

COMPREHENSIVE ANNUAL FINANCIAL

REPORT OF THE

CITY OF

WILLMAR, MINNESOTA

FOR THE

YEAR ENDED

DECEMBER 31, 2013

DIVISION OF FINANCE

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

**CITY OF WILLMAR, MINNESOTA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2013**

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CITY OF WILLMAR, MINNESOTA

INTRODUCTORY SECTION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF WILLMAR, MINNESOTA

2013

CITY COUNCIL

FRANK YANISH, MAYOR

COUNCIL MEMBERS:

DENIS ANDERSON

BRUCE DEBLIECK

RON CHRISTIANSON

TIM JOHNSON

STEVE AHMANN

RICK FAGERLIE

JAMES DOKKEN

AUDREY NELSEN

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Willmar, Minnesota, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents. We did not audit the financial statements of Rice Memorial Hospital and Willmar Municipal Utilities, which represent 100 percent, respectively, of the assets, net position, and revenues of Rice Memorial Hospital and Willmar Municipal Utilities. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, in so far as it relates to the amounts included for Rice Memorial Hospital and Willmar Municipal Utilities is based on the reports of the other auditors.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Basis for Qualified Opinion on the Governmental Activities

As discussed in Note 5 to the financial statements, the City has not adopted Governmental Accounting Standards Board No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*, as it relates to its Primary Government as of and for the year ended December 31, 2013. The amount by which this departure would affect the liabilities of the governmental activities is not reasonably determinable.

Qualified Opinion

In our opinion, except for the matters described in the "Basis for Qualified Opinion on the Governmental Activities" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the City of Willmar, Minnesota, as of December 31, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unqualified Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, and the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Willmar, Minnesota, as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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 50 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 and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the

information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Willmar, Minnesota's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by 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.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2014 on our consideration of the City of Willmar, Minnesota's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Willmar, Minnesota's internal control over financial reporting and compliance.

Westberg Eischens, PLLP

WESTBERG EISCHENS, PLLP
Willmar, Minnesota
September 18, 2014

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Mayor and City Council
City of Willmar, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Willmar, Minnesota, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City of Willmar, Minnesota's basic financial statements and have issued our report thereon dated September 18, 2014. Our report was qualified for governmental activities due to the failure to adopt GASB 45 and was modified to include a reference to other auditors. Our report includes a reference to other auditors who audited the financial statements of Rice Memorial Hospital and Willmar Municipal Utilities, as described in our report on the City of Willmar, Minnesota's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of Rice Memorial Hospital were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, 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 responses as item 2008-1 to be a material weakness in internal control over financial reporting.

Compliance and Other Matters

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

City of Willmar, Minnesota's Response to Findings

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

Purpose of this Report

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

Westberg Eischens, PLLP

Westberg Eischens, PLLP
Willmar, Minnesota
September 18, 2014

INDEPENDENT AUDITOR'S REPORT ON MINNESOTA LEGAL COMPLIANCE

Mayor and City Council
City of Willmar, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the City of Willmar, Minnesota, as of and for the year ended December 31, 2013, and the related notes to the financial statements, and have issued our report thereon dated September 18, 2014.

The *Minnesota Legal Compliance Audit Guide for Political Subdivisions*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, contains seven main categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing. Our audit considered all of the listed categories except tax increment financing because the City did not have any active districts during the year.

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

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

Westberg Eischens, PLLP

Westberg Eischens, PLLP
Willmar, Minnesota
September 18, 2014

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

Mayor and City Council
City of Willmar, Minnesota

Report on Compliance for Each Major Federal Program

We have audited the City of Willmar, Minnesota's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have direct and material effect on each of City of Willmar, Minnesota's major federal programs for the year ended December 31, 2013. The City of Willmar, Minnesota's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Willmar, Minnesota's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Willmar, Minnesota's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

Opinion on Each Major Federal Programs

In our opinion, the City of Willmar, Minnesota complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

Report on Internal Control Over Compliance

Management of the City of Willmar, Minnesota, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Willmar, Minnesota's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 the City of Willmar, Minnesota's internal control over compliance.

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose

Westberg Eischens, PLLP

Westberg Eischens, PLLP
Willmar, Minnesota
September 18, 2014

**CITY OF WILLMAR, MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2013**

<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-11-0094-O-FY12	\$ 160,894
U.S. Environmental Protection Agency	Minnesota Public Facilities Authority	Capitalization Grants for Clean Water State	66.458	MPFA-09-044-R-FY13 MPFG-09-044-R-FY13	1,451,040 <u>683,205</u> 2,134,245
U.S. Department of Justice	Direct Award	Bulletproof Vest Partnership Program	16.607		<u>2,109</u>
				Total Expended	<u>\$ 2,297,248</u>

CITY OF WILLMAR
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2013

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 sub-recipients 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	\$ 160,894

NOTE 4: LOANS

CFDA 66.458 Capitalization Grants for Clean Water State Revolving Funds

Loan proceeds expended for the year ended December 31, 2013 was \$1,451,040. The loan balance outstanding at year end was \$1,451,040.

CITY OF WILLMAR, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2013

SECTION I: SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Qualified

Internal control over financial reporting:

Significant deficiency (ies) identified? X yes no

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

Noncompliance material to financial statement noted? yes X no

Federal Awards

Internal control over major programs:

Significant deficiency (ies) identified? yes X no

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

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

Any audit findings disclosed that are required to be
reported in accordance with section 510(a) of
Circular A-133?

 yes X no

Identification of major programs:

CFDA Number(s) Name of Federal Program or Cluster

66.468 Capitalization Grants for Drinking Water State Revolving Funds

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
For The Year Ended December 31, 2013

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

Officer Responsible for Ensuring CAP:

Finance Director

Planned Completion Date:

December 2014

Plan to Monitor Completion of CAP:

City Administrator

**CITY OF WILLMAR, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended December 31, 2013**

SECTION III: MAJOR FEDERAL AWARDS FINDINGS

None

SECTION IV: PRIOR YEAR FINDINGS

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

CITY OF WILLMAR, MINNESOTA

FINANCIAL SECTION - II

MANAGEMENT DISCUSSION AND ANALYSIS

CITY OF WILLMAR, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2013

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, 2013. 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 \$137,808,291 (net position). Of this amount, \$31,156,617 (in Committed and Unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designations and fiscal policies.
- The City's total net position decreased by \$1,433,009.
- The City's governmental funds reported combined ending fund balances of \$41,565,311. Of this total amount, approximately 68% is available for spending at the City's discretion.
- At the end of the current fiscal year, committed fund balance for the General Fund was \$13,447,076, or 107% of the total General Fund expenditures of \$12,622,641.

Using this Annual Report

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

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

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

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

CITY OF WILLMAR, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2013

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

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

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

The City's Most Significant Funds: Fund Financial Statements

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

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

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

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

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26-49 of this report.

Statement of Net Position

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

CITY OF WILLMAR, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2013

Table 1
Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 48,716,212	\$ 51,899,643	\$ 5,062,176	6,509,671	\$ 53,778,388	\$ 58,409,314
Net capital assets	<u>90,066,278</u>	<u>88,849,117</u>	<u>88,477,483</u>	<u>86,643,962</u>	<u>178,543,761</u>	<u>175,493,079</u>
Total Assets	<u>138,782,490</u>	<u>140,748,760</u>	<u>93,539,659</u>	<u>93,153,633</u>	<u>232,322,149</u>	<u>233,902,393</u>
Other liabilities	2,349,321	2,085,161	431,463	373,162	2,780,784	2,458,323
Long-term liabilities	<u>16,529,585</u>	<u>16,749,585</u>	<u>75,203,489</u>	<u>76,216,389</u>	<u>91,733,074</u>	<u>92,965,974</u>
Total Liabilities	<u>18,878,906</u>	<u>18,834,746</u>	<u>75,634,952</u>	<u>76,589,551</u>	<u>94,513,858</u>	<u>95,424,297</u>
Net Position						
Net Investment in						
Capital Assets	76,866,278	75,429,117	13,273,994	9,909,385	90,140,272	85,338,502
NonExpendable	-	270,637	-	-	-	270,637
Restricted	42,895,574	46,065,305	1,720,044	1,724,091	44,615,618	47,789,396
Unrestricted	<u>141,732</u>	<u>148,955</u>	<u>2,910,669</u>	<u>4,930,605</u>	<u>3,052,401</u>	<u>5,079,560</u>
Total Net Position	<u>\$119,903,584</u>	<u>\$121,914,014</u>	<u>\$ 17,904,707</u>	<u>\$ 16,564,081</u>	<u>\$137,808,291</u>	<u>\$138,478,095</u>

Governmental Activities

The net position of the City's governmental activities decreased by \$2,010,430 in 2013. The decrease was mainly due to a substantial decrease in the net fair market value of investments during 2013.

Business-Type Activities

The total net position of the City's business-type activities increased by \$1,340,626 in 2013. The increase was due to an increase in Charges for Services received in 2013 as well as Capital Grants and Contributions.

Table 2
Condensed Statement of Net Position

	Rice Memorial Hospital		Municipal Utilities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 73,085,120	\$ 71,870,921	\$ 25,868,731	\$ 24,857,514	\$ 98,953,851	\$ 96,728,435
Net capital assets	<u>61,191,059</u>	<u>59,555,458</u>	<u>29,762,948</u>	<u>30,606,341</u>	<u>90,954,007</u>	<u>90,161,799</u>
Total Assets	<u>134,276,179</u>	<u>131,426,379</u>	<u>55,631,679</u>	<u>55,463,855</u>	<u>189,907,858</u>	<u>186,890,234</u>
Current and other liabilities	14,432,528	13,576,489	3,281,961	2,496,506	17,714,489	16,072,995
Long-term liabilities	<u>54,352,691</u>	<u>51,017,612</u>	<u>8,740,690</u>	<u>9,320,712</u>	<u>63,093,381</u>	<u>60,338,324</u>
Total Liabilities	<u>68,785,219</u>	<u>64,594,101</u>	<u>12,022,651</u>	<u>11,817,218</u>	<u>80,807,870</u>	<u>76,411,319</u>
Net Position						
Net Investment in						
capital assets	13,466,891	14,503,639	22,027,948	22,316,341	35,494,839	36,819,980
NonExpendable	3,512,918	3,108,402	-	-	3,512,918	3,108,402
Restricted debt	3,909,286	3,111,685	12,366,724	11,315,451	16,276,010	14,427,136
Unrestricted	<u>44,601,865</u>	<u>46,108,552</u>	<u>9,214,356</u>	<u>10,014,846</u>	<u>53,816,221</u>	<u>56,123,398</u>
Total Net Position	<u>\$ 65,490,960</u>	<u>\$ 66,832,278</u>	<u>\$ 43,609,028</u>	<u>\$ 43,646,638</u>	<u>\$ 109,099,988</u>	<u>\$ 110,478,916</u>

CITY OF WILLMAR, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2013

Primary Government

Table 3
Condensed Statement of Activities

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues						
Program revenues:						
Charges for services	\$ 1,668,239	\$ 1,375,434	\$ 7,454,246	\$ 6,840,836	\$ 9,122,485	\$ 8,216,270
Operating grants and contributions	723,679	683,098	-	-	723,679	683,098
Capital grants and contributions	3,558,095	1,316,797	763,205	-	4,321,300	1,316,797
General revenues:						
Property and other taxes	4,551,582	6,556,909	-	-	4,551,582	6,556,909
Grants and contributions not restricted to specific program	4,224,936	4,224,936	-	-	4,224,936	4,224,936
Other	(1,257,347)	1,393,907	(319,444)	(20,728)	(1,576,791)	1,373,179
Intergovernmental	-	-	-	-	-	-
Total Revenues	13,469,184	15,551,081	7,898,007	6,820,108	21,367,191	22,371,189
Expenses						
General Government	3,807,175	3,581,101	-	-	3,807,175	3,581,101
Public works	6,342,972	7,629,637	-	-	6,342,972	7,629,637
Public safety	4,721,161	4,491,386	-	-	4,721,161	4,491,386
Social services	-	15,000	-	-	-	15,000
Culture and recreation	2,476,352	2,333,523	-	-	2,476,352	2,333,523
Economic development	38,864	46,642	-	-	38,864	46,642
Capital projects	-	-	-	-	-	-
Debt service	369,360	404,292	-	-	369,360	404,292
Office services	-	-	-	-	-	-
Waste treatment	-	-	6,734,381	6,870,154	6,734,381	6,870,154
Total Expenses	17,755,884	18,501,581	6,734,381	6,870,154	24,490,265	25,371,735
Changes in Net Position						
Before Transfers	(4,286,700)	(2,950,500)	1,163,626	(50,046)	(3,123,074)	(3,000,546)
Transfers	2,276,270	2,768,013	177,000	(420,546)	2,453,270	2,347,467
Changes in Net Position	(2,010,430)	(182,487)	1,340,626	(470,592)	(669,804)	(653,079)
Net Position, Beginning of Year	121,914,014	122,096,501	16,564,081	17,034,673	138,478,095	139,131,174
Prior period adjustment	-	-	-	-	-	-
Net Position, End of Year	\$ 119,903,584	\$ 121,914,014	\$ 17,904,707	\$ 16,564,081	\$ 137,808,291	\$ 138,478,095

CITY OF WILLMAR, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2013

Component Units

Component Units

The total net position of the City's two component units decreased by \$1,378,928 in 2013. The net position of the Municipal Utilities Commission decreased by \$37,610, and the net position of Rice Memorial Hospital decreased by \$1,341,318.

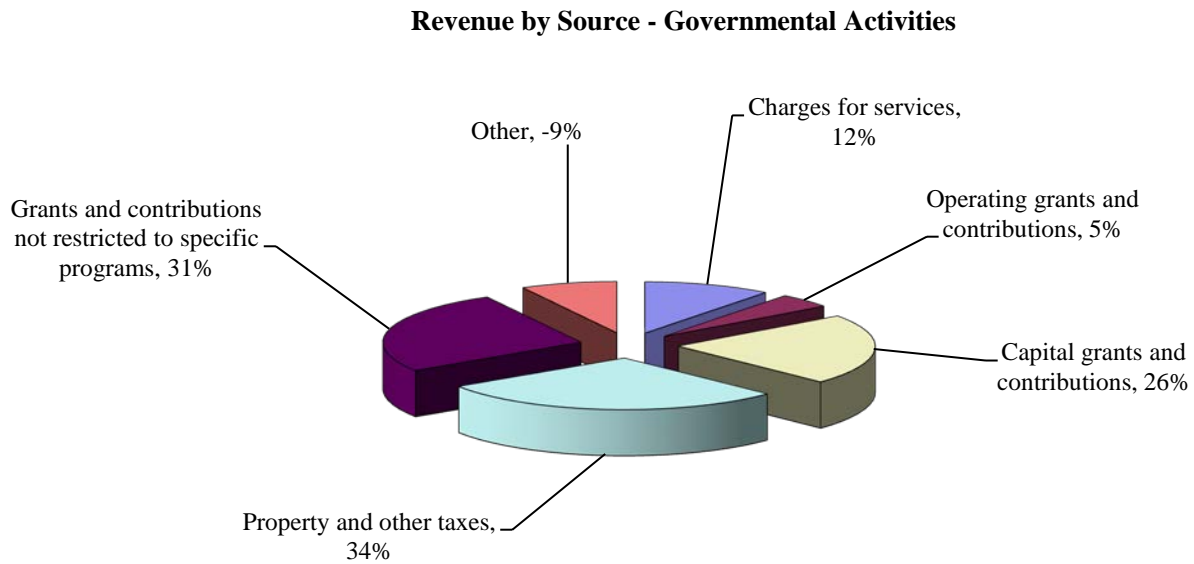
Table 4
Condensed Statement of Activities

