
TOTAL EXPENDITURES	12,659,919	12,329,541	12,572,377	(242,836)
Excess of Revenues Over Expenditures	(1,508,012)	(1,867,749)	(1,463,074)	404,675
OTHER FINANCING SOURCES (USES)				
Transfers In	2,365,208	2,589,408	2,632,936	43,528
Transfers Out	(1,395,341)	(1,009,384)	(1,018,319)	(8,935)
Total Other Financing Sources (Uses)	969,867	1,580,024	1,614,617	34,593
Net Change in Fund Balances	(538,145)	(287,725)	151,543	439,268
Fund Balances - Beginning	14,042,972	14,042,972	14,042,972	-
Prior Period Adjustment - See Note 9	(3,395)	(3,395)	(3,395)	-
Fund Balances - Ending	\$ 13,501,432	\$ 13,751,852	\$ 14,191,120	\$ 439,268

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, 2011

	Budget Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Special Assessments	\$ -	\$ -	\$ 18,738	\$ 18,738
Miscellaneous Revenue				
Interest Earnings	250,000	250,000	207,631	(42,369)
Market Value Decrease	-	-	163,532	163,532
Miscellaneous	-	-	103,537	103,537
Total Revenues	250,000	250,000	493,438	243,438
EXPENDITURES				
Other Charges	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	250,000	250,000	493,438	243,438
OTHER FINANCING SOURCES (USES)				
Transfers In	193,707	193,707	193,707	-
Transfers Out	(443,707)	(443,707)	(515,545)	(71,838)
Total Other Financing Sources (Uses)	(250,000)	(250,000)	(321,838)	(71,838)
Net Change in Fund Balances	-	-	171,600	171,600
Fund Balance - Beginning	8,486,720	8,486,720	8,486,720	-
Fund Balance - Ending	\$ 8,486,720	\$ 8,486,720	\$ 8,658,320	\$ 171,600

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, 2011

	Budget Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
General Taxes				
Hotel-Motel Tax	\$ 140,000	\$ 140,000	\$ 158,432	\$ 18,432
Intergovernmental				
State Tourism Grant	6,000	6,000	6,462	462
Kandiyohi County Camping Fees	16,000	16,000	14,625	(1,375)
Kandiyohi County Phone Reimb	1,000	1,000	-	(1,000)
Kandiyohi County Tourism Partner.	34,000	34,000	34,000	-
Total Intergovernmental	57,000	57,000	55,087	(1,913)
Service Charges	5,000	5,000	-	(5,000)
Miscellaneous Revenue				
Interest Earnings	6,000	6,000	5,135	(865)
Market Value Increase/(Decrease)	-	-	3,679	3,679
Miscellaneous	-	-	1,865	1,865
Total Miscellaneous Revenue	6,000	6,000	10,679	4,679
Total Revenue	208,000	208,000	224,198	16,198
EXPENDITURES				
Personal Services	96,000	96,000	90,671	5,329
Supplies	8,500	8,500	7,282	1,218
Other Services and Charges	25,100	25,100	24,868	232
Tourism	34,000	34,000	34,077	(77)
Ad Development	1,500	1,500	-	1,500
Conference & Convention	24,000	24,000	20,996	3,004
Group Tour Promotions	3,500	3,500	3,972	(472)
Leisure Travel	24,000	24,000	15,289	8,711
Fall/Winter Promotions	7,000	7,000	7,206	(206)
Refunds & Reimbursements	-	-	410	(410)
Special Projects	10,000	10,000	5,500	4,500
Strategic Marketing	10,000	10,000	8,156	1,844
Total Expenditures	243,600	243,600	218,427	25,173
Excess (Deficiency) of Revenues Over (Under) Expenditures	(35,600)	(35,600)	5,771	41,371
OTHER FINANCING SOURCES (USES)				
Transfers Out - General	(7,000)	(7,000)	(7,000)	-
Transfers Out - Capital Improvement	(2,500)	(2,500)	(2,500)	-
Total Other Financing Sources (Uses)	(9,500)	(9,500)	(9,500)	-
Net Change in Fund Balances	(45,100)	(45,100)	(3,729)	41,371
Fund Balance - Beginning	211,651	211,651	211,651	-
Fund Balance - Ending	\$ 166,551	\$ 166,551	\$ 207,922	\$ 41,371

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, 2011

	Budget Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
General Taxes				
Franchise Taxes	\$ 206,000	\$ 206,000	\$ 230,675	\$ 24,675
Miscellaneous Revenue				
Interest Earnings	7,900	7,900	11,587	3,687
Market Value Increase/(Decrease)	-	-	9,430	9,430
Miscellaneous	-	-	179	179
Total Miscellaneous Revenue	7,900	7,900	21,196	13,296
Total Revenues	213,900	213,900	251,871	37,971
EXPENDITURES				
Personal Services	123,488	123,488	121,900	1,588
Supplies	8,030	8,030	8,614	(584)
Other Services/Charges	15,035	15,035	16,012	(977)
Total Expenditures	146,553	146,553	146,526	27
Excess (Deficiency) of Revenues Over (Under) Expenditures	67,347	67,347	105,345	37,998
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	(361,000)	(361,000)	-
Total Other Financing Sources (Uses)	-	(361,000)	(361,000)	-
Net Change in Fund Balances	67,347	(293,653)	(255,655)	37,998
Fund Balances - Beginning	480,079	480,079	480,079	-
Fund Balances - Ending	\$ 547,426	\$ 186,426	\$ 224,424	\$ 37,998

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, 2011

	Budget Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Miscellaneous Revenue				
Interest Earnings	\$ 12,990	\$ 12,990	\$ 5,647	\$ (7,343)
Market Value Incr/(Decr)	-	-	(12)	(12)
Total Revenues	12,990	12,990	5,635	(7,355)
EXPENDITURES				
Other Services/Charges	-	-	400,000	(400,000)
Total Expenditures	-	-	400,000	(400,000)
Excess (Deficiency) of Revenues Over (Under) Expenditures	12,990	12,990	(394,365)	392,645
Net Change in Fund Balances	12,990	12,990	(394,365)	392,645
Fund Balance - Beginning	471,965	471,965	471,965	-
Fund Balance - Ending	\$ 484,955	\$ 484,955	\$ 77,600	\$ 392,645

See notes to required supplementary information.

