



COMPREHENSIVE ANNUAL FINANCIAL REPORT

DECEMBER 31, 2018



COMPREHENSIVE ANNUAL FINANCIAL

REPORT OF THE

CITY OF

WILLMAR, MINNESOTA

FOR THE

YEAR ENDED

DECEMBER 31, 2018

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, 2018**

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CITY OF WILLMAR, MINNESOTA

INTRODUCTORY SECTION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF WILLMAR, MINNESOTA

2018

CITY COUNCIL

MARVIN CALVIN, MAYOR

COUNCIL MEMBERS:

FERNANDO ALVARADO

RON CHRISTIANSON

JULIE ASMUS

RICK FAGERLIE

SHAWN MUESKE

AUDREY NELSEN

ANDREW PLOWMAN

KATHY SCHWANTES

FINANCE DIRECTOR

STEVEN B. OKINS

CITY ADMINISTRATOR

ISAAC HOLLAND

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, 2018, 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 Willmar Municipal Utilities, which is a discretely presented component unit. 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 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 Willmar Municipal Utilities, which is a discretely presented component unit. 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 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.

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, and the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Willmar, Minnesota, as of December 31, 2018, 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.

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* 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 August 15, 2019 on our consideration of the City of Willmar, Minnesota's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Willmar, Minnesota's internal control over financial reporting and compliance.

Westberg Eischens, PLLP

Westberg Eischens, PLLP

Willmar, Minnesota

August 15, 2019

CITY OF WILLMAR, MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2018

Federal Funding Source	Pass-Through Agency	Program Name	Catalog of Federal Domestic Assistance Number	PFA Funding ID	Expenditures
U.S. Environmental Protection Agency	Minnesota Public Facilities Authority (PFA)	Capitalization Grants for Clean Water State Revolving Funds	66.458	MPFA-CWRF-L033-FY19	\$ <u>1,273,155</u>
		Total U.S. Environmental Protection Agency			<u>1,273,155</u>
U.S. Department of Transportation	Minnesota Department of Transportation	Airport Improvement Program	20.106	A3401-67	\$ <u>52,636</u>
		Total U.S. Department of Transportation			<u>52,636</u>
		Total Expenditures of Federal Awards			\$ <u><u>1,325,791</u></u>

The City did not pass any federal awards through to subrecipients during the year ended December 31, 2018.

The notes to the schedule of expenditures of federal awards are an integral part of this statement.

CITY OF WILLMAR, MINNESOTA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
December 31, 2018

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards included the federal grant/loan 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City of Willmar has elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

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

Mayor and City Council
City of Willmar, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Willmar, Minnesota, as of and for the year ended December 31, 2018, 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 August 15, 2019. Our report includes a reference to other auditors who audited the financial statements of 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.

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 was for the limited purpose described in the first paragraph of this section 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

Westberg Eischens, PLLP

Willmar, Minnesota

August 15, 2019

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

To the Mayor and City Council
City of Willmar, Minnesota

Report on Compliance for Each Major Federal Program

We have audited the City of Willmar, Minnesota's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Willmar, Minnesota's major federal programs for the year ended December 31, 2018. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the 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.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Willmar, Minnesota's compliance.

Opinion on Each Major Federal Program

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, 2018.

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 the Uniform

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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 a 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Westberg Eischens, PLLP

Westberg Eischens, PLLP

Willmar, Minnesota

August 15, 2019

INDEPENDENT AUDITOR'S REPORT ON MINNESOTA LEGAL COMPLIANCE

Mayor and City Council
City of Willmar, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information as of and for the year ended December 31, 2018, 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 August 15, 2019.

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*. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City of Willmar, Minnesota's noncompliance with the above referenced provisions.

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

Westberg Eischens, PLLP

Westberg Eischens, PLLP
Willmar, Minnesota
August 15, 2019

CITY OF WILLMAR, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2018

SECTION I: SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Significant deficiencies identified? _____yes _____X_____no

Material weaknesses identified? _____yes _____X_____none reported

Noncompliance material to financial statement noted? _____yes _____X_____no

Federal Awards

Internal control over major programs:

Significant deficiencies identified? _____yes _____X_____no

Material weaknesses identified? _____yes _____X_____none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____yes _____X_____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? _____yes _____X_____no

CITY OF WILLMAR, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2018

SECTION II: FINANCIAL STATEMENT FINDINGS

No current year findings reported.

Previously reported – resolved

Finding 2017-001

Criteria:

A system of internal controls allows management or employees in the normal course of performing their assigned functions, to prevent or detect misstatements of the financial statements on a timely basis.

Condition:

We proposed material adjustments to the contracts payable and construction in progress balance for the governmental activities.

Cause:

Activity in the project funds was not reconciled to the capital asset fund.

Effect:

Construction in progress was understated by approximately \$2.7 million.

Recommendation:

We recommend management review the current year end procedures in place and make revisions necessary to address this finding.

Management response:

There is no disagreement with the audit finding.

SECTION III: FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS PROGRAMS

None reported.

SECTION IV: FINDINGS RELATED TO MINNESOTA LEGAL COMPLIANCE

No current year findings reported

Previously reported – resolved

Finding 2017-002

Criteria:

Minnesota Statute § 15.17 and 138.17 require Cities to preserve all records necessary for “a full and accurate knowledge of their official activities.” Bids and supporting documentation must be kept forever unless the city adopts the General Records Retention Schedule for Cities, adopts its own properly approved records retention schedule or receives authority to dispose of the records from the records disposition panel.

Condition:

Bid documentation for some of the 2017 projects was not retained.

CITY OF WILLMAR, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2018

SECTION IV: FINDINGS RELATED TO MINNESOTA LEGAL COMPLIANCE (continued)

Previously reported – resolved (continued)

Cause:

The record retention policy being followed is not consistent with the General Records Retention Schedule.

Effect:

The City was not in compliance with Minnesota Statutes.

Recommendation:

We recommend the City review the record retention policy and communicate the policy to all departments.

Finding 2017-003

Criteria:

Minnesota Statute § 471.38 specifies the requirements home rule charter cities must follow for making electronic funds transfers. Subdivision 3 requires the local government to enact policy controls in order to be eligible to make electronic funds transfers.

Condition:

The City does not have an electronic funds transfer policy that addresses the controls required by Minnesota Statute § 471.38 subd. 3a.

Cause:

The City was not aware the statute was revised in 2017.

Effect:

The City is not in compliance with Minnesota Statutes.

Recommendation:

We recommend the City adopt a policy and controls for electronic funds transfers.



FINANCE

City Office Building
333 SW 6th Street
Box 755
Willmar, Minnesota 56201

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED DECEMBER 31, 2018

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Finding 2017-001

Condition:

We proposed material adjustments to the construction in progress balance for the governmental activities

Recommendation:

We recommend management review the current year end procedures in place and make revisions necessary to address this finding.

Current Status:

Resolved.

CITY OF WILLMAR, MINNESOTA

FINANCIAL SECTION - II

MANAGEMENT DISCUSSION AND ANALYSIS

CITY OF WILLMAR, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2018

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, 2018. 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 \$146,838,215 (net position). Of this amount, \$46,193,596 (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 \$42,322,205. Of this total amount, approximately 2% is Nonspendable, 32% is Restricted, and 66% is Committed.
- At the end of the current fiscal year, committed fund balance for the General Fund was \$12,857,239, or 91% of the total General Fund expenditures of \$14,185,628.

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, 2018

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 26-63 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, 2018

Table 1
Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2016
Current and other assets	\$ 48,182,878	\$ 41,216,818	\$ 14,830,038	\$ 13,138,642	\$ 63,012,916	\$ 54,355,460
Net capital assets	<u>140,531,952</u>	<u>94,836,865</u>	<u>83,249,870</u>	<u>83,602,554</u>	<u>223,781,822</u>	<u>178,439,419</u>
Total Assets	<u>188,714,830</u>	<u>136,053,683</u>	<u>98,079,908</u>	<u>96,741,196</u>	<u>286,794,738</u>	<u>232,794,879</u>
Deferred Outflows	<u>6,459,162</u>	<u>6,830,963</u>	<u>168,183</u>	<u>262,931</u>	<u>6,627,345</u>	<u>90,433,517</u>
Other liabilities	4,577,456	2,464,246	228,009	180,741	4,805,465	2,644,987
Long-term liabilities	<u>67,313,626</u>	<u>20,298,475</u>	<u>67,385,745</u>	<u>68,914,218</u>	<u>134,699,371</u>	<u>89,212,693</u>
Total Liabilities	<u>71,891,082</u>	<u>22,762,721</u>	<u>67,613,754</u>	<u>69,094,959</u>	<u>139,504,836</u>	<u>91,857,680</u>
Deferred Inflows	<u>6,857,598</u>	<u>7,857,913</u>	<u>221,434</u>	<u>257,191</u>	<u>7,079,032</u>	<u>8,115,104</u>
Net Position						
Net Investment in						
Capital Assets	84,025,108	84,374,561	16,619,511	15,291,890	100,644,619	99,666,451
Restricted	28,083,490	21,250,871	491,873	667,804	28,575,363	21,918,675
Unrestricted	<u>4,316,714</u>	<u>6,638,581</u>	<u>13,301,519</u>	<u>11,692,283</u>	<u>17,618,233</u>	<u>18,330,864</u>
Total Net Position	<u>\$116,425,312</u>	<u>\$112,264,013</u>	<u>\$ 30,412,903</u>	<u>\$ 27,651,977</u>	<u>\$146,838,215</u>	<u>\$139,915,990</u>

Governmental Activities

The net position of the City's governmental activities increased by \$5,986,026 in 2018. The increase was mainly due to the lease of Rice Hospital to Carris Health.

Business-Type Activities

The total net position of the City's business-type activities increased by \$2,980,033 in 2018. The increase was due to rates being set to handle the pending increase in debt service payments and future capital expenditure needs.

Table 2
Condensed Statement of Net Position
Component Unit

	Municipal Utilities	
	2018	2017
Current and other assets	\$ 38,845,812	\$ 34,488,463
Net capital assets	<u>33,873,096</u>	<u>31,280,870</u>
Total Assets	<u>72,718,908</u>	<u>65,769,333</u>
Deferred Outflows	<u>715,853</u>	<u>944,351</u>
Current and other liabilities	4,391,089	4,457,272
Long-term liabilities	<u>10,108,353</u>	<u>9,690,106</u>
Total Liabilities	<u>14,499,442</u>	<u>14,147,378</u>
Deferred Inflows	<u>1,067,678</u>	<u>849,783</u>
Net Position		
Net Investment in		
capital assets	29,063,473	25,898,387
Restricted	1,567,028	1,567,028
Unrestricted	<u>27,237,140</u>	<u>24,051,108</u>
Total Net Position	<u>\$ 57,867,641</u>	<u>\$ 51,516,523</u>

CITY OF WILLMAR, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2018

Primary Government

Table 3
Condensed Statement of Activities

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2016
Revenues						
Program revenues:						
Charges for services	\$ 5,451,281	\$ 1,689,893	\$ 9,993,551	\$ 10,255,479	\$ 15,444,832	\$ 11,945,372
Operating grants and contributions	1,085,623	1,093,828	-	-	1,085,623	1,093,828
Capital grants and contributions	1,747,725	3,747,878	-	-	1,747,725	3,747,878
General revenues:						
Property and other taxes	5,518,574	5,328,601	-	-	5,518,574	5,328,601
Grants and contributions not restricted to specific program	4,647,836	4,686,694	-	-	4,647,836	4,686,694
Other	1,489,975	1,635,515	138,963	292,770	1,628,938	1,928,285
Intergovernmental	-	-	-	-	-	-
Total Revenues	19,941,014	18,182,409	10,132,514	10,548,249	30,073,528	28,730,658
Expenses						
General Government	3,387,796	3,704,457	-	-	3,387,796	3,704,457
Public safety	5,664,498	5,735,917	-	-	5,664,498	5,735,917
Public works	7,111,707	8,216,746	-	-	7,111,707	8,216,746
Health & Welfare	3,548,429	-	-	-	3,548,429	-
Culture and recreation	2,753,642	2,889,721	-	-	2,753,642	2,889,721
Economic development	147,444	34,108	-	-	147,444	34,108
Capital projects	-	-	-	-	-	-
Debt service	3,487,611	230,050	-	-	3,487,611	230,050
Waste treatment	-	-	6,717,743	6,544,284	6,717,743	6,544,284
Total Expenses	26,101,127	20,810,999	6,717,743	6,544,284	32,818,870	27,355,283
Changes in Net Position						
Before Transfers	(6,160,113)	(2,628,590)	3,414,771	4,003,965	(2,745,342)	1,375,375
Transfers	12,146,139	3,208,187	(434,738)	(730,260)	11,711,401	2,477,927
Changes in Net Position	5,986,026	579,597	2,980,033	3,273,705	8,966,059	3,853,302
Net Position, Beg. of Year	112,264,013	111,684,416	27,651,977	24,378,272	139,915,990	136,062,688
Prior period adjustment	(1,824,727)	-	(219,107)	-	(2,043,834)	-
Net Position, End of Year	\$ 116,425,312	\$ 112,264,013	\$ 30,412,903	\$ 27,651,977	\$ 146,838,215	\$ 139,915,990

CITY OF WILLMAR, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2018

Component Unit

Component Unit

The total net position of the City's component unit, the Willmar Municipal Utilities, increased by \$7,217,920 in 2018.

Table 4
Condensed Statement of Activities

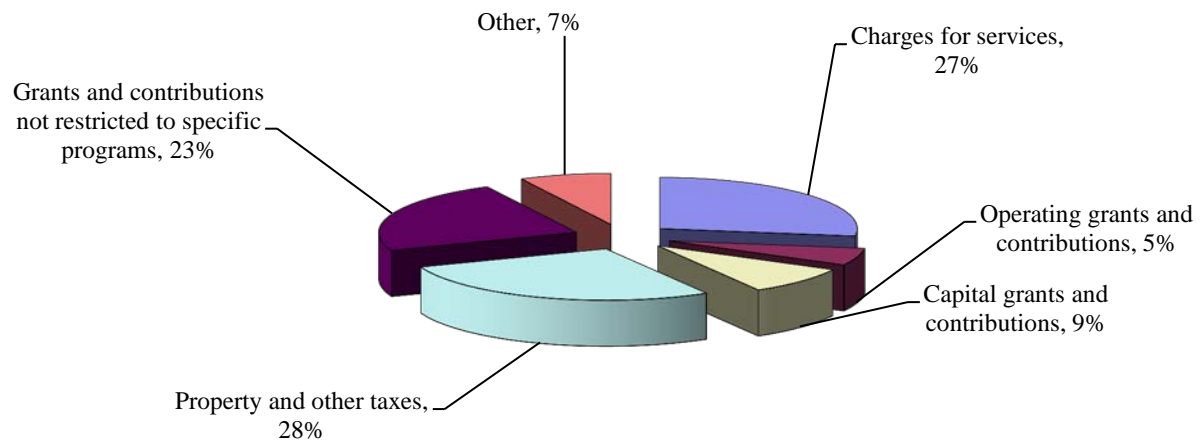
	Municipal Utilities	
	2018	2017
Revenues		
Municipal Utility	\$ 36,302,825	\$ 33,950,617
Interest Earnings	569,246	173,775
Gain (Loss) on sale of Capital Assets	(88,731)	(326,302)
Miscellaneous	-	185
Total Revenues	<u>36,783,340</u>	<u>33,798,275</u>
Expenses		
Municipal Utility	<u>27,428,578</u>	<u>26,257,777</u>
Total Expenses	<u>27,428,578</u>	<u>26,257,777</u>
Changes in Net Position		
Before transfers	9,354,762	7,540,498
Transfers	<u>(2,136,842)</u>	<u>(2,136,842)</u>
Changes in Net Position	7,217,920	5,403,656
Net Position, Beginning	51,516,523	46,336,970
Prior Period Adjstmt	<u>(866,802)</u>	<u>(224,103)</u>
Net Pos., Beg. Restated	<u>50,649,721</u>	<u>46,112,867</u>
Net Position, Ending	<u>\$ 57,867,641</u>	<u>\$ 51,516,523</u>

**CITY OF WILLMAR, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2018**

Governmental Activities

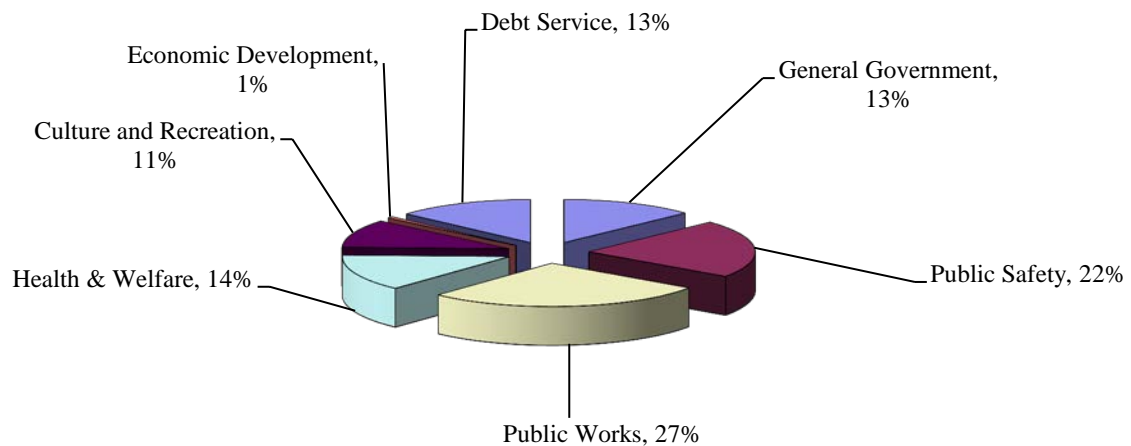
Revenues – The following chart visually illustrates the City's revenues by source for its governmental activities:

Revenue by Source - Governmental Activities



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

Expenses by Source - Governmental Activities



CITY OF WILLMAR, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2018

Financial Analysis of the City's Funds

General Fund – The City's General Fund Balance decreased by \$657,648 in 2018 which is \$794,289 less of a decrease than the final budget projection which reflected a decrease of \$1,451,937. More revenue was received for License/Permits, Intergovernmental revenue, and Service Charges than anticipated. Further, there was a decrease in overall expenditures, with the top most reductions in Public Works, General Government, and Culture/Recreation respectively.

Special Revenue Fund – The Community Investment Fund Balance increased by \$226,034 in 2018. The increase was mainly due to lump sum proceeds of special assessments received from forfeited property sales.

Debt Service Funds – The Special Assessments Bond Debt Service Fund Balance increased by \$200,232 in 2018. Most of this increase was attributable to transfers from finalized street project funds. Rice Hospital Debt Service Funds are now being reported under Primary Government and no longer shown as a component unit.

Special Revenue Fund – The Industrial Development Fund Balance decreased by \$6,258 in 2018. The decrease was due to a decrease in market values.

Capital Projects Fund – The Street, Water/Sewer Capital Projects Fund Balance decreased by \$392,735 in 2018. The fund decrease was mostly due to transfers to associated Special Assessments Bond Debt Service Funds because street projects have been finalized.

GENERAL FUND BUDGETARY HIGHLIGHTS:

The City approved the 2018 general fund budget anticipating expenditures would exceed revenues by \$1,451,937. There was no difference between the original and final budget totals, however, there were budget adjustments throughout the year transferring revenues and costs from one area to another.

At the end of the year, revenues exceeded the final budget by \$217,564 and expenditures were less than the final budget by \$316,710. Transfers in were less than the final budget by \$531,980 and transfers out were less than the final budget by \$791,995. The most significant positive variance for revenues occurred in Licenses and Permits and Intergovernmental Revenue. Positive variances in expenditures were reflected in General Government, Public Safety, Public Works, and Culture/Recreation.