	Rice Memorial Hospital		Municipal Utilities		Total	
	2013	2012	2013	2012	2013	2012
Revenues						
Hospital	\$ 98,722,609	\$ 101,786,611	\$ -	\$ -	\$ 98,722,609	\$ 101,786,611
Municipal Utility	-	-	29,874,919	29,703,583	29,874,919	29,703,583
Interest Earnings	1,774,647	1,565,689	(369,973)	271,490	1,404,674	1,837,179
Gain (Loss) on sale of Capital Assets	(126,163)	(8,265)	(1,007)	55,659	(127,170)	47,394
Miscellaneous	(724,227)	285,142	29,570	65,211	(694,657)	350,353
Total Revenues	<u>99,646,866</u>	<u>103,629,177</u>	<u>29,533,509</u>	<u>30,095,943</u>	<u>129,180,375</u>	<u>133,725,120</u>
Expenses						
Hospital	100,530,487	99,470,948	-	-	100,530,487	99,470,948
Municipal Utility	-	-	27,575,546	25,206,702	27,575,546	25,206,702
Total Expenses	<u>100,530,487</u>	<u>99,470,948</u>	<u>27,575,546</u>	<u>25,206,702</u>	<u>128,106,033</u>	<u>124,677,650</u>
Changes in Net Position						
Before transfers	(883,621)	4,158,229	1,957,963	4,889,241	1,074,342	9,047,470
Transfers	(457,697)	(428,646)	(1,995,573)	(1,918,820)	(2,453,270)	(2,347,466)
Changes in Net Position	(1,341,318)	3,729,583	(37,610)	2,970,421	(1,378,928)	6,700,004
Net Position, Beginning	<u>66,832,278</u>	<u>63,102,695</u>	<u>43,646,638</u>	<u>40,676,217</u>	<u>110,478,916</u>	<u>103,778,912</u>
Net Position, Ending	<u>\$ 65,490,960</u>	<u>\$ 66,832,278</u>	<u>\$ 43,609,028</u>	<u>\$ 43,646,638</u>	<u>\$ 109,099,988</u>	<u>\$ 110,478,916</u>

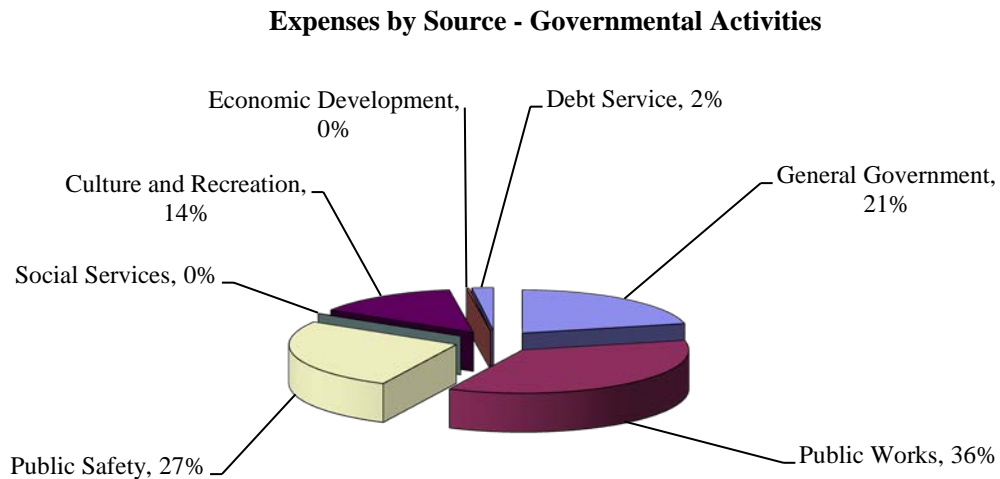
**CITY OF WILLMAR, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2013**

Governmental Activities

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



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



**CITY OF WILLMAR, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2013**

Financial Analysis of the City's Funds

General Fund –

The City's General Fund balance decreased by \$1,258,305 in 2013 which is \$128,347 more than the final budget projection which reflected a decrease of \$1,129,958. Part of the decrease is due to the substantial net decrease in fair market values of investments during 2013 and part is from additional funds transferred to capital improvements.

Debt Service Funds –

Special Assessments Bond Debt Service Fund decreased by \$41,152. The decrease was attributable to the substantial net decrease in fair market values of investments during 2013.

Special Revenue Fund –

Industrial Development Fund decreased by \$1,432,423. The decrease was partly due to the substantial net decrease in fair market values of investments during 2013 and partly due to transfers to the Waste Treatment Fund for Capital Improvements using Local Option Sales Tax Funds.

Special Revenue Fund –

Community Investment Fund decreased by \$405,380. The decrease was mainly due to the substantial net decrease in fair market values of investments during 2013.

Capital Projects Fund –

Street, Water/Sewer Capital Projects Fund decreased by \$786,750. The fund decrease was due to a decrease in special assessments and intergovernmental fund transfers.

GENERAL FUND BUDGETARY HIGHLIGHTS:

The City approved the 2013 general fund budget anticipating expenditures would exceed revenues by \$1,119,958. The main difference between the original and final budget totaling \$10,000 was mainly due to a decrease in revenues as a result of closing the Public Improvements Revolving Loan Fund at the end of 2012 from which transfers to the General Fund were budgeted for 2013.

At the end of the year, revenues were less than the final budget by \$191,798 and expenditures were less than the final budget by \$614,194. The most significant positive variance for revenues was in Licenses/Permits while the most significant negative variance was in Miscellaneous Revenues, particularly Market Value Increase/(Decrease). Positive variances in expenditures were reflected in all areas including General Government, Public Safety, Public Works, and Culture/Recreation.

CITY OF WILLMAR, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2013

Capital Assets

At the end of 2013, the Primary Government of the City of Willmar had over \$178,000,000 (net of accumulated depreciation) invested in a broad range of capital assets. In addition, the Component Units had just under \$91,000,000 (net of accumulated depreciation) invested in capital assets. Refer to Note 3.A. of the Notes to the Financial Statements for a schedule showing the City's capital asset activity.

Primary Government

Table 5
Capital Assets

	Government Activities		Business-Type Activities	
	2013	2012	2013	2012
Land and improvements	\$ 8,391,773	\$ 8,391,773	\$ 2,005,122	\$ 2,005,122
Buildings	12,857,060	12,591,921	73,197,275	73,197,275
Furniture and equipment	2,643,879	2,485,344	515,985	521,789
Machinery and auto	7,631,434	7,274,997	6,405,839	6,427,203
Other improvements	114,429,182	114,254,504	20,884,526	20,871,853
Construction in progress	8,472,582	4,331,843	4,762,465	664,001
Less: Depreciation	<u>(64,359,632)</u>	<u>(60,481,265)</u>	<u>(19,293,729)</u>	<u>(17,043,281)</u>
	<u>\$ 90,066,278</u>	<u>\$ 88,849,117</u>	<u>\$ 88,477,483</u>	<u>\$ 86,643,962</u>

Component Units

Table 6
Capital Assets

	Rice Memorial Hospital		Willmar Municipal Utilities	
	2013	2012	2013	2012
Land	\$ 2,923,000	\$ 2,923,000	\$ 1,172,481	\$ 1,172,481
Buildings	89,725,000	85,088,000	2,880,143	2,831,906
Furniture and equipment	40,439,000	41,921,000	75,796,405	75,179,053
Machinery and auto	-	-	-	-
Other improvements	1,492,000	1,502,000	-	-
Utility Plant in Service	-	-	-	-
Construction in progress	2,338,000	876,000	1,400,085	740,964
Less: Depreciation	<u>(75,726,000)</u>	<u>(72,755,000)</u>	<u>(51,486,166)</u>	<u>(49,318,063)</u>
	<u>\$ 61,191,000</u>	<u>\$ 59,555,000</u>	<u>\$ 29,762,948</u>	<u>\$ 30,606,341</u>

CITY OF WILLMAR, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2013

Long-Term Debt

At year-end, the City of Willmar's Primary Government had over \$88,400,000 in bonds outstanding and its Component Units had over \$56,600,000 in bonds outstanding. Refer to Note 3.C of the Notes to the Financial Statements for a schedule showing the City's long-term debt activity.

Primary Government

Table 7

	<u>2013</u>	<u>2012</u>	<u>Change</u>
Governmental Activities			
G.O. Special Assessment Bonds	\$ 12,080,000	\$ 12,165,000	\$ (85,000)
G.O. Revenue Bonds	1,120,000	1,255,000	(135,000)
Note Payable	-	-	-
	<u>\$ 13,200,000</u>	<u>\$ 13,420,000</u>	<u>\$ (220,000)</u>
Business-Type Activities			
G.O. Revenue Bonds	\$ 650,000	\$ 745,000	\$ (95,000)
G.O. Revenue Notes	74,553,489	75,471,389	(917,900)
	<u>\$ 75,203,489</u>	<u>\$ 76,216,389</u>	<u>\$ (1,012,900)</u>

Component Units

Table 8

	<u>2013</u>	<u>2012</u>	<u>Change</u>
Rice Memorial Hospital			
G.O. Revenue Bonds	\$ 39,500,000	\$ 40,910,000	\$ (1,410,000)
Hospital Revenue Notes	9,100,000	2,946,400	6,153,600
Promissory Note Payable	283,273	937,048	(653,775)
Capital Lease	16,069	27,509	(11,440)
Rice Home Medical Notes Payable	-	667,284	(667,284)
	<u>\$ 48,899,342</u>	<u>\$ 45,488,241</u>	<u>\$ 3,411,101</u>
Willmar Municipal Utilities			
Municipal Utility Revenue Bond 2009	\$ 7,295,000	\$ 7,715,000	\$ (420,000)
General Obligation Water Revenue Bond	440,000	575,000	(135,000)
	<u>\$ 7,735,000</u>	<u>\$ 8,290,000</u>	<u>\$ (555,000)</u>

**CITY OF WILLMAR, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2013**

Economic Factors and Next Year's Budget

In the City adopted budget for 2014, expenditures were forecast to exceed revenue by approximately \$7,068,732, of which the General Fund expenditures were forecast to exceed revenue by approximately \$1,116,167. The major difference is to be funded by using Local Option Sales Tax Fund Balances.

Contacting the City's Financial Management

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

BASIC FINANCIAL STATEMENTS

CITY OF WILLMAR, MINNESOTA
STATEMENT OF NET POSITION
December 31, 2013

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Municipal Utilities Commission	Rice Memorial Hospital
Assets					
Cash and Cash Equivalents	\$ 6,989,068	\$ 920	\$ 6,989,988	\$ 4,478,078	\$ 4,069,015
Investments	34,288,165	4,005,770	38,293,935	4,715,870	26,969,258
Investments with Trustee	-	-	-	-	-
Receivables (Net of Allow for Uncollect)					
Accounts Receivable	129,598	120,108	249,706	2,479,387	15,432,436
Accrued Interest	148,060	16,887	164,947	-	-
Taxes Receivable	5,224,723	-	5,224,723	-	-
Special Assessments	549,857	-	549,857	-	-
Notes Receivable	350,000	-	350,000	-	-
Related-Party Investments	-	-	-	-	4,208,771
Due from Component Unit	-	-	-	-	-
Due from Other Governmental Units	412,574	45,325	457,899	-	-
Internal Balances	(837,856)	837,856	-	-	-
Inventories	155,575	14,136	169,711	952,020	2,117,849
Prepaid Items	1,248,095	21,174	1,269,269	876,652	991,751
Deferred Charges					
Bond Discount Unamortized	28,353	-	28,353	-	-
Bond Refunding Escrow account	-	-	-	-	1,579,533
Restricted Assets:					
Temporarily Restricted:					
Cash and Cash Equivalents	-	-	-	-	2,379,838
Investments	-	-	-	12,366,724	11,636,544
Permanently Restricted:					-
Investments	30,000	-	30,000	-	3,560,440
Capital Assets					
Nondepreciable	16,864,355	6,767,587	23,631,942	2,572,566	5,261,059
Depreciable, net	73,201,923	81,709,896	154,911,819	27,190,382	55,930,000
Other Assets	-	-	-	-	139,685
Total Assets	\$ 138,782,490	\$ 93,539,659	\$ 232,322,149	\$ 55,631,679	\$ 134,276,179

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

CITY OF WILLMAR, MINNESOTA
STATEMENT OF NET POSITION
December 31, 2013

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Municipal Utilities Commission	Rice Memorial Hospital
<u>Liabilities</u>					
Accounts and Contracts Payable	\$ 388,124	\$ 399,944	\$ 788,068	\$ 2,498,665	\$ 3,426,648
Accrued Interest Payable	369,899	-	369,899	170,144	665,629
Due to Component Units	14,815	-	14,815	-	-
Due to Primary Government	-	-	-	613,152	-
Due to Other Governmental Units	49,993	-	49,993	-	-
Unearned Revenue	1,240,185	-	1,240,185	-	-
Accrued Compensation and Benefits	286,305	31,519	317,824	-	10,340,251
Noncurrent Liabilities					
Due within one year	2,120,000	2,544,968	4,664,968	575,000	1,730,232
Due in more than one year	14,409,585	72,658,521	87,068,106	8,165,690	52,622,459
Total Liabilities	18,878,906	75,634,952	94,513,858	12,022,651	68,785,219
<u>Net Position</u>					
Net Investment in Capital Assets	76,866,278	13,273,994	90,140,272	22,027,948	13,466,891
NonExpendable	-	-	-	-	3,512,918
Restricted	-	-	-	12,366,724	-
Capital Improvements	12,519,164	409,144	12,928,308	-	-
Construction Fund	-	-	-	-	-
Debt Service	13,690,817	-	13,690,817	-	1,714,209
Specific Operating Activities	16,685,593	1,310,900	17,996,493	-	2,195,077
Other Purposes	-	-	-	-	-
Unrestricted	141,732	2,910,669	3,052,401	9,214,356	44,601,865
Total Net Position	\$ 119,903,584	\$ 17,904,707	\$ 137,808,291	\$ 43,609,028	\$65,490,960

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, 2013

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 3,807,175	\$ 590,085	\$ -	\$ -
Public Safety	4,721,161	382,891	377,753	2,109
Public Works	6,342,972	184,265	294,065	3,395,092
Social Services	-	-	-	-
Culture and Recreation	2,476,352	495,463	51,861	-
Economic Development	38,864	15,535	-	160,894
Debt Service - interest	369,360	-	-	-
Total Governmental Activities	<u>17,755,884</u>	<u>1,668,239</u>	<u>723,679</u>	<u>3,558,095</u>
Business-Type Activities:				
Waste Treatment	<u>6,734,381</u>	<u>7,454,246</u>	<u>-</u>	<u>763,205</u>
Total Business-Type Activities	<u>6,734,381</u>	<u>7,454,246</u>	<u>-</u>	<u>763,205</u>
Total Primary Government	<u>\$ 24,490,265</u>	<u>\$ 9,122,485</u>	<u>\$ 723,679</u>	<u>\$ 4,321,300</u>
Component Units:				
Municipal Utilities	\$ 27,575,546	\$ 29,874,919	\$ -	\$ -
Rice Memorial Hospital	<u>100,530,487</u>	<u>95,858,527</u>	<u>2,609,176</u>	<u>254,906</u>
Total Component Units	<u>\$ 128,106,033</u>	<u>\$ 125,733,446</u>	<u>\$ 2,609,176</u>	<u>\$ 254,906</u>

General Revenues:

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

Transfers

Total General Revenues /Transfers

Change in Net Position

Net Position - Beginning

Prior period adjustment see Note 9

Net Position - Ending

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

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Total	Municipal Utilities Commission	Rice Memorial Hospital
\$ (3,217,090)		\$ (3,217,090)		
(3,958,408)		(3,958,408)		
(2,469,550)		(2,469,550)		
-		-		
(1,929,028)		(1,929,028)		
137,565		137,565		
(369,360)		(369,360)		
<u>(11,805,871)</u>		<u>(11,805,871)</u>		
-	\$ 1,483,070	1,483,070		
-	1,483,070	1,483,070		
<u>(11,805,871)</u>	<u>1,483,070</u>	<u>(10,322,801)</u>		
			\$ 2,299,373	\$ -
			<u>-</u>	<u>(1,807,878)</u>
			<u>2,299,373</u>	<u>(1,807,878)</u>
4,379,075	-	4,379,075	-	-
-	-	-	-	-
172,507	-	172,507	-	-
4,224,936	-	4,224,936	-	-
691,622	100,475	792,097	(369,973)	1,774,647
(2,760,383)	(416,919)	(3,177,302)	-	(724,227)
(91,574)	(3,000)	(94,574)	(1,007)	(126,163)
902,988	-	902,988	29,570	-
2,276,270	177,000	2,453,270	(1,995,573)	(457,697)
<u>9,795,441</u>	<u>(142,444)</u>	<u>9,652,997</u>	<u>(2,336,983)</u>	<u>466,560</u>
(2,010,430)	1,340,626	(669,804)	(37,610)	(1,341,318)
121,914,014	16,564,081	138,478,095	43,646,638	66,832,278
-	-	-	-	-
<u>\$ 119,903,584</u>	<u>\$ 17,904,707</u>	<u>\$ 137,808,291</u>	<u>\$ 43,609,028</u>	<u>\$ 65,490,960</u>

