



COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT

DECEMBER 31, 2012



COMPREHENSIVE ANNUAL FINANCIAL

REPORT OF THE

CITY OF

WILLMAR, MINNESOTA

FOR THE

YEAR ENDED

DECEMBER 31, 2012

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, 2012**

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CITY OF WILLMAR, MINNESOTA

INTRODUCTORY SECTION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF WILLMAR, MINNESOTA

2012

CITY COUNCIL

FRANK YANISH, MAYOR

COUNCIL MEMBERS:

DENIS ANDERSON

BRUCE DEBLIECK

RON CHRISTIANSON

TIM JOHNSON

STEVE AHMANN

RICK FAGERLIE

JAMES DOKKEN

DOUG REESE

FINANCE DIRECTOR

STEVEN B. OKINS

CITY ADMINISTRATOR

CHARLENE STEVENS

CITY OF WILLMAR, MINNESOTA

FINANCIAL SECTION - I

CITY OF WILLMAR, MINNESOTA

FINANCIAL SECTION - II

MANAGEMENT DISCUSSION AND ANALYSIS

CITY OF WILLMAR, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2012

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, 2012. 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 \$138,478,095 (net position). Of this amount, \$32,266,404 (in Committed and Unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designations and fiscal policies.
- The City's total net position decreased by \$653,079.
- The City's governmental funds reported combined ending fund balances of \$44,726,304. Of this total amount, approximately 69% is available for spending at the City's discretion.
- At the end of the current fiscal year, committed fund balance for the General Fund was \$14,767,801, or 121% of the total General Fund expenditures of \$12,161,405.

Using this Annual Report

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

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

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

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

CITY OF WILLMAR, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2012

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

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

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

The City's Most Significant Funds: Fund Financial Statements

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

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

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

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

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

Notes to the Financial Statements

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

Statement of Net Position

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

CITY OF WILLMAR, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2012

Table 1
Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 51,899,643	\$ 50,692,065	\$ 6,509,671	7,295,729	\$ 58,409,314	\$ 57,987,794
Net capital assets	<u>88,849,117</u>	<u>91,891,201</u>	<u>86,643,962</u>	<u>88,553,654</u>	<u>175,493,079</u>	<u>180,444,855</u>
Total Assets	<u>140,748,760</u>	<u>142,583,266</u>	<u>93,153,633</u>	<u>95,849,383</u>	<u>233,902,393</u>	<u>238,432,649</u>
Other liabilities	2,085,161	4,267,342	373,162	2,660,224	2,458,323	6,927,566
Long-term liabilities	<u>16,749,585</u>	<u>16,219,423</u>	<u>76,216,389</u>	<u>76,154,486</u>	<u>92,965,974</u>	<u>92,373,909</u>
Total Liabilities	<u>18,834,746</u>	<u>20,486,765</u>	<u>76,589,551</u>	<u>78,814,710</u>	<u>95,424,297</u>	<u>99,301,475</u>
Net Position						
Net Investment in						
Capital Assets	75,429,117	76,971,363	9,909,385	9,859,797	85,338,502	86,831,160
NonExpendable	270,637	-	-	-	270,637	-
Restricted	46,065,305	12,374,679	1,724,091	2,051,017	47,789,396	14,425,696
Unrestricted	<u>148,955</u>	<u>32,750,459</u>	<u>4,930,605</u>	<u>5,123,859</u>	<u>5,079,560</u>	<u>37,874,318</u>
Total Net Position	<u>\$121,914,014</u>	<u>\$122,096,501</u>	<u>\$ 16,564,081</u>	<u>\$ 17,034,673</u>	<u>\$138,478,095</u>	<u>\$139,131,174</u>

Governmental Activities

The net position of the City's governmental activities decreased by \$182,487 in 2012. The decrease was mainly due to capital assets disposed of during 2012.

Business-Type Activities

The total net position of the City's business-type activities decreased by \$470,592 in 2012. The decrease was mainly due to decommissioning of significant capital assets placed in service before 2011.

Table 2
Condensed Statement of Net Position

	Rice Memorial Hospital		Municipal Utilities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 70,404,846	\$ 67,427,152	\$ 24,910,807	\$ 22,875,283	\$ 95,315,653	\$ 90,302,435
Net capital assets	<u>59,555,458</u>	<u>61,769,610</u>	<u>30,606,341</u>	<u>30,311,070</u>	<u>90,161,799</u>	<u>92,080,680</u>
Total Assets	<u>129,960,304</u>	<u>129,196,762</u>	<u>55,517,148</u>	<u>53,186,353</u>	<u>185,477,452</u>	<u>182,383,115</u>
Current and other liabilities	13,576,489	16,036,339	2,496,506	2,987,220	16,072,995	19,023,559
Long-term liabilities	<u>49,199,223</u>	<u>50,037,735</u>	<u>9,320,712</u>	<u>9,463,997</u>	<u>58,519,935</u>	<u>59,501,732</u>
Total Liabilities	<u>62,775,712</u>	<u>66,074,074</u>	<u>11,817,218</u>	<u>12,451,217</u>	<u>74,592,930</u>	<u>78,525,291</u>
Net Position						
Net Investment in						
capital assets	14,655,555	10,796,003	22,316,341	20,312,073	36,971,896	31,108,076
NonExpendable	3,108,402	-	-	-	3,108,402	-
Restricted debt	3,111,685	7,448,293	11,315,451	11,261,103	14,427,136	18,709,396
Unrestricted	<u>46,308,950</u>	<u>44,878,392</u>	<u>10,068,138</u>	<u>9,161,960</u>	<u>56,377,088</u>	<u>54,040,352</u>
Total Net Position	<u>\$ 67,184,592</u>	<u>\$ 63,122,688</u>	<u>\$ 43,699,930</u>	<u>\$ 40,735,136</u>	<u>\$ 110,884,522</u>	<u>\$ 103,857,824</u>

**CITY OF WILLMAR, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2012**

Primary Government

Table 3
Condensed Statement of Activities

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues						
Program revenues:						
Charges for services	\$ 1,375,434	\$ 1,449,172	\$ 6,840,836	\$ 5,670,166	\$ 8,216,270	\$ 7,119,338
Operating grants and contributions	683,098	784,483	-	-	683,098	784,483
Capital grants and contributions	1,316,797	2,663,283	-	-	1,316,797	2,663,283
General revenues:						
Property and other taxes	6,556,909	5,937,945	-	-	6,556,909	5,937,945
Grants and contributions not restricted to specific program	4,224,936	4,227,825	-	-	4,224,936	4,227,825
Other	1,393,907	3,760,152	(20,728)	(3,570,973)	1,373,179	189,179
Intergovernmental	-	-	-	-	-	-
Total Revenues	15,551,081	18,822,860	6,820,108	2,099,193	22,371,189	20,922,053
Expenses						
General Government	3,581,101	2,936,275	-	-	3,581,101	2,936,275
Public works	7,629,637	7,367,466	-	-	7,629,637	7,367,466
Public safety	4,491,386	4,666,965	-	-	4,491,386	4,666,965
Social services	15,000	-	-	-	15,000	-
Culture and recreation	2,333,523	2,489,029	-	-	2,333,523	2,489,029
Economic development	46,642	665,894	-	-	46,642	665,894
Capital projects	-	-	-	-	-	-
Debt service	404,292	413,242	-	-	404,292	413,242
Office services	-	-	-	-	-	-
Waste treatment	-	-	6,870,154	6,952,251	6,870,154	6,952,251
Total Expenses	18,501,581	18,538,871	6,870,154	6,952,251	25,371,735	25,491,122
Changes in Net Position						
Before Transfers	(2,950,500)	283,989	(50,046)	(4,853,058)	(3,000,546)	(4,569,069)
Transfers	2,768,013	2,807,351	(420,546)	(665,616)	2,347,467	2,141,735
Changes in Net Position	(182,487)	3,091,340	(470,592)	(5,518,674)	(653,079)	(2,427,334)
Net Position, Beginning of Year	122,096,501	119,008,556	17,034,673	29,403,347	139,131,174	148,411,903
Prior period adjustment	-	(3,395)	-	(6,850,000)	-	(6,853,395)
Net Position, End of Year	\$ 121,914,014	\$ 122,096,501	\$ 16,564,081	\$ 17,034,673	\$ 138,478,095	\$ 139,131,174

CITY OF WILLMAR, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2012

Component Units

Component Units

The total net position of the City's two component units increased by \$7,026,698 in 2012. The net position of the Municipal Utilities Commission increased by \$2,964,794,549, and the net position of Rice Memorial Hospital increased by \$4,601,904.

Table 4
Condensed Statement of Activities

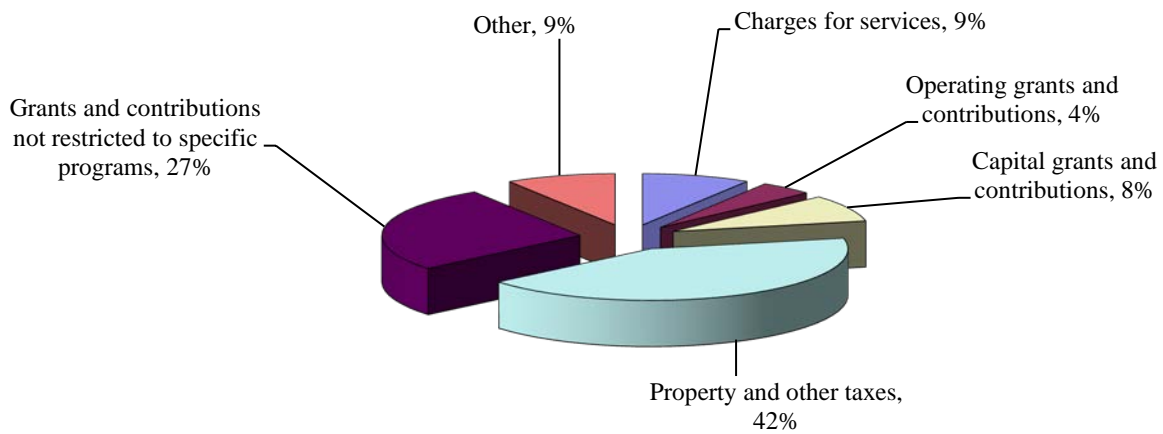
	Rice Memorial Hospital		Municipal Utilities		Total	
	2012	2011	2012	2011	2012	2011
Revenues						
Hospital	\$ 102,086,611	\$ 100,333,403	\$ -	\$ -	\$ 102,086,611	\$ 100,333,403
Municipal Utility	-	-	29,703,583	27,289,445	29,703,583	27,289,445
Interest Earnings	1,565,689	1,206,115	271,490	717,365	1,837,179	1,923,480
Gain (Loss) on sale of Capital Assets	(8,265)	57,781	55,659	11,494	47,394	69,275
Miscellaneous	285,142	1,752,067	65,211	21,165	350,353	1,773,232
Total Revenues	<u>103,929,177</u>	<u>103,349,366</u>	<u>30,095,943</u>	<u>28,039,469</u>	<u>134,025,120</u>	<u>131,388,835</u>
Expenses						
Hospital	99,138,627	97,480,477	-	-	99,138,627	97,480,477
Municipal Utility	-	-	25,212,329	25,388,220	25,212,329	25,388,220
Total Expenses	<u>99,138,627</u>	<u>97,480,477</u>	<u>25,212,329</u>	<u>25,388,220</u>	<u>124,350,956</u>	<u>122,868,697</u>
Changes in Net Position						
Before transfers	4,790,550	5,868,889	4,883,614	2,651,249	9,674,164	8,520,138
Transfers	(428,646)	(250,036)	(1,918,820)	(1,891,700)	(2,347,466)	(2,141,736)
Changes in Net Position	4,361,904	5,618,853	2,964,794	759,549	7,326,698	6,378,402
Net Position, Beginning	<u>63,122,688</u>	<u>57,503,835</u>	<u>40,735,136</u>	<u>39,975,587</u>	<u>103,857,824</u>	<u>97,479,422</u>
Net Position, Ending	<u>\$ 67,484,592</u>	<u>\$ 63,122,688</u>	<u>\$ 43,699,930</u>	<u>\$ 40,735,136</u>	<u>\$ 111,184,522</u>	<u>\$ 103,857,824</u>

**CITY OF WILLMAR, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2012**

Governmental Activities

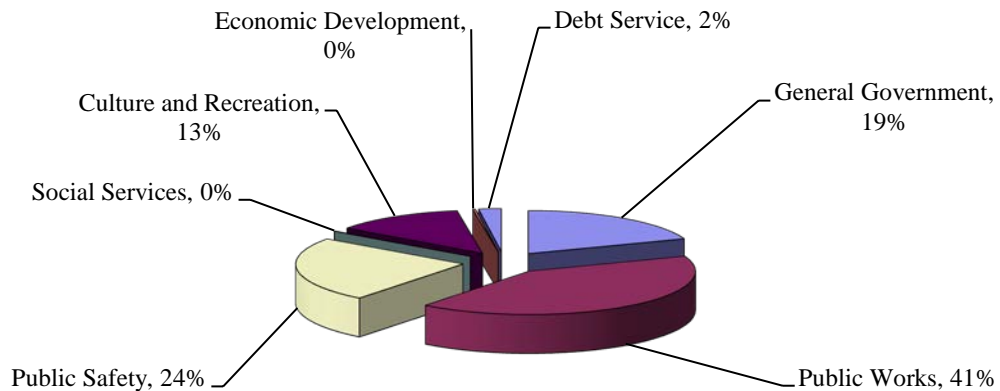
Revenues – The following chart visually illustrates the City's revenues by source for its governmental activities:

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, 2012**

Financial Analysis of the City's Funds

General Fund –

The City's General Fund balance increased by \$802,224 in 2012. The final budget projected a decrease of \$159,073. The actual fund balance increase is \$961,297 more than the projected decrease in the final budget because the City delayed the filling of vacant positions pending a commissioned report to review a possible re-organization of various departments.

Debt Service Funds –

Special Assessments Bond Debt Service Fund increased by \$244,387. The increase was attributable to higher than expected collection of special assessments.

Special Revenue Fund –

Local Option Sales Tax Fund decreased by \$6,282,990. This sales tax program terminated as of December 31, 2012, so the fund was closed out to the Industrial Development Fund.

Special Revenue Fund –

Industrial Development Fund increased by \$9,354,451. The increase was mainly due to the Local Option Sales Tax Program being closed out as of December 31, 2012.

Special Revenue Fund –

Community Investment Fund increased by \$330,592. The increase was mainly due to the closing the Public Improvement Revolving Fund, an Internal Services Fund, into the Community Investment Fund as of December 31, 2012.

Capital Projects Fund –

Street, Water/Sewer Capital Projects Fund decreased by \$452,225. The fund decrease was due to a decrease in special assessments and intergovernmental fund transfers.

GENERAL FUND BUDGETARY HIGHLIGHTS:

The City approved the 2012 general fund budget anticipating expenditures would exceed revenues by over \$292,273. The main difference between the original and final budget was mainly due to an increase in transfers in for a street work capital fund project.

At the end of the year, revenues exceeded the final budget by \$647,511 and expenditures exceeded the final budget by \$273,446. The most significant positive variances for revenues were in Service Charges and Miscellaneous Revenues while the most significant negative variances were in General Property Taxes and Investment Income. The most significant negative variance for expenditures was in General Government while the most significant positive variance was in Public Safety.

CITY OF WILLMAR, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2012

Capital Assets

At the end of 2012, the Primary Government of the City of Willmar had over \$175,000,000 (net of accumulated depreciation) invested in a broad range of capital assets. In addition, the Component Units had over \$90,000,000 (net of accumulated depreciation) invested in capital assets. Refer to Note 3.A. of the Notes to the Financial Statements for a schedule showing the City's capital asset activity.

Primary Government

Table 5
Capital Assets

	<u>Government Activities</u>		<u>Business-Type Activities</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Land and improvements	\$ 8,391,773	\$ 8,450,011	\$ 2,005,122	\$ 2,050,447
Buildings	12,591,921	12,746,556	73,197,275	73,189,970
Furniture and equipment	2,485,344	3,999,912	521,789	702,455
Machinery and auto	7,274,997	7,167,030	6,427,203	6,451,337
Other improvements	114,254,504	114,600,115	20,871,853	20,881,662
Construction in progress	4,331,843	2,310,137	664,001	179,328
Less: Depreciation	<u>(60,481,265)</u>	<u>(57,382,560)</u>	<u>(17,043,281)</u>	<u>(14,901,545)</u>
	<u>\$ 88,849,117</u>	<u>\$ 91,891,201</u>	<u>\$ 86,643,962</u>	<u>\$ 88,553,654</u>

Component Units

Table 6
Capital Assets

	<u>Rice Memorial Hospital</u>		<u>Willmar Municipal Utilities</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Land	\$ 2,923,000	\$ 2,602,000	\$ 1,172,481	\$ 1,172,481
Buildings	85,088,000	86,031,000	2,831,906	3,536,037
Furniture and equipment	41,921,000	38,448,000	75,179,053	71,747,882
Machinery and auto	-	-	-	-
Other improvements	1,502,000	1,502,000	-	-
Utility Plant in Service	-	-	-	-
Construction in progress	876,000	722,000	740,964	890,019
Less: Depreciation	<u>(72,755,000)</u>	<u>(67,535,000)</u>	<u>(49,318,063)</u>	<u>(47,035,349)</u>
	<u>\$ 59,555,000</u>	<u>\$ 61,770,000</u>	<u>\$ 30,606,341</u>	<u>\$ 30,311,070</u>

CITY OF WILLMAR, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2012

Long-Term Debt

At year-end, the City of Willmar's Primary Government had over \$89,600,000 in bonds outstanding and its Component Units had over \$53,700,000 in bonds outstanding. Refer to Note 3.C of the Notes to the Financial Statements for a schedule showing the City's long-term debt activity.