CITY OF WILLMAR, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2018

Capital Assets

At the end of 2018, the Primary Government of the City of Willmar had over \$223,000,000 (net of accumulated depreciation) invested in a broad range of capital assets. In addition, the Component Unit had over \$33,800,000 (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	
	2018	2017	2018	2017
Land and improvements	\$ 13,200,931 *	\$ 8,585,806	\$ 2,005,122	\$ 2,005,122
Buildings	117,153,089 *	14,126,226	63,740,458	63,705,752
Furniture and equipment	3,646,458	3,484,594	434,173	434,173
Machinery and auto	10,494,926	9,672,141	6,606,882	6,606,882
Other improvements	141,435,688	128,923,694	27,921,332	27,882,552
Construction in progress	5,840,749	11,927,886	2,466,241	747,952
Less: Depreciation	<u>(151,239,889) *</u>	<u>(81,883,482)</u>	<u>(19,924,338)</u>	<u>(17,779,879)</u>
	<u>\$ 140,531,952 *</u>	<u>\$ 94,836,865</u>	<u>\$ 83,249,870</u>	<u>\$ 83,602,554</u>

* Includes Addition of Rice Memorial Hospital Assets totaling a Net of \$42,361,921.

Component Unit

Table 6
Capital Assets

	Willmar Municipal Utilities	
	2018	2017
Land	\$ 1,385,906	\$ 1,385,906
Buildings	3,932,564	3,910,460
Furniture and equipment	80,633,800	80,383,366
Machinery and auto	-	-
Other improvements	-	-
Utility Plant in Service	-	-
Construction in progress	4,034,908	773,582
Less: Depreciation	<u>(56,114,082)</u>	<u>(55,172,444)</u>
	<u>\$ 33,873,096</u>	<u>\$ 31,280,870</u>

CITY OF WILLMAR, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2018

Long-Term Debt

At year-end, the City of Willmar's Primary Government had over \$120,000,000 in bonds outstanding and its Component Unit had over \$4,800,000 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

	<u>2018</u>	<u>2017</u>	<u>Change</u>
Governmental Activities			
G.O. Special Assessment Bonds	\$ 10,572,000	\$ 9,348,000	\$ 1,224,000
G.O. Bonds	\$ 2,780,000	\$ -	2,780,000
G.O. Revenue Bonds	32,295,000 *	520,000	31,775,000
Revenue Bonds	7,332,100 *	-	7,332,100
Note Payable - TIF	497,491	594,304	(96,813)
	<u>\$ 53,476,591</u>	<u>\$ 10,462,304</u>	<u>\$ 43,014,287</u>
Business-Type Activities			
G.O. Revenue Bonds	\$ 120,000	\$ 235,000	\$ (115,000)
G.O. Revenue Notes	66,510,358	68,075,664	(1,565,306)
	<u>\$ 66,630,358</u>	<u>\$ 68,310,664</u>	<u>\$ (1,680,306)</u>

* 2018 Includes Addition of Rice Hospital Debt of \$31,940,000 in G.O. Revenue Bonds plus \$7,332,100 in Revenue Bonds

Component Unit

Table 8

	<u>2018</u>	<u>2017</u>	<u>Change</u>
Willmar Municipal Utilities			
Municipal Utility Revenue Bond 2009	\$ 4,825,000	\$ 5,400,000	\$ (575,000)
	<u>\$ 4,825,000</u>	<u>\$ 5,400,000</u>	<u>\$ (575,000)</u>

**CITY OF WILLMAR, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2018**

Economic Factors and Next Year's Budget

In the City adopted budget for 2019, expenditures were forecast to exceed revenue by approximately \$2,130,160, of which the General Fund expenditures were forecast to exceed revenue by approximately \$1,449,080. The major difference again is the use of excess fund balances in the General Fund.

Contacting the City's Financial Management

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

BASIC FINANCIAL STATEMENTS

CITY OF WILLMAR, MINNESOTA
STATEMENT OF NET POSITION
December 31, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Municipal Utilities Commission
<u>Assets</u>				
Cash and Cash Equivalents	\$ 8,822,026	\$ 6,853	\$ 8,828,879	\$ 12,654,366
Investments	33,162,997	13,243,225	46,406,222	20,689,817
Receivables (Net of Allow for Uncollect)				
Accounts Receivable	274,679	906,544	1,181,223	2,879,564
Accrued Interest	135,822	51,178	187,000	-
Taxes Receivable	190,621	-	190,621	-
Special Assessments	3,472,164	-	3,472,164	-
Notes Receivable	465,630	-	465,630	-
Due from Other Governmental Units	313,787	527,393	841,180	-
Inventories	43,565	-	43,565	615,403
Prepaid Items	933,525	8,625	942,150	439,634
Restricted Assets:				
Temporarily Restricted:				
Cash and Cash Equivalents	-	86,220	86,220	-
Investments	-	-	-	1,567,028
Capital Assets				
Nondepreciable	17,344,385	4,471,363	21,815,748	5,420,814
Depreciable, net	123,187,567	78,778,507	201,966,074	28,452,282
Net Pension Asset	282,658	-	282,658	-
Other Assets	85,404	-	85,404	-
Total Assets	188,714,830	98,079,908	286,794,738	72,718,908
<u>Deferred Outflows of Resources</u>				
Deferred Loss on Refunding Escrow Account	1,150,833	-	1,150,833	-
Deferred Outflows on Pension	5,308,329	168,183	5,476,512	715,853
Total Deferred Outflows of Resources	6,459,162	168,183	6,627,345	715,853
Total Assets/Def. Outflows of Resources	\$ 195,173,992	\$ 98,248,091	\$ 293,422,083	\$ 73,434,761

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

CITY OF WILLMAR, MINNESOTA
STATEMENT OF NET POSITION
December 31, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Municipal Utilities Commission
<u>Liabilities</u>				
Accounts and Contracts Payable	\$ 1,073,950	\$ 194,407	\$ 1,268,357	\$ 2,913,050
Accrued Interest Payable	1,965,967	-	1,965,967	199
Due to Component Units	4,289	-	4,289	-
Due to Primary Government	-	-	-	1,315,279
Unearned Revenue	1,216,398	-	1,216,398	-
Accrued Compensation and Benefits	316,852	33,602	350,454	162,561
Noncurrent Liabilities				
Due within one year	3,877,348	3,075,505	6,952,853	600,000
Due in more than one year	55,995,755	63,780,790	119,776,545	5,149,219
Net OPEB Liability	2,282,326	-	2,282,326	1,180,365
Net Pension Liability	5,158,197	529,450	5,687,647	3,178,769
Total Liabilities	71,891,082	67,613,754	139,504,836	14,499,442
<u>Deferred Inflows of Resources</u>				
Deferred Inflows on Pension	6,857,598	221,434	7,079,032	1,067,678
Total Deferred Inflows of Resources	6,857,598	221,434	7,079,032	1,067,678
<u>Net Position</u>				
Net Investment in Capital Assets	84,025,108	16,619,511	100,644,619	29,063,473
Restricted				
Capital Improvements	4,804,639	405,653	5,210,292	-
Debt Service	22,593,884	-	22,593,884	1,292,028
Specific Operating Activities	684,967	86,220	771,187	275,000
Unrestricted	4,316,714	13,301,519	17,618,233	27,237,140
Total Net Position	116,425,312	30,412,903	146,838,215	57,867,641
 Total Liabilities, Deferred Inflows of Resources, and Net Position	 \$ 195,173,992	 \$ 98,248,091	 \$ 293,422,083	 \$ 73,434,761

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, 2018

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 3,387,796	\$ 592,175	\$ 148,889	\$ -
Public Safety	5,664,498	361,563	539,634	6,254
Public Works	7,111,707	132,818	341,316	1,740,721
Health and Welfare	3,548,429	3,736,152	-	-
Culture and Recreation	2,753,642	540,719	55,784	-
Economic Development	147,444	87,854	-	750
Debt Service - interest	3,487,611	-	-	-
Total Governmental Activities	26,101,127	5,451,281	1,085,623	1,747,725
Business-Type Activities:				
Waste Treatment	6,717,743	9,993,551	-	-
Total Business-Type Activities	6,717,743	9,993,551	-	-
Total Primary Government	\$ 32,818,870	\$ 15,444,832	\$ 1,085,623	\$ 1,747,725
Component Units:				
Municipal Utilities	\$ 27,428,578	\$ 36,302,825	\$ -	\$ -
Rice Memorial Hospital	-	-	-	-
Total Component Units	\$ 27,428,578	\$ 36,302,825	\$ -	\$ -

General Revenues:

- Property 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/Rice Hospital
- Transfers
- Total General Revenues /Transfers

Change in Net Position

- Net Position - Beginning, as originally stated
- Prior period adjustment see Notes 13 & 14
- Net Position - Beginning, as restated
- Net Position - Ending

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, 2018

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Unit	Component Unit
Governmental Activities	Business-Type Activities	Total	Municipal Utilities Commission	Rice Memorial Hospital
\$ (2,646,732)		\$ (2,646,732)		
(4,757,047)		(4,757,047)		
(4,896,852)		(4,896,852)		
187,723		187,723		
(2,157,139)		(2,157,139)		
(58,840)		(58,840)		
(3,487,611)		(3,487,611)		
(17,816,498)		(17,816,498)		
-	\$ 3,275,808	3,275,808		
-	3,275,808	3,275,808		
(17,816,498)	3,275,808	(14,540,690)		
			\$ 8,874,247	\$ -
			-	-
			\$ 8,874,247	\$ -
5,018,719	-	5,018,719	-	-
499,855	-	499,855	-	-
4,647,836	-	4,647,836	-	-
648,690	253,208	901,898	569,246	-
(253,127)	(124,865)	(377,992)	-	-
(52,252)	10,620	(41,632)	(88,731)	-
1,146,664	-	1,146,664	-	(30,183,054)
9,191,616	-	9,191,616	-	(9,191,616)
2,954,523	(434,738)	2,519,785	(2,136,842)	-
23,802,524	(295,775)	23,506,749	(1,656,327)	(39,374,670)
5,986,026	2,980,033	8,966,059	7,217,920	(39,374,670)
112,264,013	27,651,977	139,915,990	51,516,523	39,374,670
(1,824,727)	(219,107)	(2,043,834)	(866,802)	-
110,439,286	27,432,870	137,872,156	50,649,721	39,374,670
\$ 116,425,312	\$ 30,412,903	\$ 146,838,215	\$ 57,867,641	\$ -

CITY OF WILLMAR, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2018

	General	Community Investment Special Revenue Fund	Special Assessments Bonds Debt Service
ASSETS			
Cash and Cash Equivalents	\$ 4,887,163	\$ 6,050	\$ 1,030,693
Investments	8,304,202	9,207,051	5,368,474
Receivables (Net of Allowance for Uncollect)			
Accounts	144,485	-	-
NSF Payments	59	-	-
Interest	32,062	35,577	23,527
Taxes			
Current	65,584	-	-
Delinquent	108,994	-	-
Assessments			
Delinquent	-	45,251	37,854
Deferred	3,065	883,561	2,502,433
Notes	-	-	-
Due From Other Funds	4,887	-	678,833
Due From Other Governments	32,420	214,992	66,375
Inventory	43,565	-	-
Prepaid Expenses	123,044	-	-
Deposits	12,813	-	-
Amount To Be Provided	-	-	-
Unamortized Discount	-	-	2,744
	<hr/>	<hr/>	<hr/>
Total Assets	\$ 13,762,343	\$ 10,392,482	\$ 9,710,933
	<hr/>	<hr/>	<hr/>
LIABILITIES			
Accounts Payable	\$ 304,518	\$ -	\$ -
Accrued Wages	316,852	-	-
Contracts Payable	-	-	-
Notes Payable	-	-	-
Due to Component Units	-	4,289	-
Due to Other Funds	-	84,131	-
Deposits	5,066	-	-
	<hr/>	<hr/>	<hr/>
Total Liabilities	626,436	88,420	-
	<hr/>	<hr/>	<hr/>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue	112,059	924,524	2,603,183
	<hr/>	<hr/>	<hr/>
Total Deferred Inflows of Resources	112,059	924,524	2,603,183
	<hr/>	<hr/>	<hr/>
FUND BALANCES			
Nonspendable Fund Balance	166,609	-	-
Restricted Fund Balance	-	-	7,107,750
Committed Fund Balance	12,857,239	9,379,538	-
	<hr/>	<hr/>	<hr/>
Total Fund Balances	13,023,848	9,379,538	7,107,750
	<hr/>	<hr/>	<hr/>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 13,762,343	\$ 10,392,482	\$ 9,710,933
	<hr/>	<hr/>	<hr/>

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

CITY OF WILLMAR, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2018

Rice Hospital Debt Service	Street Water/Sewer Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 349	\$ 184,080	\$ 2,539,010	\$ 8,647,345
6,127,841	715,125	3,440,304	33,162,997
-	-	61,955	206,440
-	-	-	59
23,670	-	20,986	135,822
-	-	16,043	81,627
-	-	-	108,994
-	-	-	83,105
-	-	-	3,389,059
-	-	465,630	465,630
-	142,891	329,449	1,156,060
-	-	-	313,787
-	-	-	43,565
550,105	67,749	192,627	933,525
-	-	-	12,813
-	69,848	-	69,848
-	-	-	2,744
<u>\$ 6,701,965</u>	<u>\$ 1,179,693</u>	<u>\$ 7,066,004</u>	<u>\$ 48,813,420</u>
\$ -	\$ 117,479	\$ 91,151	\$ 513,148
-	-	-	316,852
-	159,479	351,994	511,473
-	-	43,982	43,982
-	-	-	4,289
-	594,702	234,367	913,200
-	-	280	5,346
-	871,660	721,774	2,308,290
-	69,848	473,311	4,182,925
-	69,848	473,311	4,182,925
550,105	-	222,627	939,341
6,151,860	-	94,034	13,353,644
-	238,185	5,554,258	28,029,220
6,701,965	238,185	5,870,919	42,322,205
<u>\$ 6,701,965</u>	<u>\$ 1,179,693</u>	<u>\$ 7,066,004</u>	<u>\$ 48,813,420</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, 2018

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

Total governmental fund balances	\$ 42,322,205
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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	291,771,841	
Less: Accumulated depreciation	<u>(151,239,889)</u>	
		140,531,952

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

Delinquent property taxes	108,994	
Unavailable special assessments	2,314,373	
Notes/Interest Receivable	473,311	
Unavailable Revenue for 2018	69,848	
Deferred Outflow of Resources - Hospital Refunding/Bond-1/1/18	1,237,773	
Deferred Outflow of Resources - Hospital Refunding/Bond-2018	(86,940)	
Deferred Outflow of Resources - Pension	5,308,329	
Net Pension Asset	<u>282,658</u>	
		9,708,346

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	(53,476,591)	
Compensated absences	(3,366,259)	
Accrued interest	(1,965,967)	
Hospital Bond Premium 1/1/18	(3,260,401)	
Hospital Bond Premium 2018 Amortized Amount	230,148	
Net OPEB Liability	(2,282,326)	
Net Pension Liability	(5,158,197)	
Deferred Inflow of Resources - Pension	<u>(6,857,598)</u>	
		<u>(76,137,191)</u>

Net position of governmental activities	<u>\$ 116,425,312</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, 2018

	General	Community Investment Special Revenue	Special Assessments Bonds Debt Service
REVENUES			
General Property Taxes	\$ 4,969,850	\$ -	\$ -
Other Taxes	257,840	-	-
Special Assessments	973	131,712	787,894
License and Permits	552,476	-	-
Intergovernmental	5,527,027	-	-
Charges for Services	782,540	-	-
Fines and Forfeits	159,255	-	-
Investment Income	191,813	178,896	87,683
Change in market value	(63,828)	(91,900)	(9,285)
Miscellaneous Revenues	825,984	215,094	4,829
Total Revenues	<u>13,203,930</u>	<u>433,802</u>	<u>871,121</u>
EXPENDITURES			
Current:			
General Government	3,501,751	-	-
Public Safety	5,310,213	-	-
Public Works	3,191,102	-	-
Culture & Recreation	2,182,562	-	-
Economic Development	-	-	-
Debt Service:			
Principal	-	-	1,706,000
Interest	-	-	214,157
Other Charges and Services	-	-	26,300
Capital Outlay	-	-	-
Total Expenditures	<u>14,185,628</u>	<u>-</u>	<u>1,946,457</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(981,698)</u>	<u>433,802</u>	<u>(1,075,336)</u>
OTHER FINANCING SOURCES (USES)			
Bond Proceeds	-	-	-
Operating Transfers In	2,457,449	468,000	1,276,711
Operating Transfers Out	(2,133,399)	(675,768)	(1,143)
Total Other Financing Sources (Uses)	<u>324,050</u>	<u>(207,768)</u>	<u>1,275,568</u>
Net Change in Fund Balances	<u>(657,648)</u>	<u>226,034</u>	<u>200,232</u>
Fund Balances - Beginning, as originally stated	13,730,798	9,153,504	6,907,518
Prior Period Adjustment - See Note 14	(49,302)	-	-
Fund Balances - Beginning	<u>13,681,496</u>	<u>9,153,504</u>	<u>6,907,518</u>
Fund Balances - Ending	<u>\$ 13,023,848</u>	<u>\$ 9,379,538</u>	<u>\$ 7,107,750</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, 2018

Rice Hospital Debt Service	Street Water/Sewer Capital Projects	Other Government Funds	Total Governmental Funds
\$ -	\$ -	\$ 48,869	\$ 5,018,719
-	-	242,015	499,855
-	47,305	-	967,884
-	-	50	552,526
-	941,703	203,690	6,672,420
3,736,152	-	219,835	4,738,527
-	-	-	159,255
114,558	12,166	63,574	648,690
(54,837)	(3,229)	(30,048)	(253,127)
350	44,862	55,545	1,146,664
<u>3,796,223</u>	<u>1,042,807</u>	<u>803,530</u>	<u>20,151,413</u>
-	-	-	3,501,751
-	-	35,900	5,346,113
-	-	205,449	3,396,551
-	-	277,354	2,459,916
-	-	147,444	147,444
2,071,300	-	261,812	4,039,112
1,664,852	-	17,466	1,896,475
5,400	-	1,900	33,600
-	4,415,743	3,332,312	7,748,055
<u>3,741,552</u>	<u>4,415,743</u>	<u>4,279,637</u>	<u>28,569,017</u>
<u>54,671</u>	<u>(3,372,936)</u>	<u>(3,476,107)</u>	<u>(8,417,604)</u>
-	2,930,000	2,780,000	5,710,000
6,647,294	651,143	3,056,329	14,556,926
-	(600,942)	(1,369,176)	(4,780,428)
<u>6,647,294</u>	<u>2,980,201</u>	<u>4,467,153</u>	<u>15,486,498</u>
<u>6,701,965</u>	<u>(392,735)</u>	<u>991,046</u>	<u>7,068,894</u>
-	630,920	4,879,873	35,302,613
-	-	-	(49,302)
<u>-</u>	<u>630,920</u>	<u>4,879,873</u>	<u>35,253,311</u>
<u>\$ 6,701,965</u>	<u>\$ 238,185</u>	<u>\$ 5,870,919</u>	<u>\$ 42,322,205</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, 2018

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

Net Change in Fund Balances-Governmental Funds			\$ 7,068,894
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	7,748,055		
Depreciation Expense	<u>(8,848,009)</u>		
			(1,099,954)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase/(decrease) net position			884,691
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, 2018	2,966,526		
Unavailable Revenue, December 31, 2017	<u>(3,273,563)</u>	(307,037)	
Pension Contribution		<u>148,889</u>	
			(158,148)
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, 2018	(3,366,259)		
Compensated absences, December 31, 2017	<u>3,362,884</u>	(3,375)	
OPEB Expense		159,292	
Pension Expense		<u>27,009</u>	
			182,926
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		4,039,112	
Bond Proceeds		<u>(5,710,000)</u>	
Rice Hospital 2018 Net Interest Expense (-86940+230148)		143,208	
Change in accrued interest (1,965,967-231,623)		<u>(1,734,344)</u>	
			(3,262,024)
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			(174,681)
Rice Memorial Hospital Transfer of Fixed Assets and Long-Term Debt as of 01/01/2018			
Capital Assets Net of Accumulated Depreciation	45,910,350		
Long-Term Debt	<u>(41,343,400)</u>		
Hospital Bond Premium	(3,260,401)		
Hospital Deferred Outflow	<u>1,237,773</u>		
			<u>2,544,322</u>
Change in Net Position-Governmental Activities			\$ <u>5,986,026</u>