CITY OF WILLMAR, MINNESOTA
BALANCE SHEETS
GOVERNMENTAL FUNDS
December 31, 2013

	General	Special Assessments Bonds Debt Service	Street Water/Sewer Capital Projects
ASSETS			
Cash and Cash Equivalents	\$ 6,427,476	\$ (50,563)	\$ 647,562
Investments	7,964,264	3,885,600	655,650
Receivables (Net of Allowance for Uncollect)			
Accounts	115,777	-	9,007
NSF Payments	365	-	-
Interest	33,672	16,367	2,774
Taxes			
Current	62,219	-	-
Delinquent	119,118	-	-
Deferred	-	-	-
Assessments			
Current	-	-	-
Delinquent	-	341,825	-
Deferred	2,272	4,689,647	-
Notes	-	-	-
Due From Component Units	-	-	-
Due From Other Funds	1,836	719,929	375,141
Due From Other Governments	20,657	220,135	149,333
Inventory	152,550	-	-
Prepaid Expenses	256,753	786,270	-
Deposits	12,814	-	-
Workers Comp Deposit	-	-	-
Restricted Assets:			
Cash and Cash Equivalents	-	-	-
Investments	-	-	-
Unamortized Discount	-	22,893	-
Total Assets	\$ 15,169,773	\$ 10,632,103	\$ 1,839,467
LIABILITIES			
Accounts Payable	\$ 125,920	\$ -	\$ 16,161
Contracts Payable	9,333	-	171,663
Notes Payable	-	-	-
Accrued Wages	286,305	-	-
Deposits	6,202	-	-
Due to Component Units	-	-	-
Due to Other Funds	839,522	61,682	1,033,388
Due to Other Governments	46,062	-	-
Total Liabilities	1,313,344	61,682	1,221,212
DEFERRED INFLOWS OF REOURCES			
Unavailable Revenue	121,390	5,251,607	-
Total Deferred Inflows of Resources	121,390	5,251,607	-
FUND BALANCES			
Nonspendable Fund Balance	287,963	786,270	-
Restricted Fund Balance	-	4,532,544	-
Committed Fund Balance	13,447,076	-	618,255
Assigned Fund Balance	-	-	-
Unassigned Fund Balance	-	-	-
Total Fund Balances	13,735,039	5,318,814	618,255
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 15,169,773	\$ 10,632,103	\$ 1,839,467

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

Industrial Development Special Revenue Fund	Community Investment Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
\$ 3,140	\$ 1,749	\$ (46,340)	\$ 6,983,024
8,753,222	8,524,795	4,370,441	34,153,972
-	-	3,297	128,081
-	-	-	365
36,899	35,937	21,838	147,487
-	-	11,914	74,133
-	-	-	119,118
-	-	-	-
-	-	-	-
-	13,551	-	355,376
-	534,034	-	5,225,953
-	-	350,000	350,000
-	-	-	-
15,535	-	952,175	2,064,616
-	21,051	1,398	412,574
-	-	-	152,550
-	-	191,582	1,234,605
-	-	-	12,814
-	-	-	-
-	-	-	-
-	-	30,000	30,000
-	-	5,460	28,353
<u>\$ 8,808,796</u>	<u>\$ 9,131,117</u>	<u>\$ 5,891,765</u>	<u>\$ 51,473,021</u>
\$ 29,957	\$ -	\$ 27,260	\$ 199,298
-	-	1,398	182,394
-	-	-	-
-	-	-	286,305
-	-	-	6,202
-	14,815	-	14,815
860,300	-	107,580	2,902,472
3,931	-	-	49,993
<u>894,188</u>	<u>14,815</u>	<u>136,238</u>	<u>3,641,479</u>
-	532,770	360,464	6,266,231
-	532,770	360,464	6,266,231
-	-	221,582	1,295,815
-	7,583,532	53,478	12,169,554
7,914,608	1,000,000	5,124,277	28,104,216
-	-	-	-
-	-	(4,274)	(4,274)
<u>7,914,608</u>	<u>8,583,532</u>	<u>5,395,063</u>	<u>41,565,311</u>
<u>\$ 8,808,796</u>	<u>\$ 9,131,117</u>	<u>\$ 5,891,765</u>	<u>\$ 51,473,021</u>

City of Willmar, Minnesota
Reconciliation of Net Position in the
Government-Wide Financial Statements and Fund Balances
in the Fund Basis Financial Statements
December 31, 2013

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

Total governmental fund balances		\$ 41,565,311
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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	154,425,910	
Less: Accumulated depreciation	<u>(64,359,632)</u>	
		90,066,278

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

Delinquent property taxes	119,118	
Unavailable special assessments	4,546,464	
Due From State of Minnesota	1,398	
Notes/Interest Receivable	353,306	
Unavailable Revenue for 2014	<u>5,760</u>	
		5,026,046

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.

145,983		
Less Net Investment in Capital Assets (included above)	<u>(550)</u>	145,433

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	(13,200,000)	
Compensated absences	(3,329,585)	
Accrued interest	<u>(369,899)</u>	
		<u>(16,899,484)</u>

Net position of governmental activities		<u>\$ 119,903,584</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, 2013

	<u>General</u>	<u>Special Assessments Bonds Debt Service</u>	<u>Street Water/Sewer Capital Projects</u>
REVENUES			
General Property Taxes	\$ 4,379,075	\$ -	\$ -
Sales Tax	-	-	-
Other Taxes	-	-	-
Special Assessments	12,745	1,573,813	57,671
License and Permits	542,406	-	-
Intergovernmental	4,847,055	-	1,952,502
Charges for Services	733,932	-	-
Fines and Forfeits	153,774	-	-
Investment Income	173,577	66,925	24,309
Change in market value	(554,210)	(271,597)	(138,075)
Miscellaneous Revenues	799,612	70,549	24,452
Total Revenues	<u>11,087,966</u>	<u>1,439,690</u>	<u>1,920,859</u>
EXPENDITURES			
Current:			
General Government	3,744,641	-	-
Public Safety	4,497,748	-	-
Streets and Highways	2,528,148	-	-
Social Services	-	-	-
Culture & Recreation	1,852,104	-	-
Economic Development	-	-	-
Debt Service:			
Principal	-	1,995,000	-
Interest	-	342,596	-
Other Charges and Services	-	16,307	-
Capital Outlay	-	-	3,809,362
Total Expenditures	<u>12,622,641</u>	<u>2,353,903</u>	<u>3,809,362</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,534,675)</u>	<u>(914,213)</u>	<u>(1,888,503)</u>
OTHER FINANCING SOURCES (USES)			
Operating Transfers In	2,872,270	1,234,663	61,682
Operating Transfers Out	(2,595,900)	(361,602)	(869,929)
Bond Proceeds	-	-	1,910,000
Total Other Financing Sources (Uses)	<u>276,370</u>	<u>873,061</u>	<u>1,101,753</u>
Net Change in Fund Balances	<u>(1,258,305)</u>	<u>(41,152)</u>	<u>(786,750)</u>
Fund Balances - Beginning	<u>14,993,344</u>	<u>5,359,966</u>	<u>1,405,005</u>
Fund Balances - Ending	<u>\$ 13,735,039</u>	<u>\$ 5,318,814</u>	<u>\$ 618,255</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, 2013

Industrial Development Special Revenue Fund	Community Investment Special Revenue	Other Government Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 4,379,075
-	-	-	-
-	-	172,507	172,507
-	16,017	-	1,660,246
-	-	-	542,406
-	-	356,139	7,155,696
15,535	-	191,757	941,224
-	-	-	153,774
173,599	174,317	76,171	688,898
(722,393)	(734,494)	(328,414)	(2,749,183)
-	221	8,154	902,988
<u>(533,259)</u>	<u>(543,939)</u>	<u>476,314</u>	<u>13,847,631</u>
-	-	-	3,744,641
-	-	-	4,497,748
-	-	207,586	2,735,734
-	-	-	-
-	-	386,141	2,238,245
38,864	-	-	38,864
-	-	135,000	2,130,000
-	-	44,855	387,451
-	-	3,161	19,468
-	-	1,593,381	5,402,743
<u>38,864</u>	<u>-</u>	<u>2,370,124</u>	<u>21,194,894</u>
<u>(572,123)</u>	<u>(543,939)</u>	<u>(1,893,810)</u>	<u>(7,347,263)</u>
-	663,293	3,029,200	7,861,108
(860,300)	(524,734)	(372,373)	(5,584,838)
-	-	-	1,910,000
<u>(860,300)</u>	<u>138,559</u>	<u>2,656,827</u>	<u>4,186,270</u>
<u>(1,432,423)</u>	<u>(405,380)</u>	<u>763,017</u>	<u>(3,160,993)</u>
<u>9,347,031</u>	<u>8,988,912</u>	<u>4,632,046</u>	<u>44,726,304</u>
<u>\$ 7,914,608</u>	<u>\$ 8,583,532</u>	<u>\$ 5,395,063</u>	<u>\$ 41,565,311</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, 2013

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

Net Change in Fund Balances-Governmental Funds		\$ (3,160,993)
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	5,740,176	
Depreciation Expense	<u>(4,431,441)</u>	
		1,308,735
The net effect of various miscellaneous transactions involving		
capital assets (i.e., sales, trade-ins, and donations) is to		
increase/(decrease) net position		(91,574)
Revenues in the statement of activities that do not provide current		
financial resources are not reported as revenues in the funds		
Unavailable Revenue, December 31, 2013	5,026,046	
Unavailable Revenue, December 31, 2012	<u>(5,322,533)</u>	
		(296,487)
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, 2013	(3,329,585)	
Compensated absences, December 31, 2012	<u>3,329,585</u>	
		-
Bond proceeds provide current financial resources to governmental		
funds, but issuing debt increases long-term liabilities in the		
statement of net assets. Repayment of bond principle is an		
expenditure in the governmental fund, but the repayment		
reduces long-term liabilities in the statement of net position.		
Principle Retirement of Long-Term Debt	2,130,000	
Principle Retirement of Long-Term Debt-Notes Payable Aero	-	
Bond Proceeds	(1,910,000)	
Change in accrued interest (369,899 - 387,990)	<u>18,091</u>	
		238,091
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>(8,202)</u>
Change in Net Position-Governmental Activities		<u>\$ (2,010,430)</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, 2013

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
General Property Taxes	\$ 4,322,734	\$ 4,322,734	\$ 4,379,075	\$ 56,341
Special Assessments	-	-	12,745	12,745
License and Permits	277,730	277,730	542,406	264,676
Intergovernmental	4,789,731	4,789,731	4,847,055	57,324
Charges for Services	724,450	733,569	733,932	363
Fines and Forfeits	170,500	170,500	153,774	(16,726)
Investment Income	210,000	210,000	173,577	(36,423)
Change in market value	-	-	(554,210)	(554,210)
Miscellaneous Revenues	770,500	775,500	799,612	24,112
Total Revenues	11,265,645	11,279,764	11,087,966	(191,798)
EXPENDITURES				
General Government	3,894,285	3,899,285	3,744,641	154,644
Public Safety	4,772,060	4,772,060	4,497,748	274,312
Public Works	2,896,329	2,897,829	2,528,148	369,681
Social Services	-	-	-	-
Culture & Recreation	1,851,840	1,859,459	1,852,104	7,355
Total Expenditures	13,414,514	13,428,633	12,622,641	805,992
Excess (deficiency) of revenues over (under) expenditures	(2,148,869)	(2,148,869)	(1,534,675)	614,194
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	2,846,522	2,836,522	2,872,270	35,748
Operating Transfers Out	(1,817,611)	(1,817,611)	(2,595,900)	(778,289)
Total Other Financing Sources (Uses)	1,028,911	1,018,911	276,370	(742,541)
Net Change in Fund Balances	(1,119,958)	(1,129,958)	(1,258,305)	(128,347)
Fund Balances - Beginning	14,993,344	14,993,344	14,993,344	-
Fund Balances - Ending	\$ 13,873,386	\$ 13,863,386	\$ 13,735,039	\$ (128,347)

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

City of Willmar, Minnesota
Statement of Net Position
Proprietary Funds
December 31, 2013

	Business-Type Activities Waste Treatment Plant	Governmental Activities Internal Service Funds
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 920	\$ 6,044
Investments	4,005,770	134,193
Accounts Receivable	120,108	1,152
Interest Receivable	16,887	573
Due From Component Unit	-	-
Due From Other Governments	45,325	-
Due From Other Funds	838,000	-
Inventories	14,136	3,025
Prepaid Items	21,174	676
Restricted Cash and Investments	-	-
Amount To Be Provided	-	-
Total Current Assets	<u>5,062,320</u>	<u>145,663</u>
Noncurrent Assets		
Capital Assets:		
Nondepreciable	6,767,587	-
Depreciable	101,003,625	5,500
Less: Accumulated Depreciation	<u>(19,293,729)</u>	<u>(4,950)</u>
Net capital assets	<u>88,477,483</u>	<u>550</u>
Total Noncurrent Assets	<u>88,477,483</u>	<u>550</u>
TOTAL ASSETS	<u>93,539,803</u>	<u>146,213</u>
LIABILITIES		
Current Liabilities		
Accounts Payable	91,874	230
Contracts Payable	308,070	-
Accrued Wages	31,519	-
Due To Other Funds	144	-
Current Portion of Debt	<u>2,544,968</u>	<u>-</u>
Total Current Liabilities	<u>2,976,575</u>	<u>230</u>
Noncurrent Liabilities:		
Notes Payable	<u>72,658,521</u>	<u>-</u>
Total Noncurrent Liabilities	<u>72,658,521</u>	<u>-</u>
TOTAL LIABILITIES	<u>75,635,096</u>	<u>230</u>
NET POSITION		
Net Investment in Capital Assets	13,273,994	550
Restricted:		
Petty Cash	100	-
Inventories	-	3,025
Prepays	21,174	676
Working Capital	1,289,626	-
Capital Improvements	409,144	-
2009 Operating Budget	-	-
Unrestricted	<u>2,910,669</u>	<u>141,732</u>
TOTAL NET POSITION	<u>\$ 17,904,707</u>	<u>\$ 145,983</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 Position
Proprietary Funds
For the Year Ended December 31, 2013

	Business-Type Activities <u>Waste Treatment Plant</u>	Governmental Activities <u>Internal Service Funds</u>
Operating Revenues		
Intergovernmental	\$ 108,434	\$ -
Charges For Sales and Services:	<u>7,345,812</u>	<u>18,090</u>
Total Operating Revenues	<u>7,454,246</u>	<u>18,090</u>
Operating Expenses		
Personal Services	910,058	-
Supplies	451,636	6,389
Other Services and Charges	798,409	11,427
Depreciation	<u>2,277,449</u>	<u>-</u>
Total Operating Expenses	<u>4,437,552</u>	<u>17,816</u>
Operating Income (Loss)	3,016,694	274
Nonoperating Revenues (Expenses)		
Lift Station Tapping Fees Collected	-	-
Investment Earnings	100,475	2,724
Change in market value	(416,919)	(11,200)
Capital Asset (Disposal)/Acquisition	(3,000)	-
Interest Expense	(2,296,829)	-
Other Revenue (Expense)	<u>-</u>	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>(2,616,273)</u>	<u>(8,476)</u>
Income (Loss) Before Contributions and Transfers	400,421	(8,202)
Capital Grants - Federal	683,205	-
Capital Grants - State	80,000	-
Transfers In	838,000	-
Transfers Out	<u>(661,000)</u>	<u>-</u>
Change in Net Position	1,340,626	(8,202)
Total Net Position - Beginning	<u>16,564,081</u>	<u>154,185</u>
Total Net Position - Ending	<u>\$ 17,904,707</u>	<u>\$ 145,983</u>

City of Willmar, Minnesota
Statement of Cash Flows
Proprietary Funds
For the fiscal year ended December 31, 2013

	Business-Type Activities Waste Treatment Plant	Governmental Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from Customers and Users	\$ 7,467,216	\$ 19,464
Payments to Suppliers	(1,260,402)	(16,722)
Payments to Employees	(878,539)	-
Liquidation of Liabilities	-	-
Net Cash Provided by Operating Activities	<u>5,328,275</u>	<u>2,742</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfer from Other Funds	-	-
Transfer to Other Funds	(1,323,020)	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(1,323,020)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital Contributions	763,205	-
Purchases of Capital Assets	(4,072,782)	-
Interest Paid on Capital Debt	(2,296,829)	-
Principal Paid on Capital Debt	(2,463,940)	-
Proceeds from Debt	1,451,040	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(6,619,306)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Principal Collected On Loan	-	-
Proceeds from Sales and Maturities of Investments	1,298,000	-
Purchase of Investments	(175,000)	-
Interest Received	106,431	2,752
Net Cash Provided/(Used) by Investing Activities	<u>1,229,431</u>	<u>2,752</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,384,620)	5,494
Cash and Cash Equivalents - Beginning	1,385,540	550
Cash and Cash Equivalents - Ending	<u>\$ 920</u>	<u>\$ 6,044</u>
Classified As:		
Cash and Cash Equivalents	\$ 920	\$ 6,044
Restricted Cash	-	-
Total Cash and Cash Equivalents, End of Year	<u>\$ 920</u>	<u>\$ 6,044</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, 2013

	Business-Type Activities Waste Treatment Plant	Governmental Activities Internal Service Funds
Reconciliation of Operating Income to Net Cash Provided (Used)		
by Operating Activities:		
Operating Income	\$ 3,016,694	\$ 274
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) By		
Operating Activities:		
Depreciation	2,277,449	-
Change in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	5,693	1,374
(Increase) Decrease in Due From Other Governmental Units	7,277	-
(Increase) Decrease in Due From Component Units	-	-
(Increase) Decrease in Inventories	-	981
(Increase) Decrease in Prepaid Items	4,048	-
Increase (Decrease) in Accounts Payable	(14,405)	113
Increase (Decrease) in Contracts Payable	-	-
Increase (Decrease) in Accrued Wages	31,519	-
Increase (Decrease) in Due To Other Funds	-	-
Total Adjustments	<u>2,311,581</u>	<u>2,468</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 5,328,275</u>	<u>\$ 2,742</u>
	\$ -	
 Non Cash Transactions:		
Net Increase (Decrease) in fair value of investments	\$ (416,919)	\$ (11,200)

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, 2013

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, 2013. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the City are discussed below.