City of Willmar, Minnesota
Industrial Development Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2011

	Budget Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Miscellaneous Revenue				
Interest Earnings	\$ -	\$ -	\$ -	\$ -
Market Value Incr/(Decr)	-	-	-	-
Total Revenues	-	-	-	-
EXPENDITURES				
Other Services/Charges	5,500	5,500	-	5,500
Total Expenditures	5,500	5,500	-	5,500
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,500)	(5,500)	-	(5,500)
Net Change in Fund Balances	(5,500)	(5,500)	-	(5,500)
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ (5,500)	\$ (5,500)	\$ -	\$ (5,500)

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, 2011

	Budget Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
General Taxes				
Sales/Use Tax	\$ 1,700,000	\$ 1,700,000	\$ 1,918,570	\$ 218,570
Excise Tax	50,000	50,000	52,190	2,190
Total General Taxes	1,750,000	1,750,000	1,970,760	220,760
Miscellaneous Revenue				
Interest Earnings	50,000	50,000	70,948	20,948
Market Value Increase/(Decrease)	-	-	63,260	63,260
Total Miscellaneous Revenue	50,000	50,000	134,208	84,208
Total Revenue	1,800,000	1,800,000	2,104,968	304,968
EXPENDITURES				
Other Services and Charges	-	-	30,583	(30,583)
Total Expenditures	-	-	30,583	(30,583)
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,800,000	1,800,000	2,074,385	274,385
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	1,818,875	1,818,875
Transfers Out	-	(1,764,121)	(27,025)	1,737,096
Total Other Financing Sources (Uses)	-	(1,764,121)	1,791,850	3,555,971
Net Change in Fund Balances	1,800,000	35,879	3,866,235	3,830,356
Fund Balance - Beginning	2,416,756	2,416,756	2,416,756	-
Prior Period Adjustment - See Note 9	-	-	-	-
Fund Balance - Ending	\$ 4,216,756	\$ 2,452,635	\$ 6,282,991	\$ 3,830,356

See notes to required supplementary information.

City of Willmar, Minnesota
Public Works Reserve Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2011

	Budget Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous Revenue				
Interest Earnings	\$ -	\$ -	\$ 5,932	\$ 5,932
Market Value Incr/(Decr)	-	-	2,333	2,333
Miscellaneous	-	-	-	-
Total Revenues	-	-	8,265	8,265
EXPENDITURES				
Other Charges	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	8,265	8,265
OTHER FINANCING SOURCES (USES)				
Transfers In	-	400,000	411,016	11,016
Transfers Out	-	(193,707)	(193,707)	-
Total Other Financing Sources (Uses)	-	206,293	217,309	11,016
Net Change in Fund Balances	-	206,293	225,574	19,281
Fund Balance - Beginning	409,512	409,512	409,512	-
Fund Balance - Ending	\$ 409,512	\$ 615,805	\$ 635,086	\$ 19,281

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, 2011

	Budget Amounts			Over (Under)
	Original	Final	Actual	Final Budget
REVENUES				
Special Assessments				
Special Assessments	\$ 1,083,318	\$ 1,083,318	\$ 1,597,739	\$ 514,421
Miscellaneous Revenue				
Miscellaneous	-	-	12,392	12,392
Interest Earnings	32,375	32,375	84,679	52,304
Net change in fair market value	-	-	69,362	69,362
Total Revenues	1,115,693	1,115,693	1,764,172	648,479
EXPENDITURES				
Bond Principal Payments	1,805,000	1,805,000	1,805,000	-
Interest Payments	371,764	371,764	413,149	41,385
Other Charges	5,100	5,100	9,024	3,924
Total Expenditures	2,181,864	2,181,864	2,227,173	45,309
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,066,171)	(1,066,171)	(463,001)	603,170
OTHER FINANCING SOURCES (USES)				
Transfers In	443,707	443,707	643,445	199,738
Transfers Out	-	-	(13,569)	(13,569)
Bond Proceeds	-	-	4,928	4,928
Total Other Financing Sources (Uses)	443,707	443,707	634,804	191,097
Net Change in Fund Balances	(622,464)	(622,464)	171,803	794,267
Fund Balances - Beginning	4,943,776	4,943,776	4,943,776	-
Fund Balances - Ending	\$ 4,321,312	\$ 4,321,312	\$ 5,115,579	\$ 794,267

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, 2011

	Budget Amounts			Over (Under)
	Original	Final	Actual	Final Budget
REVENUES				
Interest Earnings	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
EXPENDITURES				
Bond Principal Payments	130,000	130,000	130,000	-
Interest Payments	53,750	53,750	53,750	-
Other Charges	2,930	2,930	6,291	3,361
Total Expenditures	186,680	186,680	190,041	3,361
Excess (Deficiency) of Revenues Over (Under) Expenditures	(186,680)	(186,680)	(190,041)	3,361
OTHER FINANCING SOURCES(USES)				
Transfers In	181,500	181,500	190,435	8,935
Total Other Financing Sources (Uses)	181,500	181,500	190,435	8,935
Net Change in Fund Balances	(5,180)	(5,180)	394	12,296
Fund Balances - Beginning	166,145	166,145	166,145	-
Fund Balances - Ending	\$ 160,965	\$ 160,965	\$ 166,539	\$ 12,296

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, 2011

	Budget Amounts			Over (Under)
	Original	Final	Actual	Final Budget
REVENUES				
General Taxes				
Current Ad Valorem	\$ 3,859	\$ 3,859	\$ 3,859	\$ -
Tax Increment	11,950	11,950	11,980	30
Total Taxes	15,809	15,809	15,839	30
Miscellaneous	-	-	-	-
Total Revenues	15,809	15,809	15,839	30
EXPENDITURES				
Interest Payments	7,359	7,359	-	(7,359)
Other Charges	-	-	25,226	(25,226)
Contracts	8,028	8,028	-	(8,028)
Total Expenditures	15,387	15,387	25,226	(40,613)
Excess (Deficiency) of Revenues Over (Under) Expenditures	422	422	(9,387)	40,643
OTHER FINANCING SOURCES (USES)				
Transfers Out	(422)	(422)	-	(422)
Total Other Financing Sources (Uses)	(422)	(422)	-	(422)
Net Change in Fund Balances	-	-	(9,387)	41,065
Fund Balance - Beginning	9,387	9,387	9,387	-
Fund Balance - Ending	\$ 9,387	\$ 9,387	\$ -	\$ 41,065

See notes to required supplementary information.