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

City of Willmar, Minnesota
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
General Property Taxes	\$ 5,319,245	\$ 5,319,245	\$ 5,227,690	\$ (91,555)
Special Assessments	2,500	2,500	973	(1,527)
License and Permits	458,860	458,860	552,476	93,616
Intergovernmental	5,491,783	5,351,131	5,527,027	175,896
Charges for Services	747,630	747,630	782,540	34,910
Fines and Forfeits	167,000	167,000	159,255	(7,745)
Investment Income	150,000	150,000	191,813	41,813
Change in market value	100,000	100,000	(63,828)	(163,828)
Miscellaneous Revenues	690,000	690,000	825,984	135,984
Total Revenues	13,127,018	12,986,366	13,203,930	217,564
EXPENDITURES				
General Government	3,867,111	3,579,772	3,501,751	78,021
Public Safety	5,181,945	5,328,646	5,310,213	18,433
Public Works	3,229,184	3,350,359	3,191,102	159,257
Culture & Recreation	2,289,054	2,243,561	2,182,562	60,999
Total Expenditures	14,567,294	14,502,338	14,185,628	316,710
Excess (deficiency) of revenues over (under) expenditures	(1,440,276)	(1,515,972)	(981,698)	534,274
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	2,989,429	2,989,429	2,457,449	(531,980)
Operating Transfers Out	(3,001,090)	(2,925,394)	(2,133,399)	791,995
Total Other Financing Sources (Uses)	(11,661)	64,035	324,050	260,015
Net Change in Fund Balances	(1,451,937)	(1,451,937)	(657,648)	794,289
Fund Balances - Beginning as originally stated	13,730,798	13,730,798	13,730,798	-
Prior Period Adjustment - See Note 14	(49,302)	(49,302)	(49,302)	-
Fund Balances - Beginning, Restated	13,681,496	13,681,496	13,681,496	-
Fund Balances - Ending	\$ 12,229,559	\$ 12,229,559	\$ 13,023,848	\$ 794,289

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, 2018

	Business-Type Activities Waste Treatment Plant	Governmental Activities Internal Service Funds
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 6,853	\$ 174,681
Investments	13,243,225	-
Accounts Receivable	906,544	-
Due From Other Governmental Units	527,393	-
Interest Receivable	51,178	-
Prepaid Items	8,625	-
Restricted Cash and Investments/System Replacement	86,220	-
Total Current Assets	<u>14,830,038</u>	<u>174,681</u>
Noncurrent Assets		
Capital Assets:		
Nondepreciable	4,471,363	-
Depreciable	98,702,844	-
Less: Accumulated Depreciation	<u>(19,924,337)</u>	<u>-</u>
Net capital assets	<u>83,249,870</u>	<u>-</u>
Total Noncurrent Assets	<u>83,249,870</u>	<u>-</u>
TOTAL ASSETS	<u>98,079,908</u>	<u>174,681</u>
DEFERRED OUTFLOWS OF RESOURCES		
Related to Pensions	<u>168,183</u>	<u>-</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>168,183</u>	<u>-</u>
LIABILITIES		
Current Liabilities		
Accounts Payable	79,200	-
Contracts Payable	115,207	-
Accrued Wages	33,602	-
Due To Other Funds	-	174,681
Current Portion of Debt	<u>3,075,505</u>	<u>-</u>
Total Current Liabilities	<u>3,303,514</u>	<u>174,681</u>
Noncurrent Liabilities:		
Notes Payable	63,554,854	
Compensated Absences	225,936	
Net Pension Liability	<u>529,450</u>	<u>-</u>
Total Noncurrent Liabilities	<u>64,310,240</u>	<u>-</u>
TOTAL LIABILITIES	<u>67,613,754</u>	<u>174,681</u>
DEFERRED INFLOWS OF RESOURCES		
Related to Pensions	<u>221,434</u>	<u>-</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>221,434</u>	<u>-</u>
NET POSITION		
Net Investment in Capital Assets	16,619,511	-
Restricted:		
Capital Improvements	405,653	-
System Replacement	86,220	
Unrestricted	<u>13,301,519</u>	<u>-</u>
TOTAL NET POSITION	<u>\$ 30,412,903</u>	<u>\$ -</u>

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

City of Willmar, Minnesota
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2018

	Business-Type Activities	Governmental Activities
	Waste Treatment Plant	Internal Service Funds
Operating Revenues		
Intergovernmental	\$ 79,917	\$ -
Charges For Sales and Services:	<u>9,913,634</u>	<u>-</u>
Total Operating Revenues	<u>9,993,551</u>	<u>-</u>
Operating Expenses		
Personal Services	1,003,315	-
Supplies	434,356	-
Other Services and Charges	1,217,622	-
Depreciation	<u>2,144,458</u>	<u>-</u>
Total Operating Expenses	<u>4,799,751</u>	<u>-</u>
Operating Income (Loss)	5,193,800	-
Nonoperating Revenues (Expenses)		
Investment Earnings	253,208	-
Change in market value	(124,865)	-
Capital Asset (Disposal)/Acquisition	10,620	-
Interest Expense	<u>(1,917,992)</u>	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>(1,779,029)</u>	<u>-</u>
Income (Loss) Before Contributions and Transfers	3,414,771	-
Transfers In	315,262	-
Transfers Out	<u>(750,000)</u>	<u>(174,681)</u>
Change in Net Position	2,980,033	(174,681)
Net Position - Beginning, as originally stated	27,651,977	174,681
Prior Period Adjustment - See Note 14	<u>(219,107)</u>	<u>-</u>
Net Position - Beginning, as restated	<u>27,432,870</u>	<u>174,681</u>
Net Position - Ending	<u>\$ 30,412,903</u>	<u>\$ -</u>

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

City of Willmar, Minnesota
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2018

	Business-Type Activities Waste Treatment Plant	Governmental Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from Customers and Users	\$ 10,178,438	\$ 81
Payments to Suppliers	(1,716,154)	-
Payments to Employees	(1,006,051)	-
Net Cash Provided by Operating Activities	<u>7,456,233</u>	<u>81</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfer from Other Funds	315,262	3,571
Transfer to Other Funds	(750,000)	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(434,738)</u>	<u>3,571</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchases of Capital Assets	(1,661,008)	-
Interest Paid on Capital Debt	(1,917,992)	-
Principal Paid on Capital Debt	(2,953,461)	-
Proceeds from Debt	1,273,155	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(5,259,306)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from Sales and Maturities of Investments	-	-
Purchase of Investments	(400,000)	-
Interest Received	262,902	-
Net Cash Provided (Used) by Investing Activities	<u>(137,098)</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,625,091	3,652
Cash and Cash Equivalents - Beginning	(1,532,018)	171,029
Cash and Cash Equivalents - Ending	<u>\$ 93,073</u>	<u>\$ 174,681</u>
Classified As:		
Cash and Cash Equivalents	\$ 6,853	\$ 174,681
Restricted Cash	86,220	-
Total Cash and Cash Equivalents, End of Year	<u>\$ 93,073</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 Year Ended December 31, 2018

	Business-Type Activities Waste Treatment Plant	Governmental Activities Internal Service Funds
Reconciliation of Operating Income to Net Cash Provided (Used)		
by Operating Activities:		
Operating Income	\$ 5,193,800	\$ -
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) By		
Operating Activities:		
Pension Expense for Required PERA Pension Liability	(15,113)	
Depreciation	2,144,458	-
Change in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(41,113)	81
(Increase) Decrease in Due From Other Governmental Units	226,000	-
(Increase) Decrease in Inventories	-	-
(Increase) Decrease in Prepaid Items	14,250	-
Increase (Decrease) in Accounts Payable	(78,426)	-
Increase (Decrease) in Accrued Wages	5,548	-
Increase (Decrease) in Compensated Absences	6,829	
Total Adjustments	2,262,433	81
Net Cash Provided (Used) by Operating Activities	\$ 7,456,233	\$ 81
 Non Cash Transactions:		
Net Increase (Decrease) in fair value of investments	\$ (124,865)	\$ -

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, 2018

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, 2018. 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.

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.

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.

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

1. Government-Wide Statements (continued)

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.

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.

Debt Service Funds

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 and Rice Hospital G.O. Revenue and Revenue Bonds.

Capital Project Fund – Street, Water and Sewer

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

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

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 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.

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

C. Measurement Focus and Basis of Accounting (continued)

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.

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.

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

3. Receivables (continued)

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

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

4. Prepaid Items

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

5. Capital Assets

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

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

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

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

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

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.

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net 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 two items that qualify 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. The other deferred outflow relates to bond interest refunding.

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.

10. Postemployment Benefits Other Than Pensions

Under Minnesota statute 471.61, subdivision 2b., public employers must allow retirees and their dependents to continue coverage indefinitely in an employer-sponsored health care plan, under the following conditions: 1) Retirees must be receiving (or eligible to receive) an annuity from a Minnesota public pension plan, 2) Coverage must continue in group plan until age 65, and retirees must pay no more than the group premium, and 3) Retirees

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

10. Postemployment Benefits Other Than Pensions (continued)

may obtain dependent coverage immediately before retirement. All premiums are funded on a pay-as-you-go basis. The liability was actuarially determined, in accordance with GASB Statement 75, at January 1, 2018. For the most part, the General fund is typically used to liquidate governmental OPEB liabilities.

11. 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.

12. 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

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

12. Use of Estimates (continued)

assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds and special revenue funds except some capital projects funds, which adopt project- length budgets. All annual appropriations except those for capital outlay lapse at fiscal year-end.

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

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

B. Deficit Fund Balances

There were no funds with a deficit fund balance as of December 31, 2018.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Assets

1. Deposits and Investments

Cash and cash equivalents	\$ 21,569,465
Investments	68,663,067
	<u>\$ 90,232,532</u>
Primary Government	
Cash and cash equivalents	\$ 8,828,879
Investments	46,406,222
Temporarily Restricted Cash	86,220
Total Primary Government	<u>\$ 55,321,321</u>
Discretely Presented Component Unit	
Willmar Municipal Utilities:	
Cash and cash equivalents	\$ 12,654,366
Investments	20,689,817
Restricted investments	1,567,028
Total Willmar Municipal Utilities	<u>\$ 34,911,211</u>
Total	<u>\$ 90,232,532</u>

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

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, 2018, the City's deposits were entirely covered by federal depository insurance or by collateral held by the City or its agent in the City's name.

b. Investments

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

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

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

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	\$ 2,916,111	\$ 1,420,201	\$ 1,043,733	\$ 452,177
Farmer Mac	1,867,066	-	-	1,867,066
Federal Farm Credit Banks	4,830,760	-	3,896,540	934,220
Federal Home Loan Banks	18,531,802	-	973,852	17,557,950
Federal Home Loan Mortgage Corporation	8,181,395	-	996,300	7,185,095
Federal National Mortgage Association	5,055,362	-	980,640	4,074,722
Money Market	5,023,723	5,023,723	-	-
	<u>\$ 46,406,219</u>	<u>\$ 6,443,924</u>	<u>\$ 7,891,065</u>	<u>\$ 32,071,230</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
Bremer Bank	\$ 5,023,723	11%
Morgan Stanley Smith Barney	\$ 7,665,283	17%
Multi-Bank Securities	\$ 9,005,290	19%
United Bank Services	\$ 8,948,826	19%
Wells Fargo	\$ 7,634,272	16%
Wells Fargo Advisors	\$ 8,128,825	18%

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

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:

Security Type	Amount	Percent
Certificates of Deposit	\$ 2,916,111	6%
Federal Farm Credit Banks	\$ 4,830,760	10%
Federal Home Loan Banks	\$ 18,531,802	40%
Federal Home Loan Mortgage Corporation	\$ 8,181,395	18%
Federal National Mortgage Association	\$ 5,055,362	11%
Money Market	\$ 5,023,723	11%

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, 2018:

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

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	\$ 2,916,111	\$ -	\$ 2,916,111	\$ -
Farmer Mac	1,867,066	1,867,066	-	-
Federal Farm Credit Banks	4,830,760	4,830,760	-	-
Federal Home Loan Banks	18,531,802	18,531,802	-	-
Federal Home Loan Mortgage Corporation	8,181,395	8,181,395	-	-
Federal National Mortgage Association	5,055,362	5,055,362	-	-
Money Market	5,023,723	-	5,023,723	-
	<u>\$ 46,406,219</u>	<u>\$ 38,466,385</u>	<u>\$ 7,939,834</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, 2018, included the addition of Rice Memorial Hospital Assets which appears separately below:

Governmental Activities

	Balance January 1, 2018	Additions	Deletions	Balance December 31, 2018
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 8,585,806	\$ 2,917,830 *	\$ -	\$ 11,503,636
Construction in progress	11,927,886	6,023,351	12,110,488	5,840,749
Total	<u>20,513,692</u>	<u>8,941,181</u>	<u>12,110,488</u>	<u>17,344,385</u>
Capital assets being depreciated				
Land Improvements	\$ -	\$ 1,697,295 *	\$ -	\$ 1,697,295
Buildings and structures	14,126,226	103,026,863 *	-	117,153,089
Furniture and equipment	3,484,594	194,118	32,254	3,646,458
Machinery and auto	9,672,141	1,009,285	186,500	10,494,926
Other improvements	128,923,694	12,514,256	2,262	141,435,688
Total	<u>156,206,655</u>	<u>118,441,817</u>	<u>221,016</u>	<u>274,427,456</u>
Less accumulated depreciation for:				
Land Improvements	-	1,499,755 *	-	1,499,755
Buildings	5,221,061	63,043,401 *	-	68,264,462
Furniture and equipment	1,933,753	135,027	22,405	2,046,375
Machinery and equipment	4,503,887	692,396	145,512	5,050,771
Other improvements	70,224,781	4,154,593	848	74,378,526
Total	<u>81,883,482</u>	<u>69,525,172</u>	<u>168,765</u>	<u>151,239,889</u>
Net property and equipment	<u>\$ 94,836,865</u>	<u>\$ 57,857,826</u>	<u>\$ 12,162,739</u>	<u>\$ 140,531,952</u>

* Includes Addition of Rice Memorial Hospital Assets totaling a Net of \$42,361,921. See Table below detailing this amount.

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

2. Capital Assets/Governmental Activities (continued)

	Balance January 1, 2018	Additions	Deletions	Balance December 31, 2018
*Rice Memorial Hospital Detail				
Capital assets not being depreciated				
Land Transferred 01/01/2018	\$ -	\$ 2,917,830	\$ -	\$ 2,917,830
Land Activity 2018	-	-	-	-
Total	-	2,917,830	-	2,917,830
Capital assets being depreciated				
Land Improvements Transferred 01/01/18	-	1,697,296	-	1,697,296
Land Improvements Activity 2018	-	-	-	-
Buildings Transferred 01/01/2018	-	101,972,387	-	101,972,387
Buildings Activity 2018	-	-	-	-
Total	-	103,669,683	-	103,669,683
Less accumulated depreciation for:				
Land Improvements Transferred 01/01/2018	-	1,456,369	-	1,456,369
Land Improvements Activity 2018	-	43,386	-	43,386
Buildings Transferred 01/01/2018	-	59,220,794	-	59,220,794
Buildings Activity 2018	-	3,505,043	-	3,505,043
Total	-	64,225,592	-	64,225,592
Net property and equipment	\$ -	\$ 42,361,921	\$ -	\$ 42,361,921

Business-Type Activities

	Balance January 1, 2018	Additions	Deletions	Balance December 31, 2018
Business-Type Activities				
Capital assets not being depreciated				
Land	\$ 2,005,122	\$ -	\$ -	\$ 2,005,122
Construction in progress	747,952	1,718,289	-	2,466,241
Total	2,753,074	1,718,289	-	4,471,363
Capital assets being depreciated				
Buildings and structures	63,705,752	34,705	-	63,740,457
Furniture and equipment	434,173	-	-	434,173
Machinery and auto	6,606,882	-	-	6,606,882
Other improvements	27,882,552	38,780	-	27,921,332
Total	98,629,359	73,485	-	98,702,844
Less accumulated depreciation for:				
Buildings	10,841,676	1,254,772	-	12,096,448
Furniture and equipment	317,763	16,618	-	334,381
Machinery and auto	2,424,534	324,879	-	2,749,413
Other improvements	4,195,906	548,189	-	4,744,095
Total	17,779,879	2,144,458	-	19,924,337
Net property and equipment	\$ 83,602,554	\$ (352,684)	\$ -	\$ 83,249,870

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

2. Capital Assets (continued)

Component Unit

	Willmar Municipal Utilities	
	2018	2017
Land	\$ 1,385,906	\$ 1,385,906
Buildings	3,932,564	3,910,460
Furniture and equipment	80,633,800	80,383,366
Machinery and auto	-	-
Other improvements	-	-
Utility Plant in Service	-	-
Construction in progress	4,034,908	773,582
Less: Depreciation	<u>(56,114,082)</u>	<u>(55,172,444)</u>
	<u>\$ 33,873,096</u>	<u>\$ 31,280,870</u>

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

Governmental Activities	
General Government	\$ 62,069
Public Safety	296,700
Public Works	4,641,897
Health/Welfare	3,548,429
Culture/Recreation	<u>298,914</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 8,848,009</u>
Business-Type Activities	
Waste treatment	<u>\$ 2,144,458</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 2,144,458</u>

Construction Commitments

The City has active construction projects as of December 31, 2018. 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	\$ 5,840,749
Waste Treatment Plant	<u>2,466,241</u>
Total	<u>\$ 8,306,990</u>

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

B. Interfund Receivables, Payables and Transfers

1. Due from/Due to

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General Fund	NonMajor Debt Service - Misc Tax Increment	\$ 4,887
Nonmajor Special Revenue - CVB	Fiduciary Fund - Governor's Fishing Opener	\$ 67,680
Debt Service - Special Assessment Bonds	Special Revenue - Community Investment	\$ 84,131
Debt Service - Special Assessment Bonds	Capital Projects - Street, Water, Sewer	\$ 594,702
Nonmajor Debt Service	NonMajor Capital Project Fund	\$ 38,670
Capital Projects - Street, Water, Sewer	NonMajor Capital Project Fund	\$ 142,891
Capital Projects - Capital Improvements	NonMajor Capital Project Fund	\$ 47,918
Capital Projects - Capital Improvements	Internal Services Fund - Office Services	\$ 174,681
NonmajorSpecial Revenue - Fire Dept Expl	Fiduciary Fund - Donation Fund	\$ 500
		<u>\$ 1,156,060</u>

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	\$ 320,607	Nonmajor Special Revenue	\$ 9,850
		Enterprise Fund Waste Treatment	300,000
		Nonmajor Debt Service	10,757
			<u>320,607</u>
Special Revenue - Community Investm.	468,000	Nonmajor Special Revenue Fund	468,000
			<u>468,000</u>
Nonmajor Special Revenue Funds	803,747	General Fund	286,067
		Enterprise Fund - Waste Treatment	450,000
		Fiduciary Fund - Governor's Fishing Op.	67,680
			<u>803,747</u>
Special Assessments Bonds	1,276,710	Special Revenue - Community Investment	675,768
		Capital Projects - Street, Water, Sewer	600,942
			<u>1,276,710</u>
Nonmajor Debt Service Fund	195,320	Nonmajor Special Revenue Fund	195,320
Capital Projects - Street, Water, Sewer	651,143	Special Assessments Bonds	1,143
		Nonmajor Special Revenue	650,000
			<u>651,143</u>
Nonmajor Capital Projects	2,057,263	General Fund	1,847,332
		Nonmajor Special Revenue Fund	35,250
		Internal Services Fund	174,681
			<u>2,057,263</u>
Total	<u>\$ 5,772,790</u>	Total	<u>\$ 5,772,790</u>

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

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	\$ 108,994
Unavailable Special Assessments	3,467,875
Unavailable Notes Receivable	473,311
Unavailable Interfund Loans	69,848
Unavailable Intergovernmental Revenue	62,896
	<u>\$ 4,182,924</u>

2. Long-Term Debt

Primary Government

Please note that the remainder of this page is intentionally left blank with the long-term debt obligations outstanding at year end summarized on the following page:

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

C. Liabilities (continued)
2. Long-Term Debt (continued)
Primary Government (continued)

Obligations Outstanding at the end of the Year

Governmental Activities	Interest Rates	Date Issued	Date Matures	Original Issue	Outstanding at 12/31/2018
<u>G.O. Special Assessments</u>					
2008 Improvement Bond	3.00-4.00	2008	2019	\$ 1,530,000	\$ 150,000
2010 Improvement Bond	2.00-3.00	2010	2021	1,785,000	525,000
2011 Improvement Bond	.60-2.85	2011	2022	1,825,000	720,000
2012B Improvement Bond	2.00-2.25	2012	2023	1,460,000	655,000
2013A Improvement Bond	2.00-3.00	2013	2024	1,910,000	1,140,000
2014B Improvement Bond	2.17	2014	2025	1,000,000	722,000
2015A Improvement Bond	2.625	2015	2026	1,400,000	1,162,000
2016A Improvement Bond	2.50	2016	2027	1,600,000	1,468,000
2017A Improvement Bond	3.25	2017	2028	1,100,000	1,100,000
2018B Improvement Bond	2.75-3.00	2018	2029	2,930,000	2,930,000
Total Special Assessment Bonds				16,540,000	10,572,000
<u>G.O. Bonds</u>					
2018A Bond	2.75-3.50	2018	2038	2,780,000	2,780,000
Total G.O. Bonds				2,780,000	2,780,000
<u>G.O. Revenue Bonds</u>					
2004C Airport Bond	2.00-4.05	2004	2020	2,100,000	355,000
2012A Hospital Bond	2.00-4.00	2012	2032	40,910,000	31,940,000
Total G.O. Revenue Bonds				43,010,000	32,295,000
<u>Revenue Bonds</u>					
2013B Hospital Care Center	3.65-15.00	2013	2034	9,100,000	7,332,100
Total Revenue Bonds				9,100,000	7,332,100
<u>Tax Increment Financing Notes</u>					
2015 Jennie-O Turkey Store		2015		594,304	497,491
Total Tax Increment Financing Notes				594,304	497,491
Total Governmental Activities				\$ 72,024,304	\$ 53,476,591

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

C. Liabilities (continued)
2. Long-Term Debt (continued)

Obligations Outstanding at the end of the Year

<u>Primary Government (Con't)</u>	<u>Interest Rates</u>	<u>Date Issued</u>	<u>Date Matures</u>	<u>Original Issue</u>	<u>Outstanding at 12/31/2018</u>
Total Governmental Activities (Carried Forward)				\$ 72,024,304	\$ 53,476,591
Business-Type Activities					
<u>G.O. Revenue Notes and Bonds</u>					
2008 Waste Treatment Note	3.275	2008	2028	\$ 42,001,362	\$ 29,876,000
2008 Waste Treatment Note	0	2008	2030	7,000,000	7,000,000
2009 Waste Treatment Note	2.457	2009	2029	1,711,867	1,041,151
2009 Waste Treatment Note	3.44	2009	2038	27,663,530	22,321,000
2013 Waste Treatment Note	1.124	2013	2042	1,582,219	1,545,000
2014 Waste Treatment Note	1.00	2014	2034	2,835,054	2,533,000
2016 Waste Treatment Note	1.035	2016	2036	1,046,528 *	921,052
2018 Waste Treatment Note	1.119	2018	2038	1,558,505 ^	1,273,155
Total G.O. Revenue Notes				85,399,065	66,510,358
2004 Waste Treatment Bond	1.45-4.15	2004	2019	1,410,000	120,000
Total G.O. Revenue Notes and Bonds				86,809,065	66,630,358
Total Business-Type Activities				\$ 86,809,065	\$ 66,630,358
Total Primary Government				\$ 158,833,369	\$ 120,106,949

*Includes Undrawn Proceeds of \$56,948. Loan not finalized as of 12/31/18

^Includes Undrawn Proceeds of \$285,349. Loan not finalized as of 12/31/18

Component Unit

Municipal Utilities

Revenue Bonds

2009 Utility Revenue Bond	3.50-5.00	2009	2025	\$ 8,120,000	\$ 4,825,000
Total Revenue Bonds				8,120,000	4,825,000
Total Municipal Utilities				\$ 8,120,000	\$ 4,825,000

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

C. Liabilities (continued)

3. Long-Term Debt Maturities

Long-Term Debt maturities are as follows:

Governmental Activities

<u>G. O. Special Assessment Bonds</u>			<u>G. O. Bonds</u>	
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 1,309,000	\$ 283,671	\$ -	\$ 98,237
2020	1,419,000	237,853	110,000	86,543
2021	1,446,000	198,855	115,000	83,167
2022	1,295,000	161,377	115,000	79,717
2023	1,079,000	128,799	120,000	76,192
2024-2028	3,694,000	272,908	660,000	324,123
2029-2033	330,000	4,950	760,000	217,654
2034-2038	-	-	900,000	79,907
Total	<u>\$ 10,572,000</u>	<u>\$ 1,288,413</u>	<u>\$ 2,780,000</u>	<u>\$ 1,045,540</u>

<u>G. O. Revenue Bonds</u>			<u>Revenue Bonds</u>	
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 1,855,000	\$ 1,329,665	\$ 483,200	\$ 254,394
2020	1,945,000	1,236,395	500,900	236,273
2021	1,855,000	1,142,250	472,400	395,584
2022	1,925,000	1,071,813	363,000	369,821
2023	2,000,000	997,750	387,000	344,675
2024-2028	11,615,000	3,367,775	2,284,000	1,536,011
2029-2033	11,100,000	896,300	2,188,700	1,319,351
2034-2038	-	-	652,900	24,484
Total	<u>\$ 32,295,000</u>	<u>\$ 10,041,948</u>	<u>\$ 7,332,100</u>	<u>\$ 4,480,593</u>

Business-Type Activities

<u>G. O. Revenue Notes</u>			<u>G. O. Revenue Bonds</u>	
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 2,955,505	\$ 1,834,414	\$ 120,000	\$ 2,490
2020	3,108,000	1,752,569	-	-
2021	3,089,000	1,659,175	-	-
2022	3,182,000	1,564,103	-	-
2023	3,302,000	1,466,187	-	-
2024-2028	27,586,000	5,288,973	-	-
2029-2033	14,979,151	2,022,759	-	-
2034-2038	8,347,000	810,698	-	-
2039-2043	304,000	8,576	-	-
Total	<u>\$ 66,852,656</u>	<u>\$ 16,407,454</u>	<u>\$ 120,000</u>	<u>\$ 2,490</u>

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

3. Long-Term Debt Maturities (continued)

Long-Term Debt maturities (continued):

Component Unit - Municipal Utilities

<u>Utility Revenue Bonds</u>		
<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 600,000	\$ 229,156
2020	625,000	202,156
2021	655,000	174,031
2022	685,000	143,738
2023	720,000	111,200
2024-2028	<u>1,540,000</u>	<u>116,500</u>
Total	<u>\$ 4,825,000</u>	<u>\$ 976,781</u>

4. Changes in Long-Term Liabilities

	Balance 01/01/2018	Increases	Decreases	Balance 12/31/2018	Due Within One Year
<u>Primary Government</u>					
Governmental Activities					
G.O. Special Assessment Bonds	\$ 9,348,000	\$ 2,930,000	\$ 1,706,000	\$ 10,572,000	\$ 1,309,000
G.O. Bonds	-	2,780,000	-	2,780,000	-
G.O. Revenue Bonds	520,000	33,545,000	1,770,000	32,295,000	1,855,000
Revenue Bonds	-	7,798,400	466,300	7,332,100	483,200
Hospital Bond Premium	-	3,260,401	230,148	3,030,253	230,148
TIF Note Payable-Jennie-O	594,304	-	96,813	497,491	-
Compensated Absences	3,362,884	24,115	20,740	3,366,259	-
Net OPEB Liability	471,187	1,954,005	142,866	2,282,326	-
Net Pension Liability	6,002,100	-	843,903	5,158,197	-
Total Governmental Activities	20,298,475	52,291,921	5,276,770	67,313,626	3,877,348
Business-Type Activities					
G.O. Revenue Notes	68,075,664	1,273,156	2,838,461	66,510,359	2,955,505
G.O. Revenue Bonds	235,000	-	115,000	120,000	120,000
Compensated Absences	219,107	6,829	-	225,936	-
Net Pension Liability	603,554	-	74,104	529,450	-
Total Business-Type Activities	69,133,325	1,279,985	3,027,565	67,385,745	3,075,505
Total Primary Government	\$ 89,431,800	\$ 53,571,906	\$ 8,304,335	\$ 134,699,371	\$ 6,952,853
<u>Component Units</u>					
Municipal Utilities					
Revenue Bonds	\$ 5,400,000	\$ -	\$ 575,000	\$ 4,825,000	\$ 600,000
Bond Discount	(17,517)	2,140	-	(15,377)	-
Compensated Absences	972,306	426,441	459,151	939,596	-
OPEB Liability	216,117	988,188	23,940	1,180,365	-
Net Pension Liability	3,894,200	-	715,431	3,178,769	-
Total Municipal Utilities	10,465,106	1,416,769	1,773,522	10,108,353	600,000
Rice Memorial Hospital					
G.O. Revenue Bonds	33,545,000	-	33,545,000	-	-
Revenue Notes	7,798,400	-	7,798,400	-	-
Capital Lease Payable	1,892,004	-	1,892,004	-	-
Total Rice Memorial Hospital	43,235,404	-	43,235,404	-	-
Total Component Units	\$ 53,700,510	\$ 1,416,769	\$ 45,008,926	\$ 10,108,353	\$ 600,000

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

D. Fund Balance Detail

The following is a detail of Governmental Fund Balances at December 31, 2018:

Fund	Nonspendable	Restricted	Committed
General Fund			
Prepays/Deposits	\$ 166,609	\$ -	\$ -
Working Capital	-	-	4,000,000
Year 2019	-	-	1,512,717
Year 2020	-	-	840,664
Retirees Sick Leave Held	-	-	133,948
Self-Insurance	-	-	1,000,000
Petty Cash	-	-	3,650
Current Employees Ins Buy Out	-	-	1,008,006
Current Employees Sick Leave	-	-	1,473,095
Current Employees Vacation	-	-	437,529
Retiree Insurance Buy Out	-	-	447,630
Next Year's Budget	-	-	1,000,000
Current Year Emergency	-	-	1,000,000
Special Revenue Funds			
Industrial Development	-	-	591,457
Industrial Development-CP Airport	-	-	17,110
Industrial Development-P.I.R.	-	-	1,000,000
CVB-Prepays	10,241	-	-
CVB	-	-	315,186
CVB-Petty Cash	-	-	50
Willmar Municipal Airport	241	-	217,287
Library Improvement Reserve	-	-	163,729
Community Investment	-	-	8,629,538
Community Investment-PIR	-	-	750,000
Public Works Reserve	-	-	291,552
Law Enforcement Forfeiture Fund	-	38,351	-
Law Enforcement Explorer Fund	-	8,773	-
Law Enforcement CERT Fund	-	4,051	-
Fire Department Explorer Fund	-	500	-
Debt Service Funds			
Special Assessments Funds	-	7,107,750	-
Rice Memorial Hospital	550,105	6,151,860	-
Nonmajor Airport Debt Service	182,145	-	-
Nonmajor G.O. Bond R22 Refrigeration	-	37,620	-
Capital Projects Funds			
Street Projects	-	-	238,185
Nonmajor Capital Improvements			
Airport	-	-	129,910
G.O. Bond R22 Refrigeration	-	-	1,663,161
Year 2018	-	-	52,789
Fire Department	-	-	321,600
Public Works	-	-	130,000
Auditorium	-	-	100,000
Leisure Services	-	-	385,746
Office Equipment	-	-	174,681
Permanent Funds	30,000	4,739	-
Totals	\$ 939,341	\$ 13,353,644	\$ 28,029,220

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

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

All full-time and certain part-time employees of the City of Willmar are covered by the General Employees Plan. General Employees Plan members belong to either the Coordinated Plan. Coordinated Plan members are covered by Social Security.

2. Public Employees Police and Fire Fund

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.

B. 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. 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. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2% of average salary for each of the first 10 years of service and 1.7% of average salary for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7% of average salary for all years of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years 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.

Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. If the General Employees Plan is at least 90% funded for two consecutive years, benefit recipients are given a 2.5% increase. If the plan has not exceeded 90% funded, or have fallen below 80%, benefit recipients are given a one percent increase. A benefit recipient who has been receiving a benefit for at least 12 full months as of June 30, will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of June 30, will receive a pro rata increase.

2. Police and Fire Plan Benefits

Benefits for 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 Plan members first hired after June 30, 2014, vest on a prorated basis from 50% after ten years up to 100 percent after twenty years of credited service. The annuity accrual rate is 3% of average salary for each year of service. A full, unreduced pension is earned when members are age 55 and vested, or for members who were first hired prior to July 1, 1989, when age plus years of service equal at least 90.

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 4 DEFINED BENEFIT PENSION PLANS (continued)

Benefit increases are provided to benefit recipients each January. Police and Fire Plan benefit recipients receive a future annual 1% increase. An annual adjustment will equal 2.50% any time the plan exceeds a 90% funded ratio for two consecutive years. If the adjustment is increased to 2.50% and the funded ratio falls below 80% for one year or 85% for two consecutive years, the post-retirement benefit increase will be lowered to one percent. A benefit recipient who has been receiving a benefit for at least 12 full months as of June 30 will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of June 30 will receive a pro rata increase. For retirements after May 31, 2014, the first increase will be delayed two years.

C. 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

Coordinated Plan members were required to contribute 6.50%, of their annual covered salary in calendar year 2018. The City of Willmar was required to contribute 7.50% for Coordinated Plan members. The City of Willmar's contributions to the General Employees Fund for the year ended December 31, 2018, were \$293,842. 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 2018. The City of Willmar was required to contribute 16.20% of pay for members in fiscal year 2018. The City of Willmar's contributions to the Police and Fire Fund for the year ended December 31, 2018, were \$415,490. The City of Willmar's contributions were equal to the required contributions as set by state statute.

D. Pension Costs

1. General Employees Fund Pension Cost

At December 31, 2018, the City of Willmar reported a liability of \$3,145,484 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 \$16 million to the fund in 2018. 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 \$103,072. The net pension liability was measured as of June 30, 2018, 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, 2017, through June 30, 2018, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2018, the City of Willmar's proportion share was .0567% which was an increase of .0006% from its proportion measured as of June 30, 2017.

City's proportionate share of the net pension liability	\$ 3,145,484
State of Minnesota's proportionate share of the net pension liability associated with the City	<u>103,072</u>
Totals	<u><u>\$ 3,248,556</u></u>

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 4 DEFINED BENEFIT PENSION PLANS (continued)

For the year ended December 31, 2018, the City of Willmar recognized pension expense of \$182,418 for its proportionate share of the General Employees Plan's pension expense. In addition, the City of Willmar recognized an additional \$24,036 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

At December 31, 2018, 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
Differences between expected and actual economic experience	\$ 82,414	\$ 94,976
Changes in actuarial assumptions	311,072	350,868
Difference between projected and actual investment earnings	419,752	718,676
Changes in proportion	28,728	141,832
Contributions paid to PERA subsequent to the measurement date	<u>151,610</u>	<u>-</u>
Totals	<u>\$ 993,576</u>	<u>\$ 1,306,352</u>

The City of Willmar contributed \$151,610 subsequent to the measurement date. This amount will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. 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
2019	\$ 50,270
2020	\$ (204,977)
2021	\$ (244,027)
2022	\$ (65,652)

2. Police and Fire Fund Pension Costs

At December 31, 2018, the City of Willmar reported a liability of \$2,542,164 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2018, 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, 2017 through June 30, 2018, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2018, the City of Willmar's proportion was .2385% which was an increase of .0145% from its proportion measured as of June 30, 2017. The City of Willmar also recognized \$21,465 for the year ended December 31, 2018 as revenue 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, 2018

NOTE 4 DEFINED BENEFIT PENSION PLANS (continued)

For the year ended December 31, 2018, the City of Willmar recognized pension expense of \$230,269 for its proportionate share of the Police and Fire Plan's pension expense.

At December 31, 2018, 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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 98,859	\$ 618,190
Changes in actuarial assumptions	3,114,161	3,520,045
Difference between projected and actual investment earnings	\$ 663,936	\$ 1,157,186
Change in proportion	163,139	351,506
Contributions paid to PERA subsequent to the measurement date	<u>207,904</u>	<u>-</u>
Totals	<u>\$ 4,247,999</u>	<u>\$ 5,646,927</u>

The City of Willmar contributed \$207,904 subsequent to the measurement date. This amount will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended December 31:</u>	<u>Pension Expense Amount</u>
2019	\$ (73,424)
2020	\$ (192,206)
2021	\$ (361,937)
2022	\$(1,003,511)
2023	\$ 24,246

E. Actuarial Assumptions

The total pension liability in the June 30, 2018, 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 disableds for all plans were based on RP 2014 tables for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.25% per year for the General Employees Plan, 1.00% per year for the Police and Fire Plan.

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 4 DEFINED BENEFIT PENSION PLANS (continued)

Actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies. The most recent six-year experience study in the General Employees Plan was completed in 2015. The most recent four-year experience study for Police and Fire Plan was completed in 2016. Economic assumptions were updated in 2017 based on a review of inflation and investment return assumptions.

The following changes in actuarial assumptions occurred in 2018:

General Employees Fund

- The morality projection scale was changed from MP-2015 to MP-2017.
- The assumed post-retirement benefit increase was changed from 1.00% per year through 2044 and 2.50% per year thereafter to 1.25% per year.

Police and Fire Fund

- The morality projection scale was changed from MP-2016 to MP-2017.
- As set by statute, the assumed post-retirement benefit increase was changed from 1.00% per year through 2064 and 2.50% per year, thereafter, to 1.00% for all years, with no trigger.

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 rates 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	36%	5.10%
International Stocks	17%	5.30%
Bonds	20%	0.75%
Alternative Assets	25%	5.90%
Cash	2%	0.00%
	100%	

F. Discount Rate

The discount rate used to measure the total pension liability in 2018 was 7.50%. 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 assumptions, the fiduciary net positions of the General Employees Fund and the Police and Fire Fund were projected to be available to make all projected future benefit 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.

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

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 4 DEFINED BENEFIT PENSION PLANS (continued)

Willmar's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

	General Employees Fund		Police and Fire Fund	
1% Lower	6.50%	\$ 5,111,813	6.50%	\$ 5,450,560
Current Discount Rate	7.50%	\$ 3,145,484	7.50%	\$ 2,542,164
1% Higher	8.50%	\$ 1,522,334	8.50%	\$ 137,042

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; 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

A. 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 Volunteer Firefighter Plan covers volunteer firefighters of municipal fire departments or independent nonprofit firefighting corporations that have elected to join the plan. As of December 31, 2017, the plan covered 41 active firefighters and 8 vested terminated fire fighters whose pension benefits are deferred. The plan is established and administered in accordance with Minnesota Statutes, Chapter 353 G.

B. Benefits Provided

The Volunteer Firefighter Plan 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%.

C. Contributions

The Volunteer Firefighter Plan is funded by fire state aid, investment earnings and, if necessary, employer contributions as specified in Minnesota Statutes. The State of Minnesota contributed \$106,874 in fire state aid to the fund for the year ended December 31, 2018. Required employer contributions are calculated annually based on statutory provisions. The City's statutorily-required contributions to the Volunteer Firefighter Fund for the year ended December 31, 2017, was \$0. The City's contributions were equal to the required contributions as set by state statute.

D. Pension Costs

At December 31, 2018, the City reported a net pension asset of \$282,658 for the Volunteer Firefighter Fund. The net pension asset was measured as of December 31, 2017. 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. The following table presents the changes in net pension liability (asset) during the year:

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

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

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Beginning Balance 12/31/16	\$ 1,149,894	\$ 1,383,233	\$ (233,339)
Changes for the Year			
Service Cost	63,091	-	63,091
Interest on Pension Liability	71,053	-	71,053
Actuarial Experience (Gains)/Losses	(20,947)	-	(20,947)
Projected Investment Earnings	-	82,994	(82,994)
Changes in Benefit Level	124,619	-	124,619
Contributions (Employer)	-	-	-
Contributions (State)	-	106,874	(106,874)
Asset (Gain)/Loss	-	98,792	(98,792)
Benefit Payouts	(57,532)	(57,532)	-
PERA Administrative Fee	-	(1,525)	1,525
Net Changes	<u>180,284</u>	<u>229,603</u>	<u>(49,319)</u>
Balance End of Year 12/31/17	<u>\$ 1,330,178</u>	<u>\$ 1,612,836</u>	<u>\$ (282,658)</u>

There were no benefit provision changes during the measurement period.