A. Financial Reporting Entity

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

1. Component Unit

a. Discretely presented component units

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

Rice Memorial Hospital

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

Willmar Municipal Utilities

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

b. Excluded: Firefighters Association

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

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

B. Basic Financial Statements

1. Government-Wide Statements

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

In the government-wide statement of net position, both the governmental and business-type activities columns: (a) are presented on a consolidated basis by column; and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net position is reported in three parts: (1) invested in capital assets, net of related debt; (2) restricted net position; and (3) unrestricted net position.

The statement of activities demonstrates the degree to which the direct expenses of each function of the City's governmental activities and its business-type activities are offset by program revenues. Direct expenses are those clearly identifiable with a specific function or activity. Program revenues include: (1) fees, fines, and charges paid by the recipients of goods, services, or privileges provided by a given function or activity; and (2) grants and contributions restricted to meeting the operational or capital requirements of a particular function or activity. Revenues not classified as program revenues, including all taxes, are presented as general revenues.

2. Fund Financial Statements

The accounts of the City are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

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

a. Governmental Funds

The City reports the following major governmental funds:

General Fund

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

Debt Service Fund - Special Assessments Bond

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

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

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
December 31, 2013

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

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

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

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

D. Assets, Liabilities, and Net Assets or Equity

1. Cash and Cash Equivalents

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

2. Deposits and Investments

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

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

3. Receivables

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

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

All receivables are shown net of an allowance for uncollectibles.

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

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

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

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

4. Prepaid Items

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

5. Capital Assets

Capital assets include property, plant, equipment, and infrastructure assets (such as roads, bridges, sidewalks, and similar items), and are reported in the applicable governmental or business-type activities column in the government-wide financial statements and in the proprietary funds. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of 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
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

6. Compensated Absences

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

7. Deferred Inflows of Resources

The statement of financial position and fund financial statements will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item which arises only under a modified accrual basis of accounting that qualifies as needing to be reported in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from the following sources: taxes, special assessments and notes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

8. Long-Term Obligations

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

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

9. Net Position/Fund Balances

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

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

Restricted net position - This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

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

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

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
December 31, 2013

B. Deficit Fund Balances

The following fund had a deficit fund balance as of December 31, 2013:

Capital Project Fund	
Airport Development	<u>\$ (1,398)</u>

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Assets

1. Deposits and Investments

Cash and cash equivalents	\$ 17,916,919
Investments	<u>101,781,542</u>
	<u>\$ 119,698,461</u>

Primary Government	
Cash and cash equivalents	\$ 6,989,988
Investments	38,293,935
Temporarily restricted cash	-
Permanently restricted investments	<u>30,000</u>
Total Primary Government	<u>\$ 45,313,923</u>

Discretely Presented Component Units

Willmar Municipal Utilities:

Cash and cash equivalents	\$ 4,478,078
Investments	4,715,870
Temporarily restricted investments	<u>12,366,724</u>
Total Willmar Municipal Utilities	<u>\$ 21,560,672</u>

Rice Memorial Hospital

Cash and cash equivalents	\$ 4,069,015
Investments	26,969,258
Related-Party Investments	4,208,771
Temporarily restricted cash	2,379,838
Temporarily restricted investments	11,636,544
Permanently restricted investments	<u>3,560,440</u>
Total Rice Memorial Hospital	<u>\$ 52,823,866</u>

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, 2013

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, 2013, the City’s deposits were entirely covered by federal depository insurance or by collateral held by the City or its agent in the City’s name.

b. Investments

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

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

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

Interest Rate Risk

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

	Fair Value	Investment Maturities in Years		
		Less than 1	1-5 Years	6-10 Years
Certificates of Deposit	\$ 2,280,490	\$ 439,936	\$ 1,606,155	\$ 234,399
Federal Farm Credit Banks	1,895,356	-	-	1,895,356
Federal Home Loan Banks	20,352,874	-	-	20,352,874
Federal Home Loan Mortgage Corporation	9,302,446	-	-	9,302,446
Federal National Mortgage Association	10,040,504	-	994,220	9,046,284
	<u>\$ 43,871,670</u>	<u>\$ 439,936</u>	<u>\$ 2,600,375</u>	<u>\$ 40,831,359</u>

Credit Risk

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

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

Custodial Credit Risk

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

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

Issuer	Amount	Percent
Morgan Stanley Smith Barney	\$ 6,822,560	16%
Multi-Bank Securities	\$ 3,685,640	8%
United Bank Services	\$ 13,694,058	31%
Wells Fargo	\$ 9,202,002	21%
Wells Fargo Advisors	\$ 10,467,409	24%

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

Concentration of Credit Risk

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

<u>Security Type</u>	<u>Amount</u>	<u>Percent</u>
Certificates of Deposit	\$ 2,280,489	5%
Federal Home Loan Banks	\$ 20,352,874	46%
Federal Home Loan Mortgage Corporation	\$ 9,302,446	21%
Federal National Mortgage Association	\$ 10,040,504	22%

2. Capital Assets

Capital asset activity for the year ended December 31, 2013, was as follows:

Governmental Activities*

	Balance January 1, 2013	Additions	Deletions	Balance December 31, 2013
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 8,391,773	\$ -	\$ -	\$ 8,391,773
Construction in progress	4,331,843	4,140,739	-	8,472,582
Total	<u>12,723,616</u>	<u>4,140,739</u>	<u>-</u>	<u>16,864,355</u>
Capital assets being depreciated				
Buildings and structures	12,591,921	265,139	-	12,857,060
Furniture and equipment	2,485,344	188,998	30,463	2,643,879
Machinery and auto	7,274,995	970,622	614,183	7,631,434
Other improvements	114,254,504	174,678	-	114,429,182
Total	<u>136,606,764</u>	<u>1,599,437</u>	<u>644,646</u>	<u>137,561,555</u>
Less accumulated depreciation for:				
Buildings	3,841,067	262,726	-	4,103,793
Furniture and equipment	1,647,586	142,704	27,417	1,762,873
Machinery and equipment	3,873,532	495,742	525,657	3,843,617
Other improvements	51,119,080	3,530,269	-	54,649,349
	<u>60,481,265</u>	<u>4,431,441</u>	<u>553,074</u>	<u>64,359,632</u>
Net property and equipment	<u>\$ 88,849,115</u>	<u>\$ 1,308,735</u>	<u>\$ 91,572</u>	<u>\$ 90,066,278</u>

* Includes internal service fund capital assets

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

2. Capital Assets (continued)

Business-Type Activities

	Balance January 1, 2013	Additions	Deletions	Balance December 31, 2013
Business-Type Activities				
Capital assets not being depreciated				
Land	\$ 2,005,122	\$ -	\$ -	\$ 2,005,122
Construction in progress	664,001	4,098,464	-	4,762,465
Total	<u>2,669,123</u>	<u>4,098,464</u>	<u>-</u>	<u>6,767,587</u>
Capital assets being depreciated				
Buildings and structures	73,197,275	-	-	73,197,275
Furniture and equipment	521,789	-	5,804	515,985
Machinery and auto	6,427,203	2,832	24,196	6,405,839
Other improvements	<u>20,871,853</u>	<u>12,673</u>	<u>-</u>	<u>20,884,526</u>
Total	101,018,120	15,505	30,000	101,003,625
Less accumulated depreciation for:				
Buildings	13,831,123	1,564,960	-	15,396,083
Furniture and equipment	356,516	18,457	5,224	369,749
Machinery and auto	973,490	305,661	21,776	1,257,375
Other improvements	<u>1,882,152</u>	<u>388,370</u>	<u>-</u>	<u>2,270,522</u>
	<u>17,043,281</u>	<u>2,277,448</u>	<u>27,000</u>	<u>19,293,729</u>
Net property and equipment	<u>\$ 86,643,962</u>	<u>\$ 1,836,521</u>	<u>\$ 3,000</u>	<u>\$ 88,477,483</u>

Component Units

	Rice Memorial Hospital		Willmar Municipal Utilities	
	2013	2012	2013	2012
Land	\$ 2,923,000	\$ 2,923,000	\$ 1,172,481	\$ 1,172,481
Buildings	89,725,000	85,088,000	2,880,143	2,831,906
Furniture and equipment	40,439,000	41,921,000	75,796,405	75,179,053
Machinery and auto	-	-	-	-
Other improvements	1,492,000	1,502,000	-	-
Utility Plant in Service	-	-	-	-
Construction in progress	2,338,059	876,458	1,400,085	740,964
Less: Depreciation	<u>(75,726,000)</u>	<u>(72,755,000)</u>	<u>(51,486,166)</u>	<u>(49,318,063)</u>
	<u>\$ 61,191,059</u>	<u>\$ 59,555,458</u>	<u>\$ 29,762,948</u>	<u>\$ 30,606,341</u>

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

2. Capital Assets (continued)

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

Governmental Activities	
General government	\$ 44,718
Public safety	223,413
Public works	3,925,203
Culture and recreation	<u>238,107</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 4,431,441</u>
Business-Type Activities	
Waste treatment	<u>\$ 2,277,449</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 2,277,449</u>

Construction Commitments

The City has active construction projects as of December 31, 2013. The projects include street improvements, airport turf runway improvements, and wastewater treatment improvements and storm water upgrades. At year end the City's commitments with contractors were as follows:

Construction Projects	Remaining Commitment
Street Projects	\$ 2,223,535
Airport Capital Project	45,925
Waste Water Treatment Plant	<u>649,641</u>
	<u>\$ 2,919,101</u>

B. Interfund Receivables, Payables and Transfers

1. Due from/Due to

Receivable fund	Payable fund	Amount
General Fund	Capital Projects - Capital Improvements	\$ 1,692
General Fund	Enterprise - Waste Treatment Plant	144
Special Revenue - Industrial Development	Special Revenue - Willmar Municipal Airport	15,535
Special Revenue - Municipal Airport	General Fund	58,933
Debt Service - Special Assessment Bonds	Capital Projects - Street, Water, Sewer	719,929
Debt Service - Airport Bond	Special Revenue - Willmar Municipal Airport	90,353
Capital Projects - Street, Water, Sewer	Capital Projects - Street, Water, Sewer	313,459
Capital Projects - Street, Water, Sewer	Debt Service - Special Assessments Bonds	61,682
Capital Projects - Airport	Special Revenue - Industrial Development	22,300
Capital Projects - Capital Improvements	General Fund	780,589
Waste Treatment	Special Revenue - Industrial Development	<u>838,000</u>
		<u>\$ 2,902,616</u>

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

2. Transfers

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

Funds transferred to		Funds transferred from	
General Fund	\$ 419,000	Special Revenue - Community Investment	\$ 10,000
		Nonmajor Special Revenue	7,500
		Capital Project - Street, Water, Sewer	150,000
		Waste Treatment	250,000
		Permanent Fund	1,500
			<u>419,000</u>
Special Revenue - Community Investment	663,293	Nonmajor Special Revenue Fund	363,373
		Special Assessments Bonds	299,920
			<u>663,293</u>
Nonmajor Special Revenue Fund	411,000	Waste Treatment	411,000
Special Assessments Bonds	1,234,663	Special Revenue - Community Investment	514,734
		Capital Projects - Street, Water, Sewer	719,929
			<u>1,234,663</u>
Capital Projects - Street, Water, Sewer	61,682	Special Assessments Bonds	61,682
Nonmajor Debt Service Fund	180,705	General Fund	180,705
Nonmajor Capital Projects	2,437,495	Special Revenue - Industrial Development	22,300
		General Fund	2,415,195
			<u>2,437,495</u>
Waste Treatment	838,000	Special Revenue - Industrial Development	838,000
Total	<u>\$ 6,245,838</u>	Total	<u>\$ 6,245,838</u>

C. Liabilities

1. Deferred Inflows of Resources

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

Deferred Inflows of Resources

Unavailable Taxes	\$ 119,118
Unavailable Special Assessments	5,786,649
Unavailable Notes Receivable	353,306
Unavailable Rental Revenue	5,760
Unavailable Intergovernmental Revenue	1,398
	<u>\$ 6,266,231</u>

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

C. Liabilities (continued)

2. Long-Term Debt

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

	Interest Rates	Date Issued	Date Matures	Original Issue	Outstanding at 12/31/2013
Primary Government					
Governmental Activities					
<u>G.O. Special Assessments</u>					
2003 Improvement Bond	2.00-4.10	2003	2014	\$ 600,000	\$ 55,000
2004 Improvement Bond	2.10-4.00	2004	2015	2,125,000	395,000
2005 Improvement Bond	3.25-3.65	2005	2016	3,675,000	1,035,000
2006 Improvement Bond	3.60-3.85	2006	2017	1,950,000	785,000
2007A Improvement Bond	3.75-4.00	2007	2018	3,285,000	1,635,000
2007B Improvement Bond	4	2007	2018	1,725,000	890,000
2008 Improvement Bond	3.00-4.00	2008	2019	1,530,000	915,000
2010 Improvement Bond	2.00-3.00	2010	2021	1,785,000	1,415,000
2011 Improvement Bond	.60-2.85	2011	2022	1,825,000	1,645,000
2012 Improvement Bond	2.00-2.25	2012	2023	1,460,000	1,400,000
2013 Improvement Bond	2.00-3.00	2013	2024	1,910,000	1,910,000
Total Special Assessment Bonds				<u>21,870,000</u>	<u>12,080,000</u>
<u>G.O. Revenue Bonds</u>					
2004 Airport Bond	2.00-4.05	2004	2020	2,100,000	1,120,000
Total G.O. Revenue Bonds				<u>2,100,000</u>	<u>1,120,000</u>
Total Governmental Activities				<u>\$ 23,970,000</u>	<u>\$ 13,200,000</u>
Business-Type Activities					
<u>G.O. Revenue Notes and Bonds</u>					
1997 Waste Treatment Note	3.13	1997	2017	\$ 4,300,000	\$ 1,084,298
2008 Waste Treatment Note	3.275	2008	2028	42,001,362	37,848,000
2008 Waste Treatment Note	0	2008	2030	7,000,000	7,000,000
2009 Waste Treatment Note	2.457	2009	2029	1,711,867	1,431,151
2009 Waste Treatment Note	3.44	2009	2038	27,663,530	25,739,000
2013 Waste Treatment Note	1.124	2013	2042	1,888,612 *	1,451,040
Total G.O. Revenue Notes				<u>84,565,371</u>	<u>74,553,489</u>
2004 Waste Treatment Bond	1.45-4.15	2004	2019	1,410,000	650,000
Total G.O. Revenue Notes and Bonds				<u>85,975,371</u>	<u>75,203,489</u>
Total Business-Type Activities				<u>\$ 85,975,371</u>	<u>\$ 75,203,489</u>
Total Primary Government				<u>\$ 109,945,371</u>	<u>\$ 88,403,489</u>