**NOTES TO THE REQUIRED
SUPPLEMENTARY INFORMATION**

CITY OF WILLMAR, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2011

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, 2011

	Total Special Revenue Funds	Total Capital Projects Funds	Total Debt Service Funds	<u>Permanent Fund</u> Perpetual Care	Total Nonmajor Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 57,148	\$ 2,364,379	\$ (8,935)	\$ 292	\$ 2,412,884
Investments	1,451,684	4,266,829	-	9,200	5,727,713
Receivables					
Taxes Receivable - Current	68,580	-	-	-	68,580
Accounts Receivable	246	-	-	-	246
Notes Receivable	-	-	-	-	-
Interest Receivable	5,427	15,947	-	140	21,514
Due From Other Funds	411,016	208,885	8,935	-	628,836
Due From Other Governments	-	8,123	-	-	8,123
Prepaid Items	15,097	-	155,819	-	170,916
Restricted Assets:	-	-	-	-	-
Investments	-	-	-	30,000	30,000
Unamortized Discounts On Bonds	-	-	10,920	-	10,920
Total Assets	<u>\$ 2,009,198</u>	<u>\$ 6,864,163</u>	<u>\$ 166,739</u>	<u>\$ 39,632</u>	<u>\$ 9,079,732</u>
LIABILITIES					
Accounts Payable	\$ 34,135	\$ 38,375	\$ 200	\$ -	\$ 72,710
Contracts Payable	-	-	-	-	-
Accrued Wages	1,709	-	-	-	1,709
Notes Payable	-	-	-	-	-
Due To Other Funds	564,207	2,696,119	-	-	3,260,326
Due To Other Gov Units	-	-	-	-	-
Deferred Revenue	-	-	-	-	-
Total Liabilities	<u>600,051</u>	<u>2,734,494</u>	<u>200</u>	<u>-</u>	<u>3,334,745</u>
FUND BALANCES					
Nonspendable Fund Balance	15,097	-	155,819	-	170,916
Restricted Fund Balance	53,743	929,838	10,720	30,000	1,024,301
Committed Fund Balance	281,267	212,011	-	9,632	502,910
Assigned Fund Balance	981,440	2,987,820	-	-	3,969,260
Unassigned Fund Balance	77,600	-	-	-	77,600
Total Fund Balances	<u>1,409,147</u>	<u>4,129,669</u>	<u>166,539</u>	<u>39,632</u>	<u>5,744,987</u>
Total Liabilities and Fund Balances	<u>\$ 2,009,198</u>	<u>\$ 6,864,163</u>	<u>\$ 166,739</u>	<u>\$ 39,632</u>	<u>\$ 9,079,732</u>

City of Willmar, Minnesota
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
NonMajor Governmental Funds
For the Year Ended December 31, 2011

	Total Special Revenue Funds	Total Capital Projects Funds	Total Debt Service Funds	<u>Permanent Fund</u> Perpetual Care	Total Nonmajor Governmental Funds
REVENUES					
General Taxes	\$ -	\$ -	\$ 15,839	\$ -	\$ 15,839
Other Taxes	389,107	-	-	-	389,107
Intergovernmental	577,688	104,347	-	-	682,035
Charges for Services	12,805	-	-	-	12,805
Investment Income	33,327	77,372	-	915	111,614
Net change in fair market value	19,195	66,610	-	722	86,527
Miscellaneous Revenue	2,044	54,457	-	-	56,501
Total Revenues	<u>1,034,166</u>	<u>302,786</u>	<u>15,839</u>	<u>1,637</u>	<u>1,354,428</u>
EXPENDITURES					
Public Safety	10,957	-	-	-	10,957
Culture and Recreation	366,977	-	-	-	366,977
Economic Development	922,600	-	-	-	922,600
Debt Service					
Principal	-	-	130,000	-	130,000
Interest	-	-	53,750	-	53,750
Other Charges	-	-	31,517	-	31,517
Capital Projects	-	690,246	-	-	690,246
Total Expenditures	<u>1,300,534</u>	<u>690,246</u>	<u>215,267</u>	<u>-</u>	<u>2,206,047</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(266,368)</u>	<u>(387,460)</u>	<u>(199,428)</u>	<u>1,637</u>	<u>(851,619)</u>
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	411,016	839,384	190,435	-	1,440,835
Operating Transfers Out	<u>(564,207)</u>	<u>(1,818,875)</u>	<u>-</u>	<u>-</u>	<u>(2,383,082)</u>
Total Other Financing Sources (Uses)	<u>(153,191)</u>	<u>(979,491)</u>	<u>190,435</u>	<u>-</u>	<u>(942,247)</u>
Net Change in Fund Balances	(419,559)	(1,366,951)	(8,993)	1,637	(1,793,866)
Fund Balances - Beginning	1,828,706	5,496,620	175,532	37,995	7,538,853
Prior Period Adjustment - See Note 9	-	-	-	-	-
Fund Balances - Ending	<u>\$ 1,409,147</u>	<u>\$ 4,129,669</u>	<u>\$ 166,539</u>	<u>\$ 39,632</u>	<u>\$ 5,744,987</u>

City of Willmar, Minnesota
Combining Balance Sheet
NonMajor Governmental Funds/Special Revenue
December 31, 2011