Primary Government

Table 7

	<u>2012</u>	<u>2011</u>	<u>Change</u>
Governmental Activities			
G.O. Special Assessment Bonds	\$ 12,165,000	\$ 12,605,000	\$ (440,000)
G.O. Revenue Bonds	1,255,000	1,385,000	(130,000)
Note Payable	-	929,838	(929,838)
	<u>\$ 13,420,000</u>	<u>\$ 14,919,838</u>	<u>\$ (1,499,838)</u>
Business-Type Activities			
G.O. Revenue Bonds	\$ 745,000	\$ 835,000	\$ (90,000)
G.O. Revenue Notes	75,471,389	77,858,857	(2,387,468)
	<u>\$ 76,216,389</u>	<u>\$ 78,693,857</u>	<u>\$ (2,477,468)</u>

Component Units

Table 8

	<u>2012</u>	<u>2011</u>	<u>Change</u>
Rice Memorial Hospital			
G.O. Revenue Bonds	\$ 40,910,000	\$ 44,785,000	\$ (3,875,000)
Hospital Revenue Notes	2,946,400	3,000,000	(53,600)
Promissory Note Payable	937,048	1,555,413	(618,365)
Capital Lease	27,509	38,446	(10,937)
Rice Home Medical Notes Payable	667,284	713,730	(46,446)
	<u>\$ 45,488,241</u>	<u>\$ 50,092,589</u>	<u>\$ (4,604,348)</u>
Willmar Municipal Utilities			
Municipal Utility Revenue Bond 2009	\$ 7,715,000	\$ 8,120,000	\$ (405,000)
General Obligation Water Revenue Bond	575,000	705,000	(130,000)
	<u>\$ 8,290,000</u>	<u>\$ 8,825,000</u>	<u>\$ (535,000)</u>

**CITY OF WILLMAR, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2012**

Economic Factors and Next Year's Budget

In the City adopted budget for 2012, expenditures were forecast to exceed revenue by approximately \$7,197,681, of which the General Fund expenditures were forecast to exceed revenue by approximately \$1,129,958. The major difference is to be funded by using Local Option Sales Tax Fund Balances.

Contacting the City's Financial Management

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

BASIC FINANCIAL STATEMENTS

CITY OF WILLMAR, MINNESOTA
STATEMENT OF NET POSITION
December 31, 2012

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Municipal Utilities Commission	Rice Memorial Hospital
Assets					
Cash and Cash Equivalents	\$ 6,352,401	\$ 27,357	\$ 6,379,758	\$ 2,129,109	\$ 3,357,107
Investments	35,959,543	5,545,690	41,505,233	6,511,137	29,870,987
Investments with Trustee	-	-	-	-	-
Receivables (Net of Allow for Uncollect)					
Accounts Receivable	120,910	125,801	246,711	2,912,913	19,280,986
Accrued Interest	150,936	22,843	173,779	-	-
Taxes Receivable	792,746	-	792,746	-	-
Special Assessments	5,752,978	-	5,752,978	-	-
Notes Receivable	350,000	-	350,000	-	-
Related-Party Investments	-	-	-	-	4,072,310
Due from Component Unit	400	-	400	-	-
Due from Other Governmental Units	371,737	52,602	424,339	-	-
Internal Balances	662,164	(662,164)	-	-	-
Inventories	114,373	14,136	128,509	1,172,221	1,881,543
Prepaid Items	1,222,813	25,222	1,248,035	816,683	1,080,525
Deferred Charges					
Bond Discount Unamortized	18,642	-	18,642	53,293	200,398
Bond Refunding Escrow account	-	-	-	-	-
Restricted Assets:					
Temporarily Restricted:					
Cash and Cash Equivalents	-	1,358,184	1,358,184	-	2,393,906
Investments	-	-	-	11,315,451	4,827,436
Permanently Restricted:					
Investments	30,000	-	30,000	-	3,152,398
Capital Assets					
Nondepreciable	12,723,616	2,669,123	15,392,739	1,913,445	3,799,000
Depreciable, net	76,125,501	83,974,839	160,100,340	28,692,896	55,756,458
Other Assets	-	-	-	-	287,250
Total Assets	\$ 140,748,760	\$ 93,153,633	\$ 233,902,393	\$ 55,517,148	\$ 129,960,304

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

CITY OF WILLMAR, MINNESOTA
STATEMENT OF NET POSITION
December 31, 2012

	<u>Primary Government</u>			<u>Component Units</u>	
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Municipal Utilities Commission</u>	<u>Rice Memorial Hospital</u>
<u>Liabilities</u>					
Accounts and Contracts Payable	\$ 372,195	\$ 373,162	\$ 745,357	\$ 1,583,205	\$ 3,009,458
Accrued Interest Payable	387,990	-	387,990	179,463	693,075
Due to Component Units	5,881	-	5,881	-	-
Due to Primary Government	-	-	-	496,888	-
Due to Other Governmental Units	83,908	-	83,908	-	-
Unearned Revenue	1,235,179	-	1,235,179	-	-
Accrued Compensation and Benefits	8	-	8	236,950	9,873,956
Noncurrent Liabilities					
Due within one year	2,130,000	2,463,940	4,593,940	555,000	2,179,237
Due in more than one year	14,619,585	73,752,449	88,372,034	8,765,712	47,019,986
Total Liabilities	<u>18,834,746</u>	<u>76,589,551</u>	<u>95,424,297</u>	<u>11,817,218</u>	<u>62,775,712</u>
<u>Net Position</u>					
Net Investment in Capital Assets	75,429,117	9,909,385	85,338,502	22,316,341	14,655,555
NonExpendable Permanent Endowment	270,637	-	270,637	-	3,108,402
Restricted	-	-	-	11,315,451	-
Capital Improvements	15,941,843	409,144	16,350,987	-	-
Construction Fund	-	-	-	-	-
Debt Service	10,459,221	-	10,459,221	-	1,700,831
Specific Operating Activities	6,523,321	1,289,626	7,812,947	-	1,410,854
Other Purposes	13,140,920	25,321	13,166,241	-	-
Unrestricted	148,955	4,930,605	5,079,560	10,068,138	46,308,950
Total Net Position	<u>\$ 121,914,014</u>	<u>\$ 16,564,081</u>	<u>\$ 138,478,095</u>	<u>\$ 43,699,930</u>	<u>\$67,184,592</u>

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, 2012**

<u>Functions/Programs</u>	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government:				
Governmental Activities:				
General Government	\$ 3,581,101	\$ 342,369	\$ -	\$ -
Public Safety	4,491,386	357,772	355,137	3,475
Public Works	7,629,637	189,648	274,310	1,313,322
Social Services	15,000	-	-	-
Culture and Recreation	2,333,523	485,645	53,651	-
Economic Development	46,642	-	-	-
Debt Service - interest	404,292	-	-	-
Total Governmental Activities	<u>18,501,581</u>	<u>1,375,434</u>	<u>683,098</u>	<u>1,316,797</u>
Business-Type Activities:				
Waste Treatment	6,870,154	6,840,836	-	-
Total Business-Type Activities	<u>6,870,154</u>	<u>6,840,836</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 25,371,735</u>	<u>\$ 8,216,270</u>	<u>\$ 683,098</u>	<u>\$ 1,316,797</u>
Component Units:				
Municipal Utilities	\$ 25,212,329	\$ 29,703,583	\$ -	\$ -
Rice Memorial Hospital	99,138,627	99,423,731	1,895,849	467,031
Total Component Units	<u>\$ 124,350,956</u>	<u>\$ 129,127,314</u>	<u>\$ 1,895,849</u>	<u>\$ 467,031</u>

General Revenues:
Property Taxes
Sales Taxes
Other Taxes
Grants and contributions not restricted to specific programs
Interest earnings
Net increase (decrease) in fair value of investments
Gain (Loss) Capital Assets
Miscellaneous
Transfers
Total General Revenues /Transfers
Change in Net Position
Net Position - Beginning
Prior period adjustment see Note 9
Net Position - Ending

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

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Total	Municipal Utilities Commission	Rice Memorial Hospital
\$ (3,238,732)		\$ (3,238,732)		
(3,775,002)		(3,775,002)		
(5,852,357)		(5,852,357)		
(15,000)		(15,000)		
(1,794,227)		(1,794,227)		
(46,642)		(46,642)		
(404,292)		(404,292)		
<u>(15,126,252)</u>		<u>(15,126,252)</u>		
-	\$ (29,318)	(29,318)		
-	(29,318)	(29,318)		
<u>(15,126,252)</u>	<u>(29,318)</u>	<u>(15,155,570)</u>		
			\$ 4,491,254	\$ -
			-	2,647,984
			<u>4,491,254</u>	<u>2,647,984</u>
3,965,431	-	3,965,431	-	-
2,191,168	-	2,191,168	-	-
400,310	-	400,310	-	-
4,224,936	-	4,224,936	-	-
637,578	108,919	746,497	271,490	1,565,689
(63,615)	(7,384)	(70,999)	-	285,142
23,162	(122,263)	(99,101)	55,659	(8,265)
796,782	-	796,782	65,211	-
2,768,013	(420,546)	2,347,467	(1,918,820)	(428,646)
<u>14,943,765</u>	<u>(441,274)</u>	<u>14,502,491</u>	<u>(1,526,460)</u>	<u>1,413,920</u>
(182,487)	(470,592)	(653,079)	2,964,794	4,061,904
122,096,501	17,034,673	139,131,174	40,735,136	63,122,688
-	-	-	-	-
<u>\$ 121,914,014</u>	<u>\$ 16,564,081</u>	<u>\$ 138,478,095</u>	<u>\$ 43,699,930</u>	<u>\$ 67,184,592</u>

CITY OF WILLMAR, MINNESOTA
BALANCE SHEETS
GOVERNMENTAL FUNDS
December 31, 2012

	General	Special Assessments Bonds Debt Service	Street Water/Sewer Capital Projects
ASSETS			
Cash and Cash Equivalents	\$ 6,313,546	\$ (6,420)	\$ 1,153
Investments	7,379,587	3,450,154	2,535,799
Receivables (Net of Allowance for Uncollect)			
Accounts	118,052	-	-
NSF Payments	130	-	-
Interest	30,642	14,226	10,460
Taxes			
Current	-	-	-
Delinquent	180,149	-	-
Deferred	-	-	-
Assessments			
Current	-	-	-
Delinquent	-	289,971	-
Deferred	13,189	4,895,862	-
Notes	-	-	-
Due From Component Units	-	-	-
Due From Other Funds	923,169	1,082,324	708,594
Due From Other Governments	3,321	251,583	87,659
Inventory	110,367	-	-
Prepaid Expenses	225,543	810,078	-
Deposits	12,814	-	-
Workers Comp Deposit	-	-	-
Restricted Assets:			
Cash and Cash Equivalents	-	-	-
Investments	-	-	-
Unamortized Discount	-	9,604	848
Total Assets	\$ 15,310,509	\$ 10,797,382	\$ 3,344,513
LIABILITIES AND FUND BALANCES			
Accounts Payable	\$ 134,966	\$ -	\$ -
Contracts Payable	-	-	205,850
Notes Payable	-	-	-
Accrued Wages	8	-	-
Deposits	3,903	-	-
Due to Component Units	-	-	-
Due to Other Funds	31,451	-	1,645,999
Due to Other Governments	18,426	-	-
Deferred Revenue	128,411	5,437,416	87,659
Total Liabilities	317,165	5,437,416	1,939,508
Fund Balances			
Nonspendable Fund Balance	225,543	-	-
Restricted Fund Balance	-	5,359,966	-
Committed Fund Balance	14,767,801	-	1,405,005
Assigned Fund Balance	-	-	-
Unassigned Fund Balance	-	-	-
Total Fund Balances	14,993,344	5,359,966	1,405,005
Total Liabilities and Fund Balances	\$ 15,310,509	\$ 10,797,382	\$ 3,344,513

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

Industrial Development Special Revenue Fund	Local Option Sales Tax Special Revenue Fund	Community Investment Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
\$ 8,981	\$ -	\$ 1,634	\$ 32,957	\$ 6,351,851
8,270,614	-	9,391,393	4,786,603	35,814,150
-	-	-	202	118,254
-	-	-	-	130
34,060	-	38,679	22,267	150,334
602,050	-	-	10,547	612,597
-	-	-	-	180,149
-	-	-	-	-
-	-	-	-	-
-	-	1,394	-	291,365
-	-	552,562	-	5,461,613
-	-	-	350,000	350,000
-	-	400	-	400
437,900	-	156,076	412,164	3,720,227
8,123	-	21,051	-	371,737
-	-	-	-	110,367
-	-	-	173,703	1,209,324
-	-	-	-	12,814
-	-	-	-	-
-	-	-	-	-
-	-	-	30,000	30,000
-	-	-	8,190	18,642
<u>\$ 9,361,728</u>	<u>\$ -</u>	<u>\$ 10,163,189</u>	<u>\$ 5,826,633</u>	<u>\$ 54,803,954</u>
\$ -	\$ -	\$ -	\$ 27,360	\$ 162,326
-	-	-	-	205,850
-	-	-	-	-
-	-	-	-	8
-	-	-	-	3,903
-	-	5,881	-	5,881
-	-	620,321	760,291	3,058,062
14,697	-	-	50,785	83,908
-	-	548,075	356,151	6,557,712
<u>14,697</u>	<u>-</u>	<u>1,174,277</u>	<u>1,194,587</u>	<u>10,077,650</u>
-	-	-	45,094	270,637
-	-	7,988,912	202,370	13,551,248
9,347,031	-	1,000,000	4,384,582	30,904,419
-	-	-	-	-
-	-	-	-	-
<u>9,347,031</u>	<u>-</u>	<u>8,988,912</u>	<u>4,632,046</u>	<u>44,726,304</u>
<u>\$ 9,361,728</u>	<u>\$ -</u>	<u>\$ 10,163,189</u>	<u>\$ 5,826,633</u>	<u>\$ 54,803,954</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, 2012

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

Total governmental fund balances		\$ 44,726,304
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental funds - capital assets	149,324,882	
Less: Accumulated depreciation	<u>(60,476,315)</u>	
		88,848,567
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Delinquent property taxes	115,222	
Deferred special assessments	4,763,501	
Due From State of Minnesota	87,659	
Notes/Interest Receivable	352,431	
Deferred Revenue for 2013	<u>3,720</u>	
		5,322,533
Internal service funds are used by management to charge the costs of equipment, information technology and insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		
		154,185
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Bonds and notes payable	(13,420,000)	
Compensated absences	(3,329,585)	
Accrued interest	<u>(387,990)</u>	
		<u>(17,137,575)</u>
Net position of governmental activities		<u>\$ 121,914,014</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, 2012

	<u>General</u>	<u>Special Assessments Bonds Debt Service</u>	<u>Street Water/Sewer Capital Projects</u>
REVENUES			
General Property Taxes	\$ 3,965,431	\$ -	\$ -
Sales Tax	-	-	-
Other Taxes	-	-	-
Special Assessments	1,767	1,470,224	217,936
License and Permits	293,104	-	-
Intergovernmental	4,857,858	-	205,085
Charges for Services	896,567	-	-
Fines and Forfeits	153,648	-	-
Investment Income	125,578	64,257	41,450
Change in market value	(18,274)	(5,447)	(4,055)
Miscellaneous Revenues	775,504	14,965	-
Total Revenues	<u>11,051,183</u>	<u>1,543,999</u>	<u>460,416</u>
EXPENDITURES			
Current:			
General Government	3,514,064	-	-
Public Safety	4,221,694	-	-
Streets and Highways	2,726,069	-	-
Social Services	15,000	-	-
Culture & Recreation	1,684,578	-	-
Economic Development	-	-	-
Debt Service:			
Principal	-	1,900,000	-
Interest	-	380,115	-
Other Charges and Services	-	20,885	-
Capital Outlay	-	-	1,862,168
Total Expenditures	<u>12,161,405</u>	<u>2,301,000</u>	<u>1,862,168</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,110,222)</u>	<u>(757,001)</u>	<u>(1,401,752)</u>
OTHER FINANCING SOURCES (USES)			
Operating Transfers In	3,638,105	1,088,533	1,135,526
Operating Transfers Out	(1,725,659)	(87,145)	(1,645,999)
Bond Proceeds	-	-	1,460,000
Total Other Financing Sources (Uses)	<u>1,912,446</u>	<u>1,001,388</u>	<u>949,527</u>
Net Change in Fund Balances	<u>802,224</u>	<u>244,387</u>	<u>(452,225)</u>
Fund Balances - Beginning	<u>14,191,120</u>	<u>5,115,579</u>	<u>1,857,230</u>
Fund Balances - Ending	<u>\$ 14,993,344</u>	<u>\$ 5,359,966</u>	<u>\$ 1,405,005</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, 2012

