

COMPREHENSIVE ANNUAL FINANCIAL

REPORT OF THE

CITY OF

WILLMAR, MINNESOTA

FOR THE

YEAR ENDED

DECEMBER 31, 2014

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, 2014**

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CITY OF WILLMAR, MINNESOTA

INTRODUCTORY SECTION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF WILLMAR, MINNESOTA

2014

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, 2014, 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, 2014. 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, 2014, 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, 2014, 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 64 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We 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 17, 2015 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.

Walter Eichen, PLLP

WESTBERG EISCHENS, PLLP
Willmar, Minnesota
September 17, 2015

**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, 2014, 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 17, 2015. 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 2008-001 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.

Walter Eischens, PLLP

Westberg Eischens, PLLP
Willmar, Minnesota
September 17, 2015

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, 2014, and the related notes to the financial statements, and have issued our report thereon dated September 17, 2015.

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.

Walter Eischen, PLLP

Westberg Eischens, PLLP
Willmar, Minnesota
September 17, 2015

**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, 2014. 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, 2014.

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 17, 2015

CITY OF WILLMAR, MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2014

Federal Funding Source	Pass-Through Agency	Program Name	Catalog of	State or Other Contract Number	Expenditures
			Federal Domestic Assistance Number		
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	\$ 713,935
U.S. Environmental Protection Agency	Minnesota Public Facilities Authority	Capitalization Grants for Clean Water State	66,458	MPFA-14-050-R-FY15	<u>2,402,989</u>
				Total Expended	<u>\$ 3,116,924</u>

CITY OF WILLMAR
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2014

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	\$ 713,935

NOTE 4: LOANS

CFDA 66.458 Capitalization Grants for Clean Water State Revolving Funds

Loan proceeds expended for the year ended December 31, 2014 was \$2,402,989. The loan balance outstanding at year end was \$2,402,989.

CITY OF WILLMAR, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2014

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

14.228 Community Development Block Grants – State Program

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, 2014

SECTION II: FINANCIAL STATEMENT FINDINGS

Finding 2008-001

Criteria:

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

Condition:

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

Questioned Costs:

None

Cause:

The City had not adopted Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* (OPEB) as it relates to the Primary Government.

Effect:

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

Recommendation:

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

CORRECTIVE ACTION PLAN (CAP)

Finding 2008-001

Explanation of Disagreement with Audit Finding:

There is no disagreement with the audit finding.

Actions Planned in Response to Finding:

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

Officer Responsible for Ensuring CAP:

Finance Director

Planned Completion Date:

December 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, 2014**

SECTION III: MAJOR FEDERAL AWARDS FINDINGS

None

SECTION IV: PRIOR YEAR FINDINGS

Finding 2008-001

Status:

Unresolved

Condition:

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

Recommendation:

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

Actions Planned in Response to Finding:

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

CITY OF WILLMAR, MINNESOTA

FINANCIAL SECTION - II

MANAGEMENT DISCUSSION AND ANALYSIS

CITY OF WILLMAR, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2014

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, 2014. Please read it in conjunction with the City's basic financial statements following this section.

Financial Highlights

- The assets of the City exceeded liabilities by \$139,367,861 (net position). Of this amount, \$37,484,818 (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 increased by \$1,559,570.
- The City's governmental funds reported combined ending fund balances of \$38,841,626. Of this total amount, approximately 77% 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 \$14,017,150, or 106% of the total General Fund expenditures of \$13,196,681.

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, 2014

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

CITY OF WILLMAR, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2014

Table 1
Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 46,328,106	\$ 48,716,212	\$ 7,451,136	5,062,176	\$ 53,779,242	\$ 53,778,388
Net capital assets	91,190,056	90,066,278	88,937,197	88,477,483	180,127,253	178,543,761
Total Assets	<u>137,518,162</u>	<u>138,782,490</u>	<u>96,388,333</u>	<u>93,539,659</u>	<u>233,906,495</u>	<u>232,322,149</u>
Other liabilities	3,374,253	2,349,321	289,888	431,463	3,664,141	2,780,784
Long-term liabilities	15,819,795	16,529,585	75,054,698	75,203,489	90,874,493	91,733,074
Total Liabilities	<u>19,194,048</u>	<u>18,878,906</u>	<u>75,344,586</u>	<u>75,634,952</u>	<u>94,538,634</u>	<u>94,513,858</u>
Net Position						
Net Investment in						
Capital Assets	79,110,056	76,866,278	13,882,499	13,273,994	92,992,555	90,140,272
NonExpendable	-	-	-	-	-	-
Restricted	39,063,497	42,895,574	(320,224)	1,720,044	38,743,273	44,615,618
Unrestricted	150,561	141,732	7,481,472	2,910,669	7,632,033	3,052,401
Total Net Position	<u>\$118,324,114</u>	<u>\$119,903,584</u>	<u>\$ 21,043,747</u>	<u>\$ 17,904,707</u>	<u>\$139,367,861</u>	<u>\$137,808,291</u>

Governmental Activities

The net position of the City's governmental activities decreased by \$1,579,470 in 2014. The decrease was mainly due to a combination of a substantial decrease in the amount of Capital Grants and Contributions and an increase in Public Works spending.

Business-Type Activities

The total net position of the City's business-type activities increased by \$3,139,040 in 2014. The increase was due to an increase in Charges for Services received in 2014 as well as Transfers In.

Table 2
Condensed Statement of Net Position

	Rice Memorial Hospital		Municipal Utilities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 70,015,155	\$ 73,085,120	\$ 27,345,793	\$ 25,868,731	\$ 97,360,948	\$ 98,953,851
Net capital assets	61,760,743	61,191,059	30,412,231	29,762,948	92,172,974	90,954,007
Total Assets	<u>131,775,898</u>	<u>134,276,179</u>	<u>57,758,024</u>	<u>55,631,679</u>	<u>189,533,922</u>	<u>189,907,858</u>
Current and other liabilities	15,981,135	14,432,528	4,704,701	3,281,961	20,685,836	17,714,489
Long-term liabilities	50,940,468	54,352,691	7,595,405	8,740,690	58,535,873	63,093,381
Total Liabilities	<u>66,921,603</u>	<u>68,785,219</u>	<u>12,300,106</u>	<u>12,022,651</u>	<u>79,221,709</u>	<u>80,807,870</u>
Net Position						
Net Investment in						
capital assets	15,646,999	13,466,891	23,252,231	22,027,948	38,899,230	35,494,839
NonExpendable	3,530,542	3,512,918	-	-	3,530,542	3,512,918
Restricted debt	3,675,320	3,909,286	12,441,724	12,366,724	16,117,044	16,276,010
Unrestricted	42,001,434	44,601,865	9,763,963	9,214,356	51,765,397	53,816,221
Total Net Position	<u>\$ 64,854,295</u>	<u>\$ 65,490,960</u>	<u>\$ 45,457,918</u>	<u>\$ 43,609,028</u>	<u>\$ 110,312,213</u>	<u>\$ 109,099,988</u>

CITY OF WILLMAR, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2014

Primary Government

Table 3
Condensed Statement of Activities

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues						
Program revenues:						
Charges for services	\$ 1,702,698	\$ 1,668,239	\$ 8,876,769	\$ 7,454,246	\$ 10,579,467	\$ 9,122,485
Operating grants and contributions	771,958	723,679	-	-	771,958	723,679
Capital grants and contributions	1,710,801	3,558,095	-	763,205	1,710,801	4,321,300
General revenues:						
Property and other taxes	4,582,848	4,551,582	-	-	4,582,848	4,551,582
Grants and contributions not restricted to specific program	4,611,868	4,224,936	-	-	4,611,868	4,224,936
Other	3,280,747	(1,257,347)	391,812	(319,444)	3,672,559	(1,576,791)
Intergovernmental	-	-	-	-	-	-
Total Revenues	<u>16,660,920</u>	<u>13,469,184</u>	<u>9,268,581</u>	<u>7,898,007</u>	<u>25,929,501</u>	<u>21,367,191</u>
Expenses						
General Government	4,429,369	3,807,175	-	-	4,429,369	3,807,175
Public works	7,506,805	6,342,972	-	-	7,506,805	6,342,972
Public safety	4,725,380	4,721,161	-	-	4,725,380	4,721,161
Social services	-	-	-	-	-	-
Culture and recreation	2,344,720	2,476,352	-	-	2,344,720	2,476,352
Economic development	863,301	38,864	-	-	863,301	38,864
Capital projects	-	-	-	-	-	-
Debt service	307,220	369,360	-	-	307,220	369,360
Office services	-	-	-	-	-	-
Waste treatment	-	-	6,749,481	6,734,381	6,749,481	6,734,381
Total Expenses	<u>20,176,795</u>	<u>17,755,884</u>	<u>6,749,481</u>	<u>6,734,381</u>	<u>26,926,276</u>	<u>24,490,265</u>
Changes in Net Position						
Before Transfers	(3,515,875)	(4,286,700)	2,519,100	1,163,626	(996,775)	(3,123,074)
Transfers	<u>1,936,405</u>	<u>2,276,270</u>	<u>619,940</u>	<u>177,000</u>	<u>2,556,345</u>	<u>2,453,270</u>
Changes in Net Position	(1,579,470)	(2,010,430)	3,139,040	1,340,626	1,559,570	(669,804)
Net Position, Beginning of Year	119,903,584	121,914,014	17,904,707	16,564,081	137,808,291	138,478,095
Prior period adjustment	-	-	-	-	-	-
Net Position, End of Year	<u>\$ 118,324,114</u>	<u>\$ 119,903,584</u>	<u>\$ 21,043,747</u>	<u>\$ 17,904,707</u>	<u>\$ 139,367,861</u>	<u>\$ 137,808,291</u>

CITY OF WILLMAR, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2014

Component Units

Component Units

The total net position of the City's two component units increased by \$1,212,225 in 2014. The net position of the Municipal Utilities Commission increased by \$1,848,890, and the net position of Rice Memorial Hospital decreased by \$636,665.

Table 4
Condensed Statement of Activities

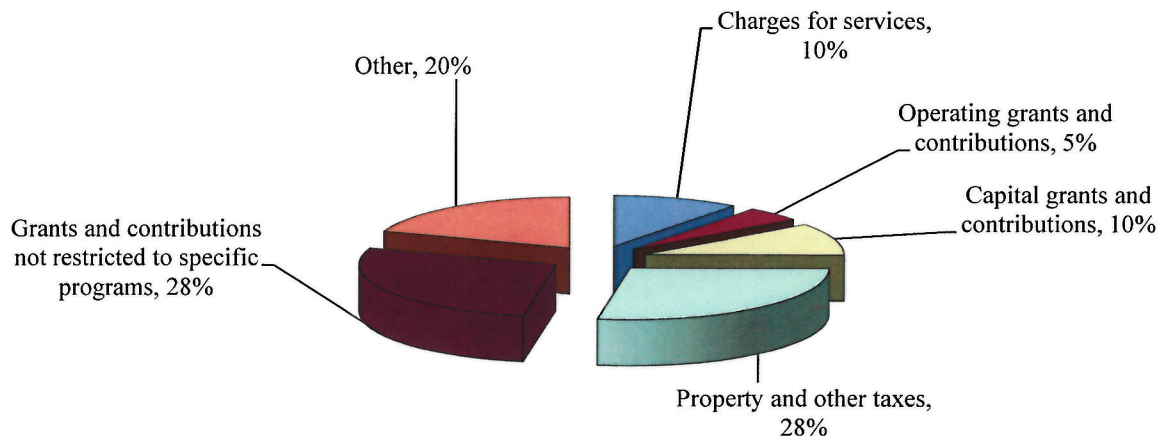
	Rice Memorial Hospital		Municipal Utilities		Total	
	2014	2013	2014	2013	2014	2013
Revenues						
Hospital	\$ 94,944,183	\$ 98,722,609	\$ -	\$ -	\$ 94,944,183	\$ 98,722,609
Municipal Utility	-	-	31,203,470	29,874,919	31,203,470	29,874,919
Interest Earnings	1,460,784	1,774,647	827,219	(369,973)	2,288,003	1,404,674
Gain (Loss) on sale of Capital Assets	(14,982)	(126,163)	18,718	(1,007)	3,736	(127,170)
Miscellaneous	81,492	(724,227)	88,197	29,570	169,689	(694,657)
Total Revenues	<u>96,471,477</u>	<u>99,646,866</u>	<u>32,137,604</u>	<u>29,533,509</u>	<u>128,609,081</u>	<u>129,180,375</u>
Expenses						
Hospital	96,625,795	100,530,487	-	-	96,625,795	100,530,487
Municipal Utility	-	-	28,213,318	27,575,546	28,213,318	27,575,546
Total Expenses	<u>96,625,795</u>	<u>100,530,487</u>	<u>28,213,318</u>	<u>27,575,546</u>	<u>124,839,113</u>	<u>128,106,033</u>
Changes in Net Position						
Before transfers	(154,318)	(883,621)	3,924,286	1,957,963	3,769,968	1,074,342
Transfers	<u>(482,347)</u>	<u>(457,697)</u>	<u>(2,075,396)</u>	<u>(1,995,573)</u>	<u>(2,557,743)</u>	<u>(2,453,270)</u>
Changes in Net Position	(636,665)	(1,341,318)	1,848,890	(37,610)	1,212,225	(1,378,928)
Net Position, Beginning	<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>
Net Position, Ending	<u>\$ 64,854,295</u>	<u>\$ 65,490,960</u>	<u>\$ 45,457,918</u>	<u>\$ 43,609,028</u>	<u>\$ 110,312,213</u>	<u>\$ 109,099,988</u>

**CITY OF WILLMAR, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2014**

Governmental Activities

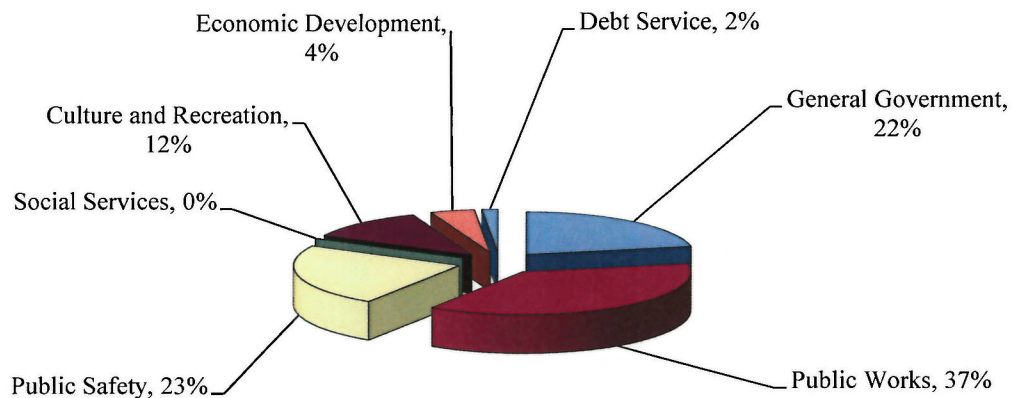
Revenues – The following chart visually illustrates the City's revenues by source for its governmental activities:

Revenue by Source - Governmental Activities



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

Expenses by Source - Governmental Activities



**CITY OF WILLMAR, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2014**

Financial Analysis of the City's Funds

General Fund –

The City's General Fund increased by \$384,240 in 2014 which is \$1,512,892 more than the final budget projection which reflected a decrease of \$1,128,652. Part of the increase is due to the net increase in fair market values of investments during 2014 and part is from an increase in Licenses/Permits and Taxes Revenue, and a decrease in expenditures for Public Safety and Public Works.

