



# COMPREHENSIVE ANNUAL FINANCIAL REPORT

DECEMBER 31, 2016



**COMPREHENSIVE ANNUAL FINANCIAL**

**REPORT OF THE**

**CITY OF**

**WILLMAR, MINNESOTA**

**FOR THE**

**YEAR ENDED**

**DECEMBER 31, 2016**

**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, 2016**

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# **CITY OF WILLMAR, MINNESOTA**

## **INTRODUCTORY SECTION**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**CITY OF WILLMAR, MINNESOTA**

**2016**

**CITY COUNCIL**

**MARVIN CALVIN, MAYOR**

**COUNCIL MEMBERS:**

**DENIS ANDERSON**

**ANDREW PLOWMAN**

**RON CHRISTIANSON**

**TIM JOHNSON**

**STEVE AHMANN**

**RICK FAGERLIE**

**SHAWN MUESKE**

**AUDREY NELSEN**

**FINANCE DIRECTOR**

**STEVEN B. OKINS**

**CITY ADMINISTRATOR**

**MICHAEL MCGUIRE**

# **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, 2016, 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 are discretely presented component units. 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 are discretely presented component units. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Rice Memorial Hospital were not audited in accordance with *Government Auditing Standards*.

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.

## **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 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 December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Change in Accounting Principle**

As described in Note 7 to the financial statements, in 2016, the City adopted new accounting guidance, *GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

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

purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2017 on our consideration of the City of Willmar, Minnesota's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Willmar, Minnesota's internal control over financial reporting and compliance.



WESTBERG EISCHENS, PLLP  
Willmar, Minnesota  
June 30, 2017

**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**

Honorable Mayor and Members of the 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, 2016, 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 June 30, 2017. 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 of the financial statements, we considered the City of Willmar, Minnesota's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Willmar, Minnesota's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Willmar, Minnesota's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Willmar, Minnesota'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*.

### **Purpose of this Report**

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



WESTBERG EISCHENS, PLLP  
Willmar, Minnesota  
June 30, 2017

## INDEPENDENT AUDITOR'S REPORT ON MINNESOTA LEGAL COMPLIANCE

Honorable Mayor and Members of the 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, 2016, and the related notes to the financial statements, and have issued our report thereon dated June 30, 2017.

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

In connection with our audit, nothing came to our attention that caused us to believe that City of Willmar, Minnesota failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Cities*, except as described in the schedule of findings and questioned costs as items 2016-001 and 2016-002. 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.

*Wesley Eischen, PLLP*

WESTBERG EISCHENS, PLLP  
Willmar, Minnesota  
June 30, 2017

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

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

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

We have audited the City of Willmar, Minnesota's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have direct and material effect on each of City of Willmar, Minnesota's major federal programs for the year ended December 31, 2016. The City of Willmar, Minnesota's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

In our opinion, the City of Willmar, Minnesota complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2016.

**Report on Internal Control Over Compliance**

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

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

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

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

A handwritten signature in black ink that reads "Westberg Eischens, PLLP". The script is cursive and fluid.

WESTBERG EISCHENS, PLLP

Willmar, Minnesota

June 30, 2017

**CITY OF WILLMAR, MINNESOTA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED DECEMBER 31, 2016**

<u>Federal Funding Source</u>	<u>Pass-Through Agency</u>	<u>Program Name</u>	<u>Federal CFDA Number</u>	<u>State or Other Contract Number</u>	<u>Expenditures</u>	<u>Passed Through to Subrecipients</u>
U.S. Environmental Protection Agency	Minnesota Public Facilities Authority	Capitalization Grants for Clean Water State	66.458	MPFA-CWRF-L-010-FY17	<u>\$ 736,258</u>	<u>\$ -</u>
U.S. Department of Transportation	Minnesota Department of Public Safety	Interagency Hazardous Materials Public Sector Traning and Planning	20.703	P0797HMEP2015	<u>\$ 17,530</u>	<u>\$ -</u>
U.S. Department of Justice		Bulletproof Vest Partnership Program	16.607		<u>\$ 9,177</u>	<u>\$ -</u>
Department of Transportation	Minnesota Department of Public Safety	Airport Improvement Program	20.106	TMNFAA01151016	<u>\$ 4,050</u>	<u>\$ -</u>
Total Federal Awards					<u>\$ 767,015</u>	<u>\$ -</u>

**CITY OF WILLMAR**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended December 31, 2016**

**NOTE 1: REPORTING ENTITY**

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

**NOTE 2: BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Willmar and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of City of Willmar, Minnesota, it is not intended to and does not present the financial position, changes in net position, or cash flows of City of Willmar, Minnesota.

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

Expenditures reported on the schedule are reported on the basis of accounting used by the individual funds. Governmental funds use the modified accrual basis of accounting. Proprietary funds use the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. City of Willmar has elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**NOTE 4: LOAN PROGRAMS**

CFDA 66.458 Capitalization Grants for Clean Water State Revolving Funds

Loan proceeds expended for the year ended December 31, 2016 was \$736,258. The loan balance outstanding at year end was \$736,258.

**CITY OF WILLMAR, MINNESOTA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended December 31, 2016**

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

**Financial Statements**

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

Internal control over financial reporting:

- Material weaknesses identified? **No**
- Significant deficiencies identified? **None reported**

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

**Federal Awards**

Internal control over major programs:

- Material weaknesses identified? **No**
- Significant deficiencies identified? **None reported**

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

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

**Identification of major programs:**

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

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

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

**CITY OF WILLMAR, MINNESOTA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended December 31, 2016**

**SECTION II: FINANCIAL STATEMENT FINDINGS**

None reported

**SECTION III: MAJOR FEDERAL AWARDS FINDINGS**

None reported

**SECTION IV: PRIOR YEAR FINDINGS**

**Finding 2008-001**

**Status:**

Resolved

**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.

**SECTION V: MINNESOTA LEGAL COMPLIANCE**

**Finding 2016-001**

**Criteria:**

Minnesota Statute § 118A.03 requires City deposits that exceed federal deposit insurance to be protected by collateral security or a corporate surety bond.

**Condition:**

At year end, the City had uncollateralized deposits of approximately \$1.2 million.

**Questioned Costs:**

N/A

**Cause:**

The City had reassigned some of the duties from the Clerk/Treasurer to the Finance department during 2016.

**Effect:**

The City was not in compliance with Minnesota Statute § 118A.03.

**Recommendation:**

We recommend the City document procedures for monitoring collateral requirements on a monthly basis.

**CITY OF WILLMAR, MINNESOTA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended December 31, 2016**

**SECTION V: MINNESOTA LEGAL COMPLIANCE (continued)**

**CORRECTIVE ACTION PLAN (CAP)**

**Finding 2016-001**

**Explanation of Disagreement with Audit Finding:**

There is no disagreement with the audit finding.

**Actions Planned in Response to Finding:**

The City will review and implement new procedures to ensure compliance with collateral requirements.

**Officer Responsible for Ensuring CAP:**

Finance Director

**Planned Completion Date:**

July 2017

**Plan to Monitor Completion of CAP:**

City Administrator

**Finding 2016-002**

**Criteria:**

Minnesota Statute § 471.665 specifies requirements for establishing automobile allowances in lieu of other mileage reimbursements.

**Condition:**

Employees receiving an automobile allowance were reimbursed for mileage when required to travel outside of the county.

**Questioned Costs:**

N/A

**Cause:**

The City's established the automobile allowance based on expected travel within the county. In an effort to cover the costs of extra travel, the City allowed reimbursement for travel outside the county. The City's interpretation of the statute was that this was allowed.

**Effect:**

The City was not in compliance with Minnesota Statute § 471.665.

**Recommendation:**

We recommend the City revise the mileage reimbursement policy to exclude employees that receive an automobile allowance.

**CITY OF WILLMAR, MINNESOTA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended December 31, 2016**

**SECTION V: MINNESOTA LEGAL COMPLIANCE (continued)**

**CORRECTIVE ACTION PLAN (CAP)**

**Finding 2016-002**

**Explanation of Disagreement with Audit Finding:**

There is no disagreement with the audit finding.

**Actions Planned in Response to Finding:**

The City will revise the policies for employee mileage reimbursements.

**Officer Responsible for Ensuring CAP:**

Finance Director

**Planned Completion Date:**

July 2017

**Plan to Monitor Completion of CAP:**

City Administrator

# **CITY OF WILLMAR, MINNESOTA**

## **FINANCIAL SECTION - II**

# **MANAGEMENT DISCUSSION AND ANALYSIS**

**CITY OF WILLMAR, MINNESOTA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**December 31, 2016**

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, 2016. Please read it in conjunction with the City's basic financial statements following this section.

Financial Highlights

- The assets of the City exceeded liabilities by \$136,062,688 (net position). Of this amount, \$39,024,537 (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 governmental funds reported combined ending fund balances of \$35,986,797. Of this total amount, approximately 2% is Nonspendable, 38% is Restricted, and 60% is Committed.
- At the end of the current fiscal year, committed fund balance for the General Fund was \$14,189,140, or 106% of the total General Fund expenditures of \$13,411,591.

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.

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.

**CITY OF WILLMAR, MINNESOTA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**December 31, 2016**

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 26-61 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, 2016**

Table 1  
Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 42,557,421	\$ 43,607,357	\$ 10,865,742	8,891,713	\$ 53,423,163	\$ 52,499,070
Net capital assets	<u>93,810,657</u>	<u>94,001,610</u>	<u>85,452,298</u>	<u>87,067,448</u>	<u>179,262,955</u>	<u>181,069,058</u>
Total Assets	<u>136,368,078</u>	<u>137,608,967</u>	<u>96,318,040</u>	<u>95,959,161</u>	<u>232,686,118</u>	<u>233,568,128</u>
Deferred Outflows	<u>8,558,147</u>	<u>1,066,653</u>	<u>336,352</u>	<u>73,054</u>	<u>8,894,499</u>	<u>88,134,101</u>
Other liabilities	2,761,927	3,067,929	409,844	72,289	3,171,771	3,140,218
Long-term liabilities	<u>28,718,815</u>	<u>21,113,770</u>	<u>71,756,416</u>	<u>73,507,309</u>	<u>100,475,231</u>	<u>94,621,079</u>
Total Liabilities	<u>31,480,742</u>	<u>24,181,699</u>	<u>72,166,260</u>	<u>73,579,598</u>	<u>103,647,002</u>	<u>97,761,297</u>
Deferred Inflows	<u>1,761,067</u>	<u>838,159</u>	<u>110,060</u>	<u>65,004</u>	<u>1,871,127</u>	<u>903,163</u>
Net Position						
Net Investment in Capital Assets	82,537,353	82,182,306	14,500,798	14,096,642	97,038,151	96,278,948
NonExpendable	-	-	-	-	-	-
Restricted	35,591,625	36,159,987	581,584	1,818,242	36,173,209	37,978,229
Unrestricted	<u>(6,444,562)</u>	<u>(4,686,531)</u>	<u>9,295,890</u>	<u>6,472,729</u>	<u>2,851,328</u>	<u>1,786,198</u>
Total Net Position	<u>\$111,684,416</u>	<u>\$113,655,762</u>	<u>\$ 24,378,272</u>	<u>\$ 22,387,613</u>	<u>\$136,062,688</u>	<u>\$136,043,375</u>

Governmental Activities

The net position of the City's governmental activities decreased by \$1,593,704 in 2016. The decrease was mainly due to a combination of adoption of GASB 68 by the City and a stabilization of annual revenues and a slight decrease in annual expenditures due to a number of vacant positions throughout the year.

Business-Type Activities

The total net position of the City's business-type activities increased by \$1,990,659 in 2016. The increase was due to rates being set through 2017 to handle the pending increase in debt service payments and future capital expenditure needs.

Table 2  
Condensed Statement of Net Position

	Rice Memorial Hospital		Municipal Utilities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 75,938,615	\$ 73,378,303	\$ 29,582,761	\$ 26,276,644	\$ 105,521,376	\$ 99,654,947
Net capital assets	<u>62,775,982</u>	<u>61,065,987</u>	<u>31,225,464</u>	<u>30,703,855</u>	<u>94,001,446</u>	<u>91,769,842</u>
Total Assets	<u>138,714,597</u>	<u>134,444,290</u>	<u>60,808,225</u>	<u>56,980,499</u>	<u>199,522,822</u>	<u>191,424,789</u>
Deferred Outflows	<u>23,662,096</u>	<u>6,344,246</u>	<u>2,105,518</u>	<u>466,760</u>	<u>25,767,614</u>	<u>6,811,006</u>
Current and other liabilities	17,333,493	21,023,113	4,253,680	3,949,692	21,587,173	24,972,805
Long-term liabilities	<u>101,360,252</u>	<u>85,559,462</u>	<u>11,668,579</u>	<u>10,663,451</u>	<u>113,028,831</u>	<u>96,222,913</u>
Total Liabilities	<u>118,693,745</u>	<u>106,582,575</u>	<u>15,922,259</u>	<u>14,613,143</u>	<u>134,616,004</u>	<u>121,195,718</u>
Deferred Inflows	<u>7,237,000</u>	<u>4,737,635</u>	<u>654,514</u>	<u>371,961</u>	<u>7,891,514</u>	<u>5,109,596</u>
Net Position						
Net Investment in capital assets	19,651,343	15,776,192	25,275,464	24,138,855	44,926,807	39,915,047
Restricted	7,823,270	7,608,755	1,584,238	12,442,081	9,407,508	20,050,836
Unrestricted	<u>8,971,335</u>	<u>10,821,014</u>	<u>19,477,268</u>	<u>5,881,219</u>	<u>28,448,603</u>	<u>16,702,233</u>
Total Net Position	<u>\$ 36,445,948</u>	<u>\$ 34,205,961</u>	<u>\$ 46,336,970</u>	<u>\$ 42,462,155</u>	<u>\$ 82,782,918</u>	<u>\$ 76,668,116</u>

**CITY OF WILLMAR, MINNESOTA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**December 31, 2016**

**Primary Government**

Table 3  
Condensed Statement of Activities

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 1,935,065	\$ 1,680,295	\$ 10,348,712	\$ 8,982,387	\$ 12,283,777	\$ 10,662,682
Operating grants and contributions	1,209,097	983,269	-	-	1,209,097	983,269
Capital grants and contributions	1,920,469	2,669,016	-	-	1,920,469	2,669,016
General revenues:						
Property and other taxes	4,948,435	4,999,764	-	-	4,948,435	4,999,764
Grants and contributions not restricted to specific program	4,677,513	4,661,459	-	-	4,677,513	4,661,459
Other	1,144,280	1,552,405	(1,167,168)	318,396	(22,888)	1,870,801
Intergovernmental	-	-	-	-	-	-
<b>Total Revenues</b>	<b>15,834,859</b>	<b>16,546,208</b>	<b>9,181,544</b>	<b>9,300,783</b>	<b>25,016,403</b>	<b>25,846,991</b>
<b>Expenses</b>						
General Government	3,907,763	4,068,912	-	-	3,907,763	4,068,912
Public safety	6,277,277	5,055,428	-	-	6,277,277	5,055,428
Public works	7,432,779	6,949,073	-	-	7,432,779	6,949,073
Social services	-	-	-	-	-	-
Culture and recreation	2,631,463	2,441,662	-	-	2,631,463	2,441,662
Economic development	13,828	896,033	-	-	13,828	896,033
Capital projects	-	-	-	-	-	-
Debt service	259,475	297,324	-	-	259,475	297,324
Office services	-	-	-	-	-	-
Waste treatment	-	-	6,488,885	6,773,721	6,488,885	6,773,721
<b>Total Expenses</b>	<b>20,522,585</b>	<b>19,708,432</b>	<b>6,488,885</b>	<b>6,773,721</b>	<b>27,011,470</b>	<b>26,482,153</b>
<b>Changes in Net Position</b>						
Before Transfers	(4,687,726)	(3,162,224)	2,692,659	2,527,062	(1,995,067)	(635,162)
<b>Transfers</b>	<b>3,094,022</b>	<b>3,263,739</b>	<b>(702,000)</b>	<b>(668,768)</b>	<b>2,392,022</b>	<b>2,594,971</b>
<b>Changes in Net Position</b>	<b>(1,593,704)</b>	<b>101,515</b>	<b>1,990,659</b>	<b>1,858,294</b>	<b>396,955</b>	<b>1,959,809</b>
<b>Net Position, Beginning of Year</b>	<b>113,655,762</b>	<b>118,324,114</b>	<b>22,387,613</b>	<b>21,043,747</b>	<b>136,043,375</b>	<b>139,367,861</b>
Prior period adjustment	(377,642)	(4,769,867)	-	(514,428)	(377,642)	(5,284,295)
<b>Net Position, End of Year</b>	<b>\$ 111,684,416</b>	<b>\$ 113,655,762</b>	<b>\$ 24,378,272</b>	<b>\$ 22,387,613</b>	<b>\$ 136,062,688</b>	<b>\$ 136,043,375</b>

**CITY OF WILLMAR, MINNESOTA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**December 31, 2016**

**Component Units**

Component Units

The total net position of the City's two component units increased by \$6,114,802 in 2016. The net position of the Municipal Utilities Commission increased by \$3,874,815, and the net position of Rice Memorial Hospital increased by \$2,239,987.

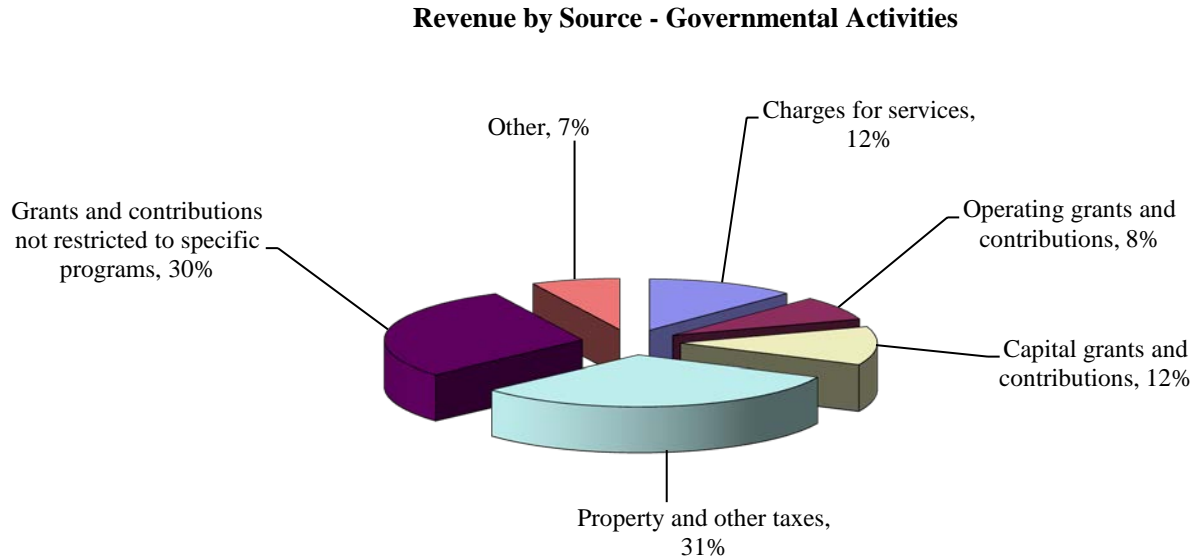
Table 4  
Condensed Statement of Activities

	Rice Memorial Hospital		Municipal Utilities		Total	
	2016	2015	2016	2015	2016	2014
Revenues						
Hospital	\$ 110,218,827	\$ 101,781,033	\$ -	\$ -	\$ 110,218,827	\$ 101,781,033
Municipal Utility	-	-	32,461,809	32,164,157	32,461,809	32,164,157
Interest Earnings	1,151,857	1,156,525	279,832	365,300	1,431,689	1,521,825
Gain (Loss) on sale of Capital Assets	(148,675)	224,944	7,552	107,552	(141,123)	332,496
Miscellaneous	(47,877)	(509,184)	(7,363)	11,057	(55,240)	(498,127)
Total Revenues	<u>111,174,132</u>	<u>102,653,318</u>	<u>32,741,830</u>	<u>32,648,066</u>	<u>143,915,962</u>	<u>135,301,384</u>
Expenses						
Hospital	108,678,965	98,105,584	-	-	108,678,965	98,105,584
Municipal Utility	-	-	26,745,927	30,068,869	26,745,927	30,068,869
Total Expenses	<u>108,678,965</u>	<u>98,105,584</u>	<u>26,745,927</u>	<u>30,068,869</u>	<u>135,424,892</u>	<u>128,174,453</u>
Changes in Net Position Before transfers	2,495,167	4,547,734	5,995,903	2,579,197	8,491,070	7,126,931
Transfers	<u>(255,180)</u>	<u>(458,129)</u>	<u>(2,121,088)</u>	<u>(2,152,597)</u>	<u>(2,376,268)</u>	<u>(2,610,726)</u>
Changes in Net Position	2,239,987	4,089,605	3,874,815	426,600	6,114,802	4,516,205
Net Position, Beginning	<u>34,205,961</u>	<u>30,116,356</u>	<u>42,462,155</u>	<u>42,035,555</u>	<u>76,668,116</u>	<u>72,151,911</u>
Net Position, Ending	<u>\$ 36,445,948</u>	<u>\$ 34,205,961</u>	<u>\$ 46,336,970</u>	<u>\$ 42,462,155</u>	<u>\$ 82,782,918</u>	<u>\$ 76,668,116</u>

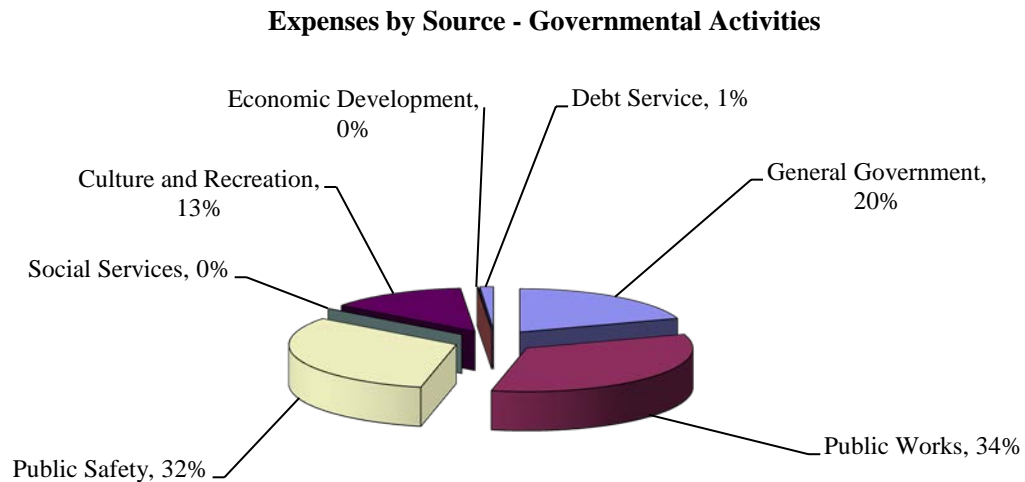
**CITY OF WILLMAR, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2016**

Governmental Activities

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



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



**CITY OF WILLMAR, MINNESOTA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**December 31, 2016**

Financial Analysis of the City's Funds

General Fund –

The City's General Fund increased by \$302,897 in 2016 which is \$1,237,193 more than the final budget projection which reflected a decrease of \$934,296. Part of the increase is due to the decrease in expenditures for Public Safety, Public Works, and Culture & Recreation due to vacant positions throughout the year.