	Economic Development Revolving Loan	Industrial Development	W.R.A.C. - 8	Convention and Visitors Bureau	Library Improvement Reserve	Public Works Reserve	Law Enforcement Forfeiture Fund	Total Special Revenue Funds
ASSETS								
Cash and Cash Equivalents	\$ 541	\$ -	\$ 1,213	\$ 204	\$ 561	\$ 886	\$ 53,743	\$ 57,148
Investments	76,779	-	524,537	226,011	209,024	415,333	-	1,451,684
Receivables								
Taxes Receivable - Current	-	-	58,131	10,449	-	-	-	68,580
Accounts Receivable	-	-	-	246	-	-	-	246
Notes Receivable	-	-	-	-	-	-	-	-
Interest Receivable	280	-	1,961	841	787	1,558	-	5,427
Due From Other Funds	-	-	-	-	-	411,016	-	411,016
Prepaid Items	-	-	1,778	13,319	-	-	-	15,097
Total Assets	<u>\$ 77,600</u>	<u>\$ -</u>	<u>\$ 587,620</u>	<u>\$ 251,070</u>	<u>\$ 210,372</u>	<u>\$ 828,793</u>	<u>\$ 53,743</u>	<u>\$ 2,009,198</u>
LIABILITIES								
Accounts Payable	\$ -	\$ -	\$ 487	\$ 33,648	\$ -	\$ -	\$ -	\$ 34,135
Accrued Wages	-	-	1,709	-	-	-	-	1,709
Due To Other Funds	-	-	361,000	9,500	-	193,707	-	564,207
Total Liabilities	<u>-</u>	<u>-</u>	<u>363,196</u>	<u>43,148</u>	<u>-</u>	<u>193,707</u>	<u>-</u>	<u>600,051</u>
FUND BALANCES								
Nonspendable Fund Balance	-	-	1,778	13,319	-	-	-	15,097
Restricted Fund Balance	-	-	-	-	-	-	53,743	53,743
Committed Fund Balance	-	-	39,701	31,194	210,372	-	-	281,267
Assigned Fund Balance	-	-	182,945	163,409	-	635,086	-	981,440
Unassigned Fund Balance	<u>77,600</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>77,600</u>
Total Fund Balances	<u>77,600</u>	<u>-</u>	<u>224,424</u>	<u>207,922</u>	<u>210,372</u>	<u>635,086</u>	<u>53,743</u>	<u>1,409,147</u>
Total Liabilities and Fund Balances	<u>\$ 77,600</u>	<u>\$ -</u>	<u>\$ 587,620</u>	<u>\$ 251,070</u>	<u>\$ 210,372</u>	<u>\$ 828,793</u>	<u>\$ 53,743</u>	<u>\$ 2,009,198</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, 2011

	Economic Development Revolving Loan	Industrial Development	W.R.A.C. - 8	Convention and Visitors Bureau	Community Development	Library Improvement Reserve	Public Works Reserve	Law Enforcement Forfeiture Fund	Total Special Revenue Funds
REVENUES									
General Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	-	230,675	158,432	-	-	-	-	389,107
Intergovernmental	-	-	-	55,088	522,600	-	-	-	577,688
Service Charges	-	-	-	-	-	-	-	12,805	12,805
Investment income	5,647	-	11,587	5,135	-	4,970	5,932	56	33,327
Fair Market Value Incr/(Decr)	(12)	-	9,430	3,678	-	3,766	2,333	-	19,195
Miscellaneous Revenue	-	-	179	1,865	-	-	-	-	2,044
Total Revenues	5,635	-	251,871	224,198	522,600	8,736	8,265	12,861	1,034,166
EXPENDITURES									
Public Safety	-	-	-	-	-	-	-	10,957	10,957
Culture and Recreation	-	-	146,526	218,427	-	2,024	-	-	366,977
Economic Development	400,000	-	-	-	522,600	-	-	-	922,600
Total Expenditures	400,000	-	146,526	218,427	522,600	2,024	-	10,957	1,300,534
Excess (Deficiency) of Revenues Over (Under) Expenditures	(394,365)	-	105,345	5,771	-	6,712	8,265	1,904	(266,368)
OTHER FIN. SOURCES (USES)									
Transfers In	-	-	-	-	-	-	411,016	-	411,016
Transfers Out	-	-	(361,000)	(9,500)	-	-	(193,707)	-	(564,207)
Total Other Fin. Sources (Uses)	-	-	(361,000)	(9,500)	-	-	217,309	-	(153,191)
Net Change in Fund Balances	(394,365)	-	(255,655)	(3,729)	-	6,712	225,574	1,904	(419,559)
Fund Balances - Beginning	471,965	-	480,079	211,651	-	203,660	409,512	51,839	1,828,706
Fund Balances - Ending	\$ 77,600	\$ -	\$ 224,424	\$ 207,922	\$ -	\$ 210,372	\$ 635,086	\$ 53,743	\$ 1,409,147

City of Willmar, Minnesota
Combining Balance Sheet
NonMajor Governmental Funds/Capital Projects
December 31, 2011

	Local Option Sales Tax	Airport Capital Project	Capital Improvement	Surface Water	Total Capital Projects Funds
ASSETS					
Cash	\$ (179,248)	\$ 2,544,558	\$ (1,240)	\$ 309	\$ 2,364,379
Investments	-	684,342	3,382,217	200,270	4,266,829
Accounts Receivable	-	-	-	-	-
Interest Receivable	-	2,556	12,638	753	15,947
Due From Other Funds	197,385	-	11,500	-	208,885
Due From Other Governments	-	8,123	-	-	8,123
Prepaid Expenses	-	-	-	-	-
Total Assets	<u>\$ 18,137</u>	<u>\$ 3,239,579</u>	<u>\$ 3,405,115</u>	<u>\$ 201,332</u>	<u>\$ 6,864,163</u>
LIABILITIES					
Accounts Payable	\$ -	\$ -	\$ 38,375	\$ -	\$ 38,375
Contracts Payable	-	-	-	-	-
Due To Other Funds	-	2,299,062	397,057	-	2,696,119
Due To Other Gov Units	-	-	-	-	-
Deferred Revenue	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>2,299,062</u>	<u>435,432</u>	<u>-</u>	<u>2,734,494</u>
FUND BALANCES					
Restricted Fund Balance	-	929,838	-	-	929,838
Committed Fund Balance	-	10,679	-	201,332	212,011
Assigned Fund Balance	<u>18,137</u>	<u>-</u>	<u>2,969,683</u>	<u>-</u>	<u>2,987,820</u>
Total Fund Balance	<u>18,137</u>	<u>940,517</u>	<u>2,969,683</u>	<u>201,332</u>	<u>4,129,669</u>
Total Liabilities/Fund Balance	<u>\$ 18,137</u>	<u>\$ 3,239,579</u>	<u>\$ 3,405,115</u>	<u>\$ 201,332</u>	<u>\$ 6,864,163</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, 2011