Debt Service Funds –

Special Assessments Bond Debt Service Fund increased by \$191,881. The increase was attributable to the net increase in fair market values of investments during 2014.

Special Revenue Fund –

Industrial Development Fund decreased by \$7,256,965. The decrease was due to transfers out to the Waste Treatment Fund and to various street programs for Capital Improvements using Local Option Sales Tax Funds.

Special Revenue Fund –

Community Investment Fund increased by \$264,523. The increase was mainly due to the substantial net decrease in fair market values of investments during 2014.

Capital Projects Fund –

Street, Water/Sewer Capital Projects Fund increased by \$4,442,463. The fund increase was due to an increase in intergovernmental fund transfers from the Industrial Development Fund using Local Options Sales Tax Funds for specific Capital Improvements.

GENERAL FUND BUDGETARY HIGHLIGHTS:

The City approved the 2014 general fund budget anticipating expenditures would exceed revenues by \$1,116,167. The main difference between the original and final budget totaling \$12,485 was mainly due to a decrease in transfers out to Capital Improvements.

At the end of the year, revenues exceeded the final budget by \$828,624 and expenditures were less than the final budget by \$890,478. Transfers in were less than the final budget by \$206,097. The most significant positive variance for revenues was in Licenses/Permits. There were no negative variances in revenue. 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, 2014

Capital Assets

At the end of 2014, the Primary Government of the City of Willmar had over \$180,000,000 (net of accumulated depreciation) invested in a broad range of capital assets. In addition, the Component Units had over \$92,000,000 (net of accumulated depreciation) invested in capital assets. Refer to Note 3.A.2 of the Notes to the Financial Statements for a schedule showing the City's capital asset activity.

Primary Government

Table 5
Capital Assets

	Government Activities		Business-Type Activities	
	2014	2013	2014	2013
Land and improvements	\$ 8,557,673	\$ 8,391,773	\$ 2,005,122	\$ 2,005,122
Buildings	13,040,182	12,857,060	73,197,275	73,197,275
Furniture and equipment	2,780,406	2,643,879	515,985	515,985
Machinery and auto	8,721,534	7,631,434	6,499,749	6,405,839
Other improvements	118,954,637	114,429,182	25,568,722	20,884,526
Construction in progress	7,379,541	8,472,582	2,722,290	4,762,465
Less: Depreciation	<u>(68,243,917)</u>	<u>(64,359,632)</u>	<u>(21,571,946)</u>	<u>(19,293,729)</u>
	<u>\$ 91,190,056</u>	<u>\$ 90,066,278</u>	<u>\$ 88,937,197</u>	<u>\$ 88,477,483</u>

Component Units

Table 6
Capital Assets

	Rice Memorial Hospital		Willmar Municipal Utilities	
	2014	2013	2014	2013
Land	\$ 2,918,000	\$ 2,923,000	\$ 1,385,248	\$ 1,172,481
Buildings	95,907,000	89,725,000	2,835,197	2,880,143
Furniture and equipment	42,213,000	40,439,000	76,880,419	75,796,405
Machinery and auto	-	-	-	-
Other improvements	1,498,000	1,492,000	-	-
Utility Plant in Service	-	-	-	-
Construction in progress	112,743	2,338,000	2,957,428	1,400,085
Less: Depreciation	<u>(80,888,000)</u>	<u>(75,726,000)</u>	<u>(53,646,061)</u>	<u>(51,486,166)</u>
	<u>\$ 61,760,743</u>	<u>\$ 61,191,000</u>	<u>\$ 30,412,231</u>	<u>\$ 29,762,948</u>

CITY OF WILLMAR, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2014

Long-Term Debt

At year-end, the City of Willmar's Primary Government had over \$87,000,000 in bonds outstanding and its Component Units had over \$54,500,000 in bonds outstanding. Refer to Note 3.C.2 of the Notes to the Financial Statements for a schedule showing the City's long-term debt activity.

Primary Government

Table 7

	2014	2013	Change
Governmental Activities			
G.O. Special Assessment Bonds	\$ 11,100,000	\$ 12,080,000	\$ (980,000)
G.O. Revenue Bonds	980,000	1,120,000	(140,000)
Note Payable	-	-	-
	<u>\$ 12,080,000</u>	<u>\$ 13,200,000</u>	<u>\$ (1,120,000)</u>
Business-Type Activities			
G.O. Revenue Bonds	\$ 550,000	\$ 650,000	\$ (100,000)
G.O. Revenue Notes	74,504,698	74,553,489	(48,791)
	<u>\$ 75,054,698</u>	<u>\$ 75,203,489</u>	<u>\$ (148,791)</u>

Component Units

Table 8

	2014	2013	Change
Rice Memorial Hospital			
G.O. Revenue Bonds	\$ 38,065,000	\$ 39,500,000	\$ (1,435,000)
Hospital Revenue Notes	9,100,000	9,100,000	-
Promissory Note Payable	-	283,273	(283,273)
Capital Lease	267,126	16,069	251,057
Rice Home Medical Notes Payable	-	-	-
	<u>\$ 47,432,126</u>	<u>\$ 48,899,342</u>	<u>\$ (1,467,216)</u>
Willmar Municipal Utilities			
Municipal Utility Revenue Bond 2009	\$ 6,860,000	\$ 7,295,000	\$ (435,000)
General Obligation Water Revenue Bond	300,000	440,000	(140,000)
	<u>\$ 7,160,000</u>	<u>\$ 7,735,000</u>	<u>\$ (575,000)</u>

**CITY OF WILLMAR, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2014**

Economic Factors and Next Year's Budget

In the City adopted budget for 2015, expenditures were forecast to exceed revenue by approximately \$4,462,904, of which the General Fund expenditures were forecast to exceed revenue by approximately \$349,167. 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, 2014

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Municipal Utilities Commission	Rice Memorial Hospital
<u>Assets</u>					
Cash and Cash Equivalents	\$ 8,035,314	\$ (53,611)	\$ 7,981,703	\$ 4,941,093	\$ 2,885,708
Investments	32,547,464	5,743,090	38,290,554	5,265,895	29,791,527
Investments with Trustee	-	-	-	-	-
Receivables (Net of Allow for Uncollect)					
Accounts Receivable	115,967	92,247	208,214	2,723,795	15,831,249
Accrued Interest	128,184	21,759	149,943	-	-
Taxes Receivable	196,353	-	196,353	-	-
Special Assessments	4,991,107	-	4,991,107	-	-
Notes Receivable	350,000	-	350,000	-	-
Related-Party Investments	-	-	-	-	4,728,090
Due from Component Unit	-	-	-	-	-
Due from Other Governmental Units	228,884	197,641	426,525	-	-
Internal Balances	(1,428,929)	1,428,930	1	-	-
Inventories	68,164	14,137	82,301	1,142,948	1,974,862
Prepaid Items	1,074,048	6,943	1,080,991	830,338	877,299
Deferred Charges					
Bond Discount Unamortized	21,550	-	21,550	-	-
Bond Refunding Escrow account	-	-	-	-	1,492,593
Restricted Assets:					
Temporarily Restricted:					
Cash and Cash Equivalents	-	-	-	-	2,757,540
Investments	-	-	-	12,441,724	5,941,746
Permanently Restricted:					
Investments	-	-	-	-	3,578,064
Capital Assets					
Nondepreciable	15,937,214	4,727,412	20,664,626	4,342,676	4,528,743
Depreciable, net	75,252,842	84,209,785	159,462,627	26,069,555	57,232,000
Other Assets	-	-	-	-	156,477
Total Assets	<u>\$ 137,518,162</u>	<u>\$ 96,388,333</u>	<u>\$ 233,906,495</u>	<u>\$ 57,758,024</u>	<u>\$ 131,775,898</u>

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

CITY OF WILLMAR, MINNESOTA
STATEMENT OF NET POSITION
December 31, 2014

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Municipal Utilities Commission	Rice Memorial Hospital
<u>Liabilities</u>					
Accounts and Contracts Payable	\$ 1,409,539	\$ 71,464	\$ 1,481,003	\$ 3,219,561	\$ 3,233,593
Accrued Interest Payable	320,212	-	320,212	160,417	728,902
Due to Component Units	12,300	-	12,300	-	-
Due to Primary Government	-	-	-	610,226	-
Due to Other Governmental Units	53,812	-	53,812	-	-
Unearned Revenue	1,367,090	197,641	1,564,731	-	-
Accrued Compensation and Benefits	211,300	20,783	232,083	119,497	10,074,120
Noncurrent Liabilities					
Due within one year	2,255,000	2,647,137	4,902,137	595,000	1,944,520
Due in more than one year	13,564,795	72,407,561	85,972,356	7,595,405	50,940,468
Total Liabilities	19,194,048	75,344,586	94,538,634	12,300,106	66,921,603
<u>Net Position</u>					
Net Investment in Capital Assets	79,110,056	13,882,499	92,992,555	23,252,231	15,646,999
NonExpendable	-	-	-	-	3,530,542
Restricted	-	-	-	12,441,724	-
Capital Improvements	8,862,868	405,653	9,268,521	-	-
Construction Fund	-	-	-	-	-
Debt Service	14,192,028	-	14,192,028	-	2,028,638
Specific Operating Activities	16,008,601	(725,877)	15,282,724	-	1,646,682
Other Purposes	-	-	-	-	-
Unrestricted	150,561	7,481,472	7,632,033	9,763,963	42,001,434
Total Net Position	\$ 118,324,114	\$ 21,043,747	\$ 139,367,861	\$ 45,457,918	\$ 64,854,295

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, 2014**

<u>Functions/Programs</u>	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government:				
Governmental Activities:				
General Government	\$ 4,429,369	\$ 582,900	\$ -	\$ -
Public Safety	4,725,380	416,148	413,846	1,700
Public Works	7,506,805	190,227	308,407	995,166
Social Services	-	-	-	-
Culture and Recreation	2,344,720	513,423	49,705	-
Economic Development	863,301	-	-	713,935
Debt Service - interest	307,220	-	-	-
Total Governmental Activities	<u>20,176,795</u>	<u>1,702,698</u>	<u>771,958</u>	<u>1,710,801</u>
Business-Type Activities:				
Waste Treatment	<u>6,749,481</u>	<u>8,876,769</u>	<u>-</u>	<u>-</u>
Total Business-Type Activities	<u>6,749,481</u>	<u>8,876,769</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 26,926,276</u>	<u>\$ 10,579,467</u>	<u>\$ 771,958</u>	<u>\$ 1,710,801</u>
Component Units:				
Municipal Utilities	\$ 28,213,318	\$ 31,203,470	\$ -	\$ -
Rice Memorial Hospital	<u>96,625,795</u>	<u>92,784,412</u>	<u>1,088,672</u>	<u>1,071,099</u>
Total Component Units	<u>\$ 124,839,113</u>	<u>\$ 123,987,882</u>	<u>\$ 1,088,672</u>	<u>\$ 1,071,099</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
- 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
\$ (3,846,469)		\$ (3,846,469)		
(3,893,686)		(3,893,686)		
(6,013,005)		(6,013,005)		
-		-		
(1,781,592)		(1,781,592)		
(149,366)		(149,366)		
(307,220)		(307,220)		
<u>(15,991,338)</u>		<u>(15,991,338)</u>		
-	\$ 2,127,288	2,127,288		
-	2,127,288	2,127,288		
<u>(15,991,338)</u>	<u>2,127,288</u>	<u>(13,864,050)</u>		
			\$ 2,990,152	\$ -
			<u>-</u>	<u>(1,681,612)</u>
			<u>2,990,152</u>	<u>(1,681,612)</u>
4,130,759	-	4,130,759	-	-
-	-	-	-	-
452,089	-	452,089	-	-
4,611,868	-	4,611,868	-	-
691,503	87,187	778,690	827,219	1,460,784
1,973,487	237,319	2,210,806	-	81,492
(153,994)	67,306	(86,688)	18,718	(14,982)
769,751	-	769,751	88,197	-
<u>1,936,405</u>	<u>619,940</u>	<u>2,556,345</u>	<u>(2,075,396)</u>	<u>(482,347)</u>
<u>14,411,868</u>	<u>1,011,752</u>	<u>15,423,620</u>	<u>(1,141,262)</u>	<u>1,044,947</u>
<u>(1,579,470)</u>	<u>3,139,040</u>	<u>1,559,570</u>	<u>1,848,890</u>	<u>(636,665)</u>
<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>
<u>\$ 118,324,114</u>	<u>\$ 21,043,747</u>	<u>\$ 139,367,861</u>	<u>\$ 45,457,918</u>	<u>\$ 64,854,295</u>

CITY OF WILLMAR, MINNESOTA
BALANCE SHEETS
GOVERNMENTAL FUNDS
December 31, 2014

	<u>General</u>	<u>Special Assessments Bonds Debt Service</u>	<u>Street Water/Sewer Capital Projects</u>
ASSETS			
Cash and Cash Equivalents	\$ 8,021,805	\$ (405,861)	\$ (875,250)
Investments	6,835,860	4,098,443	1,003,520
Receivables (Net of Allowance for Uncollect)			
Accounts	104,773	-	-
NSF Payments	-	-	-
Interest	25,976	15,510	3,797
Taxes			
Current	65,889	-	-
Delinquent	117,974	-	-
Deferred	-	-	-
Assessments			
Current	-	-	-
Delinquent	-	359,648	-
Deferred	3,576	3,920,790	-
Notes	-	-	-
Due From Component Units	-	-	-
Due From Other Funds	251,836	1,080,022	6,659,687
Due From Other Governments	7,613	188,687	11,533
Inventory	64,140	-	-
Prepaid Expenses	102,129	777,270	-
Deposits	12,813	-	-
Workers Comp Deposit	-	-	-
Restricted Assets:			
Cash and Cash Equivalents	-	-	-
Investments	-	-	-
Unamortized Discount	-	18,820	-
Total Assets	<u>\$ 15,614,384</u>	<u>\$ 10,053,329</u>	<u>\$ 6,803,287</u>
LIABILITIES			
Accounts Payable	\$ 209,134	\$ -	\$ 200,551
Contracts Payable	-	-	755,589
Notes Payable	-	-	-
Accrued Wages	211,300	-	-
Deposits	5,522	-	-
Due to Component Units	-	-	-
Due to Other Funds	897,719	73,510	786,429
Due to Other Governments	49,881	-	-
Total Liabilities	<u>1,373,556</u>	<u>73,510</u>	<u>1,742,569</u>
DEFERRED INFLOWS OF REOURCES			
Unavailable Revenue	121,549	4,469,124	-
Total Deferred Inflows of Resources	<u>121,549</u>	<u>4,469,124</u>	<u>-</u>
FUND BALANCES			
Nonspendable Fund Balance	102,129	777,270	-
Restricted Fund Balance	-	4,733,425	-
Committed Fund Balance	14,017,150	-	5,060,718
Assigned Fund Balance	-	-	-
Unassigned Fund Balance	-	-	-
Total Fund Balances	<u>14,119,279</u>	<u>5,510,695</u>	<u>5,060,718</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 15,614,384</u>	<u>\$ 10,053,329</u>	<u>\$ 6,803,287</u>