Debt Service Funds –

Special Assessments Bond Debt Service Fund increased by \$208,352 in 2016. The increase was attributable to transfers from retired Debt Service and Community Investment obligations.

Special Revenue Fund –

Industrial Development Fund increased by \$223,263 in 2016. The increase was due to sale of Industrial Park land.

Special Revenue Fund –

Community Investment Fund increased by \$290,496 in 2016. The increase was mainly due to the repayment of previously borrowed funds and interest earnings.

Capital Projects Fund –

Street, Water/Sewer Capital Projects Fund decreased by \$1,855,054. The fund decrease was due to an increase in the usage of Local Option Sales tax Funds for specific Capital Improvements (expansion of the Industrial Park).

**GENERAL FUND BUDGETARY HIGHLIGHTS:**

The City approved the 2016 general fund budget anticipating expenditures would exceed revenues by \$931,296. The main difference between the original and final budget totaling \$3,000 was mainly due to a combination of budget adjustments throughout the year.

At the end of the year, revenues exceeded the final budget by \$345,258 and expenditures were less than the final budget by \$1,407,198. Transfers in were less than the final budget by \$515,263. The most significant positive variance for revenues was in Service Charges. Positive variances in expenditures were reflected in Public Safety, Public Works, and Culture/Recreation.

**CITY OF WILLMAR, MINNESOTA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**December 31, 2016**

Capital Assets

At the end of 2015, the Primary Government of the City of Willmar had over \$179,000,000 (net of accumulated depreciation) invested in a broad range of capital assets. In addition, the Component Units had over \$94,000,000 (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	
	2016	2015	2016	2015
Land and improvements	\$ 8,585,806	\$ 8,585,806	\$ 2,005,122	\$ 2,005,122
Buildings	14,098,229	13,176,273	63,705,752	75,039,444
Furniture and equipment	3,335,503	3,025,874	513,168	515,985
Machinery and auto	9,026,127	9,060,641	6,404,539	6,461,115
Other improvements	119,312,161	119,258,649	26,779,976	26,796,835
Construction in progress	15,891,519	13,213,317	1,688,547	137,705
Less: Depreciation	<u>(76,438,688)</u>	<u>(72,318,950)</u>	<u>(15,644,806)</u>	<u>(23,888,758)</u>
	<u>\$ 93,810,657</u>	<u>\$ 94,001,610</u>	<u>\$ 85,452,298</u>	<u>\$ 87,067,448</u>

**Component Units**

Table 6  
Capital Assets

	Rice Memorial Hospital		Willmar Municipal Utilities	
	2016	2015	2016	2015
Land	\$ 2,918,000	\$ 2,918,000	\$ 1,385,907	\$ 1,385,907
Buildings	103,346,000	96,870,000	3,916,095	3,101,003
Furniture and equipment	44,931,982	45,936,987	78,814,034	77,975,158
Machinery and auto	-	-	-	-
Other improvements	1,686,000	1,517,000	-	-
Utility Plant in Service	-	-	-	-
Construction in progress	-	1,246,000	2,828,747	1,746,649
Less: Depreciation	<u>(90,106,000)</u>	<u>(87,422,000)</u>	<u>(55,719,319)</u>	<u>(53,504,862)</u>
	<u>\$ 62,775,982</u>	<u>\$ 61,065,987</u>	<u>\$ 31,225,464</u>	<u>\$ 30,703,855</u>

**CITY OF WILLMAR, MINNESOTA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**December 31, 2016**

Long-Term Debt

At year-end, the City of Willmar's Primary Government had over \$82,200,000 in bonds outstanding and its Component Units had over \$50,600,000 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

	2016	2015	Change
Governmental Activities			
G.O. Special Assessment Bonds	\$ 9,999,000	\$ 10,390,000	\$ (391,000)
G.O. Revenue Bonds	680,000	835,000	(155,000)
Note Payable - TIF	594,304	594,304	-
	<u>\$ 11,273,304</u>	<u>\$ 11,819,304</u>	<u>\$ (546,000)</u>
Business-Type Activities			
G.O. Revenue Bonds	\$ 345,000	\$ 450,000	\$ (105,000)
G.O. Revenue Notes	70,606,500	72,520,805	(1,914,305)
	<u>\$ 70,951,500</u>	<u>\$ 72,970,805</u>	<u>\$ (2,019,305)</u>

**Component Units**

Table 8

	2016	2015	Change
Rice Memorial Hospital			
G.O. Revenue Bonds	\$ 35,095,000	\$ 36,600,000	\$ (1,505,000)
Hospital Revenue Notes	8,248,200	8,682,200	(434,000)
Capital Lease	1,386,237	1,469,185	(82,948)
	<u>\$ 44,729,437</u>	<u>\$ 46,751,385</u>	<u>\$ (2,021,948)</u>
Willmar Municipal Utilities			
Municipal Utility Revenue Bond 2009	\$ 5,950,000	\$ 6,410,000	\$ (460,000)
General Obligation Water Revenue Bond	-	155,000	(155,000)
	<u>\$ 5,950,000</u>	<u>\$ 6,565,000</u>	<u>\$ (615,000)</u>

**CITY OF WILLMAR, MINNESOTA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**December 31, 2016**

Economic Factors and Next Year's Budget

In the City adopted budget for 2017, expenditures were forecast to exceed revenue by approximately \$3,104,880, of which the General Fund expenditures were forecast to exceed revenue by approximately \$1,406,171. The major difference is to be funded by using Local Option Sales Tax Fund Balances.

Contacting the City's Financial Management

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

# **BASIC FINANCIAL STATEMENTS**

**CITY OF WILLMAR, MINNESOTA**  
**STATEMENT OF NET POSITION**  
**December 31, 2016**

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Municipal Utilities Commission	Rice Memorial Hospital
<b><u>Assets</u></b>					
Cash and Cash Equivalents	\$ 14,509,639	\$ (3,417,909)	\$ 11,091,730	\$ 4,899,905	\$ 5,009,234
Investments	21,380,489	12,412,022	33,792,511	18,077,075	30,358,757
Receivables (Net of Allow for Uncollect)					
Accounts Receivable	214,944	156,435	371,379	3,469,328	18,176,090
Accrued Interest	100,628	54,292	154,920	-	-
Taxes Receivable	165,803	-	165,803	-	-
Special Assessments	4,271,802	-	4,271,802	-	-
Notes Receivable	350,000	-	350,000	-	-
Due from Component Unit	-	-	-	-	-
Due from Other Governmental Units	488,462	1,472,327	1,960,789	-	-
Internal Balances	22,971	(22,971)	-	-	-
Inventories	18,496	14,137	32,633	979,861	2,694,764
Prepaid Items	636,374	21,478	657,852	552,697	1,091,182
Restricted Assets:					
Temporarily Restricted:					
Cash and Cash Equivalents	-	175,931	175,931	-	3,007,315
Investments	-	-	-	1,584,238	10,125,388
Permanently Restricted:					
Investments	-	-	-	-	5,381,607
Capital Assets					
Nondepreciable	24,477,325	3,693,669	28,170,994	4,214,654	2,918,000
Depreciable, net	69,333,332	81,758,629	151,091,961	27,010,810	59,857,982
Net Pension Asset	366,151	-	366,151	-	-
Other Assets	31,662	-	31,662	19,657	94,278
<b>Total Assets</b>	<b>136,368,078</b>	<b>96,318,040</b>	<b>232,686,118</b>	<b>60,808,225</b>	<b>138,714,597</b>
<b><u>Deferred Outflows of Resources</u></b>					
Deferred Loss on Refunding Escrow Account	-	-	-	-	1,318,713
Deferred Outflows on Pension	8,558,147	336,352	8,894,499	2,105,518	22,343,383
<b>Total Deferred Outflows of Resources</b>	<b>8,558,147</b>	<b>336,352</b>	<b>8,894,499</b>	<b>2,105,518</b>	<b>23,662,096</b>
<b>Total Assets/Def. Outflows of Resources</b>	<b>\$ 144,926,225</b>	<b>\$ 96,654,392</b>	<b>\$ 241,580,617</b>	<b>\$ 62,913,743</b>	<b>\$ 162,376,693</b>

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

**CITY OF WILLMAR, MINNESOTA**  
**STATEMENT OF NET POSITION**  
**December 31, 2016**

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Municipal Utilities Commission	Rice Memorial Hospital
<b><u>Liabilities</u></b>					
Accounts and Contracts Payable	\$ 778,567	\$ 385,325	\$ 1,163,892	\$ 2,083,958	\$ 4,696,804
Accrued Interest Payable	260,771	-	260,771	199	689,640
Due to Component Units	8,198	-	8,198	-	-
Due to Primary Government	-	-	-	1,472,327	-
Due to Other Governmental Units	89,281	-	89,281	-	-
Unearned Revenue	1,369,263	-	1,369,263	-	-
Accrued Compensation and Benefits	255,847	24,319	280,166	147,196	9,455,380
Noncurrent Liabilities					
Due within one year	1,911,000	2,894,158	4,805,158	550,000	2,491,669
Due in more than one year	13,025,341	68,057,342	81,082,683	6,585,769	45,728,317
Net OPEB Liability	390,282	-	390,282	-	1,799,623
Net Pension Liability	13,392,192	804,916	14,197,108	5,082,810	53,832,312
<b>Total Liabilities</b>	<b>31,480,742</b>	<b>72,166,060</b>	<b>103,646,802</b>	<b>15,922,259</b>	<b>118,693,745</b>
<b><u>Deferred Inflows of Resources</u></b>					
Deferred Inflows on Pension	1,761,067	110,060	1,871,127	654,514	7,237,000
<b>Total Deferred Inflows of Resources</b>	<b>1,761,067</b>	<b>110,060</b>	<b>1,871,127</b>	<b>654,514</b>	<b>7,237,000</b>
<b><u>Net Position</u></b>					
Net Investment in Capital Assets	82,537,353	14,500,798	97,038,151	25,275,464	19,651,343
Restricted	-	-	-	-	-
Capital Improvements	4,915,984	405,653	5,321,637	-	-
Debt Service	14,545,748	-	14,545,748	1,584,238	2,317,675
Specific Operating Activities	16,129,893	175,931	16,305,824	-	1,899,367
NonExpendable	-	-	-	-	3,606,228
Unrestricted	(6,444,562)	9,295,890	2,851,328	19,477,268	8,971,335
<b>Total Net Position</b>	<b>111,684,416</b>	<b>24,378,272</b>	<b>136,062,688</b>	<b>46,336,970</b>	<b>36,445,948</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$ 144,926,225</b>	<b>\$ 96,654,392</b>	<b>\$ 241,580,617</b>	<b>\$ 62,913,743</b>	<b>\$ 162,376,693</b>

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

**City of Willmar**  
**Statement of Activities**  
**For the Year Ended December 31, 2016**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>		
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
<b>Primary Government:</b>				
Governmental Activities:				
General Government	\$ 3,907,763	\$ 734,458	\$ 277,482	\$ -
Public Safety	6,277,277	337,793	482,106	18,352
Public Works	7,432,779	326,349	395,776	1,902,117
Culture and Recreation	2,631,463	536,465	53,733	-
Economic Development	13,828	-	-	-
Debt Service - interest	259,475	-	-	-
Total Governmental Activities	<u>20,522,585</u>	<u>1,935,065</u>	<u>1,209,097</u>	<u>1,920,469</u>
Business-Type Activities:				
Waste Treatment	6,488,885	10,348,712	-	-
Total Business-Type Activities	<u>6,488,885</u>	<u>10,348,712</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 27,011,470</u>	<u>\$ 12,283,777</u>	<u>\$ 1,209,097</u>	<u>\$ 1,920,469</u>
<b>Component Units:</b>				
Municipal Utilities	\$ 26,745,927	\$ 32,461,809	\$ -	\$ -
Rice Memorial Hospital	108,678,965	108,233,009	722,907	1,262,911
Total Component Units	<u>\$ 135,424,892</u>	<u>\$ 140,694,818</u>	<u>\$ 722,907</u>	<u>\$ 1,262,911</u>

General Revenues:

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

Transfers

    Total General Revenues /Transfers

Change in Net Position

- Net Position - Beginning, as originally stated
- Prior period adjustment see Note 13
- Net Position - Beginning, as restated

Net Position - Ending

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

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Total	Municipal Utilities Commission	Rice Memorial Hospital
\$ (2,895,823)		\$ (2,895,823)		
(5,439,026)		(5,439,026)		
(4,808,537)		(4,808,537)		
(2,041,265)		(2,041,265)		
(13,828)		(13,828)		
(259,475)		(259,475)		
(15,457,954)		(15,457,954)		
-	\$ 3,859,827	3,859,827		
-	3,859,827	3,859,827		
(15,457,954)	3,859,827	(11,598,127)		
			\$ 5,715,882	\$ -
			-	1,539,862
			5,715,882	1,539,862
4,469,711	-	4,469,711	-	-
-	-	-	-	-
478,724	-	478,724	-	-
4,677,513	-	4,677,513	-	-
438,962	233,594	672,556	279,832	1,151,857
(442,737)	(262,044)	(704,781)	-	(47,877)
(158,235)	(1,138,718)	(1,296,953)	7,552	(148,675)
1,306,290	-	1,306,290	(7,363)	-
3,094,022	(702,000)	2,392,022	(2,121,088)	(255,180)
13,864,250	(1,869,168)	11,995,082	(1,841,067)	700,125
(1,593,704)	1,990,659	396,955	3,874,815	2,239,987
113,655,762	22,387,613	136,043,375	42,462,155	34,205,961
(377,642)	-	(377,642)	-	-
113,278,120	22,387,613	135,665,733	42,462,155	34,205,961
\$ 111,684,416	\$ 24,378,272	\$ 136,062,688	\$ 46,336,970	\$ 36,445,948

**CITY OF WILLMAR, MINNESOTA**  
**BALANCE SHEETS**  
**GOVERNMENTAL FUNDS**  
**December 31, 2016**

	<b>General</b>	<b>Special Assessments Bonds Debt Service</b>	<b>Street Water/Sewer Capital Projects</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 7,205,355	\$ 2,002,379	\$ 3,349,382
Investments	7,377,887	2,532,189	48,364
Receivables (Net of Allowance for Uncollect)			
Accounts	134,069	-	-
NSF Payments	9	-	-
Interest	34,339	9,676	1,452
Taxes			
Current	66,407	-	-
Delinquent	84,108	-	-
Assessments			
Delinquent	-	377,063	-
Deferred	2,564	3,198,125	-
Notes	-	-	-
Due From Other Funds	41,198	600,838	315,303
Due From Other Governments	14,679	125,791	205,959
Inventory	14,925	-	-
Prepaid Expenses	246,756	203,850	-
Deposits	12,813	-	-
Unamortized Discount	-	16,119	-
<b>Total Assets</b>	<b>\$ 15,235,109</b>	<b>\$ 9,066,030</b>	<b>\$ 3,920,460</b>
<b>LIABILITIES</b>			
Accounts Payable	\$ 167,511	\$ 2,340	\$ 90,817
Contracts Payable	-	-	300,903
Accrued Wages	255,847	-	-
Deposits	7,222	-	-
Due to Component Units	-	-	-
Due to Other Funds	192,680	-	1,423,174
Due to Other Governments	89,281	-	-
<b>Total Liabilities</b>	<b>712,541</b>	<b>2,340</b>	<b>1,814,894</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenue	86,672	3,700,980	68,105
<b>Total Deferred Inflows of Resources</b>	<b>86,672</b>	<b>3,700,980</b>	<b>68,105</b>
<b>FUND BALANCES</b>			
Nonspendable Fund Balance	246,756	203,850	-
Restricted Fund Balance	-	5,158,860	-
Committed Fund Balance	14,189,140	-	2,037,461
<b>Total Fund Balances</b>	<b>14,435,896</b>	<b>5,362,710</b>	<b>2,037,461</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 15,235,109</b>	<b>\$ 9,066,030</b>	<b>\$ 3,920,460</b>

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

**CITY OF WILLMAR, MINNESOTA**

**BALANCE SHEETS**

**GOVERNMENTAL FUNDS**

**December 31, 2016**

<b>Industrial Development Special Revenue Fund</b>	<b>Community Investment Special Revenue Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 915	\$ 257	\$ 1,780,857	\$ 14,339,145
1,254,240	8,710,729	1,457,080	21,380,489
-	-	80,250	214,319
-	-	-	9
5,409	37,566	12,186	100,628
-	-	15,288	81,695
-	-	-	84,108
-	173	-	377,236
-	693,877	-	3,894,566
-	-	350,000	350,000
-	677,142	232,730	1,867,211
-	1,232	140,801	488,462
-	-	-	14,925
-	-	185,768	636,374
-	-	-	12,813
-	-	2,730	18,849
<u>\$ 1,260,564</u>	<u>\$ 10,120,976</u>	<u>\$ 4,257,690</u>	<u>\$ 43,860,829</u>
\$ -	\$ 800	\$ 182,600	\$ 444,068
-	-	26,094	326,997
-	-	-	255,847
-	-	280	7,502
-	8,198	-	8,198
-	168,265	60,121	1,844,240
-	-	-	89,281
-	177,263	269,095	2,976,133
-	685,851	356,291	4,897,899
-	685,851	356,291	4,897,899
-	-	217,679	668,285
-	8,507,862	97,448	13,764,170
1,260,564	750,000	3,317,177	21,554,342
1,260,564	9,257,862	3,632,304	35,986,797
<u>\$ 1,260,564</u>	<u>\$ 10,120,976</u>	<u>\$ 4,257,690</u>	<u>\$ 43,860,829</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, 2016**

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

Total governmental fund balances		\$ 35,986,797
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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	170,249,345	
Less: Accumulated depreciation	<u>(76,438,688)</u>	
		93,810,657

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

Delinquent property taxes	84,108	
Unavailable special assessments	3,020,132	
Due From State of Minnesota	68,105	
Notes/Interest Receivable	355,931	
Unavailable Revenue for 2016	360	
Deferred Outflow of Resources - Pension	8,558,147	
Net Pension Asset	<u>366,151</u>	
		12,452,934

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 position.

	<u>174,681</u>	174,681
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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	(11,273,304)	
Compensated absences	(3,663,037)	
Accrued interest	(260,771)	
Net OPEB Liability	(390,282)	
Net Pension Liability	(13,392,192)	
Deferred Inflow of Resources - Pension	<u>(1,761,067)</u>	
		<u>(30,740,653)</u>

Net position of governmental activities		<u>\$ 111,684,416</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, 2016**

	<b>General</b>	<b>Special Assessments Bonds Debt Service</b>	<b>Street Water/Sewer Capital Projects</b>
<b>REVENUES</b>			
General Property Taxes	\$ 4,458,129	\$ -	\$ -
Sales Tax	-	-	-
Other Taxes	266,338	-	-
Special Assessments	3,880	1,171,087	33,256
License and Permits	698,062	-	-
Intergovernmental	5,463,521	-	645,804
Charges for Services	728,209	-	-
Fines and Forfeits	158,377	-	-
Investment Income	159,157	47,274	986
Change in market value	(155,286)	(61,058)	(916)
Miscellaneous Revenues	910,582	19,997	-
Total Revenues	<u>12,690,969</u>	<u>1,177,300</u>	<u>679,130</u>
<b>EXPENDITURES</b>			
Current:			
General Government	3,791,773	-	-
Public Safety	4,739,631	-	-
Public Works	2,881,595	-	-
Culture & Recreation	1,998,592	-	-
Economic Development	-	-	-
Debt Service:			
Principal	-	1,991,000	-
Interest	-	255,343	-
Other Charges and Services	-	16,690	-
Capital Outlay	-	-	3,333,283
Total Expenditures	<u>13,411,591</u>	<u>2,263,033</u>	<u>3,333,283</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(720,622)</u>	<u>(1,085,733)</u>	<u>(2,654,153)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating Transfers In	2,784,098	1,294,085	438,844
Operating Transfers Out	(1,760,579)	-	(1,239,745)
Bond Proceeds	-	-	1,600,000
Total Other Financing Sources (Uses)	<u>1,023,519</u>	<u>1,294,085</u>	<u>799,099</u>
Net Change in Fund Balances	<u>302,897</u>	<u>208,352</u>	<u>(1,855,054)</u>
Fund Balances - Beginning, as originally stated	14,182,384	5,154,358	3,892,515
Prior Period Adjustment	(49,385)	-	-
Fund Balances - Beginning, as restated	<u>14,132,999</u>	<u>5,154,358</u>	<u>3,892,515</u>
Fund Balances - Ending	<u><u>\$ 14,435,896</u></u>	<u><u>\$ 5,362,710</u></u>	<u><u>\$ 2,037,461</u></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, 2016**

<b>Industrial Development Special Revenue Fund</b>	<b>Community Investment Special Revenue</b>	<b>Other Government Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ -	\$ 11,582	\$ 4,469,711
-	-	-	-
-	-	212,386	478,724
-	66,291	-	1,274,514
-	-	-	698,062
-	-	293,610	6,402,935
-	-	333,340	1,061,549
-	-	-	158,377
20,825	176,477	31,829	436,548
(41,288)	(162,154)	(24,083)	(444,785)
257,554	48	118,109	1,306,290
<u>237,091</u>	<u>80,662</u>	<u>976,773</u>	<u>15,841,925</u>
-	-	-	3,791,773
-	-	2,200	4,741,831
-	2,750	208,652	3,092,997
-	-	293,951	2,292,543
13,828	-	-	13,828
-	-	155,000	2,146,000
-	-	29,471	284,814
-	-	710	17,400
-	-	1,456,474	4,789,757
<u>13,828</u>	<u>2,750</u>	<u>2,146,458</u>	<u>21,170,943</u>
<u>223,263</u>	<u>77,912</u>	<u>(1,169,685)</u>	<u>(5,329,018)</u>
-	1,077,142	1,975,830	7,569,999
-	(864,558)	(611,095)	(4,475,977)
-	-	-	1,600,000
-	212,584	1,364,735	4,694,022
<u>223,263</u>	<u>290,496</u>	<u>195,050</u>	<u>(634,996)</u>
1,037,301	8,982,866	3,437,254	36,686,678
-	(15,500)	-	(64,885)
<u>1,037,301</u>	<u>8,967,366</u>	<u>3,437,254</u>	<u>36,621,793</u>
<u>\$ 1,260,564</u>	<u>\$ 9,257,862</u>	<u>\$ 3,632,304</u>	<u>\$ 35,986,797</u>