*Includes Undrawn Proceeds of \$435,772. Loan not finalized as of 12/31/13

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

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 12/31/2013</u>
Municipal Utilities					
<u>Revenue Bonds</u>					
2009 Bond	3.50-5.00	2009	2025	\$ 8,120,000	\$ 7,295,000
Total Revenue Bonds				<u>8,120,000</u>	<u>7,295,000</u>
<u>G.O. Revenue Bonds</u>					
2005 Bond	3.00-3.75	2005	2016	1,290,000	440,000
Total G.O. Revenue Bonds				<u>1,290,000</u>	<u>440,000</u>
Total Municipal Utilities				<u>\$ 9,410,000</u>	<u>\$ 7,735,000</u>
Rice Memorial Hospital					
<u>Revenue Notes</u>					
2013 Care Center	3.65-15.00	2013	2034	\$ 9,100,000	\$ 9,100,000
<u>G.O. Revenue Bonds</u>					
2012 Bond	2.00-4.00	2012	2032	40,910,000	39,500,000
<u>Notes Payable</u>					
Promissory Note	5.47	2009	2014	3,000,000	283,273
Total Notes Payable				<u>3,000,000</u>	<u>283,273</u>
<u>Lease Payable</u>					
Rice Home Medical	4.5	2010	2015	55,612	16,069
Total Rice Memorial Hospital				<u>\$ 53,065,612</u>	<u>\$ 48,899,342</u>

3. Long-Term Debt Maturities

Long-Term Debt maturities are as follows:

<u>General Obligation Special Assessments Bonds</u>		
<u>Year</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 1,980,000	\$ 329,856
2015	2,110,000	264,229
2016	1,900,000	203,055
2017	1,550,000	151,081
2018	1,350,000	107,561
2019-2023	2,995,000	205,794
2024-2028	<u>195,000</u>	<u>2,925</u>
Total	<u>\$ 12,080,000</u>	<u>\$ 1,264,501</u>

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

3. Long-Term Debt Maturities (Continued)

Long-Term Debt maturities (continued):

<u>General Obligation Revenue Bonds</u>				
Year	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	Principal	Interest	Principal	Interest
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	160,000	23,643	110,000	11,810
2018	165,000	17,466	115,000	7,309
2019-2023	355,000	14,435	120,000	2,490
Total	<u>\$ 1,120,000</u>	<u>\$ 160,004</u>	<u>\$ 650,000</u>	<u>\$ 81,113</u>

<u>General Obligation Revenue Notes</u>		
Year	<u>Business-Type Activities</u>	
	Principal	Interest
2014	\$ 2,444,968	\$ 2,192,035
2015	2,522,137	2,111,858
2016	2,625,563	2,029,151
2017	2,739,630	1,943,013
2018	2,532,000	1,855,354
2019-2023	13,940,000	7,969,300
2024-2028	25,889,000	5,061,696
2029-2033	13,190,151	1,887,040
2034-2038	7,219,000	761,411
Total	<u>\$ 73,102,449</u>	<u>\$ 25,810,858</u>

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

3. Long-Term Debt Maturities (continued)

Component Units: Year	Municipal Utilities		Rice Memorial Hospital	
	Principal	Interest	Principal	Interest
2014	\$ 575,000	\$ 339,996	\$ 1,730,232	\$ 1,564,783
2015	595,000	319,640	1,886,910	1,864,487
2016	615,000	298,338	1,939,000	1,811,050
2017	550,000	277,031	1,999,800	1,749,384
2018	575,000	255,031	2,071,300	1,677,617
2019-2023	3,285,000	860,281	11,431,500	7,311,184
2024-2028	1,540,000	116,500	13,899,000	4,837,823
2029-2033	-	-	13,288,700	2,461,880
2034-2038	-	-	652,900	97,935
Total	<u>\$ 7,735,000</u>	<u>\$ 2,466,817</u>	<u>\$ 48,899,342</u>	<u>\$ 23,376,143</u>

4. Changes in Long-Term Liabilities

	Balance 01/01/2013	Increases	Decreases	Balance 12/31/2013	Due Within One Year
Primary Government					
Governmental Activities					
G.O. Special Assessment Bonds	\$ 12,165,000	\$ 1,910,000	\$ 1,995,000	\$ 12,080,000	\$ 1,980,000
G.O. Revenue Bonds	1,255,000	-	135,000	1,120,000	140,000
Compensated Absences	3,329,585	-	-	3,329,585	-
Total Governmental Activities	16,749,585	1,910,000	2,130,000	16,529,585	2,120,000
Business-Type Activities					
G.O. Revenue Notes	75,471,389	1,451,040	2,368,940	74,553,489	2,444,968
G.O. Revenue Bonds	745,000	-	95,000	650,000	100,000
Total Business-Type Activities	76,216,389	1,451,040	2,463,940	75,203,489	2,544,968
Total Primary Government	\$ 92,965,974	\$ 3,361,040	\$ 4,593,940	\$ 91,733,074	\$ 4,664,968
Component Units					
Municipal Utilities					
Revenue Bonds	\$ 7,715,000	\$ -	\$ 420,000	\$ 7,295,000	\$ 435,000
G.O. Revenue Bonds	575,000	-	135,000	440,000	140,000
Compensated Absences	1,030,712	422,321	447,343	1,005,690	-
Total Municipal Utilities	9,320,712	422,321	1,002,343	8,740,690	575,000
Rice Memorial Hospital					
G.O. Revenue Bonds	40,910,000	-	1,410,000	39,500,000	1,435,000
Revenue Notes	2,946,400	9,100,000	2,946,400	9,100,000	-
Promissory Note Payable	937,048	-	653,775	283,273	283,267
Note Payable: Rice Home Medical	667,284	-	667,284	-	-
Capital Lease Payable	27,509	-	11,440	16,069	11,965
Total Rice Memorial Hospital	45,488,241	9,100,000	5,688,899	48,899,342	1,730,232
Total Component Units	\$ 54,808,953	\$ 9,522,321	\$ 6,691,242	\$ 57,640,032	\$ 2,305,232

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

E. Fund Balance Detail

The following is a detail of Governmental Fund Balances at December 31, 2013:

Fund	Nonspendable	Restricted	Committed	Unassigned
General Fund				
Prepays/Deposits	\$ 287,963	\$ -	\$ -	\$ -
Working Capital	-	-	4,000,000	-
Year 2013	-	-	645,116	-
Year 2014	-	-	1,118,117	-
Retirees Insurance	-	-	223,540	-
Self-Insurance	-	-	1,000,000	-
Petty Cash	-	-	2,250	-
Public Works Blacktop	-	-	200,000	-
Uncompensated Absences-Regular	-	-	1,678,271	-
Uncompensated Absences-Overtime	-	-	1,376,588	-
Uncompensated Absences-Part Time	-	-	274,726	-
WRAC-8	-	-	328,468	-
Next Year's Budget	-	-	1,300,000	-
Current Year Emergency	-	-	1,300,000	-
Special Revenue Funds				
Industrial Development	-	-	6,236,423	-
Industrial Development-CP Airport	-	-	17,110	-
Industrial Development-Western Coll.	-	-	1,661,075	-
CVB-Prepays	23,574	-	-	-
CVB	-	-	160,790	-
CVB-Petty Cash	-	-	50	-
Willmar Municipal Airport	6,762	-	7,064	-
Library Improvement Reserve	-	-	156,864	-
Community Investment	-	7,583,532	-	-
Community Investment-PIR	-	-	1,000,000	-
Public Works Reserve	-	-	811,811	-
Law Enforcement Forfeiture Fund	-	48,031	-	-
Debt Service Funds				
Special Assessments Funds	786,270	4,532,544	-	-
Nonmajor Airport Debt Service	161,246	-	-	(2,876)
Capital Projects Funds				
Street Projects	-	-	618,255	-
Nonmajor Surface Water C.P.	-	-	207,915	-
Nonmajor Airport Development C.P.	-	-	-	(1,398)
Nonmajor Capital Improvements	-	-	-	-
Stormwater	-	-	213,545	-
Year 2011	-	-	55,284	-
Year 2012	-	-	544,159	-
Year 2013	-	-	1,302,313	-
Year 2014	-	-	1,301,489	-
Year 2015	-	-	292,278	-
WRAC-8	-	-	65,215	-
CVB	-	-	5,500	-
Permanent Funds	30,000	5,447	-	-
Totals	\$ 1,295,815	\$ 12,169,554	\$ 28,104,216	\$ (4,274)

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

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 9.60 and 6.25 percent, respectively, of their annual

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 4 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

B. Funding Policy (Continued)

covered salary in 2013. Public Employees Police and Fire Fund members were required to contribute 9.60 percent of their annual covered salary in 2013. Contribution rates will remain the same in 2014 for PERA Basic Plan members and Coordinated Plan members and will increase to 10.20 percent for Police and Fire Fund members.

The City is required to contribute the following percentages of annual covered payroll in 2013 and 2014:

	<u>2013</u>	<u>2014</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 %	15.30 %

The City's contributions for the years ending December 31, 2013, 2012, and 2011, for the Public Employees Retirement Fund and the Public Employees Police and Fire Fund were:

	<u>Public Employees Retirement Fund</u>	<u>Public Employees Police & Fire Fund</u>
2013	\$ 254,567	\$ 313,775
2012	\$ 265,151	\$ 299,939
2011	\$ 275,657	\$ 302,287

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, 2012, the City had not adopted Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* (OPEB) as it relates to the Primary Government. This Statement establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers.

Component Units

Willmar Municipal Utilities

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

Rice Memorial Hospital

As of December 31, 2008 the Hospital implemented the requirements of Governmental Accounting Standards Board (GASB) No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions*. Qualified employees may choose to participate in the Hospital's insurance plan after retirement, with no contribution from the Hospital. The Hospital provides these benefits to retirees as required by Minnesota

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 5 OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Component Units/Rice Memorial Hospital (Continued)

Statute 471.61 subdivision 2b. As of December 31, 2012, and 2011, there were approximately 28 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, 2013, and 2012, the amount actually contributed to the insurance plan, and changes in the Hospital's net OPEB obligation.

	<u>2013</u>	<u>2012</u>
Net OPEB, Beginning of Year	\$ 1,118,230	\$ 934,271
Activity During the Year:		
Annual Required Contribution (ARC)	313,429	304,358
Interest on Net OPEB Obligation	44,729	37,371
Adjustments to ARC	(64,667)	(54,029)
Contributions during the fiscal year	<u>(139,365)</u>	<u>(103,741)</u>
Increase in Net OPEB Obligation	<u>154,126</u>	<u>183,959</u>
Net OPEB, End of the Year	<u><u>\$ 1,272,356</u></u>	<u><u>\$ 1,118,230</u></u>

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

	<u>OPEB Cost</u>	<u>Contribution</u>	<u>Contribution</u>	<u>Obligation</u>
12/31/2011	\$ 422,333	\$ 150,442	35.62%	\$ 934,271
12/31/2012	\$ 287,700	\$ 103,741	36.06%	\$ 1,118,230
12/31/2013	\$ 293,491	\$ 139,365	47.49%	\$ 1,272,356

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 28 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, 2012

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, 2012. The following is a summary of the funding status at January 1, 2012, the most recent actuarial valuation date:

Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
\$ -	\$ 2,338,281	\$ 2,338,281	0.00%	\$ 35,774,003	6.50%

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:

2014	\$ 175,000
2015	175,000
2016	175,000
2018	175,000
2018	175,000
2019-2020	<u>350,000</u>
	<u>\$ 1,225,000</u>

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

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 SUBSEQUENT EVENTS

In preparing these financial statements, the City of Willmar, Minnesota, has evaluated events and transactions for the potential recognition or disclosure through September 18, 2014, the date the financial statements were available to be issued.

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, 2013

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
GENERAL PROPERTY TAXES				
Current Ad Valorem	\$ 3,992,734	\$ 3,992,734	\$ 4,089,457	\$ 96,723
Delinquent Ad Valorem	100,000	100,000	38,138	(61,862)
Franchise Fees	230,000	230,000	251,480	21,480
TOTAL TAXES	4,322,734	4,322,734	4,379,075	56,341
LICENSES/PERMITS				
Business License/Permit	54,880	54,880	54,817	(63)
Non-Business License/Permit	222,850	222,850	487,589	264,739
TOTAL LICENSES & PERMITS	277,730	277,730	542,406	264,676
INTERGOVERNMENTAL				
FEDERAL GOVERNMENT				
Federal Grant	-	-	2,609	2,609
STATE GRANTS				
Local Government Aid	4,052,790	4,052,790	4,052,790	-
Police Department Aid	222,000	222,000	213,534	(8,466)
P.E.R.A. Aid	172,146	172,146	172,146	-
Airport Aid	-	-	-	-
State Grant	-	-	8,917	8,917
MFG Home HACA	-	-	-	-
Fire Department Aid	-	-	-	-
Shared Highway User Tax	200,000	200,000	237,962	37,962
Local Performance Aid	-	-	-	-
COUNTY GRANTS				
Kandiyohi County Highways	3,795	3,795	3,795	-
Kandiyohi County	-	-	16,302	16,302
SCHOOL DISTRICT #347				
School Liaison Officer	139,000	139,000	139,000	-
Contributions/Donations	-	-	-	-
TOTAL INTERGOVERNMENTAL	4,789,731	4,789,731	4,847,055	57,324
SERVICE CHARGES				
General Government	16,070	16,070	16,844	774
Public Safety	205,350	205,350	209,486	4,136
Buildings & Grounds	19,000	19,000	18,422	(578)
Civic Center	273,700	273,700	290,611	16,911
Leisure Services	160,500	168,119	171,656	3,537
Highways & Streets	12,600	14,100	14,038	(62)
Community Center	13,000	13,000	12,875	(125)
Transportation (Airport)	24,230	24,230	-	(24,230)
TOTAL SERVICE CHARGES	724,450	733,569	733,932	363
FINES AND FORFEITS				
Other Fines and Forfeits	-	-	-	-
Court Fines	125,000	125,000	100,646	(24,354)
Parking Violations	20,000	20,000	18,992	(1,008)
Impounding Fees	25,500	25,500	34,136	8,636
TOTAL FINES & FORFEITS	170,500	170,500	153,774	(16,726)
SPECIAL ASSESSMENTS				
Special Assessments	-	-	12,745	12,745
TOTAL SPECIAL ASSESSMENTS	-	-	12,745	12,745

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, 2013

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES (Con't)				
MISCELLANEOUS REVENUE				
Miscellaneous	118,000	123,000	53,921	(69,079)
Interest Earnings	210,000	210,000	173,577	(36,423)
Sale of Fixed Assets	50,000	50,000	52,168	2,168
Sale of Materials	50,000	50,000	67,870	17,870
Contributions/Donations	-	-	5,000	5,000
City Auditorium Rents	2,500	2,500	8,208	5,708
Other Rents	10,000	10,000	1	(9,999)
Market Value Increase/(Decrease)	-	-	(554,210)	(554,210)
Insurance Reimbursements	240,000	240,000	235,442	(4,558)
Insurance Pass Through	300,000	300,000	377,002	77,002
Restitution	-	-	-	-
TOTAL MISCELLANEOUS	980,500	985,500	418,979	(566,521)
 TOTAL REVENUE	 11,265,645	 11,279,764	 11,087,966	 (191,798)
EXPENDITURES				
GENERAL GOVERNMENT				
City Administrator				
Personal Services	266,201	266,201	263,573	2,628
Supplies	1,500	1,500	684	816
Other Services & Charges	5,000	5,000	6,239	(1,239)
Total	272,701	272,701	270,496	2,205
Mayor and Council				
Personal Services	79,150	79,150	77,560	1,590
Supplies	13,650	13,650	11,481	2,169
Other Services & Charges	111,815	116,815	125,757	(8,942)
Total	204,615	209,615	214,798	(5,183)
Planning & Development				
Personal Services	446,812	446,812	445,319	1,493
Supplies	11,150	11,150	6,308	4,842
Other Services & Charges	24,450	24,450	36,955	(12,505)
Total	482,412	482,412	488,582	(6,170)
City Clerk/Treasurer				
Personal Services	195,694	195,694	194,590	1,104
Supplies	6,350	6,350	5,321	1,029
Other Services & Charges	5,950	5,950	5,926	24
Total	207,994	207,994	205,837	2,157
Assessing				
Personal Services	261,315	261,315	210,094	51,221
Supplies	3,585	3,585	4,805	(1,220)
Other Services & Charges	10,050	10,050	10,934	(884)
Total	274,950	274,950	225,833	49,117
Accounting				
Personal Services	351,182	351,182	304,382	46,800
Supplies	5,750	5,750	5,154	596
Other Services & Charges	30,100	30,100	27,823	2,277
Total	387,032	387,032	337,359	49,673