For the year ended December 31, 2018, the City recognized pension expense of \$153,347.

At December 31, 2017, 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
Differences between expected and actual economic experience	\$ 12,725	\$ 39,100
Difference between projected and actual investment earnings	27,207	86,653
Contributions paid to plan subsequent to measurement date	107,761	-
State revenue received for the plan subsequent to measurement date	-	107,761
Totals	<u>\$ 147,693</u>	<u>\$ 233,514</u>

\$107,761 reported as deferred outflows of resources related to pensions resulting from City contributions to the pension plan subsequent to the measurement date will be recognized as an addition to the net pension liability (asset) in the year ended December 31, 2018. \$107,761 reported as deferred inflows of resources related to pensions resulting from state revenue received by the City for the pension plan subsequent to the measurement date will be recognized as a reduction to the net pension liability (asset) in the year ended December 31, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

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

<u>Year ended December 31:</u>	<u>Pension Expense Amount</u>
2019	\$ (10,033)
2020	\$ (22,070)
2021	\$ (29,767)
2022	\$ (23,951)

E. Actuarial Assumptions

The total pension liability at December 31, 2017, 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 6.00%
- Inflation rate of 3.00%

There were no changes in actuarial assumptions in 2018.

F. Discount Rate

The discount rate used to measure the total pension liability was 6.00%. The projection of cash flows used to determine the discount rate assumed that contributions to the Volunteer Firefighter Fund 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.

G. 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:

	<u>1% Decrease in Discount Rate (5.0%)</u>	<u>Discount Rate (6.0%)</u>	<u>1% Increase in Discount Rate (7.0%)</u>
Net Pension Asset	\$ (243,984)	\$ (282,658)	\$ (320,055)

H. 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.

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

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

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 Plan 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Stocks	35%	5.10%
International Stocks	15%	5.30%
Bonds	45%	0.75%
Cash	5%	0.00%
	<u>100%</u>	

The 6.00% 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 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 2018 for the Volunteer Firefighter Fund

I. Pension Plan Fiduciary Net Position

Detailed information about the Volunteer Firefighter Fund's fiduciary net position as of June 30, 2018, 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.

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

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 2018 were: \$-0-

NOTE 7 POST EMPLOYMENT BENEFIT OTHER THAN PENSIONS

Primary Government

A. Plan Description

Qualified employees may choose 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. There are no separate financial statements issued for the plan.

At December 31, 2017, the following employees were covered by the benefit terms:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	15
Active Plan Members	<u>102</u>
Total Plan Members	<u><u>117</u></u>

B. Funding Policy

The City contributes to the cost of current year premiums for certain eligible retired plan members. For fiscal year 2018, the City contributed \$96,353 to the plan and the implicit contributions totaled \$98,652.

C. Actuarial Methods and Assumptions

The City's total OPEB liability of \$2,282,326 was measured as of January 1, 2018 and was determined by an actuarial valuation as of that date.

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

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

The total OPEB liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	3.30%
20-Year Municipal Bond Yield	3.30%
Inflation Rate	2.50%
Salary Increases	3.00%
Medical Trend Rate	6.25% in 2018 grading to 5.00% over 6 years

The discount rate used to measure the total OPEB liability was 3.30%. Since the plan is not funded (Has no assets), the discount rate was developed by estimating the long-term investment yield on the employer funds that will be used to pay benefits as they come due.

Mortality rates were based on the RP-2014 White Collar Mortality Tables with MP-2016 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel).

Economic assumptions are based on input from a variety of published sources of historical and projected future financial data. Each assumption was reviewed for reasonableness with the source information as well as for consistency with the other economic assumptions.

D. Changes in the Total OPEB Liability

	Total OPEB Liability
Beginning Balance 12/31/17	\$ 2,246,613
Changes for the Year	
Service Cost	103,368
Interest Cost	75,211
Benefit Payments	<u>(142,866)</u>
Net Changes	<u>35,713</u>
Balance End of Year 12/31/18	<u><u>\$ 2,282,326</u></u>

Since the prior measurement date, the following assumptions changed:

- The health care trend rates were changed to better anticipate short term and long-term medical increases.
- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel) to the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel).
- The retirement and withdrawal tables for all employees were updated.
- The discount rate was changed from 3.50% to 3.30%.

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

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

E. Sensitivity of the Total OPEB Liability

The following presents the total OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.30%) or 1-percentage-point higher (4.30%) than the current discount rate:

Sensitivity of Net OPEB Liability at Current Single Discount Rate		
1% Lower	2.30%	\$ 2,423,234
Current Discount Rate	3.30%	\$ 2,282,326
1% Higher	4.30%	\$ 2,149,192

The following presents the total OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.50% decreasing to 4.00%) or 1-percentage-point higher (7.50% decreasing to 6.00%) than the current healthcare cost trend rates:

Sensitivity of OPEB Liability at Current Single Discount Rate		
1% Lower	4.00%	\$ 2,153,727
Current Discount Rate	5.00%	\$ 2,282,326
1% Higher	6.00%	\$ 2,433,391

F. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB

For the year ended December 31, 2018, the City recognized OPEB expense of \$178,579. On December 31, 2018 the City reported deferred outflows of resources and deferred inflows of resource related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Contributions to OPEB Subsequent to the Measurement Date	\$ 195,005	\$ -
Totals	<u>\$ 195,005</u>	<u>\$ -</u>

Deferred outflows of resources to OPEB, resulting from the City's contributions subsequent to the measurement date of \$195,005, will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2019. There were no other amounts reported as deferred outflows and inflows of resources related to OPEB.

Component Unit – Willmar Municipal Utilities

The Utilities adopted Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions. This implementation allows the Utilities to report its total OPEB liability, deferred inflows of resources, deferred outflows of resources, and OPEB expense and to reflect an actuarially-determined liability for the present value of projected future benefits for retired and active employees less the OPEB plan's fiduciary net position on the financial statements.

Plan Description

The Utilities operates a single-employer defined benefit plan ("the Plan") that provides health, dental, and life insurance to eligible employees and their spouses through the Utilities commercial insurance plans. There are 51

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

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

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. No assets are accumulated in a trust that meets all of the criteria in GASB Statement No. 75, Paragraph 4.

Total OPEB Liability

The Utilities total OPEB liability of \$1,180,365 was measured as of December 31, 2017, and was determined by an actuarial valuation as of that date.

Changes in Total OPEB Liability

Changes in the total OPEB liability of the Utilities were as follows:

	<u>Total OPEB Liability</u>
Balance at December 31, 2017	\$ 1,204,305
Changes for the year:	
Service Cost	27,807
Interest	44,631
Changes of assumptions or other inputs	25,008
Benefit Payments	<u>(121,386)</u>
Net changes	<u>(23,940)</u>
Balance at December 31, 2018	<u>\$ 1,180,365</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.50% in 2017 to 3.31% in 2018.

Sensitivity of the total OPEB liability to changes in the discount rate was also calculated. The following presents the total OPEB liability of the Utilities as well as what the Utilities' total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.31%) or 1-percentage-point higher (4.31%) than the current discount rate:

	<u>1.0% Decrease in Discount Rate to 2.31%</u>	<u>Discount Rate of 3.31%</u>	<u>1.0% Increase in Discount Rate to 4.31%</u>
Total OPEB Liability	\$ 1,232,607	\$ 1,180,365	\$ 1,131,090

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates was calculated as well. The following presents the total OPEB liability of the Utilities as well as what the Utilities' total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.80% decreasing to 3.40%) or 1-percentage-point higher (7.80% decreasing to 5.40%) than the current healthcare cost trend rates:

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

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

	1.0% Decrease (5.80% decreasing to 3.40%)	Healthcare Cost Trend Rates (6.80% decreasing to 4.40%)	1.0% Increase (7.80% decreasing to 5.40%)
Total OPEB Liability	\$ 1,113,036	\$ 1,180,365	\$ 1,256,473

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2018, the Utilities recognized OPEB expense of \$61,687. At December 31, 2018, the Utilities reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions paid subsequent to measurement date	\$ 159,124	\$ -

Actuarial Methods and Assumptions

The total OPEB liability in the December 31, 2017, actuarial valuation was determined using the following actuarial assumptions and other inputs and applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Salary Increases	Based on the most recently disclosed assumptions for the pension plan in which the employee participates.
Healthcare Cost Trend Rates	6.80% for 2017, decreasing on average 0.04% per year to an ultimate rate of 4.40% for 2074 and later years.
Retirees' Share of Benefit-Related Costs	Assumed to increase with healthcare trend rates.

A discount rate of 3.31% was applied in the measurement of the total OPEB liability. The discount rate is based on the index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The actuarial assumptions used in the December 31, 2017, valuation were based on the results of an actuarial experience study for the period January 1, 2017, to December 31, 2017.

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, 2018

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:

2019	175,000
2020	<u>175,000</u>
	<u>\$ 350,000</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 22nd Street SW, Willmar, Minnesota 56201.

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 August 15, 2019, the date the financial statements were available to be issued.

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 12 SUBSEQUENT EVENTS (continued)

Willmar Municipal Utilities – Component Unit of the City of Willmar

The Utilities has agreed to decommission the heating division effective July 1, 2020. The heating division generated 2.2% of total operating revenues for 2018.

Rice Memorial Hospital – Component Unit of the City of Willmar

The City of Willmar, Rice Memorial Hospital Board of Directors (Rice Board), CentraCare Health System (CentraCare) and Carris Health, LLC (Carris) (collectively, the Parties) entered into an Affiliation Agreement and an Operating Lease Agreement dated December 31, 2017, effective January 1, 2018. These and other related agreements set forth the actions, terms, conditions, limitations, and responsibilities of the Parties for the transfer of the operations of the Hospital, which includes the Rice Care Center, Rice Home Medical and Rice Hospice (Rice Facilities). All tangible and intangible assets of the Hospital activities (see Note 1) will be leased or transferred, and liabilities (excluding Hospital bonded debt and pension liability) were transferred or assigned to Carris Health, LLC. Carris, as an affiliated of CentraCare, will operate the Rice Facilities for the residents of the City and the surrounding area. In consideration of the terms of the leased assets, income earned on assets transferred and operations, Carris will pay rent to the City in amounts equal to the principal and interest due on the Hospital bonds. The City will apply all payments to the outstanding Hospital bonds when due. Additionally, Carris shall make monthly payments to the City in the initial amount of \$300,000 per annum over the 30-year lease term.

NOTE 13 CHANGE IN ACCOUNTING PRINCIPLE

During fiscal year 2018, the City implemented a new accounting pronouncement issued by the Government Accounting Standards Board (GASB), Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. These standards required a retroactive implementation which resulted in the restatement of beginning balances in the December 31, 2018 financial statements. Changes related to these standards are reflected in the financial statements and schedules and related disclosures are included in Note 1.

As a result of the beginning balance of the governmental activities net position was decreased by \$1,775,426.

NOTE 14 PRIOR PERIOD ADJUSTMENT

The Governmental Activities Net Position and General Fund reported a prior period adjustment of \$49,302 for the second half payment of 2017 for the Library maintenance costs, thereby reducing the Net Position.

The Business Activities Net Position reported a prior period adjustment of \$219,107 for the Compensated Absences Liability, thereby reducing the Net Position.

The City's Component Unit of the Municipal Utilities reported a prior period adjustment of \$866,802 decreasing the beginning net position in 2017 to reflect a change in accounting principle. The Utilities implemented GASB 75 which records the Utilities total other post-employment benefits liability, deferred inflows of resources and deferred outflows of resources, and other post-employment benefits expense on the Utilities financial statements.

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 15 TAX ABATEMENTS

The City of Wilmar negotiates property tax abatement agreements on an individual basis. The City has tax abatement agreements with five entities as of December 31, 2018:

Purpose	Amount of Taxes Abated During 2018	Notes
MinnWest Technology Campus	41,600	Expires 2025
Torgerson Properties	23,000	Expires 2025
Willmar Redevelopment	1,830	Expires 2024
William & Deborah Donner	2,971	Expires 2022
RockStep Willmar	-	Expires 2026

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. Businesses must fulfill all requirements of approved development agreements and state statutes in order to receive the allowed amount of their tax abatements.

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, 2018

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
GENERAL PROPERTY TAXES				
Current Ad Valorem	\$ 4,974,245	\$ 4,974,245	\$ 4,903,714	\$ (70,531)
Delinquent Ad Valorem	85,000	85,000	66,136	(18,864)
Franchise Fees	260,000	260,000	257,840	(2,160)
TOTAL TAXES	5,319,245	5,319,245	5,227,690	(91,555)
LICENSES/PERMITS				
Business License/Permit	68,360	68,360	51,723	(16,637)
Non-Business License/Permit	390,500	390,500	500,753	110,253
TOTAL LICENSES & PERMITS	458,860	458,860	552,476	93,616
INTERGOVERNMENTAL				
FEDERAL GOVERNMENT				
Federal Grant	500	500	2,450	1,950
STATE GRANTS				
Local Government Aid	4,616,342	4,616,342	4,616,342	-
Police Department Aid	250,000	250,000	269,703	19,703
P.E.R.A. Aid	172,146	31,494	31,494	-
State Grant	-	-	65,800	65,800
Fire Department Aid	-	-	-	-
Shared Highway User Tax	281,000	281,000	306,603	25,603
COUNTY GRANTS				
Kandiyohi County Highways	3,795	3,795	3,795	-
Kandiyohi County	15,000	15,000	19,309	4,309
SCHOOL DISTRICT #347				
School Liaison Officer	153,000	153,000	211,531	58,531
TOTAL INTERGOVERNMENTAL	5,491,783	5,351,131	5,527,027	175,896
SERVICE CHARGES				
General Government	19,730	19,730	9,930	(9,800)
Public Safety	172,000	172,000	186,499	14,499
Buildings & Grounds	24,000	24,000	28,833	4,833
Civic Center	341,500	341,500	363,747	22,247
Parks & Recreation	146,650	146,650	132,042	(14,608)
Highways & Streets	11,250	11,250	18,224	6,974
Community Center	12,500	12,500	14,469	1,969
Rental Income	20,000	20,000	28,796	8,796
TOTAL SERVICE CHARGES	747,630	747,630	782,540	34,910
FINES AND FORFEITS				
Other Fines and Forfeits	-	-	-	-
Court Fines	115,000	115,000	98,405	(16,595)
Parking Violations	18,000	18,000	18,523	523
Solid Waste Citations	-	-	-	-
Impounding Fees	34,000	34,000	42,327	8,327
TOTAL FINES & FORFEITS	167,000	167,000	159,255	(7,745)
SPECIAL ASSESSMENTS				
Special Assessments	2,500	2,500	973	(1,527)
TOTAL SPECIAL ASSESSMENTS	2,500	2,500	973	(1,527)

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, 2018

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES (Con't)				
MISCELLANEOUS REVENUE				
Miscellaneous	260,000	260,000	58,594	(201,406)
Interest Earnings	150,000	150,000	191,813	41,813
Sale of Fixed Assets	30,000	30,000	18,651	(11,349)
Sale of Materials	50,000	50,000	79,207	29,207
City Auditorium Rents	-	-	150	150
Carris Health Transfer Rent	-	-	346,015	346,015
Market Value Increase/(Decrease)	100,000	100,000	(63,828)	(163,828)
Insurance Reimbursements	50,000	50,000	25,234	(24,766)
Insurance Pass Through	300,000	300,000	298,133	(1,867)
TOTAL MISCELLANEOUS	940,000	940,000	953,969	13,969
 TOTAL REVENUES	 13,127,018	 12,986,366	 13,203,930	 217,564
EXPENDITURES				
GENERAL GOVERNMENT				
City Administrator				
Personal Services	364,506	373,300	359,509	13,791
Supplies	3,500	3,500	1,935	1,565
Other Services & Charges	17,700	17,700	14,643	3,057
Total	385,706	394,500	376,087	18,413
Mayor and Council				
Personal Services	78,650	78,650	78,234	416
Supplies	3,550	3,550	6,081	(2,531)
Other Services & Charges	105,000	105,000	90,095	14,905
Total	187,200	187,200	174,410	12,790
Planning & Development				
Personal Services	501,044	455,967	509,289	(53,322)
Supplies	8,050	8,050	4,775	3,275
Other Services & Charges	44,050	44,050	49,715	(5,665)
Total	553,144	508,067	563,779	(55,712)
City Clerk/Treasurer				
Personal Services	142,568	149,259	154,389	(5,130)
Supplies	4,050	4,050	2,694	1,356
Other Services & Charges	7,820	7,820	6,353	1,467
Total	154,438	161,129	163,436	(2,307)
Assessing				
Other Services & Charges	122,100	122,100	110,014	12,086
Total	122,100	122,100	110,014	12,086
Accounting				
Personal Services	355,424	376,145	375,452	693
Supplies	4,850	4,850	5,128	(278)
Other Services & Charges	33,100	33,100	26,001	7,099
Total	393,374	414,095	406,581	7,514

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, 2018

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
EXPENDITURES (Con't)				
GENERAL GOVERNMENT (Con't)				
Legal				
Other Services & Charges	250,000	250,000	252,657	(2,657)
Total	250,000	250,000	252,657	(2,657)
City Hall				
Personal Services	67,059	71,927	69,446	2,481
Supplies	39,150	39,150	17,523	21,627
Other Services & Charges	76,000	76,000	60,570	15,430
Total	182,209	187,077	147,539	39,538
Information Technology				
Personal Services	157,294	236,690	193,750	42,940
Supplies	55,350	55,350	71,917	(16,567)
Other Services & Charges	286,130	286,130	248,558	37,572
Total	498,774	578,170	514,225	63,945
Office Services				
Supplies	26,000	26,000	20,858	5,142
Other Services & Charges	5,700	5,700	8,263	(2,563)
Total	31,700	31,700	29,121	2,579
Human Resources				
Personal Services	-	-	372	(372)
Total	-	-	372	(372)
Elections & Voters Registration				
Personal Services	50,055	50,970	52,528	(1,558)
Supplies	1,920	1,920	3,640	(1,720)
Other Services & Charges	14,620	14,620	10,216	4,404
Total	66,595	67,510	66,384	1,126
Non-Departmental Expenses				
Personal Services	158,000	33,876	731	33,145
Other Charges/Services	188,871	90,000	103,343	(13,343)
Severance	-	-	475	(475)
Re-Employment Insurance	3,000	3,000	1,416	1,584
Retired Employees Insurance	92,000	92,000	96,353	(4,353)
Insurance Pass Through	300,000	300,000	321,947	(21,947)
Insurance Deductible	100,000	100,000	54,584	45,416
Refunds Paid	200,000	59,348	118,297	(58,949)
Total	1,041,871	678,224	697,146	(18,922)
TOTAL GENERAL GOVERNMENT	3,867,111	3,579,772	3,501,751	78,021
PUBLIC SAFETY				
Police Department				
Personal Services	3,807,814	3,930,987	3,987,921	(56,934)
Supplies	258,150	249,068	216,042	33,026
Other Services & Charges	209,595	209,595	241,829	(32,234)
Lease Payments	175,000	175,000	175,000	-
Total	4,450,559	4,564,650	4,620,792	(56,142)