**City of Willmar, Minnesota**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of**  
**Governmental Funds to the Statement of Activities**  
**For the Year Ended December 31, 2016**

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

Net Change in Fund Balances-Governmental Funds	\$	(634,996)
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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	4,789,757		
Depreciation Expense	<u>(4,822,475)</u>		(32,718)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase/(decrease) net position		(158,235)
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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, 2016	3,528,636		
Unavailable Revenue, December 31, 2015	<u>(3,672,608)</u>	(143,972)	
OPEB Contribution		147,675	
Pension Contribution		<u>129,807</u>	
			133,510

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, 2016	(3,663,037)		
Compensated absences, December 31, 2015	<u>3,916,760</u>	253,723	
OPEB Expense		(225,200)	
Pension Expense		<u>(1,518,786)</u>	
			(1,490,263)

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	2,146,000		
Bond Proceeds		(1,600,000)	
Change in accrued interest (260,771 - 286,110)		<u>25,339</u>	
			571,339

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

17,659

Change in Net Position-Governmental Activities	\$	<u>(1,593,704)</u>
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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, 2016**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance With</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>REVENUES</b>				
General Property Taxes	\$ 4,781,028	\$ 4,781,028	\$ 4,724,467	\$ (56,561)
Special Assessments	2,000	2,000	3,880	1,880
License and Permits	335,930	335,930	698,062	362,132
Intergovernmental	5,304,808	5,304,808	5,463,521	158,713
Charges for Services	745,695	786,345	728,209	(58,136)
Fines and Forfeits	160,500	160,500	158,377	(2,123)
Investment Income	170,000	170,000	159,157	(10,843)
Change in market value	100,000	100,000	(155,286)	(255,286)
Miscellaneous Revenues	705,100	705,100	910,582	205,482
Total Revenues	12,305,061	12,345,711	12,690,969	345,258
<b>EXPENDITURES</b>				
General Government	4,462,396	4,648,472	3,791,773	856,699
Public Safety	4,998,213	4,977,960	4,739,631	238,329
Public Works	3,081,787	3,094,067	2,881,595	212,472
Culture & Recreation	2,057,640	2,098,290	1,998,592	99,698
Total Expenditures	14,600,036	14,818,789	13,411,591	1,407,198
Excess (deficiency) of revenues over (under) expenditures	(2,294,975)	(2,473,078)	(720,622)	1,752,456
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating Transfers In	2,957,413	3,090,489	2,784,098	(306,391)
Operating Transfers Out	(1,593,734)	(1,551,707)	(1,760,579)	(208,872)
Total Other Financing Sources (Uses)	1,363,679	1,538,782	1,023,519	(515,263)
Net Change in Fund Balances	(931,296)	(934,296)	302,897	1,237,193
Fund Balances - Beginning, as originally stated	14,182,384	14,182,384	14,182,384	-
Prior Period Adjustment	-	-	(49,385)	(49,385)
Fund Balances - Beginning, as restated	14,182,384	14,182,384	14,132,999	(49,385)
Fund Balances - Ending	\$ 13,251,088	\$ 13,248,088	\$ 14,435,896	\$ 1,187,808

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, 2016**

	Business-Type Activities Waste Treatment Plant	Governmental Activities Internal Service Funds
<b>ASSETS</b>		
Current Assets		
Cash and Cash Equivalents	\$ (3,593,840)	\$ 170,494
Investments	12,587,953	-
Accounts Receivable	156,435	616
Due From Other Governmental Units	1,472,327	-
Interest Receivable	54,292	-
Inventories	14,137	3,571
Prepaid Items	21,478	-
Restricted Cash and Investments/System Replacement	175,931	-
Total Current Assets	10,888,713	174,681
Noncurrent Assets		
Capital Assets:		
Nondepreciable	3,693,669	-
Depreciable	97,403,435	-
Less: Accumulated Depreciation	(15,644,806)	-
Net capital assets	85,452,298	-
Total Noncurrent Assets	85,452,298	-
<b>TOTAL ASSETS</b>	<b>96,341,011</b>	<b>174,681</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Related to Pensions	336,352	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>336,352</b>	<b>-</b>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts Payable	75,447	-
Contracts Payable	309,878	-
Accrued Wages	24,319	-
Due To Other Funds	22,971	-
Current Portion of Debt	2,894,158	-
Total Current Liabilities	3,326,773	-
Noncurrent Liabilities:		
Notes Payable	68,057,342	-
Net Pension Liability	804,916	-
Total Noncurrent Liabilities	68,862,258	-
<b>TOTAL LIABILITIES</b>	<b>72,189,031</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Related to Pensions	110,060	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>110,060</b>	<b>-</b>
<b>NET POSITION</b>		
Net Investment in Capital Assets	14,500,798	-
Restricted:		
Capital Improvements	405,653	-
System Replacement	175,931	-
Unrestricted	9,295,890	174,681
<b>TOTAL NET POSITION</b>	<b>\$ 24,378,272</b>	<b>\$ 174,681</b>

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

**City of Willmar, Minnesota**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended December 31, 2016**

	Business-Type Activities <u>Waste Treatment Plant</u>	Governmental Activities <u>Internal Service Funds</u>
<b>Operating Revenues</b>		
Intergovernmental	\$ 85,322	\$ -
Charges For Sales and Services:	<u>10,263,390</u>	<u>13,197</u>
Total Operating Revenues	<u>10,348,712</u>	<u>13,197</u>
<b>Operating Expenses</b>		
Personal Services	934,681	-
Supplies	318,900	-
Other Services and Charges	1,044,793	-
Depreciation	<u>2,100,161</u>	<u>-</u>
Total Operating Expenses	<u>4,398,535</u>	<u>-</u>
Operating Income (Loss)	5,950,177	13,197
<b>Nonoperating Revenues (Expenses)</b>		
Investment Earnings	233,594	2,414
Change in market value	(262,044)	2,048
Capital Asset (Disposal)/Acquisition	(1,138,718)	-
Interest Expense	<u>(2,090,350)</u>	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>(3,257,518)</u>	<u>4,462</u>
Income (Loss) Before Contributions and Transfers	2,692,659	17,659
Transfers Out	<u>(702,000)</u>	<u>-</u>
Change in Net Position	1,990,659	17,659
Net Position - Beginning	<u>22,387,613</u>	<u>157,022</u>
Total Net Position - Ending	<u>\$ 24,378,272</u>	<u>\$ 174,681</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, 2016**

	Business-Type Activities Waste Treatment Plant	Governmental Activities Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Customers and Users	\$ 9,466,351	\$ 13,112
Payments to Suppliers	(1,302,964)	(81)
Payments to Employees	(898,663)	(500)
Liquidation of Liabilities	-	-
Net Cash Provided by Operating Activities	<u>7,264,724</u>	<u>12,531</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Transfer to Other Funds	(1,347,798)	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(1,347,798)</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Purchases of Capital Assets	(1,335,412)	-
Interest Paid on Capital Debt	(2,090,350)	-
Principal Paid on Capital Debt	(2,755,563)	-
Proceeds from Debt	736,258	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(5,445,067)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from Sales and Maturities of Investments	-	154,841
Purchase of Investments	(1,500,000)	-
Interest Received	223,697	3,011
Net Cash Provided/(Used) by Investing Activities	<u>(1,276,303)</u>	<u>157,852</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(804,444)	170,383
Cash and Cash Equivalents - Beginning	(2,613,466)	111
Cash and Cash Equivalents - Ending	<u><u>\$ (3,417,910)</u></u>	<u><u>\$ 170,494</u></u>
Classified As:		
Cash and Cash Equivalents	\$ (3,417,909)	\$ 170,494
Restricted Cash	-	-
Total Cash and Cash Equivalents, End of Year	<u><u>\$ (3,417,909)</u></u>	<u><u>\$ 170,494</u></u>

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

**City of Willmar, Minnesota**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the fiscal year ended December 31, 2016**

	Business-Type Activities Waste Treatment Plant	Governmental Activities Internal Service Funds
<b>Reconciliation of Operating Income to Net Cash Provided (Used)</b>		
<b>by Operating Activities:</b>		
Operating Income	\$ 5,950,177	\$ 13,197
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) By		
Operating Activities:		
Pension Expense for Required PERA Pension Liability	50,171	
Depreciation	2,100,161	-
Change in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	589,966	(84)
(Increase) Decrease in Due From Other Governmental Units	(1,472,327)	-
(Increase) Decrease in Prepaid Items	(2,463)	-
Increase (Decrease) in Accounts Payable	63,192	(582)
Increase (Decrease) in Accrued Wages	(14,153)	-
Total Adjustments	<u>1,314,547</u>	<u>(666)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 7,264,724</u>	<u>\$ 12,531</u>
 Non Cash Transactions:		
Net Increase (Decrease) in fair value of investments	\$ (262,044)	\$ 2,048

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, 2016**

**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, 2016. 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, 2016**

**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, 2016**

**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, 2016**

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, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position/Fund Balance**

**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, 2016**

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><b>Assets</b></u>	<u><b>Years</b></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, 2016**

**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 Outflows/Inflows of Resources**

In addition to assets, the statement of financial position and fund financial statements will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The City of Willmar has one item that qualifies for reporting in this category – a deferred outflow relating to pension activity, reported in government-wide statement of net position and proprietary statement of net position. A deferred outflow relating to pension activity results from the net effect of the change in proportionate share and employer contributions.

In addition to liabilities, the statement of financial position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City of Willmar has one item that qualifies for reporting in this category under full accrual basis of accounting. Accordingly, the item, deferred inflow is reported in the government-wide statement of financial position and proprietary statement of net position. A deferred inflow relating to pension activity is a result of the net difference between projected and actual earning on plan investments. The City of Willmar also has one item that qualifies for reporting in this category under modified accrual basis of accounting. Accordingly, the item, unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from the following sources; taxes, special assessments and notes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**8. Long-Term Obligations**

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

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

**9. Pensions**

For purposes of measuring the net pension liability or asset, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**CITY OF WILLMAR, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**10. Net Position/Fund Balances**

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

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

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

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

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

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

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

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

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

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

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

**11. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**CITY OF WILLMAR, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**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 yearend.

On or before the first Tuesday in August of each year, all agencies of the government submit request for appropriations to the Mayor so that a budget may be prepared. In September, the proposed budget is presented to the City's council for review. The council holds public hearings and a final budget must be prepared and adopted no later than December 31.

The appropriated budget is prepared by fund, function and department. The government's City Administrator may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the governing council. The legal level of budgetary control is the department level. All supplemental budgetary appropriations in all funds were approved by the City Council.

**B. Deficit Fund Balances**

There were no funds with a deficit fund balance as of December 31, 2016.

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

**A. Assets**

**1. Deposits and Investments**

Cash and cash equivalents	\$ 24,184,115
Investments	99,319,576
	<u>\$ 123,503,691</u>
Primary Government	
Cash and cash equivalents	\$ 11,091,730
Investments	33,792,511
Temporarily Restricted Cash	175,931
Total Primary Government	<u>\$ 45,060,172</u>
Discretely Presented Component Units	
Willmar Municipal Utilities:	
Cash and cash equivalents	\$ 4,899,905
Investments	18,077,075
Restricted investments	1,584,238
Total Willmar Municipal Utilities	<u>\$ 24,561,218</u>
Rice Memorial Hospital	
Cash and cash equivalents	\$ 5,009,234
Investments	30,358,757
Related-Party Investments	-
Temporarily restricted cash	3,007,315
Temporarily restricted investments	10,125,388
Permanently restricted investments	5,381,607
Total Rice Memorial Hospital	<u>\$ 53,882,301</u>
Total	<u>\$ 123,503,691</u>

**CITY OF WILLMAR, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

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

**a. Deposits**

Minn. Stat. §§ 118A.02 and 118A.04 authorize the City to designate a depository for public funds and to invest in certificates of deposit. Minn. Stat. § 118A.03 requires that all City deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged shall be at least ten percent more than the amount on deposit plus accrued interest at the close of the financial institution's banking day, not covered by insurance or bonds.

Authorized collateral includes treasury bills, notes, and bonds; issues of U.S. government agencies; general obligations rated "A" or better, and revenue obligations rated "AA" or better; irrevocable standby letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral.

**Custodial Credit Risk**

Custodial credit risk is the risk that in the event of a financial institution failure, the City's deposits may not be returned to it. It is the City's policy that collateral or bonds will be required for all uninsured amounts on deposit and the additional insurance will be documented to show compliance with state law and a perfected security interest under federal law. As of December 31, 2016, 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.

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**Interest Rate Risk**

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

	Fair Value	Investment Maturities in Years		
		Less than 1	1-5 Years	6-10 Years
Certificates of Deposit	\$ 2,655,099	\$ 245,296	\$ 1,695,488	\$ 714,315
Farmer Mac	1,850,606	-	-	1,850,606
Federal Farm Credit Banks	4,881,398	-	1,934,568	2,946,830
Federal Home Loan Banks	20,603,159	-	2,984,890	17,618,269
Federal Home Loan Mortgage Corporation	6,251,937	-	990,850	5,261,087
Federal National Mortgage Association	3,817,272	-	-	3,817,272
	<u>\$ 40,059,471</u>	<u>\$ 245,296</u>	<u>\$ 7,605,796</u>	<u>\$ 32,208,379</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	\$ 8,988,848	22%
Multi-Bank Securities	\$ 6,184,776	16%
United Bank Services	\$ 8,956,857	22%
Wells Fargo	\$ 7,655,126	19%
Wells Fargo Advisors	\$ 8,273,864	21%

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**Concentration of Credit Risk**

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

<u>Security Type</u>	<u>Amount</u>	<u>Percent</u>
Certificates of Deposit	\$ 2,655,099	7%
Federal Farm Credit Banks	\$ 4,881,398	12%
Federal Home Loan Banks	\$ 20,603,159	51%
Federal Home Loan Mortgage Corporation	\$ 6,251,937	16%
Federal National Mortgage Association	\$ 3,817,272	9%

**Fair Value Measurements**

Accounting guidance provides a framework for measuring fair value of certain assets and liabilities and requires certain disclosures about fair value measurements. As defined in GASB Statement No. 72, *Fair Value Measurement and Application* (GASB No. 72), fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GASB No. 72 establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs ((Level 3 measurements).

The three levels of the fair value hierarchy defined by GASB No. 72 and description of the valuation methodologies used for instruments measured at fair value are as follows:

**Level 1:** Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities as of the reporting date.

**Level 2:** Pricing inputs are other than quoted prices included in Level 1 that are observable for an asset or liability, either directly or indirectly.

**Level 3:** Pricing inputs include those that are significant to the fair value measurement of the financial asset or liability and are not observable from objective sources. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value.

The City's assets and liability measured at fair value on a recurring basis are limited to investments. The fair values of the City's investments in mutual funds, corporate debt and notes, government and agency obligations and equity securities included in Level 1 were determined through unadjusted, quoted prices in active markets. The fair values of the Level 2 investments are recorded based on securities with similar characteristics in active markets. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the City's investments and the amounts reported in the statements of revenues, expenses and changes in net position.

These methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of the future fair values. Furthermore, while the City believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The following table sets forth, by level within the fair value hierarchy, the City's financial; assets measured at fair value on a recurring basis at December 31, 2016:

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**Fair Value Measurements (continued)**

	Fair Value	Fair Value Measurements at Reporting Date Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial Assets:				
Certificates of Deposit	\$ 2,655,099	\$ -	\$ 2,655,099	\$ -
Farmer Mac	1,850,606	1,850,606	-	-
Federal Farm Credit Banks	4,881,398	4,881,398	-	-
Federal Home Loan Banks	20,603,159	20,603,159	-	-
Federal Home Loan Mortgage Corporation	6,251,937	6,251,937	-	-
Federal National Mortgage Association	3,817,272	3,817,272	-	-
	<u>\$ 40,059,471</u>	<u>\$ 37,404,372</u>	<u>\$ 2,655,099</u>	<u>\$ -</u>

The financial assets disclosed in the fair value hierarchy above are reported in investments and restricted investments on the statement of net position.

**2. Capital Assets**

Capital asset activity for the year ended December 31, 2016, was as follows:

**Governmental Activities**

	Balance January 1, 2016	Additions	Deletions	Balance December 31, 2016
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 8,585,806	\$ -	\$ -	\$ 8,585,806
Construction in progress	<u>13,213,317</u>	<u>3,508,279</u>	<u>830,077</u>	<u>15,891,519</u>
Total	<u>21,799,123</u>	<u>3,508,279</u>	<u>830,077</u>	<u>24,477,325</u>
Capital assets being depreciated				
Buildings and structures	13,176,273	1,009,022	87,066	14,098,229
Furniture and equipment	3,025,874	595,681	286,052	3,335,503
Machinery and auto	9,060,641	401,678	436,192	9,026,127
Other improvements	<u>119,258,649</u>	<u>105,174</u>	<u>51,662</u>	<u>119,312,161</u>
Total	<u>144,521,437</u>	<u>2,111,555</u>	<u>860,972</u>	<u>145,772,020</u>
Less accumulated depreciation for:				
Buildings	4,657,797	285,228	33,516	4,909,509
Furniture and equipment	1,926,823	152,006	231,558	1,847,271
Machinery and equipment	3,889,782	660,016	391,167	4,158,631
Other improvements	<u>61,844,548</u>	<u>3,725,225</u>	<u>46,496</u>	<u>65,523,277</u>
Total	<u>72,318,950</u>	<u>4,822,475</u>	<u>702,737</u>	<u>76,438,688</u>
Net property and equipment	<u>\$ 94,001,610</u>	<u>\$ 797,359</u>	<u>\$ 988,312</u>	<u>\$ 93,810,657</u>

**CITY OF WILLMAR, MINNESOTA**  
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**2. Capital Assets (continued)**

**Business-Type Activities**

	<b>Balance January 1, 2016</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance December 31, 2016</b>
Business-Type Activities				
Capital assets not being depreciated				
Land	\$ 2,005,122	\$ -	\$ -	\$ 2,005,122
Construction in progress	137,705	1,550,842	-	1,688,547
Total	<u>2,142,827</u>	<u>1,550,842</u>	<u>-</u>	<u>3,693,669</u>
Capital assets being depreciated				
Buildings and structures	75,039,444	-	11,333,692	63,705,752
Furniture and equipment	515,985	75,335	78,152	513,168
Machinery and auto	6,461,115	18,051	74,627	6,404,539
Other improvements	<u>26,796,835</u>	<u>-</u>	<u>16,859</u>	<u>26,779,976</u>
Total	108,813,379	93,386	11,503,330	97,403,435
Less accumulated depreciation for:				
Buildings	18,526,005	1,254,777	10,193,834	9,586,948
Furniture and equipment	398,653	15,766	70,222	344,197
Machinery and auto	1,810,493	313,272	64,885	2,058,880
Other improvements	<u>3,153,607</u>	<u>516,346</u>	<u>15,172</u>	<u>3,654,781</u>
	<u>23,888,758</u>	<u>2,100,161</u>	<u>10,344,113</u>	<u>15,644,806</u>
Net property and equipment	<u>\$ 87,067,448</u>	<u>\$ (455,933)</u>	<u>\$ 1,159,217</u>	<u>\$ 85,452,298</u>

**Component Units**

	<b>Rice Memorial Hospital</b>		<b>Willmar Municipal Utilities</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Land	\$ 2,918,000	\$ 2,918,000	\$ 1,385,907	\$ 1,385,907
Buildings	103,346,000	96,870,000	3,916,095	3,101,003
Furniture and equipment	44,931,982	45,936,987	78,814,034	77,975,158
Machinery and auto	-	-	-	-
Other improvements	1,686,000	1,517,000	-	-
Utility Plant in Service	-	-	-	-
Construction in progress	-	1,246,000	2,828,747	1,746,649
Less: Depreciation	<u>(90,106,000)</u>	<u>(87,422,000)</u>	<u>(55,719,319)</u>	<u>(53,504,862)</u>
	<u>\$ 62,775,982</u>	<u>\$ 61,065,987</u>	<u>\$ 31,225,464</u>	<u>\$ 30,703,855</u>

**CITY OF WILLMAR, MINNESOTA**  
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**2. Capital Assets (continued)**

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

Governmental Activities	
General government	\$ 45,959
Public safety	243,632
Public works	4,211,883
Culture and recreation	<u>321,001</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 4,822,475</u>
Business-Type Activities	
Waste treatment	<u>\$ 2,100,161</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 2,100,161</u>

**Construction Commitments**

The City has active construction projects as of December 31, 2016. 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	\$ 15,891,520
Waste Treatment Plant	<u>1,688,547</u>
Total	<u>\$ 17,580,067</u>

**B. Interfund Receivables, Payables and Transfers**

**1. Due from/Due to**

Receivable fund	Payable fund	Amount
General Fund	Capital Projects - Capital Improvements	\$ 41,198
Special Revenue - Municipal Airport	Capital Projects - Capital Improvements	4,500
Special Revenue - Community Investment	Capital Projects - Street, Water, Sewer	677,142
Debt Service - Special Assessment Bonds	Special Revenue - Community Investment	168,265
Debt Service - Special Assessment Bonds	Capital Projects - Street, Water, Sewer	432,573
Debt Service - Airport Bond	Special Revenue - Willmar Municipal Airport	12,579
Capital Projects - Local Option Sales Tax	General Fund	5,525
Capital Projects - Capital Improvements	General Fund	187,155
Capital Projects - Capital Improvements	Enterprise Fund - Waste Treatment	22,971
Capital Projects - Street, Water, Sewer	Capital Projects - Street, Water, Sewer	313,459
Capital Projects - Street, Water, Sewer	Capital Projects - Surface Water	<u>1,844</u>
		<u>\$ 1,867,211</u>