	Local Option Sales Tax	Airport Capital Project	Capital Improvement	Surface Water	Total Capital Project Funds
REVENUES					
Intergovernmental	\$ 96,224	\$ 8,123	\$ -	\$ -	\$ 104,347
Investment Income	-	14,583	59,624	3,165	77,372
Market Value Incr/(Decr)	-	18,342	45,847	2,421	66,610
Miscellaneous	-	-	54,457	-	54,457
Total Revenues	96,224	41,048	159,928	5,586	302,786
EXPENDITURES					
Capital/Construction Projects	29,465	961	642,124	17,696	690,246
Total Expenditures	29,465	961	642,124	17,696	690,246
Excess (Deficiency) of Revenues Over (Under) Expenditures	66,759	40,087	(482,196)	(12,110)	(387,460)
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	-	-	739,384	100,000	839,384
Operating Transfers Out	-	(1,818,875)	-	-	(1,818,875)
Total Other Financing Sources (Uses)	-	(1,818,875)	739,384	100,000	(979,491)
Net Change in Fund Balances	66,759	(1,778,788)	257,188	87,890	(1,366,951)
Fund Balance - Beginning	(48,622)	2,719,305	2,712,495	113,442	5,496,620
Prior Period Adjustment See Note 9	-	-	-	-	-
Fund Balance- Ending	\$ 18,137	\$ 940,517	\$ 2,969,683	\$ 201,332	\$ 4,129,669

City of Willmar, Minnesota
Non-Major Debt Service Funds
Combining Balance Sheets
December 31, 2011

	Airport G.O. Revenue Bond	Tax Increment Bonds	Total Debt Service Funds
ASSETS			
Cash and Cash Equivalents	\$ (8,935)	\$ -	\$ (8,935)
Due From Other Funds	8,935	-	8,935
Prepaid Expenses	155,819	-	155,819
Unamort Discount On Bonds Sold	<u>10,920</u>	<u>-</u>	<u>10,920</u>
Total Assets	<u><u>\$ 166,739</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 166,739</u></u>
LIABILITIES			
Accounts Payable	\$ 200	\$ -	\$ 200
Due To Other Funds	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>200</u>	<u>-</u>	<u>200</u>
FUND BALANCES			
Nonspendable - Prepaid Expenses	155,819	-	155,819
Restricted - Airport Debt Service	<u>10,720</u>	<u>-</u>	<u>10,720</u>
Total Fund Balances	<u>166,539</u>	<u>-</u>	<u>166,539</u>
Total Liabilities and Fund Balances	<u><u>\$ 166,739</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 166,739</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, 2011

	Airport G.O. Revenue Bond	Tax Increment Bonds	Total Debt Service Funds
REVENUES			
General Taxes			
Current Ad Valorem	\$ -	\$ 3,859	\$ 3,859
Tax Increment	-	11,980	11,980
TOTAL TAXES	-	15,839	15,839
Total Revenues	-	15,839	15,839
EXPENDITURES			
Bond Principal Payments	130,000	-	130,000
Interest Payments	53,750	-	53,750
Other Charges	6,291	25,226	31,517
Total Expenditures	190,041	25,226	215,267
Excess (Deficiency) of Revenues Over (Under) Expenditures	(190,041)	(9,387)	(199,428)
OTHER FINANCING SOURCES (USES)			
Transfers In	190,435	-	190,435
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	190,435	-	190,435
Net Change in Fund Balances	394	(9,387)	(8,993)
Fund Balances - Beginning	166,145	9,387	175,532
Fund Balances - Ending	\$ 166,539	\$ -	\$ 166,539

City of Willmar, Minnesota
Internal Service Funds
Combining Statement of Net Assets
December 31, 2011

	Office Services	Public Improve. Revolving	Total
ASSETS			
Current Assets:			
Cash And Cash Equivalents	\$ 972	\$ 952	\$ 1,924
Investments	137,621	938,684	1,076,305
Interest Receivable	508	3,501	4,009
Due From Component Unit	-	400	400
Intergovernmental Receivable	-	21,051	21,051
Due From Other Funds	-	-	-
Inventories - Merchandise For Resale	4,689	-	4,689
Amount To Be Provided	-	426,931	426,931
Total Current Assets	<u>143,790</u>	<u>1,391,519</u>	<u>1,535,309</u>
Noncurrent Assets:			
Capital Assets:			
Office Equipment	13,821	-	13,821
Less Accumulated Depreciation	<u>(10,690)</u>	<u>-</u>	<u>(10,690)</u>
Total Capital Assets (net of accumulated depreciation)	<u>3,131</u>	<u>-</u>	<u>3,131</u>
Total Assets	<u>146,921</u>	<u>1,391,519</u>	<u>1,538,440</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	529	400	929
Due To Other Funds	<u>-</u>	<u>436,931</u>	<u>436,931</u>
Total Current Liabilities	<u>529</u>	<u>437,331</u>	<u>437,860</u>
NET ASSETS			
Nonspendable Fund Balance	4,689	-	4,689
Assigned Fund Balance	138,572	954,188	1,092,760
Assigned Fund Balance-Surplus Invested In Fixed Assets	<u>3,131</u>	<u>-</u>	<u>3,131</u>
Total Net Assets	<u><u>\$ 146,392</u></u>	<u><u>\$ 954,188</u></u>	<u><u>\$ 1,100,580</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, 2011

	Office Services	Public Improve. Revolving	Total
Operating Revenues:			
Charges For Services	\$ 30,185	\$ -	\$ 30,185
Total Operating Revenues	30,185	-	30,185
Operating Expenses:			
Cost of Materials Used:			
Inventory, January 1	5,304	-	5,304
Purchases	7,669	-	7,669
Total Available	12,973	-	12,973
Inventory, December 31	(4,689)	-	(4,689)
Total Cost of Materials Used	8,284	-	8,284
Other Services And Charges	9,732	-	9,732
Depreciation	350		350
Total Operating Expenses	18,366	-	18,366
Operating Income (Loss)	11,819	-	11,819
Nonoperating Revenues (Expenses):			
Interest On Investments	2,972	22,588	25,560
Market Value Increase/(Decrease)	2,256	16,276	18,532
Capital Asset Acquisition/(Disposal)	-	-	-
Total Nonoperating Revenues	5,228	38,864	44,092
Income (Loss) Before Contributions and Transfers	17,047	38,864	55,911
Operating Transfers In	-	-	-
Operating Transfers Out	-	(10,000)	(10,000)
Change in Net Assets	17,047	28,864	45,911
Total Net Assets - Beginning	129,345	925,324	1,054,669
Total Net Assets - Ending	\$ 146,392	\$ 954,188	\$ 1,100,580