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, 2018

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (Con't)				
PUBLIC SAFETY (Con't)				
Fire Department				
Personal Services	491,036	523,646	490,318	33,328
Supplies	105,400	105,400	93,258	12,142
Other Services & Charges	115,450	115,450	90,704	24,746
Total	711,886	744,496	674,280	70,216
Non-Departmental Expenses				
Civil Defense	7,500	7,500	7,060	440
Safety Program	12,000	12,000	8,081	3,919
Total	19,500	19,500	15,141	4,359
TOTAL PUBLIC SAFETY	5,181,945	5,328,646	5,310,213	18,433
PUBLIC WORKS				
Engineering				
Personal Services	554,412	537,717	467,854	69,863
Supplies	17,750	17,750	10,198	7,552
Other Services & Charges	78,350	78,350	39,177	39,173
Total	650,512	633,817	517,229	116,588
Storm Water				
Supplies	5,000	5,000	-	5,000
Other Services & Charges	50,000	50,000	31,087	18,913
Total	55,000	55,000	31,087	23,913
Public Works				
Personal Services	1,631,372	1,769,242	1,833,993	(64,751)
Supplies	539,700	539,700	432,758	106,942
Other Services & Charges	331,600	331,600	355,229	(23,629)
Total	2,502,672	2,640,542	2,621,980	18,562
Transit				
Other Services & Charges	20,000	20,000	20,000	-
Total	20,000	20,000	20,000	-
Non-Departmental Expenses				
Other Services & Charges	1,000	1,000	806	194
Total	1,000	1,000	806	194
TOTAL PUBLIC WORKS	3,229,184	3,350,359	3,191,102	159,257
CULTURE & RECREATION				
WRAC 8				
Personal Services	138,950	91,313	104,275	(12,962)
Supplies	6,040	6,040	3,583	2,457
Other Services & Charges	15,495	15,495	13,509	1,986
Total	160,485	112,848	121,367	(8,519)
Library				
Other Services & Charges	526,594	526,594	474,796	51,798
Total	526,594	526,594	474,796	51,798
Auditorium				
Personal Services	-	-	849	(849)
Supplies	21,300	21,300	12,681	8,619
Other Services & Charges	52,451	52,451	46,402	6,049
Total	73,751	73,751	59,932	13,819

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, 2018

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
EXPENDITURES (Con't)				
CULTURE & RECREATION (Con't)				
Non-Department Expenses				
Civic Promotion	53,647	53,647	59,133	(5,486)
Total	53,647	53,647	59,133	(5,486)
Parks & Recreation				
Personal Services	169,337	174,153	204,722	(30,569)
Supplies	25,950	25,950	25,411	539
Other Services & Charges	267,422	267,422	267,130	292
Total	462,709	467,525	497,263	(29,738)
Civic Center - Ice Arena				
Personal Services	311,461	305,026	301,487	3,539
Supplies	104,900	104,900	107,054	(2,154)
Other Services & Charges	243,500	243,500	242,022	1,478
Total	659,861	653,426	650,563	2,863
Community Center				
Personal Services	89,557	89,557	58,168	31,389
Supplies	33,200	33,200	20,969	12,231
Other Services & Charges	33,500	33,500	31,578	1,922
Total	156,257	156,257	110,715	45,542
Aquatics Center				
Personal Services	113,240	117,003	142,002	(24,999)
Supplies	49,300	49,300	42,219	7,081
Other Services & Charges	33,210	33,210	24,572	8,638
Total	195,750	199,513	208,793	(9,280)
TOTAL CULTURE & RECREATION	2,289,054	2,243,561	2,182,562	60,999
TOTAL EXPENDITURES	14,567,294	14,502,338	14,185,628	316,710
Excess of Revenues Over Expenditures	(1,440,276)	(1,515,972)	(981,698)	534,274
OTHER FINANCING SOURCES (USES)				
Transfers In	2,989,429	2,989,429	2,457,449	(531,980)
Transfers Out	(3,001,090)	(2,925,394)	(2,133,399)	791,995
Total Other Financing Sources (Uses)	(11,661)	64,035	324,050	260,015
Net Change in Fund Balances	(1,451,937)	(1,451,937)	(657,648)	794,289
Fund Balances - Beginning, as originally stated	13,730,798	13,730,798	13,730,798	-
Prior Period Adjustment - See Note 14	(49,302)	(49,302)	(49,302)	-
Fund Balances - Beginning, Restated	13,681,496	13,681,496	13,681,496	-
Fund Balances - Ending	\$ 12,229,559	\$ 12,229,559	\$ 13,023,848	\$ 794,289

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, 2018

	Budget Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Licenses & Permits				
Pond Fees	\$ -	\$ -	\$ 50	\$ 50
Service Charges				
Rental of Land	-	-	87,804	87,804
Miscellaneous Revenue				
Land Sales	-	-	38,533	38,533
Interest Earnings	20,000	20,000	30,401	10,401
Market Value Incr/(Decr)	-	-	(15,852)	(15,852)
Miscellaneous	-	-	250	250
Total Revenues	20,000	20,000	141,186	121,186
EXPENDITURES				
Other Services/Charges	-	-	147,444	(147,444)
Total Expenditures	-	-	147,444	(147,444)
Excess (Deficiency) of Revenues Over (Under) Expenditures	20,000	20,000	(6,258)	(26,258)
OTHER FINANCING SOURCES (USES)				
Transfer In	-	-	-	-
Transfer Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	20,000	20,000	(6,258)	(26,258)
Fund Balance - Beginning	1,614,825	1,614,825	1,614,825	-
Fund Balance - Ending	\$ 1,634,825	\$ 1,634,825	\$ 1,608,567	\$ (26,258)

See notes to required supplementary information.

City of Willmar, Minnesota
Convention and Visitors' Bureau Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2018

	Budget Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
General Taxes				
Hotel-Motel Tax	\$ 200,000	\$ 200,000	\$ 242,015	\$ 42,015
Intergovernmental				
State Tourism Grant	6,000	6,000	5,509	(491)
Kandiyohi County Camping Fees	15,000	15,000	16,275	1,275
Kandiyohi County Phone Reimb	1,000	1,000	-	(1,000)
Kandiyohi County Tourism Partner.	34,000	34,000	34,000	-
Total Intergovernmental	56,000	56,000	55,784	(216)
Service Charges	1,500	1,500	1,628	128
Miscellaneous Revenue				
Interest Earnings	3,000	3,000	4,695	1,695
Market Value Increase/(Decrease)	-	-	(1,880)	(1,880)
Miscellaneous	3,000	3,000	2,439	(561)
Total Miscellaneous Revenue	6,000	6,000	5,254	(746)
Total Revenue	263,500	263,500	304,681	41,181
EXPENDITURES				
Personal Services	123,000	123,000	122,115	885
Supplies	8,800	8,800	5,471	3,329
Other Services and Charges	40,050	40,050	28,308	11,742
Tourism	40,000	40,000	35,854	4,146
Ad Development	300	300	80	220
Conference & Convention	30,000	30,000	35,986	(5,986)
Group Tour Promotions	1,290	1,290	-	1,290
Leisure Travel	39,700	39,700	33,504	6,196
Sports Promotions	7,000	7,000	5,848	1,152
Special Projects	4,000	4,000	3,000	1,000
Strategic Marketing	14,000	14,000	7,188	6,812
Total Expenditures	308,140	308,140	277,354	30,786
Excess (Deficiency) of Revenues Over (Under) Expenditures	(44,640)	(44,640)	27,327	71,967
OTHER FINANCING SOURCES (USES)				
Transfer In - Gov Fish Opener	-	-	67,680	67,680
Transfer Out - General	(9,850)	(9,850)	(9,850)	-
Total Other Financing Sources (Uses)	(9,850)	(9,850)	57,830	67,680
Net Change in Fund Balances	(54,490)	(54,490)	85,157	139,647
Fund Balance - Beginning	240,320	240,320	240,320	-
Fund Balance - Ending	\$ 185,830	\$ 185,830	\$ 325,477	\$ 139,647

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, 2018

	Budget Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental				
Federal Grant	-	-	500	500
State Airport Aid	54,863	54,863	30,418	(24,445)
Total Intergovernmental	54,863	54,863	30,918	(23,945)
Service Charges				
Rental Income	120,000	120,000	88,869	(31,131)
Fuel Sales	10,000	10,000	25,725	15,725
Total Service Charges	130,000	130,000	114,594	(15,406)
Miscellaneous Revenue				
Interest Earnings	-	-	3,960	3,960
Market Value Increase/(Decrease)	-	-	(386)	(386)
Miscellaneous	-	-	892	892
Total Miscellaneous Revenue	-	-	4,466	4,466
Total Revenue	184,863	184,863	149,978	(34,885)
EXPENDITURES				
Personal Services	2,000	2,000	2,817	(817)
Supplies	13,050	13,050	15,970	(2,920)
Other Services and Charges	237,250	237,250	186,662	50,588
Total Expenditures	252,300	252,300	205,449	46,851
Excess (Deficiency) of Revenues Over (Under) Expenditures	(67,437)	(67,437)	(55,471)	11,966
OTHER FINANCING SOURCES (USES)				
Transfers In - General Fund	286,067	286,067	286,067	-
Transfers Out - D.S.. Airport	(183,380)	(183,643)	(195,319)	(11,676)
Transfers Out - C.P. Capital Improv.	(35,250)	(59,000)	(35,250)	23,750
Total Other Financing Sources (Uses)	67,437	43,424	55,498	12,074
Net Change in Fund Balances	-	(24,013)	27	24,040
Fund Balance - Beginning	217,501	217,501	217,501	-
Fund Balance - Ending	\$ 217,501	\$ 193,488	\$ 217,528	\$ 24,040

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, 2018

	Budget Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Miscellaneous Revenue				
Interest Earnings	\$ 3,000	\$ 3,000	\$ 3,168	\$ 168
Market Value Incr/(Decr)	-	-	(1,632)	(1,632)
Total Revenues	3,000	3,000	1,536	(1,464)
EXPENDITURES				
Other Services and Charges	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,000	3,000	1,536	(1,464)
Net Change in Fund Balances	3,000	3,000	1,536	(1,464)
Fund Balance - Beginning	162,193	162,193	162,193	-
Fund Balance - Ending	\$ 165,193	\$ 165,193	\$ 163,729	\$ (1,464)

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, 2018

	Budget Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Special Assessments	\$ -	\$ -	\$ 131,712	\$ 131,712
Miscellaneous Revenue				
Sale of Fixed Assets	-	-	214,992	214,992
Interest Earnings	177,000	177,000	178,896	1,896
Market Value Increase (Decrease)	-	-	(91,900)	(91,900)
Miscellaneous	-	-	102	102
Total Revenues	177,000	177,000	433,802	256,802
EXPENDITURES				
Other Charges	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	177,000	177,000	433,802	256,802
OTHER FINANCING SOURCES (USES)				
Transfers In	468,000	468,000	468,000	-
Transfers Out	(591,637)	(591,637)	(675,768)	(84,131)
Total Other Financing Sources (Uses)	(123,637)	(123,637)	(207,768)	(84,131)
Net Change in Fund Balances	53,363	53,363	226,034	172,671
Fund Balance - Beginning, as restated	9,153,504	9,153,504	9,153,504	-
Fund Balance - Ending	\$ 9,206,867	\$ 9,206,867	\$ 9,379,538	\$ 172,671

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, 2018

	Budget Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous Revenue				
Interest Earnings	\$ 18,000	\$ 18,000	\$ 11,124	\$ (6,876)
Market Value Incr/(Decr)	-	-	(15,352)	(15,352)
Total Revenues	18,000	18,000	(4,228)	(22,228)
EXPENDITURES				
Other Charges	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	18,000	18,000	(4,228)	(22,228)
OTHER FINANCING SOURCES (USES)				
Transfers In	450,000	450,000	450,000	-
Transfers Out	(1,118,000)	(1,118,000)	(1,118,000)	-
Total Other Financing Sources (Uses)	(668,000)	(668,000)	(668,000)	-
Net Change in Fund Balances	(650,000)	(650,000)	(672,228)	(22,228)
Fund Balance - Beginning	963,780	963,780	963,780	-
Fund Balance - Ending	\$ 313,780	\$ 313,780	\$ 291,552	\$ (22,228)

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, 2018

	Budget Amounts			Over (Under)
	Original	Final	Actual	Final Budget
REVENUES				
Special Assessments				
Special Assessments	\$ 455,019	\$ 455,019	\$ 787,894	\$ 332,875
Miscellaneous Revenue				
Miscellaneous	-	-	4,829	4,829
Interest Earnings	10,700	10,700	87,683	76,983
Net change in fair market value	-	-	(9,285)	(9,285)
Total Revenues	465,719	465,719	871,121	405,402
EXPENDITURES				
Bond Principal Payments	1,806,000	1,806,000	1,706,000	(100,000)
Interest Payments	225,934	225,934	214,157	(11,777)
Other Charges	9,090	9,090	26,300	17,210
Total Expenditures	2,041,024	2,041,024	1,946,457	(94,567)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,575,305)	(1,575,305)	(1,075,336)	499,969
OTHER FINANCING SOURCES (USES)				
Transfers In	591,637	591,637	1,276,711	685,074
Transfers Out	-	-	(1,143)	(1,143)
Total Other Financing Sources (Uses)	591,637	591,637	1,275,568	683,931
Net Change in Fund Balances	(983,668)	(983,668)	200,232	1,183,900
Fund Balances - Beginning	6,907,518	6,907,518	6,907,518	-
Fund Balances - Ending	\$ 5,923,850	\$ 5,923,850	\$ 7,107,750	\$ 1,183,900

See notes to required supplementary information.

City of Willmar, Minnesota
Debt Service Funds/ Hospital Bonds
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2018

	Budget Amounts			Over (Under)
	Original	Final	Actual	Final Budget
REVENUES				
Base Rent	\$ 3,637,152	\$ 3,637,152	\$ 3,736,152	\$ 99,000
Interest Earnings	100,000	100,000	114,558	14,558
Market Value Increase (Decrease)	-	-	(54,837)	(54,837)
Miscellaneous	-	-	350	350
Total Revenues	3,737,152	3,737,152	3,796,223	59,071
EXPENDITURES				
Bond Principal Payments	2,071,300	2,071,300	2,071,300	-
Interest Payments	1,664,852	1,664,852	1,664,852	-
Other Charges	1,000	1,000	5,400	4,400
Total Expenditures	3,737,152	3,737,152	3,741,552	4,400
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	54,671	63,471
OTHER FINANCING SOURCES(USES)				
Transfers In	6,647,294	6,647,294	6,647,294	-
Total Other Financing Sources (Uses)	6,647,294	6,647,294	6,647,294	-
Net Change in Fund Balances	6,647,294	6,647,294	6,701,965	63,471
Fund Balances - Beginning	-	-	-	-
Fund Balances - Ending	\$ 6,647,294	\$ 6,647,294	\$ 6,701,965	\$ 63,471

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, 2018

	Budget Amounts			Over (Under)
	Original	Final	Actual	Final Budget
REVENUES				
Interest Earnings	\$ -	\$ -	\$ -	\$ -
Market Value Increase (Decrease)	-	-	-	-
Total Revenues	-	-	-	-
EXPENDITURES				
Bond Principal Payments	165,000	165,000	165,000	-
Interest Payments	17,470	17,470	17,466	(4)
Other Charges	910	910	850	(60)
Total Expenditures	183,380	183,380	183,316	(64)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(183,380)	(183,380)	(183,316)	(64)
OTHER FINANCING SOURCES(USES)				
Transfers In	183,380	183,380	195,319	11,939
Total Other Financing Sources (Uses)	183,380	183,380	195,319	11,939
Net Change in Fund Balances	-	-	12,003	11,875
Fund Balances - Beginning	170,142	170,142	170,142	-
Fund Balances - Ending	\$ 170,142	\$ 170,142	\$ 182,145	\$ 11,875

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, 2018

	Budget Amounts			Over (Under)
	Original	Final	Actual	Final Budget
REVENUES				
General Taxes				
Tax Increment	\$ -	\$ -	\$ 48,869	\$ 48,869
Total Taxes	-	-	48,869	48,869
Total Revenues	-	-	48,869	48,869
EXPENDITURES				
Contracts	-	-	96,812	(96,812)
Total Expenditures	-	-	96,812	(96,812)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(47,943)	(47,943)
OTHER FINANCING SOURCES(USES)				
Transfers Out	-	-	(10,757)	(10,757)
Total Other Financing Sources (Uses)	-	-	(10,757)	(10,757)
Net Change in Fund Balances		-	(58,700)	(58,700)
Fund Balances - Beginning	58,700	58,700	58,700	-
Fund Balances - Ending	\$ 58,700	\$ 58,700	\$ -	\$ (58,700)

See notes to required supplementary information.

CITY OF WILLMAR, MINNESOTA
SCHEDULES OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
For the Year Ended December 31, 2018

General Employees Retirement Fund

Fiscal Year Ending	Employer's Proportion (Percentage) of the Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the City (b)	Employer's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated With the City (a) + (b)	Employer's Covered- Employee Payroll (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- Employee Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2015	0.0615%	\$ 3,187,249	\$ -	\$ 3,187,249	\$ 3,618,192	88.1%	78.2%
June 30, 2016	0.0587%	\$ 4,766,149	\$ 62,283	\$ 4,828,432	\$ 3,644,509	132.5%	68.9%
June 30, 2017	0.0561%	\$ 3,581,387	\$ 45,058	\$ 3,626,445	\$ 3,616,140	100.3%	75.9%
June 30, 2018	0.0567%	\$ 3,145,484	\$ 103,072	\$ 3,248,556	\$ 3,797,736	85.5%	79.5%

Public Employees Police and Fire Fund

Fiscal Year Ending	Employer's Proportion (Percentage) of the Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the City (b)	Employer's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated With the City (a) + (b)	Employer's Covered- Employee Payroll (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- Employee Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2015	0.2400%	\$ 2,726,962	\$ -	\$ 2,726,962	\$ 2,199,684	124.0%	86.6%
June 30, 2016	0.2350%	\$ 9,430,959	\$ -	\$ 9,430,959	\$ 2,267,922	415.8%	63.9%
June 30, 2017	0.2240%	\$ 3,024,267	\$ -	\$ 3,024,267	\$ 2,304,499	131.2%	85.4%
June 30, 2018	0.2385%	\$ 2,542,164	\$ -	\$ 2,542,164	\$ 2,513,429	101.1%	88.8%

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
SCHEDULES OF EMPLOYER CONTRIBUTIONS
For the Year Ended December 31, 2018

General Employees Retirement Fund

Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered- Employee Payroll (d)	Contributions as a Percentage of Covered- Employee Payroll (b/d)
12/31/2015	\$ 265,540	\$ 265,540	\$ -	\$ 3,540,543	7.50%
12/31/2016	\$ 275,718	\$ 275,718	\$ -	\$ 3,676,241	7.50%
12/31/2017	\$ 279,953	\$ 279,953	\$ -	\$ 3,732,703	7.50%
12/31/2018	\$ 293,842	\$ 293,842	\$ -	\$ 3,918,443	7.50%

Public Employees Police and Fire Fund

Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered- Employee Payroll (d)	Contributions as a Percentage of Covered- Employee Payroll (b/d)
12/31/2015	\$ 359,668	\$ 359,668	\$ -	\$ 2,220,176	16.20%
12/31/2016	\$ 369,900	\$ 369,900	\$ -	\$ 2,283,329	16.20%
12/31/2017	\$ 390,745	\$ 390,745	\$ -	\$ 2,412,004	16.20%
12/31/2018	\$ 415,490	\$ 415,490	\$ -	\$ 2,564,749	16.20%

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

CITY OF WILLMAR, MINNESOTA
SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS
For the Year Ended December 31, 2018

	<u>2018</u>
Total OPEB Liability	
Service Cost	\$ 103,368
Interest	75,211
Benefit Payments	<u>(142,866)</u>
Net Change in Total OPEB Liability	35,713
Total OPEB Liability - Beginning	<u>2,246,613</u>
Total OPEB Liability - Ending	<u><u>\$ 2,282,326</u></u>
Covered - employee payroll	\$ 6,379,506
City's Total OPEB Liability as a Percentage of Covered Employee Payroll	36%

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

**NOTES TO THE REQUIRED
SUPPLEMENTARY INFORMATION**

CITY OF WILLMAR, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2018

NOTE 1 CHANGES IN PENSION LIABILITIES AND RELATED RATIOS

General Employees Fund:

2018 Changes

Changes in Actuarial Assumptions:

- The morality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.0% per year through 2044 and 2.5% per year thereafter to 1.25% per year.

2017 Changes

Changes in Actuarial Assumptions:

- The Combined Service Annuity (CSA) loads were changed from 0.80% for active members and 60.00% for vested and non-vested deferred members. The revised CSA loads are now 0.00% for active member liability, 15.00% for vested deferred member liability and 3.00% for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.00% per year for all years to 1.00% per year through 2044 and 2.50% per year thereafter.