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, 2013

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (Con't)				
GENERAL GOVERNMENT (Con't)				
Legal				
Personal Services	-	-	212	(212)
Supplies	-	-	-	-
Other Services & Charges	216,000	216,000	263,222	(47,222)
Total	216,000	216,000	263,434	(47,434)
City Hall				
Personal Services	53,156	53,156	47,146	6,010
Supplies	14,298	14,298	21,315	(7,017)
Other Services & Charges	77,800	77,800	52,739	25,061
Total	145,254	145,254	121,200	24,054
Information Technology				
Personal Services	293,674	293,674	274,369	19,305
Supplies	49,749	49,749	41,084	8,665
Other Services & Charges	82,107	82,107	68,310	13,797
Total	425,530	425,530	383,763	41,767
Cultural Diversity				
Other Services & Charges	-	-	-	-
Total	-	-	-	-
Elections & Voters Registration				
Personal Services	14,357	14,357	12,409	1,948
Supplies	-	-	50	(50)
Other Services & Charges	8,340	8,340	8,680	(340)
Total	22,697	22,697	21,139	1,558
Non-Departmental Expenses				
Personal Services	78,000	78,000	-	78,000
Supplies	100	100	8	92
Other Charges/Services	232,000	232,000	439,202	(207,202)
Insurances	50,000	50,000	25,378	24,622
Labor Negotiator	-	-	-	-
Severance	-	-	649	(649)
Deferred Compensation	-	-	-	-
Re-Employment Insurance	5,000	5,000	2,733	2,267
Retired Employees Insurance	240,000	240,000	118,200	121,800
Insurance Pass Through	300,000	300,000	394,331	(94,331)
Downtown Items	-	-	-	-
Workers Comp Self Insurance	-	-	-	-
Insurance Deductible	150,000	150,000	8,603	141,397
Refunds Paid	200,000	200,000	223,096	(23,096)
Total	1,255,100	1,255,100	1,212,200	42,900
TOTAL GENERAL GOVERNMENT	3,894,285	3,899,285	3,744,641	154,644
PUBLIC SAFETY				
Police Department				
Personal Services	3,451,875	3,451,875	3,340,626	111,249
Supplies	268,460	268,460	178,055	90,405
Other Services & Charges	163,295	163,295	123,626	39,669
Debt Redemption	228,000	228,000	226,308	1,692
Total	4,111,630	4,111,630	3,868,615	243,015

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, 2013

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (Con't)				
PUBLIC SAFETY (Con't)				
Fire Department				
Personal Services	465,440	465,440	404,470	60,970
Supplies	82,100	82,100	101,811	(19,711)
Other Services & Charges	97,890	97,890	77,862	20,028
Total	645,430	645,430	584,143	61,287
Non-Departmental Expenses				
Personal Services	-	-	41,647	(41,647)
Civil Defense	5,000	5,000	2,608	2,392
Safety Program	10,000	10,000	(765)	10,765
Refunds Paid	-	-	1,500	(1,500)
Total	15,000	15,000	44,990	(29,990)
TOTAL PUBLIC SAFETY	4,772,060	4,772,060	4,497,748	274,312
PUBLIC WORKS				
Engineering				
Personal Services	407,396	407,396	215,350	192,046
Supplies	9,742	9,742	8,718	1,024
Other Services & Charges	79,800	79,800	57,080	22,720
Total	496,938	496,938	281,148	215,790
Public Works				
Personal Services	1,584,533	1,584,533	1,550,313	34,220
Supplies	542,458	542,458	425,824	116,634
Other Services & Charges	257,400	258,900	256,990	1,910
Total	2,384,391	2,385,891	2,233,127	152,764
Transit				
Other Services & Charges	13,000	13,000	13,000	-
Total	13,000	13,000	13,000	-
Non-Departmental Expenses				
Other Services & Charges	2,000	2,000	873	1,127
Total	2,000	2,000	873	1,127
TOTAL PUBLIC WORKS	2,896,329	2,897,829	2,528,148	369,681
NON-DEPARTMENTAL EXPENSES				
Social Services				
Meals on Wheels	-	-	-	-
TOTAL NON-DEPARTMENTAL EXPENSE	-	-	-	-
CULTURE & RECREATION				
Library				
Other Services & Charges	469,173	469,173	500,988	(31,815)
Total	469,173	469,173	500,988	(31,815)
Auditorium				
Personal Services	-	-	975	(975)
Supplies	9,600	9,600	11,193	(1,593)
Other Services & Charges	37,900	37,900	32,178	5,722
Total	47,500	47,500	44,346	3,154

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, 2013

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (Con't)				
CULTURE & RECREATION (Con't)				
Non-Department Expenses				
Civic Promotion	110,500	110,500	98,718	11,782
Total	110,500	110,500	98,718	11,782
Leisure Services				
Personal Services	153,270	159,694	164,301	(4,607)
Supplies	17,750	17,945	15,765	2,180
Other Services & Charges	156,031	157,031	149,391	7,640
Total	327,051	334,670	329,457	5,213
Civic Center - Ice Arena				
Personal Services	321,272	321,272	323,726	(2,454)
Supplies	73,993	73,993	84,095	(10,102)
Other Services & Charges	169,440	169,440	165,513	3,927
Refunds Paid	-	-	1,120	(1,120)
Total	564,705	564,705	574,454	(9,749)
Community Center				
Personal Services	66,287	66,287	62,191	4,096
Supplies	11,500	11,500	16,573	(5,073)
Other Services & Charges	55,455	55,455	42,297	13,158
Total	133,242	133,242	121,061	12,181
Aquatics Center				
Personal Services	125,489	125,489	123,763	1,726
Supplies	40,350	40,350	32,745	7,605
Other Services & Charges	33,830	33,830	26,572	7,258
Total	199,669	199,669	183,080	16,589
TOTAL CULTURE & RECREATION	1,851,840	1,859,459	1,852,104	7,355
TOTAL EXPENDITURES	13,414,514	13,428,633	12,622,641	805,992
Excess of Revenues Over Expenditures	(2,148,869)	(2,148,869)	(1,534,675)	614,194
OTHER FINANCING SOURCES (USES)				
Transfers In	2,846,522	2,836,522	2,872,270	35,748
Transfers Out	(1,817,611)	(1,817,611)	(2,595,900)	(778,289)
Total Other Financing Sources (Uses)	1,028,911	1,018,911	276,370	(742,541)
Net Change in Fund Balances	(1,119,958)	(1,129,958)	(1,258,305)	(128,347)
Fund Balances - Beginning	14,993,344	14,993,344	14,993,344	-
Fund Balances - Ending	\$ 13,873,386	\$ 13,863,386	\$ 13,735,039	\$ (128,347)

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, 2013

	Budget Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Miscellaneous Revenue				
Sale of Fixed Assets	\$ -	\$ -	\$ -	\$ -
Rental of Land	-	-	15,535	15,535
Interest Earnings	-	-	173,599	173,599
Market Value Incr/(Decr)	-	-	(722,393)	(722,393)
Total Revenues	-	-	(533,259)	(533,259)
EXPENDITURES				
Other Services/Charges	-	-	38,864	(38,864)
Capital Outlay	4,000,000	4,000,000	-	4,000,000
Total Expenditures	4,000,000	4,000,000	38,864	3,961,136
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,000,000)	(4,000,000)	(572,123)	3,427,877
OTHER FINANCING SOURCES (USES)				
Transfer In	-	-	-	-
Transfer Out - C.P. Airport	-	-	(22,300)	(22,300)
Transfer Out - C.P. Waste Treatment	-	(838,000)	(838,000)	-
Total Other Financing Sources (Uses)	-	(838,000)	(860,300)	(22,300)
Net Change in Fund Balances	(4,000,000)	(4,838,000)	(1,432,423)	3,405,577
Fund Balance - Beginning	9,329,921	9,329,921	9,347,031	17,110
Fund Balance - Ending	\$ 5,329,921	\$ 4,491,921	\$ 7,914,608	\$ 3,422,687

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, 2013

	Budget Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
General Taxes				
Hotel-Motel Tax	\$ 152,000	\$ 152,000	\$ 172,507	\$ 20,507
Intergovernmental				
State Tourism Grant	3,000	3,000	2,975	(25)
Kandiyohi County Camping Fees	14,500	14,500	14,886	386
Kandiyohi County Phone Reimb	1,000	1,000	-	(1,000)
Kandiyohi County Tourism Partner.	34,000	34,000	34,000	-
Total Intergovernmental	52,500	52,500	51,861	(639)
Service Charges	4,000	4,000	1,899	(2,101)
Miscellaneous Revenue				
Interest Earnings	6,000	6,000	3,523	(2,477)
Market Value Increase/(Decrease)	-	-	(14,830)	(14,830)
Miscellaneous	-	-	3,184	3,184
Total Miscellaneous Revenue	6,000	6,000	(8,123)	(14,123)
Total Revenue	214,500	214,500	218,144	3,644
EXPENDITURES				
Personal Services	103,740	103,740	91,630	12,110
Supplies	7,900	7,900	6,525	1,375
Other Services and Charges	25,055	25,055	24,492	563
Tourism	34,000	34,000	36,784	(2,784)
Ad Development	250	250	-	250
Conference & Convention	21,000	21,000	18,602	2,398
Group Tour Promotions	2,000	2,000	1,511	489
Leisure Travel	25,000	25,000	19,922	5,078
Fall/Winter Promotions	6,000	6,000	5,508	492
Refunds & Reimbursements	-	-	-	-
Special Projects	7,000	7,000	4,375	2,625
Strategic Marketing	6,000	6,000	5,038	962
Total Expenditures	237,945	237,945	214,387	23,558
Excess (Deficiency) of Revenues Over (Under) Expenditures	(23,445)	(23,445)	3,757	27,202
OTHER FINANCING SOURCES (USES)				
Transfers Out - General	(7,500)	(7,500)	(7,500)	-
Transfers Out - Capital Improvement	-	-	-	-
Total Other Financing Sources (Uses)	(7,500)	(7,500)	(7,500)	-
Net Change in Fund Balances	(30,945)	(30,945)	(3,743)	27,202
Fund Balance - Beginning	188,157	188,157	188,157	-
Fund Balance - Ending	\$ 157,212	\$ 157,212	\$ 184,414	\$ 27,202

See notes to required supplementary information.

City of Willmar, Minnesota
Community Development Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2013

	Budget Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental				
Federal Grants	\$ -	\$ -	\$ 160,894	\$ 160,894
State Grants	-	-	-	-
Total Intergovernmental	-	-	160,894	160,894
Miscellaneous Revenue	-	-	-	-
Total Revenue	-	-	160,894	160,894
EXPENDITURES				
Other Services/Charges	-	-	160,894	(160,894)
Total Expenditures	-	-	160,894	(160,894)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
Net Change in Fund Balances	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -

See notes to required supplementary information.

City of Willmar, Minnesota
Willmar Municipal Airport Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2013

	Budget Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental				
State Airport Aid	51,636	51,636	51,636	-
Kandiyohi County	-	-	172	172
Kandiyohi County Phone Reimb	-	-	-	-
Kandiyohi County Tourism Partner.	-	-	-	-
Total Intergovernmental	51,636	51,636	51,808	172
Service Charges				
Rental Income	169,205	169,205	158,428	(10,777)
Fuel Sales	7,000	7,000	11,799	4,799
	176,205	176,205	170,227	(5,978)
Miscellaneous Revenue				
Interest Earnings	-	-	240	240
Market Value Increase/(Decrease)	-	-	(1,034)	(1,034)
Miscellaneous	180,705	180,705	170	(180,535)
Total Miscellaneous Revenue	180,705	180,705	(624)	(181,329)
Total Revenue	408,546	408,546	221,411	(187,135)
EXPENDITURES				
Personal Services	-	-	1,879	(1,879)
Supplies	10,900	10,900	6,059	4,841
Other Services and Charges	212,646	262,646	199,647	62,999
Total Expenditures	223,546	273,546	207,585	65,961
Excess (Deficiency) of Revenues Over (Under) Expenditures	185,000	135,000	13,826	(121,174)
OTHER FINANCING SOURCES (USES)				
Transfers In - General Fund	-	-	-	-
Transfers Out - Capital Improvement	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	185,000	135,000	13,826	(121,174)
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ 185,000	\$ 135,000	\$ 13,826	\$ (121,174)

See notes to required supplementary information.

City of Willmar, Minnesota
Library Improvement Reserve Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2013

	Budget Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Miscellaneous Revenue				
Interest Earnings	\$ -	\$ -	\$ 3,228	\$ 3,228
Market Value Incr/(Decr)	-	-	(13,456)	(13,456)
Total Revenues	-	-	(10,228)	(10,228)
EXPENDITURES				
Supplies	-	-	-	-
Capital Outlay	-	-	10,860	(10,860)
Total Expenditures	-	-	10,860	(10,860)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(21,088)	(21,088)
Net Change in Fund Balances	-	-	(21,088)	(21,088)
Fund Balance - Beginning	177,952	177,952	177,952	-
Fund Balance - Ending	\$ 177,952	\$ 177,952	\$ 156,864	\$ (21,088)

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, 2013

	Budget Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Special Assessments	\$ -	\$ -	\$ 16,017	\$ 16,017
Miscellaneous Revenue				
Interest Earnings	151,361	159,361	174,317	14,956
Market Value Increase (Decrease)	-	-	(734,494)	(734,494)
Miscellaneous	-	-	221	221
Total Revenues	151,361	159,361	(543,939)	(703,300)
EXPENDITURES				
Other Charges	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	151,361	159,361	(543,939)	(703,300)
OTHER FINANCING SOURCES (USES)				
Transfers In	363,373	363,373	663,293	299,920
Transfers Out	(514,734)	(524,734)	(524,734)	-
Total Other Financing Sources (Uses)	(151,361)	(161,361)	138,559	299,920
Net Change in Fund Balances	-	(2,000)	(405,380)	(403,380)
Fund Balance - Beginning	8,988,912	8,988,912	8,988,912	-
Fund Balance - Ending	\$ 8,988,912	\$ 8,986,912	\$ 8,583,532	\$ (403,380)

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, 2013

	Budget Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Miscellaneous Revenue				
Interest Earnings	\$ 13,800	\$ 13,800	\$ 15,213	\$ 1,413
Market Value Incr/(Decr)	-	-	(65,046)	(65,046)
Miscellaneous	-	-	-	-
Total Revenues	13,800	13,800	(49,833)	(63,633)
EXPENDITURES				
Other Charges	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	13,800	13,800	(49,833)	(63,633)
OTHER FINANCING SOURCES (USES)				
Transfers In	411,000	411,000	411,000	-
Transfers Out	(363,373)	(363,373)	(363,373)	-
Total Other Financing Sources (Uses)	47,627	47,627	47,627	-
Net Change in Fund Balances	61,427	61,427	(2,206)	(63,633)
Fund Balance - Beginning	814,016	814,016	814,017	1
Fund Balance - Ending	\$ 875,443	\$ 875,443	\$ 811,811	\$ (63,632)

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, 2013

	Budget Amounts			Over (Under)
	Original	Final	Actual	Final Budget
REVENUES				
Special Assessments				
Special Assessments	\$ 1,027,023	\$ 1,027,023	\$ 1,573,813	\$ 546,790
Miscellaneous Revenue				
Miscellaneous	-	-	70,548	70,548
Interest Earnings	59,953	59,953	66,925	6,972
Net change in fair market value	-	-	(271,596)	(271,596)
Total Revenues	1,086,976	1,086,976	1,439,690	352,714
EXPENDITURES				
Bond Principal Payments	1,765,000	1,765,000	1,995,000	230,000
Interest Payments	311,445	311,445	342,596	31,151
Other Charges	6,700	6,700	16,307	9,607
Total Expenditures	2,083,145	2,083,145	2,353,903	270,758
Excess (Deficiency) of Revenues Over (Under) Expenditures	(996,169)	(996,169)	(914,213)	81,956
OTHER FINANCING SOURCES (USES)				
Transfers In	514,736	514,736	1,234,663	719,927
Transfers Out	-	-	(361,602)	(361,602)
Bond Proceeds	-	-	-	-
Total Other Financing Sources (Uses)	514,736	514,736	873,061	358,325
Net Change in Fund Balances	(481,433)	(481,433)	(41,152)	440,281
Fund Balances - Beginning	5,359,966	5,359,966	5,359,966	-
Fund Balances - Ending	\$ 4,878,533	\$ 4,878,533	\$ 5,318,814	\$ 440,281

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, 2013

	Budget Amounts			Over (Under)
	Original	Final	Actual	Final Budget
REVENUES				
Interest Earnings	\$ -	\$ -	\$ 721	\$ 721
Market Value Increase (Decrease)	-	-	(4,752)	(4,752)
Total Revenues	-	-	(4,031)	(4,031)
EXPENDITURES				
Bond Principal Payments	135,000	135,000	135,000	-
Interest Payments	44,855	44,855	44,855	-
Other Charges	850	850	3,161	2,311
Total Expenditures	180,705	180,705	183,016	2,311
Excess (Deficiency) of Revenues Over (Under) Expenditures	(180,705)	(180,705)	(187,047)	(1,720)
OTHER FINANCING SOURCES(USES)				
Transfers In	180,705	180,705	180,705	-
Total Other Financing Sources (Uses)	180,705	180,705	180,705	-
Net Change in Fund Balances	-	-	(6,342)	(1,720)
Fund Balances - Beginning	164,712	164,712	164,712	-
Fund Balances - Ending	\$ 164,712	\$ 164,712	\$ 158,370	\$ (1,720)

See notes to required supplementary information.