City of Willmar, Minnesota
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended December 31, 2011

	Office Services	Public Improvement Revolving	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from Charges For Services	\$ 30,185	\$ -	\$ 30,185
Payments For Purchases	(7,684)	-	(7,684)
Payments For Other Services and Charges	(9,406)	-	(9,406)
Liquidation of Liabilities	-	-	-
Net Cash Provided (Used) by Operating Activities	13,095	-	13,095
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfer from Other Funds	-	3	3
Transfer to Other Funds	-	-	-
Net Cash Used in Noncapital and Related Financing Activities	-	3	3
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Principal Payments on Long-Term Debt	-	-	-
Net Cash Used in Capital and Related Financing Activities	-	-	-
CASH FLOWS FROM INVESTING ACTIVITIES:			
Principal Collected on Loan	-	236	236
Proceeds from Sales and Maturities of Investments	-	91,000	91,000
Purchase of Investments	(16,000)	(15,000)	(31,000)
Interest and Dividends Received	2,957	23,171	26,128
Net Cash Provided (Used) from Investing Activities	(13,043)	99,407	86,364
Net Increase (Decrease) in Cash and Cash Equivalents	52	99,410	99,462
Cash and Cash Equivalents - Beginning	920	(98,458)	(97,538)
Cash and Cash Equivalents - Ending	\$ 972	\$ 952	\$ 1,924
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ 11,819	\$ -	\$ 11,819
Adjustments to Reconcile Operating Income from to Net Cash Provided (Used) by Operating Activities:			
Depreciation	350	-	350
Change in Assets and Liabilities:			
(Increase) Decrease in Due From Component Units	-	(400)	(400)
(Increase) Decrease in Inventories	615	-	615
Increase (Decrease) in Accounts Payable	311	400	711
Total Adjustments	1,276	-	1,276
Net Cash Provided (Used) by Operating Activities	\$ 13,095	\$ -	\$ 13,095

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, 2011 and 2010

	2011	2010
Governmental Funds Capital Assets:		
Land	\$ 8,450,011	\$ 8,449,733
Buildings and Structures	12,746,556	11,631,916
Furniture and Equipment	3,986,090	4,023,221
Machinery and Auto Equipment	7,167,029	6,991,139
Other Improvements	114,600,117	110,558,916
Total Governmental Funds Capital Assets	<u>\$ 146,949,803</u>	<u>\$ 141,654,925</u>
Investments in Governmental Funds Capital Assets By Source:		
General Fund	\$ 145,413,695	\$ 140,108,147
Special Revenue Fund	1,536,108	1,546,778
Capital Projects Funds	-	-
Total Governmental Funds Capital Assets	<u>\$ 146,949,803</u>	<u>\$ 141,654,925</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 of Changes By Function and Activity*
For the Fiscal Year Ended December 31, 2011

FIXED ASSETS-2011	Governmental Funds Capital Assets			Governmental Funds Capital Assets
	<u>01/01/2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>12/31/2011</u>
<u>GENERAL GOVERNMENT</u>				
Mayor & Council	\$ 24,709	\$ -	\$ -	\$ 24,709
Community Development	49,490	-	-	49,490
City Clerk-Treasurer	4,143	-	-	4,143
Assessing	14,117	-	-	14,117
Accounting	1,268	-	-	1,268
City Hall	844,031	633	-	844,664
Data Processing	525,255	31,638	29,229	527,664
Elections	86,970	-	-	86,970
Non-Departmental	164,893	-	-	164,893
Industrial Development	1,102,281	-	-	1,102,281
Total	2,817,157	32,271	29,229	2,820,199
<u>PUBLIC SAFETY</u>				
Police Dept.	819,536	71,798	147,667	743,667
Trust & Agency K-9	5,000	-	-	5,000
Fire Dept.	3,607,641	49,723	29,530	3,627,834
Public Parking	631,870	-	-	631,870
Total	5,064,047	121,521	177,197	5,008,371
<u>PUBLIC WORKS</u>				
Engineering	180,510	58,554	20,284	218,780
Public Works	101,434,275	5,523,922	1,375,783	105,582,414
Airport	23,778,170	-	-	23,778,170
Transit	1,000	-	-	1,000
Total	125,393,955	5,582,476	1,396,067	129,580,364
<u>CULTURE & RECREATION</u>				
Auditorium	507,264	-	-	507,264
Buildings & Grounds	1,132,251	25,279	279	1,157,251
Leisure Services	115,836	21,696	-	137,532
Civic Center	3,564,999	1,109,071	-	4,674,070
Community Center	492,180	-	-	492,180
Aquatic Center	2,004,839	18,175	2,170	2,020,844
WRAC-8	421,308	-	32	421,276
C.V.B.	23,189	-	10,638	12,551
Library	117,901	-	-	117,901
Total	8,379,767	1,174,221	13,119	9,540,869
GRAND TOTAL	\$ 141,654,926	\$ 6,910,489	\$ 1,615,612	\$ 146,949,803