Industrial Development Special Revenue Fund	Local Option Sales Tax Special Revenue Fund	Community Investment Special Revenue	Other Government Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 3,965,431
-	2,191,168	-	-	2,191,168
-	-	-	400,310	400,310
-	-	17,834	-	1,707,761
-	-	-	-	293,104
-	-	-	53,651	5,116,594
-	-	-	2,653	899,220
-	-	-	-	153,648
-	128,405	169,238	93,552	622,480
-	(10,255)	(13,410)	(10,702)	(62,143)
-	-	1,843	4,470	796,782
<u>-</u>	<u>2,309,318</u>	<u>175,505</u>	<u>543,934</u>	<u>16,084,355</u>
-	-	-	-	3,514,064
-	-	-	25,438	4,247,132
-	-	-	-	2,726,069
-	-	-	-	15,000
-	-	-	414,194	2,098,772
7,420	39,222	-	-	46,642
-	-	-	130,000	2,030,000
-	-	-	49,428	429,543
-	-	-	3,161	24,046
-	-	-	1,378,681	3,240,849
<u>7,420</u>	<u>39,222</u>	<u>-</u>	<u>2,000,902</u>	<u>18,372,117</u>
<u>(7,420)</u>	<u>2,270,096</u>	<u>175,505</u>	<u>(1,456,968)</u>	<u>(2,287,762)</u>
9,354,451	346,355	1,208,548	1,835,254	18,606,772
-	(8,899,441)	(1,053,461)	(1,491,227)	(14,902,932)
-	-	-	-	1,460,000
<u>9,354,451</u>	<u>(8,553,086)</u>	<u>155,087</u>	<u>344,027</u>	<u>5,163,840</u>
<u>9,347,031</u>	<u>(6,282,990)</u>	<u>330,592</u>	<u>(1,112,941)</u>	<u>2,876,078</u>
-	6,282,990	8,658,320	5,744,987	41,850,226
<u>\$ 9,347,031</u>	<u>\$ -</u>	<u>\$ 8,988,912</u>	<u>\$ 4,632,046</u>	<u>\$ 44,726,304</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, 2012

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

Net Change in Fund Balances-Governmental Funds		\$ 2,876,078
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	3,240,849	
Depreciation Expense	<u>(5,405,640)</u>	(2,164,791)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase/(decrease) net position		
		(874,712)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		
Deferred Revenue, December 31, 2012	5,322,533	
Deferred Revenue, December 31, 2011	<u>(5,920,289)</u>	(597,756)
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, 2012	(3,329,585)	
Compensated absences, December 31, 2011	<u>3,329,585</u>	-
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principle is an expenditure in the governmental fund, but the repayment reduces long-term liabilities in the statement of net position.		
Principle Retirement of Long-Term Debt	2,030,000	
Principle Retirement of Long-Term Debt-Notes Payable Aero	929,838	
Bond Proceeds	(1,460,000)	
Change in accrued interest (387,990 - 413,241)	<u>25,251</u>	1,525,089
Internal service funds are used by management to charge the costs of equipment, information technology and insurance to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities		
		<u>(946,395)</u>
Change in Net Position-Governmental Activities		<u>\$ (182,487)</u>

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

City of Willmar, Minnesota
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the fiscal year ended December 31, 2012

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		Positive (Negative)
REVENUES				
General Property Taxes	\$ 4,047,734	\$ 4,047,734	\$ 3,965,431	\$ (82,303)
Special Assessments	-	-	1,767	1,767
License and Permits	272,030	272,030	293,104	21,074
Intergovernmental	4,879,643	4,816,643	4,857,858	41,215
Charges for Services	749,620	741,830	896,567	154,737
Fines and Forfeits	184,000	184,000	153,648	(30,352)
Investment Income	200,000	200,000	125,578	(74,422)
Change in market value	-	-	(18,274)	(18,274)
Miscellaneous Revenues	515,500	515,500	775,504	260,004
Total Revenues	10,848,527	10,777,737	11,051,183	273,446
EXPENDITURES				
General Government	3,230,115	3,232,364	3,514,064	(281,700)
Public Safety	4,625,065	4,623,929	4,221,694	402,235
Public Works	2,829,082	2,856,467	2,726,069	130,398
Social Services	15,000	15,000	15,000	-
Culture & Recreation	1,764,695	1,747,512	1,684,578	62,934
Total Expenditures	12,463,957	12,475,272	12,161,405	313,867
Excess (deficiency) of revenues over (under) expenditures	(1,615,430)	(1,697,535)	(1,110,222)	587,313
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	3,024,570	3,189,670	3,638,105	448,435
Operating Transfers Out	(1,701,413)	(1,651,208)	(1,725,659)	(74,451)
Total Other Financing Sources (Uses)	1,323,157	1,538,462	1,912,446	373,984
Net Change in Fund Balances	(292,273)	(159,073)	802,224	961,297
Fund Balances - Beginning	14,191,120	14,191,120	14,191,120	-
Fund Balances - Ending	\$ 13,898,847	\$ 14,032,047	\$ 14,993,344	\$ 961,297

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, 2012

	Business-Type Activities	Governmental Activities
	Waste Treatment Plant	Internal Service Funds
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 27,357	\$ 550
Investments	5,545,690	145,393
Accounts Receivable	125,801	2,526
Interest Receivable	22,843	602
Due From Component Unit	-	-
Due From Other Governments	52,602	-
Due From Other Funds	-	-
Inventories	14,136	4,005
Prepaid Items	25,222	675
Restricted Cash and Investments	1,358,184	-
Amount To Be Provided	-	-
Total Current Assets	7,171,835	153,751
Noncurrent Assets		
Capital Assets:		
Nondepreciable	2,669,123	-
Depreciable	101,018,120	5,500
Less: Accumulated Depreciation	(17,043,281)	(4,950)
Net capital assets	86,643,962	550
Total Noncurrent Assets	86,643,962	550
TOTAL ASSETS	93,815,797	154,301
LIABILITIES		
Current Liabilities		
Accounts Payable	77,348	116
Contracts Payable	295,814	-
Accrued Wages	-	-
Due To Other Funds	662,164	-
Deferred Revenue	-	-
Current Portion of Debt	2,463,940	-
Total Current Liabilities	3,499,266	116
Noncurrent Liabilities:		
Notes Payable	73,752,449	-
Total Noncurrent Liabilities	73,752,449	-
TOTAL LIABILITIES	77,251,715	116
NET POSITION		
Net Investment in Capital Assets	9,909,385	550
Restricted:		
Petty Cash	100	-
Inventories	-	4,005
Prepays	25,221	675
Working Capital	1,289,626	-
Capital Improvements	409,144	-
2009 Operating Budget	-	-
Unrestricted	4,930,605	148,955
TOTAL NET POSITION	\$ 16,564,081	\$ 154,185

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, 2012

	Business-Type Activities Waste Treatment Plant	Governmental Activities Internal Service Funds
Operating Revenues		
Intergovernmental	\$ 73,436	\$ -
Charges For Sales and Services:	6,767,400	27,695
Total Operating Revenues	6,840,836	27,695
Operating Expenses		
Personal Services	909,718	-
Supplies	469,477	8,744
Other Services and Charges	837,155	11,063
Depreciation	2,278,959	117
Total Operating Expenses	4,495,309	19,924
Operating Income (Loss)	2,345,527	7,771
Nonoperating Revenues (Expenses)		
Lift Station Tapping Fees Collected	-	-
Investment Earnings	108,919	15,098
Change in market value	(7,384)	(1,472)
Capital Asset (Disposal)/Acquisition	(122,263)	(2,465)
Interest Expense	(2,374,845)	-
Other Revenue (Expense)	-	-
Total Nonoperating Revenues (Expenses)	(2,395,573)	11,161
Income (Loss) Before Contributions and Transfers	(50,046)	18,932
Capital Grants - Federal	-	-
Capital Grants - State	-	-
Transfers In	241,618	-
Transfers Out	(662,164)	(965,327)
Change in Net Position	(470,592)	(946,395)
Total Net Position - Beginning	17,034,673	1,100,580
Total Net Position - Ending	\$ 16,564,081	\$ 154,185

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

City of Willmar, Minnesota
Statement of Cash Flows
Proprietary Funds
For the fiscal year ended December 31, 2012

	Business-Type Activities <u>Waste Treatment Plant</u>	Governmental Activities <u>Internal Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from Customers and Users	\$ 6,738,571	\$ 25,169
Payments to Suppliers	(1,325,528)	(8,148)
Payments to Employees	(924,069)	(12,064)
Liquidation of Liabilities	-	-
Net Cash Provided by Operating Activities	<u>4,488,974</u>	<u>4,957</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfer from Other Funds	241,618	-
Transfer to Other Funds	(665,616)	(437,721)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(423,998)</u>	<u>(437,721)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital Contributions	-	-
Purchases of Capital Assets	(270,372)	-
Interest Paid on Capital Debt	(2,374,845)	-
Principal Paid on Capital Debt	(2,539,371)	-
Proceeds from Debt	61,903	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(5,122,685)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Principal Collected On Loan	-	-
Proceeds from Sales and Maturities of Investments	4,252,769	428,000
Purchase of Investments	(3,463,000)	(13,000)
Interest Received	109,777	16,390
Net Cash Provided/(Used) by Investing Activities	<u>899,546</u>	<u>431,390</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(158,163)	(1,374)
Cash and Cash Equivalents - Beginning	1,543,703	1,924
Cash and Cash Equivalents - Ending	<u>\$ 1,385,540</u>	<u>\$ 550</u>
Classified As:		
Cash and Cash Equivalents	\$ 27,356	\$ 550
Restricted Cash	1,358,184	-
Total Cash and Cash Equivalents, End of Year	<u>\$ 1,385,540</u>	<u>\$ 550</u>

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

City of Willmar, Minnesota
Statement of Cash Flows
Proprietary Funds
For the fiscal year ended December 31, 2012

	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	\$ 2,345,527	\$ 7,771
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) By		
Operating Activities:		
Depreciation	2,278,958	117
Change in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(94,987)	(2,526)
(Increase) Decrease in Due From Other Governmental Units	(7,277)	
(Increase) Decrease in Due From Component Units	-	400
(Increase) Decrease in Inventories	-	684
(Increase) Decrease in Prepaid Items	(19,074)	(676)
Increase (Decrease) in Accounts Payable	178	(813)
Increase (Decrease) in Contracts Payable	-	-
Increase (Decrease) in Accrued Wages	(14,351)	-
Increase (Decrease) in Due To Other Funds	-	-
Total Adjustments	2,143,447	(2,814)
Net Cash Provided (Used) by Operating Activities	\$ 4,488,974	\$ 4,957
	\$ -	
 Non Cash Transactions:		
Net Increase (Decrease) in fair value of investments	\$ (7,384)	\$ (1,472)

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, 2012

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, 2012. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989, (when applicable) that do not conflict with or contradict GASB pronouncements. Although the City has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the City has chosen not to do so. The more significant accounting policies established in GAAP and used by the City are discussed below.

A. Financial Reporting Entity

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

1. Component Unit

a. Discretely presented component units

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

Rice Memorial Hospital

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

Willmar Municipal Utilities

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

b. Excluded: Firefighters Association

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

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

B. Basic Financial Statements

1. Government-Wide Statements

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

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

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

2. Fund Financial Statements

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

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

a. Governmental Funds

The City reports the following major governmental funds:

General Fund

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

Debt Service Fund - Special Assessments Bond

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

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

Capital Project Fund – Street, Water and Sewer

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

Special Revenue Fund – Local Option Sales Tax

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

Special Revenue Fund – Community Investment

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

b. Enterprise Funds

The City reports the following major enterprise fund:

Waste Treatment Fund

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

c. Internal Service Fund

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

d. Agency Funds

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

C. Measurement Focus and Basis of Accounting

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

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

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

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

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

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

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

D. Assets, Liabilities, and Net Assets or Equity

1. Cash and Cash Equivalents

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

2. Deposits and Investments

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

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

3. Receivables

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

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

All receivables are shown net of an allowance for uncollectibles.

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

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

Taxes that remain unpaid are classified as delinquent taxes receivable. Revenue from delinquent property taxes not collected within 60 days of year-end is deferred in the fund financial statements because they are not known to be available to finance the operations of the City in the current year.

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

4. Prepaid Items

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

5. Capital Assets

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

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

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

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

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

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

6. Compensated Absences

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

7. Deferred Revenue

All City funds and the government-wide financial statements defer revenue for resources that have been received, but not yet earned. Governmental funds also report deferred revenue in connection with receivables for revenues not considered to be available to liquidate liabilities of the current period.

8. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

9. Net Position/Fund Balances

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

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

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

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

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

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

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

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

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

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

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

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

10. Use of Estimates

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets

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

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

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

**CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2012**

B. Deficit Fund Balances

The following fund had a deficit fund balance as of December 31, 2012:

There were no deficit fund balances as of 12/31/2012.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Assets

1. Deposits and Investments

Cash and cash equivalents	\$ 15,618,064
Investments	<u>101,284,952</u>
	<u>\$ 116,903,016</u>
 Primary Government	
Cash and cash equivalents	\$ 6,379,758
Investments	41,505,233
Temporarily restricted cash	1,358,184
Permanently restricted investments	<u>30,000</u>
Total Primary Government	<u>\$ 49,273,175</u>
 Discretely Presented Component Units	
Willmar Municipal Utilities:	
Cash and cash equivalents	\$ 2,129,109
Investments	6,511,137
Temporarily restricted investments	<u>11,315,451</u>
Total Willmar Municipal Utilities	<u>\$ 19,955,697</u>
 Rice Memorial Hospital	
Cash and cash equivalents	\$ 3,357,107
Investments	29,870,987
Related-Party Investments	4,072,310
Temporarily restricted cash	2,393,906
Temporarily restricted investments	4,827,436
Permanently restricted investments	<u>3,152,398</u>
Total Rice Memorial Hospital	<u>\$ 47,674,144</u>

a. Deposits

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

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

1. Deposits and Investments (continued)

a. Deposits (continued)

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

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the City’s deposits may not be returned to it. It is the City’s policy that collateral or bonds will be required for all uninsured amounts on deposit and the additional insurance will be documented to show compliance with state law and a perfected security interest under federal law. As of December 31, 2012, the City’s deposits were entirely covered by federal depository insurance or by collateral held by the City or its agent in the City’s name.

b. Investments

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

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

CITY OF WILLMAR, MINNESOTA
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Interest Rate Risk

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

	Fair Value	Investment Maturities in Years		
		Less than 1	1-5 Years	6-10 Years
Certificates of Deposit	\$ 3,193,294	\$ 892,363	\$ 1,904,353	\$ 396,578
Federal Farm Credit Banks	2,000,248	-	-	2,000,248
Federal Home Loan Banks	19,026,813	-	-	19,026,813
Federal Home Loan Mortgage Corporation	13,055,000	-	-	13,055,000
Federal National Mortgage Association	9,843,929	-	-	9,843,929
	<u>\$ 47,119,284</u>	<u>\$ 892,363</u>	<u>\$ 1,904,353</u>	<u>\$ 44,322,568</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:

	<u>Rating</u>
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:

<u>Issuer</u>	<u>Amount</u>	<u>Percent</u>
Morgan Stanley Smith Barney	\$ 8,041,416	17%
United Bank Services	\$ 14,889,016	32%
Wells Fargo	\$ 10,990,807	23%
Wells Fargo Advisors	\$ 12,206,595	26%

CITY OF WILLMAR, MINNESOTA
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December 31, 2012

Concentration of Credit Risk

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

<u>Security Type</u>	<u>Amount</u>	<u>Percent</u>
Certificates of Deposit	\$ 3,193,294	7%
Federal Home Loan Banks	\$ 19,026,813	40%
Federal Home Loan Mortgage Corporation	\$ 13,055,000	28%
Federal National Mortgage Association	\$ 9,843,929	21%

2. Capital Assets

Capital asset activity for the year ended December 31, 2012 was as follows:

Governmental Activities*

	Balance January 1, 2012	Additions	Deletions	Balance December 31, 2012
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 8,450,011	\$ -	\$ 58,238	\$ 8,391,773
Construction in progress	2,310,137	2,021,706	-	4,331,843
Total	<u>10,760,148</u>	<u>2,021,706</u>	<u>58,238</u>	<u>12,723,616</u>
Capital assets being depreciated				
Buildings and structures	12,746,556	105,413	260,048	12,591,921
Furniture and equipment	3,999,912	79,076	1,593,644	2,485,344
Machinery and auto	7,167,030	634,695	526,730	7,274,995
Other improvements	<u>114,600,115</u>	<u>39,845</u>	<u>385,456</u>	<u>114,254,504</u>
Total	<u>138,513,613</u>	<u>859,029</u>	<u>2,765,878</u>	<u>136,606,764</u>
Less accumulated depreciation for:				
Buildings	3,759,265	248,036	166,234	3,841,067
Furniture and equipment	2,514,443	200,792	1,067,649	1,647,586
Machinery and equipment	3,876,895	468,838	472,201	3,873,532
Other improvements	<u>47,231,957</u>	<u>4,488,091</u>	<u>600,968</u>	<u>51,119,080</u>
	<u>57,382,560</u>	<u>5,405,757</u>	<u>2,307,052</u>	<u>60,481,265</u>
Net property and equipment	<u>\$ 91,891,201</u>	<u>\$ (2,525,022)</u>	<u>\$ 517,064</u>	<u>\$ 88,849,115</u>

* Includes internal service fund capital assets

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

2. Capital Assets (continued)

Business-Type Activities

	Balance January 1, 2012	Additions	Deletions	Balance December 31, 2012
Business-Type Activities				
Capital assets not being depreciated				
Land	\$ 2,050,447	\$ -	\$ 45,325	\$ 2,005,122
Construction in progress	179,328	484,673	-	664,001
Total	<u>2,229,775</u>	<u>484,673</u>	<u>45,325</u>	<u>2,669,123</u>
Capital assets being depreciated				
Buildings and structures	73,189,970	25,008	17,703	73,197,275
Furniture and equipment	702,455	-	180,666	521,789
Machinery and auto	6,451,337	-	24,134	6,427,203
Other improvements	<u>20,881,662</u>	<u>-</u>	<u>9,809</u>	<u>20,871,853</u>
Total	101,225,424	25,008	232,312	101,018,120
Less accumulated depreciation for:				
Buildings	12,278,089	1,564,080	11,046	13,831,123
Furniture and equipment	447,828	27,290	118,602	356,516
Machinery and auto	676,327	312,646	15,483	973,490
Other improvements	<u>1,499,301</u>	<u>388,397</u>	<u>5,546</u>	<u>1,882,152</u>
	<u>14,901,545</u>	<u>2,292,413</u>	<u>150,677</u>	<u>17,043,281</u>
Net property and equipment	<u><u>\$ 88,553,654</u></u>	<u><u>\$ (1,782,732)</u></u>	<u><u>\$ 126,960</u></u>	<u><u>\$ 86,643,962</u></u>