**NOTES TO THE REQUIRED
SUPPLEMENTARY INFORMATION**

CITY OF WILLMAR, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2013

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, 2013

	Total Special Revenue Funds	Total Capital Projects Funds	Debt Service Fund Airport G.O. Revenue Bond	Permanent Fund Perpetual Care	Total Nonmajor Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 52,796	\$ (674)	\$ (98,689)	\$ 227	\$ (46,340)
Investments	1,188,612	3,176,757	-	5,072	4,370,441
Receivables					
Taxes Receivable - Current	11,914	-	-	-	11,914
Accounts Receivable	3,297	-	-	-	3,297
Notes Receivable	350,000	-	-	-	350,000
Interest Receivable	8,299	13,391	-	148	21,838
Due From Other Funds	58,933	802,889	90,353	-	952,175
Due From Other Governments	-	1,398	-	-	1,398
Prepaid Items	30,336	-	161,246	-	191,582
Restricted Assets:					
Investments	-	-	-	30,000	30,000
Unamortized Discounts On Bonds	-	-	5,460	-	5,460
Total Assets	\$ 1,704,187	\$ 3,993,761	\$ 158,370	\$ 35,447	\$ 5,891,765
LIABILITIES					
Accounts Payable	\$ 24,288	\$ 2,972	\$ -	\$ -	\$ 27,260
Contracts Payable	-	1,398	-	-	1,398
Due To Other Funds	105,888	1,692	-	-	107,580
Due To Other Gov Units	-	-	-	-	-
Total Liabilities	130,176	6,062	-	-	136,238
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue	359,066	1,398	-	-	360,464
Total Deferred Inflows of Resources	359,066	1,398	-	-	360,464
FUND BALANCES					
Nonspendable Fund Balance	30,336	-	161,246	30,000	221,582
Restricted Fund Balance	48,031	-	-	5,447	53,478
Committed Fund Balance	1,136,578	3,987,699	-	-	5,124,277
Unassigned Fund Balance	-	(1,398)	(2,876)	-	(4,274)
Total Fund Balances	1,214,945	3,986,301	158,370	35,447	5,395,063
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,704,187	\$ 3,993,761	\$ 158,370	\$ 35,447	\$ 5,891,765

City of Willmar, Minnesota
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
NonMajor Governmental Funds
For the Year Ended December 31, 2013

	Total Special Revenue Funds	Total Capital Projects Funds	Debt Service Fund Airport G.O. Revenue Bond	Permanent Fund Perpetual Care	Total Nonmajor Governmental Funds
REVENUES					
General Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Other Taxes	172,507	-	-	-	172,507
Intergovernmental	264,563	91,576	-	-	356,139
Charges for Services	191,757	-	-	-	191,757
Investment Income	22,242	52,490	721	718	76,171
Net change in fair market value	(94,366)	(226,229)	(4,752)	(3,067)	(328,414)
Miscellaneous Revenue	3,354	4,800	-	-	8,154
Total Revenues	560,057	(77,363)	(4,031)	(2,349)	476,314
EXPENDITURES					
Public Safety	-	-	-	-	-
Streets & Highways	207,586	-	-	-	207,586
Culture and Recreation	386,141	-	-	-	386,141
Economic Development	-	-	-	-	-
Debt Service					
Principal	-	-	135,000	-	135,000
Interest	-	-	44,855	-	44,855
Other Charges	-	-	3,161	-	3,161
Capital Projects	-	1,593,381	-	-	1,593,381
Total Expenditures	593,727	1,593,381	183,016	-	2,370,124
Excess (Deficiency) of Revenues Over (Under) Expenditures	(33,670)	(1,670,744)	(187,047)	(2,349)	(1,893,810)
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	411,000	2,437,495	180,705	-	3,029,200
Operating Transfers Out	(370,873)	-	-	(1,500)	(372,373)
Total Other Financing Sources (Uses)	40,127	2,437,495	180,705	(1,500)	2,656,827
Net Change in Fund Balances	6,457	766,751	(6,342)	(3,849)	763,017
Fund Balances - Beginning	1,208,488	3,219,550	164,712	39,296	4,632,046
Prior Period Adjustment - See Note 9	-	-	-	-	-
Fund Balances - Ending	\$ 1,214,945	\$ 3,986,301	\$ 158,370	\$ 35,447	\$ 5,395,063

City of Willmar, Minnesota
Combining Balance Sheet
NonMajor Governmental Funds/Special Revenue
December 31, 2013

	Convention and Visitors Bureau	Community Development	Willmar Municipal Airport	Library Improvement Reserve	Public Works Reserve	Law Enforcement Forfeiture Fund	Total Special Revenue Funds
ASSETS							
Cash and Cash Equivalents	\$ 298	\$ -	\$ 1,635	\$ 959	\$ 1,873	\$ 48,031	\$ 52,796
Investments	167,853	-	58,966	155,258	806,535	-	1,188,612
Receivables							
Taxes Receivable	11,914	-	-	-	-	-	11,914
Accounts Receivable	220	-	3,077	-	-	-	3,297
Notes Receivable	-	350,000	-	-	-	-	350,000
Interest Receivable	703	3,306	240	647	3,403	-	8,299
Due From Other Governments	-	-	-	-	-	-	-
Due From Other Funds	-	-	58,933	-	-	-	58,933
Prepaid Items	23,574	-	6,762	-	-	-	30,336
Total Assets	\$ 204,562	\$ 353,306	\$ 129,613	\$ 156,864	\$ 811,811	\$ 48,031	\$ 1,704,187
LIABILITIES							
Accounts Payable	\$ 20,148	\$ -	\$ 4,140	\$ -	\$ -	\$ -	\$ 24,288
Accrued Wages	-	-	-	-	-	-	-
Due To Other Governments	-	-	-	-	-	-	-
Due To Other Funds	-	-	105,888	-	-	-	105,888
Total Liabilities	20,148	-	110,028	-	-	-	130,176
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenue	-	353,306	5,760	-	-	-	359,066
Total Deferred Inflows of Resources	-	353,306	5,760	-	-	-	359,066
FUND BALANCES							
Nonspendable Fund Balance	23,574	-	6,762	-	-	-	30,336
Restricted Fund Balance	-	-	-	-	-	48,031	48,031
Committed Fund Balance	160,840	-	7,063	156,864	811,811	-	1,136,578
Assigned Fund Balance	-	-	-	-	-	-	-
Unassigned Fund Balance	-	-	-	-	-	-	-
Total Fund Balances	184,414	-	13,825	156,864	811,811	48,031	1,214,945
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 204,562	\$ 353,306	\$ 129,613	\$ 156,864	\$ 811,811	\$ 48,031	\$ 1,704,187

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, 2013

	Convention and Visitors Bureau	Community Development	Willmar Municipal Airport	Library Improvement Reserve	Public Works Reserve	Law Enforcement Forfeiture Fund	Total Special Revenue Funds
REVENUES							
General Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Taxes	172,507	-	-	-	-	-	172,507
Intergovernmental	51,861	160,894	51,808	-	-	-	264,563
Service Charges	1,899	-	170,227	-	-	19,631	191,757
Investment income	3,523	-	240	3,228	15,213	38	22,242
Fair Market Value Incr/(Decr)	(14,830)	-	(1,034)	(13,456)	(65,046)	-	(94,366)
Miscellaneous Revenue	3,184	-	170	-	-	-	3,354
Total Revenues	218,144	160,894	221,411	(10,228)	(49,833)	19,669	560,057
EXPENDITURES							
Public Safety	-	-	-	-	-	-	-
Streets and Highways	-	-	207,586	-	-	-	207,586
Culture and Recreation	214,387	160,894	-	10,860	-	-	386,141
Economic Development	-	-	-	-	-	-	-
Total Expenditures	214,387	160,894	207,586	10,860	-	-	593,727
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,757	-	13,825	(21,088)	(49,833)	19,669	(33,670)
OTHER FIN. SOURCES (USES)							
Transfers In	-	-	-	-	411,000	-	411,000
Transfers Out	(7,500)	-	-	-	(363,373)	-	(370,873)
Total Other Fin. Sources (Uses)	(7,500)	-	-	-	47,627	-	40,127
Net Change in Fund Balances	(3,743)	-	13,825	(21,088)	(2,206)	19,669	6,457
Fund Balances - Beginning	188,157	-	-	177,952	814,017	28,362	1,208,488
Fund Balances - Ending	\$ 184,414	\$ -	\$ 13,825	\$ 156,864	\$ 811,811	\$ 48,031	\$ 1,214,945

City of Willmar, Minnesota
Combining Balance Sheet
NonMajor Governmental Funds/Capital Projects
December 31, 2013

	<u>Airport Capital Project</u>	<u>Capital Improvement</u>	<u>Surface Water</u>	<u>Total Capital Projects Funds</u>
ASSETS				
Cash	\$ (22,300)	\$ 19,594	\$ 2,032	\$ (674)
Investments	-	2,971,743	205,014	3,176,757
Accounts Receivable	-	-	-	-
Interest Receivable	-	12,522	869	13,391
Due From Other Funds	22,300	780,589	-	802,889
Due From Other Governments	1,398	-	-	1,398
Prepaid Expenses	-	-	-	-
Total Assets	<u>\$ 1,398</u>	<u>\$ 3,784,448</u>	<u>\$ 207,915</u>	<u>\$ 3,993,761</u>
LIABILITIES				
Accounts Payable	\$ -	\$ 2,972	\$ -	\$ 2,972
Contracts Payable	1,398	-	-	1,398
Due To Other Funds	-	1,692	-	1,692
Due To Other Gov Units	-	-	-	-
Total Liabilities	<u>1,398</u>	<u>4,664</u>	<u>-</u>	<u>6,062</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	1,398	-	-	1,398
Total Deferred Inflows of Resources	<u>1,398</u>	<u>-</u>	<u>-</u>	<u>1,398</u>
FUND BALANCES				
Restricted Fund Balance	-	-	-	-
Committed Fund Balance	-	3,779,784	207,915	3,987,699
Unassigned Fund Balance	(1,398)	-	-	(1,398)
Total Fund Balance	<u>(1,398)</u>	<u>3,779,784</u>	<u>207,915</u>	<u>3,986,301</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,398</u>	<u>\$ 3,784,448</u>	<u>\$ 207,915</u>	<u>\$ 3,993,761</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, 2013

	Airport Capital Project	Capital Improvement	Surface Water	Total Capital Project Funds
REVENUES				
Intergovernmental	\$ 91,576	\$ -	\$ -	\$ 91,576
Investment Income	-	48,355	4,135	52,490
Market Value Incr/(Decr)	-	(209,322)	(16,907)	(226,229)
Miscellaneous	-	4,800	-	4,800
Total Revenues	<u>91,576</u>	<u>(156,167)</u>	<u>(12,772)</u>	<u>(77,363)</u>
EXPENDITURES				
Capital/Construction Projects	<u>115,274</u>	<u>1,478,107</u>	<u>-</u>	<u>1,593,381</u>
Total Expenditures	<u>115,274</u>	<u>1,478,107</u>	<u>-</u>	<u>1,593,381</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(23,698)</u>	<u>(1,634,274)</u>	<u>(12,772)</u>	<u>(1,670,744)</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	22,300	2,415,195	-	2,437,495
Operating Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>22,300</u>	<u>2,415,195</u>	<u>-</u>	<u>2,437,495</u>
Net Change in Fund Balances	(1,398)	780,921	(12,772)	766,751
Fund Balance - Beginning	<u>-</u>	<u>2,998,863</u>	<u>220,687</u>	<u>3,219,550</u>
Fund Balance- Ending	<u>\$ (1,398)</u>	<u>\$ 3,779,784</u>	<u>\$ 207,915</u>	<u>\$ 3,986,301</u>

City of Willmar, Minnesota
Internal Service Funds
Combining Statement of Net Position
December 31, 2013

	Office Services
ASSETS	
Current Assets:	
Cash And Cash Equivalents	\$ 6,044
Investments	134,193
Accounts Receivable	1,152
Interest Receivable	573
Due From Component Unit	-
Intergovernmental Receivable	-
Due From Other Funds	-
Inventories - Merchandise For Resale	3,025
Prepaid Expenses	676
Amount To Be Provided	-
Total Current Assets	<u>145,663</u>
Noncurrent Assets:	
Capital Assets:	
Office Equipment	5,500
Less Accumulated Depreciation	<u>(4,950)</u>
Total Capital Assets (net of accumulated depreciation)	<u>550</u>
Total Assets	<u>146,213</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	230
Due To Other Funds	-
Total Current Liabilities	<u>230</u>
NET POSITION	
Restricted Fund Balance-Inventories	3,025
Restricted Fund Balance-Prepays	676
Assigned Fund Balance	141,732
Assigned Fund Balance-Surplus Invested In Fixed Assets	<u>550</u>
Total Net Position	<u><u>\$ 145,983</u></u>

City of Willmar, Minnesota
Internal Service Funds
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended December 31, 2013

	Office Services
Operating Revenues:	
Charges For Services	\$ 18,090
Total Operating Revenues	<u>18,090</u>
Operating Expenses:	
Cost of Materials Used:	
Inventory, January 1	4,005
Purchases	<u>5,409</u>
Total Available	<u>9,414</u>
Inventory, December 31	<u>(3,025)</u>
Total Cost of Materials Used	<u>6,389</u>
Other Services And Charges	11,427
Depreciation	<u>-</u>
Total Operating Expenses	<u>17,816</u>
Operating Income (Loss)	<u>274</u>
Nonoperating Revenues (Expenses):	
Interest On Investments	2,724
Market Value Increase/(Decrease)	(11,200)
Capital Asset Acquisition/(Disposal)	<u>-</u>
Total Nonoperating Revenues	(8,476)
Income (Loss) Before Contributions and Transfers	(8,202)
Operating Transfers In	-
Operating Transfers Out	<u>-</u>
Change in Net Position	(8,202)
Total Net Position - Beginning	<u>154,185</u>
Total Net Position - Ending	<u><u>\$ 145,983</u></u>

City of Willmar, Minnesota
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended December 31, 2013

	Office Services
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from Charges For Services	\$ 19,464
Payments For Purchases	(5,295)
Payments For Other Services and Charges	(11,427)
Liquidation of Liabilities	-
Net Cash Provided (Used) by Operating Activities	<u>2,742</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Transfer from Other Funds	-
Transfer to Other Funds	-
Net Cash Used in Noncapital and Related Financing Activities	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Principal Payments on Long-Term Debt	-
Net Cash Used in Capital and Related Financing Activities	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Principal Collected on Loan	-
Proceeds from Sales and Maturities of Investments	-
Purchase of Investments	-
Interest and Dividends Received	2,752
Net Cash Provided (Used) from Investing Activities	<u>2,752</u>
Net Increase (Decrease) in Cash and Cash Equivalents	5,494
Cash and Cash Equivalents - Beginning	550
Cash and Cash Equivalents - Ending	<u><u>\$ 6,044</u></u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ 274
Adjustments to Reconcile Operating Income from to Net Cash Provided (Used) by Operating Activities:	
Depreciation	-
Change in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	1,374
(Increase) Decrease in Prepaid Expenses	-
(Increase) Decrease in Due From Other Funds	-
(Increase) Decrease in Due From Component Units	-
(Increase) Decrease in Inventories	981
Increase (Decrease) in Accounts Payable	113
Increase (Decrease) in Due to Other Funds	-
Total Adjustments	<u>2,468</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 2,742</u></u>

City of Willmar, Minnesota
Statement of Net Position
Fiduciary Funds - Agency Fund
December 31, 2013

	<u>Trust Fund</u>	<u>Agency Fund</u>
	<u>Fire Insurance</u>	<u>Bioscience</u>
	<u>Escrow</u>	<u>Grant Fund</u>
ASSETS		
Cash and Cash Equivalents	\$ 25,000	\$ -
Total Assets	<u>\$ 25,000</u>	<u>\$ -</u>
LIABILITIES		
Deposits	\$ 25,000	\$ -
Total Liabilities	<u>25,000</u>	<u>-</u>
NET POSITION		
Restricted	<u>-</u>	<u>-</u>
Total Net Position	<u>\$ -</u>	<u>\$ -</u>