*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, 2011

FIXED ASSETS-2011	<u>Total</u>	<u>Land</u>	<u>Buildings/ Structures</u>	<u>Furniture/ Equipment</u>	<u>Machinery/ Auto</u>	<u>Other Improvements</u>
<u>GENERAL GOVERNMENT</u>						
Mayor & Council	\$ 24,709	\$ -	\$ -	\$ 24,709	\$ -	\$ -
Community Development	49,490	9,060	-	-	39,125	1,305
City Clerk-Treasurer	4,143	-	-	4,143	-	-
Assessing	14,117	-	-	8,792	-	5,325
Accounting	1,268	-	-	1,268	-	-
City Hall	844,664	40,000	703,517	23,665	53,534	23,948
Data Processing	527,664	-	-	463,348	-	64,316
Elections	86,970	-	-	86,970	-	-
Non-Departmental	164,893	-	-	164,893	-	-
Industrial Development	1,102,281	1,102,281	-	-	-	-
Total	2,820,199	1,151,341	703,517	777,788	92,659	94,894
<u>PUBLIC SAFETY</u>						
Police Dept.	743,667	-	3,146	255,547	484,974	-
Trust & Agency K-9	5,000	-	-	5,000	-	-
Fire Dept.	3,627,834	166,936	597,603	947,123	1,864,353	51,819
Public Parking	631,870	631,870	-	-	-	-
Total	5,008,371	798,806	600,749	1,207,670	2,349,327	51,819
<u>PUBLIC WORKS</u>						
Engineering	218,780	-	-	93,300	117,354	8,126
Public Works	105,582,414	1,972,900	1,242,933	641,048	4,250,626	97,474,907
Airport	23,778,170	4,224,152	3,966,490	34,882	86,091	15,466,555
Transit	1,000	1,000	-	-	-	-
Total	129,580,364	6,198,052	5,209,423	769,230	4,454,071	112,949,588
<u>CULTURE & RECREATION</u>						
Auditorium	507,264	3,000	455,557	36,707	-	12,000
Buildings & Grounds	1,157,251	112,405	21,177	259,623	6,950	757,096
Leisure Services	137,532	-	11,660	56,481	19,294	50,097
Civic Center	4,674,070	23,572	3,697,391	251,598	239,407	462,102
Community Center	492,180	87,635	347,154	12,377	5,321	39,693
Aquatic Center	2,020,844	75,200	1,483,603	279,214	-	182,827
WRAC-8	421,276	-	99,622	321,654	-	-
C.V.B	12,551	-	-	12,551	-	-
Library	117,901	-	116,704	1,197	-	-
Total	9,540,869	301,812	6,232,868	1,231,402	270,972	1,503,815
GRAND TOTAL	\$ 146,949,803	\$ 8,450,011	\$ 12,746,557	\$ 3,986,090	\$ 7,167,029	\$ 114,600,116

*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 2002 Through 2011

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Miscellaneous</u>	<u>Culture & Recreation</u>	<u>Debt Service</u>	<u>Waste Treatment</u>	<u>Office Services</u>	<u>Public Improvement Revolv Loans</u>	<u>Total</u>
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
2010	\$ 3,207,918	\$ 4,552,433	\$ 3,133,761	\$ 4,000,966	\$ 2,167,668	\$ 2,455,304	\$ 4,854,543	\$ 22,486	\$ -	\$ 24,395,079
2011	\$ 2,917,909	\$ 4,666,965	\$ 7,367,466	\$ 665,894	\$ 2,489,029	\$ 413,242	\$ 6,952,251	\$ 18,366	\$ -	\$ 25,491,122

CITY OF WILLMAR, MINNESOTA

GOVERNMENT-WIDE REVENUES

Years 2002 through 2011

	Program Revenues	General Revenues		
Fiscal Year	Charges For Services	Taxes	Miscellaneous Revenue	Total
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	\$ 8,635,280	\$ 19,487,187
2010	\$ 5,999,445	\$ 5,531,315	\$ 9,728,257	\$ 21,259,017
2011	\$ 7,119,338	\$ 5,937,945	\$ 7,987,977	\$ 21,045,260

CITY OF WILLMAR, MINNESOTA

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION

Years 2002 Through 2011

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Miscellaneous</u>	<u>Culture & Recreation</u>	<u>Debt Service</u>	<u>Total</u>
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
2010	\$ 3,207,918	\$ 4,552,433	\$ 3,133,761	\$ 6,456,270	\$ 2,167,668	\$ -	\$ 19,518,050
2011	\$ 3,418,244	\$ 4,405,813	\$ 3,002,099	\$ 6,333,895	\$ 2,124,155	\$ -	\$ 19,284,206

CITY OF WILLMAR, MINNESOTA

GENERAL GOVERNMENTAL REVENUES BY SOURCE

Years 2002 Through 2011

<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>
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
2010	\$ 5,531,315	\$ 382,526	\$ 6,465,918	\$ 1,283,366	\$ 168,716	\$ 3,087,542	\$ 16,919,383
2011	\$ 5,937,945	\$ 297,119	\$ 6,493,563	\$ 957,293	\$ 163,098	\$ 3,995,684	\$ 17,844,702

CITY OF WILLMAR, MINNESOTA

PROPERTY TAX LEVIES AND COLLECTIONS

Years 2002 Through 2011

<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>
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%
2010	3,668,705	3,296,429	89.85%	72,658	3,369,087	91.83%	133,513	3.64%
2011	3,796,734	3,450,982	90.89%	111,257	3,562,239	93.82%	87,859	2.31%

CITY OF WILLMAR, MINNESOTA

TAX CAPACITIES AND ESTIMATED MARKET VALUE OF TAXABLE PROPERTY

YEARS 2002 THROUGH 2011

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Population (*Census)	18,903	18,903	18,903	18,903
REAL PROPERTY				
Tax Capacity	7,370,074	7,578,460	8,001,757	8,956,269
Less: Tax Increment Districts -				
Highland #91	0	0	0	0
Center City #92	0	0	0	0
Theatre & Hotel #93	0	0	0	0
Shared Health #94	0	0	0	0
Phoenix #95	13,206	13,206	12,538	12,538
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	55,024	55,024	49,722	49,722
West Central Steel #03	13,783	13,783	20,357	20,357
Coborns #04	17,477	17,477	0	0
Relco #05	12,340	12,340	12,642	12,642
Lakewood #06	4,456	4,456	4,822	4,822
JOBZ	0	0	0	0
Net Tax Capacity	7,253,788	7,462,174	7,887,152	8,856,188
Estimated Market Value	595,989,800	620,455,700	658,842,700	737,628,700
PERSONAL PROPERTY				
Tax Capacity	57,193	56,201	60,962	67,230
Estimated Market Value	3,008,600	2,961,900	3,215,100	3,527,500
TOTAL REAL AND PERSONAL PROPERTY				
Tax Capacity	7,310,981	7,518,375	7,948,114	8,923,418
Estimated Market Value	598,998,400	623,417,600	662,057,800	741,156,200
PERCENT OF TAX CAPACITY TO				
ESTIMATED MARKET VALUE	0.012205	0.01206	0.012005	0.01204
PER CAPITA VALUATION				
Tax Capacity	387	398	420	472
Estimated Market Value	31,688	32,980	35,024	39,208
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