Component Units

	<u>Rice Memorial Hospital</u>		<u>Willmar Municipal Utilities</u>	
	2012	2011	2012	2011
Land	\$ 2,923,000	\$ 2,602,000	\$ 1,172,481	\$ 1,172,481
Buildings	85,088,000	86,031,000	2,831,906	3,536,037
Furniture and equipment	41,921,000	38,448,000	75,179,053	71,747,882
Machinery and auto	-	-	-	-
Other improvements	1,502,000	1,502,000	-	-
Utility Plant in Service	-	-	-	-
Construction in progress	876,000	722,000	740,964	890,019
Less: Depreciation	<u>(72,755,000)</u>	<u>(67,535,000)</u>	<u>(49,318,063)</u>	<u>(47,035,349)</u>
	<u><u>\$ 59,555,000</u></u>	<u><u>\$ 61,770,000</u></u>	<u><u>\$ 30,606,341</u></u>	<u><u>\$ 30,311,070</u></u>

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

2. Capital Assets (continued)

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

Governmental Activities	
General government	\$ 47,230
Public safety	244,254
Public works	4,879,522
Culture and recreation	<u>234,751</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 5,405,757</u>
Business-Type Activities	
Waste treatment	<u>\$ 2,292,413</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 2,292,413</u>

Construction Commitments

The City has active construction projects as of December 31, 2012. The projects include street improvements and wastewater treatment improvements and storm water upgrades. At year end the City's commitments with contractors were as follows:

<u>Construction Projects</u>	<u>Remaining Commitment</u>
Street Projects	\$ 467,319
Waste Water Treatment Plant	<u>300,813</u>
	<u>\$ 768,132</u>

B. Interfund Receivables, Payables and Transfers

1. Due from/Due to

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General Fund	Special Revenue - CVB	\$ 8,113
General Fund	Capital Projects - Street	156,400
General Fund	Capital Projects - Capital Improvements	508,656
Special Revenue - Industrial Development	Capital Projects - Street	437,900
Special Revenue - Community Investment	Special Revenue - Public Works Reserve	156,076
Debt Service - Special Assessments	Special Revenue - Community Investment	620,321
Debt Service - Special Assessments	Special Revenue - Public Works Reserve	87,446
Debt Service - Special Assessments	Capital Projects - Street	374,557
Capital Projects - Street	General Fund	31,451
Capital Projects - Street	Capital Projects - Street	677,142
General Fund	Enterprise - Waste Treatment Plant	250,000
Special Revenue - Public Works Reserve	Enterprise - Waste Treatment Plant	<u>412,164</u>
		<u>\$ 3,720,226</u>

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

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	\$ 1,290,639	Special Revenue - Industrial Development	\$ 77,651
		Nonmajor Special Revenue	335,610
		Capital Project - Street, Water, Sewer	156,400
		Nonmajor Capital Project	469,951
		Waste Treatment	250,000
		Permanent Fund	1,027
			<u>1,290,639</u>
Special Revenue - Industrial Development	9,337,341	Special Revenue - Local Option Sales Tax	8,899,441
		Capital Project - Street, Water, Sewer	437,900
			<u>9,337,341</u>
Special Revenue - Local Option Sales Tax	346,355	Nonmajor Capital Project Fund	346,355
Special Revenue - Community Investment	1,208,548	Nonmajor Special Revenue Fund	156,076
		Special Assessments Bonds	87,145
		Internal Service Fund	965,327
			<u>1,208,548</u>
Nonmajor Special Revenue Fund	412,164	Waste Treatment	412,164
Special Assessments Bonds	1,088,533	Special Revenue - Community Investment	626,530
		Nonmajor Special Revenue Fund	87,446
		Capital Project - Street, Water, Sewer	374,557
			<u>1,088,533</u>
Nonmajor Debt Service Fund	180,078	General Fund	180,078
Capital Project - Street, Water, Sewer	1,135,524	General Fund	31,451
		Special Revenue - Community Investment	426,931
		Capital Project - Street, Water, Sewer	677,142
			<u>1,135,524</u>
Nonmajor Capital Projects	1,243,012	General Fund	1,243,012
Waste Treatment	241,618	General Fund	241,618
Total	<u>\$ 16,483,812</u>	Total	<u>\$ 16,483,812</u>

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

C. Liabilities

1. Deferred Revenue

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

2. Long-Term Debt

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

	<u>Interest Rates</u>	<u>Date Issued</u>	<u>Date Matures</u>	<u>Original Issue</u>	<u>Outstanding at 12/31/2012</u>
Primary Government					
Governmental Activities					
<u>G.O. Special Assessments</u>					
2002 Improvement Bond	2.00-3.75	2002	2013	\$ 1,125,000	\$ 100,000
2003 Improvement Bond	2.00-4.10	2003	2014	600,000	110,000
2004 Improvement Bond	2.10-4.00	2004	2015	2,125,000	595,000
2005 Improvement Bond	3.25-3.65	2005	2016	3,675,000	1,395,000
2006 Improvement Bond	3.60-3.85	2006	2017	1,950,000	980,000
2007A Improvement Bond	3.75-4.00	2007	2018	3,285,000	1,970,000
2007B Improvement Bond	4	2007	2018	1,725,000	1,060,000
2008 Improvement Bond	3.00-4.00	2008	2019	1,530,000	1,070,000
2010 Improvement Bond	2.00-3.00	2010	2021	1,785,000	1,600,000
2011 Improvement Bond	.60-2.85	2011	2022	1,825,000	1,825,000
2012 Improvement Bond	2.00-2.25	2012	2023	1,460,000	1,460,000
Total Special Assessment Bonds				<u>21,085,000</u>	<u>12,165,000</u>
<u>G.O. Revenue Bonds</u>					
2004 Airport Bond	2.00-4.05	2004	2020	2,100,000	1,255,000
Total G.O. Revenue Bonds				<u>2,100,000</u>	<u>1,255,000</u>
Total Governmental Activities				<u>\$ 23,185,000</u>	<u>\$ 13,420,000</u>
Business-Type Activities					
<u>G.O. Revenue Notes and Bonds</u>					
1997 Waste Treatment Note	3.13	1997	2017	\$ 4,300,000	\$ 1,335,346
2008 Waste Treatment Note	3.275	2008	2028	42,001,362	39,293,000
2008 Waste Treatment Note	0	2008	2030	7,000,000	7,000,000
2009 Waste Treatment Note	2.457	2009	2029	1,711,867	1,503,151
2009 Waste Treatment Note	3.44	2009	2038	27,663,530	26,339,892
Total G.O. Revenue Notes				<u>82,676,759</u>	<u>75,471,389</u>
2004 Waste Treatment Bond	1.45-4.15	2004	2019	1,410,000	745,000
Total G.O. Revenue Notes and Bonds				<u>84,086,759</u>	<u>76,216,389</u>
Total Business-Type Activities				<u>\$ 84,086,759</u>	<u>\$ 76,216,389</u>
Total Primary Government				<u>\$ 107,271,759</u>	<u>\$ 89,636,389</u>

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

2. Long-Term Debt (continued)

Component Units	Interest Rates	Date Issued	Date Matures	Original Issue	Outstanding at 12/31/2012
Municipal Utilities					
<u>Revenue Bonds</u>					
2009 Bond	3.50-5.00	2009	2025	\$ 8,120,000	\$ 7,715,000
Total Revenue Bonds				<u>8,120,000</u>	<u>7,715,000</u>
<u>G.O. Revenue Bonds</u>					
2005 Bond	3.00-3.75	2005	2016	1,290,000	575,000
Total G.O. Revenue Bonds				<u>1,290,000</u>	<u>575,000</u>
Total Municipal Utilities				<u>\$ 9,410,000</u>	<u>\$ 8,290,000</u>
Rice Memorial Hospital					
<u>Revenue Notes</u>					
2011 Care Center	4.25	2011	2041	\$ 3,000,000	\$ 2,946,400
<u>G.O. Revenue Bonds</u>					
2012 Bond	2.00-4.00	2012	2032	40,910,000	40,910,000
<u>Notes Payable</u>					
Promissory Note	5.47	2009	2014	3,000,000	937,048
Rice Home Medical	6.95	2007	2014	880,000	667,284
Total Notes Payable				<u>3,880,000</u>	<u>1,604,332</u>
<u>Lease Payable</u>					
Rice Home Medical	4.5	2010	2015	55,612	27,509
Total Rice Memorial Hospital				<u>\$ 47,845,612</u>	<u>\$ 45,488,241</u>

3. Long-Term Debt Maturities

Long-Term Debt maturities are as follows:

General Obligation Special Assessments Bonds		
<u>Year</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2013	1,995,000	343,135
2014	1,980,000	280,036
2015	1,910,000	218,529
2016	1,710,000	161,255
2017	1,360,000	113,081
2018-2022	3,125,000	178,873
2023-2027	<u>85,000</u>	<u>956</u>
Total	<u>\$ 12,165,000</u>	<u>\$ 1,295,865</u>

**CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2012**

3. Long-Term Debt Maturities (Continued)

Long-Term Debt maturities (continued):

<u>General Obligation Revenue Bonds</u>				
<u>Year</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2013	135,000	44,855	95,000	27,111
2014	140,000	40,043	100,000	23,600
2015	145,000	34,946	100,000	19,900
2016	155,000	29,471	105,000	16,004
2017	160,000	23,643	110,000	11,810
2018-2022	520,000	31,901	235,000	9,799
Total	<u>\$ 1,255,000</u>	<u>\$ 204,859</u>	<u>\$ 745,000</u>	<u>\$ 108,224</u>

<u>General Obligation Revenue Notes</u>		
<u>Year</u>	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2013	2,563,048	2,486,797
2014	2,645,968	2,480,341
2015	2,730,137	2,393,250
2016	2,846,563	2,303,388
2017	2,977,630	2,209,648
2018-2022	14,802,000	9,619,915
2023-2027	24,418,000	6,781,290
2028-2032	19,768,151	2,929,937
2033-2037	9,250,000	1,327,668
2038-2042	2,045,000	70,348
Total	<u>\$ 84,046,497</u>	<u>\$ 32,602,582</u>

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

3. Long-Term Debt Maturities (continued)

<u>Component Units:</u>	<u>Municipal Utilities</u>		<u>Rice Memorial Hospital</u>		
	<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2013		555,000	359,544	2,179,237	1,793,613
2014		575,000	339,996	2,402,595	1,713,765
2015		595,000	319,640	1,527,209	1,650,147
2016		615,000	298,336	1,565,500	1,610,338
2017		550,000	277,031	1,613,100	1,561,858
2018-2022		3,140,000	1,004,112	9,188,100	6,682,387
2023-2027		2,260,000	227,700	11,516,000	4,347,862
2028-2032		-	-	14,183,000	1,685,156
2033-2037		-	-	668,700	203,332
2038-2042		-	-	644,800	49,380
Total		<u>\$ 8,290,000</u>	<u>\$ 2,826,359</u>	<u>\$ 45,488,241</u>	<u>\$ 21,297,838</u>

4. Changes in Long-Term Liabilities

	<u>Balance</u>		<u>Retired/</u>	<u>Balance</u>
	<u>01/01/2012</u>	<u>Issued</u>	<u>Defeased</u>	<u>12/31/2012</u>
Primary Government				
Governmental Activities				
G.O. Special Assessment Bonds	\$ 12,605,000	\$ 1,460,000	\$ 1,900,000	\$ 12,165,000
G.O. Revenue Bonds	1,385,000	-	130,000	1,255,000
Notes Payable	929,838	-	929,838	-
Compensated Absences	3,329,585	-	-	3,329,585
Total Governmental Activities	<u>18,249,423</u>	<u>1,460,000</u>	<u>2,959,838</u>	<u>16,749,585</u>
Business-Type Activities				
G.O. Revenue Notes	77,858,857	61,903	2,449,371	75,471,389
G.O. Revenue Bonds	835,000	-	90,000	745,000
Total Business-Type Activities	<u>78,693,857</u>	<u>61,903</u>	<u>2,539,371</u>	<u>76,216,389</u>
Total Primary Government	<u>\$ 96,943,280</u>	<u>\$ 1,521,903</u>	<u>\$ 5,499,209</u>	<u>\$ 92,965,974</u>
Component Units				
Municipal Utilities				
Revenue Bonds	\$ 8,120,000	\$ -	\$ 405,000	\$ 7,715,000
G.O. Revenue Bonds	705,000	-	130,000	575,000
Compensated Absences	1,173,997	389,455	532,740	1,030,712
Total Municipal Utilities	<u>9,998,997</u>	<u>389,455</u>	<u>1,067,740</u>	<u>9,320,712</u>
Rice Memorial Hospital				
G.O. Revenue Bonds	44,785,000	40,910,000	44,785,000	40,910,000
Revenue Notes	3,000,000	-	53,600	2,946,400
Promissory Note Payable	1,555,413	-	618,365	937,048
Note Payable: Rice Home Medical	713,730	-	46,446	667,284
Capital Lease Payable	38,446	-	10,937	27,509
Total Rice Memorial Hospital	<u>50,092,589</u>	<u>40,910,000</u>	<u>45,514,348</u>	<u>45,488,241</u>
Total Component Units	<u>\$ 60,091,586</u>	<u>\$41,299,455</u>	<u>\$46,582,088</u>	<u>\$ 54,808,953</u>

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

E. Fund Balance Detail

The following is a detail of Governmental Fund Balances at December 31, 2012:

<u>Fund</u>	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
General Fund				
Prepays/Deposits	\$ 225,543	\$ -	\$ -	\$ -
Working Capital	-	-	4,000,000	-
Year 2012	-	-	154,871	-
Year 2013	-	-	1,189,502	-
Year 2014	-	-	961,297	-
Retirees Insurance	-	-	223,540	-
Self-Insurance	-	-	1,000,000	-
Petty Cash	-	-	2,250	-
Public Works Blacktop	-	-	200,000	-
Uncompensated Absences-Regular	-	-	1,678,271	-
Uncompensated Absences-Overtime	-	-	1,376,588	-
Uncompensated Absences-Part Time	-	-	274,726	-
WRAC-8	-	-	328,468	-
Next Year's Budget	-	-	1,300,000	-
Current Year Emergency	-	-	1,300,000	-
Capital Improvements	-	-	778,288	-
Special Revenue Funds				
Industrial Development	-	-	8,013,847	-
Industrial Development-CP Airport	-	-	17,110	-
Industrial Development-Western Coll.	-	-	1,316,074	-
CVB-Prepays	15,094	-	-	-
CVB	-	-	173,013	-
CVB-Petty Cash	-	-	50	-
Library Improvement Reserve	-	-	177,952	-
Community Investment	-	7,988,912	-	-
Community Investment-PIR	-	-	1,000,000	-
Public Works Reserve	-	-	814,017	-
Law Enforcement Forfeiture Fund	-	28,362	-	-
Debt Service Funds				
Special Assessments Funds	-	5,359,966	-	-
Nonmajor Airport Debt Service	-	164,712	-	-
Capital Projects Funds				
Street Projects	-	-	1,405,005	-
Nonmajor Surface Water C.P.	-	-	220,687	-
Nonmajor Capital Improvements	-	-	29,180	-
Stormwater	-	-	213,545	-
Year 2010	-	-	90,584	-
Year 2011	-	-	62,492	-
Year 2012	-	-	544,159	-
Year 2013	-	-	986,700	-
Year 2014	-	-	1,001,488	-
WRAC-8	-	-	65,215	-
CVB	-	-	5,500	-
Permanent Funds	30,000	9,296	-	-
Totals	\$ 270,637	\$ 13,551,248	\$ 30,904,419	\$ -

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 4 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

A. Plan Description

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

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

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

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

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

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

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

B. Funding Policy

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Minn. Stat. ch. 353 sets the rates for employer and employee contributions. These statutes are established and amended by the State Legislature. The City makes annual contributions to the pension plans equal to the amount required by state statutes. Public Employees Retirement Fund Basic Plan members and Coordinated Plan members were required to contribute 9.60 and 6.25 percent, respectively, of their annual

**CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2012**

NOTE 4 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

B. Funding Policy (Continued)

covered salary in 2012. Public Employees Police and Fire Fund members were required to contribute 9.60 percent of their annual covered salary in 2012. Contribution rates will remain the same in 2013 for PERA Basic Plan members, Coordinated Plan members and Police and Fire Fund members.

The City is required to contribute the following percentages of annual covered payroll in 2012 and 2013:

	2012	2013
Public Employee Retirement Fund		
Basic Plan Members	11.78 %	11.78 %
Coordinated Plan Members	7.25 %	7.25 %
Public Employees Police and Fire Fund	14.40 %	14.40 %

The City's contributions for the years ending December 31, 2012, 2011, and 2010, for the Public Employees Retirement Fund and the Public Employees Police and Fire Fund were:

	Public Employees Retirement Fund	Public Employees Police & Fire Fund
2012	\$ 265,151	\$ 299,939
2011	\$ 275,657	\$ 302,287
2010	\$ 274,961	\$ 310,143

These contribution amounts are equal to the contractually required contributions for each year as set by state statute.