**CITY OF WILLMAR, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**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	\$ 392,076	Nonmajor Special Revenue	\$ 9,000
		Capital Projects - Street, Water, Sewer	133,076
		Enterprise Fund Waste Treatment	250,000
			<u>392,076</u>
Special Revenue - Community Investm.	1,077,143	Nonmajor Special Revenue Fund	400,000
		Capital Projects - Street, Water, Sewer	677,143
			<u>1,077,143</u>
Nonmajor Special Revenue Funds	724,736	General Fund	312,736
		Enterprise Fund - Waste Treatment	412,000
			<u>724,736</u>
Special Assessments Bonds	1,294,085	Special Revenue - Community Investment	864,558
		Capital Projects - Street, Water, Sewer	429,527
			<u>1,294,085</u>
Nonmajor Debt Service Fund	200,251	Nonmajor Special Revenue Fund	200,251
Capital Projects - Street, Water, Sewer	438,844	General Fund	397,000
		Enterprise Fund - Waste Treatment	40,000
		Nonmajor Capital Projects	1,844
			<u>438,844</u>
Nonmajor Capital Projects	1,050,843	General Fund	1,050,843
Total	<u>\$ 5,177,978</u>	Total	<u>\$ 5,177,978</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	\$ 84,108
Unavailable Special Assessments	4,389,395
Unavailable Notes Receivable	355,931
Unavailable Rental Revenue	360
Unavailable Intergovernmental Revenue	68,105
	<u>\$ 4,897,899</u>

**CITY OF WILLMAR, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**C. Liabilities (continued)**

**2. Long-Term Debt**

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

<b>Primary Government</b>	<b>Interest Rates</b>	<b>Date Issued</b>	<b>Date Matures</b>	<b>Original Issue</b>	<b>Outstanding at 12/31/2016</b>
<b>Governmental Activities</b>					
<u>G.O. Special Assessments</u>					
2006 Improvement Bond	3.60-3.85	2006	2017	\$ 1,950,000	\$ 200,000
2007A Improvement Bond	3.75-4.00	2007	2018	3,285,000	650,000
2007B Improvement Bond	4	2007	2018	1,725,000	365,000
2008 Improvement Bond	3.00-4.00	2008	2019	1,530,000	450,000
2010 Improvement Bond	2.00-3.00	2010	2021	1,785,000	875,000
2011 Improvement Bond	.60-2.85	2011	2022	1,825,000	1,085,000
2012 Improvement Bond	2.00-2.25	2012	2023	1,460,000	945,000
2013 Improvement Bond	2.00-3.00	2013	2024	1,910,000	1,520,000
2014 Improvement Bond	2.17	2014	2025	1,000,000	909,000
2015 Improvement Bond	2.625	2015	2026	1,400,000	1,400,000
2016 Improvement Bond	2.50	2016	2027	1,600,000	1,600,000
Total Special Assessment Bonds				19,470,000	9,999,000
<u>G.O. Revenue Bonds</u>					
2004 Airport Bond	2.00-4.05	2004	2020	2,100,000	680,000
Total G.O. Revenue Bonds				2,100,000	680,000
<u>Tax Increment Financing Notes</u>					
2015 Jennie-O Turkey Store		2015		594,304	594,304
Total Tax Increment Financing Notes				594,304	594,304
<b>Total Governmental Activities</b>				<b>\$ 22,164,304</b>	<b>\$ 11,273,304</b>
<b>Business-Type Activities</b>					
<u>G.O. Revenue Notes and Bonds</u>					
1997 Waste Treatment Note	3.13	1997	2017	\$ 4,300,000	\$ 282,630
2008 Waste Treatment Note	3.275	2008	2028	42,001,362	33,220,000
2008 Waste Treatment Note	0	2008	2030	7,000,000	7,000,000
2009 Waste Treatment Note	2.457	2009	2029	1,711,867	1,203,151
2009 Waste Treatment Note	3.44	2009	2038	27,663,530	23,804,000
2013 Waste Treatment Note	1.124	2013	2042	1,886,812 *	1,565,407
2014 Waste Treatment Note	1.00	2014	2034	3,000,000 ^	2,795,054
2016 Waste Treatment Note	1.04	2016	2036	1,046,528 >	736,258
Total G.O. Revenue Notes				88,610,099	70,606,500
2004 Waste Treatment Bond	1.45-4.15	2004	2019	1,410,000	345,000
Total G.O. Revenue Notes and Bonds				90,020,099	70,951,500
<b>Total Business-Type Activities</b>				<b>\$ 90,020,099</b>	<b>\$ 70,951,500</b>
<b>Total Primary Government</b>				<b>\$ 112,184,403</b>	<b>\$ 82,224,804</b>

\*Includes Undrawn Proceeds of \$304,593. Loan not finalized as of 12/31/16

^Includes Undrawn Proceeds of \$164,946. Loan not finalized as of 12/31/16

>Includes Undrawn Proceeds of \$310,270. Loan not finalized as of 12/31/16

**CITY OF WILLMAR, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

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

	<u>Interest Rates</u>	<u>Date Issued</u>	<u>Date Matures</u>	<u>Original Issue</u>	<u>Outstanding at 12/31/2016</u>
<b>Component Units</b>					
<b>Municipal Utilities</b>					
<u>Revenue Bonds</u>					
2009 Bond	3.50-5.00	2009	2025	\$ 8,120,000	\$ 5,950,000
Total Revenue Bonds				<u>8,120,000</u>	<u>5,950,000</u>
<b>Total Municipal Utilities</b>				<b><u>\$ 8,120,000</u></b>	<b><u>\$ 5,950,000</u></b>
<b>Rice Memorial Hospital</b>					
<u>Revenue Notes</u>					
2013 Care Center	3.65-15.00	2013	2034	\$ 9,100,000	\$ 8,248,200
<u>G.O. Revenue Bonds</u>					
2012 Bond	2.00-4.00	2012	2032	<u>40,910,000</u>	<u>35,095,000</u>
<u>Lease Payable</u>					
Rice Home Medical	Variable	2010	Ongoing	<u>301,394</u>	<u>1,386,237</u>
<b>Total Rice Memorial Hospital</b>				<b><u>\$ 50,311,394</u></b>	<b><u>\$ 44,729,437</u></b>

**3. Long-Term Debt Maturities**

Long-Term Debt maturities are as follows:

<u><b>General Obligation Special Assessments Bonds</b></u>		
	<u><b>Governmental Activities</b></u>	
<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 1,751,000	\$ 237,128
2018	1,706,000	194,805
2019	1,217,000	154,996
2020	1,066,000	126,136
2021	1,079,000	98,367
2022-2026	3,000,000	180,505
2027-2031	<u>180,000</u>	<u>2,250</u>
Total	<u>\$ 9,999,000</u>	<u>\$ 994,187</u>

**CITY OF WILLMAR, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

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

Long-Term Debt maturities (continued):

<b><u>General Obligation Revenue Bonds</u></b>				
<b>Year</b>	<b><u>Governmental Activities</u></b>		<b><u>Business-Type Activities</u></b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2017	\$ 160,000	\$ 23,643	\$ 110,000	\$ 11,810
2018	165,000	17,466	115,000	7,309
2019	175,000	10,790	120,000	2,490
2020	180,000	3,645	-	-
Total	<u>\$ 680,000</u>	<u>\$ 55,544</u>	<u>\$ 345,000</u>	<u>\$ 21,609</u>

<b><u>General Obligation Revenue Notes</u></b>		
<b>Year</b>	<b><u>Business-Type Activities</u></b>	
	<b>Principal</b>	<b>Interest</b>
2017	\$ 2,784,158	\$ 1,999,094
2018	2,852,000	1,916,346
2019	2,940,000	1,829,619
2020	3,050,000	1,740,258
2021	3,024,000	1,647,530
2022-2026	21,302,000	6,686,044
2027-2031	23,889,151	2,903,370
2032-2036	7,966,000	1,298,334
2037-2041	3,483,000	178,058
2042-2046	96,000	1,079
Total	<u>\$ 71,386,309</u>	<u>\$ 20,199,732</u>

**CITY OF WILLMAR, MINNESOTA**  
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**4. Long-Term Debt Maturities (continued)**

<b>Component Units:</b>		<b>Municipal Utilities</b>		<b>Rice Memorial Hospital</b>	
<b>Year</b>		<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2017	\$	550,000	\$ 277,031	\$ 1,999,800	\$ 1,737,071
2018		575,000	255,031	2,071,300	1,664,852
2019		600,000	229,156	2,163,200	1,573,269
2020		625,000	202,156	2,265,900	1,469,023
2021		655,000	174,032	2,327,400	1,537,834
2021-2025		2,945,000	371,438	12,630,900	6,006,961
2026-2030		-	-	15,230,300	3,516,904
2031-2035		-	-	4,654,400	404,115
Total	\$	<u>5,950,000</u>	<u>\$ 1,508,844</u>	<u>\$ 43,343,200</u>	<u>\$ 17,910,029</u>

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

	<b>Balance 01/01/2016</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance 12/31/2016</b>	<b>Due Within One Year</b>
<b>Primary Government</b>					
<b>Governmental Activities</b>					
G.O. Special Assessment Bonds	\$ 10,390,000	\$ 1,600,000	\$ 1,991,000	\$ 9,999,000	\$ 1,751,000
G.O. Revenue Bonds	835,000	-	155,000	680,000	160,000
TIF Note Payable-Jennie-O	594,304	-	-	594,304	-
Compensated Absences	3,916,760	77,732	331,455	3,663,037	-
Net Pension Liability	5,377,706	8,014,486	-	13,392,192	-
<b>Total Governmental Activities</b>	<b>21,113,770</b>	<b>9,692,218</b>	<b>2,477,455</b>	<b>28,328,533</b>	<b>1,911,000</b>
<b>Business-Type Activities</b>					
G.O. Revenue Notes	72,520,805	736,258	2,650,563	70,606,500	2,784,158
G.O. Revenue Bonds	450,000	-	105,000	345,000	110,000
Net Pension Liability	536,503	268,413	-	804,916	-
<b>Total Business-Type Activities</b>	<b>73,507,308</b>	<b>1,004,671</b>	<b>2,755,563</b>	<b>71,756,416</b>	<b>2,894,158</b>
<b>Total Primary Government</b>	<b>\$ 94,621,078</b>	<b>\$ 10,696,889</b>	<b>\$ 5,233,018</b>	<b>\$ 100,084,949</b>	<b>\$ 4,805,158</b>
<b>Component Units</b>					
<b>Municipal Utilities</b>					
Revenue Bonds	\$ 6,410,000	\$ -	\$ 460,000	\$ 5,950,000	\$ 550,000
G.O. Revenue Bonds	155,000	-	155,000	-	-
Compensated Absences	1,318,901	538,161	671,293	1,185,769	-
Net Pension Liability	3,394,550	3,675,550	1,987,290	5,082,810	-
<b>Total Municipal Utilities</b>	<b>11,278,451</b>	<b>4,213,711</b>	<b>3,273,583</b>	<b>12,218,579</b>	<b>550,000</b>
<b>Rice Memorial Hospital</b>					
G.O. Revenue Bonds	36,600,000	-	1,505,000	35,095,000	1,550,000
Revenue Notes	8,682,200	-	434,000	8,248,200	449,800
Capital Lease Payable	1,469,185	188,017	270,965	1,386,237	491,869
<b>Total Rice Memorial Hospital</b>	<b>46,751,385</b>	<b>188,017</b>	<b>2,209,965</b>	<b>44,729,437</b>	<b>2,491,669</b>
<b>Total Component Units</b>	<b>\$ 58,029,836</b>	<b>\$ 4,401,728</b>	<b>\$ 5,483,548</b>	<b>\$ 56,948,016</b>	<b>\$ 3,041,669</b>

**CITY OF WILLMAR, MINNESOTA**  
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**December 31, 2016**

**E. Fund Balance Detail**

The following is a detail of Governmental Fund Balances at December 31, 2016:

<b>Fund</b>	<b>Nonspendable</b>	<b>Restricted</b>	<b>Committed</b>
<b>General Fund</b>			
Prepays/Deposits	\$ 246,756	\$ -	\$ -
Working Capital	-	-	4,000,000
Year 2017	-	-	1,329,289
Year 2018	-	-	1,451,938
Retirees Sick Leave Held	-	-	142,227
Self-Insurance	-	-	1,000,000
Petty Cash	-	-	2,650
Current Employees Ins Buy Out	-	-	1,205,737
Current Employees Sick Leave	-	-	1,697,103
Current Employees Vacation	-	-	455,756
Retiree Insurance Buy Out	-	-	304,440
Next Year's Budget	-	-	1,300,000
Current Year Emergency	-	-	1,300,000
<b>Special Revenue Funds</b>			
Industrial Development	-	-	243,454
Industrial Development-CP Airport	-	-	17,110
Industrial Development-P.I.R.	-	-	1,000,000
CVB-Prepays	7,496	-	-
CVB	-	-	204,073
CVB-Petty Cash	-	-	50
Willmar Municipal Airport	6,862	-	404,702
Library Improvement Reserve	-	-	163,131
Community Investment	-	8,507,862	-
Community Investment-PIR	-	-	750,000
Public Works Reserve	-	-	927,262
Law Enforcement Forfeiture Fund	-	76,016	-
Law Enforcement Explorer Fund	-	4,930	-
<b>Debt Service Funds</b>			
Special Assessments Funds	203,850	5,158,860	-
Nonmajor Airport Debt Service	173,321	-	-
Nonmajor TIF Debt Service	-	12,626	-
<b>Capital Projects Funds</b>			
Street Projects	-	-	2,037,461
Nonmajor Capital Improvements			
Airport	-	-	149,202
Year 2018	-	-	104,076
Fire Department	-	-	400,000
Public Works	-	-	40,000
Auditorium	-	-	130,000
C.P. Airport	-	-	48,000
Leisure Services	-	-	651,758
Civic Center	-	-	94,923
<b>Permanent Funds</b>	30,000	3,876	-
<b>Totals</b>	<b>\$ 668,285</b>	<b>\$ 13,764,170</b>	<b>\$ 21,554,342</b>

**CITY OF WILLMAR, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 4 DEFINED BENEFIT PENSION PLANS**

**A. Plan Description**

The City of Willmar participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

**1. General Employees Retirement Fund (GERF)**

All full-time and certain part-time employees of the City of Willmar are covered by the General Employees Fund. General Employees Plan members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. The Basic Plan was closed to new members in 1967. All new members must participate in the Coordinated Plan.

**2. Public Employees Police and Fire Fund (PEPFF)**

The Police and Fire Plan, originally established for police officers and firefighters not covered by a local relief association, now covers all police officers and firefighters hired since 1980. Effective July 1, 1999, the Police and Fire Plan also covers police officers and firefighters belonging to local relief associations that elected to merge with and transfer assets and administration to PERA.

**Benefits Provided**

PERA provides retirement, disability, and death benefits. Benefits provision are established by state statute and can only be modified by the state legislature.

Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Members in plans that are at least 90% funded for two consecutive years are given 2.50% increases. Members in plans that have not exceeded 90% funded, or have fallen below 80%, are given 1% increases.

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

**1. General Employees Plan Benefits**

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.20% of average salary for each of the first ten years of service and 2.70% for each remaining year. The annuity accrual rate for a Coordinated Plan members is 1.20% of average salary for each of the first ten years and 1.70% for each remaining year. Under Method 2, the annuity accrual rate is 2.70% of average salary for Basic Plan members and 1.70% for Coordinated Plan members for each year of service. For members hired prior to July 1, 1989, a fully annuity is available when age plus year of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

**2. Police and Fire Plan Benefits**

Benefits for the Police and Fire Plan members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50% after five years up to 100% after ten years of credited service. Benefits for Police and Fire members first hired after June 30, 2014, vest on a prorated basis from 50% after ten years up to 100% after

**CITY OF WILLMAR, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 4 DEFINED BENEFIT PENSION PLANS (continued)**

twenty years of credited service. The annuity accrual rate is 3% of average salary for each year of service. For Police and Fire Plan members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equals at least 90.

**B. Contributions**

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state legislature.

**1. General Employees Fund Contributions**

Basic Plan members and Coordinated Plan members were required to contribute 9.10% and 6.50%, respectively, of their annual covered salary in calendar year 2016. The City of Willmar was required to contribute 11.78% of pay for Basic Plan members and 7.50% for Coordinated Plan members in calendar year 2016. The City of Willmar's contributions to the General Employees Fund for the year ended December 31, 2016, were \$275,718. The City of Willmar's contributions were equal to the required contributions as set by state statute.

**2. Police and Fire Fund Contributions**

Plan members were required to contribute 10.80% of their annual covered salary in calendar year 2016. The City of Willmar was required to contribute 16.20% of pay for members in calendar year 2016. The City of Willmar's contributions to the Police and Fire Fund for the year ended December 31, 2016, were \$369,900. The City of Willmar's contributions were equal to the required contributions as set by state statute.

**C. Pension Costs**

**1. General Employees Fund Pension Cost**

At December 31, 2016, the City of Willmar reported a liability of \$4,766,149 for its proportionate share of the General Employees Fund's net pension liability. The City of Willmar's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$6 million to the fund in 2016. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City of Willmar's totaled \$3,522. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City of Willmar's proportion of the net pension liability was based on the City of Willmar's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2015, through June 30, 2016, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2016, the City of Willmar's proportion share was .0587% which was a decrease of .0028% from its proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the City of Willmar recognized pension expense of \$660,605 for its proportionate share of the General Employees Plan's pension expense. In addition, the City of Willmar recognized an additional \$3,522 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$6 million to the General Employees Fund.

**CITY OF WILLMAR, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 4 DEFINED BENEFIT PENSION PLANS (continued)**

At December 31, 2016, the City of Willmar reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual investment earnings	\$ 914,938	\$ -
Changes in actuarial assumptions	933,216	-
Differences between expected and actual economic experience	-	392,057
Changes in proportion and differences between contributions made and City's proportionate share of contributions	-	259,153
City's contributions to GERF subsequent to the measurement date	<u>134,655</u>	<u>-</u>
Totals	<u>\$ 1,982,809</u>	<u>\$ 651,210</u>

Deferred outflows of resources related to pensions, resulting from the City of Willmar's contributions made subsequent to the measurement date, of \$134,655 will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	Pension Expense Amount
2017	\$ 298,687
2018	\$ 298,687
2019	\$ 427,409
2020	\$ 172,161

**2. Police and Fire Fund Pension Costs**

At December 31, 2016, the City of Willmar reported a liability of \$9,430,959 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City of Willmar's proportion of the net pension liability was based on the City of Willmar's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2015 through June 30, 2016, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2016, the City of Willmar's proportion was .235% which was a decrease of .005% from its proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the City of Willmar recognized pension expense of \$1,603,635 for its proportionate share of the Police and Fire Plan's pension expense. The City of Willmar also recognized \$21,150 for the year ended December 31, 2016, as pension expense (and an offsetting reduction of net pension liability) for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

Legislation passed in 2013 required the State of Minnesota to begin contributing \$9 million to the Police and Fire Fund each year, starting in fiscal year 2014.

**CITY OF WILLMAR, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 4 DEFINED BENEFIT PENSION PLANS (continued)**

At December 31, 2016, the City of Willmar reported its proportionate share of the Police and Fire Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual investment earnings	\$ 1,446,654	\$ -
Changes in actuarial assumptions	5,190,269	-
Differences between expected and actual economic experience	-	1,089,281
Changes in proportion and differences between contributions made and City's proportionate share of contributions	-	104,945
City's contributions to PEPFF subsequent to the measurement date	<u>182,173</u>	<u>-</u>
Totals	<u>\$ 6,819,096</u>	<u>\$ 1,194,226</u>

Deferred outflows of resources related to pensions, resulting from the City of Willmar's contributions made subsequent to the measurement date, of \$182,173 will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	Pension Expense Amount
2017	\$ 1,169,999
2018	\$ 1,169,999
2019	\$ 1,169,999
2020	\$ 1,051,217
2021	\$ 881,483

**D. Actuarial Assumptions**

The total pension liability in the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Active Member Payroll Growth	3.25% per year
Investment Rate of Return	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants were based on RP 2014 tables for males or females and RP-2000 tables for the Police and Fire Plan, as appropriate, with slight adjustments. Cost of living benefit increases for retirees are assumed to be: 1.00% per year for all future years for the General Employees Plan and Police and Fire Plan.

Actuarial assumptions used in the June 30, 2016, valuation was based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2015. The experience study for Police and Fire Plan was for the period July 1, 2004 through June 30, 2009.

**CITY OF WILLMAR, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 4 DEFINED BENEFIT PENSION PLANS (continued)**

The following changes in actuarial assumptions occurred in 2016:

General Employees Fund:

- The assumed post-retirement benefit increase rate was changed from 1.00% per year through 2013 and 2.50% per year thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.90% to 7.50%. The single discount rate was changed from 7.90% to 7.50%.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Police and Fire Fund:

- The assumed post-retirement benefit increase rate was changed from 1.00% per year through 2037 and 2.50% thereafter to 1.00% per year for all future years.
- The assumed investment return was changed from 7.90% to 7.50%. The single discount rate was changed from 7.90% to 5.60%.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rate of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Stocks	45%	5.50%
International Stocks	15%	6.00%
Bonds	18%	1.45%
Alternative Assets	20%	6.40%
Cash	2%	0.50%
	100%	

**F. Discount Rate**

The discount rate used to measure the total pension liability in 2016 was 7.50%, a reduction from the 7.90% used in 2015. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumption, the fiduciary net position of the General Employees Fund was projected to be available to make all projected future benefit

**CITY OF WILLMAR, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 4 DEFINED BENEFIT PENSION PLANS (continued)**

payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

In the Police and Fire Fund, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through June 30, 2056. Beginning in fiscal years ended June 30, 2057, for the Police and Fire Fund, when projected benefit payments exceed the funds' projected fiduciary net position, benefit payments were discounted at the municipal bond rate of 2.85% based on an index of 20-year general obligation bonds with an average AA credit rating at the measurement date. An equivalent single discount rate of 5.60% for the Police and Fire Fund was determined that produced approximately the same present value of projected benefits when applied to all years of projected benefits as the present value of projected benefits using 7.50% applied to all years of projected benefits through the point of asset depletion and 2.85% after.

**G. Pension Liability Sensitivity**

The following presents the City of Willmar's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City of Willmar's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate (6.5%)	Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
City's proportionate share of the GERF net pension liability	\$ 6,769,344	\$ 4,766,149	\$ 3,116,061

	1% Decrease in Discount Rate (4.6%)	Discount Rate (5.6%)	1% Increase in Discount Rate (6.6%)
City's proportionate share of the PEPFF net pension liability	\$ 13,202,091	\$ 9,430,959	\$ 6,349,658

**H. Pension Plan Fiduciary Net Position**

Detailed information about each pension plan's fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at [www.mnpera.org](http://www.mnpera.org); by writing to PERA at 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088; or by calling (651) 296-7460 or 1-800-652-9026.