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
\$ 71,706 8,590,528	\$ (10,453) 8,835,752	\$ 1,232,951 3,036,052	\$ 8,034,898 32,400,155
-	-	8,102	112,875
-	-	-	-
33,185	33,471	15,691	127,630
-	-	12,490	78,379
-	-	-	117,974
-	-	-	-
-	-	-	-
-	1,585	-	361,233
-	705,508	-	4,629,874
-	-	350,000	350,000
-	-	-	-
15,535	261,828	1,096,069	9,364,977
-	21,051	-	228,884
-	-	-	64,140
-	-	180,998	1,060,397
-	-	-	12,813
-	-	-	-
-	-	-	-
-	-	-	-
-	-	2,730	21,550
<u>\$ 8,710,954</u>	<u>\$ 9,848,742</u>	<u>\$ 5,935,083</u>	<u>\$ 56,965,779</u>
\$ -	\$ -	\$ 237,812	\$ 647,497
-	-	-	755,589
-	-	-	-
-	-	-	211,300
-	-	120	5,642
-	12,300	-	12,300
8,049,379	293,593	693,276	10,793,906
3,931	-	-	53,812
<u>8,053,310</u>	<u>305,893</u>	<u>931,208</u>	<u>12,480,046</u>
-	694,794	358,639	5,644,106
-	694,794	358,639	5,644,106
-	-	210,998	1,090,397
-	8,098,055	58,145	12,889,625
657,643	750,000	4,383,849	24,869,360
-	-	-	-
-	-	(7,756)	(7,756)
<u>657,643</u>	<u>8,848,055</u>	<u>4,645,236</u>	<u>38,841,626</u>
<u>\$ 8,710,953</u>	<u>\$ 9,848,742</u>	<u>\$ 5,935,083</u>	<u>\$ 56,965,778</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, 2014

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

Total governmental fund balances	\$ 38,841,626
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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	159,433,973	
Less: Accumulated depreciation	<u>(68,243,917)</u>	
		91,190,056

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

Delinquent property taxes	117,974	
Unavailable special assessments	3,800,403	
Due From State of Minnesota	-	
Notes/Interest Receivable	354,181	
Unavailable Revenue for 2014	<u>4,458</u>	
		4,277,016

Internal service funds are used by management to charge the costs of equipment, information technology and insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.

Less Net Investment in Capital Assets (included above)	<u>155,973</u> <u>(550)</u>	155,423
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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	(12,080,000)	
Compensated absences	(3,739,795)	
Accrued interest	<u>(320,212)</u>	
		<u>(16,140,007)</u>

Net position of governmental activities	<u>\$ 118,324,114</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, 2014

	<u>General</u>	<u>Special Assessments Bonds Debt Service</u>	<u>Street Water/Sewer Capital Projects</u>
REVENUES			
General Property Taxes	\$ 4,130,759	\$ -	\$ -
Sales Tax	-	-	-
Other Taxes	267,227	-	-
Special Assessments	1,858	1,260,981	132,012
License and Permits	544,182	-	-
Intergovernmental	5,278,521	-	200,540
Charges for Services	774,140	-	-
Fines and Forfeits	167,157	-	-
Investment Income	172,383	71,343	15,166
Change in market value	379,560	193,293	39,870
Miscellaneous Revenues	733,616	11,652	10,876
Total Revenues	<u>12,449,403</u>	<u>1,537,269</u>	<u>398,464</u>
EXPENDITURES			
Current:			
General Government	3,955,656	-	-
Public Safety	4,456,109	-	-
Streets and Highways	2,929,858	-	-
Social Services	-	-	-
Culture & Recreation	1,855,058	-	-
Economic Development	-	-	-
Debt Service:			
Principal	-	1,975,000	-
Interest	-	319,314	-
Other Charges and Services	-	19,023	-
Capital Outlay	-	-	3,508,317
Total Expenditures	<u>13,196,681</u>	<u>2,313,337</u>	<u>3,508,317</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(747,278)</u>	<u>(776,068)</u>	<u>(3,109,853)</u>
OTHER FINANCING SOURCES (USES)			
Operating Transfers In	2,991,539	979,777	6,633,341
Operating Transfers Out	(1,860,021)	(11,828)	(81,025)
Bond Proceeds	-	-	1,000,000
Total Other Financing Sources (Uses)	<u>1,131,518</u>	<u>967,949</u>	<u>7,552,316</u>
Net Change in Fund Balances	<u>384,240</u>	<u>191,881</u>	<u>4,442,463</u>
Fund Balances - Beginning	<u>13,735,039</u>	<u>5,318,814</u>	<u>618,255</u>
Fund Balances - Ending	<u>\$ 14,119,279</u>	<u>\$ 5,510,695</u>	<u>\$ 5,060,718</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, 2014

Industrial Development Special Revenue Fund	Community Investment Special Revenue	Other Government Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 4,130,759
-	-	-	-
-	-	184,862	452,089
-	125,143	-	1,519,994
-	-	-	544,182
-	-	846,460	6,325,521
-	-	196,952	971,092
-	-	-	167,157
182,248	173,887	73,729	688,756
722,306	438,044	193,297	1,966,370
-	1,714	11,893	769,751
904,554	738,788	1,507,193	17,535,671
-	-	-	3,955,656
-	-	12,408	4,468,517
-	-	218,564	3,148,422
-	-	-	-
-	-	240,607	2,095,665
149,366	-	713,935	863,301
-	-	145,000	2,120,000
-	-	37,593	356,907
-	-	3,180	22,203
-	-	2,656,773	6,165,090
149,366	-	4,028,060	23,195,761
755,188	738,788	(2,520,867)	(5,660,090)
-	439,012	2,634,085	13,677,754
(8,012,153)	(913,277)	(863,045)	(11,741,349)
-	-	-	1,000,000
(8,012,153)	(474,265)	1,771,040	2,936,405
(7,256,965)	264,523	(749,827)	(2,723,685)
7,914,608	8,583,532	5,395,063	41,565,311
\$ 657,643	\$ 8,848,055	\$ 4,645,236	\$ 38,841,626

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, 2014

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

Net Change in Fund Balances-Governmental Funds		\$ (2,723,685)
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	5,769,192	
Depreciation Expense	<u>(4,491,420)</u>	
		1,277,772
The net effect of various miscellaneous transactions involving		
capital assets (i.e., sales, trade-ins, and donations) is to		
increase/(decrease) net position		(153,994)
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, 2014	4,277,016	
Unavailable Revenue, December 31, 2013	<u>(5,026,046)</u>	
		(749,030)
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, 2014	(3,739,795)	
Compensated absences, December 31, 2013	<u>3,329,585</u>	
		(410,210)
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	2,120,000	
Principle Retirement of Long-Term Debt-Notes Payable Aero	-	
Bond Proceeds	(1,000,000)	
Change in accrued interest (320,212 - 369,899)	<u>49,687</u>	
		1,169,687
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>9,990</u>
Change in Net Position-Governmental Activities		<u>\$ (1,579,470)</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, 2014

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
General Property Taxes	\$ 4,297,734	\$ 4,297,734	\$ 4,397,986	\$ 100,252
Special Assessments	1,620	1,620	1,858	238
License and Permits	303,300	303,300	544,182	240,882
Intergovernmental	5,190,227	5,190,227	5,278,521	88,294
Charges for Services	750,348	751,898	774,140	22,242
Fines and Forfeits	153,000	153,000	167,157	14,157
Investment Income	130,000	130,000	172,383	42,383
Change in market value	-	-	379,560	379,560
Miscellaneous Revenues	793,000	793,000	733,616	(59,384)
Total Revenues	11,619,229	11,620,779	12,449,403	828,624
EXPENDITURES				
General Government	4,021,735	4,029,295	3,955,656	73,639
Public Safety	4,814,064	4,826,114	4,456,109	370,005
Public Works	3,123,961	3,274,062	2,929,858	344,204
Social Services	-	-	-	-
Culture & Recreation	1,926,138	1,957,688	1,855,058	102,630
Total Expenditures	13,885,898	14,087,159	13,196,681	890,478
Excess (deficiency) of revenues over (under) expenditures	(2,266,669)	(2,466,380)	(747,278)	1,719,102
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	3,021,840	3,197,636	2,991,539	(206,097)
Operating Transfers Out	(1,871,338)	(1,859,908)	(1,860,021)	(113)
Total Other Financing Sources (Uses)	1,150,502	1,337,728	1,131,518	(206,210)
Net Change in Fund Balances	(1,116,167)	(1,128,652)	384,240	1,512,892
Fund Balances - Beginning	13,735,039	13,735,039	13,735,039	-
Fund Balances - Ending	\$ 12,618,872	\$ 12,606,387	\$ 14,119,279	\$ 1,512,892

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, 2014

	Business-Type Activities Waste Treatment Plant	Governmental Activities Internal Service Funds
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ (53,611)	\$ 416
Investments	5,743,090	147,309
Accounts Receivable	92,247	3,092
Interest Receivable	21,759	554
Due From Other Governments	197,641	-
Due From Other Funds	1,429,074	-
Inventories	14,137	4,024
Prepaid Items	6,943	838
Restricted Cash and Investments	-	-
Amount To Be Provided	-	-
Total Current Assets	<u>7,451,280</u>	<u>156,233</u>
Noncurrent Assets		
Capital Assets:		
Nondepreciable	4,727,412	-
Depreciable	105,781,730	5,500
Less: Accumulated Depreciation	<u>(21,571,945)</u>	<u>(4,950)</u>
Net capital assets	<u>88,937,197</u>	<u>550</u>
Total Noncurrent Assets	<u>88,937,197</u>	<u>550</u>
TOTAL ASSETS	<u>96,388,477</u>	<u>156,783</u>
LIABILITIES		
Current Liabilities		
Accounts Payable	71,464	810
Contracts Payable	-	-
Accrued Wages	20,783	-
Due To Other Funds	144	-
Current Portion of Debt	<u>2,647,137</u>	<u>-</u>
Total Current Liabilities	<u>2,739,528</u>	<u>810</u>
Noncurrent Liabilities:		
Notes Payable	<u>72,407,561</u>	<u>-</u>
Total Noncurrent Liabilities	<u>72,407,561</u>	<u>-</u>
TOTAL LIABILITIES	<u>75,147,089</u>	<u>810</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable Revenue	<u>197,641</u>	<u>-</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>197,641</u>	<u>-</u>
NET POSITION		
Net Investment in Capital Assets	13,882,499	550
Restricted:		
Petty Cash	100	-
Inventories	14,137	4,024
Prepays	6,943	838
Working Capital	1,289,626	-
Capital Improvements	405,653	-
System Replacement	3,491	-
Authorized Construction	(2,040,174)	-
Unrestricted	<u>7,481,472</u>	<u>150,561</u>
TOTAL NET POSITION	<u>\$ 21,043,747</u>	<u>\$ 155,973</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, 2014

	Business-Type Activities <u>Waste Treatment Plant</u>	Governmental Activities <u>Internal Service Funds</u>
Operating Revenues		
Intergovernmental	\$ 100,784	\$ -
Charges For Sales and Services:	<u>8,775,985</u>	<u>18,409</u>
Total Operating Revenues	<u>8,876,769</u>	<u>18,409</u>
Operating Expenses		
Personal Services	908,814	-
Supplies	399,052	7,923
Other Services and Charges	930,577	10,360
Depreciation	<u>2,281,116</u>	<u>-</u>
Total Operating Expenses	<u>4,519,559</u>	<u>18,283</u>
Operating Income (Loss)	4,357,210	126
Nonoperating Revenues (Expenses)		
Lift Station Tapping Fees Collected	-	-
Investment Earnings	87,187	2,747
Change in market value	237,319	7,117
Capital Asset (Disposal)/Acquisition	67,306	-
Interest Expense	(2,229,922)	-
Other Revenue (Expense)	<u>-</u>	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>(1,838,110)</u>	<u>9,864</u>
Income (Loss) Before Contributions and Transfers	2,519,100	9,990
Capital Grants - Federal	-	-
Capital Grants - State	-	-
Transfers In	1,414,148	-
Transfers Out	<u>(794,208)</u>	<u>-</u>
Change in Net Position	3,139,040	9,990
Total Net Position - Beginning	<u>17,904,707</u>	<u>145,983</u>
Total Net Position - Ending	<u>\$ 21,043,747</u>	<u>\$ 155,973</u>

City of Willmar, Minnesota
Statement of Cash Flows
Proprietary Funds
For the fiscal year ended December 31, 2014

	Business-Type Activities Waste Treatment Plant	Governmental Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from Customers and Users	\$ 8,949,954	\$ 16,469
Payments to Suppliers	(1,314,310)	(8,341)
Payments to Employees	(919,551)	(10,522)
Liquidation of Liabilities	-	-
Net Cash Provided by Operating Activities	<u>6,716,093</u>	<u>(2,394)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfer from Other Funds	823,074	-
Transfer to Other Funds	(794,208)	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>28,866</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital Contributions	-	-
Purchases of Capital Assets	(3,003,093)	-
Interest Paid on Capital Debt	(2,229,922)	-
Principal Paid on Capital Debt	(2,551,779)	-
Proceeds from Debt	2,402,989	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(5,381,805)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Principal Collected On Loan	-	-
Proceeds from Sales and Maturities of Investments	-	-
Purchase of Investments	(1,500,000)	(6,000)
Interest Received	82,315	2,766
Net Cash Provided/(Used) by Investing Activities	<u>(1,417,685)</u>	<u>(3,234)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(54,531)	(5,628)
Cash and Cash Equivalents - Beginning	920	6,044
Cash and Cash Equivalents - Ending	<u>\$ (53,611)</u>	<u>\$ 416</u>
Classified As:		
Cash and Cash Equivalents	\$ (53,611)	\$ 416
Restricted Cash	-	-
Total Cash and Cash Equivalents, End of Year	<u>\$ (53,611)</u>	<u>\$ 416</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, 2014

	Business-Type Activities Waste Treatment Plant	Governmental Activities Internal Service Funds
Reconciliation of Operating Income to Net Cash Provided (Used)		
by Operating Activities:		
Operating Income	\$ 4,382,567	\$ 126
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) By		
Operating Activities:		
Depreciation	2,255,759	-
Change in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	27,860	(1,939)
(Increase) Decrease in Due From Other Governmental Units	45,325	-
(Increase) Decrease in Due From Component Units	-	-
(Increase) Decrease in Inventories	-	(999)
(Increase) Decrease in Prepaid Items	14,230	(162)
Increase (Decrease) in Accounts Payable	1,089	580
Increase (Decrease) in Contracts Payable	-	-
Increase (Decrease) in Accrued Wages	(10,737)	-
Increase (Decrease) in Due To Other Funds	-	-
Total Adjustments	2,333,526	(2,520)
Net Cash Provided (Used) by Operating Activities	\$ 6,716,093	\$ (2,394)
	\$ -	
 Non Cash Transactions:		
Net Increase (Decrease) in fair value of investments	\$ 237,319	\$ 7,117