NOTE 5 OTHER POST EMPLOYMENT BENEFITS

Primary Government

At December 31, 2012, the City had not adopted Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* (OPEB) as it relates to the Primary Government. This Statement establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers.

Component Units

Willmar Municipal Utilities

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

Rice Memorial Hospital

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

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 5 OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Component Units/Rice Memorial Hospital (Continued)

Statute 471.61 subdivision 2b. As of December 31, 2012, and 2011, there were approximately 28 retirees receiving benefits from the Hospital's health plan.

Annual OPEB Cost and Net OPEB Obligation

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

The following table shows the components of the Hospital's annual OPEB cost as of December 31, 2012, the amount actually contributed to the insurance plan, and changes in the Hospital's net OPEB obligation.

	2012	2011
Net OPEB, Beginning of Year	\$ 934,271	\$ 662,380
Activity During the Year:		
Annual Required Contribution (ARC)	304,358	434,144
Interest on Net OPEB Obligation	37,371	26,495
Adjustments to ARC	(54,029)	(38,306)
Contributions during the fiscal year	(103,741)	(150,442)
Increase in Net OPEB Obligation	183,959	271,891
Net OPEB, End of the Year	\$ 1,118,230	\$ 934,271

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

	OPEB Cost	Contribution	Contribution	Obligation
12/31/2010	\$ 388,699	\$ 126,734	32.60%	\$ 662,380
12/31/2011	\$ 422,333	\$ 150,442	35.62%	\$ 934,271
12/31/2012	\$ 287,700	\$ 103,741	36.06%	\$ 1,118,230

Funding Status

The Hospital provides to retirees the option to participate in the Hospital's health insurance plan after retirement, with no contribution from the Hospital. The Hospital currently has 28 retirees receiving benefits from the Hospital's health plan.

The Hospital currently has no assets that have been irrevocably deposited in a trust for future health benefits.

**CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2012**

NOTE 5 OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

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

Therefore, the actuarial value of the assets is \$-0- at December 31, 2012. The following is a summary of the funding status at January 1, 2012, the most recent actuarial valuation date:

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

NOTE 6 RISK MANAGEMENT

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

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

NOTE 7 CONTINGENCIES

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

NOTE 8 LEASE AGREEMENTS

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

Future minimum lease payments are:

2013	\$ 175,000
2014	175,000
2015	175,000
2016	175,000
2017	175,000
2018-2020	<u>525,000</u>
	<u>\$ 1,400,000</u>

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 9 JOINTLY-GOVERNED ORGANIZATIONS

Kandiyohi County and City of Willmar Economic Development Commission

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

Kandiyohi Area Transit

KAT was established on October 20, 1998 by a joint powers agreement Kandiyohi County and the City of Willmar. The Transit Board is made up of two members appointed by Kandiyohi County, two members appointed by the City of Willmar, and one elected official from other local governments in Kandiyohi County appointed by the Transit Board. Complete financial information for KAT can be obtained at Kandiyohi Area Transit, 1320 22nd Street SW, Willmar, Minnesota 56201.

BUDGET AND ACTUAL SCHEDULES

City of Willmar, Minnesota
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the fiscal year ended December 31, 2012

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
GENERAL PROPERTY TAXES				
Current Ad Valorem	\$ 3,992,734	\$ 3,992,734	\$ 3,899,155	\$ (93,579)
Delinquent Ad Valorem	55,000	55,000	66,276	11,276
TOTAL TAXES	4,047,734	4,047,734	3,965,431	(82,303)
LICENSES/PERMITS				
Business License/Permit	51,380	51,380	53,610	2,230
Non-Business License/Permit	220,650	220,650	239,494	18,844
TOTAL LICENSES & PERMITS	272,030	272,030	293,104	21,074
INTERGOVERNMENTAL				
FEDERAL GOVERNMENT				
Federal Grant	500	500	500	-
STATE GRANTS				
Local Government Aid	4,052,790	4,052,790	4,052,790	-
Police Department Aid	220,000	220,000	204,963	(15,037)
P.E.R.A. Aid	172,146	172,146	172,146	-
Airport Aid	51,636	51,636	51,636	-
State Grant	-	-	8,258	8,258
MFG Home HACA	-	-	-	-
Fire Department Aid	63,000	-	-	-
Shared Highway User Tax	183,176	183,176	218,379	35,203
Local Performance Aid	-	-	-	-
COUNTY GRANTS				
Kandiyohi County Highways	3,795	3,795	3,795	-
Kandiyohi County	-	-	9,391	9,391
SCHOOL DISTRICT #347				
School Liaison Officer	132,600	132,600	136,000	3,400
Contributions/Donations	-	-	-	-
TOTAL INTERGOVERNMENTAL	4,879,643	4,816,643	4,857,858	41,215
SERVICE CHARGES				
General Government	16,070	16,070	19,803	3,733
Public Safety	197,050	189,260	204,124	14,864
Buildings & Grounds	19,000	19,000	18,680	(320)
Civic Center	261,000	261,000	281,835	20,835
Leisure Services	151,500	151,500	169,285	17,785
Highways & Streets	13,000	13,000	11,318	(1,682)
Community Center	11,000	11,000	13,192	2,192
Transportation (Airport)	81,000	81,000	178,330	97,330
TOTAL SERVICE CHARGES	749,620	741,830	896,567	154,737
FINES AND FORFEITS				
Other Fines and Forfeits	-	-	-	-
Court Fines	135,000	135,000	107,882	(27,118)
Parking Violations	20,000	20,000	17,561	(2,439)
Impounding Fees	29,000	29,000	28,205	(795)
TOTAL FINES & FORFEITS	184,000	184,000	153,648	(30,352)
SPECIAL ASSESSMENTS				
Special Assessments	-	-	1,767	1,767
TOTAL SPECIAL ASSESSMENTS	-	-	1,767	1,767

See notes to required supplementary information.

City of Willmar, Minnesota
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the fiscal year ended December 31, 2012

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES (Con't)				
MISCELLANEOUS REVENUE				
Miscellaneous	61,000	61,000	93,839	32,839
Interest Earnings	200,000	200,000	125,578	(74,422)
Sale of Fixed Assets	50,000	50,000	9,600	(40,400)
Sale of Materials	50,000	50,000	80,334	30,334
Contributions/Donations	-	-	-	-
City Auditorium Rents	2,000	2,000	2,737	737
Capital Gains	-	-	125	125
Other Rents	2,500	2,500	101	(2,399)
Market Value Increase/(Decrease)	-	-	(18,274)	(18,274)
Insurance Reimbursements	150,000	150,000	224,797	74,797
Insurance Pass Through	200,000	200,000	362,471	162,471
Restitution	-	-	1,500	1,500
TOTAL MISCELLANEOUS	<u>715,500</u>	<u>715,500</u>	<u>882,808</u>	<u>167,308</u>
TOTAL REVENUE	<u>10,848,527</u>	<u>10,777,737</u>	<u>11,051,183</u>	<u>273,446</u>
EXPENDITURES				
GENERAL GOVERNMENT				
City Administrator				
Personal Services	233,949	233,949	230,402	3,547
Supplies	1,200	1,200	1,208	(8)
Other Services & Charges	5,600	5,600	4,663	937
Total	<u>240,749</u>	<u>240,749</u>	<u>236,273</u>	<u>4,476</u>
Mayor and Council				
Personal Services	79,150	79,150	78,857	293
Supplies	12,250	12,250	14,910	(2,660)
Other Services & Charges	87,800	87,800	93,555	(5,755)
Total	<u>179,200</u>	<u>179,200</u>	<u>187,322</u>	<u>(8,122)</u>
Planning & Development				
Personal Services	429,565	429,565	426,114	3,451
Supplies	10,075	10,075	8,412	1,663
Other Services & Charges	22,200	22,200	23,674	(1,474)
Total	<u>461,840</u>	<u>461,840</u>	<u>458,200</u>	<u>3,640</u>
City Clerk/Treasurer				
Personal Services	197,341	197,341	194,989	2,352
Supplies	6,185	6,185	6,890	(705)
Other Services & Charges	5,595	5,595	5,724	(129)
Total	<u>209,121</u>	<u>209,121</u>	<u>207,603</u>	<u>1,518</u>
Assessing				
Personal Services	250,361	250,361	219,886	30,475
Supplies	3,340	3,340	2,888	452
Other Services & Charges	10,250	10,250	11,327	(1,077)
Total	<u>263,951</u>	<u>263,951</u>	<u>234,101</u>	<u>29,850</u>
Accounting				
Personal Services	312,425	333,842	328,416	5,426
Supplies	5,750	5,750	5,549	201
Other Services & Charges	30,000	30,000	28,856	1,144
Total	<u>348,175</u>	<u>369,592</u>	<u>362,821</u>	<u>6,771</u>

See notes to required supplementary information.

City of Willmar, Minnesota
 General Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the fiscal year ended December 31, 2012

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (Con't)				
GENERAL GOVERNMENT (Con't)				
Legal				
Personal Services	156,337	42,560	43,187	(627)
Supplies	8,100	250	582	(332)
Other Services & Charges	32,300	153,927	154,183	(256)
Total	<u>196,737</u>	<u>196,737</u>	<u>197,952</u>	<u>(1,215)</u>
City Hall				
Personal Services	47,063	47,063	49,119	(2,056)
Supplies	13,850	17,350	17,098	252
Other Services & Charges	56,300	84,710	86,209	(1,499)
Total	<u>117,213</u>	<u>149,123</u>	<u>152,426</u>	<u>(3,303)</u>
Information Technology				
Personal Services	156,275	156,275	154,163	2,112
Supplies	9,715	46,420	26,682	19,738
Other Services & Charges	54,653	54,653	43,880	10,773
Total	<u>220,643</u>	<u>257,348</u>	<u>224,725</u>	<u>32,623</u>
Cultural Diversity				
Other Services & Charges	42,000	42,000	-	42,000
Total	<u>42,000</u>	<u>42,000</u>	<u>-</u>	<u>42,000</u>
Elections & Voters Registration				
Personal Services	49,721	49,721	47,671	2,050
Supplies	450	450	134	316
Other Services & Charges	7,315	7,315	2,073	5,242
Total	<u>57,486</u>	<u>57,486</u>	<u>49,878</u>	<u>7,608</u>
Non-Departmental Expenses				
Personal Services	29,000	9,000	6,092	2,908
Supplies	-	-	60	(60)
Other Charges/Services	48,000	48,000	236,324	(188,324)
Insurances	-	-	-	-
Labor Negotiator	20,000	20,000	37,612	(17,612)
Severance	-	-	65,940	(65,940)
Deferred Compensation	70,000	2,217	-	2,217
Re-Employment Insurance	1,000	1,000	9,563	(8,563)
Retired Employees Insurance	100,000	100,000	117,654	(17,654)
Insurance Pass Through	200,000	200,000	373,519	(173,519)
Downtown Items	25,000	25,000	25,000	-
Workers Comp Self Insurance	-	-	529	(529)
Insurance Deductible	200,000	200,000	90,981	109,019
Refunds Paid	200,000	200,000	239,489	(39,489)
Total	<u>893,000</u>	<u>805,217</u>	<u>1,202,763</u>	<u>(397,546)</u>
TOTAL GENERAL GOVERNMENT	<u>3,230,115</u>	<u>3,232,364</u>	<u>3,514,064</u>	<u>(281,700)</u>
PUBLIC SAFETY				
Police Department				
Personal Services	3,313,426	3,335,888	3,139,981	195,907
Supplies	184,900	241,900	191,903	49,997
Other Services & Charges	226,550	226,550	163,019	63,531
Debt Redemption	175,000	175,000	175,000	-
Total	<u>3,899,876</u>	<u>3,979,338</u>	<u>3,669,903</u>	<u>309,435</u>

See notes to required supplementary information.

City of Willmar, Minnesota
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the fiscal year ended December 31, 2012

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (Con't)				
PUBLIC SAFETY (Con't)				
Fire Department				
Personal Services	543,919	468,338	387,713	80,625
Supplies	74,400	74,610	58,273	16,337
Other Services & Charges	91,870	86,643	71,937	14,706
Total	<u>710,189</u>	<u>629,591</u>	<u>517,923</u>	<u>111,668</u>
Non-Departmental Expenses				
Civil Defense	5,000	5,000	5,572	(572)
Safety Program	10,000	10,000	25,296	(15,296)
Refunds Paid	-	-	3,000	(3,000)
Total	<u>15,000</u>	<u>15,000</u>	<u>33,868</u>	<u>(18,868)</u>
TOTAL PUBLIC SAFETY	<u>4,625,065</u>	<u>4,623,929</u>	<u>4,221,694</u>	<u>402,235</u>
PUBLIC WORKS				
Engineering				
Personal Services	386,893	391,414	314,167	77,247
Supplies	11,050	11,050	7,415	3,635
Other Services & Charges	63,550	72,250	13,641	58,609
Total	<u>461,493</u>	<u>474,714</u>	<u>335,223</u>	<u>139,491</u>
Public Works				
Personal Services	1,572,939	1,563,903	1,524,568	39,335
Supplies	419,500	419,500	468,844	(49,344)
Other Services & Charges	267,000	267,000	216,846	50,154
Total	<u>2,259,439</u>	<u>2,250,403</u>	<u>2,210,258</u>	<u>40,145</u>
Airport				
Personal Services	-	-	1,954	(1,954)
Supplies	8,950	8,950	10,374	(1,424)
Other Services & Charges	88,200	111,400	157,632	(46,232)
Refunds Paid	-	-	760	(760)
Total	<u>97,150</u>	<u>120,350</u>	<u>170,720</u>	<u>(50,370)</u>
Transit				
Other Services & Charges	9,000	9,000	9,000	-
Total	<u>9,000</u>	<u>9,000</u>	<u>9,000</u>	<u>-</u>
Non-Departmental Expenses				
Other Services & Charges	2,000	2,000	868	1,132
Total	<u>2,000</u>	<u>2,000</u>	<u>868</u>	<u>1,132</u>
TOTAL PUBLIC WORKS	<u>2,829,082</u>	<u>2,856,467</u>	<u>2,726,069</u>	<u>130,398</u>
NON-DEPARTMENTAL EXPENSES				
Social Services				
Meals on Wheels	15,000	15,000	15,000	-
TOTAL NON-DEPARTMENTAL EXPENSE	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>-</u>
CULTURE & RECREATION				
Library				
Other Services & Charges	459,007	459,007	413,511	45,496
Total	<u>459,007</u>	<u>459,007</u>	<u>413,511</u>	<u>45,496</u>

See notes to required supplementary information.

City of Willmar, Minnesota
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the fiscal year ended December 31, 2012

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (Con't)				
CULTURE & RECREATION (Con't)				
Auditorium				
Personal Services	-	-	-	-
Supplies	10,600	11,600	11,861	(261)
Other Services & Charges	41,000	48,000	36,202	11,798
Total	<u>51,600</u>	<u>59,600</u>	<u>48,063</u>	<u>11,537</u>
Non-Department Expenses				
Civic Promotion	36,000	36,000	35,000	1,000
Total	<u>36,000</u>	<u>36,000</u>	<u>35,000</u>	<u>1,000</u>
Leisure Services				
Personal Services	232,067	232,067	241,991	(9,924)
Supplies	17,550	17,550	20,071	(2,521)
Other Services & Charges	146,150	146,150	148,942	(2,792)
Total	<u>395,767</u>	<u>395,767</u>	<u>411,004</u>	<u>(15,237)</u>
Civic Center - Ice Arena				
Personal Services	310,056	310,056	302,108	7,948
Supplies	73,500	73,500	85,385	(11,885)
Other Services & Charges	167,340	167,340	148,762	18,578
Refunds Paid	1,800	1,800	1,193	607
Total	<u>552,696</u>	<u>552,696</u>	<u>537,448</u>	<u>15,248</u>
Community Center				
Personal Services	59,761	15,598	6,370	9,228
Supplies	8,800	8,800	10,205	(1,405)
Other Services & Charges	32,450	51,430	48,247	3,183
Total	<u>101,011</u>	<u>75,828</u>	<u>64,822</u>	<u>11,006</u>
Aquatics Center				
Personal Services	110,764	110,764	118,376	(7,612)
Supplies	29,900	29,900	32,874	(2,974)
Other Services & Charges	27,950	27,950	23,480	4,470
Total	<u>168,614</u>	<u>168,614</u>	<u>174,730</u>	<u>(6,116)</u>
TOTAL CULTURE & RECREATION	<u>1,764,695</u>	<u>1,747,512</u>	<u>1,684,578</u>	<u>62,934</u>
TOTAL EXPENDITURES	<u>12,463,957</u>	<u>12,475,272</u>	<u>12,161,405</u>	<u>313,867</u>
Excess of Revenues Over Expenditures	<u>(1,615,430)</u>	<u>(1,697,535)</u>	<u>(1,110,222)</u>	<u>587,313</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	3,024,570	3,189,670	3,638,105	448,435
Transfers Out	(1,701,413)	(1,651,208)	(1,725,659)	(74,451)
Total Other Financing Sources (Uses)	<u>1,323,157</u>	<u>1,538,462</u>	<u>1,912,446</u>	<u>373,984</u>
Net Change in Fund Balances	(292,273)	(159,073)	802,224	961,297
Fund Balances - Beginning	14,191,120	14,191,120	14,191,120	-
Fund Balances - Ending	<u>\$ 13,898,847</u>	<u>\$ 14,032,047</u>	<u>\$ 14,993,344</u>	<u>\$ 961,297</u>

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, 2012

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Special Assessments	\$ 6,709	\$ 6,709	\$ 17,834	\$ 11,125
Miscellaneous Revenue				
Interest Earnings	282,155	282,155	169,238	(112,917)
Market Value Increase (Decrease)	-	-	(13,410)	(13,410)
Miscellaneous	-	-	1,843	1,843
Total Revenues	<u>288,864</u>	<u>288,864</u>	<u>175,505</u>	<u>(113,359)</u>
EXPENDITURES				
Other Charges	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>288,864</u>	<u>288,864</u>	<u>175,505</u>	<u>(113,359)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	156,076	156,076	1,208,548	1,052,472
Transfers Out	<u>(444,940)</u>	<u>(444,940)</u>	<u>(1,053,461)</u>	<u>(608,521)</u>
Total Other Financing Sources (Uses)	<u>(288,864)</u>	<u>(288,864)</u>	<u>155,087</u>	<u>443,951</u>
Net Change in Fund Balances	-	-	330,592	330,592
Fund Balance - Beginning	<u>8,658,320</u>	<u>8,658,320</u>	<u>8,658,320</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 8,658,320</u>	<u>\$ 8,658,320</u>	<u>\$ 8,988,912</u>	<u>\$ 330,592</u>

See notes to required supplementary information.