**NOTE 5 DEFINED BENEFIT PENSION PLANS – STATEWIDE VOLUNTEER FIREFIGHTERS FUND**

**Plan Description**

The Willmar Fire Department participates in the Statewide Volunteer Firefighter Retirement Plan (SVF), an agent multiple-employer lump-sum defined benefit pension plan administered by the Public Employees Retirement Association of Minnesota (PERA). The SVF plan covers volunteer firefighters of municipal fire departments or independent nonprofit firefighting corporations that have elected to join the plan. As of December 31, 2015, the plan covered 35 active firefighters and 11 vested terminated fire fighters whose pension benefits are deferred. The plan is established and administered in accordance with Minnesota Statutes, Chapter 353 G.

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**NOTE 5 DEFINED BENEFIT PENSION PLANS – STATEWIDE VOLUNTEER FIREFIGHTERS FUND (continued)**

**Benefits Provided**

The SVF provides lump-sum retirement, death, and supplemental benefits to covered firefighters and survivors. Benefits are paid based on the number of years of service multiplied by a benefit level per year of service approved by the City. The benefit is selected from 71 possible levels in \$100 increments ranging from \$500 to \$7,500 per year of service. Members are eligible for a lump-sum retirement benefit at 50 years of age with five years of service. Plan provisions include a pro-rated vesting schedule that increases from 5 years at 40% through 20 years at 100%.

**Contributions**

The SVF is funded by fire state aid, investment earnings and, if necessary, employer contributions as specified in Minnesota Statutes. The State of Minnesota contributed \$105,135 in fire state aid to the plan on behalf of Willmar Fire Department for the year ended December 31, 2015, which was recorded as a revenue. Required employer contributions are calculated annually based on statutory provisions. The City's statutorily-required contributions to the SVF plan for the year ended December 31, 2015, was \$0. The City's contributions were equal to the required contributions as set by state statute.

**Pension Costs**

At December 31, 2016, the City reported a net pension asset of \$366,151 for the SVF plan. The net pension asset was measured as of December 31, 2015. The total pension liability used to calculate the net pension asset in accordance with GASB 68 was determined by PERA applying an actuarial formula to specific census data certified by the fire department as of December 31, 2015. The following table presents the changes in net pension liability during the year:

	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability (Asset)</b>
<b>Beginning Balance 12/31/14</b>	\$ 859,596	\$ 1,176,593	\$ (316,997)
Changes for the Year			
Service Cost	33,212	-	33,212
Interest on Pension Liability	53,569	-	53,569
Actuarial Experience (Gains)/Losses	(29,522)	-	(29,522)
Projected Investment Earnings	-	70,596	(70,596)
Contributions (Employer)	-	-	-
Contributions (State)	-	105,135	(105,135)
Asset (Gain)/Loss	-	(68,019)	68,019
PERA Administrative Fee	-	(1,299)	1,299
Net Changes	<u>57,259</u>	<u>106,413</u>	<u>(49,154)</u>
<b>Balance End of Year 12/31/15</b>	<u><u>\$ 916,855</u></u>	<u><u>\$ 1,283,006</u></u>	<u><u>\$ (366,151)</u></u>

There were no benefit provision changes during the measurement period.

For the year ended December 31, 2016, the City recognized pension expense of \$25,184.

**CITY OF WILLMAR, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 5 DEFINED BENEFIT PENSION PLANS – STATEWIDE VOLUNTEER FIREFIGHTERS FUND (continued)**

At December 31, 2016, the City reported deferred outflows and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual investment earnings	\$ 54,415	\$ 2,073
Differences between expected and actual economic experience	<u>38,179</u>	<u>23,618</u>
Totals	<u>\$ 92,594</u>	<u>\$ 25,691</u>

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	Pension Expense Amount
2017	\$ 19,736
2018	\$ 19,736
2019	\$ 19,734
2020	\$ 7,697

**Actuarial Assumptions**

The total pension liability at December 31, 2015, was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

- Retirement eligibility at the later of age 50 or 20 years of service
- Investment rate of return of 6.0%
- Inflation rate of 3.0%

There were no changes in actuarial assumptions in 2015.

**Discount Rate**

The discount rate used to measure the total pension liability was 6.0%. The projection of cash flows used to determine the discount rate assumed that contributions to the SVF plan will be made as specified in statute. Based on that assumption and considering the funding ratio of the plan, the fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF WILLMAR, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 5 DEFINED BENEFIT PENSION PLANS – STATEWIDE VOLUNTEER FIREFIGHTERS FUND (continued)**

**Pension Liability Sensitivity**

The following presents the City's net pension asset for the SVF plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City's net pension asset would be if it were calculated using a discount rate 1% lower or 1% higher than the current discount rate:

	1% Decrease in Discount Rate (5.0%)	Discount Rate (6.0%)	1% Increase in Discount Rate (7.0%)
Net Pension Asset	\$ (339,509)	\$ (366,151)	\$ (392,011)

**Plan Investments**

**Investment Policy:**

The Minnesota State Board of Investment (SBI) is established by Article XI of the Minnesota Constitution to invest all state funds. Its membership as specified in the Constitution is comprised of the Governor (who is designated as chair of the Board), State Auditor, Secretary of State and State Attorney General.

All investments undertaken by the SBI are governed by the prudent person rule and other standards codified in *Minnesota Statutes*, Chapter 11A and Chapter 356A.

Within the requirements defined by state law, the SBI, with assistance of the SBI staff and the Investment Advisory Council, establishes investment policy for all funds under its control. These investments policies are tailored to the particular needs of each fund and specify investment objectives, risk tolerance, asset allocation, investment management structure and specific performance standards. Studies guide the on-going management of the funds and are updated periodically.

**Asset Allocation:**

To match the long-term nature of the pension obligations, the SBI maintains a strategic asset allocation for the Statewide Volunteer Firefighter Retirement Plan (VOLP) that includes allocations to domestic equity, international equity, bonds and cash equivalents. The long-term target asset allocation and long-term expected real rate of return is the following:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Stocks	35%	5.50%
International Stocks	15%	6.00%
Bonds	45%	1.45%
Cash	5%	0.50%
	100%	

The 6% long-term expected rate of return on pension plan investments was determined using a building-block method. Best estimates for expected future real rates of return (expected returns, net of inflation) were developed for each asset class using both long-term historical returns and long-term capital market expectations. The asset

**CITY OF WILLMAR, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 5 DEFINED BENEFIT PENSION PLANS – STATEWIDE VOLUNTEER FIREFIGHTERS FUND (continued)**

class estimates and the target allocations were then combined to produce a geometric, long-term expected real rate of return for the portfolio. Inflation expectations were applied to derive the nominal rate of return for the portfolio.

**Description of significant investment policy changes during the year:** The SBI made no significant changes to their investment policy during Fiscal Year 2016 for the Statewide Volunteer Firefighter Retirement Plan.

**Pension Plan Fiduciary Net Position**

Detailed information about the SVF plan's fiduciary net position as of June 30, 2016, is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at [www.mnpera.org](http://www.mnpera.org).

**NOTE 6 DEFINED CONTRIBUTION PLAN**

Nine council members and mayor, of the City of Willmar are covered by the Public Employees Defined Contribution Plan (PEDCP), a multiple-employer deferred compensation plan administered by PERA. The PEDCP is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Minnesota Statutes, Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5% of salary which is matched by the elected official's employer. For ambulance service personnel, employer contributions are determined by the employer, and for salaried employees must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2% of employer contributions and twenty-five hundredths of 1% (.0025) of the assets in each member's account annually.

Total contributions made by the City of Willmar during fiscal year 2016 were: \$-0-

**NOTE 7 OTHER POST EMPLOYMENT BENEFITS**

**Primary Government**

The City has adopted Governmental Account Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions*. Qualified employees may choose to participate in the City's health, dental, and/or life insurance plans. There are 97 active participants and 11 retired participants. Benefit and eligibility provisions are established through negotiations between the City Council and employee groups including three unions. The union contracts are renegotiated periodically. There are no separate financial statements issued for the plan. The City has chosen to fund the plan on a pay-as-you-go basis.

**Annual OPEB Cost and Net OPEB Obligation**

The City's annual other postemployment benefit (OPEB) costs (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB

**CITY OF WILLMAR, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 7 OTHER POST EMPLOYMENT BENEFITS/Primary Government (continued)**

Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, contributions for the year, and the change in the City's net OPEB obligation:

	<u>2016</u>
Net OPEB, beginning of the year	\$ 312,757
Activity during the year:	
Annual Required Contribution	230,969
Interest on net OPEB Obligation	10,946
Adjustment to Annual Required Contribution	<u>(16,715)</u>
Annual OPEB Cost (Expense)	225,200
Contributions made during the year	<u>(147,675)</u>
Increase/(Decrease) in Net OPEB Obligation	<u>77,525</u>
Net OPEB Liability, end of the year	<u><u>\$ 390,282</u></u>

The City's annual OPEB cost, the percentage of the annual OPEB cost contributed to the Plan and the net OPEB liability consist of the following:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Employer Contribution</u>	<u>Percentage Contribution</u>	<u>Net OPEB Obligation</u>
2016	\$ 225,200	\$ 147,675	65.6%	\$ 390,282
2015	313,851	262,211	83.5%	312,757
2014	315,652	207,849	65.8%	261,117

**Funding Status**

The following is a summary of the funding status at January 1, 2016, the most recent actuarial valuation date:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (b)</u>	<u>Unfunded Actuarial Accrued Liability (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
2016	\$ -	\$ 2,316,580	\$ 2,316,580	0.0%	\$ 5,650,403	41.0%

**Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and

**CITY OF WILLMAR, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 7 OTHER POST EMPLOYMENT BENEFITS/Primary Government (continued)**

the historical pattern of sharing of benefit costs between the employer and plan members to that point. Assumptions about future employment, mortality, and health care costs trends are also taken into consideration. Amounts determined regarding the funding status of the plan and the annual required contributions of the City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

In the January 1, 2016, actuarial valuation the projected unit credit actuarial cost method was used. The actuarial assumption included a 3.50% discount rate. The annual health care cost trend rate is 6.75 percent initially, grading to 5.00 percent over 7 years. The Amortization of Unfunded Accrued Liability (UAAL) is being amortized as a level dollar amount on a closed basis, meaning no new entrants.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Component Units**

**Willmar Municipal Utilities**

The Utilities operates a single-employer defined benefit plan ("the Plan") that provides health, dental, and life insurance to eligible employees and their families through the Utilities commercial insurance plans. There are 56 active participants and 13 retired participants. Benefit and eligibility provisions are established through negotiations between the Utilities and employee groups including a union. The union contract is renegotiated each two-year bargaining period. The Plan does not issue a publicly available financial report.

Contribution requirements are negotiated between the Utilities and employees. The Utilities contributes 0% - 100% of the cost of current-year premiums for eligible retired plan members and their spouses. The Utilities contributed to the Plan \$107,926 for 2016 and \$157,825 for 2015. The Plan is financed on a pay-as-you-go basis.

**Annual OPEB Cost and Net OPEB Obligation**

The Utilities annual other postemployment benefit (OPEB) costs (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

The following table shows the components of the Utilities' annual OPEB cost for the year, the amount actually paid from the plan, and changes in the Utilities' net OPEB obligation.

Annual Required Contribution	\$ 218,515
Interest on Net OPEB Obligation	8,669
Adjustment to Annual Required Contribution	<u>(12,533)</u>
Annual OPEB Cost (Expense)	214,651
Contributions Made	<u>157,825</u>
Increase (Decrease) in Net OPEB Obligation	56,826
Net OPEB Liability - Beginning of Year	<u>216,720</u>
Net OPEB Liability - End of Year	<u><u>273,546</u></u>

**CITY OF WILLMAR, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 7 OTHER POST EMPLOYMENT BENEFITS/Component Units –**  
**Willmar Municipal Utilities (continued)**

The Utilities annual OPEB cost, the percentage of the annual OPEB cost contributed to the Plan and the net OPEB liability consist of the following:

<u>Fiscal</u>	<u>Annual</u>	<u>Annual</u>	<u>Percentage</u>	
<u>Year Ended</u>	<u>OPEB Cost</u>	<u>Plan Sponsor</u>	<u>of Annual</u>	<u>Net OPEB</u>
		<u>Contribution</u>	<u>OPEB Cost</u>	<u>Liability</u>
			<u>Contributed</u>	
2016	\$ 96,639	\$ 107,926	111.7%	\$ 262,259
2015	\$ 214,651	\$ 157,825	73.5%	\$ 273,546

**Funding Status**

As of December 31, 2016, the most recent actuarial valuation date, the Utilities' unfunded actuarial accrued liability (UAAL) was \$1,283,286. The covered payroll (annual payroll of active employees covered by the Plan) was \$3,887,200 and the ratio of the UAAL to the covered payroll of 33.0%.

As of December 31, 2014, the most recent actuarial valuation date, the Utilities' unfunded actuarial accrued liability (UAAL) was \$1,801,808. The covered payroll (annual payroll of active employees covered by the Plan) was \$3,999,640 and the ratio of the UAAL to the covered payroll of 45.0%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with the past expectations and the new estimates are made about the future.

**Rice Memorial Hospital**

The Hospital follows provisions of Governmental Accounting Standards Board (GASB) No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions*. Qualified employees may choose to participate in the Hospital's insurance plan after retirement, with no contribution from the Hospital. The Hospital provides these benefits to retirees as required by Minnesota Statute 471.61 subdivision 2b. As of December 31, 2016, and 2015, there were approximately 640 and 714, respectively, active employees subject to potential future benefit and 26 and 18, respectively, retirees receiving benefits from the Hospital's health insurance plan. There are no separate financial statements issued for the plan. The Hospital has chosen to fund the retiree medical plan on a pay-as-you-go basis.

**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.

**CITY OF WILLMAR, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 7 OTHER POST EMPLOYMENT BENEFITS/Component Units –  
Rice Memorial Hospital (continued)**

The following table shows the components of the Hospital's annual OPEB cost as of December 31, 2016, and 2015, the amount actually contributed to the insurance plan, and changes in the Hospital's net OPEB obligation:

	<u>2016</u>	<u>2015</u>
Net OPEB, Beginning of Year	\$ 1,707,523	\$ 1,502,017
Activity During the Year:		
Annual Required Contribution (ARC)	286,290	387,678
Interest on Net OPEB Obligation	59,763	60,081
Adjustments to ARC	(92,841)	(86,862)
Contributions during the fiscal year	<u>(161,113)</u>	<u>(155,391)</u>
Increase in Net OPEB Obligation	<u>92,099</u>	<u>205,506</u>
Net OPEB, End of the Year	<u>\$ 1,799,622</u>	<u>\$ 1,707,523</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>
12/31/2016	\$ 253,212	\$ 161,113	63.63%	\$ 1,799,623
12/31/2015	\$ 360,897	\$ 155,391	43.06%	\$ 1,707,523
12/31/2014	\$ 353,361	\$ 123,700	35.01%	\$ 1,502,017

**Funding Status**

The following is a summary of the funding status at January 1, 2016, the most recent actuarial valuation date:

Actuarial	Actuarial	Unfunded			UAAL as a
Value of	Accrued	Actuarial Accrued	Funded	Covered	Percentage of
Assets	Liability	Liability	Ratio	Payroll	Covered Payroll
(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
\$ -	\$ 2,131,652	\$ 2,131,652	0.00%	\$ 46,650,000	4.60%

**NOTE 8 RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the City carries insurance. The City obtains insurance through participation in the League of Minnesota Cities Insurance Trust (LMCIT) which is a risk sharing pool with approximately 800 other governmental units. This City pays an annual premium to LMCIT for its workers compensation and property and casualty insurance. The LMCIT is self-sustaining through member premiums and will reinsure for claims above a prescribed dollar amount for each insurance event. Settled claims have not exceeded the City's coverage in any of the past three fiscal years.

**CITY OF WILLMAR, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 8 RISK MANAGEMENT (CONTINUED)**

The workers' compensation policy is a retrospectively rated policy with premiums that accrue based on the ultimate cost of the experience to date. There is no way to estimate what the change in premium may be. Generally, it has been minimal.

**NOTE 9 CONTINGENCIES**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

**NOTE 10 LEASE AGREEMENTS**

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

Future minimum lease payments are:

2017	\$ 175,000
2018	175,000
2019	175,000
2020	<u>175,000</u>
	<u>\$ 700,000</u>

**NOTE 11 JOINTLY-GOVERNED ORGANIZATIONS**

**Kandiyohi County and City of Willmar Economic Development Commission**

The EDC was established on July 1, 2003, by a joint-powers agreement between Kandiyohi County and the City of Willmar by resolution pursuant to Minn. Laws 1989, First Special Session, ch. 1, Art. 17, § 21. The EDC was set up to encourage, attract, promote, and develop economically sound industry and commerce within the County and City. The EDC has six members. Kandiyohi County appoints three members, and the City of Willmar appoints three members of the EDC. Each member is appointed to serve for three years. Complete financial information for the EDC can be obtained at Kandiyohi County and City of Willmar Economic Development Commission, 333 Litchfield Avenue S.W., P. O. Box 1783, Willmar, Minnesota 56201.

**Central Community Transit (CCT)**

Kandiyohi Area Transit was established on October 20, 1998 by a joint powers agreement between Kandiyohi County and the City of Willmar. Effective January 1, 2015, Kandiyohi Area Transit combined with Renville County Heartland Express to form Central Community Transit (CCT). The CCT Board is made up of two members appointed by Kandiyohi County, two members appointed by the City of Willmar, one elected official from other local governments in Kandiyohi County, and two members appointed from Renville County. Complete financial information for CCT can be obtained at Central Community Transit, 1320 22<sup>nd</sup> Street SW, Willmar, Minnesota 56201.

**CITY OF WILLMAR, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 12 SUBSEQUENT EVENTS**

In preparing these financial statements, the City of Willmar, Minnesota, has evaluated events and transactions for the potential recognition or disclosure through June 30, 2017, the date the financial statements were available to be issued.

**NOTE 13 PRIOR PERIOD ADJUSTMENT**

The Governmental Activities Net Position reported a prior period adjustment of \$312,757 to record the Net Other Post Employment Benefits (OPEB) Liability,

The Governmental Activities Net Position and General Fund reported a prior period adjustment of \$49,385 for the second half payment of 2015 for the Library maintenance costs.

The Governmental Activities Net Position and Community Investment Fund reported a prior period adjustment of \$15,500 for demolition of two houses that will be certified to Kandiyohi County for collection with real estate taxes.

**NOTE 14 TAX ABATEMENTS**

The City of Willmar negotiates property tax abatement agreements on an individual basis. The City has tax abatement agreements with six entities as of December 31, 2016:

<u>Purpose</u>	<u>Percentage of Taxes Abated During 2016</u>	<u>Amount of Taxes Abated During 2016</u>
West Central Steel	100%	\$ 4,827
MinnWest Technology Campus	100%	6,573
Torgerson Properties	100%	23,000
Willmar Redevelopment	100%	1,727
William & Deborah Donner	100%	3,682
RockStep Willmar	100%	-

The City of Willmar enters into these agreements under authority of Minnesota Statutes Section 1165.993 through 1165.995 and 469.1812 through 469.1815.

# **BUDGET AND ACTUAL SCHEDULES**

City of Willmar, Minnesota  
General Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the year ended December 31, 2016

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
GENERAL PROPERTY TAXES				
Current Ad Valorem	\$ 4,451,028	\$ 4,451,028	\$ 4,381,753	\$ (69,275)
Delinquent Ad Valorem	80,000	80,000	76,376	(3,624)
Franchise Fees	250,000	250,000	266,338	16,338
TOTAL TAXES	4,781,028	4,781,028	4,724,467	(56,561)
LICENSES/PERMITS				
Business License/Permit	56,630	56,630	66,812	10,182
Non-Business License/Permit	279,300	279,300	631,250	351,950
TOTAL LICENSES & PERMITS	335,930	335,930	698,062	362,132
INTERGOVERNMENTAL				
FEDERAL GOVERNMENT				
Federal Grant	500	500	9,175	8,675
STATE GRANTS				
Local Government Aid	4,505,367	4,505,367	4,505,367	-
Police Department Aid	215,000	215,000	254,266	39,266
P.E.R.A. Aid	172,146	172,146	172,146	-
State Grant	9,000	9,000	66,488	57,488
Fire Department Aid	-	-	-	-
Shared Highway User Tax	240,000	240,000	281,755	41,755
Local Performance Aid	-	-	-	-
COUNTY GRANTS				
Kandiyohi County Highways	3,795	3,795	3,795	-
Kandiyohi County	9,000	9,000	20,529	11,529
SCHOOL DISTRICT #347				
School Liaison Officer	150,000	150,000	150,000	-
TOTAL INTERGOVERNMENTAL	5,304,808	5,304,808	5,463,521	158,713
SERVICE CHARGES				
General Government	18,025	18,025	19,319	1,294
Public Safety	218,300	218,300	157,618	(60,682)
Buildings & Grounds	23,700	23,700	22,614	(1,086)
Civic Center	270,400	311,050	347,353	36,303
Leisure Services	164,450	164,450	156,658	(7,792)
Highways & Streets	12,100	12,100	16,741	4,641
Community Center	13,720	13,720	7,906	(5,814)
Transportation (Airport)	25,000	25,000	-	(25,000)
TOTAL SERVICE CHARGES	745,695	786,345	728,209	(58,136)
FINES AND FORFEITS				
Other Fines and Forfeits	-	-	-	-
Court Fines	110,000	110,000	114,471	4,471
Parking Violations	17,500	17,500	17,112	(388)
Solid Waste Citations	-	-	-	-
Impounding Fees	33,000	33,000	26,794	(6,206)
TOTAL FINES & FORFEITS	160,500	160,500	158,377	(2,123)
SPECIAL ASSESSMENTS				
Special Assessments	2,000	2,000	3,880	1,880
TOTAL SPECIAL ASSESSMENTS	2,000	2,000	3,880	1,880

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 year ended December 31, 2016