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, 2014

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, 2014

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, 2014

Capital Project Fund – Street, Water and Sewer

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

Special Revenue Fund – Industrial Development

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

Special Revenue Fund – Community Investment

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

b. Enterprise Funds

The City reports the following major enterprise fund:

Waste Treatment Fund

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

c. Internal Service Fund

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

d. Agency Funds

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

C. Measurement Focus and Basis of Accounting

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

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

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

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, 2014

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

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

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

4. Prepaid Items

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

5. Capital Assets

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

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

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

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

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, 2014

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

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

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

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

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

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

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

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, 2014

B. Deficit Fund Balances

There were no funds with a deficit fund balance as of December 31, 2014:

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Assets

1. Deposits and Investments

Cash and cash equivalents	\$ 18,566,044
Investments	<u>100,037,600</u>
	<u>\$ 118,603,644</u>
Primary Government	
Cash and cash equivalents	\$ 7,981,703
Investments	38,260,554
Permanently restricted investments	<u>30,000</u>
Total Primary Government	<u>\$ 46,272,257</u>
Discretely Presented Component Units	
Willmar Municipal Utilities:	
Cash and cash equivalents	\$ 4,941,093
Investments	5,265,895
Temporarily restricted investments	<u>12,441,724</u>
Total Willmar Municipal Utilities	<u>\$ 22,648,712</u>
Rice Memorial Hospital	
Cash and cash equivalents	\$ 2,885,708
Investments	29,791,527
Related-Party Investments	4,728,090
Temporarily restricted cash	2,757,540
Temporarily restricted investments	5,941,746
Permanently restricted investments	<u>3,578,064</u>
Total Rice Memorial Hospital	<u>\$ 49,682,675</u>
Total	<u>\$ 118,603,644</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, 2014**

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, 2014, the City’s deposits were entirely covered by federal depository insurance or by collateral held by the City or its agent in the City’s name.

b. Investments

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

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

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

Interest Rate Risk

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

	Fair Value	Investment Maturities in Years		
		Less than 1	1-5 Years	6-10 Years
Certificates of Deposit	\$ 3,099,695	\$ 493,057	\$ 2,510,741	\$ 95,897
Federal Farm Credit Banks	1,972,474	-	-	1,972,474
Federal Home Loan Banks	20,791,953	-	-	20,791,953
Federal Home Loan Mortgage Corporation	9,746,498	-	-	9,746,498
Federal National Mortgage Association	8,581,551	-	-	8,581,551
	<u>\$ 44,192,171</u>	<u>\$ 493,057</u>	<u>\$ 2,510,741</u>	<u>\$ 41,188,373</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	\$ 6,903,823	16%
Multi-Bank Securities	\$ 2,932,280	7%
United Bank Services	\$ 14,452,701	33%
Wells Fargo	\$ 9,688,936	22%
Wells Fargo Advisors	\$ 10,214,431	23%

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

Concentration of Credit Risk

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

<u>Security Type</u>	<u>Amount</u>	<u>Percent</u>
Certificates of Deposit	\$ 3,099,695	7%
Federal Home Loan Banks	\$ 20,791,953	47%
Federal Home Loan Mortgage Corporation	\$ 9,746,498	22%
Federal National Mortgage Association	\$ 8,581,551	19%

2. Capital Assets

Capital asset activity for the year ended December 31, 2014, was as follows:

Governmental Activities*

	<u>Balance January 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2014</u>
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 8,391,773	\$ 165,900	\$ -	\$ 8,557,673
Construction in progress	8,472,582	3,350,150	4,443,191	7,379,541
Total	<u>16,864,355</u>	<u>3,516,050</u>	<u>4,443,191</u>	<u>15,937,214</u>
Capital assets being depreciated				
Buildings and structures	12,857,060	183,122	-	13,040,182
Furniture and equipment	2,643,879	157,643	21,116	2,780,406
Machinery and auto	7,631,434	1,695,047	604,947	8,721,534
Other improvements	<u>114,429,182</u>	<u>4,594,157</u>	<u>68,702</u>	<u>118,954,637</u>
Total	<u>137,561,555</u>	<u>6,629,969</u>	<u>694,765</u>	<u>143,496,759</u>
Less accumulated depreciation for:				
Buildings	4,103,793	272,374	-	4,376,167
Furniture and equipment	1,762,873	143,847	19,004	1,887,716
Machinery and equipment	3,843,617	543,605	538,872	3,848,350
Other improvements	<u>54,649,349</u>	<u>3,531,595</u>	<u>49,260</u>	<u>58,131,684</u>
Total	<u>64,359,632</u>	<u>4,491,421</u>	<u>607,136</u>	<u>68,243,917</u>
Net property and equipment	<u>\$ 90,066,278</u>	<u>\$ 5,654,598</u>	<u>\$ 4,530,820</u>	<u>\$ 91,190,056</u>

* Includes internal service fund capital assets

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

2. Capital Assets (continued)

Business-Type Activities

	Balance January 1, 2014	Additions	Deletions	Balance December 31, 2014
Business-Type Activities				
Capital assets not being depreciated				
Land	\$ 2,005,122	\$ -	\$ -	\$ 2,005,122
Construction in progress	4,762,465	2,952,091	4,992,266	2,722,290
Total	<u>6,767,587</u>	<u>2,952,091</u>	<u>4,992,266</u>	<u>4,727,412</u>
Capital assets being depreciated				
Buildings and structures	73,197,275	-	-	73,197,275
Furniture and equipment	515,985	-	-	515,985
Machinery and auto	6,405,839	126,521	32,611	6,499,749
Other improvements	20,884,526	4,684,196	-	25,568,722
Total	<u>101,003,625</u>	<u>4,810,717</u>	<u>32,611</u>	<u>105,781,731</u>
Less accumulated depreciation for:				
Buildings	15,396,083	1,564,961	-	16,961,044
Furniture and equipment	369,749	15,175	-	384,924
Machinery and auto	1,257,375	338,585	29,350	1,566,610
Other improvements	2,270,522	388,846	-	2,659,368
	<u>19,293,729</u>	<u>2,307,567</u>	<u>29,350</u>	<u>21,571,946</u>
Net property and equipment	<u>\$ 88,477,483</u>	<u>\$ 5,455,241</u>	<u>\$ 4,995,527</u>	<u>\$ 88,937,197</u>

Component Units

	Rice Memorial Hospital		Willmar Municipal Utilities	
	2014	2013	2014	2013
Land	\$ 2,918,000	\$ 2,923,000	\$ 1,385,248	\$ 1,172,481
Buildings	95,907,000	89,725,000	2,835,197	2,880,143
Furniture and equipment	42,213,000	40,439,000	76,880,419	75,796,405
Machinery and auto	-	-	-	-
Other improvements	1,498,000	1,492,000	-	-
Utility Plant in Service	-	-	-	-
Construction in progress	112,743	2,338,059	2,957,428	1,400,085
Less: Depreciation	<u>(80,888,000)</u>	<u>(75,726,000)</u>	<u>(53,646,061)</u>	<u>(51,486,166)</u>
	<u>\$ 61,760,743</u>	<u>\$ 61,191,059</u>	<u>\$ 30,412,231</u>	<u>\$ 29,762,948</u>

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

2. Capital Assets (continued)

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

Governmental Activities	
General government	\$ 45,220
Public safety	256,863
Public works	3,940,282
Culture and recreation	<u>249,055</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 4,491,420</u>
Business-Type Activities	
Waste treatment	<u>\$ 2,307,567</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 2,307,567</u>

Construction Commitments

The City has active construction projects as of December 31, 2014. 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	\$ 755,590
Total	<u>\$ 755,590</u>

B. Interfund Receivables, Payables and Transfers

1. Due from/Due to

Receivable fund	Payable fund	Amount
General Fund	Capital Projects - Capital Improvements	\$ 251,692
General Fund	Enterprise - Waste Treatment Plant	144
Special Revenue - Industrial Development	Special Revenue - Willmar Municipal Airport	15,535
Special Revenue - Municipal Airport	General Fund	115,733
Special Revenue - Community Investment	Debt Service - Special Assessments Bonds	11,828
Special Revenue - Community Investment	Capital Projects - Capital Improvements	250,000
Debt Service - Special Assessment Bonds	Special Revenue - Community Investment	293,593
Debt Service - Special Assessment Bonds	Capital Projects - Street, Water, Sewer	786,429
Debt Service - Airport Bond	Special Revenue - Willmar Municipal Airport	90,352
Capital Projects - Street, Water, Sewer	Special Revenue - Industrial Development	6,598,005
Capital Projects - Street, Water, Sewer	Debt Service - Special Assessments Bonds	61,682
Capital Projects - Airport	General Fund	1,398
Capital Projects - Airport	Capital Projects - Capital Improvements	2,338
Capital Projects - Airport	Special Revenue - Industrial Development	22,300
Capital Projects - Waste Treatment	Special Revenue - Industrial Development	1,429,074
Capital Projects - Waste Treatment	Waste Treatment	369,907
Capital Projects - Capital Improvements	General Fund	780,589
Capital Projects - Capital Improvements	Capital Projects - Surface Water	83,359
Waste Treatment	Capital Projects - Waste Treatment	<u>3,854,029</u>
		<u>\$ 15,017,987</u>

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

2. Transfers

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

<u>Funds transferred to</u>		<u>Funds transferred from</u>	
General Fund	\$ 433,796	Nonmajor Special Revenue	\$ 8,000
		Capital Project - Street, Water, Sewer	14,525
		Nonmajor Capital Project	161,271
		Waste Treatment	250,000
			<u>433,796</u>
Special Revenue - Community Investment	439,013	Nonmajor Special Revenue Fund	427,184
		Special Assessments Bonds	11,829
			<u>439,013</u>
Nonmajor Special Revenue Funds	605,174	General Fund	189,302
		Waste Treatment	415,872
			<u>605,174</u>
Special Assessments Bonds	979,777	Special Revenue - Community Investment	913,277
		Capital Projects - Street, Water, Sewer	66,500
			<u>979,777</u>
Capital Projects - Street, Water, Sewer	6,633,341	Special Revenue - Industrial Development	5,873,005
		Waste Treatment	760,336
			<u>6,633,341</u>
Nonmajor Debt Service Fund	180,893	General Fund	180,893
Nonmajor Capital Projects	1,849,416	General Fund	1,670,719
		Nonmajor Capital Projects	85,697
		Waste Treatment	93,000
			<u>1,849,416</u>
Waste Treatment	1,414,148	Special Revenue - Industrial Development	1,414,148
Total	<u>\$ 12,535,558</u>	Total	<u>\$ 12,535,558</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	\$ 117,973
Unavailable Special Assessments	5,167,495
Unavailable Notes Receivable	354,181
Unavailable Rental Revenue	4,458
Unavailable Intergovernmental Revenue	-
	<u>\$ 5,644,107</u>

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

C. Liabilities (continued)

2. Long-Term Debt

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

	<u>Interest Rates</u>	<u>Date Issued</u>	<u>Date Matures</u>	<u>Original Issue</u>	<u>Outstanding at 12/31/2014</u>
Primary Government					
Governmental Activities					
<u>G.O. Special Assessments</u>					
2004 Improvement Bond	2.10-4.00	2004	2015	2,125,000	195,000
2005 Improvement Bond	3.25-3.65	2005	2016	3,675,000	685,000
2006 Improvement Bond	3.60-3.85	2006	2017	1,950,000	590,000
2007A Improvement Bond	3.75-4.00	2007	2018	3,285,000	1,305,000
2007B Improvement Bond	4	2007	2018	1,725,000	720,000
2008 Improvement Bond	3.00-4.00	2008	2019	1,530,000	760,000
2010 Improvement Bond	2.00-3.00	2010	2021	1,785,000	1,235,000
2011 Improvement Bond	.60-2.85	2011	2022	1,825,000	1,455,000
2012 Improvement Bond	2.00-2.25	2012	2023	1,460,000	1,245,000
2013 Improvement Bond	2.00-3.00	2013	2024	1,910,000	1,910,000
2014 Improvement Bond	2.17	2014	2025	1,000,000	1,000,000
Total Special Assessment Bonds				22,270,000	11,100,000
<u>G.O. Revenue Bonds</u>					
2004 Airport Bond	2.00-4.05	2004	2020	2,100,000	980,000
Total G.O. Revenue Bonds				2,100,000	980,000
Total Governmental Activities				\$ 24,370,000	\$ 12,080,000
Business-Type Activities					
<u>G.O. Revenue Notes and Bonds</u>					
1997 Waste Treatment Note	3.13	1997	2017	\$ 4,300,000	\$ 825,330
2008 Waste Treatment Note	3.275	2008	2028	42,001,362	36,355,000
2008 Waste Treatment Note	0	2008	2030	7,000,000	7,000,000
2009 Waste Treatment Note	2.457	2009	2029	1,711,867	1,357,151
2009 Waste Treatment Note	3.44	2009	2038	27,663,530	25,120,000
2013 Waste Treatment Note	1.124	2013	2042	1,886,812 *	1,444,228
2015 Waste Treatment Note	1.124	2013	2042	3,000,000 ^	2,402,989
Total G.O. Revenue Notes				87,563,571	74,504,698
2004 Waste Treatment Bond	1.45-4.15	2004	2019	1,410,000	550,000
Total G.O. Revenue Notes and Bonds				88,973,571	75,054,698
Total Business-Type Activities				\$ 88,973,571	\$ 75,054,698
Total Primary Government				\$ 113,343,571	\$ 87,134,698

*Includes Undrawn Proceeds of \$435,772. Loan not finalized as of 12/31/14

^Includes Undrawn Proceeds of \$597,011. Loan not finalized as of 12/31/14

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

2. Long-Term Debt (continued)

Component Units	Interest Rates	Date Issued	Date Matures	Original Issue	Outstanding at 12/31/2014
Municipal Utilities					
<u>Revenue Bonds</u>					
2009 Bond	3.50-5.00	2009	2025	\$ 8,120,000	\$ 6,860,000
Total Revenue Bonds				<u>8,120,000</u>	<u>6,860,000</u>
<u>G.O. Revenue Bonds</u>					
2005 Bond	3.00-3.75	2005	2016	<u>1,290,000</u>	<u>300,000</u>
Total G.O. Revenue Bonds				<u>1,290,000</u>	<u>300,000</u>
Total Municipal Utilities				<u>\$ 9,410,000</u>	<u>\$ 7,160,000</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	<u>40,910,000</u>	<u>38,065,000</u>
<u>Lease Payable</u>					
Rice Home Medical	4.5	2010	2015	<u>301,394</u>	<u>267,126</u>
Total Rice Memorial Hospital				<u>\$ 50,311,394</u>	<u>\$ 47,432,126</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>
2015	\$ 2,110,000	\$ 285,266
2016	1,991,000	223,768
2017	1,642,000	169,808
2018	1,445,000	124,259
2019	937,000	91,376
2020-2024	2,865,000	172,330
2025-2029	<u>110,000</u>	<u>1,194</u>
Total	<u>\$ 11,100,000</u>	<u>\$ 1,068,001</u>