City of Willmar, Minnesota
Convention & Visitors' Bureau Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2012

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
General Taxes				
Hotel-Motel Tax	\$ 140,000	\$ 140,000	\$ 162,258	\$ 22,258
Intergovernmental				
State Tourism Grant	-	-	4,922	4,922
Kandiyohi County Camping Fees	15,000	15,000	14,729	(271)
Kandiyohi County Phone Reimb	1,000	1,000	-	(1,000)
Kandiyohi County Tourism Partner.	34,000	34,000	34,000	-
Total Intergovernmental	50,000	50,000	53,651	3,651
Service Charges	4,000	4,000	2,653	(1,347)
Miscellaneous Revenue				
Interest Earnings	6,000	6,000	3,774	(2,226)
Market Value Increase/(Decrease)	-	-	(329)	(329)
Miscellaneous	-	-	4,138	4,138
Total Miscellaneous Revenue	6,000	6,000	7,583	1,583
Total Revenue	200,000	200,000	226,145	26,145
EXPENDITURES				
Personal Services	100,000	100,000	93,880	6,120
Supplies	6,800	6,800	5,306	1,494
Other Services and Charges	28,350	28,350	29,147	(797)
Tourism	34,000	34,000	38,727	(4,727)
Ad Development	250	250	-	250
Conference & Convention	21,000	21,000	22,233	(1,233)
Group Tour Promotions	2,000	2,000	1,972	28
Leisure Travel	21,000	21,000	27,904	(6,904)
Fall/Winter Promotions	6,000	6,000	5,958	42
Refunds & Reimbursements	-	-	46	(46)
Special Projects	7,000	7,000	7,000	-
Strategic Marketing	6,000	6,000	5,624	376
Total Expenditures	232,400	232,400	237,797	(5,397)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(32,400)	(32,400)	(11,652)	20,748
OTHER FINANCING SOURCES (USES)				
Transfers Out - General	(7,000)	(7,000)	(8,113)	(1,113)
Transfers Out - Capital Improvement	-	-	-	-
Total Other Financing Sources (Uses)	(7,000)	(7,000)	(8,113)	(1,113)
Net Change in Fund Balances	(39,400)	(39,400)	(19,765)	19,635
Fund Balance - Beginning	207,922	207,922	207,922	-
Fund Balance - Ending	\$ 168,522	\$ 168,522	\$ 188,157	\$ 19,635

See notes to required supplementary information.

City of Willmar, Minnesota
WRAC - 8 Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2012

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
General Taxes				
Franchise Taxes	\$ 225,000	\$ 225,000	\$ 238,051	\$ 13,051
Miscellaneous Revenue				
Interest Earnings	12,000	12,000	6,283	(5,717)
Market Value Increase/(Decrease)	-	-	(756)	(756)
Miscellaneous	-	-	92	92
Total Miscellaneous Revenue	12,000	12,000	5,619	(6,381)
Total Revenues	237,000	237,000	243,670	6,670
EXPENDITURES				
Personal Services	131,983	131,983	118,577	13,406
Supplies	8,030	8,030	6,050	1,980
Other Services/Charges	15,035	15,035	15,969	(934)
Capital Outlay	7,995	-	-	-
Total Expenditures	163,043	155,048	140,596	14,452
Excess (Deficiency) of Revenues Over (Under) Expenditures	73,957	81,952	103,074	21,122
OTHER FINANCING SOURCES (USES)				
Transfers Out	(75,000)	(90,995)	(327,498)	(236,503)
Total Other Financing Sources (Uses)	(75,000)	(90,995)	(327,498)	(236,503)
Net Change in Fund Balances	(1,043)	(9,043)	(224,424)	(215,381)
Fund Balances - Beginning	224,424	224,424	224,424	-
Fund Balances - Ending	\$ 223,381	\$ 215,381	\$ -	\$ (215,381)

See notes to required supplementary information.

City of Willmar, Minnesota
Economic Development Revolving Loan Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2012

	Budget Amounts		Actual	Variance With
	Original	Final		Final Budget
				Positive
				(Negative)
REVENUES				
Miscellaneous Revenue				
Interest Earnings	\$ -	\$ -	\$ 62	\$ 62
Market Value Incr/(Decr)	-	-	(11)	(11)
Total Revenues	-	-	51	51
EXPENDITURES				
Other Services/Charges	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	51	51
OTHER FINANCING SOURCES (USES)				
Transfers Out	(74,500)	(74,500)	(77,651)	3,151
Total Other Financing Sources (Uses)	(74,500)	(74,500)	(77,651)	3,151
Net Change in Fund Balances	(74,500)	(74,500)	(77,600)	3,202
Fund Balance - Beginning	77,600	77,600	77,600	-
Fund Balance - Ending	\$ 3,100	\$ 3,100	\$ -	\$ 3,202

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, 2012

	<u>Budget Amounts</u>		<u>Actual</u>	Variance With
	<u>Original</u>	<u>Final</u>		Final Budget
				(Negative)
REVENUES				
Miscellaneous Revenue				
Sale of Fixed Assets	\$ 660,000	\$ -	\$ -	\$ -
Rental of Land	96,711	-	-	-
Interest Earnings	-	-	-	-
Market Value Incr/(Decr)	-	-	-	-
Total Revenues	<u>756,711</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Other Services/Charges	-	-	7,420	(7,420)
Capital Outlay	<u>6,000,000</u>	<u>2,000,000</u>	<u>-</u>	<u>2,000,000</u>
Total Expenditures	<u>6,000,000</u>	<u>2,000,000</u>	<u>7,420</u>	<u>1,992,580</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(5,243,289)</u>	<u>(2,000,000)</u>	<u>(7,420)</u>	<u>1,992,580</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	<u>5,868,889</u>	<u>5,868,889</u>	<u>9,337,341</u>	<u>3,468,452</u>
Total Other Financing Sources (Uses)	<u>5,868,889</u>	<u>5,868,889</u>	<u>9,337,341</u>	<u>3,468,452</u>
Net Change in Fund Balances	625,600	3,868,889	9,329,921	5,461,032
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ 625,600</u>	<u>\$ 3,868,889</u>	<u>\$ 9,329,921</u>	<u>\$ 5,461,032</u>

See notes to required supplementary information.

City of Willmar, Minnesota
Local Option Sales Tax Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2012

	Budget Amounts		Actual	Variance With
	Original	Final		Final Budget
				Positive
				(Negative)
REVENUES				
General Taxes				
Sales/Use Tax	\$ 1,800,000	\$ 1,800,000	\$ 2,144,828	\$ 344,828
Excise Tax	50,000	50,000	46,340	(3,660)
Total General Taxes	<u>1,850,000</u>	<u>1,850,000</u>	<u>2,191,168</u>	<u>341,168</u>
Miscellaneous Revenue				
Interest Earnings	75,000	75,000	128,405	53,405
Market Value Increase/(Decrease)	-	-	(10,255)	(10,255)
Refunds Paid	-	-	-	-
Total Miscellaneous Revenue	<u>75,000</u>	<u>75,000</u>	<u>118,150</u>	<u>43,150</u>
Total Revenue	<u>1,925,000</u>	<u>1,925,000</u>	<u>2,309,318</u>	<u>384,318</u>
EXPENDITURES				
Other Services and Charges	-	-	39,222	(39,222)
Total Expenditures	<u>-</u>	<u>-</u>	<u>39,222</u>	<u>(39,222)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,925,000</u>	<u>1,925,000</u>	<u>2,270,096</u>	<u>345,096</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	346,355	346,355
Transfers Out	<u>(5,868,889)</u>	<u>(5,868,889)</u>	<u>(8,899,441)</u>	<u>(3,030,552)</u>
Total Other Financing Sources (Uses)	<u>(5,868,889)</u>	<u>(5,868,889)</u>	<u>(8,553,086)</u>	<u>(2,684,197)</u>
Net Change in Fund Balances	<u>(3,943,889)</u>	<u>(3,943,889)</u>	<u>(6,282,990)</u>	<u>(2,339,101)</u>
Fund Balance - Beginning	<u>6,282,991</u>	<u>6,282,991</u>	<u>6,282,990</u>	<u>(1)</u>
Fund Balance - Ending	<u>\$ 2,339,102</u>	<u>\$ 2,339,102</u>	<u>\$ -</u>	<u>\$ (2,339,102)</u>

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, 2012

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Miscellaneous Revenue				
Interest Earnings	\$ -	\$ -	\$ 11,041	\$ 11,041
Market Value Incr/(Decr)	-	-	(753)	(753)
Miscellaneous	-	-	-	-
Total Revenues	-	-	10,288	10,288
EXPENDITURES				
Other Charges	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	10,288	10,288
OTHER FINANCING SOURCES (USES)				
Transfers In	400,000	400,000	412,164	12,164
Transfers Out	(243,522)	(243,522)	(243,522)	-
Total Other Financing Sources (Uses)	156,478	156,478	168,642	12,164
Net Change in Fund Balances	156,478	156,478	178,930	22,452
Fund Balance - Beginning	635,086	635,086	635,086	-
Fund Balance - Ending	\$ 791,564	\$ 791,564	\$ 814,016	\$ 22,452

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, 2012

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Miscellaneous Revenue				
Interest Earnings	\$ 6,618	\$ 6,618	\$ 3,690	\$ (2,928)
Market Value Incr/(Decr)	-	-	(311)	(311)
Total Revenues	<u>6,618</u>	<u>6,618</u>	<u>3,379</u>	<u>(3,239)</u>
EXPENDITURES				
Supplies	21,000	21,000	-	21,000
Capital Outlay	-	35,800	35,800	-
Total Expenditures	<u>21,000</u>	<u>56,800</u>	<u>35,800</u>	<u>21,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(14,382)</u>	<u>(50,182)</u>	<u>(32,421)</u>	<u>17,761</u>
Net Change in Fund Balances	(14,382)	(50,182)	(32,421)	17,761
Fund Balance - Beginning	<u>210,372</u>	<u>210,372</u>	<u>210,372</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 195,990</u>	<u>\$ 160,190</u>	<u>\$ 177,951</u>	<u>\$ 17,761</u>

See notes to required supplementary information.

City of Willmar, Minnesota
Community Development Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2012

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Intergovernmental				
Federal Grants	\$ -	\$ 1,076,162	\$ -	\$ (1,076,162)
State Grants	-	-	-	-
Total Intergovernmental	-	1,076,162	-	(1,076,162)
Miscellaneous Revenue	-	3,037,867	-	(3,037,867)
Total Revenue	-	4,114,029	-	(4,114,029)
EXPENDITURES				
Other Services/Charges	-	4,114,029	-	4,114,029
Total Expenditures	-	4,114,029	-	4,114,029
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
Net Change in Fund Balances	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -

See notes to required supplementary information.

City of Willmar, Minnesota
Debt Service Funds/Special Assessments Bonds
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2012

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Over (Under)</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
REVENUES				
Special Assessments				
Special Assessments	\$ 1,039,361	\$ 1,039,361	\$ 1,470,224	\$ 430,863
Miscellaneous Revenue				
Miscellaneous	-	-	14,965	14,965
Interest Earnings	100,293	100,293	64,257	(36,036)
Net change in fair market value	-	-	(5,447)	(5,447)
Total Revenues	<u>1,139,654</u>	<u>1,139,654</u>	<u>1,543,999</u>	<u>404,345</u>
EXPENDITURES				
Bond Principal Payments	1,900,000	1,900,000	1,900,000	-
Interest Payments	346,066	346,066	380,115	34,049
Other Charges	5,300	5,300	20,885	15,585
Total Expenditures	<u>2,251,366</u>	<u>2,251,366</u>	<u>2,301,000</u>	<u>49,634</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,111,712)</u>	<u>(1,111,712)</u>	<u>(757,001)</u>	<u>354,711</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	378,095	378,095	1,088,533	710,438
Transfers Out	-	-	(87,145)	(87,145)
Bond Proceeds	-	-	-	-
Total Other Financing Sources (Uses)	<u>378,095</u>	<u>378,095</u>	<u>1,001,388</u>	<u>623,293</u>
Net Change in Fund Balances	(733,617)	(733,617)	244,387	978,004
Fund Balances - Beginning	<u>5,115,579</u>	<u>5,115,579</u>	<u>5,115,579</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 4,381,962</u>	<u>\$ 4,381,962</u>	<u>\$ 5,359,966</u>	<u>\$ 978,004</u>

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, 2012

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Over (Under) Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest Earnings	\$ -	\$ -	\$ 664	\$ 664
Market Value Increase (Decrease)	-	-	20	20
Total Revenues	-	-	684	684
EXPENDITURES				
Bond Principal Payments	130,000	130,000	130,000	-
Interest Payments	49,428	49,428	49,428	-
Other Charges	650	650	3,161	2,511
Total Expenditures	180,078	180,078	182,589	2,511
Excess (Deficiency) of Revenues Over (Under) Expenditures	(180,078)	(180,078)	(181,905)	3,195
OTHER FINANCING SOURCES(USES)				
Transfers In	180,078	180,078	180,078	-
Total Other Financing Sources (Uses)	180,078	180,078	180,078	-
Net Change in Fund Balances	-	-	(1,827)	3,195
Fund Balances - Beginning	166,539	166,539	166,539	-
Fund Balances - Ending	\$ 166,539	\$ 166,539	\$ 164,712	\$ 3,195

See notes to required supplementary information.

**NOTES TO THE REQUIRED
SUPPLEMENTARY INFORMATION**

CITY OF WILLMAR, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2012

A. Budgets

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

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

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

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

City of Willmar, Minnesota
Combining Balance Sheet
NonMajor Governmental Funds
December 31, 2012

	<u>Total Special Revenue Funds</u>	<u>Total Capital Projects Funds</u>	<u>Debt Service Fund Airport G.O. Revenue Bond</u>	<u>Permanent Fund Perpetual Care</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 33,322	\$ 1,220	\$ (2,087)	\$ 502	\$ 32,957
Investments	1,012,977	3,764,987	-	8,639	4,786,603
Receivables					
Taxes Receivable - Current	10,547	-	-	-	10,547
Accounts Receivable	202	-	-	-	202
Notes Receivable	350,000	-	-	-	350,000
Interest Receivable	6,605	15,507	-	155	22,267
Due From Other Funds	412,164	-	-	-	412,164
Prepaid Items	15,094	-	158,609	-	173,703
Restricted Assets:					
Investments	-	-	-	30,000	30,000
Unamortized Discounts On Bonds	-	-	8,190	-	8,190
Total Assets	\$ 1,840,911	\$ 3,781,714	\$ 164,712	\$ 39,296	\$ 5,826,633
LIABILITIES					
Accounts Payable	\$ 24,637	\$ 2,723	\$ -	\$ -	\$ 27,360
Due To Other Funds	251,635	508,656	-	-	760,291
Due To Other Gov Units	-	50,785	-	-	50,785
Deferred Revenue	356,151	-	-	-	356,151
Total Liabilities	632,423	562,164	-	-	1,194,587
FUND BALANCES					
Nonspendable Fund Balance	15,094	-	-	30,000	45,094
Restricted Fund Balance	28,362	-	164,712	9,296	202,370
Committed Fund Balance	1,165,032	3,219,550	-	-	4,384,582
Assigned Fund Balance	-	-	-	-	-
Total Fund Balances	1,208,488	3,219,550	164,712	39,296	4,632,046
Total Liabilities and Fund Balances	\$ 1,840,911	\$ 3,781,714	\$ 164,712	\$ 39,296	\$ 5,826,633

City of Willmar, Minnesota
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
NonMajor Governmental Funds
For the Year Ended December 31, 2012