2016 Changes

Changes in Actuarial Assumptions:

- The assumed post-retirement benefit increase rate was changed from 1.00% per year through 2035 and 2.50% per year thereafter to 1.00% per year for all 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.

2015 Changes

Changes in Plan Provisions:

- On January 1, 2015 the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised.

Changes in Actuarial Assumptions:

- The assumed post-retirement benefit increase rate was changed from 1.00% per year through 2030 and 2.50% per year thereafter to 1.00% per year through 2035 and 2.50% per year thereafter.

Police and Fire Fund:

2018 Changes

Changes in Actuarial Assumptions:

- The morality projection scale was changed from MP-2016 to MP-2017.

CITY OF WILLMAR, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2018

NOTE 1 CHANGES IN PENSION LIABILITIES AND RELATED RATIOS (con't)

Police and Fire Fund (con't):

2017 Changes

Changes in Actuarial Assumptions:

- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34% lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The Combined Service Annuity (CSA) load was 30.00% for vested and non-vested deferred members. The CSA has been changed to 33.00% for vested members and 2.00% for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3.00% for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65.00% to 60.00%.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing Joint and Survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1.00% for all years to 1.00% per year through 2064 and 2.50% thereafter.

2016 Changes

Changes in Actuarial Assumptions:

- 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.

2015 Changes

Changes in Plan Provisions:

- The post-retirement benefit increase to be paid after attainment of the 90.00% funding threshold was changed, from inflation up to 2.50%, to a fixed rate of 2.50%.

CITY OF WILLMAR, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2018

NOTE 1 CHANGES IN PENSION LIABILITIES AND RELATED RATIOS (con't)

Police and Fire Fund (con't):

Changes in Actuarial Assumptions:

- The assumed post-retirement benefit increase rate was changed from 1.00% per year through 2030 and 2.50% per year thereafter to 1.00% per year through 2037 and 2.50% per year thereafter.

NOTE 2 OTHER POST EMPLOYMENT BENEFITS (OPEB)

No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

2018 Changes

Changes in assumptions:

- The health care trend rates were changed to better anticipate short term and long-term medical increases.
- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel) to the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel).
- The retirement and withdrawal tables for all employees were updated.
- The discount rate changed from 3.50% to 3.30%.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

City of Willmar, Minnesota
Combining Balance Sheet
NonMajor Governmental Funds
December 31, 2018

	Total Special Revenue Funds	Total Capital Projects Funds	Total Debt Service Funds	Permanent Fund Perpetual Care	Total Nonmajor Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 16,858	\$ 2,472,470	\$ 47,819	\$ 1,863	\$ 2,539,010
Investments	2,546,294	861,259	-	32,751	3,440,304
Receivables					
Taxes Receivable - Current	16,043	-	-	-	16,043
Accounts Receivable	51,955	10,000	-	-	61,955
Notes Receivable	465,630	-	-	-	465,630
Interest Receivable	17,526	3,335	-	125	20,986
Due From Other Funds	68,180	222,599	38,670	-	329,449
Prepaid Items	10,482	-	182,145	-	192,627
Total Assets	<u>\$ 3,192,968</u>	<u>\$ 3,569,663</u>	<u>\$ 268,634</u>	<u>\$ 34,739</u>	<u>\$ 7,066,004</u>
LIABILITIES					
Accounts Payable	\$ 60,849	\$ 30,302	\$ -	\$ -	\$ 91,151
Contracts Payable	-	351,994	-	-	351,994
Notes Payable	-	-	43,982	-	43,982
Due To Other Funds	-	229,480	4,887	-	234,367
Deposits	280	-	-	-	280
Total Liabilities	<u>61,129</u>	<u>611,776</u>	<u>48,869</u>	<u>-</u>	<u>721,774</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue	473,311	-	-	-	473,311
Total Deferred Inflows of Resources	<u>473,311</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>473,311</u>
FUND BALANCES					
Nonspendable Fund Balance	10,482	-	182,145	30,000	222,627
Restricted Fund Balance	51,675	-	37,620	4,739	94,034
Committed Fund Balance	2,596,371	2,957,887	-	-	5,554,258
Total Fund Balances	<u>2,658,528</u>	<u>2,957,887</u>	<u>219,765</u>	<u>34,739</u>	<u>5,870,919</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3,192,968</u>	<u>\$ 3,569,663</u>	<u>\$ 268,634</u>	<u>\$ 34,739</u>	<u>\$ 7,066,004</u>

City of Willmar, Minnesota
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
NonMajor Governmental Funds
For the Year Ended December 31, 2018

	Total Special Revenue Funds	Total Capital Projects Funds	Total Debt Service Funds	Permanent Fund Perpetual Care	Total Nonmajor Governmental Funds
REVENUES					
General Taxes	\$ -	\$ -	\$ 48,869	\$ -	\$ 48,869
Other Taxes	242,015	-	-	-	242,015
Licenses & Permits	50	-	-	-	50
Intergovernmental	86,702	116,988	-	-	203,690
Charges for Services	219,835	-	-	-	219,835
Investment Income	53,426	9,506	-	642	63,574
Net change in fair market value	(35,102)	5,396	-	(342)	(30,048)
Contributions/Donations	-	10,000	-	-	10,000
Miscellaneous Revenue	42,114	3,431	-	-	45,545
Total Revenues	609,040	145,321	48,869	300	803,530
EXPENDITURES					
Public Safety	35,900	-	-	-	35,900
Public Works	205,449	-	-	-	205,449
Culture and Recreation	277,354	-	-	-	277,354
Economic Development	147,444	-	-	-	147,444
Debt Service					
Principal	-	-	261,812	-	261,812
Interest	-	-	17,466	-	17,466
Other Charges	-	-	1,900	-	1,900
Capital Projects	-	3,332,312	-	-	3,332,312
Total Expenditures	666,147	3,332,312	281,178	-	4,279,637
Excess (Deficiency) of Revenues Over (Under) Expenditures	(57,107)	(3,186,991)	(232,309)	300	(3,476,107)
OTHER FINANCING SOURCES (USES)					
Bond Proceeds	-	2,741,330	38,670	-	2,780,000
Operating Transfers In	803,747	2,057,263	195,319	-	3,056,329
Operating Transfers Out	(1,358,419)	-	(10,757)	-	(1,369,176)
Total Other Financing Sources (Uses)	(554,672)	4,798,593	223,232	-	4,467,153
Net Change in Fund Balances	(611,779)	1,611,602	(9,077)	300	991,046
Fund Balances - Beginning	3,270,307	1,346,285	228,842	34,439	4,879,873
Fund Balances - Ending	\$ 2,658,528	\$ 2,957,887	\$ 219,765	\$ 34,739	\$ 5,870,919

City of Willmar, Minnesota
Combining Balance Sheet
NonMajor Governmental Funds/Special Revenue
December 31, 2018

	Industrial Development	Convention and Visitors Bureau	Community Development	Willmar Municipal Airport
ASSETS				
Cash and Cash Equivalents	\$ 262	\$ 2,268	\$ -	\$ (41,449)
Investments	1,566,578	270,688	-	260,089
Receivables				
Taxes Receivable	-	16,043	-	-
Accounts Receivable	35,666	422	-	15,867
Notes Receivable	115,630	-	350,000	-
Interest Receivable	6,061	1,040	7,681	1,004
Due From Other Funds	-	67,680	-	-
Prepaid Items	-	10,241	-	241
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	\$ 1,724,197	\$ 368,382	\$ 357,681	\$ 235,752
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
LIABILITIES				
Accounts Payable	\$ -	\$ 42,905	\$ -	\$ 17,944
Deposits	-	-	-	280
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	-	42,905	-	18,224
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	115,630	-	357,681	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Deferred Inflows of Resources	115,630	-	357,681	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
FUND BALANCES				
Nonspendable Fund Balance	-	10,241	-	241
Restricted Fund Balance	-	-	-	-
Committed Fund Balance	1,608,567	315,236	-	217,287
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	1,608,567	325,477	-	217,528
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,724,197	\$ 368,382	\$ 357,681	\$ 235,752
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

City of Willmar, Minnesota
Combining Balance Sheet
NonMajor Governmental Funds/Special Revenue
December 31, 2018

Library Improvement Reserve	Public Works Reserve	Law Enforcement Forfeiture Fund	Law Enforcement Explorer Fund	Law Enforcement CERT Fund	Fire Department Explorer Fund	Total Special Revenue Funds
\$ 1,665	\$ 2,937	\$ 38,351	\$ 8,773	\$ 4,051	\$ -	\$ 16,858
161,436	287,503	-	-	-	-	2,546,294
-	-	-	-	-	-	16,043
-	-	-	-	-	-	51,955
-	-	-	-	-	-	465,630
628	1,112	-	-	-	-	17,526
-	-	-	-	-	500	68,180
-	-	-	-	-	-	10,482
<u>\$ 163,729</u>	<u>\$ 291,552</u>	<u>\$ 38,351</u>	<u>\$ 8,773</u>	<u>\$ 4,051</u>	<u>\$ 500</u>	<u>\$ 3,192,968</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60,849
-	-	-	-	-	-	280
-	-	-	-	-	-	61,129
-	-	-	-	-	-	473,311
-	-	-	-	-	-	473,311
-	-	-	-	-	-	10,482
-	-	38,351	8,773	4,051	500	51,675
163,729	291,552	-	-	-	-	2,596,371
<u>163,729</u>	<u>291,552</u>	<u>38,351</u>	<u>8,773</u>	<u>4,051</u>	<u>500</u>	<u>2,658,528</u>
<u>\$ 163,729</u>	<u>\$ 291,552</u>	<u>\$ 38,351</u>	<u>\$ 8,773</u>	<u>\$ 4,051</u>	<u>\$ 500</u>	<u>\$ 3,192,968</u>

City of Willmar, Minnesota
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
NonMajor Governmental Funds/Special Revenue
For the Year Ended December 31, 2018

	Industrial Development	Convention and Visitors Bureau	Community Development	Willmar Municipal Airport	Library Improvement Reserve
REVENUES					
Other Taxes	\$ -	\$ 242,015	\$ -	\$ -	\$ -
Licenses & Permits	50	-	-	-	-
Intergovernmental	-	55,784	-	30,918	-
Service Charges	87,804	1,628	-	114,594	-
Investment income	30,401	4,695	-	3,960	3,168
Fair Market Value Incr/(Decr)	(15,852)	(1,880)	-	(386)	(1,632)
Miscellaneous Revenue	38,783	2,439	-	892	-
Total Revenues	141,186	304,681	-	149,978	1,536
EXPENDITURES					
Public Safety	-	-	-	-	-
Streets and Highways	-	-	-	205,449	-
Culture and Recreation	-	277,354	-	-	-
Economic Development	147,444	-	-	-	-
Total Expenditures	147,444	277,354	-	205,449	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,258)	27,327	-	(55,471)	1,536
OTHER FIN. SOURCES (USES)					
Transfers In	-	67,680	-	286,067	-
Transfers Out	-	(9,850)	-	(230,569)	-
Total Other Fin. Sources (Uses)	-	57,830	-	55,498	-
Net Change in Fund Balances	(6,258)	85,157	-	27	1,536
Fund Balances - Beginning	1,614,825	240,320	-	217,501	162,193
Fund Balances - Ending	\$ 1,608,567	\$ 325,477	\$ -	\$ 217,528	\$ 163,729

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, 2018

Public Works Reserve	Law Enforcement Forfeiture Fund	Law Enforcement Explorer Fund	Law Enforcement CERT Fund	Fire Department Explorer Fund	Total Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 242,015
-	-	-	-	-	50
-	-	-	-	-	86,702
-	6,505	4,753	4,051	500	219,835
11,124	78	-	-	-	53,426
(15,352)	-	-	-	-	(35,102)
-	-	-	-	-	42,114
(4,228)	6,583	4,753	4,051	500	609,040
-	33,290	2,610	-	-	35,900
-	-	-	-	-	205,449
-	-	-	-	-	277,354
-	-	-	-	-	147,444
-	33,290	2,610	-	-	666,147
(4,228)	(26,707)	2,143	4,051	500	(57,107)
450,000	-	-	-	-	803,747
(1,118,000)	-	-	-	-	(1,358,419)
(668,000)	-	-	-	-	(554,672)
(672,228)	(26,707)	2,143	4,051	500	(611,779)
963,780	65,058	6,630	-	-	3,270,307
\$ 291,552	\$ 38,351	\$ 8,773	\$ 4,051	\$ 500	\$ 2,658,528

City of Willmar, Minnesota
Combining Balance Sheet
NonMajor Governmental Funds/Capital Projects
December 31, 2018

	Airport Capital Project	2018A - R22 Refrigeration Capital Project	Capital Improvement	Total NonMajor Capital Project Funds
ASSETS				
Cash	\$ 129,910	\$ 2,235,377	\$ 107,183	\$ 2,472,470
Investments	-	-	861,259	861,259
Accounts Receivable	-	-	10,000	10,000
Interest Receivable	-	-	3,335	3,335
Due From Other Funds	-	-	222,599	222,599
Total Assets	<u>\$ 129,910</u>	<u>\$ 2,235,377</u>	<u>\$ 1,204,376</u>	<u>\$ 3,569,663</u>
LIABILITIES				
Accounts Payable	\$ -	\$ 1,623	\$ 28,679	\$ 30,302
Contracts Payable	-	341,113	10,881	351,994
Due To Other Funds	-	229,480	-	229,480
Total Liabilities	<u>-</u>	<u>572,216</u>	<u>39,560</u>	<u>611,776</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Committed Fund Balance	<u>129,910</u>	<u>1,663,161</u>	<u>1,164,816</u>	<u>2,957,887</u>
Total Fund Balance	<u>129,910</u>	<u>1,663,161</u>	<u>1,164,816</u>	<u>2,957,887</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 129,910</u>	<u>\$ 2,235,377</u>	<u>\$ 1,204,376</u>	<u>\$ 3,569,663</u>

City of Willmar, Minnesota
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
NonMajor Governmental Funds/Capital Projects
For the Year Ended December 31, 2018

	Airport Capital Project	2018A - R22 Refrigeration Capital Project	Capital Improvement	Total NonMajor Capital Project Funds
REVENUES				
Intergovernmental	\$ 116,988	\$ -	\$ -	\$ 116,988
Investment Income	-	-	9,506	9,506
Market Value Incr/(Decr)	-	-	5,396	5,396
Donations	-	-	10,000	10,000
Miscellaneous	-	3,431	-	3,431
Total Revenues	<u>116,988</u>	<u>3,431</u>	<u>24,902</u>	<u>145,321</u>
EXPENDITURES				
Capital/Construction Projects	<u>60,776</u>	<u>1,081,600</u>	<u>2,189,936</u>	<u>3,332,312</u>
Total Expenditures	<u>60,776</u>	<u>1,081,600</u>	<u>2,189,936</u>	<u>3,332,312</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>56,212</u>	<u>(1,078,169)</u>	<u>(2,165,034)</u>	<u>(3,186,991)</u>
OTHER FINANCING SOURCES (USES)				
Bond Proceeds	-	2,741,330	-	2,741,330
Operating Transfers In	-	-	2,057,263	2,057,263
Operating Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>2,741,330</u>	<u>2,057,263</u>	<u>4,798,593</u>
Net Change in Fund Balances	56,212	1,663,161	(107,771)	1,611,602
Fund Balance - Beginning	<u>73,698</u>	<u>-</u>	<u>1,272,587</u>	<u>1,346,285</u>
Fund Balance - Ending	<u><u>\$ 129,910</u></u>	<u><u>\$ 1,663,161</u></u>	<u><u>\$ 1,164,816</u></u>	<u><u>\$ 2,957,887</u></u>

City of Willmar, Minnesota
Combining Balance Sheet
Non-Major Debt Service Funds
December 31, 2018

	Airport G.O. Revenue Bond	2018A - R22 Refrigeration Bond	Tax Increment Bonds	Total Debt Service Funds
ASSETS				
Cash and Cash Equivalents	\$ -	\$ (1,050)	\$ 48,869	\$ 47,819
Due From Other Funds	-	38,670	-	38,670
Prepaid Expenses	182,145	-	-	182,145
Total Assets	<u>\$ 182,145</u>	<u>\$ 37,620</u>	<u>\$ 48,869</u>	<u>\$ 268,634</u>
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Notes Payable	-	-	43,982	43,982
Due To Other Funds	-	-	4,887	4,887
Total Liabilities	<u>-</u>	<u>-</u>	<u>48,869</u>	<u>48,869</u>
FUND BALANCES				
Nonspendable - Prepaid Expenses	182,145	-	-	182,145
Restricted	-	37,620	-	37,620
Total Fund Balances	<u>182,145</u>	<u>37,620</u>	<u>-</u>	<u>219,765</u>
Total Liabilities and Fund Balances	<u><u>\$ 182,145</u></u>	<u><u>\$ 37,620</u></u>	<u><u>\$ 48,869</u></u>	<u><u>\$ 268,634</u></u>

City of Willmar, Minnesota
Combined Schedule of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Debt Service Funds
For the Year Ended December 31, 2018

	Airport G.O. Revenue Bond	2018A - R22 Refrigeration Bond	Tax Increment Bonds	Total Debt Service Funds
REVENUES				
Tax Increment	\$ -	\$ -	\$ 48,869	\$ 48,869
Investment Income	-	-	-	-
Market Value Increase (Decrease)	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>48,869</u>	<u>48,869</u>
EXPENDITURES				
Bond Principal Payments	165,000	-	96,812	261,812
Interest Payments	17,466	-	-	17,466
Other Charges	850	1,050	-	1,900
Total Expenditures	<u>183,316</u>	<u>1,050</u>	<u>96,812</u>	<u>281,178</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(183,316)</u>	<u>(1,050)</u>	<u>(47,943)</u>	<u>(232,309)</u>
OTHER FINANCING SOURCES (USES)				
Bond Proceeds	-	38,670	-	38,670
Transfers In	195,319	-	-	195,319
Transfers Out	-	-	(10,757)	(10,757)
Total Other Financing Sources (Uses)	<u>195,319</u>	<u>38,670</u>	<u>(10,757)</u>	<u>223,232</u>
Net Change in Fund Balances	12,003	37,620	(58,700)	(9,077)
Fund Balances - Beginning	<u>170,142</u>	<u>-</u>	<u>58,700</u>	<u>228,842</u>
Fund Balances - Ending	<u>\$ 182,145</u>	<u>\$ 37,620</u>	<u>\$ -</u>	<u>\$ 219,765</u>

City of Willmar, Minnesota
Internal Service Funds
Combining Statement of Net Position
December 31, 2018

	Office Services
ASSETS	
Cash And Cash Equivalents	\$ 174,681
Total Assets	174,681
LIABILITIES	
Due To Other Funds	174,681
Total Liabilities	174,681
NET POSITION	
Assigned Fund Balance	-
Total Net Position	\$ -

City of Willmar, Minnesota
Internal Service Funds
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended December 31, 2018

	Office Services
Operating Revenues:	
Charges For Services	\$ -
Total Operating Revenues	-
Operating Expenses:	
Other Services And Charges	-
Total Operating Expenses	-
Operating Income (Loss)	-
Nonoperating Revenues (Expenses):	
Interest On Investments	-
Market Value Increase/(Decrease)	-
Total Nonoperating Revenues	-
Income (Loss) Before Contributions and Transfers	-
Operating Transfers In	-
Operating Transfers Out	(174,681)
Change in Net Position	(174,681)
Total Net Position - Beginning	174,681
Total Net Position - Ending	\$ -

City of Willmar, Minnesota
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended December 31, 2018

	Office Services
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from Charges For Services	\$ 81
Payments For Purchases	-
Payments For Other Services and Charges	-
Net Cash Provided (Used) by Operating Activities	<u>81</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Transfer from Other Funds	3,571
Transfer to Other Funds	-
Net Cash Used in Noncapital and Related Financing Activities	<u>3,571</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Principal Payments on Long-Term Debt	-
Net Cash Used in Capital and Related Financing Activities	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest and Dividends Received	-
Net Cash Provided (Used) from Investing Activities	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	3,652
Cash and Cash Equivalents - Beginning	171,029
Cash and Cash Equivalents - Ending	<u><u>\$ 174,681</u></u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ -
Adjustments to Reconcile Operating Income from to Net Cash Provided (Used) by Operating Activities:	
Change in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	81
Total Adjustments	<u>81</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 81</u></u>