CITY OF WILLMAR, MINNESOTA

TAX CAPACITIES AND ESTIMATED MARKET VALUE OF TAXABLE PROPERTY

YEARS 2002 THROUGH 2011

Part 2

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
18,757	18,757	18,757	18,757	19,610	19,610
9,664,031	10,947,806	12,005,028	12,526,714	12,830,579	12,975,909
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	13,697	15,031	15,031	15,031	15,031
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
15,016	15,874	27,154	0	0	0
5,414	6,262	7,382	7,834	7,834	7,834
30,260	61,393	82,927	99,310	113,205	118,210
9,600,803	10,850,580	11,872,534	12,404,539	12,694,509	12,834,834
806,284,500	904,555,700	983,810,800	1,020,849,500	1,044,367,400	1,055,031,300
90,344	104,040	110,372	112,608	113,796	129,053
4,696,500	5,396,500	5,921,300	6,095,700	6,201,500	6,969,200
9,691,147	10,954,620	11,982,906	12,517,147	12,808,305	12,963,887
810,981,000	909,952,200	989,732,100	1,026,945,200	1,050,568,900	1,062,000,500
0.01195	0.012039	0.012107	0.012189	0.012192	0.012207
517	584	639	667	653	661
43,236	48,513	52,766	54,750	53,573	54,156
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 2002 Through 2011

A 10-YEAR COMPARISON OF TAX CAPACITY RATES

<u>Year Tax Due</u>	<u>City</u>	<u>School</u>	***	<u>County</u>	<u>H.R.A.</u>	Rural Dev. Fin. <u>Auth.</u>	<u>Total</u>
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
2010	28.64	19.84		53.36	1.32	1.16	104.32
2011	29.28	19.93		55.94	1.30	1.16	107.61

*** Includes Mid Minnesota Development Commission.

CITY OF WILLMAR, MINNESOTA

TAX LEVIES

ALL OVERLAPPING GOVERNMENTS

Years 2002 Through 2011

A 10-YEAR COMPARISON OF TAX CAPACITY LEVIES

Year Tax <u>Due</u>	<u>*City</u>	<u>School</u>	Market Value <u>Ref.</u>	<u>**County</u>	<u>H.R.A.</u>	EDC/ Rural Dev. Fin. <u>Auth.</u>	<u>Total</u>
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
2010	3,663,422	2,538,124	1,807,189	6,850,914	168,577	121,253	15,149,479
2011	3,755,160	2,555,586	1,840,022	7,199,752	166,953	121,945	15,639,418

* 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, 2011

Taxpayer	Type of Business	Market Valuation Payable 2012	Total Tax
WalMart Stores, Inc.	Discount Retailer	\$ 10,515,800	\$ 373,601
Affiliated Community Health	Medical Center	10,107,800	359,007
Kandi Mall 1999, LLC	Shopping Center	9,387,000	334,500
Menard Inc.	Building Materials	9,361,200	333,576
Mills Properties, Inc.	Auto Dealership	7,008,800	245,734
Jennie-O Turkey Store, Inc.	Food Processing	5,771,300	203,810
Willmar Ten Investors	Investment Company	4,830,400	165,128
BNSF Railway Company	Railroad	4,403,200	156,226
Home Depot U.S.A., Inc.	Building Materials	4,311,300	152,939
Centerpoint Energy Minnegasco	Gas Company	4,072,900	143,136

CITY OF WILLMAR, MINNESOTA

SPECIAL ASSESSMENT COLLECTIONS

Year 2002 Through 2011

Fiscal <u>Year</u>	Current Assessments <u>Due</u>	Current Assessments <u>Collected</u>	Percent of Collections To Amount <u>Due</u>	Total Outstanding Current and Delinquent <u>Assessments</u>
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
2010	1,149,652	1,031,192	89.70%	217,417
2011	1,129,081	1,014,192	89.82%	265,294

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, 2011

Legal Debt Limit and Margin

Legal Debt Limit (2% of Estimated Market Value \$1,062,000,500)	\$ 21,240,010
Less: Outstanding Debt Subject to Limit	\$ -
Legal Debt Margin as of December 31, 2011	\$ 21,240,010

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 2011	721
Year 2010	761
Year 2009	772
Year 2008	780
Year 2007	651
Year 2006	693
Year 2005	728
Year 2004	752
Year 2003	760
Year 2002	669
Estimated Construction Costs	
Year 2011	\$ 16,002,724
Year 2010	22,520,064
Year 2009	30,922,465
Year 2008	70,002,629
Year 2007	33,722,627
Year 2006	42,379,065
Year 2005	48,732,487
Year 2004	34,723,015
Year 2003	53,373,765
Year 2002	62,334,342

*Information obtained from various Departmental Reports

CITY OF WILLMAR, MINNESOTA

MISCELLANEOUS STATISTICAL FACTS

	<u>2011</u>	<u>2010</u>
Public Safety:		
Fire Protection:		
Number of Stations	1.00	1.00
Number of Employees (Admin. & Clerical)	2.80	3.00
Number of Volunteer Firefighters	33.00	33.00
Police Protection:		
Number of Stations	1.00	1.00
Number of Employees (Admin. & Clerical)	4.00	4.00
Number of Employees (Law Enforcement Officers)	31.00	33.00
Total Number of Employees	<u>72.80</u>	<u>75.00</u>
Leisure Services:		
Number of Full-Time Employees	7	7
Number of Part-Time Employees	142	133
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	2
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	1
Number of Parks	37	37
Park Acres	310	310
Nature Areas	4	4
Parking Lots (Central Business District):		
Parking Spaces On Streets	380	380
Parking Spaces Off Streets	417	417

*Information obtained from various Departmental Reports