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

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
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	175,000	10,790	120,000	2,490
2020 - 2024	180,000	3,645	-	-
Total	<u>\$ 980,000</u>	<u>\$ 119,961</u>	<u>\$ 550,000</u>	<u>\$ 57,513</u>

<u>General Obligation Revenue Notes</u>		
Year	<u>Business-Type Activities</u>	
	Principal	Interest
2015	\$ 2,547,137	\$ 2,150,200
2016	2,650,563	2,080,026
2017	2,764,630	1,993,632
2018	2,803,000	1,905,717
2019	2,890,000	1,819,497
2020-2024	15,522,000	7,709,353
2025-2029	30,754,151	4,351,500
2030-2034	9,008,000	1,754,638
2035-2039	6,317,000	543,985
2040-2044	281,000	6,361
Total	<u>\$ 75,537,481</u>	<u>\$ 24,314,909</u>

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

3. Long-Term Debt Maturities (continued)

Component Units:		<u>Municipal Utilities</u>		<u>Rice Memorial Hospital</u>	
Year		Principal	Interest	Principal	Interest
2015	\$	595,000	\$ 319,640	\$ 1,944,520	\$ 1,859,134
2016		615,000	298,338	1,998,455	1,804,439
2017		550,000	277,031	2,061,080	1,740,515
2018		575,000	255,031	2,131,759	1,666,436
2019		600,000	229,156	2,187,306	1,573,536
2020-2024		3,435,000	708,125	11,780,700	7,004,041
2025-2029		790,000	39,500	14,331,300	4,458,872
2030-2034		-	-	10,997,006	1,471,924
Total	\$	<u>7,160,000</u>	<u>\$ 2,126,821</u>	<u>\$ 47,432,126</u>	<u>\$ 21,578,897</u>

4. Changes in Long-Term Liabilities

	Balance 01/01/2014	Increases	Decreases	Balance 12/31/2014	Due Within One Year
<u>Primary Government</u>					
Governmental Activities					
G.O. Special Assessment Bonds	\$ 12,080,000	\$ 1,000,000	\$ 1,980,000	\$ 11,100,000	\$ 2,110,000
G.O. Revenue Bonds	1,120,000	-	140,000	980,000	145,000
Compensated Absences	3,329,585	514,234	104,024	3,739,795	-
Total Governmental Activities	16,529,585	1,514,234	2,224,024	15,819,795	2,255,000
Business-Type Activities					
G.O. Revenue Notes	74,553,489	2,402,989	2,451,780	74,504,698	2,547,137
G.O. Revenue Bonds	650,000	-	100,000	550,000	100,000
Total Business-Type Activities	75,203,489	2,402,989	2,551,780	75,054,698	2,647,137
Total Primary Government	\$ 91,733,074	\$ 3,917,223	\$ 4,775,804	\$ 90,874,493	\$ 4,902,137
<u>Component Units</u>					
Municipal Utilities					
Revenue Bonds	\$ 7,295,000	\$ -	\$ 435,000	\$ 6,860,000	\$ 450,000
G.O. Revenue Bonds	440,000	-	140,000	300,000	145,000
Compensated Absences	1,005,690	145,740	121,025	1,030,405	-
Total Municipal Utilities	8,740,690	145,740	696,025	8,190,405	595,000
Rice Memorial Hospital					
G.O. Revenue Bonds	39,500,000	-	1,435,000	38,065,000	1,465,000
Revenue Notes	9,100,000	-	-	9,100,000	417,800
Promissory Note Payable	283,273	-	283,273	-	-
Capital Lease Payable	16,069	301,394	50,337	267,126	61,720
Total Rice Memorial Hospital	48,899,342	301,394	1,768,610	47,432,126	1,944,520
Total Component Units	\$ 57,640,032	\$ 447,134	\$ 2,464,635	\$ 55,622,531	\$ 2,539,520

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

E. Fund Balance Detail

The following is a detail of Governmental Fund Balances at December 31, 2014:

Fund	Nonspendable	Restricted	Committed	Unassigned
General Fund				
Prepays/Deposits	\$ 102,129	\$ -	\$ -	\$ -
Working Capital	-	-	4,000,000	-
Year 2015	-	-	535,683	-
Year 2016	-	-	935,933	-
Retirees Insurance	-	-	221,173	-
Self-Insurance	-	-	781,916	-
Petty Cash	-	-	2,650	-
Uncompensated Absences-Regular	-	-	1,756,653	-
Uncompensated Absences-Overtime	-	-	1,586,913	-
Uncompensated Absences-Part Time	-	-	396,229	-
Next Year's Budget	-	-	1,300,000	-
Current Year Emergency	-	-	1,300,000	-
Capital Improvements	-	-	1,200,000	-
Special Revenue Funds				
Industrial Development	-	-	640,532	-
Industrial Development-CP Airport	-	-	17,111	-
CVB-Prepays	12,766	-	-	-
CVB	-	-	175,032	-
CVB-Petty Cash	-	-	50	-
Willmar Municipal Airport	6,986	-	37,276	-
Library Improvement Reserve	-	-	168,229	-
Community Investment	-	8,098,055	-	-
Community Investment-PIR	-	-	750,000	-
Public Works Reserve	-	-	858,754	-
Law Enforcement Forfeiture Fund	-	49,734	-	-
Law Enforcement Explorer Fund	-	500	-	-
Debt Service Funds				
Special Assessments Funds	777,270	4,733,425	-	-
Nonmajor Airport Debt Service	161,246	-	-	(7,756)
Capital Projects Funds				
Street Projects	-	-	5,060,718	-
Nonmajor Capital Improvements				
Stormwater	-	-	213,545	-
Year 2013	-	-	1,302,313	-
Year 2014	-	-	304,373	-
Year 2015	-	-	412,778	-
Year 2016	-	-	905,999	-
CVB	-	-	5,500	-
Permanent Funds	30,000	7,911	-	-
Totals	\$ 1,090,397	\$ 12,889,625	\$ 24,869,360	\$ (7,756)

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 4 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

A. Plan Description

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

Public Employees Retirement Fund members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security, and Basic Plan members are not. All new members must participate in the Coordinated Plan. All police officers, firefighters, and peace officers who qualify for membership by statute are covered by the Public Employees Police and Fire Fund.

The PERA provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefits are established by state statute and vest after three years of credited service. The retirement benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service.

Two methods are used to compute benefits for Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first ten years of service and 2.7 percent for each year thereafter. For a Coordinated Plan member, the annuity accrual rate is 1.2 percent of average salary for each of the first ten years and 1.7 percent for each successive year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For Public Employees Police and Fire Fund members, the annuity accrual rate is 3.0 percent of average salary for each year of service.

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

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

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

B. Funding Policy

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Minn. Stat. ch. 353 sets the rates for employer and employee contributions. These statutes are established and amended by the State Legislature. The City makes annual contributions to the pension plans equal to the amount required by state statutes. Public Employees Retirement Fund Basic Plan members and Coordinated Plan members were required to contribute 9.10 and 6.25 percent, respectively, of their annual

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 4 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)
B. Funding Policy (Continued)

covered salary in 2014. Public Employees Police and Fire Fund members were required to contribute 10.20 percent of their annual covered salary in 2014. Contribution rates will remain the same in 2015 for PERA Basic Plan members and will increase for Coordinated Plan members and for Police and Fire Plan members to 6.50 percent and 10.80 percent respectively.

The City is required to contribute the following percentages of annual covered payroll in 2014 and 2015:

	<u>2014</u>	<u>2015</u>
Public Employee Retirement Fund		
Basic Plan Members	11.78 %	11.78 %
Coordinated Plan Members	7.25 %	7.50 %
Public Employees Police and Fire Fund	15.30 %	16.20 %

The City's contributions for the years ending December 31, 2014, 2013, and 2012, 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>
2014	\$ 264,106	\$ 334,676
2013	\$ 254,567	\$ 313,775
2012	\$ 265,151	\$ 299,939

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

Component Units

Willmar Municipal Utilities

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

The following table shows the components of the Hospital's annual OPEB cost as of December 31, 2014, and 2013, the amount actually contributed to the insurance plan, and changes in the Hospital's net OPEB obligation.

	<u>2014</u>	<u>2013</u>
Net OPEB, Beginning of Year	\$ 1,272,356	\$ 1,118,230
Activity During the Year:		
Annual Required Contribution (ARC)	376,047	313,429
Interest on Net OPEB Obligation	50,894	44,729
Adjustments to ARC	(73,580)	(64,667)
Contributions during the fiscal year	<u>(123,700)</u>	<u>(139,365)</u>
Increase in Net OPEB Obligation	<u>229,661</u>	<u>154,126</u>
Net OPEB, End of the Year	<u><u>\$ 1,502,017</u></u>	<u><u>\$ 1,272,356</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>
12/31/2012	\$ 287,700	\$ 103,741	36.06%	\$ 1,118,230
12/31/2013	\$ 293,491	\$ 139,365	47.49%	\$ 1,272,356
12/31/2014	\$ 353,361	\$ 123,700	35.01%	\$ 1,502,017

Funding Status

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

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, 2014**

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, 2014. The following is a summary of the funding status at January 1, 2014, 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)
\$ -	\$ 2,735,839	\$ 2,735,839	0.00%	\$ 38,490,496	7.10%

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:

2015	\$ 175,000
2016	175,000
2017	175,000
2018	175,000
2019	175,000
2020	175,000
	<u>\$ 1,050,000</u>

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

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.

Central Community Transit (CCT)

Kandiyohi Area Transit was established on October 20, 1998 by a joint powers agreement between Kandiyohi County and the City of Willmar. Effective January 1, 2015, Kandiyohi Area Transit is combining with Renville County Heartland Express to form Central Community Transit. The current 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. When the new entity begins in 2015, an additional two members will be appointed to this Board from Renville County. Complete financial information for KAT/CCT can be obtained at Kandiyohi Area Transit/Central Community 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 17, 2015, 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, 2014

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES				
GENERAL PROPERTY TAXES				
Current Ad Valorem	\$ 3,992,734	\$ 3,992,734	\$ 4,046,221	\$ 53,487
Delinquent Ad Valorem	75,000	75,000	84,538	9,538
Franchise Fees	230,000	230,000	267,227	37,227
TOTAL TAXES	4,297,734	4,297,734	4,397,986	100,252
LICENSES/PERMITS				
Business License/Permit	54,000	54,000	60,949	6,949
Non-Business License/Permit	249,300	249,300	483,233	233,933
TOTAL LICENSES & PERMITS	303,300	303,300	544,182	240,882
INTERGOVERNMENTAL				
FEDERAL GOVERNMENT				
Federal Grant	-	-	850	850
STATE GRANTS				
Local Government Aid	4,439,703	4,439,703	4,439,722	19
Police Department Aid	205,000	205,000	241,807	36,807
P.E.R.A. Aid	172,146	172,146	172,146	-
Airport Aid	-	-	-	-
State Grant	3,583	3,583	9,025	5,442
MFG Home HACA	-	-	-	-
Fire Department Aid	-	-	-	-
Shared Highway User Tax	218,000	218,000	247,312	29,312
Local Performance Aid	-	-	-	-
COUNTY GRANTS				
Kandiyohi County Highways	3,795	3,795	3,795	-
Kandiyohi County	9,000	9,000	19,864	10,864
SCHOOL DISTRICT #347				
School Liaison Officer	139,000	139,000	144,000	5,000
Contributions/Donations	-	-	-	-
TOTAL INTERGOVERNMENTAL	5,190,227	5,190,227	5,278,521	88,294
SERVICE CHARGES				
General Government	16,595	16,595	18,451	1,856
Public Safety	218,573	218,573	234,420	15,847
Buildings & Grounds	18,950	18,950	16,923	(2,027)
Civic Center	280,200	280,200	327,548	47,348
Leisure Services	165,000	166,550	154,173	(12,377)
Highways & Streets	13,050	13,050	9,891	(3,159)
Community Center	13,750	13,750	12,734	(1,016)
Transportation (Airport)	24,230	24,230	-	(24,230)
TOTAL SERVICE CHARGES	750,348	751,898	774,140	22,242
FINES AND FORFEITS				
Other Fines and Forfeits	-	-	-	-
Court Fines	110,000	110,000	112,167	2,167
Parking Violations	17,000	17,000	17,531	531
Impounding Fees	26,000	26,000	37,459	11,459
TOTAL FINES & FORFEITS	153,000	153,000	167,157	14,157
SPECIAL ASSESSMENTS				
Special Assessments	1,620	1,620	1,858	238
TOTAL SPECIAL ASSESSMENTS	1,620	1,620	1,858	238

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, 2014

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES (Con't)				
MISCELLANEOUS REVENUE				
Miscellaneous	120,500	120,500	223,842	103,342
Interest Earnings	130,000	130,000	172,383	42,383
Sale of Fixed Assets	35,000	35,000	42,950	7,950
Sale of Materials	55,000	55,000	40,036	(14,964)
Contributions/Donations	-	-	-	-
City Auditorium Rents	2,500	2,500	564	(1,936)
Other Rents	-	-	1	1
Market Value Increase/(Decrease)	-	-	379,560	379,560
Insurance Reimbursements	230,000	230,000	67,574	(162,426)
Insurance Pass Through	350,000	350,000	358,649	8,649
Restitution	-	-	-	-
TOTAL MISCELLANEOUS	923,000	923,000	1,285,559	362,559
 TOTAL REVENUE	 11,619,229	 11,620,779	 12,449,403	 828,624
EXPENDITURES				
GENERAL GOVERNMENT				
City Administrator				
Personal Services	384,497	384,497	258,805	125,692
Supplies	1,500	1,500	1,141	359
Other Services & Charges	5,200	5,200	4,820	380
Total	391,197	391,197	264,766	126,431
Mayor and Council				
Personal Services	79,150	79,150	78,699	451
Supplies	13,650	13,650	6,153	7,497
Other Services & Charges	118,265	118,265	94,152	24,113
Total	211,065	211,065	179,004	32,061
Planning & Development				
Personal Services	463,224	463,224	448,978	14,246
Supplies	10,800	10,800	8,288	2,512
Other Services & Charges	21,950	21,950	36,041	(14,091)
Total	495,974	495,974	493,307	2,667
City Clerk/Treasurer				
Personal Services	196,039	196,039	185,582	10,457
Supplies	6,350	6,350	4,881	1,469
Other Services & Charges	4,550	4,550	5,081	(531)
Total	206,939	206,939	195,544	11,395
Assessing				
Personal Services	271,040	271,040	244,331	26,709
Supplies	3,635	3,635	4,995	(1,360)
Other Services & Charges	8,900	8,900	8,355	545
Total	283,575	283,575	257,681	25,894
Accounting				
Personal Services	364,211	364,211	319,550	44,661
Supplies	6,950	6,950	4,298	2,652
Other Services & Charges	30,400	30,460	31,061	(601)
Total	401,561	401,621	354,909	46,712