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES (Con't)</b>				
MISCELLANEOUS REVENUE				
Miscellaneous	245,100	245,100	414,874	169,774
Interest Earnings	170,000	170,000	159,157	(10,843)
Sale of Fixed Assets	40,000	40,000	16,450	(23,550)
Sale of Materials	65,000	65,000	85,776	20,776
City Auditorium Rents	5,000	5,000	250	(4,750)
Other Rents	-	-	17,551	17,551
Market Value Increase/(Decrease)	100,000	100,000	(155,286)	(255,286)
Insurance Reimbursements	350,000	-	93,223	93,223
Insurance Pass Through	-	350,000	282,458	(67,542)
Restitution	-	-	-	-
TOTAL MISCELLANEOUS	975,100	975,100	914,453	(60,647)
 TOTAL REVENUE	 12,305,061	 12,345,711	 12,690,969	 345,258
<b>EXPENDITURES</b>				
GENERAL GOVERNMENT				
City Administrator				
Personal Services	251,708	251,708	290,932	(39,224)
Supplies	1,350	1,350	4,591	(3,241)
Other Services & Charges	5,000	5,000	5,069	(69)
Total	258,058	258,058	300,592	(42,534)
Mayor and Council				
Personal Services	79,150	79,150	78,501	649
Supplies	4,450	4,450	5,170	(720)
Other Services & Charges	118,500	118,500	101,729	16,771
Total	202,100	202,100	185,400	16,700
Planning & Development				
Personal Services	524,856	527,856	480,249	47,607
Supplies	8,450	8,450	7,659	791
Other Services & Charges	45,050	45,050	44,390	660
Total	578,356	581,356	532,298	49,058
City Clerk/Treasurer				
Personal Services	185,147	185,147	179,660	5,487
Supplies	6,150	6,150	7,758	(1,608)
Other Services & Charges	4,545	4,545	5,292	(747)
Total	195,842	195,842	192,710	3,132
Assessing				
Personal Services	311,525	311,525	101,151	210,374
Supplies	3,650	3,650	1,216	2,434
Other Services & Charges	13,160	13,160	160,721	(147,561)
Total	328,335	328,335	263,088	65,247
Accounting				
Personal Services	429,704	429,704	338,973	90,731
Supplies	5,050	5,050	4,478	572
Other Services & Charges	31,600	31,600	29,438	2,162
Total	466,354	466,354	372,889	93,465

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 year ended December 31, 2016

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>EXPENDITURES (Con't)</b>				
GENERAL GOVERNMENT (Con't)				
Legal				
Other Services & Charges	250,000	250,000	251,546	(1,546)
Total	250,000	250,000	251,546	(1,546)
City Hall				
Personal Services	48,555	48,555	64,345	(15,790)
Supplies	19,550	19,550	23,926	(4,376)
Other Services & Charges	57,250	57,250	54,597	2,653
Other Disbursements	-	-	1,062	(1,062)
Total	125,355	125,355	143,930	(18,575)
Information Technology				
Personal Services	293,692	293,692	282,743	10,949
Supplies	65,550	65,550	152,478	(86,928)
Other Services & Charges	272,585	272,585	203,124	69,461
Total	631,827	631,827	638,345	(6,518)
Office Services				
Supplies	-	-	5,675	(5,675)
Other Services & Charges	-	-	6,368	(6,368)
Total	-	-	12,043	(12,043)
Elections & Voters Registration				
Personal Services	52,879	52,879	49,008	3,871
Supplies	700	700	545	155
Other Services & Charges	1,690	1,690	7,308	(5,618)
Total	55,269	55,269	56,861	(1,592)
Non-Departmental Expenses				
Personal Services	-	-	82,979	(82,979)
Supplies	-	-	-	-
Other Charges/Services	587,900	637,900	87,791	550,109
Insurances	-	-	-	-
Labor Negotiator	-	-	-	-
Severance	-	-	37,456	(37,456)
Deferred Compensation	-	-	-	-
Re-Employment Insurance	3,000	3,000	1,733	1,267
Retired Employees Insurance	120,000	120,000	91,810	28,190
Insurance Pass Through	360,000	360,000	283,993	76,007
Downtown Items	-	-	-	-
Workers Comp Self Insurance	-	-	-	-
Insurance Deductible	100,000	100,000	37,566	62,434
Refunds Paid	200,000	333,076	218,743	114,333
Total	1,370,900	1,553,976	842,071	711,905
TOTAL GENERAL GOVERNMENT	4,462,396	4,648,472	3,791,773	856,699
PUBLIC SAFETY				
Police Department				
Personal Services	3,544,077	3,544,077	3,470,140	73,937
Supplies	256,350	249,975	220,172	29,803
Other Services & Charges	188,545	188,545	149,243	39,302
Lease Payments	228,000	228,000	225,998	2,002
Other Disbursements	-	-	357	(357)
Total	4,216,972	4,210,597	4,065,910	144,687

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 year ended December 31, 2016

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>EXPENDITURES (Con't)</b>				
PUBLIC SAFETY (Con't)				
Fire Department				
Personal Services	556,391	556,391	489,625	66,766
Supplies	102,200	88,322	71,842	16,480
Other Services & Charges	107,650	107,650	90,700	16,950
Total	766,241	752,363	652,167	100,196
Non-Departmental Expenses				
Personal Services	-	-	-	-
Civil Defense	5,000	5,000	6,349	(1,349)
Safety Program	10,000	10,000	9,705	295
Refunds Paid	-	-	5,500	(5,500)
Total	15,000	15,000	21,554	(6,554)
TOTAL PUBLIC SAFETY	4,998,213	4,977,960	4,739,631	238,329
PUBLIC WORKS				
Engineering				
Personal Services	527,252	527,252	396,253	130,999
Supplies	11,750	11,750	11,248	502
Other Services & Charges	25,600	25,600	39,440	(13,840)
Total	564,602	564,602	446,941	117,661
Public Works				
Personal Services	1,603,115	1,603,115	1,633,196	(30,081)
Supplies	540,170	552,450	457,029	95,421
Other Services & Charges	346,900	346,900	323,561	23,339
Total	2,490,185	2,502,465	2,413,786	88,679
Transit				
Other Services & Charges	25,000	25,000	20,000	5,000
Total	25,000	25,000	20,000	5,000
Non-Departmental Expenses				
Supplies	-	-	-	-
Other Services & Charges	2,000	2,000	868	1,132
Total	2,000	2,000	868	1,132
TOTAL PUBLIC WORKS	3,081,787	3,094,067	2,881,595	212,472
CULTURE & RECREATION				
Library				
Other Services & Charges	503,144	503,144	504,067	(923)
Total	503,144	503,144	504,067	(923)
Auditorium				
Personal Services	-	-	3,913	(3,913)
Supplies	14,700	14,700	20,076	(5,376)
Other Services & Charges	36,701	36,701	43,184	(6,483)
Total	51,401	51,401	67,173	(15,772)
Non-Department Expenses				
Civic Promotion	97,575	97,575	94,613	2,962
Total	97,575	97,575	94,613	2,962

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 year ended December 31, 2016

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>EXPENDITURES (Con't)</b>				
CULTURE & RECREATION (Con't)				
Leisure Services				
Personal Services	245,877	245,877	153,126	92,751
Supplies	21,350	21,350	22,450	(1,100)
Other Services & Charges	220,206	220,206	220,825	(619)
Total	487,433	487,433	396,401	91,032
Civic Center - Ice Arena				
Personal Services	350,267	358,267	307,816	50,451
Supplies	77,900	97,550	127,346	(29,796)
Other Services & Charges	176,410	189,410	225,209	(35,799)
Other Disbursements	2,500	2,500	612	1,888
Total	607,077	647,727	660,983	(13,256)
Community Center				
Personal Services	57,285	57,285	26,123	31,162
Supplies	29,900	29,900	20,576	9,324
Other Services & Charges	32,550	32,550	33,154	(604)
Total	119,735	119,735	79,853	39,882
Aquatics Center				
Personal Services	118,425	118,425	124,352	(5,927)
Supplies	42,650	42,650	42,535	115
Other Services & Charges	30,200	30,200	27,780	2,420
Other Disbursements	-	-	835	(835)
Total	191,275	191,275	195,502	(4,227)
TOTAL CULTURE & RECREATION	2,057,640	2,098,290	1,998,592	99,698
TOTAL EXPENDITURES	14,600,036	14,818,789	13,411,591	1,407,198
Excess of Revenues Over Expenditures	(2,294,975)	(2,473,078)	(720,622)	1,752,456
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	2,957,413	3,090,489	2,784,098	(306,391)
Transfers Out	(1,593,734)	(1,551,707)	(1,760,579)	(208,872)
Total Other Financing Sources (Uses)	1,363,679	1,538,782	1,023,519	(515,263)
Net Change in Fund Balances	(931,296)	(934,296)	302,897	1,237,193
Fund Balances - Beginning, as originally stated	14,182,384	14,182,384	14,182,384	-
Prior Period Adjustment	-	-	(49,385)	(49,385)
Fund Balances - Beginning, as restated	14,182,384	14,182,384	14,132,999	(49,385)
Fund Balances - Ending	\$ 13,251,088	\$ 13,248,088	\$ 14,435,896	\$ 1,187,808

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, 2016**

	<b>Budget Amounts</b>			<b>Variance With Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
Miscellaneous Revenue				
Land Sales	\$ -	\$ -	\$ 257,554	\$ 257,554
Rental of Land	-	-	-	-
Interest Earnings	-	-	20,825	20,825
Market Value Incr/(Decr)	-	-	(41,288)	(41,288)
Total Revenues	-	-	237,091	237,091
<b>EXPENDITURES</b>				
Supplies	-	-	-	-
Other Services/Charges	-	-	13,828	(13,828)
Capital Outlay	-	-	-	-
Total Expenditures	-	-	13,828	(13,828)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	223,263	223,263
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer In	-	-	-	-
Transfer Out - C.P. 2014	-	-	-	-
Transfer Out - Capital Improvements	-	-	-	-
Transfer Out - C.P. 2013	-	-	-	-
Transfer Out - C.P. Waste Treatment	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	-	-	223,263	223,263
Fund Balance - Beginning	1,037,301	1,037,301	1,037,301	-
Fund Balance - Ending	\$ 1,037,301	\$ 1,037,301	\$ 1,260,564	\$ 223,263

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, 2016**

	Budget Amounts			Variance With
	Original	Final	Actual	Final Budget Positive (Negative)
REVENUES				
General Taxes				
Hotel-Motel Tax	\$ 184,000	\$ 184,000	\$ 212,386	\$ 28,386
Intergovernmental				
State Tourism Grant	7,000	7,000	4,235	(2,765)
Kandiyohi County Camping Fees	14,500	14,500	15,498	998
Kandiyohi County Phone Reimb	1,000	1,000	-	(1,000)
Kandiyohi County Tourism Partner.	34,000	34,000	34,000	-
Total Intergovernmental	56,500	56,500	53,733	(2,767)
Service Charges	2,000	2,000	1,934	(66)
Miscellaneous Revenue				
Interest Earnings	-	-	4,425	4,425
Market Value Increase/(Decrease)	-	-	3,582	3,582
Miscellaneous	-	-	5,654	5,654
Total Miscellaneous Revenue	-	-	13,661	13,661
Total Revenue	242,500	242,500	281,714	39,214
EXPENDITURES				
Personal Services	110,000	110,000	110,903	(903)
Supplies	9,700	9,700	5,041	4,659
Other Services and Charges	35,210	35,210	37,195	(1,985)
Tourism	40,000	40,000	42,655	(2,655)
Ad Development	300	300	229	71
Conference & Convention	22,000	22,000	37,307	(15,307)
Group Tour Promotions	1,290	1,290	1,311	(21)
Leisure Travel	28,000	28,000	32,168	(4,168)
Fall/Winter Promotions	7,000	7,000	6,710	290
Refunds & Reimbursements	-	-	-	-
Special Projects	4,000	4,000	5,000	(1,000)
Strategic Marketing	4,000	4,000	-	4,000
Total Expenditures	261,500	261,500	278,519	(17,019)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(19,000)	(19,000)	3,195	22,195
OTHER FINANCING SOURCES (USES)				
Transfers Out - General	(9,000)	(9,000)	(9,000)	-
Total Other Financing Sources (Uses)	(9,000)	(9,000)	(9,000)	-
Net Change in Fund Balances	(28,000)	(28,000)	(5,805)	22,195
Fund Balance - Beginning	225,269	225,269	225,269	-
Fund Balance - Ending	\$ 197,269	\$ 197,269	\$ 219,464	\$ 22,195

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, 2016**

	<b>Budget Amounts</b>			<b>Variance With Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
Intergovernmental				
Federal Grant	-	-	500	500
State Airport Aid	56,800	56,800	109,726	52,926
Total Intergovernmental	56,800	56,800	110,226	53,426
Service Charges				
Rental Income	173,000	173,000	198,519	25,519
Fuel Sales	10,000	10,000	111,089	101,089
Total Service Charges	183,000	183,000	309,608	126,608
Miscellaneous Revenue				
Interest Earnings	-	-	-	-
Market Value Increase/(Decrease)	-	-	-	-
Miscellaneous	-	-	3,970	3,970
Total Miscellaneous Revenue	-	-	3,970	3,970
Total Revenue	239,800	239,800	423,804	184,004
<b>EXPENDITURES</b>				
Personal Services	-	-	2,090	(2,090)
Supplies	16,900	16,900	9,829	7,071
Other Services and Charges	224,400	224,400	196,733	27,667
Total Expenditures	241,300	241,300	208,652	32,648
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,500)	(1,500)	215,152	216,652
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In - General Fund	312,736	312,736	312,736	-
Transfers Out - C.P. Airport	(341,672)	(341,672)	(200,251)	141,421
Total Other Financing Sources (Uses)	(28,936)	(28,936)	112,485	141,421
Net Change in Fund Balances	(30,436)	(30,436)	327,637	358,073
Fund Balance - Beginning	83,927	83,927	83,927	-
Fund Balance - Ending	\$ 53,491	\$ 53,491	\$ 411,564	\$ 358,073

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, 2016**

	<b>Budget Amounts</b>			<b>Variance With Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
Miscellaneous Revenue				
Interest Earnings	\$ -	\$ -	\$ 3,411	\$ 3,411
Market Value Incr/(Decr)	-	-	(2,934)	(2,934)
Total Revenues	-	-	477	477
<b>EXPENDITURES</b>				
Supplies	-	-	12,980	(12,980)
Capital Outlay	-	-	-	-
Total Expenditures	-	-	12,980	(12,980)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(12,503)	(12,503)
Net Change in Fund Balances	-	-	(12,503)	(12,503)
Fund Balance - Beginning	175,634	175,634	175,634	-
Fund Balance - Ending	\$ 175,634	\$ 175,634	\$ 163,131	\$ (12,503)

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, 2016**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance With Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Special Assessments	\$ 2,000	\$ 2,000	\$ 66,291	\$ 64,291
Miscellaneous Revenue				
Interest Earnings	180,000	180,000	176,477	(3,523)
Market Value Increase (Decrease)	-	-	(162,154)	(162,154)
Miscellaneous	-	-	48	48
Total Revenues	182,000	182,000	80,662	(101,338)
<b>EXPENDITURES</b>				
Other Charges	-	-	2,750	(2,750)
Total Expenditures	-	-	2,750	(2,750)
Excess (Deficiency) of Revenues Over (Under) Expenditures	182,000	182,000	77,912	(104,088)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	400,000	400,000	1,077,142	677,142
Transfers Out	(696,293)	(696,293)	(864,558)	(168,265)
Total Other Financing Sources (Uses)	(296,293)	(296,293)	212,584	508,877
Net Change in Fund Balances	(114,293)	(114,293)	290,496	404,789
Fund Balance - Beginning, as originally stated	8,982,866	8,986,866	8,982,866	(4,000)
Prior Period Adjustment	-	-	(15,500)	(15,500)
Fund Balance - Beginning, as restated	8,982,866	8,986,866	8,967,366	(19,500)
Fund Balance - Ending	\$ 8,868,573	\$ 8,872,573	\$ 9,257,862	\$ 385,289

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, 2016**

	<b>Budget Amounts</b>			<b>Variance With Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
Miscellaneous Revenue				
Interest Earnings	\$ 15,000	\$ 15,000	\$ 18,296	\$ 3,296
Market Value Incr/(Decr)	-	-	(18,429)	(18,429)
Miscellaneous	-	-	-	-
Total Revenues	15,000	15,000	(133)	(15,133)
<b>EXPENDITURES</b>				
Other Charges	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	15,000	15,000	(133)	(15,133)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	412,000	412,000	412,000	-
Transfers Out	(400,000)	(400,000)	(400,000)	-
Total Other Financing Sources (Uses)	12,000	12,000	12,000	-
Net Change in Fund Balances	27,000	27,000	11,867	(15,133)
Fund Balance - Beginning	915,395	915,395	915,395	-
Fund Balance - Ending	\$ 942,395	\$ 942,395	\$ 927,262	\$ (15,133)

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, 2016**

	<b>Budget Amounts</b>			<b>Over (Under)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
<b>REVENUES</b>				
Special Assessments				
Special Assessments	\$ 730,748	\$ 730,748	\$ 1,171,087	\$ 440,339
Miscellaneous Revenue				
Miscellaneous	57,690	57,690	19,997	(37,693)
Interest Earnings	46,500	46,500	47,274	774
Net change in fair market value	-	-	(61,058)	(61,058)
Total Revenues	834,938	834,938	1,177,300	342,362
<b>EXPENDITURES</b>				
Bond Principal Payments	1,991,000	1,991,000	1,991,000	-
Interest Payments	219,770	219,770	255,343	35,573
Other Charges	5,825	5,825	16,690	10,865
Total Expenditures	2,216,595	2,216,595	2,263,033	46,438
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,381,657)	(1,381,657)	(1,085,733)	295,924
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	638,603	638,603	1,294,085	655,482
Transfers Out	-	-	-	-
Bond Proceeds	-	-	-	-
Total Other Financing Sources (Uses)	638,603	638,603	1,294,085	655,482
Net Change in Fund Balances	(743,054)	(743,054)	208,352	951,406
Fund Balances - Beginning	5,154,358	5,154,358	5,154,358	-
Fund Balances - Ending	\$ 4,411,304	\$ 4,411,304	\$ 5,362,710	\$ 951,406

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, 2016

	Budget Amounts			Over (Under)
	Original	Final	Actual	Final Budget
<b>REVENUES</b>				
Interest Earnings	\$ -	\$ -	\$ -	\$ -
Market Value Increase (Decrease)	-	-	-	-
Total Revenues	-	-	-	-
<b>EXPENDITURES</b>				
Bond Principal Payments	155,000	155,000	155,000	-
Interest Payments	29,472	29,472	29,471	(1)
Other Charges	3,200	3,200	710	(2,490)
Total Expenditures	187,672	187,672	185,181	(2,491)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(187,672)	(187,672)	(185,181)	(2,491)
<b>OTHER FINANCING SOURCES(USES)</b>				
Transfers In	187,672	187,672	200,251	12,579
Total Other Financing Sources (Uses)	187,672	187,672	200,251	12,579
Net Change in Fund Balances	-	-	15,070	10,088
Fund Balances - Beginning	158,251	158,251	158,251	-
Fund Balances - Ending	\$ 158,251	\$ 158,251	\$ 173,321	\$ 10,088

See notes to required supplementary information.

**City of Willmar, Minnesota**  
**Debt Service Funds/ Tax Increment Bonds**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended December 31, 2016**

	<b>Budget Amounts</b>			<b>Over (Under)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
<b>REVENUES</b>				
General Taxes				
Tax Increment	\$ 74,288	\$ 74,288	\$ 11,582	\$ (62,706)
Total Taxes	74,288	74,288	11,582	(62,706)
Total Revenues	74,288	74,288	11,582	(62,706)
<b>EXPENDITURES</b>				
Contracts	66,859	66,859	-	66,859
Interest	-	-	-	-
Other Charges	-	-	-	-
Total Expenditures	66,859	66,859	-	66,859
Excess (Deficiency) of Revenues Over (Under) Expenditures	7,429	7,429	11,582	4,153
<b>OTHER FINANCING SOURCES(USES)</b>				
Transfers Out	(7,429)	(7,429)	-	7,429
Total Other Financing Sources (Uses)	(7,429)	(7,429)	-	7,429
Net Change in Fund Balances		-	11,582	11,582
Fund Balances - Beginning	1,044	1,044	1,044	-
Fund Balances - Ending	\$ 1,044	\$ 1,044	\$ 12,626	\$ 11,582

See notes to required supplementary information.

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

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

<u>Fiscal Year Ending</u>	<u>Employer's Proportion (Percentage) of the Net Pension Liability (Asset)</u>	<u>Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset)</u>	<u>Employer's Covered-Employee Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
June 30, 2015	0.0615%	\$ 3,187,249	\$ 3,618,192	88.1%	78.2%
June 30, 2016	0.0587%	\$ 4,766,149	\$ 3,644,509	130.8%	68.9%

**Schedule of Employer Contributions**

<u>Fiscal Year Ending</u>	<u>Statutorily Required Contribution</u>	<u>Contributions in Relation to the Statutorily Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered-Employee Payroll</u>	<u>Contributions as a Percentage of Covered-Employee Payroll</u>
December 31, 2015	\$ 265,540	\$ 265,540	\$ -	\$ 3,540,543	7.50%
December 31, 2016	\$ 275,718	\$ 275,718	\$ -	\$ 3,676,241	7.50%

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

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

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

<u>Fiscal Year Ending</u>	<u>Employer's Proportion (Percentage) of the Net Pension Liability (Asset)</u>	<u>Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset)</u>	<u>Employer's Covered-Employee Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
June 30, 2015	0.2400%	\$ 2,726,962	\$ 2,199,684	124.0%	86.6%
June 30, 2016	0.2350%	\$ 9,430,959	\$ 2,267,922	415.8%	63.9%

**Schedule of Employer Contributions**

<u>Fiscal Year Ending</u>	<u>Statutorily Required Contribution</u>	<u>Contributions in Relation to the Statutorily Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered-Employee Payroll</u>	<u>Contributions as a Percentage of Covered-Employee Payroll</u>
December 31, 2015	\$ 359,668	\$ 359,668	\$ -	\$ 2,220,176	16.20%
December 31, 2016	\$ 369,900	\$ 369,900	\$ -	\$ 2,283,329	16.20%

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

See notes to required supplementary information

**CITY OF WILLMAR, MINNESOTA**

**SCHEDULE OF FUNDING PROGRESS - OTHER POST EMPLOYMENT BENEFITS  
DECEMBER 31, 2016**

The City provides to retirees the option to participate in the City's health, dental, and/or life insurance plans. Benefit and eligibility provisions are established through negotiations between the City Council and employee groups including three unions. The union contracts are renegotiated periodically.

The City currently has no assets that have been irrevocably deposited in a trust for future health benefits. Therefore, the actuarial value of the assets is \$-0- at December 31, 2016. The following is a summary of the funding status at January 1 for the most recent actuarial valuation dates available:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2016	\$ -	\$ 2,316,580	\$ 2,316,580	0.0%	\$ 5,650,403	41.0%
2013	\$ -	\$ 3,267,760	\$ 3,267,760	0.0%	\$ 5,563,605	58.7%

**NOTES TO THE REQUIRED  
SUPPLEMENTARY INFORMATION**

**CITY OF WILLMAR, MINNESOTA**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**December 31, 2016**

**NOTE 1 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.

**NOTE 2 CHANGES IN ACTUARIAL ASSUMPTIONS**

**General Employees Fund:**

The assumed postretirement benefit increase rate was changed from 1.00% per year through 2035 and 2.50% per year thereafter to 1.0% per year for all future years.