	<u>Total Special Revenue Funds</u>	<u>Total Capital Projects Funds</u>	<u>Debt Service Fund Airport G.O. Revenue Bond</u>	<u>Permanent Fund Perpetual Care</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES					
General Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Other Taxes	400,310	-	-	-	400,310
Intergovernmental	53,651	-	-	-	53,651
Charges for Services	2,653	-	-	-	2,653
Investment Income	24,890	67,246	664	752	93,552
Net change in fair market value	(2,158)	(8,503)	20	(61)	(10,702)
Miscellaneous Revenue	4,247	223	-	-	4,470
Total Revenues	<u>483,593</u>	<u>58,966</u>	<u>684</u>	<u>691</u>	<u>543,934</u>
EXPENDITURES					
Public Safety	25,438	-	-	-	25,438
Culture and Recreation	414,194	-	-	-	414,194
Economic Development	-	-	-	-	-
Debt Service					
Principal	-	-	130,000	-	130,000
Interest	-	-	49,428	-	49,428
Other Charges	-	-	3,161	-	3,161
Capital Projects	-	1,378,681	-	-	1,378,681
Total Expenditures	<u>439,632</u>	<u>1,378,681</u>	<u>182,589</u>	<u>-</u>	<u>2,000,902</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>43,961</u>	<u>(1,319,715)</u>	<u>(181,905)</u>	<u>691</u>	<u>(1,456,968)</u>
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	412,164	1,243,012	180,078	-	1,835,254
Operating Transfers Out	(656,784)	(833,416)	-	(1,027)	(1,491,227)
Total Other Financing Sources (Uses)	<u>(244,620)</u>	<u>409,596</u>	<u>180,078</u>	<u>(1,027)</u>	<u>344,027</u>
Net Change in Fund Balances	(200,659)	(910,119)	(1,827)	(336)	(1,112,941)
Fund Balances - Beginning	1,409,147	4,129,669	166,539	39,632	5,744,987
Prior Period Adjustment - See Note 9	-	-	-	-	-
Fund Balances - Ending	<u>\$ 1,208,488</u>	<u>\$ 3,219,550</u>	<u>\$ 164,712</u>	<u>\$ 39,296</u>	<u>\$ 4,632,046</u>

City of Willmar, Minnesota
Combining Balance Sheet
NonMajor Governmental Funds/Special Revenue
December 31, 2012

	Economic Development Revolving Loan	W.R.A.C. - 8	Convention and Visitors Bureau	Community Development	Willmar Municipal Airport	Library Improvement Reserve	Public Works Reserve	Law Enforcement Forfeiture Fund	Total Special Revenue Funds
ASSETS									
Cash and Cash Equivalents	\$ -	\$ -	\$ 586	\$ -	\$ 3,720	\$ 500	\$ 154	\$ 28,362	\$ 33,322
Investments	-	-	193,682	-	-	176,714	642,581	-	1,012,977
Receivables									
Taxes Receivable - Current	-	-	10,547	-	-	-	-	-	10,547
Accounts Receivable	-	-	202	-	-	-	-	-	202
Notes Receivable	-	-	-	350,000	-	-	-	-	350,000
Interest Receivable	-	-	796	2,431	-	738	2,640	-	6,605
Due From Other Governments	-	-	-	-	-	-	-	-	-
Due From Other Funds	-	-	-	-	-	-	412,164	-	412,164
Prepaid Items	-	-	15,094	-	-	-	-	-	15,094
Total Assets	\$ -	\$ -	\$ 220,907	\$ 352,431	\$ 3,720	\$ 177,952	\$ 1,057,539	\$ 28,362	\$ 1,840,911
LIABILITIES									
Accounts Payable	\$ -	\$ -	\$ 24,637	-	\$ -	\$ -	\$ -	\$ -	\$ 24,637
Accrued Wages	-	-	-	-	-	-	-	-	-
Due To Other Governments	-	-	-	-	-	-	-	-	-
Due To Other Funds	-	-	8,113	-	-	-	243,522	-	251,635
Deferred Revenue	-	-	-	352,431	3,720	-	-	-	356,151
Total Liabilities	-	-	32,750	352,431	3,720	-	243,522	-	632,423
FUND BALANCES									
Nonspendable Fund Balance	-	-	15,094	-	-	-	-	-	15,094
Restricted Fund Balance	-	-	-	-	-	-	-	28,362	28,362
Committed Fund Balance	-	-	173,063	-	-	177,952	814,017	-	1,165,032
Assigned Fund Balance	-	-	-	-	-	-	-	-	-
Unassigned Fund Balance	-	-	-	-	-	-	-	-	-
Total Fund Balances	-	-	188,157	-	-	177,952	814,017	28,362	1,208,488
Total Liabilities and Fund Balances	\$ -	\$ -	\$ 220,907	\$ 352,431	\$ 3,720	\$ 177,952	\$ 1,057,539	\$ 28,362	\$ 1,840,911

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, 2012

	Economic Development Revolving Loan	W.R.A.C. - 8	Convention and Visitors Bureau	Community Development	Willmar Municipal Airport	Library Improvement Reserve	Public Works Reserve	Law Enforcement Forfeiture Fund	Total Special Revenue Funds
REVENUES									
General Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	238,052	162,258	-	-	-	-	-	400,310
Intergovernmental	-	-	53,651	-	-	-	-	-	53,651
Service Charges	-	-	2,653	-	-	-	-	-	2,653
Investment income	62	6,283	3,774	-	-	3,690	11,041	40	24,890
Fair Market Value Incr/(Decr)	(11)	(757)	(328)	-	-	(310)	(752)	-	(2,158)
Miscellaneous Revenue	-	92	4,138	-	-	-	-	17	4,247
Total Revenues	51	243,670	226,146	-	-	3,380	10,289	57	483,593
EXPENDITURES									
Public Safety	-	-	-	-	-	-	-	25,438	25,438
Culture and Recreation	-	140,596	237,798	-	-	35,800	-	-	414,194
Economic Development	-	-	-	-	-	-	-	-	-
Total Expenditures	-	140,596	237,798	-	-	35,800	-	25,438	439,632
Excess (Deficiency) of Revenues Over (Under) Expenditures	51	103,074	(11,652)	-	-	(32,420)	10,289	(25,381)	43,961
OTHER FIN. SOURCES (USES)									
Transfers In	-	-	-	-	-	-	412,164	-	412,164
Transfers Out	(77,651)	(327,498)	(8,113)	-	-	-	(243,522)	-	(656,784)
Total Other Fin. Sources (Uses)	(77,651)	(327,498)	(8,113)	-	-	-	168,642	-	(244,620)
Net Change in Fund Balances	(77,600)	(224,424)	(19,765)	-	-	(32,420)	178,931	(25,381)	(200,659)
Fund Balances - Beginning	77,600	224,424	207,922	-	-	210,372	635,086	53,743	1,409,147
Fund Balances - Ending	\$ -	\$ -	\$ 188,157	\$ -	\$ -	\$ 177,952	\$ 814,017	\$ 28,362	\$ 1,208,488

**City of Willmar, Minnesota
Combining Balance Sheet
NonMajor Governmental Funds/Capital Projects
December 31, 2012**

	<u>Local Option Sales Tax</u>	<u>Airport Capital Project</u>	<u>Capital Improvement</u>	<u>Surface Water</u>	<u>Total Capital Projects Funds</u>
ASSETS					
Cash	\$ -	\$ -	\$ 347	\$ 873	\$ 1,220
Investments	-	-	3,546,066	218,921	3,764,987
Accounts Receivable	-	-	-	-	-
Interest Receivable	-	-	14,614	893	15,507
Due From Other Funds	-	-	-	-	-
Due From Other Governments	-	-	-	-	-
Prepaid Expenses	-	-	-	-	-
Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,561,027</u>	<u>\$ 220,687</u>	<u>\$ 3,781,714</u>
LIABILITIES					
Accounts Payable	\$ -	\$ -	\$ 2,723	\$ -	\$ 2,723
Contracts Payable	-	-	-	-	-
Due To Other Funds	-	-	508,656	-	508,656
Due To Other Gov Units	-	-	50,785	-	50,785
Deferred Revenue	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>562,164</u>	<u>-</u>	<u>562,164</u>
FUND BALANCES					
Restricted Fund Balance	-	-	-	-	-
Committed Fund Balance	-	-	2,998,863	220,687	3,219,550
Assigned Fund Balance	-	-	-	-	-
Total Fund Balance	<u>-</u>	<u>-</u>	<u>2,998,863</u>	<u>220,687</u>	<u>3,219,550</u>
Total Liabilities/Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,561,027</u>	<u>\$ 220,687</u>	<u>\$ 3,781,714</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, 2012

	Local Option Sales Tax	Airport Capital Project	Capital Improvement	Surface Water	Total Capital Project Funds
REVENUES					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
Investment Income	-	6,309	56,933	4,004	67,246
Market Value Incr/(Decr)	-	122	(8,276)	(349)	(8,503)
Miscellaneous	-	-	223	-	223
Total Revenues	-	6,431	48,880	3,655	58,966
EXPENDITURES					
Capital/Construction Projects	2,498	599,122	762,761	14,300	1,378,681
Total Expenditures	2,498	599,122	762,761	14,300	1,378,681
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,498)	(592,691)	(713,881)	(10,645)	(1,319,715)
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	-	-	1,213,012	30,000	1,243,012
Operating Transfers Out	(15,639)	(347,826)	(469,951)	-	(833,416)
Total Other Financing Sources (Uses)	(15,639)	(347,826)	743,061	30,000	409,596
Net Change in Fund Balances	(18,137)	(940,517)	29,180	19,355	(910,119)
Fund Balance - Beginning	18,137	940,517	2,969,683	201,332	4,129,669
Fund Balance- Ending	\$ -	\$ -	\$ 2,998,863	\$ 220,687	\$ 3,219,550

City of Willmar, Minnesota
Internal Service Funds
Combining Statement of Net Position
December 31, 2012

	<u>Office Services</u>	<u>Public Improve. Revolving</u>	<u>Total</u>
ASSETS			
Current Assets:			
Cash And Cash Equivalents	\$ 550	\$ -	\$ 550
Investments	145,393	-	145,393
Accounts Receivable	2,526	-	2,526
Interest Receivable	602	-	602
Due From Component Unit	-	-	-
Intergovernmental Receivable	-	-	-
Due From Other Funds	-	-	-
Inventories - Merchandise For Resale	4,005	-	4,005
Prepaid Expenses	675	-	675
Amount To Be Provided	-	-	-
Total Current Assets	<u>153,751</u>	<u>-</u>	<u>153,751</u>
Noncurrent Assets:			
Capital Assets:			
Office Equipment	5,500	-	5,500
Less Accumulated Depreciation	<u>(4,950)</u>	<u>-</u>	<u>(4,950)</u>
Total Capital Assets (net of accumulated depreciation)	<u>550</u>	<u>-</u>	<u>550</u>
Total Assets	<u>154,301</u>	<u>-</u>	<u>154,301</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	116	-	116
Due To Other Funds	<u>-</u>	<u>-</u>	<u>-</u>
Total Current Liabilities	<u>116</u>	<u>-</u>	<u>116</u>
NET POSITION			
Restricted Fund Balance-Inventories	4,005	-	4,005
Restricted Fund Balance-Prepays	675	-	675
Assigned Fund Balance	148,955	-	148,955
Assigned Fund Balance-Surplus Invested In Fixed Assets	<u>550</u>	<u>-</u>	<u>550</u>
Total Net Position	<u>\$ 154,185</u>	<u>\$ -</u>	<u>\$ 154,185</u>

City of Willmar, Minnesota
Internal Service Funds
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended December 31, 2012

	<u>Office Services</u>	<u>Public Improve. Revolving</u>	<u>Total</u>
Operating Revenues:			
Charges For Services	\$ 27,695	\$ -	\$ 27,695
Total Operating Revenues	<u>27,695</u>	<u>-</u>	<u>27,695</u>
Operating Expenses:			
Cost of Materials Used:			
Inventory, January 1	4,689	-	4,689
Purchases	<u>8,744</u>	<u>-</u>	<u>8,744</u>
Total Available	<u>13,433</u>	<u>-</u>	<u>13,433</u>
Inventory, December 31	(4,689)	-	(4,689)
Total Cost of Materials Used	<u>8,744</u>	<u>-</u>	<u>8,744</u>
Other Services And Charges	11,063	-	11,063
Depreciation	<u>117</u>	<u>-</u>	<u>117</u>
Total Operating Expenses	<u>19,924</u>	<u>-</u>	<u>19,924</u>
Operating Income (Loss)	<u>7,771</u>	<u>-</u>	<u>7,771</u>
Nonoperating Revenues (Expenses):			
Interest On Investments	2,715	12,383	15,098
Market Value Increase/(Decrease)	(228)	(1,244)	(1,472)
Capital Asset Acquisition/(Disposal)	<u>(2,465)</u>	<u>-</u>	<u>(2,465)</u>
Total Nonoperating Revenues	22	11,139	11,161
Income (Loss) Before Contributions and Transfers	7,793	11,139	18,932
Operating Transfers In	-	-	-
Operating Transfers Out	<u>-</u>	<u>(965,327)</u>	<u>(965,327)</u>
Change in Net Position	7,793	(954,188)	(946,395)
Total Net Position - Beginning	<u>146,392</u>	<u>954,188</u>	<u>1,100,580</u>
Total Net Position - Ending	<u>\$ 154,185</u>	<u>\$ -</u>	<u>\$ 154,185</u>

City of Willmar, Minnesota
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended December 31, 2012

	Office Services	Public Improvement Revolving	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from Charges For Services	\$ 25,169	\$ -	\$ 25,169
Payments For Purchases	(8,148)	-	(8,148)
Payments For Other Services and Charges	(12,064)	-	(12,064)
Liquidation of Liabilities	-	-	-
Net Cash Provided (Used) by Operating Activities	<u>4,957</u>	<u>-</u>	<u>4,957</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfer from Other Funds	-	-	-
Transfer to Other Funds	-	(437,721)	(437,721)
Net Cash Used in Noncapital and Related Financing Activities	<u>-</u>	<u>(437,721)</u>	<u>(437,721)</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>	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Principal Collected on Loan	-	-	-
Proceeds from Sales and Maturities of Investments	1,000	427,000	428,000
Purchase of Investments	(9,000)	(4,000)	(13,000)
Interest and Dividends Received	2,621	13,769	16,390
Net Cash Provided (Used) from Investing Activities	<u>(5,379)</u>	<u>436,769</u>	<u>431,390</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(422)	(952)	(1,374)
Cash and Cash Equivalents - Beginning	972	952	1,924
Cash and Cash Equivalents - Ending	<u>\$ 550</u>	<u>\$ -</u>	<u>\$ 550</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ 7,771	\$ -	\$ 7,771
Adjustments to Reconcile Operating Income from to Net Cash Provided (Used) by Operating Activities:			
Depreciation	117	-	117
Change in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	(2,526)	-	(2,526)
(Increase) Decrease in Prepaid Expenses	(676)	-	(676)
(Increase) Decrease in Due From Other Funds	-	-	-
(Increase) Decrease in Due From Component Units	-	400	400
(Increase) Decrease in Inventories	684	-	684
Increase (Decrease) in Accounts Payable	(413)	(400)	(813)
Increase (Decrease) in Due to Other Funds	-	-	-
Total Adjustments	<u>(2,814)</u>	<u>-</u>	<u>(2,814)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 4,957</u>	<u>\$ -</u>	<u>\$ 4,957</u>

City of Willmar, Minnesota
Statement of Net Position
Fiduciary Funds - Agency Fund
December 31, 2012

	Agency Fund
	Bioscience
	Grant Fund
ASSETS	
Cash and Cash Equivalents	\$ -
Investments	-
Total Assets	\$ -
 LIABILITIES	
Due To Other Funds	\$ -
Total Liabilities	-
 NET POSITION	
Restricted	-
Total Net Position	\$ -

City of Willmar, Minnesota
Statement of Changes in Net Position
Fiduciary Funds - Agency Funds
For the Year Ended December 31, 2012

	Bioscience Grant Fund
ADDITIONS	
Intergovernmental	
State Grant	\$ 1,250,000
Miscellaneous	
Insurance Reimbursement	1,861
Total Additions	1,251,861
DEDUCTIONS	
Other Charges	
Insurance and Bonds	1,861
End-Use Grant	1,250,000
Total Deductions	1,251,861
Change in Net Position	-
Net Position - Beginning	-
Net Position - Ending	\$ -

CITY OF WILLMAR, MINNESOTA

STATISTICAL SECTION

City of Willmar, Minnesota

Capital Assets Used in the Operation of Governmental Funds

Comparative Schedules By Source*

December 31, 2012 and 2011

	2012	2011
Governmental Funds Capital Assets:		
Land	\$ 8,391,773	\$ 8,450,011
Buildings and Structures	12,591,921	11,674,716
Furniture and Equipment	2,479,843	3,986,090
Machinery and Auto Equipment	7,274,996	7,167,029
Other Improvements	114,254,505	110,626,869
Total Governmental Funds Capital Assets	\$ 144,993,038	\$ 141,904,715
Investments in Governmental Funds Capital Assets By Source:		
General Fund	\$ 119,865,448	\$ 145,413,695
Special Revenue Fund	25,127,590	1,536,108
Capital Projects Funds	-	-
Total Governmental Funds Capital Assets	\$ 144,993,038	\$ 146,949,803

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

City of Willmar, Minnesota
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes By Function and Activity*
For the Fiscal Year Ended December 31, 2012