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, 2014

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (Con't)				
GENERAL GOVERNMENT (Con't)				
Legal				
Personal Services	-	-	-	-
Supplies	-	-	-	-
Other Services & Charges	216,000	216,000	297,500	(81,500)
Total	216,000	216,000	297,500	(81,500)
City Hall				
Personal Services	55,357	55,357	42,226	13,131
Supplies	22,200	22,200	8,453	13,747
Other Services & Charges	40,150	40,150	48,742	(8,592)
Total	117,707	117,707	99,421	18,286
Information Technology				
Personal Services	301,202	301,202	264,916	36,286
Supplies	39,550	49,375	45,729	3,646
Other Services & Charges	149,824	147,499	113,621	33,878
Total	490,576	498,076	424,266	73,810
Cultural Diversity				
Other Services & Charges	-	-	-	-
Total	-	-	-	-
Elections & Voters Registration				
Personal Services	47,507	47,507	44,129	3,378
Supplies	250	250	723	(473)
Other Services & Charges	8,415	8,415	654	7,761
Total	56,172	56,172	45,506	10,666
Non-Departmental Expenses				
Personal Services	75,000	75,000	117,477	(42,477)
Supplies	-	-	17	(17)
Other Charges/Services	210,000	210,000	238,968	(28,968)
Insurances	40,969	40,969	28,954	12,015
Labor Negotiator	-	-	-	-
Severance	-	-	86,589	(86,589)
Deferred Compensation	-	-	-	-
Re-Employment Insurance	5,000	5,000	3,759	1,241
Retired Employees Insurance	120,000	120,000	87,174	32,826
Insurance Pass Through	350,000	350,000	367,426	(17,426)
Downtown Items	-	-	-	-
Workers Comp Self Insurance	-	-	16,804	(16,804)
Insurance Deductible	150,000	150,000	15,034	134,966
Refunds Paid	200,000	200,000	381,550	(181,550)
Total	1,150,969	1,150,969	1,343,752	(192,783)
TOTAL GENERAL GOVERNMENT	4,021,735	4,029,295	3,955,656	73,639
PUBLIC SAFETY				
Police Department				
Personal Services	3,548,630	3,548,630	3,343,247	205,383
Supplies	237,110	237,110	143,078	94,032
Other Services & Charges	131,195	140,295	136,584	3,711
Debt Redemption	228,000	228,000	224,684	3,316
Total	4,144,935	4,154,035	3,847,593	306,442

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, 2014

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (Con't)				
PUBLIC SAFETY (Con't)				
Fire Department				
Personal Services	474,969	474,969	393,985	80,984
Supplies	93,160	95,110	120,257	(25,147)
Other Services & Charges	86,000	87,000	82,215	4,785
Total	654,129	657,079	596,457	60,622
Non-Departmental Expenses				
Personal Services	-	-	-	-
Civil Defense	5,000	5,000	3,045	1,955
Safety Program	10,000	10,000	9,014	986
Refunds Paid	-	-	-	-
Total	15,000	15,000	12,059	2,941
TOTAL PUBLIC SAFETY	4,814,064	4,826,114	4,456,109	370,005
PUBLIC WORKS				
Engineering				
Personal Services	529,435	529,435	366,471	162,964
Supplies	9,750	9,750	8,238	1,512
Other Services & Charges	83,550	214,236	183,733	30,503
Total	622,735	753,421	558,442	194,979
Public Works				
Personal Services	1,631,326	1,631,326	1,544,942	86,384
Supplies	520,500	545,500	487,528	57,972
Other Services & Charges	332,400	326,815	269,109	57,706
Total	2,484,226	2,503,641	2,301,579	202,062
Transit				
Other Services & Charges	15,000	15,000	15,000	-
Total	15,000	15,000	15,000	-
Non-Departmental Expenses				
Supplies	-	-	54,000	(54,000)
Other Services & Charges	2,000	2,000	837	1,163
Total	2,000	2,000	54,837	(52,837)
TOTAL PUBLIC WORKS	3,123,961	3,274,062	2,929,858	344,204
NON-DEPARTMENTAL EXPENSES				
Social Services				
Meals on Wheels	-	-	-	-
TOTAL NON-DEPARTMENTAL EXPENSE	-	-	-	-
CULTURE & RECREATION				
Library				
Other Services & Charges	483,488	483,488	436,938	46,550
Total	483,488	483,488	436,938	46,550
Auditorium				
Personal Services	-	-	325	(325)
Supplies	11,100	11,100	8,530	2,570
Other Services & Charges	33,750	33,750	23,787	9,963
Total	44,850	44,850	32,642	12,208

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, 2014

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (Con't)				
CULTURE & RECREATION (Con't)				
Non-Department Expenses				
Civic Promotion	114,000	114,000	96,203	17,797
Total	114,000	114,000	96,203	17,797
Leisure Services				
Personal Services	165,308	165,308	167,883	(2,575)
Supplies	17,750	19,300	20,595	(1,295)
Other Services & Charges	160,221	190,221	219,318	(29,097)
Total	343,279	374,829	407,796	(32,967)
Civic Center - Ice Arena				
Personal Services	328,342	328,342	306,266	22,076
Supplies	84,093	84,093	87,705	(3,612)
Other Services & Charges	164,745	164,745	175,898	(11,153)
Refunds Paid	-	-	614	(614)
Total	577,180	577,180	570,483	6,697
Community Center				
Personal Services	114,767	114,767	66,767	48,000
Supplies	11,700	11,700	14,200	(2,500)
Other Services & Charges	34,104	34,104	27,677	6,427
Total	160,571	160,571	108,644	51,927
Aquatics Center				
Personal Services	132,440	132,440	129,237	3,203
Supplies	40,400	40,400	39,177	1,223
Other Services & Charges	29,930	29,930	33,938	(4,008)
Total	202,770	202,770	202,352	418
TOTAL CULTURE & RECREATION	1,926,138	1,957,688	1,855,058	102,630
TOTAL EXPENDITURES	13,885,898	14,087,159	13,196,681	890,478
Excess of Revenues Over Expenditures	(2,266,669)	(2,466,380)	(747,278)	1,719,102
OTHER FINANCING SOURCES (USES)				
Transfers In	3,021,840	3,197,636	2,991,539	(206,097)
Transfers Out	(1,871,338)	(1,859,908)	(1,860,021)	(113)
Total Other Financing Sources (Uses)	1,150,502	1,337,728	1,131,518	(206,210)
Net Change in Fund Balances	(1,116,167)	(1,128,652)	384,240	1,512,892
Fund Balances - Beginning	13,735,039	13,735,039	13,735,039	-
Fund Balances - Ending	\$ 12,618,872	\$ 12,606,387	\$ 14,119,279	\$ 1,512,892

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, 2014

	Budget Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Miscellaneous Revenue				
Sale of Fixed Assets	\$ -	\$ -	\$ -	\$ -
Rental of Land	-	-	-	-
Interest Earnings	120,000	120,000	182,248	62,248
Market Value Incr/(Decr)	-	-	722,306	722,306
Total Revenues	120,000	120,000	904,554	784,554
EXPENDITURES				
Supplies	-	-	41	(41)
Other Services/Charges	-	115,000	149,325	(34,325)
Capital Outlay	-	-	-	-
Total Expenditures	-	115,000	149,366	(34,366)
Excess (Deficiency) of Revenues Over (Under) Expenditures	120,000	5,000	755,188	750,188
OTHER FINANCING SOURCES (USES)				
Transfer In	-	-	-	-
Transfer Out - C.P. 2014	-	(4,605,000)	-	4,605,000
Transfer Out - Capital Improvements	(5,620,000)	(925,000)	-	925,000
Transfer Out - C.P. 2013	(92,059)	(92,059)	-	92,059
Transfer Out - C.P. Waste Treatment	-	-	(8,012,153)	(8,012,153)
Total Other Financing Sources (Uses)	(5,712,059)	(5,622,059)	(8,012,153)	(2,390,094)
Net Change in Fund Balances	(5,592,059)	(5,617,059)	(7,256,965)	(1,639,906)
Fund Balance - Beginning	7,914,608	7,914,608	7,914,608	-
Fund Balance - Ending	\$ 2,322,549	\$ 2,297,549	\$ 657,643	\$ (1,639,906)

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, 2014

	Budget Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
General Taxes				
Hotel-Motel Tax	\$ 165,000	\$ 165,000	\$ 184,862	\$ 19,862
Intergovernmental				
State Tourism Grant	3,000	3,000	846	(2,154)
Kandiyohi County Camping Fees	14,500	14,500	14,859	359
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	49,705	(2,795)
Service Charges	2,000	2,000	2,045	45
Miscellaneous Revenue				
Interest Earnings	4,000	4,000	3,376	(624)
Market Value Increase/(Decrease)	-	-	8,363	8,363
Miscellaneous	-	-	3,690	3,690
Total Miscellaneous Revenue	4,000	4,000	15,429	11,429
Total Revenue	223,500	223,500	252,041	28,541
EXPENDITURES				
Personal Services	107,500	107,500	99,379	8,121
Supplies	8,100	8,100	10,235	(2,135)
Other Services and Charges	26,275	26,275	24,817	1,458
Tourism	34,000	34,000	42,672	(8,672)
Ad Development	250	250	50	200
Conference & Convention	22,000	22,000	26,223	(4,223)
Group Tour Promotions	2,000	2,000	-	2,000
Leisure Travel	27,000	27,000	23,348	3,652
Fall/Winter Promotions	6,500	6,500	7,168	(668)
Refunds & Reimbursements	-	-	-	-
Special Projects	7,000	7,000	4,500	2,500
Strategic Marketing	5,000	5,000	2,215	2,785
Total Expenditures	245,625	245,625	240,607	5,018
Excess (Deficiency) of Revenues Over (Under) Expenditures	(22,125)	(22,125)	11,434	33,559
OTHER FINANCING SOURCES (USES)				
Transfers Out - General	(8,000)	(8,000)	(8,000)	-
Transfers Out - Capital Improvement	-	-	-	-
Total Other Financing Sources (Uses)	(8,000)	(8,000)	(8,000)	-
Net Change in Fund Balances	(30,125)	(30,125)	3,434	33,559
Fund Balance - Beginning	184,414	184,414	184,414	-
Fund Balance - Ending	\$ 154,289	\$ 154,289	\$ 187,848	\$ 33,559

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, 2014

	Budget Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental				
Federal Grants	\$ -	\$ -	\$ 713,935	\$ 713,935
State Grants	-	-	-	-
Total Intergovernmental	-	-	713,935	713,935
Miscellaneous Revenue	-	-	-	-
Total Revenue	-	-	713,935	713,935
EXPENDITURES				
Other Services/Charges	-	-	713,935	(713,935)
Total Expenditures	-	-	713,935	(713,935)
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, 2014

	Budget Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental				
Federal Grant	-	-	500	500
State Airport Aid	51,636	51,636	56,800	
Kandiyohi County	-	-	-	-
Kandiyohi County Phone Reimb	-	-	-	-
Kandiyohi County Tourism Partner.	-	-	-	-
Total Intergovernmental	51,636	51,636	57,300	500
Service Charges				
Rental Income	169,205	169,205	171,797	2,592
Fuel Sales	7,500	7,500	8,539	1,039
Total Service Charges	176,705	176,705	180,336	3,631
Miscellaneous Revenue				
Interest Earnings	-	-	664	664
Market Value Increase/(Decrease)	-	-	2,090	2,090
Miscellaneous	-	-	203	203
Total Miscellaneous Revenue	-	-	2,957	2,957
Total Revenue	228,341	228,341	240,593	7,088
EXPENDITURES				
Personal Services	2,000	2,000	1,001	999
Supplies	11,750	11,750	10,214	1,536
Other Services and Charges	223,000	223,000	207,349	15,651
Total Expenditures	236,750	236,750	218,564	18,186
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,409)	(8,409)	22,029	25,274
OTHER FINANCING SOURCES (USES)				
Transfers In - General Fund	189,302	189,302	189,302	-
Transfers Out - C.P. Airport	(180,893)	(180,893)	(180,893)	-
Total Other Financing Sources (Uses)	8,409	8,409	8,409	-
Net Change in Fund Balances	-	-	30,438	25,274
Fund Balance - Beginning	13,825	13,825	13,825	-
Fund Balance - Ending	\$ 13,825	\$ 13,825	\$ 44,263	\$ 25,274

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, 2014

	Budget Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Miscellaneous Revenue				
Interest Earnings	\$ -	\$ -	\$ 3,194	\$ 3,194
Market Value Incr/(Decr)	-	-	8,171	8,171
Total Revenues	-	-	11,365	11,365
EXPENDITURES				
Supplies	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	11,365	11,365
Net Change in Fund Balances	-	-	11,365	11,365
Fund Balance - Beginning	156,864	156,864	156,864	-
Fund Balance - Ending	\$ 156,864	\$ 156,864	\$ 168,229	\$ 11,365

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, 2014

	Budget Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Special Assessments	\$ 7,500	\$ 7,500	\$ 125,143	\$ 117,643
Miscellaneous Revenue				
Interest Earnings	185,000	185,000	173,887	(11,113)
Market Value Increase (Decrease)	-	-	438,044	438,044
Miscellaneous	-	-	1,714	1,714
Total Revenues	192,500	192,500	738,788	546,288
EXPENDITURES				
Other Charges	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	192,500	192,500	738,788	546,288
OTHER FINANCING SOURCES (USES)				
Transfers In	427,184	427,184	439,012	11,828
Transfers Out	(619,684)	(619,684)	(913,277)	(293,593)
Total Other Financing Sources (Uses)	(192,500)	(192,500)	(474,265)	(281,765)
Net Change in Fund Balances	-	-	264,523	264,523
Fund Balance - Beginning	8,583,532	8,583,532	8,583,532	-
Fund Balance - Ending	\$ 8,583,532	\$ 8,583,532	\$ 8,848,055	\$ 264,523

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, 2014

	Budget Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Miscellaneous Revenue				
Interest Earnings	\$ 12,000	\$ 12,000	\$ 16,508	\$ 4,508
Market Value Incr/(Decr)	-	-	41,747	41,747
Miscellaneous	-	-	-	-
Total Revenues	12,000	12,000	58,255	46,255
EXPENDITURES				
Other Charges	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	12,000	12,000	58,255	46,255
OTHER FINANCING SOURCES (USES)				
Transfers In	415,872	415,872	415,872	-
Transfers Out	(427,184)	(427,184)	(427,184)	-
Total Other Financing Sources (Uses)	(11,312)	(11,312)	(11,312)	-
Net Change in Fund Balances	688	688	46,943	46,255
Fund Balance - Beginning	811,811	811,811	811,811	-
Fund Balance - Ending	\$ 812,499	\$ 812,499	\$ 858,754	\$ 46,255

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, 2014

	Budget Amounts			Over (Under)
	Original	Final	Actual	Final Budget
REVENUES				
Special Assessments				
Special Assessments	\$ 1,166,626	\$ 1,166,626	\$ 1,260,981	\$ 94,355
Miscellaneous Revenue				
Miscellaneous	-	-	11,652	11,652
Interest Earnings	53,000	53,000	71,343	18,343
Net change in fair market value	-	-	193,293	193,293
Total Revenues	1,219,626	1,219,626	1,537,269	317,643
EXPENDITURES				
Bond Principal Payments	1,980,000	1,980,000	1,975,000	(5,000)
Interest Payments	329,883	329,883	319,314	(10,569)
Other Charges	8,425	8,425	19,023	10,598
Total Expenditures	2,318,308	2,318,308	2,313,337	(4,971)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,098,682)	(1,098,682)	(776,068)	322,614
OTHER FINANCING SOURCES (USES)				
Transfers In	619,684	619,684	979,777	360,093
Transfers Out	-	-	(11,828)	(11,828)
Bond Proceeds	-	-	-	-
Total Other Financing Sources (Uses)	619,684	619,684	967,949	348,265
Net Change in Fund Balances	(478,998)	(478,998)	191,881	670,879
Fund Balances - Beginning	5,318,814	5,318,814	5,318,814	-
Fund Balances - Ending	\$ 4,839,816	\$ 4,839,816	\$ 5,510,695	\$ 670,879

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, 2014

	Budget Amounts			Over (Under)
	Original	Final	Actual	Final Budget
REVENUES				
Interest Earnings	\$ -	\$ -	\$ -	\$ -
Market Value Increase (Decrease)	-	-	-	-
Total Revenues	-	-	-	-
EXPENDITURES				
Bond Principal Payments	140,000	140,000	145,000	(5,000)
Interest Payments	40,043	40,043	37,593	(2,450)
Other Charges	850	850	3,180	2,330
Total Expenditures	180,893	180,893	185,773	(5,120)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(180,893)	(180,893)	(185,773)	(5,120)
OTHER FINANCING SOURCES(USES)				
Transfers In	180,893	180,893	180,893	-
Total Other Financing Sources (Uses)	180,893	180,893	180,893	-
Net Change in Fund Balances	-	-	(4,880)	(5,120)
Fund Balances - Beginning	158,370	158,370	158,370	-
Fund Balances - Ending	\$ 158,370	\$ 158,370	\$ 153,490	\$ (5,120)

See notes to required supplementary information.