The assumed investment return was changed from 7.90% to 7.50%. The single discount rate was changed from 7.90% to 7.50%.

Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

**Police and Fire Fund:**

The assumed post-retirement benefit increase rate was changed from 1.00% per year through 2037 and 2.50% thereafter to 1.00% per year for all future years.

The assumed investment return was changed from 7.90% to 7.50%. The single discount rate changed from 7.90% to 5.60%.

The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

# **COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

**City of Willmar, Minnesota**  
**Combining Balance Sheet**  
**NonMajor Governmental Funds**  
**December 31, 2016**

	<b>Total Special Revenue Funds</b>	<b>Total Capital Projects Funds</b>	<b>Total Debt Service Funds</b>	<b>Permanent Fund Perpetual Care</b>	<b>Total Nonmajor Governmental Funds</b>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 412,856	\$ 1,366,669	\$ (2,423)	\$ 3,755	\$ 1,780,857
Investments	1,308,977	118,103	-	30,000	1,457,080
Receivables					
Taxes Receivable - Current	15,288	-	-	-	15,288
Accounts Receivable	80,250	-	-	-	80,250
Notes Receivable	350,000	-	-	-	350,000
Interest Receivable	11,564	501	-	121	12,186
Due From Other Funds	4,500	215,651	12,579	-	232,730
Due From Other Governments	15,425	125,376	-	-	140,801
Prepaid Items	14,358	(1,911)	173,321	-	185,768
Unamortized Discounts On Bonds	-	-	2,730	-	2,730
<b>Total Assets</b>	<b>\$ 2,213,218</b>	<b>\$ 1,824,389</b>	<b>\$ 186,207</b>	<b>\$ 33,876</b>	<b>\$ 4,257,690</b>
<b>LIABILITIES</b>					
Accounts Payable	\$ 49,546	\$ 132,794	\$ 260	\$ -	\$ 182,600
Contracts Payable	-	26,094	-	-	26,094
Due To Other Funds	12,579	47,542	-	-	60,121
Deposits	280	-	-	-	280
<b>Total Liabilities</b>	<b>62,405</b>	<b>206,430</b>	<b>260</b>	<b>-</b>	<b>269,095</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable Revenue	356,291	-	-	-	356,291
<b>Total Deferred Inflows of Resources</b>	<b>356,291</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>356,291</b>
<b>FUND BALANCES</b>					
Nonspendable Fund Balance	14,358	-	173,321	30,000	217,679
Restricted Fund Balance	80,946	-	12,626	3,876	97,448
Committed Fund Balance	1,699,218	1,617,959	-	-	3,317,177
<b>Total Fund Balances</b>	<b>1,794,522</b>	<b>1,617,959</b>	<b>185,947</b>	<b>33,876</b>	<b>3,632,304</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 2,213,218</b>	<b>\$ 1,824,389</b>	<b>\$ 186,207</b>	<b>\$ 33,876</b>	<b>\$ 4,257,690</b>

**City of Willmar, Minnesota**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**NonMajor Governmental Funds**  
**For the Year Ended December 31, 2016**

	<b>Total Special Revenue Funds</b>	<b>Total Capital Projects Funds</b>	<b>Total Debt Service Funds</b>	<b>Permanent Fund Perpetual Care</b>	<b>Total Nonmajor Governmental Funds</b>
<b>REVENUES</b>					
General Taxes	\$ -	\$ -	\$ 11,582	\$ -	\$ 11,582
Other Taxes	212,386	-	-	-	212,386
Intergovernmental	163,959	129,651	-	-	293,610
Charges for Services	333,340	-	-	-	333,340
Investment Income	26,186	4,975	-	668	31,829
Net change in fair market value	(25,627)	1,992	-	(448)	(24,083)
Contributions/Donations	-	-	-	1,200	1,200
Miscellaneous Revenue	9,624	107,285	-	-	116,909
Total Revenues	<u>719,868</u>	<u>243,903</u>	<u>11,582</u>	<u>1,420</u>	<u>976,773</u>
<b>EXPENDITURES</b>					
Public Safety	2,200	-	-	-	2,200
Public Works	208,652	-	-	-	208,652
Culture and Recreation	291,498	-	-	2,453	293,951
Debt Service					
Principal	-	-	155,000	-	155,000
Interest	-	-	29,471	-	29,471
Other Charges	-	-	710	-	710
Capital Projects	-	1,456,474	-	-	1,456,474
Total Expenditures	<u>502,350</u>	<u>1,456,474</u>	<u>185,181</u>	<u>2,453</u>	<u>2,146,458</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>217,518</u>	<u>(1,212,571)</u>	<u>(173,599)</u>	<u>(1,033)</u>	<u>(1,169,685)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating Transfers In	724,736	1,050,843	200,251	-	1,975,830
Operating Transfers Out	(609,251)	(1,844)	-	-	(611,095)
Total Other Financing Sources (Uses)	<u>115,485</u>	<u>1,048,999</u>	<u>200,251</u>	<u>-</u>	<u>1,364,735</u>
Net Change in Fund Balances	333,003	(163,572)	26,652	(1,033)	195,050
Fund Balances - Beginning	<u>1,461,519</u>	<u>1,781,531</u>	<u>159,295</u>	<u>34,909</u>	<u>3,437,254</u>
Fund Balances - Ending	<u>\$ 1,794,522</u>	<u>\$ 1,617,959</u>	<u>\$ 185,947</u>	<u>\$ 33,876</u>	<u>\$ 3,632,304</u>

**City of Willmar, Minnesota**  
**Combining Balance Sheet**  
**NonMajor Governmental Funds/Special Revenue**  
**December 31, 2016**

	<b>Convention and Visitors Bureau</b>	<b>Community Development</b>	<b>Willmar Municipal Airport</b>	<b>Library Improvement Reserve</b>	<b>Public Works Reserve</b>	<b>Law Enforcement Forfeiture Fund</b>	<b>Law Enforcement Explorer Fund</b>	<b>Total Special Revenue Funds</b>
<b>ASSETS</b>								
Cash and Cash Equivalents	\$ 7,792	\$ -	\$ 322,318	\$ 842	\$ 958	\$ 76,016	\$ 4,930	\$ 412,856
Investments	225,050	-	-	161,598	922,329	-	-	1,308,977
Receivables								
Taxes Receivable	15,288	-	-	-	-	-	-	15,288
Accounts Receivable	543	-	79,707	-	-	-	-	80,250
Notes Receivable	-	350,000	-	-	-	-	-	350,000
Interest Receivable	967	5,931	-	691	3,975	-	-	11,564
Due From Other Governments	-	-	15,425	-	-	-	-	15,425
Due From Other Funds	-	-	4,500	-	-	-	-	4,500
Prepaid Items	7,496	-	6,862	-	-	-	-	14,358
<b>Total Assets</b>	<b>\$ 257,136</b>	<b>\$ 355,931</b>	<b>\$ 428,812</b>	<b>\$ 163,131</b>	<b>\$ 927,262</b>	<b>\$ 76,016</b>	<b>\$ 4,930</b>	<b>\$ 2,213,218</b>
<b>LIABILITIES</b>								
Accounts Payable	\$ 45,517	\$ -	\$ 4,029	\$ -	\$ -	\$ -	\$ -	\$ 49,546
Contract Payable	-	-	-	-	-	-	-	-
Due To Other Governments	-	-	-	-	-	-	-	-
Due To Other Funds	-	-	12,579	-	-	-	-	12,579
Deposits	-	-	280	-	-	-	-	280
<b>Total Liabilities</b>	<b>45,517</b>	<b>-</b>	<b>16,888</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>62,405</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable Revenue	-	355,931	360	-	-	-	-	356,291
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>355,931</b>	<b>360</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>356,291</b>
<b>FUND BALANCES</b>								
Nonspendable Fund Balance	7,496	-	6,862	-	-	-	-	14,358
Restricted Fund Balance	-	-	-	-	-	76,016	4,930	80,946
Committed Fund Balance	204,123	-	404,702	163,131	927,262	-	-	1,699,218
<b>Total Fund Balances</b>	<b>211,619</b>	<b>-</b>	<b>411,564</b>	<b>163,131</b>	<b>927,262</b>	<b>76,016</b>	<b>4,930</b>	<b>1,794,522</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 257,136</b>	<b>\$ 355,931</b>	<b>\$ 428,812</b>	<b>\$ 163,131</b>	<b>\$ 927,262</b>	<b>\$ 76,016</b>	<b>\$ 4,930</b>	<b>\$ 2,213,218</b>

**City of Willmar, Minnesota**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**NonMajor Governmental Funds/Special Revenue**  
**For the Year Ended December 31, 2016**

	<b>Convention and Visitors Bureau</b>	<b>Community Development</b>	<b>Willmar Municipal Airport</b>	<b>Library Improvement Reserve</b>	<b>Public Works Reserve</b>	<b>Law Enforcement Forfeiture Fund</b>	<b>Law Enforcement Explorer Fund</b>	<b>Total Special Revenue Funds</b>
<b>REVENUES</b>								
General Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Taxes	212,386	-	-	-	-	-	-	212,386
Intergovernmental	53,733	-	110,226	-	-	-	-	163,959
Service Charges	1,934	-	309,608	-	-	18,207	3,591	333,340
Investment income	4,425	-	-	3,411	18,296	54	-	26,186
Fair Market Value Incr/(Decr)	(4,264)	-	-	(2,934)	(18,429)	-	-	(25,627)
Miscellaneous Revenue	5,654	-	3,970	-	-	-	-	9,624
Total Revenues	273,868	-	423,804	477	(133)	18,261	3,591	719,868
<b>EXPENDITURES</b>								
Public Safety	-	-	-	-	-	2,200	-	2,200
Streets and Highways	-	-	208,652	-	-	-	-	208,652
Culture and Recreation	278,518	-	-	12,980	-	-	-	291,498
Economic Development	-	-	-	-	-	-	-	-
Total Expenditures	278,518	-	208,652	12,980	-	2,200	-	502,350
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,650)	-	215,152	(12,503)	(133)	16,061	3,591	217,518
<b>OTHER FIN. SOURCES (USES)</b>								
Transfers In	-	-	312,736	-	412,000	-	-	724,736
Transfers Out	(9,000)	-	(200,251)	-	(400,000)	-	-	(609,251)
Total Other Fin. Sources (Uses)	(9,000)	-	112,485	-	12,000	-	-	115,485
Net Change in Fund Balances	(13,650)	-	327,637	(12,503)	11,867	16,061	3,591	333,003
Fund Balances - Beginning	225,269	-	83,927	175,634	915,395	59,955	1,339	1,461,519
Fund Balances - Ending	\$ 211,619	\$ -	\$ 411,564	\$ 163,131	\$ 927,262	\$ 76,016	\$ 4,930	\$ 1,794,522

**City of Willmar, Minnesota**  
**Combining Balance Sheet**  
**NonMajor Governmental Funds/Capital Projects**  
**December 31, 2016**

	<b>Airport Capital Project</b>	<b>Capital Improvement</b>	<b>Surface Water</b>	<b>Local Option Sales Tax</b>	<b>Total Capital Projects Funds</b>
<b>ASSETS</b>					
Cash	\$ 151,193	\$ 1,219,157	\$ 1,844	\$ (5,525)	\$ 1,366,669
Investments	-	118,103	-	-	118,103
Accounts Receivable	-	-	-	-	-
Interest Receivable	-	501	-	-	501
Due From Other Funds	-	210,126	-	5,525	215,651
Due From Other Governments	125,376	-	-	-	125,376
Prepaid Expenses	-	(1,911)	-	-	(1,911)
<b>Total Assets</b>	<b>\$ 276,569</b>	<b>\$ 1,545,976</b>	<b>\$ 1,844</b>	<b>\$ -</b>	<b>\$ 1,824,389</b>
<b>LIABILITIES</b>					
Accounts Payable	\$ 127,367	\$ 5,427	\$ -	\$ -	\$ 132,794
Contracts Payable	-	26,094	-	-	26,094
Due To Other Funds	-	45,698	1,844	-	47,542
Due To Other Gov Units	-	-	-	-	-
<b>Total Liabilities</b>	<b>127,367</b>	<b>77,219</b>	<b>1,844</b>	<b>-</b>	<b>206,430</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable Revenue	-	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>					
Restricted Fund Balance	-	-	-	-	-
Committed Fund Balance	149,202	1,468,757	-	-	1,617,959
Unassigned Fund Balance	-	-	-	-	-
<b>Total Fund Balance</b>	<b>149,202</b>	<b>1,468,757</b>	<b>-</b>	<b>-</b>	<b>1,617,959</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 276,569</b>	<b>\$ 1,545,976</b>	<b>\$ 1,844</b>	<b>\$ -</b>	<b>\$ 1,824,389</b>

**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, 2016**

	<b>Airport Capital Project</b>	<b>Capital Improvement</b>	<b>Surface Water</b>	<b>Local Option Sales Tax</b>	<b>Total Capital Project Funds</b>
<b>REVENUES</b>					
Intergovernmental	\$ 129,651	\$ -	\$ -	\$ -	\$ 129,651
Investment Income	-	4,975	-	-	4,975
Market Value Incr/(Decr)	-	1,992	-	-	1,992
Miscellaneous	-	107,285	-	-	107,285
Total Revenues	129,651	114,252	-	-	243,903
<b>EXPENDITURES</b>					
Capital/Construction Projects	134,449	1,322,025	-	-	1,456,474
Total Expenditures	134,449	1,322,025	-	-	1,456,474
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,798)	(1,207,773)	-	-	(1,212,571)
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating Transfers In	154,000	896,843	-	-	1,050,843
Operating Transfers Out	-	-	(1,844)	-	(1,844)
Total Other Financing Sources (Uses)	154,000	896,843	(1,844)	-	1,048,999
Net Change in Fund Balances	149,202	(310,930)	(1,844)	-	(163,572)
Fund Balance - Beginning	-	1,779,687	1,844	-	1,781,531
Fund Balance- Ending	\$ 149,202	\$ 1,468,757	\$ -	\$ -	\$ 1,617,959

**City of Willmar, Minnesota**  
**Non-Major Debt Service Funds**  
**Combining Balance Sheets**  
**December 31, 2016**

	<b>Airport G.O. Revenue Bond</b>	<b>Tax Increment Bonds</b>	<b>Total Debt Service Funds</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ (15,049)	\$ 12,626	\$ (2,423)
Due From Other Funds	12,579	-	12,579
Prepaid Expenses	173,321	-	173,321
Unamort Discount On Bonds Sold	2,730	-	2,730
Total Assets	<u>\$ 173,581</u>	<u>\$ 12,626</u>	<u>\$ 186,207</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 260	\$ -	\$ 260
Due To Other Funds	-	-	-
Total Liabilities	<u>260</u>	<u>-</u>	<u>260</u>
<b>FUND BALANCES</b>			
Nonspendable - Prepaid Expenses	173,321	-	173,321
Restricted	-	12,626	12,626
Unassigned	-	-	-
Total Fund Balances	<u>173,321</u>	<u>12,626</u>	<u>185,947</u>
Total Liabilities and Fund Balances	<u>\$ 173,581</u>	<u>\$ 12,626</u>	<u>\$ 186,207</u>

**City of Willmar, Minnesota**  
**Non-Major Debt Service Funds**  
**Combined Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Year Ended December 31, 2016**

	<b>Airport G.O. Revenue Bond</b>	<b>Tax Increment Bonds</b>	<b>Total Debt Service Funds</b>
<b>REVENUES</b>			
Tax Increment	\$ -	\$ 11,582	\$ 11,582
Investment Income	-	-	-
Market Value Increase (Decrease)	-	-	-
Miscellaneous	-	-	-
Total Revenues	<u>-</u>	<u>11,582</u>	<u>11,582</u>
<b>EXPENDITURES</b>			
Bond Principal Payments	155,000	-	155,000
Interest Payments	29,471	-	29,471
Other Charges	710	-	710
Total Expenditures	<u>185,181</u>	<u>-</u>	<u>185,181</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(185,181)</u>	<u>11,582</u>	<u>(173,599)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	200,251	-	200,251
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>200,251</u>	<u>-</u>	<u>200,251</u>
Net Change in Fund Balances	15,070	11,582	26,652
Fund Balances - Beginning	<u>158,251</u>	<u>1,044</u>	<u>159,295</u>
Fund Balances - Ending	<u><u>\$ 173,321</u></u>	<u><u>\$ 12,626</u></u>	<u><u>\$ 185,947</u></u>

**City of Willmar, Minnesota**  
**Internal Service Funds**  
**Combining Statement of Net Position**  
**December 31, 2016**

	<b>Office Services</b>
<b>ASSETS</b>	
Current Assets:	
Cash And Cash Equivalents	\$ 170,494
Investments	-
Accounts Receivable	616
Interest Receivable	-
Due From Component Unit	-
Intergovernmental Receivable	-
Due From Other Funds	-
Inventories - Merchandise For Resale	3,571
Prepaid Expenses	-
Amount To Be Provided	-
Total Current Assets	<u>174,681</u>
Noncurrent Assets:	
Capital Assets:	
Office Equipment	-
Less Accumulated Depreciation	-
Total Capital Assets (net of accumulated depreciation)	<u>-</u>
Total Assets	<u>174,681</u>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts Payable	-
Due To Other Funds	-
Total Current Liabilities	<u>-</u>
<b>NET POSITION</b>	
Restricted Fund Balance-Inventories	3,571
Restricted Fund Balance-Prepays	-
Assigned Fund Balance	171,110
Assigned Fund Balance-Surplus Invested In Fixed Assets	-
Total Net Position	<u><u>\$ 174,681</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, 2016**

	<b>Office Services</b>
Operating Revenues:	
Charges For Services	\$ 13,197
Total Operating Revenues	<u>13,197</u>
Operating Expenses:	
Cost of Materials Used:	
Inventory, January 1	3,571
Purchases	<u>-</u>
Total Available	<u>3,571</u>
Inventory, December 31	(3,571)
Total Cost of Materials Used	<u>-</u>
Other Services And Charges	-
Depreciation	<u>-</u>
Total Operating Expenses	<u>-</u>
Operating Income (Loss)	<u>13,197</u>
Nonoperating Revenues (Expenses):	
Interest On Investments	2,414
Market Value Increase/(Decrease)	2,048
Capital Asset Acquisition/(Disposal)	<u>-</u>
Total Nonoperating Revenues	4,462
Income (Loss) Before Contributions and Transfers	17,659
Operating Transfers In	-
Operating Transfers Out	<u>-</u>
Change in Net Position	17,659
Total Net Position - Beginning	<u>157,022</u>
Total Net Position - Ending	<u><u>\$ 174,681</u></u>

**City of Willmar, Minnesota**  
**Internal Service Funds**  
**Combining Statement of Cash Flows**  
**For the Year Ended December 31, 2016**

	<b>Office Services</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Receipts from Charges For Services	\$ 13,112
Payments For Purchases	(81)
Payments For Other Services and Charges	(500)
Liquidation of Liabilities	-
Net Cash Provided (Used) by Operating Activities	<u>12,531</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
Transfer from Other Funds	-
Transfer to Other Funds	-
Net Cash Used in Noncapital and Related Financing Activities	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Principal Payments on Long-Term Debt	-
Net Cash Used in Capital and Related Financing Activities	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Principal Collected on Loan	-
Proceeds from Sales and Maturities of Investments	154,841
Purchase of Investments	-
Interest and Dividends Received	3,011
Net Cash Provided (Used) from Investing Activities	<u>157,852</u>
Net Increase (Decrease) in Cash and Cash Equivalents	170,383
Cash and Cash Equivalents - Beginning	111
Cash and Cash Equivalents - Ending	<u><u>\$ 170,494</u></u>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>	
Operating Income (Loss)	<u>\$ 13,197</u>
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	(84)
(Increase) Decrease in Prepaid Expenses	-
(Increase) Decrease in Due From Other Funds	-
(Increase) Decrease in Due From Component Units	-
(Increase) Decrease in Inventories	-
Increase (Decrease) in Accounts Payable	(582)
Increase (Decrease) in Due to Other Funds	-
Total Adjustments	<u>(666)</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 12,531</u></u>

**City of Willmar, Minnesota**  
**Statement of Net Position**  
**Fiduciary Funds - Agency Fund**  
**December 31, 2016**

	<u>Agency Fund</u> <u>Bioscience</u> <u>Grant Fund</u>	<u>Agency Fund</u> <u>Donation</u> <u>Fund</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ -	\$ 10,000
Accounts Receivable	-	-
Due From General Fund	-	-
Total Assets	<u>\$ -</u>	<u>\$ 10,000</u>
<b>LIABILITIES</b>		
Deposits	<u>\$ -</u>	<u>\$ -</u>
Total Liabilities	<u>-</u>	<u>-</u>
<b>NET POSITION</b>		
Restricted	<u>-</u>	<u>10,000</u>
Total Net Position	<u>\$ -</u>	<u>\$ 10,000</u>

**City of Willmar, Minnesota**  
**Statement of Changes in Net Position**  
**Fiduciary Funds - Agency Funds**  
**For the Year Ended December 31, 2016**

	<u>Agency Fund</u> <u>Bioscience</u> <u>Grant</u> <u>Fund</u>	<u>Agency Fund</u> <u>Donation</u> <u>Fund</u>
<b>ADDITIONS</b>		
Intergovernmental		
State Grant	\$ -	\$ -
Service Charges		
Miscellaneous	-	-
Miscellaneous		
Miscellaneous	-	15,095
Contributions/Donations	-	18,665
Insurance Reimbursement	1,961	-
Total Additions	<u>1,961</u>	<u>33,760</u>
<b>DEDUCTIONS</b>		
Supplies		
Supplies	-	8,665
Other Services		
Other Services	-	-
Other Charges		
Insurance and Bonds	1,961	-
Other Improvements	-	15,095
Total Deductions	<u>1,961</u>	<u>23,760</u>
Change in Net Position	-	10,000
Net Position - Beginning	<u>-</u>	<u>-</u>
Net Position - Ending	<u>\$ -</u>	<u>\$ 10,000</u>

# **CITY OF WILLMAR, MINNESOTA**

## **STATISTICAL SECTION**

**City of Willmar, Minnesota**

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

**Comparative Schedules By Source\***

**December 31, 2016 and 2015**

	<b>2016</b>	<b>2015</b>
Governmental Funds Capital Assets:		
Land	\$ 8,585,806	\$ 8,585,806
Buildings and Structures	14,098,229	13,176,273
Furniture and Equipment	3,335,503	3,025,874
Machinery and Auto Equipment	9,026,127	9,060,641
Other Improvements	119,312,160	119,258,648
Total Governmental Funds Capital Assets	<u>\$ 154,357,825</u>	<u>\$ 153,107,242</u>
Investments in Governmental Funds Capital Assets By Source:		
General Fund	\$ 129,389,419	\$ 128,145,917
Special Revenue Fund	24,968,406	24,961,325
Capital Projects Funds	-	-
Total Governmental Funds Capital Assets	<u>\$ 154,357,825</u>	<u>\$ 153,107,242</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, 2016**