City of Willmar, Minnesota
Statement of Net Position
Fiduciary Funds - Agency Fund
December 31, 2018

	<u>Agency Fund</u> <u>Governor's Fishing</u> <u>Opener Fund</u>	<u>Agency Fund</u> <u>Bioscience</u> <u>Grant Fund</u>	<u>Agency Fund</u> <u>Destination</u> <u>Playground Fund</u>	<u>Agency Fund</u> <u>Donation</u> <u>Fund</u>
ASSETS				
Cash and Cash Equivalents	\$ 67,680	\$ -	\$ -	\$ (2,474)
Amount to be Provided	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,000</u>
Total Assets	<u><u>\$ 67,680</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 27,526</u></u>
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ -	\$ 10,441
Due to Other Funds	<u>67,680</u>	<u>-</u>	<u>-</u>	<u>500</u>
Total Liabilities	<u><u>67,680</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>10,941</u></u>
NET POSITION				
Restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,585</u>
Total Net Position	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 16,585</u></u>

City of Willmar, Minnesota
Statement of Changes in Net Position
Fiduciary Funds - Agency Funds
For the Year Ended December 31, 2018

	<u>Agency Fund</u> <u>Governor's</u> <u>Fishing Opener</u> <u>Fund</u>	<u>Agency Fund</u> <u>Bioscience</u> <u>Grant</u> <u>Fund</u>	<u>Agency Fund</u> <u>Destination</u> <u>Playground</u> <u>Fund</u>	<u>Agency Fund</u> <u>Donation</u> <u>Fund</u>
ADDITIONS				
Miscellaneous				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Contributions/Donations	143,229	-	-	87,291
Insurance Reimbursement	-	1,839	-	-
Total Additions	<u>143,229</u>	<u>1,839</u>	<u>-</u>	<u>87,291</u>
DEDUCTIONS				
Supplies				
Supplies	31,070	-	-	46,774
Other Services				
Other Services	18,702	-	-	4,627
Other Charges				
Insurance and Bonds	-	1,839	-	-
Other Improvements	-	-	-	32,305
Other Charges	32,190	-	-	-
Transfers				
Transfer Out	67,680	-	-	-
Total Deductions	<u>149,642</u>	<u>1,839</u>	<u>-</u>	<u>83,706</u>
Change in Net Position	(6,413)	-	-	3,585
Net Position - Beginning	<u>6,413</u>	<u>-</u>	<u>-</u>	<u>13,000</u>
Net Position - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,585</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, 2018 and 2017

	2018	2017
Governmental Funds Capital Assets:		
Land	\$ 13,200,931	\$ 8,585,806
Buildings and Structures	117,153,089	14,126,227
Furniture and Equipment	3,646,458	3,484,595
Machinery and Auto Equipment	10,494,926	9,672,140
Other Improvements	141,435,688	128,923,693
Total Governmental Funds Capital Assets	<u>\$ 285,931,092</u>	<u>\$ 164,792,461</u>
Investments in Governmental Funds Capital Assets By Source:		
General Fund	\$ 260,012,828	\$ 139,530,358
Special Revenue Fund	25,918,264	25,262,103
Total Governmental Funds Capital Assets	<u>\$ 285,931,092</u>	<u>\$ 164,792,461</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, 2018

FIXED ASSETS-2018	Governmental Funds Capital Assets			Governmental Funds Capital Assets
	<u>01/01/2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>12/31/2018</u>
<u>GENERAL GOVERNMENT</u>				
Mayor & Council	\$ 20,743	\$ -	\$ -	\$ 20,743
Community Development	240,572	-	-	240,572
Accounting	15,000	-	-	15,000
City Hall	849,476	-	-	849,476
Data Processing	421,921	32,572	16,854	437,639
Elections	83,370	-	-	83,370
Non-Departmental	183,525	-	-	183,525
Industrial Development	1,102,281	-	-	1,102,281
Total	2,916,888	32,572	16,854	2,932,606
<u>PUBLIC SAFETY</u>				
Police Dept.	965,161	276,328	106,698	1,134,791
Fire Dept.	4,185,953	350,670	16,788	4,519,835
Public Parking	631,870	-	-	631,870
Total	5,782,984	626,998	123,486	6,286,496
<u>PUBLIC WORKS</u>				
Engineering	241,779	-	-	241,779
Public Works	121,040,094	9,908,000	63,014	130,885,080
Airport	23,866,125	673,823	17,662	24,522,286
Total	145,147,998	10,581,823	80,676	155,649,145
<u>HEALTH & WELFARE</u>				
Rice Hospital	-	106,587,512	-	106,587,512
Total	-	106,587,512	-	106,587,512
<u>CULTURE & RECREATION</u>				
Auditorium	557,574	17,538	-	575,112
Buildings & Grounds	1,262,739	-	-	1,262,739
Leisure Services	241,785	3,227,779	-	3,469,564
Civic Center	5,846,054	285,425	-	6,131,479
Community Center	488,711	-	-	488,711
Aquatic Center	2,101,527	-	-	2,101,527
WRAC-8	293,697	-	-	293,697
Library	152,504	-	-	152,504
Total	10,944,591	3,530,742	-	14,475,333
GRAND TOTAL	\$ 164,792,461	\$ 121,359,647	\$ 221,016	\$ 285,931,092

*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, 2018

FIXED ASSETS-2018						
	Total	Land	Buildings/ Structures	Furniture/ Equipment	Machinery/ Auto	Other Improvements
<u>GENERAL GOVERNMENT</u>						
Mayor & Council	\$ 20,743	\$ -	\$ -	\$ 20,743	\$ -	\$ -
Community Development	240,572	174,960	-	-	65,612	-
Accounting	15,000	-	-	15,000	-	-
City Hall	849,476	40,000	785,528	-	-	23,948
Data Processing	437,639	-	-	307,827	-	129,812
Elections	83,370	-	-	83,370	-	-
Non-Departmental	183,525	-	-	183,525	-	-
Industrial Development	1,102,281	1,102,281	-	-	-	-
Total	2,932,606	1,317,241	785,528	610,465	65,612	153,760
<u>PUBLIC SAFETY</u>						
Police Dept.	1,134,791	-	-	105,865	1,006,726	22,200
Fire Dept.	4,519,835	163,547	662,553	781,065	2,834,131	78,539
Public Parking	631,870	631,870	-	-	-	-
Total	6,286,496	795,417	662,553	886,930	3,840,857	100,739
<u>PUBLIC WORKS</u>						
Engineering	241,778	-	-	90,867	113,397	37,514
Public Works	130,885,079	1,923,271	1,691,391	415,778	6,026,641	120,827,998
Airport	24,522,285	4,236,165	3,961,108	7,081	23,533	16,294,398
Total	155,649,142	6,159,436	5,652,499	513,726	6,163,571	137,159,910
<u>Health & Welfare</u>						
Rice Hospital	106,587,513	4,615,126	101,972,387	-	-	-
Total	106,587,513	4,615,126	101,972,387	-	-	-
<u>CULTURE & RECREATION</u>						
Auditorium	575,112	-	548,516	14,596	-	12,000
Buildings & Grounds	1,262,739	112,405	14,169	420,320	6,950	708,895
Leisure Services	3,469,564	14,900	626,974	248,283	19,961	2,559,446
Civic Center	6,131,480	23,572	4,817,502	437,852	397,974	454,580
Community Center	488,711	87,635	316,409	10,570	-	74,097
Aquatic Center	2,101,528	75,200	1,491,553	322,515	-	212,260
WRAC-8	293,697	-	112,496	181,201	-	-
Library	152,504	-	152,504	-	-	-
Total	14,475,335	313,712	8,080,123	1,635,337	424,885	4,021,278
GRAND TOTAL	\$ 285,931,092	\$ 13,200,932	\$ 117,153,090	\$ 3,646,458	\$ 10,494,925	\$ 141,435,687

*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 2009 Through 2018

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Health & Welfare</u>	<u>Culture & Recreation</u>	<u>Miscellaneous</u>	<u>Debt Service</u>	<u>Waste Treatment</u>	<u>Office Services</u>	<u>Total</u>
2009	\$ 3,190,772	\$ 4,451,561	\$ 2,992,636	\$ -	\$ 2,213,398	\$ 3,277,484	\$ 2,354,859	\$ 2,851,067	\$ 21,458	\$ 21,353,235
2010	\$ 3,207,918	\$ 4,552,433	\$ 3,133,761	\$ -	\$ 2,167,668	\$ 4,000,966	\$ 2,455,304	\$ 4,854,543	\$ 22,486	\$ 24,395,079
2011	\$ 2,917,909	\$ 4,666,965	\$ 7,367,466	\$ -	\$ 2,489,029	\$ 665,894	\$ 413,242	\$ 6,952,251	\$ 18,366	\$ 25,491,122
2012	\$ 3,561,177	\$ 4,491,386	\$ 7,629,637	\$ -	\$ 2,333,523	\$ 61,642	\$ 404,292	\$ 6,870,154	\$ 19,924	\$ 25,371,735
2013	\$ 3,789,359	\$ 4,721,161	\$ 6,342,972	\$ -	\$ 2,476,352	\$ 38,864	\$ 369,360	\$ 6,734,381	\$ 17,816	\$ 24,490,265
2014	\$ 4,411,086	\$ 4,725,380	\$ 7,506,805	\$ -	\$ 2,344,720	\$ 863,301	\$ 307,220	\$ 6,749,481	\$ 18,283	\$ 26,926,276
2015	\$ 4,052,775	\$ 5,055,428	\$ 6,949,073	\$ -	\$ 2,441,662	\$ 896,033	\$ 297,324	\$ 6,773,721	\$ 16,137	\$ 26,482,153
2016	\$ 3,907,763	\$ 6,277,277	\$ 7,432,779	\$ -	\$ 2,631,463	\$ 13,828	\$ 259,475	\$ 6,488,885	\$ -	\$ 27,011,470
2017	\$ 3,704,457	\$ 5,735,917	\$ 8,216,746	\$ -	\$ 2,889,721	\$ 34,108	\$ 230,050	\$ 6,544,284	\$ -	\$ 27,355,283
2018	\$ 3,387,796	\$ 5,664,498	\$ 7,111,707	\$ 3,548,429	\$ 2,753,642	\$ 147,444	\$ 3,487,611	\$ 6,717,743	\$ -	\$ 32,818,870

CITY OF WILLMAR, MINNESOTA

GOVERNMENT-WIDE REVENUES

Years 2009 through 2018

Fiscal Year	Program Revenues	General Revenues		Total
	Charges For Services	Taxes	Miscellaneous Revenue	
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	\$ 2,648,145	\$ 16,322,212
2014	\$ 10,579,467	\$ 4,582,848	\$ 8,284,427	\$ 23,446,742
2015	\$ 10,662,682	\$ 4,999,764	\$ 6,532,260	\$ 22,194,706
2016	\$ 12,283,777	\$ 4,948,435	\$ 4,654,625	\$ 21,886,837
2017	\$ 11,945,372	\$ 5,328,601	\$ 6,614,979	\$ 23,888,952
2018	\$ 15,444,832	\$ 5,518,574	\$ 6,276,774	\$ 27,240,180

CITY OF WILLMAR, MINNESOTA

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION

Years 2009 Through 2018

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Culture & Recreation</u>	<u>Miscellaneous</u>	<u>Total</u>
2009	\$ 3,190,772	\$ 4,451,561	\$ 2,992,636	\$ 2,213,398	\$ 5,632,343	\$ 18,480,710
2010	\$ 3,207,918	\$ 4,552,433	\$ 3,133,761	\$ 2,167,668	\$ 6,456,270	\$ 19,518,050
2011	\$ 3,418,244	\$ 4,405,813	\$ 3,002,099	\$ 2,124,155	\$ 6,333,895	\$ 19,284,206
2012	\$ 3,514,064	\$ 4,247,132	\$ 2,726,069	\$ 2,098,772	\$ 5,786,080	\$ 18,372,117
2013	\$ 3,744,641	\$ 4,497,748	\$ 2,735,734	\$ 2,238,245	\$ 7,978,526	\$ 21,194,894
2014	\$ 3,955,656	\$ 4,468,517	\$ 3,148,422	\$ 2,095,665	\$ 9,527,501	\$ 23,195,761
2015	\$ 3,800,646	\$ 4,687,727	\$ 3,149,546	\$ 2,172,120	\$ 10,166,863	\$ 23,976,902
2016	\$ 3,791,773	\$ 4,741,831	\$ 3,092,997	\$ 2,292,543	\$ 7,251,799	\$ 21,170,943
2017	\$ 3,686,249	\$ 4,877,210	\$ 3,116,452	\$ 2,585,565	\$ 7,876,960	\$ 22,142,436
2018	\$ 3,501,751	\$ 5,346,113	\$ 3,396,551	\$ 2,459,916	\$ 13,864,686	\$ 28,569,017

CITY OF WILLMAR, MINNESOTA

GENERAL GOVERNMENTAL REVENUES BY SOURCE

Years 2009 Through 2018

<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>
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
2017	\$ 5,328,601	\$ 554,249	\$ 6,978,036	\$ 986,535	\$ 147,836	\$ 3,154,808	\$ 17,150,065
2018	\$ 5,518,574	\$ 552,526	\$ 6,672,420	\$ 4,738,527	\$ 159,255	\$ 2,510,111	\$ 20,151,413

CITY OF WILLMAR, MINNESOTA

PROPERTY TAX LEVIES AND COLLECTIONS

Years 2009 Through 2018

<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>
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%
2017	4,829,365	4,747,653	98.31%	45,846	4,793,499	99.26%	88,473	1.83%
2018	4,974,245	4,903,714	98.58%	66,136	4,969,849	99.91%	108,994	2.19%

CITY OF WILLMAR, MINNESOTA

TAX CAPACITIES AND ESTIMATED MARKET VALUE OF TAXABLE PROPERTY

YEARS 2009 THROUGH 2018

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Population (*Census)	18,757	19,610	19,610	19,694
REAL PROPERTY				
Tax Capacity	12,526,714	12,830,579	12,975,909	11,959,117
Less: Tax Increment Districts -				
Phoenix #95	15,031	15,031	15,031	0
Relco #05	0	0	0	0
Lakewood #06	7,834	7,834	7,834	0
Jennie-O (2) #07	0	0	0	0
JOBZ	99,310	113,205	118,210	143,402
Powerline	0	0	0	0
Agriculture District	0	0	0	0
Net Tax Capacity	12,404,539	12,694,509	12,834,834	11,815,715
Estimated Market Value	1,020,849,500	1,044,367,400	1,055,031,300	1,065,852,600
PERSONAL PROPERTY				
Tax Capacity	112,608	113,796	129,053	131,992
Estimated Market Value	6,095,700	6,201,500	6,969,200	7,150,300
TOTAL REAL AND PERSONAL PROPERTY				
Tax Capacity	12,517,147	12,808,305	12,963,887	11,947,707
Estimated Market Value	1,026,945,200	1,050,568,900	1,062,000,500	1,073,002,900
PERCENT OF TAX CAPACITY TO ESTIMATED MARKET VALUE	0.012189	0.012192	0.012207	0.011135
PER CAPITA VALUATION				
Tax Capacity	667	653	661	607
Estimated Market Value	54,750	53,573	54,156	54,484
NET BONDED DEBT				
Net Bonded Debt per Capita	N/A	N/A	N/A	N/A
Net Bonded Debt per Tax Capacity	N/A	N/A	N/A	N/A

CITY OF WILLMAR, MINNESOTA

TAX CAPACITIES AND ESTIMATED MARKET VALUE OF TAXABLE PROPERTY

YEARS 2009 THROUGH 2018

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
19,694	19,694	19,694	19,694	19,694	19,694
12,120,212	12,093,317	12,546,465	12,758,485	13,084,650	13,389,819
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	1,506	9,544	43,820	46,478
181,069	181,807	181,807	181,807	0	0
0	0	0	0	1,664	1,737
0	0	0	0	125,368	126,378
11,939,143	11,911,510	12,363,152	12,567,134	12,913,798	13,215,226
1,064,093,500	1,054,462,700	1,094,771,600	1,091,900,300	1,118,592,200	1,143,075,500
137,153	140,199	146,908	202,716	207,069	214,845
7,407,100	7,581,400	7,977,200	8,457,400	10,884,900	11,273,700
12,076,296	12,051,709	12,510,060	12,769,850	13,120,867	13,430,071
1,071,500,600	1,062,044,100	1,102,748,800	1,100,357,700	1,129,477,100	1,154,349,200
0.011270	0.011348	0.011344	0.011605	0.011617	0.011634
613	612	635	648	666	682
54,407	53,927	55,994	55,873	57,351	58,614
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 2009 Through 2018

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>
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
2017	36.81	27.37		57.33	1.12	1.11	123.74
2018	36.94	23.97		57.24	1.10	1.13	120.38

*** Includes Mid Minnesota Development Commission.

CITY OF WILLMAR, MINNESOTA

TAX LEVIES

ALL OVERLAPPING GOVERNMENTS

Years 2009 Through 2018

A 10-YEAR COMPARISON OF TAX CAPACITY LEVIES

Year Tax Due	*City	School	Market Value Ref.	**County	H.R.A.	EDC/ Rural Dev. Fin. Auth.	Total
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
2017	4,828,905	3,625,557	1,608,842	7,594,913	148,907	147,184	17,954,308
2018	4,960,998	3,248,951	1,635,648	7,760,035	149,682	152,801	17,908,115

* 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, 2018

Taxpayer	Type of Business	Market Valuation Payable 2019	Total Tax
Minnwest Technology Campus	Technology Campus	\$ 16,105,200	\$ 536,766
Affiliated Community Health	Medical Center	\$ 12,658,500	\$ 433,688
Rockstep Wilmar, LLC	Shopping Mall	\$ 11,827,800	\$ 405,333
WalMart Stores, Inc.	Discount Retailer	\$ 10,270,200	\$ 353,341
Torgerson Properties, Inc.	Hospitality/Hotel	\$ 8,401,800	\$ 286,835
West Central Steel, Inc.	Manufacturing Company	\$ 8,154,200	\$ 280,154
Menard, Inc.	Retailer	\$ 7,937,600	\$ 272,661
BNSF Railway Company	Railroad	\$ 7,801,300	\$ 267,870
Jennie-O Turkey Store, Inc.	Food Processing	\$ 7,695,700	\$ 264,160
Mills Property Investments, LLC	Vehicle Dealership	\$ 8,082,100	\$ 250,920

CITY OF WILLMAR, MINNESOTA

SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS

Year 2009 Through 2018

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>
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
2017	698,213	688,739	98.64%	299,531
2018	489,233	468,227	95.71%	83,104

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, 2018

Legal Debt Limit and Margin

Legal Debt Limit (2% of Estimated Market Value \$1,154,349,200)	\$ 23,086,984
Less: Outstanding Debt Subject to Limit	<u>\$ 2,780,000</u>
Legal Debt Margin as of December 31, 2018	\$ 20,306,984

General Obligation Debt Supported Solely by Taxes*	\$ 2,780,000
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* 2018A General Obligation Bond Outstanding Principal Balance as of 12/31/18

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 2018	441
Year 2017	599
Year 2016	498
Year 2015	439
Year 2014	450
Year 2013	414
Year 2012	479
Year 2011	533
Year 2010	592
Year 2009	772
Estimated Construction Costs	
Year 2018	\$ 36,246,077
Year 2017	44,185,171
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

*Information obtained from various Departmental Reports

CITY OF WILLMAR, MINNESOTA

MISCELLANEOUS STATISTICAL FACTS

	<u>2018</u>	<u>2017</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	45.00	40.00
Police Protection:		
Number of Stations	1.00	1.00
Number of Employees (Admin. & Clerical)	4.00	4.00
Number of Employees (Law Enforcement Officers)	36.00	34.00
Total Number of Employees	<u>89.80</u>	<u>82.80</u>
Leisure Services:		
Number of Full-Time Employees	7.6	4.6
Number of Part-Time Employees	123	133
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