City of Willmar, Minnesota
Statement of Changes in Net Position
Fiduciary Funds - Agency Funds
For the Year Ended December 31, 2013

	Fire Insurance Escrow	Bioscience Grant Fund
ADDITIONS		
Intergovernmental		
State Grant	\$ -	\$ -
Service Charges		
Miscellaneous	\$ 58,732	\$ -
Miscellaneous		
Insurance Reimbursement	-	2,001
Total Additions	<u>58,732</u>	<u>2,001</u>
DEDUCTIONS		
Other Services		
Other Services	58,732	-
Other Charges		
Insurance and Bonds	-	2,001
End-Use Grant	-	-
Total Deductions	<u>58,732</u>	<u>2,001</u>
Change in Net Position	-	-
Net Position - Beginning	<u>-</u>	<u>-</u>
Net Position - Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CITY OF WILLMAR, MINNESOTA

STATISTICAL SECTION

City of Willmar, Minnesota

Capital Assets Used in the Operation of Governmental Funds

Comparative Schedules By Source*

December 31, 2013 and 2012

	2013	2012
Governmental Funds Capital Assets:		
Land	\$ 8,391,773	\$ 8,391,773
Buildings and Structures	12,857,060	12,591,921
Furniture and Equipment	2,638,379	2,479,843
Machinery and Auto Equipment	7,631,434	7,274,996
Other Improvements	114,429,182	114,254,505
Total Governmental Funds Capital Assets	<u>\$ 145,947,828</u>	<u>\$ 144,993,038</u>
Investments in Governmental Funds Capital Assets By Source:		
General Fund	\$ 121,138,686	\$ 120,183,896
Special Revenue Fund	24,809,142	24,809,142
Capital Projects Funds	-	-
Total Governmental Funds Capital Assets	<u>\$ 145,947,828</u>	<u>\$ 144,993,038</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, 2013

FIXED ASSETS-2013	Governmental Funds Capital Assets			Governmental Funds Capital Assets
	<u>01/01/2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>12/31/2013</u>
<u>GENERAL GOVERNMENT</u>				
Mayor & Council	\$ 20,743	\$ -	\$ -	\$ 20,743
Community Development	48,185	-	-	48,185
City Clerk-Treasurer	-	-	-	-
Assessing	5,325	-	-	5,325
Accounting	-	-	-	-
City Hall	805,158	-	-	805,158
Data Processing	264,634	64,207	-	328,841
Elections	83,370	-	-	83,370
Non-Departmental	164,893	-	-	164,893
Industrial Development	1,102,281	-	-	1,102,281
Total	2,494,589	64,207	-	2,558,796
<u>PUBLIC SAFETY</u>				
Police Dept.	652,249	158,940	121,038	690,151
Trust & Agency K-9	5,000	-	5,000	-
Fire Dept.	3,134,177	54,678	-	3,188,855
Public Parking	631,870	-	-	631,870
Total	4,423,296	213,618	126,038	4,510,876
<u>PUBLIC WORKS</u>				
Engineering	181,067	44,002	25,463	199,606
Public Works	105,201,920	1,039,618	493,146	105,748,392
Airport	23,706,861	-	-	23,706,861
Transit	-	-	-	-
Total	129,089,848	1,083,620	518,609	129,654,859
<u>CULTURE & RECREATION</u>				
Auditorium	445,024	20,610	-	465,634
Buildings & Grounds	939,893	11,256	-	951,149
Leisure Services	80,133	-	-	80,133
Civic Center	4,605,666	162,329	-	4,767,995
Community Center	439,665	43,797	-	483,462
Aquatic Center	2,003,972	-	-	2,003,972
WRAC-8	318,448	-	-	318,448
C.V.B.	-	-	-	-
Library	152,504	-	-	152,504
Total	8,985,305	237,992	-	9,223,297
GRAND TOTAL	\$ 144,993,038	\$ 1,599,437	\$ 644,647	\$ 145,947,828

*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, 2013

FIXED ASSETS-2013	Total	Land	Buildings/ Structures	Furniture/ Equipment	Machinery/ Auto	Other Improvements
<u>GENERAL GOVERNMENT</u>						
Mayor & Council	\$ 20,743	\$ -	\$ -	\$ 20,743	\$ -	\$ -
Community Development	48,185	9,060	-	-	39,125	-
City Clerk-Treasurer	-	-	-	-	-	-
Assessing	5,325	-	-	-	-	5,325
Accounting	-	-	-	-	-	-
City Hall	805,158	40,000	741,210	-	-	23,948
Data Processing	328,841	-	-	231,410	-	97,431
Elections	83,370	-	-	83,370	-	-
Non-Departmental	164,893	-	-	164,893	-	-
Industrial Development	1,102,281	1,102,281	-	-	-	-
Total	2,558,796	1,151,341	741,210	500,416	39,125	126,704
<u>PUBLIC SAFETY</u>						
Police Dept.	690,151	-	-	94,560	595,591	-
Trust & Agency K-9	-	-	-	-	-	-
Fire Dept.	3,188,855	163,547	621,449	477,596	1,877,947	48,316
Public Parking	631,870	631,870	-	-	-	-
Total	4,510,876	795,417	621,449	572,156	2,473,538	48,316
<u>PUBLIC WORKS</u>						
Engineering	199,606	-	-	68,704	93,388	37,514
Public Works	105,748,392	1,923,271	1,358,449	409,485	4,692,949	97,364,238
Airport	23,706,861	4,222,932	3,961,108	17,663	44,451	15,460,707
Transit	-	-	-	-	-	-
Total	129,654,859	6,146,203	5,319,557	495,852	4,830,788	112,862,459
<u>CULTURE & RECREATION</u>						
Auditorium	465,634	-	447,649	5,985	-	12,000
Buildings & Grounds	951,149	112,405	14,169	182,945	6,950	634,680
Leisure Services	80,133	-	11,660	29,232	-	39,241
Civic Center	4,767,995	23,572	3,653,390	360,741	275,712	454,580
Community Center	483,461	87,635	316,409	-	5,321	74,096
Aquatic Center	2,003,973	75,200	1,483,603	268,065	-	177,105
WRAC-8	318,448	-	95,461	222,987	-	-
C.V.B	-	-	-	-	-	-
Library	152,504	-	152,504	-	-	-
Total	9,223,297	298,812	6,174,845	1,069,955	287,983	1,391,702
GRAND TOTAL	\$ 145,947,828	\$ 8,391,773	\$ 12,857,061	\$ 2,638,379	\$ 7,631,434	\$ 114,429,181

*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 2004 Through 2013

<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 Revolvy Loans</u>	<u>Total</u>
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
2012	\$ 3,561,177	\$ 4,491,386	\$ 7,629,637	\$ 61,642	\$ 2,333,523	\$ 404,292	\$ 6,870,154	\$ 19,924	\$ -	\$ 25,371,735
2013	\$ 3,789,359	\$ 4,721,161	\$ 6,342,972	\$ 38,864	\$ 2,476,352	\$ 369,360	\$ 6,734,381	\$ 17,816	\$ -	\$ 24,490,265

CITY OF WILLMAR, MINNESOTA

GOVERNMENT-WIDE REVENUES

Years 2004 through 2013

	Program Revenues	General Revenues			
Fiscal Year	Charges For Services	Taxes	Miscellaneous Revenue	Total	
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	
2012	\$ 8,216,270	\$ 6,556,909	\$ 5,618,843	\$ 20,392,022	
2013	\$ 9,122,485	\$ 4,551,582	\$ 2,967,589	\$ 16,641,656	

CITY OF WILLMAR, MINNESOTA

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION

Years 2003 Through 2013

<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>
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
2012	\$ 3,514,064	\$ 4,247,132	\$ 2,726,069	\$ 5,786,080	\$ 2,098,772	\$ -	\$ 18,372,117
2013	\$ 3,744,641	\$ 4,497,748	\$ 2,735,734	\$ 7,978,526	\$ 2,238,245	\$ -	\$ 21,194,894

CITY OF WILLMAR, MINNESOTA

GENERAL GOVERNMENTAL REVENUES BY SOURCE

Years 2004 Through 2013

<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>
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
2012	\$ 6,556,909	\$ 293,104	\$ 5,116,594	\$ 899,220	\$ 153,648	\$ 3,064,880	\$ 16,084,355
2013	\$ 4,551,582	\$ 542,406	\$ 7,155,696	\$ 941,224	\$ 153,774	\$ 502,949	\$ 13,847,631

CITY OF WILLMAR, MINNESOTA

PROPERTY TAX LEVIES AND COLLECTIONS

Years 2004 Through 2013

<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>
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%
2012	3,992,734	3,899,155	97.66%	66,276	3,965,431	99.32%	115,222	2.89%
2013	4,140,118	4,043,802	97.67%	83,792	4,127,594	99.70%	119,118	2.88%

CITY OF WILLMAR, MINNESOTA

TAX CAPACITIES AND ESTIMATED MARKET VALUE OF TAXABLE PROPERTY

YEARS 2004 THROUGH 2013

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Population (*Census)	18,903	18,903	18,757	18,757
REAL PROPERTY				
Tax Capacity	8,001,757	8,956,269	9,664,031	10,947,806
Less: Tax Increment Districts -				
Highland #91	0	0	0	0
Center City #92	0	0	0	0
Theatre & Hotel #93	0	0	0	0
Shared Health #94	0	0	0	0
Phoenix #95	12,538	12,538	12,538	13,697
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	49,722	49,722	0	0
West Central Steel #03	20,357	20,357	0	0
Coborns #04	0	0	0	0
Relco #05	12,642	12,642	15,016	15,874
Lakewood #06	4,822	4,822	5,414	6,262
JOBZ	0	0	30,260	61,393
Net Tax Capacity	7,887,152	8,856,188	9,600,803	10,850,580
Estimated Market Value	658,842,700	737,628,700	806,284,500	904,555,700
PERSONAL PROPERTY				
Tax Capacity	60,962	67,230	90,344	104,040
Estimated Market Value	3,215,100	3,527,500	4,696,500	5,396,500
TOTAL REAL AND PERSONAL PROPERTY				
Tax Capacity	7,948,114	8,923,418	9,691,147	10,954,620
Estimated Market Value	662,057,800	741,156,200	810,981,000	909,952,200
PERCENT OF TAX CAPACITY TO ESTIMATED MARKET VALUE	0.012005	0.01204	0.01195	0.012039
PER CAPITA VALUATION				
Tax Capacity	420	472	517	584
Estimated Market Value	35,024	39,208	43,236	48,513
NET BONDED DEBT				
Net Bonded Debt per Capita	N/A	N/A	N/A	N/A
Net Bonded Debt per Tax Capacity	N/A	N/A	N/A	N/A

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
18,757	18,757	19,610	19,610	19,694	19,694
12,005,028	12,526,714	12,830,579	12,975,909	11,959,117	12,120,212
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
15,031	15,031	15,031	15,031	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
27,154	0	0	0	0	0
7,382	7,834	7,834	7,834	0	0
82,927	99,310	113,205	118,210	143,402	181,069
11,872,534	12,404,539	12,694,509	12,834,834	11,815,715	11,939,143
983,810,800	1,020,849,500	1,044,367,400	1,055,031,300	1,065,852,600	1,064,093,500
110,372	112,608	113,796	129,053	131,992	137,153
5,921,300	6,095,700	6,201,500	6,969,200	7,150,300	7,407,100
11,982,906	12,517,147	12,808,305	12,963,887	11,947,707	12,076,296
989,732,100	1,026,945,200	1,050,568,900	1,062,000,500	1,073,002,900	1,071,500,600
0.012107	0.012189	0.012192	0.012207	0.011135	0.011270
639	667	653	661	607	613
52,766	54,750	53,573	54,156	54,484	54,407
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 2004 Through 2013

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>
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
2012	33.42	22.35		60.66	1.41	1.22	119.06
2013	34.28	19.72		59.06	0.96	1.17	115.19

*** Includes Mid Minnesota Development Commission.

CITY OF WILLMAR, MINNESOTA

TAX LEVIES

ALL OVERLAPPING GOVERNMENTS

Years 2004 Through 2013

A 10-YEAR COMPARISON OF TAX CAPACITY LEVIES

<u>Year Tax Due</u>	<u>*City</u>	<u>School</u>	<u>Market Value Ref.</u>	<u>**County</u>	<u>H.R.A.</u>	<u>EDC/ Rural Dev. Fin. Auth.</u>	<u>Total</u>
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
2012	3,997,702	2,670,551	1,866,059	7,273,883	168,582	118,999	16,095,776
2013	4,139,754	2,381,446	1,670,118	7,158,587	168,585	114,846	15,633,336

* 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, 2013

Taxpayer	Type of Business	Market Valuation Payable 2014	Total Tax
Affiliated Community Health	Medical Center	\$ 10,822,500	\$ 354,435
WalMart Stores, Inc.	Discount Retailer	\$ 10,270,200	\$ 338,533
Kandi Mall 1999, LLC	Shopping Center	\$ 9,255,200	\$ 304,960
Menard Inc.	Building Materials	\$ 8,700,000	\$ 286,594
Mills Properties, Inc.	Auto Dealership	\$ 7,483,400	\$ 242,443
Willmar Ten Investors	Investment Company	\$ 6,682,200	\$ 213,924
BNSF Railway Company	Railroad	\$ 6,341,800	\$ 208,590
Crow Wing Oil Company	Oil Company	\$ 5,196,700	\$ 170,711
Jennie-O Turkey Store, Inc.	Food Processing	\$ 4,912,300	\$ 160,047
Home Depot U.S.A., Inc.	Building Materials	\$ 4,311,300	\$ 141,424

CITY OF WILLMAR, MINNESOTA

SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS

Year 2004 Through 2013

<u>Fiscal Year</u>	<u>Current Assessments Due</u>	<u>Current Assessments Collected</u>	<u>Percent of Collections To Amount Due</u>	<u>Total Outstanding Current and Delinquent Assessments</u>
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
2012	1,162,674	1,074,741	92.44%	291,365
2013	1,095,335	985,263	89.95%	355,375

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, 2013

Legal Debt Limit and Margin

Legal Debt Limit (2% of Estimated Market Value \$1,071,500,600)	\$ 21,430,012
Less: Outstanding Debt Subject to Limit	\$ -
Legal Debt Margin as of December 31, 2013	<u>\$ 21,430,012</u>

General Obligation Debt Supported Solely by Taxes*

* Nothing subject to legal debt limit

CITY OF WILLMAR, MINNESOTA

MISCELLANEOUS STATISTICAL FACTS

Date of Incorporation	November 19, 1901
Date of Adoption of City Charter	November 5, 1968
Form of Government	Administrator
Fiscal Year Begins	January 1
Area - Acres (Land)	7,398
- Acres (Water)	1,229
Miles of Streets and Alleys:	
Streets -	
Paved	132.34
Sidewalks	65.00
Bike Paths	17.70
Building Permits	
Number of Permits Issued	
Year 2013	414
Year 2012	479
Year 2011	533
Year 2010	592
Year 2009	772
Year 2008	780
Year 2007	651
Year 2006	693
Year 2005	728
Year 2004	752
Estimated Construction Costs	
Year 2013	\$ 49,216,963
Year 2012	17,114,395
Year 2011	13,041,853
Year 2010	22,520,064
Year 2009	30,922,465
Year 2008	70,002,629
Year 2007	33,722,627
Year 2006	42,379,065
Year 2005	48,732,487
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>2012</u>	<u>2013</u>
Public Safety:		
Fire Protection:		
Number of Stations	1.00	1.00
Number of Employees (Admin. & Clerical)	2.80	2.80
Number of Volunteer Firefighters	36.00	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)	34.00	32.00
Total Number of Employees	<u>78.80</u>	<u>73.80</u>
Leisure Services:		
Number of Full-Time Employees	7	7
Number of Part-Time Employees	148	213
Number of Wading Pools	1	0
Number of Outdoor Swimming Pools	1	1
Number of Shelters	30	30
Number of Skating Rinks	4	4
Number of Hockey Rinks	2	2
Indoor Rinks	2	2
Tennis Courts - Lighted	10	6
Non-Lighted	5	0
Shared-Lighted	4	12
Lighted Softball, Football, Baseball and Soccer Fields	6	7
Miles of Hiking and Bicycle Paths	Est. 16 Miles	Est. 16 Miles
Skate Board Parks	1	1
BMX Bike Tracks	1	0
18-Hole Frisbee Golf Course	1	1
Number of Parks	37	37
Park Acres	310	310
Nature Areas	4	4
Parking Lots (Central Business District):		
Parking Spaces On Streets	380	380
Parking Spaces Off Streets	417	417

*Information obtained from various Departmental Reports