<b>FIXED ASSETS-2016</b>	<b>Governmental Funds Capital Assets</b>			<b>Governmental Funds Capital Assets</b>
	<b><u>01/01/2016</u></b>	<b><u>Additions</u></b>	<b><u>Deductions</u></b>	<b><u>12/31/2016</u></b>
<b><u>GENERAL GOVERNMENT</u></b>				
Mayor & Council	\$ 20,743	\$ -	\$ -	\$ 20,743
Community Development	240,572	-	-	240,572
City Clerk-Treasurer	-	-	-	-
Assessing	5,325	-	5,325	-
Accounting	-	-	-	-
City Hall	810,653	18,776	-	829,429
Data Processing	425,695	87,320	148,304	364,711
Elections	83,370	-	-	83,370
Non-Departmental	183,525	-	-	183,525
Industrial Development	1,102,281	-	-	1,102,281
Total	2,872,164	106,096	153,629	2,824,631
<b><u>PUBLIC SAFETY</u></b>				
Police Dept.	658,894	191,203	45,995	804,102
Trust & Agency K-9	-	-	-	-
Fire Dept.	3,752,935	495,129	328,549	3,919,515
Public Parking	631,870	-	-	631,870
Total	5,043,699	686,332	374,544	5,355,487
<b><u>PUBLIC WORKS</u></b>				
Engineering	208,601	111,140	77,962	241,779
Public Works	111,085,446	290,851	160,849	111,215,448
Airport	23,859,044	7,081	-	23,866,125
Transit	-	-	-	-
Total	135,153,091	409,072	238,811	135,323,352
<b><u>CULTURE &amp; RECREATION</u></b>				
Auditorium	557,574	-	-	557,574
Buildings & Grounds	1,203,954	58,785	-	1,262,739
Leisure Services	151,133	19,961	-	171,094
Civic Center	5,102,221	743,833	-	5,846,054
Community Center	494,032	-	-	494,032
Aquatic Center	2,058,422	35,155	-	2,093,577
WRAC-8	318,448	52,321	93,988	276,781
Library	152,504	-	-	152,504
Total	10,038,288	910,055	93,988	10,854,355
<b>GRAND TOTAL</b>	<b>\$ 153,107,242</b>	<b>\$ 2,111,555</b>	<b>\$ 860,972</b>	<b>\$ 154,357,825</b>

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

**City of Willmar, Minnesota**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule By Function and Activity\***  
**December 31, 2016**

<b>FIXED ASSETS-2016</b>	<b>Total</b>	<b>Land</b>	<b>Buildings/ Structures</b>	<b>Furniture/ Equipment</b>	<b>Machinery/ Auto</b>	<b>Other Improvements</b>
<b><u>GENERAL GOVERNMENT</u></b>						
Mayor & Council	\$ 20,743	\$ -	\$ -	\$ 20,743	\$ -	\$ -
Community Development	240,572	174,960	-	-	65,612	-
City Clerk-Treasurer	-	-	-	-	-	-
Assessing	-	-	-	-	-	-
Accounting	-	-	-	-	-	-
City Hall	829,429	40,000	765,481	-	-	23,948
Data Processing	364,712	-	-	252,768	-	111,944
Elections	83,370	-	-	83,370	-	-
Non-Departmental	183,525	-	-	183,525	-	-
Industrial Development	1,102,281	1,102,281	-	-	-	-
Total	2,824,632	1,317,241	765,481	540,406	65,612	135,892
<b><u>PUBLIC SAFETY</u></b>						
Police Dept.	804,102	-	-	93,941	696,961	13,200
Trust & Agency K-9	-	-	-	-	-	-
Fire Dept.	3,919,514	163,547	662,552	781,064	2,233,812	78,539
Public Parking	631,870	631,870	-	-	-	-
Total	5,355,486	795,417	662,552	875,005	2,930,773	91,739
<b><u>PUBLIC WORKS</u></b>						
Engineering	241,778	-	-	90,867	113,397	37,514
Public Works	111,215,448	1,923,271	1,555,192	405,112	5,462,606	101,869,267
Airport	23,866,125	4,236,165	3,961,108	24,744	23,533	15,620,575
Transit	-	-	-	-	-	-
Total	135,323,351	6,159,436	5,516,300	520,723	5,599,536	117,527,356
<b><u>CULTURE &amp; RECREATION</u></b>						
Auditorium	557,574	-	530,978	14,596	-	12,000
Buildings & Grounds	1,262,739	112,405	14,169	420,320	6,950	708,895
Leisure Services	171,094	14,900	11,660	29,232	19,961	95,341
Civic Center	5,846,055	23,572	4,532,077	437,852	397,974	454,580
Community Center	494,032	87,635	316,409	10,570	5,321	74,097
Aquatic Center	2,093,578	75,200	1,483,603	322,515	-	212,260
WRAC-8	276,780	-	112,496	164,284	-	-
Library	152,504	-	152,504	-	-	-
Total	10,854,356	313,712	7,153,896	1,399,369	430,206	1,557,173
<b>GRAND TOTAL</b>	<b>\$ 154,357,825</b>	<b>\$ 8,585,806</b>	<b>\$ 14,098,229</b>	<b>\$ 3,335,503</b>	<b>\$ 9,026,127</b>	<b>\$ 119,312,160</b>

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

CITY OF WILLMAR, MINNESOTA

GOVERNMENT-WIDE EXPENSES BY FUNCTION

Years 2007 Through 2016

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Miscellaneous</u>	<u>Culture &amp; Recreation</u>	<u>Debt Service</u>	<u>Waste Treatment</u>	<u>Office Services</u>	<u>Total</u>
2007	\$ 2,841,646	\$ 4,075,315	\$ 2,858,588	\$ 11,310,300	\$ 1,973,936	\$ 5,485,266	\$ 2,396,676	\$ 26,366	\$ 30,968,093
2008	\$ 3,120,895	\$ 5,483,622	\$ 3,174,692	\$ 4,778,060	\$ 2,023,979	\$ 2,120,587	\$ 2,775,907	\$ 27,311	\$ 23,505,053
2009	\$ 3,190,772	\$ 4,451,561	\$ 2,992,636	\$ 3,277,484	\$ 2,213,398	\$ 2,354,859	\$ 2,851,067	\$ 21,458	\$ 21,353,235
2010	\$ 3,207,918	\$ 4,552,433	\$ 3,133,761	\$ 4,000,966	\$ 2,167,668	\$ 2,455,304	\$ 4,854,543	\$ 22,486	\$ 24,395,079
2011	\$ 2,917,909	\$ 4,666,965	\$ 7,367,466	\$ 665,894	\$ 2,489,029	\$ 413,242	\$ 6,952,251	\$ 18,366	\$ 25,491,122
2012	\$ 3,561,177	\$ 4,491,386	\$ 7,629,637	\$ 61,642	\$ 2,333,523	\$ 404,292	\$ 6,870,154	\$ 19,924	\$ 25,371,735
2013	\$ 3,789,359	\$ 4,721,161	\$ 6,342,972	\$ 38,864	\$ 2,476,352	\$ 369,360	\$ 6,734,381	\$ 17,816	\$ 24,490,265
2014	\$ 4,411,086	\$ 4,725,380	\$ 7,506,805	\$ 863,301	\$ 2,344,720	\$ 307,220	\$ 6,749,481	\$ 18,283	\$ 26,926,276
2015	\$ 4,052,775	\$ 5,055,428	\$ 6,949,073	\$ 896,033	\$ 2,441,662	\$ 297,324	\$ 6,773,721	\$ 16,137	\$ 26,482,153
2016	\$ 3,907,763	\$ 6,277,277	\$ 7,432,779	\$ 13,828	\$ 2,631,463	\$ 259,475	\$ 6,488,885	\$ -	\$ 27,011,470

CITY OF WILLMAR, MINNESOTA

GOVERNMENT-WIDE REVENUES

Years 2007 through 2016

Fiscal Year	Program Revenues	General Revenues		Total
	Charges For Services	Taxes	Miscellaneous Revenue	
2007	\$ 4,088,622	\$ 4,781,966	\$ 13,291,133	\$ 22,161,721
2008	\$ 6,139,089	\$ 5,497,952	\$ 9,493,609	\$ 21,130,650
2009	\$ 5,164,337	\$ 5,687,570	\$ 8,635,280	\$ 19,487,187
2010	\$ 5,999,445	\$ 5,531,315	\$ 9,728,257	\$ 21,259,017
2011	\$ 7,119,338	\$ 5,937,945	\$ 7,987,977	\$ 21,045,260
2012	\$ 8,216,270	\$ 6,556,909	\$ 5,618,843	\$ 20,392,022
2013	\$ 9,122,485	\$ 4,551,582	\$ 2,948,145	\$ 16,622,212
2014	\$ 10,579,467	\$ 4,582,848	\$ 8,284,427	\$ 23,446,742
2015	\$ 10,662,682	\$ 4,999,764	\$ 10,255,934	\$ 25,918,380
2016	\$ 12,283,777	\$ 4,948,435	\$ 9,785,925	\$ 27,018,137

CITY OF WILLMAR, MINNESOTA

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION

Years 2007 Through 2016

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Miscellaneous</u>	<u>Culture &amp; Recreation</u>	<u>Total</u>
2007	\$ 2,841,646	\$ 4,075,315	\$ 2,858,588	\$ 8,629,657	\$ 1,973,936	\$ 20,379,142
2008	\$ 3,120,895	\$ 5,483,622	\$ 3,174,692	\$ 6,898,647	\$ 2,023,979	\$ 20,701,835
2009	\$ 3,190,772	\$ 4,451,561	\$ 2,992,636	\$ 5,632,343	\$ 2,213,398	\$ 18,480,710
2010	\$ 3,207,918	\$ 4,552,433	\$ 3,133,761	\$ 6,456,270	\$ 2,167,668	\$ 19,518,050
2011	\$ 3,418,244	\$ 4,405,813	\$ 3,002,099	\$ 6,333,895	\$ 2,124,155	\$ 19,284,206
2012	\$ 3,514,064	\$ 4,247,132	\$ 2,726,069	\$ 5,786,080	\$ 2,098,772	\$ 18,372,117
2013	\$ 3,744,641	\$ 4,497,748	\$ 2,735,734	\$ 7,978,526	\$ 2,238,245	\$ 21,194,894
2014	\$ 3,955,656	\$ 4,468,517	\$ 3,148,422	\$ 9,527,501	\$ 2,095,665	\$ 23,195,761
2015	\$ 3,800,646	\$ 4,687,727	\$ 3,149,546	\$ 10,166,863	\$ 2,172,120	\$ 23,976,902
2016	\$ 3,791,773	\$ 4,741,831	\$ 3,092,997	\$ 7,251,799	\$ 2,292,543	\$ 21,170,943

CITY OF WILLMAR, MINNESOTA

GENERAL GOVERNMENTAL REVENUES BY SOURCE

Years 2007 Through 2016

<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>
2007	\$ 4,781,966	\$ 454,878	\$ 7,177,007	\$ 864,241	\$ 259,559	\$ 9,443,920	\$ 22,981,571
2008	\$ 5,497,952	\$ 1,454,324	\$ 6,887,102	\$ 886,291	\$ 236,776	\$ 3,941,369	\$ 18,903,814
2009	\$ 5,687,570	\$ 447,306	\$ 7,142,387	\$ 919,809	\$ 188,957	\$ 3,397,091	\$ 17,783,120
2010	\$ 5,531,315	\$ 382,526	\$ 6,465,918	\$ 1,283,366	\$ 168,716	\$ 3,087,542	\$ 16,919,383
2011	\$ 5,937,945	\$ 297,119	\$ 6,493,563	\$ 957,293	\$ 163,098	\$ 3,995,684	\$ 17,844,702
2012	\$ 6,556,909	\$ 293,104	\$ 5,116,594	\$ 899,220	\$ 153,648	\$ 3,064,880	\$ 16,084,355
2013	\$ 4,551,582	\$ 542,406	\$ 7,155,696	\$ 941,224	\$ 153,774	\$ 502,949	\$ 13,847,631
2014	\$ 4,582,848	\$ 544,182	\$ 6,325,521	\$ 971,092	\$ 167,157	\$ 4,944,871	\$ 17,535,671
2015	\$ 4,999,764	\$ 474,907	\$ 7,521,732	\$ 1,002,048	\$ 189,682	\$ 2,970,082	\$ 17,158,215
2016	\$ 4,948,435	\$ 698,062	\$ 6,402,935	\$ 1,061,549	\$ 158,377	\$ 2,572,567	\$ 15,841,925

CITY OF WILLMAR, MINNESOTA

PROPERTY TAX LEVIES AND COLLECTIONS

Years 2007 Through 2016

<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>
2007	2,806,995	2,755,905	98.18%	49,481	2,805,386	99.94%	66,336	2.36%
2008	3,383,646	3,304,665	98.18%	49,576	3,354,241	99.94%	97,374	2.88%
2009	3,525,325	3,440,974	97.61%	64,902	3,505,876	99.45%	114,055	3.24%
2010	3,668,705	3,296,429	89.85%	72,658	3,369,087	91.83%	133,513	3.64%
2011	3,796,734	3,450,982	90.89%	111,257	3,562,239	93.82%	87,859	2.31%
2012	3,992,734	3,899,155	97.66%	66,276	3,965,431	99.32%	115,222	2.89%
2013	4,140,118	4,043,802	97.67%	83,792	4,127,594	99.70%	119,118	2.88%
2014	4,139,734	4,046,221	97.74%	84,538	4,130,759	99.78%	52,084	1.26%
2015	4,451,028	4,373,956	98.27%	98,147	4,472,103	100.47%	93,024	2.09%
2016	4,451,028	4,381,753	98.44%	76,376	4,458,129	100.16%	84,108	1.89%

CITY OF WILLMAR, MINNESOTA

TAX CAPACITIES AND ESTIMATED MARKET VALUE OF TAXABLE PROPERTY

YEARS 2007 THROUGH 2016

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Population (*Census)	18,757	18,757	18,757	19,610
<b>REAL PROPERTY</b>				
Tax Capacity	10,947,806	12,005,028	12,526,714	12,830,579
Less: Tax Increment Districts -				
Phoenix #95	13,697	15,031	15,031	15,031
Relco #05	15,874	27,154	0	0
Lakewood #06	6,262	7,382	7,834	7,834
Jennie-O (2) #07	0	0	0	0
JOBZ	61,393	82,927	99,310	113,205
Net Tax Capacity	10,850,580	11,872,534	12,404,539	12,694,509
Estimated Market Value	904,555,700	983,810,800	1,020,849,500	1,044,367,400
<b>PERSONAL PROPERTY</b>				
Tax Capacity	104,040	110,372	112,608	113,796
Estimated Market Value	5,396,500	5,921,300	6,095,700	6,201,500
<b>TOTAL REAL AND PERSONAL PROPERTY</b>				
Tax Capacity	10,954,620	11,982,906	12,517,147	12,808,305
Estimated Market Value	909,952,200	989,732,100	1,026,945,200	1,050,568,900
<b>PERCENT OF TAX CAPACITY TO ESTIMATED MARKET VALUE</b>	0.012039	0.012107	0.012189	0.012192
<b>PER CAPITA VALUATION</b>				
Tax Capacity	584	639	667	653
Estimated Market Value	48,513	52,766	54,750	53,573
<b>NET BONDED DEBT</b>				
Net Bonded Debt per Capita	N/A	N/A	N/A	N/A
Net Bonded Debt per Tax Capacity	N/A	N/A	N/A	N/A

CITY OF WILLMAR, MINNESOTA

TAX CAPACITIES AND ESTIMATED MARKET VALUE OF TAXABLE PROPERTY

YEARS 2007 THROUGH 2016

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
19,610	19,694	19,694	19,694	19,694	19,694
12,975,909	11,959,117	12,120,212	12,093,317	12,546,465	12,758,485
15,031	0	0	0	0	0
0	0	0	0	0	0
7,834	0	0	0	0	0
0	0	0	0	1,506	9,544
118,210	143,402	181,069	181,807	181,807	181,807
12,834,834	11,815,715	11,939,143	11,911,510	12,363,152	12,567,134
1,055,031,300	1,065,852,600	1,064,093,500	1,054,462,700	1,094,771,600	1,091,900,300
129,053	131,992	137,153	140,199	146,908	202,716
6,969,200	7,150,300	7,407,100	7,581,400	7,977,200	8,457,400
12,963,887	11,947,707	12,076,296	12,051,709	12,510,060	12,769,850
1,062,000,500	1,073,002,900	1,071,500,600	1,062,044,100	1,102,748,800	1,100,357,700
0.012207	0.011135	0.011270	0.011348	0.011344	0.011605
661	607	613	612	635	648
54,156	54,484	54,407	53,927	55,994	55,873
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 2007 Through 2016

A 10-YEAR COMPARISON OF TAX CAPACITY RATES

<u>Year Tax Due</u>	<u>City</u>	<u>School</u>	***	<u>County</u>	<u>H.R.A.</u>	EDC/ Mid-MN <u>Dev.</u>	<u>Total</u>
2007	25.62	22.66		60.41	1.18	1.46	111.33
2008	28.23	20.23		56.71	1.18	1.32	107.67
2009	28.16	20.54		56.88	1.51	1.25	108.34
2010	28.64	19.84		53.36	1.32	1.16	104.32
2011	29.28	19.93		55.94	1.30	1.16	107.61
2012	33.42	22.35		60.66	1.41	1.22	119.06
2013	34.28	19.72		59.06	0.96	1.17	115.19
2014	34.35	12.61		56.40	1.39	1.11	105.86
2015	35.58	8.41		54.18	1.07	1.02	100.26
2016	34.85	23.75		56.18	1.06	1.06	116.90

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

# CITY OF WILLMAR, MINNESOTA

## TAX LEVIES

### ALL OVERLAPPING GOVERNMENTS

Years 2007 Through 2016

### 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>
2007	2,806,902	2,483,193	1,183,484	6,617,795	129,265	133,865	13,354,504
2008	3,383,493	2,424,022	1,236,868	6,795,266	141,159	131,812	14,112,620
2009	3,525,204	2,571,272	1,724,036	7,145,914	188,884	129,302	15,284,612
2010	3,663,422	2,538,124	1,807,189	6,850,914	168,577	121,253	15,149,479
2011	3,755,160	2,555,586	1,840,022	7,199,752	166,953	121,945	15,639,418
2012	3,997,702	2,670,551	1,866,059	7,273,883	168,582	118,999	16,095,776
2013	4,139,754	2,381,446	1,670,118	7,158,587	168,585	114,846	15,633,336
2014	4,139,400	1,519,721	1,565,134	6,822,472	168,362	108,224	14,323,313
2015	4,450,579	1,052,346	1,649,161	6,800,969	133,733	104,834	14,191,622
2016	4,450,804	3,032,201	1,565,062	7,197,726	135,488	111,608	16,492,889

\* 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, 2016

Taxpayer	Type of Business	Market Valuation Payable 2017	Total Tax
RockStep Willmar, LLC	Shopping Center	\$ 11,400,000	\$ 227,250
Mills Properties, Inc.	Auto Dealership	\$ 11,272,400	\$ 223,050
Affiliated Community Health	Medical Center	\$ 10,891,800	\$ 214,916
WalMart Stores, Inc.	Discount Retailer	\$ 10,270,200	\$ 204,654
Torgerson Properties, Inc.	Investment Company	\$ 9,142,600	\$ 180,602
Menard Inc.	Building Materials	\$ 8,772,100	\$ 174,692
BNSF Railway Company	Railroad	\$ 8,200,300	\$ 163,256
Jennie-O Turkey Store, Inc.	Food Processing	\$ 7,097,600	\$ 141,156
Willmar Ten Investors	Investment Company	\$ 6,896,700	\$ 132,684
Centerpoint Energy Minnegasco	Utility Company	\$ 6,049,800	\$ 120,246

CITY OF WILLMAR, MINNESOTA

SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS

Year 2007 Through 2016

Fiscal <u>Year</u>	Current Assessments <u>Due</u>	Current Assessments <u>Collected</u>	Percent of Collections To Amount <u>Due</u>	Total Outstanding Current and Delinquent <u>Assessments</u>
2007	1,024,590	984,177	96.06%	45,782
2008	1,497,645	1,459,639	97.46%	50,876
2009	1,268,693	1,145,147	90.26%	135,323
2010	1,149,652	1,031,192	89.70%	217,417
2011	1,129,081	1,014,192	89.82%	265,294
2012	1,162,674	1,074,741	92.44%	291,365
2013	1,095,335	985,263	89.95%	355,375
2014	1,008,979	974,209	96.55%	361,233
2015	920,213	881,012	95.74%	369,448
2016	729,647	695,150	95.27%	377,236

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, 2016

**Legal Debt Limit and Margin**

Legal Debt Limit (2% of Estimated Market Value \$1,102,651,500)	\$ 22,053,030
Less: Outstanding Debt Subject to Limit	\$ -
Legal Debt Margin as of December 31, 2016	\$ 22,053,030

<b>General Obligation Debt Supported Solely by Taxes*</b>	\$ -
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\* 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 2016	498
Year 2015	439
Year 2014	450
Year 2013	414
Year 2012	479
Year 2011	533
Year 2010	592
Year 2009	772
Year 2008	780
Year 2007	651
Estimated Construction Costs	
Year 2016	\$ 58,648,616
Year 2015	34,088,689
Year 2014	48,558,272
Year 2013	49,216,963
Year 2012	17,114,395
Year 2011	13,041,853
Year 2010	22,520,064
Year 2009	30,922,465
Year 2008	70,002,629
Year 2007	33,722,627

\*Information obtained from various Departmental Reports

CITY OF WILLMAR, MINNESOTA

MISCELLANEOUS STATISTICAL FACTS

	<u>2016</u>	<u>2015</u>
Public Safety:		
Fire Protection:		
Number of Stations	1.00	1.00
Number of Employees (Admin. & Clerical)	2.80	2.80
Number of Volunteer Firefighters	38.00	38.00
Police Protection:		
Number of Stations	1.00	1.00
Number of Employees (Admin. & Clerical)	4.00	4.00
Number of Employees (Law Enforcement Officers)	31.00	32.00
Total Number of Employees	<u>77.80</u>	<u>78.80</u>
Leisure Services:		
Number of Full-Time Employees	5.5	6
Number of Part-Time Employees	127	120
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