**NOTES TO THE REQUIRED
SUPPLEMENTARY INFORMATION**

CITY OF WILLMAR, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2014

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, 2014

	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	\$ 54,018	\$ 1,278,824	\$ (100,838)	\$ 947	\$ 1,232,951
Investments	1,239,981	1,759,241	-	36,830	3,036,052
Receivables					
Taxes Receivable - Current	12,490	-	-	-	12,490
Accounts Receivable	8,102	-	-	-	8,102
Notes Receivable	350,000	-	-	-	350,000
Interest Receivable	8,887	6,670	-	134	15,691
Due From Other Funds	115,733	889,984	90,352	-	1,096,069
Due From Other Governments	-	-	-	-	-
Prepaid Items	19,752	-	161,246	-	180,998
Restricted Assets:					
Investments	-	-	-	-	-
Unamortized Discounts On Bonds	-	-	2,730	-	2,730
Total Assets	\$ 1,808,963	\$ 3,934,719	\$ 153,490	\$ 37,911	\$ 5,935,083
LIABILITIES					
Accounts Payable	\$ 34,989	\$ 202,823	\$ -	\$ -	\$ 237,812
Contracts Payable	-	-	-	-	-
Due To Other Funds	105,887	587,389	-	-	693,276
Due To Other Gov Units	-	-	-	-	-
Deposits	120	-	-	-	120
Total Liabilities	140,996	790,212	-	-	931,208
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue	358,639	-	-	-	358,639
Total Deferred Inflows of Resources	358,639	-	-	-	358,639
FUND BALANCES					
Nonspendable Fund Balance	19,752	-	161,246	30,000	210,998
Restricted Fund Balance	50,234	-	-	7,911	58,145
Committed Fund Balance	1,239,342	3,144,507	-	-	4,383,849
Unassigned Fund Balance	-	-	(7,756)	-	(7,756)
Total Fund Balances	1,309,328	3,144,507	153,490	37,911	4,645,236
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,808,963	\$ 3,934,719	\$ 153,490	\$ 37,911	\$ 5,935,083

City of Willmar, Minnesota
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
NonMajor Governmental Funds
For the Year Ended December 31, 2014

	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	184,862	-	-	-	184,862
Intergovernmental	820,940	25,520	-	-	846,460
Charges for Services	196,952	-	-	-	196,952
Investment Income	23,782	49,240	-	707	73,729
Net change in fair market value	60,371	131,169	-	1,757	193,297
Miscellaneous Revenue	3,893	8,000	-	-	11,893
Total Revenues	1,290,800	213,929	-	2,464	1,507,193
EXPENDITURES					
Public Safety	12,408	-	-	-	12,408
Streets & Highways	218,564	-	-	-	218,564
Culture and Recreation	240,607	-	-	-	240,607
Economic Development	713,935	-	-	-	713,935
Debt Service					
Principal	-	-	145,000	-	145,000
Interest	-	-	37,593	-	37,593
Other Charges	-	-	3,180	-	3,180
Capital Projects	-	2,656,773	-	-	2,656,773
Total Expenditures	1,185,514	2,656,773	185,773	-	4,028,060
Excess (Deficiency) of Revenues Over (Under) Expenditures	105,286	(2,442,844)	(185,773)	2,464	(2,520,867)
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	605,174	1,848,018	180,893	-	2,634,085
Operating Transfers Out	(616,077)	(246,968)	-	-	(863,045)
Total Other Financing Sources (Uses)	(10,903)	1,601,050	180,893	-	1,771,040
Net Change in Fund Balances	94,383	(841,794)	(4,880)	2,464	(749,827)
Fund Balances - Beginning	1,214,945	3,986,301	158,370	35,447	5,395,063
Prior Period Adjustment - See Note 9	-	-	-	-	-
Fund Balances - Ending	\$ 1,309,328	\$ 3,144,507	\$ 153,490	\$ 37,911	\$ 4,645,236

City of Willmar, Minnesota
Combining Balance Sheet
NonMajor Governmental Funds/Special Revenue
December 31, 2014

	Convention and Visitors Bureau	Community Development	Willmar Municipal Airport	Library Improvement Reserve	Public Works Reserve	Law Enforcement Forfeiture Fund	Law Enforcement Explorer Fund	Total Special Revenue Funds
ASSETS								
Cash and Cash Equivalents	\$ 114	\$ -	\$ 3,280	\$ 161	\$ 229	\$ 49,734	\$ 500	\$ 54,018
Investments	192,215	-	25,055	167,429	855,282	-	-	1,239,981
Receivables								
Taxes Receivable	12,490	-	-	-	-	-	-	12,490
Accounts Receivable	326	-	7,776	-	-	-	-	8,102
Notes Receivable	-	350,000	-	-	-	-	-	350,000
Interest Receivable	723	4,181	101	639	3,243	-	-	8,887
Due From Other Governments	-	-	-	-	-	-	-	-
Due From Other Funds	-	-	115,733	-	-	-	-	115,733
Prepaid Items	12,766	-	6,986	-	-	-	-	19,752
Total Assets	\$ 218,634	\$ 354,181	\$ 158,931	\$ 168,229	\$ 858,754	\$ 49,734	\$ 500	\$ 1,808,963
LIABILITIES								
Accounts Payable	\$ 30,786	\$ -	\$ 4,203	\$ -	\$ -	\$ -	\$ -	\$ 34,989
Accrued Wages	-	-	-	-	-	-	-	-
Due To Other Governments	-	-	-	-	-	-	-	-
Due To Other Funds	-	-	105,887	-	-	-	-	105,887
Deposits	-	-	120	-	-	-	-	120
Total Liabilities	30,786	-	110,210	-	-	-	-	140,996
DEFERRED INFLOWS OF RESOURCES								
Unavailable Revenue	-	354,181	4,458	-	-	-	-	358,639
Total Deferred Inflows of Resources	-	354,181	4,458	-	-	-	-	358,639
FUND BALANCES								
Nonspendable Fund Balance	12,766	-	6,986	-	-	-	-	19,752
Restricted Fund Balance	-	-	-	-	-	49,734	500	50,234
Committed Fund Balance	175,082	-	37,277	168,229	858,754	-	-	1,239,342
Assigned Fund Balance	-	-	-	-	-	-	-	-
Unassigned Fund Balance	-	-	-	-	-	-	-	-
Total Fund Balances	187,848	-	44,263	168,229	858,754	49,734	500	1,309,328
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 218,634	\$ 354,181	\$ 158,931	\$ 168,229	\$ 858,754	\$ 49,734	\$ 500	\$ 1,808,963

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, 2014

	Convention and Visitors Bureau	Community Development	Willmar Municipal Airport	Library Improvement Reserve	Public Works Reserve	Law Enforcement Forfeiture Fund	Law Enforcement Explorer Fund	Total Special Revenue Funds
REVENUES								
General Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Taxes	184,862	-	-	-	-	-	-	184,862
Intergovernmental	49,705	713,935	57,300	-	-	-	-	820,940
Service Charges	2,045	-	180,336	-	-	-	-	196,952
Investment income	3,376	-	664	3,194	16,508	14,071	500	23,782
Fair Market Value Incr/(Decr)	8,363	-	2,090	8,171	41,747	40	-	60,371
Miscellaneous Revenue	3,690	-	203	-	-	-	-	3,893
Total Revenues	252,041	713,935	240,593	11,365	58,255	14,111	500	1,290,800
EXPENDITURES								
Public Safety	-	-	-	-	-	12,408	-	12,408
Streets and Highways	-	-	218,564	-	-	-	-	218,564
Culture and Recreation	240,607	-	-	-	-	-	-	240,607
Economic Development	-	713,935	-	-	-	-	-	713,935
Total Expenditures	240,607	713,935	218,564	-	-	12,408	-	1,185,514
Excess (Deficiency) of Revenues Over (Under) Expenditures	11,434	-	22,029	11,365	58,255	1,703	500	105,286
OTHER FIN. SOURCES (USES)								
Transfers In	-	-	189,302	-	415,872	-	-	605,174
Transfers Out	(8,000)	-	(180,893)	-	(427,184)	-	-	(616,077)
Total Other Fin. Sources (Uses)	(8,000)	-	8,409	-	(11,312)	-	-	(10,903)
Net Change in Fund Balances	3,434	-	30,438	11,365	46,943	1,703	500	94,383
Fund Balances - Beginning	184,414	-	13,825	156,864	811,811	48,031	-	1,214,945
Fund Balances - Ending	\$ 187,848	\$ -	\$ 44,263	\$ 168,229	\$ 858,754	\$ 49,734	\$ 500	\$ 1,309,328

City of Willmar, Minnesota
Combining Balance Sheet
NonMajor Governmental Funds/Capital Projects
December 31, 2014

	Airport Capital Project	Capital Improvement	Surface Water	Total Capital Projects Funds
ASSETS				
Cash	\$ (26,036)	\$ 1,304,844	\$ 16	\$ 1,278,824
Investments	-	1,676,217	83,024	1,759,241
Accounts Receivable	-	-	-	-
Interest Receivable	-	6,351	319	6,670
Due From Other Funds	26,036	863,948	-	889,984
Due From Other Governments	-	-	-	-
Prepaid Expenses	-	-	-	-
Total Assets	\$ -	\$ 3,851,360	\$ 83,359	\$ 3,934,719
LIABILITIES				
Accounts Payable	\$ -	\$ 202,823	\$ -	\$ 202,823
Contracts Payable	-	-	-	-
Due To Other Funds	-	504,030	83,359	587,389
Due To Other Gov Units	-	-	-	-
Total Liabilities	-	706,853	83,359	790,212
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
FUND BALANCES				
Restricted Fund Balance	-	-	-	-
Committed Fund Balance	-	3,144,507	-	3,144,507
Unassigned Fund Balance	-	-	-	-
Total Fund Balance	-	3,144,507	-	3,144,507
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ -	\$ 3,851,360	\$ 83,359	\$ 3,934,719

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, 2014

	Airport Capital Project	Capital Improvement	Surface Water	Total Capital Project Funds
REVENUES				
Intergovernmental	\$ 24,122	\$ -	\$ -	\$ 24,122
Investment Income	-	45,534	3,706	49,240
Market Value Incr/(Decr)	-	123,160	8,009	131,169
Miscellaneous	-	8,000	-	8,000
Total Revenues	24,122	176,694	11,715	212,531
EXPENDITURES				
Capital/Construction Projects	26,460	2,630,313	-	2,656,773
Total Expenditures	26,460	2,630,313	-	2,656,773
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,338)	(2,453,619)	11,715	(2,444,242)
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	3,736	1,845,680	-	1,849,416
Operating Transfers Out	-	(27,338)	(219,630)	(246,968)
Total Other Financing Sources (Uses)	3,736	1,818,342	(219,630)	1,602,448
Net Change in Fund Balances	1,398	(635,277)	(207,915)	(841,794)
Fund Balance - Beginning	(1,398)	3,779,784	207,915	3,986,301
Fund Balance- Ending	\$ -	\$ 3,144,507	\$ -	\$ 3,144,507

City of Willmar, Minnesota
Internal Service Funds
Combining Statement of Net Position
December 31, 2014

	Office Services
ASSETS	
Current Assets:	
Cash And Cash Equivalents	\$ 416
Investments	147,309
Accounts Receivable	3,092
Interest Receivable	554
Due From Component Unit	-
Intergovernmental Receivable	-
Due From Other Funds	-
Inventories - Merchandise For Resale	4,024
Prepaid Expenses	838
Amount To Be Provided	-
Total Current Assets	<u>156,233</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>156,783</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	810
Due To Other Funds	<u>-</u>
Total Current Liabilities	<u>810</u>
NET POSITION	
Restricted Fund Balance-Inventories	4,024
Restricted Fund Balance-Prepays	838
Assigned Fund Balance	150,561
Assigned Fund Balance-Surplus Invested In Fixed Assets	<u>550</u>
Total Net Position	<u><u>\$ 155,973</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, 2014

	<u>Office Services</u>
Operating Revenues:	
Charges For Services	\$ 18,409
Total Operating Revenues	<u>18,409</u>
Operating Expenses:	
Cost of Materials Used:	
Inventory, January 1	3,025
Purchases	8,922
Total Available	<u>11,947</u>
Inventory, December 31	(4,024)
Total Cost of Materials Used	<u>7,923</u>
Other Services And Charges	10,360
Depreciation	<u>-</u>
Total Operating Expenses	<u>18,283</u>
Operating Income (Loss)	<u>126</u>
Nonoperating Revenues (Expenses):	
Interest On Investments	2,747
Market Value Increase/(Decrease)	7,117
Capital Asset Acquisition/(Disposal)	<u>-</u>
Total Nonoperating Revenues	9,864
Income (Loss) Before Contributions and Transfers	9,990
Operating Transfers In	-
Operating Transfers Out	<u>-</u>
Change in Net Position	9,990
Total Net Position - Beginning	<u>145,983</u>
Total Net Position - Ending	<u><u>\$ 155,973</u></u>

City of Willmar, Minnesota
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended December 31, 2014

	Office Services
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from Charges For Services	\$ 16,469
Payments For Purchases	(8,341)
Payments For Other Services and Charges	(10,522)
Liquidation of Liabilities	-
Net Cash Provided (Used) by Operating Activities	(2,394)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Transfer from Other Funds	-
Transfer to Other Funds	-
Net Cash Used in Noncapital and Related Financing Activities	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Principal Payments on Long-Term Debt	-
Net Cash Used in Capital and Related Financing Activities	-
CASH FLOWS FROM INVESTING ACTIVITIES:	
Principal Collected on Loan	-
Proceeds from Sales and Maturities of Investments	-
Purchase of Investments	(6,000)
Interest and Dividends Received	2,766
Net Cash Provided (Used) from Investing Activities	(3,234)
Net Increase (Decrease) in Cash and Cash Equivalents	(5,628)
Cash and Cash Equivalents - Beginning	6,044
Cash and Cash Equivalents - Ending	\$ 416
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ 126
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	(1,939)
(Increase) Decrease in Prepaid Expenses	(162)
(Increase) Decrease in Due From Other Funds	-
(Increase) Decrease in Due From Component Units	-
(Increase) Decrease in Inventories	(999)
Increase (Decrease) in Accounts Payable	580
Increase (Decrease) in Due to Other Funds	-
Total Adjustments	(2,520)
Net Cash Provided (Used) by Operating Activities	\$ (2,394)

City of Willmar, Minnesota
Statement of Net Position
Fiduciary Funds - Agency Fund
December 31, 2014

	<u>Trust Fund</u> <u>Fire Insurance</u> <u>Escrow</u>	<u>Agency Fund</u> <u>Bioscience</u> <u>Grant Fund</u>
ASSETS		
Cash and Cash Equivalents	\$ -	\$ -
Total Assets	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES		
Deposits	\$ -	\$ -
Total Liabilities	<u>-</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, 2014

	Fire Insurance Escrow	Bioscience Grant Fund
ADDITIONS		
Intergovernmental		
State Grant	\$ -	\$ -
Serv ice Charges		
Miscellaneous	-	-
Miscellaneous		
Insurance Reimbursement	-	1,996
Total Additions	-	1,996
DEDUCTIONS		
Other Services		
Other Services	-	-
Other Charges		
Insurance and Bonds	-	1,996
End-Use Grant	-	-
Total Deductions	-	1,996
Change in Net Position	-	-
Net Position - Beginning	-	-
Net Position - Ending	\$ -	\$ -

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, 2014 and 2013

	<u>2013</u>	<u>2014</u>
Governmental Funds Capital Assets:		
Land	\$ 8,391,773	\$ 8,557,673
Buildings and Structures	12,857,060	13,040,183
Furniture and Equipment	2,638,379	2,774,906
Machinery and Auto Equipment	7,631,434	8,721,534
Other Improvements	<u>114,429,182</u>	<u>118,954,636</u>
Total Governmental Funds Capital Assets	<u>\$ 145,947,828</u>	<u>\$ 152,048,932</u>
Investments in Governmental Funds Capital Assets By Source:		
General Fund	\$ 121,138,686	\$ 127,260,708
Special Revenue Fund	24,809,142	24,788,224
Capital Projects Funds	<u>-</u>	<u>-</u>
Total Governmental Funds Capital Assets	<u>\$ 145,947,828</u>	<u>\$ 152,048,932</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, 2014

FIXED ASSETS-2014	Governmental Funds Capital Assets			Governmental Funds Capital Assets
	<u>01/01/2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>12/31/2014</u>
<u>GENERAL GOVERNMENT</u>				
Mayor & Council	\$ 20,743	\$ -	\$ -	\$ 20,743
Community Development	48,185	192,387	-	240,572
City Clerk-Treasurer	-	-	-	-
Assessing	5,325	-	-	5,325
Accounting	-	-	-	-
City Hall	805,158	5,495	-	810,653
Data Processing	328,841	75,652	11,547	392,946
Elections	83,370	-	-	83,370
Non-Departmental	164,893	-	-	164,893
Industrial Development	1,102,281	-	-	1,102,281
Total	2,558,796	273,534	11,547	2,820,783
<u>PUBLIC SAFETY</u>				
Police Dept.	690,151	23,369	68,931	644,589
Trust & Agency K-9	-	-	-	-
Fire Dept.	3,188,855	633,810	69,730	3,752,935
Public Parking	631,870	-	-	631,870
Total	4,510,876	657,179	138,661	5,029,394
<u>PUBLIC WORKS</u>				
Engineering	199,606	8,995	-	208,601
Public Works	105,748,392	5,699,234	496,877	110,950,749
Airport	23,706,861	-	20,918	23,685,943
Transit	-	-	-	-
Total	129,654,859	5,708,229	517,795	134,845,293
<u>CULTURE & RECREATION</u>				
Auditorium	465,634	69,213	-	534,847
Buildings & Grounds	951,149	992	-	952,141
Leisure Services	80,133	992	992	80,133
Civic Center	4,767,995	75,160	25,770	4,817,385
Community Center	483,462	10,570	-	494,032
Aquatic Center	2,003,972	-	-	2,003,972
WRAC-8	318,448	-	-	318,448
C.V.B.	-	-	-	-
Library	152,504	-	-	152,504
Total	9,223,297	156,927	26,762	9,353,462
GRAND TOTAL	\$ 145,947,828	\$ 6,795,869	\$ 694,765	\$ 152,048,932

*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, 2014

FIXED ASSETS-2014

	<u>Total</u>	<u>Land</u>	<u>Buildings/ Structures</u>	<u>Furniture/ Equipment</u>	<u>Machinery/ Auto</u>	<u>Other Improvements</u>
<u>GENERAL GOVERNMENT</u>						
Mayor & Council	\$ 20,743	\$ -	\$ -	\$ 20,743	\$ -	\$ -
Community Development	240,572	174,960	-	-	65,612	-
City Clerk-Treasurer	-	-	-	-	-	-
Assessing	5,325	-	-	-	-	5,325
Accounting	-	-	-	-	-	-
City Hall	810,653	40,000	746,705	-	-	23,948
Data Processing	392,946	-	-	295,515	-	97,431
Elections	83,370	-	-	83,370	-	-
Non-Departmental	164,893	-	-	164,893	-	-
Industrial Development	1,102,281	1,102,281	-	-	-	-
Total	2,820,783	1,317,241	746,705	564,521	65,612	126,704
<u>PUBLIC SAFETY</u>						
Police Dept.	644,589	-	-	93,333	538,056	13,200
Trust & Agency K-9	-	-	-	-	-	-
Fire Dept.	3,752,935	163,547	631,019	490,384	2,419,669	48,316
Public Parking	631,870	631,870	-	-	-	-
Total	5,029,394	795,417	631,019	583,717	2,957,725	61,516
<u>PUBLIC WORKS</u>						
Engineering	208,601	-	-	77,699	93,388	37,514
Public Works	110,950,749	1,923,271	1,393,935	450,781	5,307,261	101,875,501
Airport	23,685,943	4,222,932	3,961,108	17,663	23,533	15,460,707
Transit	-	-	-	-	-	-
Total	134,845,293	6,146,203	5,355,043	546,143	5,424,182	117,373,722
<u>CULTURE & RECREATION</u>						
Auditorium	534,847	-	516,862	5,985	-	12,000
Buildings & Grounds	952,141	112,405	14,169	182,945	6,950	635,672
Leisure Services	80,133	-	11,660	29,232	-	39,241
Civic Center	4,817,385	23,572	3,716,749	360,741	261,743	454,580
Community Center	494,031	87,635	316,409	10,570	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	9,353,462	298,812	6,307,417	1,080,525	274,014	1,392,694
GRAND TOTAL	<u>\$ 152,048,932</u>	<u>\$ 8,557,673</u>	<u>\$ 13,040,184</u>	<u>\$ 2,774,906</u>	<u>\$ 8,721,533</u>	<u>\$ 118,954,636</u>

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

CITY OF WILLMAR, MINNESOTA

GOVERNMENT-WIDE EXPENSES BY FUNCTION

Years 2005 Through 2014

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Miscellaneous</u>	<u>Culture & Recreation</u>	<u>Debt Service</u>	<u>Waste Treatment</u>	<u>Office Services</u>	<u>Public Improvement Revolv Loans</u>	<u>Total</u>
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
2014	\$ 4,411,086	\$ 4,725,380	\$ 7,506,805	\$ 863,301	\$ 2,344,720	\$ 307,220	\$ 6,749,481	\$ 18,283	\$ -	\$ 26,926,276

CITY OF WILLMAR, MINNESOTA

GOVERNMENT-WIDE REVENUES

Years 2005 through 2014

Fiscal Year	Program Revenues	General Revenues		Total
	Charges For Services	Taxes	Miscellaneous Revenue	
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	\$ 2,948,145	\$ 16,622,212
2014	\$ 10,579,467	\$ 4,582,848	\$ 8,284,427	\$ 23,446,742

CITY OF WILLMAR, MINNESOTA

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION

Years 2005 Through 2014

<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>
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
2014	\$ 3,955,656	\$ 4,468,517	\$ 3,148,422	\$ 9,527,501	\$ 2,095,665	\$ -	\$ 23,195,761

CITY OF WILLMAR, MINNESOTA

GENERAL GOVERNMENTAL REVENUES BY SOURCE

Years 2005 Through 2014

<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>
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
2014	\$ 4,582,848	\$ 544,182	\$ 6,325,521	\$ 971,092	\$ 167,157	\$ 4,944,871	\$ 17,535,671

CITY OF WILLMAR, MINNESOTA

PROPERTY TAX LEVIES AND COLLECTIONS

Years 2005 Through 2014

<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>
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%
2014	4,139,734	4,046,221	97.74%	84,538	4,130,759	99.78%	52,084	1.26%

CITY OF WILLMAR, MINNESOTA

TAX CAPACITIES AND ESTIMATED MARKET VALUE OF TAXABLE PROPERTY

YEARS 2005 THROUGH 2014

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Population (*Census)	18,903	18,757	18,757	18,757
REAL PROPERTY				
Tax Capacity	8,956,269	9,664,031	10,947,806	12,005,028
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	13,697	15,031
Somody #96	0	0	0	0
Accrupress #97	0	0	0	0
Brinton #98	0	0	0	0
Jennie-O #99	0	0	0	0
Holiday Inn #01	0	0	0	0
Bethesda #02	49,722	0	0	0
West Central Steel #03	20,357	0	0	0
Coborns #04	0	0	0	0
Relco #05	12,642	15,016	15,874	27,154
Lakewood #06	4,822	5,414	6,262	7,382
JOBZ	0	30,260	61,393	82,927
Net Tax Capacity	8,856,188	9,600,803	10,850,580	11,872,534
Estimated Market Value	737,628,700	806,284,500	904,555,700	983,810,800
PERSONAL PROPERTY				
Tax Capacity	67,230	90,344	104,040	110,372
Estimated Market Value	3,527,500	4,696,500	5,396,500	5,921,300
TOTAL REAL AND PERSONAL PROPERTY				
Tax Capacity	8,923,418	9,691,147	10,954,620	11,982,906
Estimated Market Value	741,156,200	810,981,000	909,952,200	989,732,100
PERCENT OF TAX CAPACITY TO ESTIMATED MARKET VALUE	0.01204	0.01195	0.012039	0.012107
PER CAPITA VALUATION				
Tax Capacity	472	517	584	639
Estimated Market Value	39,208	43,236	48,513	52,766
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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
18,757	19,610	19,610	19,694	19,694	19,694
12,526,714	12,830,579	12,975,909	11,959,117	12,120,212	12,093,317
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	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
7,834	7,834	7,834	0	0	0
99,310	113,205	118,210	143,402	181,069	181,807
12,404,539	12,694,509	12,834,834	11,815,715	11,939,143	11,911,510
1,020,849,500	1,044,367,400	1,055,031,300	1,065,852,600	1,064,093,500	1,054,462,700
112,608	113,796	129,053	131,992	137,153	140,199
6,095,700	6,201,500	6,969,200	7,150,300	7,407,100	7,581,400
12,517,147	12,808,305	12,963,887	11,947,707	12,076,296	12,051,709
1,026,945,200	1,050,568,900	1,062,000,500	1,073,002,900	1,071,500,600	1,062,044,100
0.012189	0.012192	0.012207	0.011135	0.011270	0.011348
667	653	661	607	613	612
54,750	53,573	54,156	54,484	54,407	53,927
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 2005 Through 2014

A 10-YEAR COMPARISON OF TAX CAPACITY RATES

<u>Year</u> <u>Tax</u> <u>Due</u>	<u>City</u>	<u>School</u>	***	<u>County</u>	<u>H.R.A.</u>	Rural Dev. Fin. <u>Auth.</u>	<u>Total</u>
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
2014	34.35	12.61		56.40	1.39	1.11	105.86

*** Includes Mid Minnesota Development Commission.

CITY OF WILLMAR, MINNESOTA

TAX LEVIES

ALL OVERLAPPING GOVERNMENTS

Years 2005 Through 2014

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>
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
2014	4,139,400	1,519,721	1,565,134	6,822,472	168,362	108,224	14,323,313

* 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, 2014

Taxpayer	Type of Business	Market Valuation Payable 2014	Total Tax
Affiliated Community Health	Medical Center	\$ 10,824,800	\$ 339,915
Mills Properties, Inc.	Auto Dealership	\$ 10,798,400	\$ 337,593
WalMart Stores, Inc.	Discount Retailer	\$ 10,270,200	\$ 324,588
Kandi Mall 1999, LLC	Shopping Center	\$ 9,327,800	\$ 294,700
Menard Inc.	Building Materials	\$ 8,772,100	\$ 277,076
Willmar Ten Investors	Investment Company	\$ 6,865,000	\$ 210,926
Torgerson Properties, Inc.	Investment Company	\$ 6,406,800	\$ 200,927
BNSF Railway Company	Railroad	\$ 5,862,700	\$ 184,804
Crow Wing Oil Company	Oil Company	\$ 5,196,700	\$ 163,681
Jennie-O Turkey Store, Inc.	Food Processing	\$ 4,957,600	\$ 154,895

CITY OF WILLMAR, MINNESOTA

SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS

Year 2005 Through 2014

<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>
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
2014	1,008,979	974,209	96.55%	361,233

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, 2014

Legal Debt Limit and Margin

Legal Debt Limit (2% of Estimated Market Value \$1,062,044,100)	\$ 21,240,882
Less: Outstanding Debt Subject to Limit	\$ -
Legal Debt Margin as of December 31, 2014	<u>\$ 21,240,882</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 2014	450
Year 2013	414
Year 2012	479
Year 2011	533
Year 2010	592
Year 2009	772
Year 2008	780
Year 2007	651
Year 2006	693
Year 2005	728
Estimated Construction Costs	
Year 2014	\$ 48,558,272
Year 2013	49,216,963
Year 2012	17,114,395
Year 2011	13,041,853
Year 2010	22,520,064
Year 2009	30,922,465
Year 2008	70,002,629
Year 2007	33,722,627
Year 2006	42,379,065
Year 2005	48,732,487

*Information obtained from various Departmental Reports

CITY OF WILLMAR, MINNESOTA

MISCELLANEOUS STATISTICAL FACTS

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

*Information obtained from various Departmental Reports