FIXED ASSETS-2012	Governmental Funds Capital Assets			Governmental Funds Capital Assets
	<u>01/01/2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>12/31/2012</u>
<u>GENERAL GOVERNMENT</u>				
Mayor & Council	\$ 24,709	\$ -	\$ 3,966	\$ 20,743
Community Development	49,490	-	1,305	48,185
City Clerk-Treasurer	4,143	-	4,143	-
Assessing	14,117	-	8,792	5,325
Accounting	1,268	-	1,268	-
City Hall	844,664	55,434	94,940	805,158
Data Processing	527,664	4,916	267,946	264,634
Elections	86,970	-	3,600	83,370
Non-Departmental	164,893	-	-	164,893
Industrial Development	1,102,281	-	-	1,102,281
Total	<u>2,820,199</u>	<u>60,350</u>	<u>385,960</u>	<u>2,494,589</u>
<u>PUBLIC SAFETY</u>				
Police Dept.	743,667	174,739	266,157	652,249
Trust & Agency K-9	5,000	-	-	5,000
Fire Dept.	3,627,834	52,868	546,525	3,134,177
Public Parking	631,870	-	-	631,870
Total	<u>5,008,371</u>	<u>227,607</u>	<u>812,682</u>	<u>4,423,296</u>
<u>PUBLIC WORKS</u>				
Engineering	218,780	-	37,713	181,067
Public Works	101,609,167	11,870,200	8,277,447	105,201,920
Airport	23,778,170	-	71,309	23,706,861
Transit	1,000	-	1,000	-
Total	<u>125,607,117</u>	<u>11,870,200</u>	<u>8,387,469</u>	<u>129,089,848</u>
<u>CULTURE & RECREATION</u>				
Auditorium	507,264	-	62,240	445,024
Buildings & Grounds	1,157,251	39,845	257,203	939,893
Leisure Services	137,532	-	57,399	80,133
Civic Center	3,602,229	1,150,382	146,945	4,605,666
Community Center	492,180	-	52,515	439,665
Aquatic Center	2,020,844	-	16,872	2,003,972
WRAC-8	421,276	17,211	120,039	318,448
C.V.B.	12,551	-	12,551	-
Library	117,901	35,800	1,197	152,504
Total	<u>8,469,028</u>	<u>1,243,238</u>	<u>726,961</u>	<u>8,985,305</u>
GRAND TOTAL	<u>\$ 141,904,715</u>	<u>\$ 13,401,395</u>	<u>\$ 10,313,072</u>	<u>\$ 144,993,038</u>

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

City of Willmar, Minnesota
Capital Assets Used in the Operation of Governmental Funds
Schedule By Function and Activity*
December 31, 2012

FIXED ASSETS-2012						
	<u>Total</u>	<u>Land</u>	<u>Buildings/ Structures</u>	<u>Furniture/ Equipment</u>	<u>Machinery/ Auto</u>	<u>Other Improvements</u>
<u>GENERAL GOVERNMENT</u>						
Mayor & Council	\$ 20,743	\$ -	\$ -	\$ 20,743	\$ -	\$ -
Community Development	48,185	9,060	-	-	39,125	-
City Clerk-Treasurer	0	-	-	-	-	-
Assessing	5,325	-	-	-	-	5,325
Accounting	0	-	-	-	-	-
City Hall	805,158	40,000	741,210	-	-	23,948
Data Processing	264,634	-	-	227,372	-	37,262
Elections	83,370	-	-	83,370	-	-
Non-Departmental	164,893	-	-	164,893	-	-
Industrial Development	1,102,281	1,102,281	-	-	-	-
Total	<u>2,494,589</u>	<u>1,151,341</u>	<u>741,210</u>	<u>496,378</u>	<u>39,125</u>	<u>66,535</u>
<u>PUBLIC SAFETY</u>						
Police Dept.	652,249	-	-	94,560	557,689	-
Trust & Agency K-9	5,000	-	-	5,000	-	-
Fire Dept.	3,134,177	163,547	575,309	469,464	1,877,541	48,316
Public Parking	631,870	631,870	-	-	-	-
Total	<u>4,423,296</u>	<u>795,417</u>	<u>575,309</u>	<u>569,024</u>	<u>2,435,230</u>	<u>48,316</u>
<u>PUBLIC WORKS</u>						
Engineering	181,067	-	-	79,667	93,388	8,012
Public Works	105,201,920	1,923,271	1,160,059	409,485	4,374,820	97,334,285
Airport	23,706,861	4,222,932	3,961,108	17,663	44,451	15,460,707
Transit	0	-	-	-	-	-
Total	<u>129,089,848</u>	<u>6,146,203</u>	<u>5,121,167</u>	<u>506,815</u>	<u>4,512,659</u>	<u>112,803,004</u>
<u>CULTURE & RECREATION</u>						
Auditorium	445,024	-	427,039	5,985	-	12,000
Buildings & Grounds	939,893	112,406	14,169	182,945	6,950	623,423
Leisure Services	80,133	-	11,660	29,232	-	39,241
Civic Center	4,605,666	23,572	3,653,391	198,412	275,711	454,580
Community Center	439,665	87,635	316,409	-	5,321	30,300
Aquatic Center	2,003,972	75,200	1,483,603	268,065	-	177,104
WRAC-8	318,448	-	95,461	222,987	-	-
C.V.B	0	-	-	-	-	-
Library	152,504	-	152,504	-	-	-
Total	<u>8,985,305</u>	<u>298,813</u>	<u>6,154,236</u>	<u>907,626</u>	<u>287,982</u>	<u>1,336,648</u>
GRAND TOTAL	<u><u>\$ 144,993,038</u></u>	<u><u>\$ 8,391,774</u></u>	<u><u>\$ 12,591,922</u></u>	<u><u>\$ 2,479,843</u></u>	<u><u>\$ 7,274,996</u></u>	<u><u>\$ 114,254,503</u></u>

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

CITY OF WILLMAR, MINNESOTA

GOVERNMENT-WIDE EXPENSES BY FUNCTION

Years 2003 Through 2012

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Miscellaneous</u>	<u>Culture & Recreation</u>	<u>Debt Service</u>	<u>Waste Treatment</u>	<u>Office Services</u>	<u>Public Improvement Revolv Loans</u>	<u>Total</u>
2003	\$ 2,100,653	\$ 3,362,219	\$ 2,352,839	\$ 16,506,760	\$ 1,321,291	\$ 1,326,327	\$ 2,090,791	\$ 20,926	\$ -	\$ 29,081,806
2004	\$ 2,276,924	\$ 3,596,160	\$ 2,529,753	\$ 12,647,931	\$ 1,472,386	\$ 4,837,110	\$ 2,202,238	\$ 23,642	\$ -	\$ 29,586,144
2005	\$ 2,483,779	\$ 3,658,760	\$ 2,675,202	\$ 13,244,275	\$ 1,744,408	\$ 4,107,819	\$ 2,885,754	\$ 23,528	\$ -	\$ 30,823,525
2006	\$ 2,638,867	\$ 3,890,662	\$ 2,865,920	\$ 14,431,623	\$ 1,732,007	\$ 2,317,583	\$ 2,263,868	\$ 21,558	\$ -	\$ 30,162,088
2007	\$ 2,841,646	\$ 4,075,315	\$ 2,858,588	\$ 11,310,300	\$ 1,973,936	\$ 5,485,266	\$ 2,396,676	\$ 26,366	\$ -	\$ 30,968,093
2008	\$ 3,120,895	\$ 5,483,622	\$ 3,174,692	\$ 4,778,060	\$ 2,023,979	\$ 2,120,587	\$ 2,775,907	\$ 27,311	\$ -	\$ 23,505,053
2009	\$ 3,190,772	\$ 4,451,561	\$ 2,992,636	\$ 3,277,484	\$ 2,213,398	\$ 2,354,859	\$ 2,851,067	\$ 21,458	\$ -	\$ 21,353,235
2010	\$ 3,207,918	\$ 4,552,433	\$ 3,133,761	\$ 4,000,966	\$ 2,167,668	\$ 2,455,304	\$ 4,854,543	\$ 22,486	\$ -	\$ 24,395,079
2011	\$ 2,917,909	\$ 4,666,965	\$ 7,367,466	\$ 665,894	\$ 2,489,029	\$ 413,242	\$ 6,952,251	\$ 18,366	\$ -	\$ 25,491,122
2012	\$ 3,561,177	\$ 4,491,386	\$ 7,629,637	\$ (868,196)	\$ 2,333,523	\$ 404,292	\$ 6,870,154	\$ 19,924	\$ -	\$ 24,441,897

CITY OF WILLMAR, MINNESOTA

GOVERNMENT-WIDE REVENUES

Years 2003 through 2012

<u>Fiscal Year</u>	<u>Program Revenues</u>	<u>General Revenues</u>		<u>Total</u>
	<u>Charges For Services</u>	<u>Taxes</u>	<u>Miscellaneous Revenue</u>	
2003	\$ 3,390,786	\$ 2,162,007	\$ 15,636,825	\$ 21,189,618
2004	\$ 3,363,740	\$ 2,315,035	\$ 15,486,160	\$ 21,164,935
2005	\$ 3,603,967	\$ 2,435,037	\$ 15,697,584	\$ 21,736,588
2006	\$ 3,722,861	\$ 4,215,909	\$ 16,049,775	\$ 23,988,545
2007	\$ 4,088,622	\$ 4,781,966	\$ 13,291,133	\$ 22,161,721
2008	\$ 6,139,089	\$ 5,497,952	\$ 9,493,609	\$ 21,130,650
2009	\$ 5,164,337	\$ 5,687,570	\$ 8,635,280	\$ 19,487,187
2010	\$ 5,999,445	\$ 5,531,315	\$ 9,728,257	\$ 21,259,017
2011	\$ 7,119,338	\$ 5,937,945	\$ 7,987,977	\$ 21,045,260
2012	\$ 8,216,270	\$ 6,556,909	\$ 4,718,505	\$ 19,491,684

CITY OF WILLMAR, MINNESOTA

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION

Years 2003 Through 2012

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Miscellaneous</u>	<u>Culture & Recreation</u>	<u>Debt Service</u>	<u>Total</u>
2003	\$ 2,100,653	\$ 3,362,219	\$ 2,352,839	\$ 13,264,700	\$ 1,321,291	\$ 4,404,017	\$ 26,805,719
2004	\$ 2,276,924	\$ 3,596,160	\$ 2,529,753	\$ 9,582,886	\$ 1,472,386	\$ -	\$ 19,458,109
2005	\$ 2,483,779	\$ 3,658,760	\$ 2,675,202	\$ 10,651,251	\$ 1,744,408	\$ -	\$ 21,213,400
2006	\$ 2,638,867	\$ 3,890,662	\$ 2,865,920	\$ 11,675,212	\$ 1,732,007	\$ -	\$ 22,802,668
2007	\$ 2,841,646	\$ 4,075,315	\$ 2,858,588	\$ 8,629,657	\$ 1,973,936	\$ -	\$ 20,379,142
2008	\$ 3,120,895	\$ 5,483,622	\$ 3,174,692	\$ 6,898,647	\$ 2,023,979	\$ -	\$ 20,701,835
2009	\$ 3,190,772	\$ 4,451,561	\$ 2,992,636	\$ 5,632,343	\$ 2,213,398	\$ -	\$ 18,480,710
2010	\$ 3,207,918	\$ 4,552,433	\$ 3,133,761	\$ 6,456,270	\$ 2,167,668	\$ -	\$ 19,518,050
2011	\$ 3,418,244	\$ 4,405,813	\$ 3,002,099	\$ 6,333,895	\$ 2,124,155	\$ -	\$ 19,284,206
2012	\$ 3,514,064	\$ 4,247,132	\$ 2,726,069	\$ 5,786,080	\$ 2,098,772	\$ -	\$ 18,372,117

CITY OF WILLMAR, MINNESOTA

GENERAL GOVERNMENTAL REVENUES BY SOURCE

Years 2003 Through 2012

<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>
2003	\$ 2,162,007	\$ 800,093	\$ 9,058,086	\$ 948,305	\$ 203,121	\$ 4,405,980	\$ 17,577,592
2004	\$ 2,315,035	\$ 769,293	\$ 9,989,732	\$ 686,158	\$ 238,512	\$ 9,005,981	\$ 23,004,711
2005	\$ 2,435,037	\$ 707,981	\$ 6,047,404	\$ 739,782	\$ 230,762	\$ 7,779,869	\$ 17,940,835
2006	\$ 4,215,909	\$ 1,049,922	\$ 8,496,439	\$ 724,172	\$ 276,797	\$ 12,494,942	\$ 27,258,181
2007	\$ 4,781,966	\$ 454,878	\$ 7,177,007	\$ 864,241	\$ 259,559	\$ 9,443,920	\$ 22,981,571
2008	\$ 5,497,952	\$ 1,454,324	\$ 6,887,102	\$ 886,291	\$ 236,776	\$ 3,941,369	\$ 18,903,814
2009	\$ 5,687,570	\$ 447,306	\$ 7,142,387	\$ 919,809	\$ 188,957	\$ 3,397,091	\$ 17,783,120
2010	\$ 5,531,315	\$ 382,526	\$ 6,465,918	\$ 1,283,366	\$ 168,716	\$ 3,087,542	\$ 16,919,383
2011	\$ 5,937,945	\$ 297,119	\$ 6,493,563	\$ 957,293	\$ 163,098	\$ 3,995,684	\$ 17,844,702
2012	\$ 6,556,909	\$ 293,104	\$ 5,116,594	\$ 899,220	\$ 153,648	\$ 3,064,880	\$ 16,084,355

CITY OF WILLMAR, MINNESOTA

PROPERTY TAX LEVIES AND COLLECTIONS

Years 2003 Through 2012

<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>
2003	1,835,251	1,793,370	97.72%	54,995	1,848,385	100.72%	52,666	2.87%
2004	2,069,429	2,024,475	97.83%	42,263	2,066,738	99.87%	57,332	2.77%
2005	2,255,677	2,216,210	98.25%	47,857	2,264,067	100.37%	49,160	2.18%
2006	2,335,677	2,294,467	98.24%	35,021	2,329,488	99.74%	60,889	2.61%
2007	2,806,995	2,755,905	98.18%	49,481	2,805,386	99.94%	66,336	2.36%
2008	3,383,646	3,304,665	98.18%	49,576	3,354,241	99.94%	97,374	2.88%
2009	3,525,325	3,440,974	97.61%	64,902	3,505,876	99.45%	114,055	3.24%
2010	3,668,705	3,296,429	89.85%	72,658	3,369,087	91.83%	133,513	3.64%
2011	3,796,734	3,450,982	90.89%	111,257	3,562,239	93.82%	87,859	2.31%
2012	3,992,734	3,899,155	97.66%	66,276	3,965,431	99.32%	115,222	2.89%

CITY OF WILLMAR, MINNESOTA

TAX CAPACITIES AND ESTIMATED MARKET VALUE OF TAXABLE PROPERTY

YEARS 2003 THROUGH 2012

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Population (*Census)	18,903	18,903	18,903	18,757
REAL PROPERTY				
Tax Capacity	7,578,460	8,001,757	8,956,269	9,664,031
Less: Tax Increment Districts -				
Highland #91	0	0	0	0
Center City #92	0	0	0	0
Theatre & Hotel #93	0	0	0	0
Shared Health #94	0	0	0	0
Phoenix #95	13,206	12,538	12,538	12,538
Somody #96	0	0	0	0
Accrupress #97	0	0	0	0
Brinton #98	0	0	0	0
Jennie-O #99	0	0	0	0
Holiday Inn #01	0	0	0	0
Bethesda #02	55,024	49,722	49,722	0
West Central Steel #03	13,783	20,357	20,357	0
Coborns #04	17,477	0	0	0
Relco #05	12,340	12,642	12,642	15,016
Lakewood #06	4,456	4,822	4,822	5,414
JOBZ	0	0	0	30,260
Net Tax Capacity	7,462,174	7,887,152	8,856,188	9,600,803
Estimated Market Value	620,455,700	658,842,700	737,628,700	806,284,500
PERSONAL PROPERTY				
Tax Capacity	56,201	60,962	67,230	90,344
Estimated Market Value	2,961,900	3,215,100	3,527,500	4,696,500
TOTAL REAL AND PERSONAL PROPERTY				
Tax Capacity	7,518,375	7,948,114	8,923,418	9,691,147
Estimated Market Value	623,417,600	662,057,800	741,156,200	810,981,000
PERCENT OF TAX CAPACITY TO ESTIMATED MARKET VALUE	0.01206	0.012005	0.01204	0.01195
PER CAPITA VALUATION				
Tax Capacity	398	420	472	517
Estimated Market Value	32,980	35,024	39,208	43,236
NET BONDED DEBT				
Net Bonded Debt per Capita	N/A	N/A	N/A	N/A
Net Bonded Debt per Tax Capacity	N/A	N/A	N/A	N/A

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
18,757	18,757	18,757	19,610	19,610	19,694
10,947,806	12,005,028	12,526,714	12,830,579	12,975,909	11,959,117
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
13,697	15,031	15,031	15,031	15,031	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
15,874	27,154	0	0	0	0
6,262	7,382	7,834	7,834	7,834	0
61,393	82,927	99,310	113,205	118,210	143,402
10,850,580	11,872,534	12,404,539	12,694,509	12,834,834	11,815,715
904,555,700	983,810,800	1,020,849,500	1,044,367,400	1,055,031,300	1,065,852,600
104,040	110,372	112,608	113,796	129,053	131,992
5,396,500	5,921,300	6,095,700	6,201,500	6,969,200	7,150,300
10,954,620	11,982,906	12,517,147	12,808,305	12,963,887	11,947,707
909,952,200	989,732,100	1,026,945,200	1,050,568,900	1,062,000,500	1,073,002,900
0.012039	0.012107	0.012189	0.012192	0.012207	0.011135
584	639	667	653	661	607
48,513	52,766	54,750	53,573	54,156	54,484
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 2003 Through 2012

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>	<u>Rural Dev. Fin. Auth.</u>	<u>Total</u>
2003	24.58	24.99		79.59	1.19	0.85	131.20
2004	26.20	25.71		78.25	1.19	1.32	132.67
2005	25.27	23.69		69.78	1.18	1.38	121.30
2006	24.10	23.31		64.22	1.19	1.64	114.46
2007	25.62	22.66		60.41	1.18	1.46	111.33
2008	28.23	20.23		56.71	1.18	1.32	107.67
2009	28.16	20.54		56.88	1.51	1.25	108.34
2010	28.64	19.84		53.36	1.32	1.16	104.32
2011	29.28	19.93		55.94	1.30	1.16	107.61
2012	33.42	22.35		60.66	1.41	1.22	119.06

*** Includes Mid Minnesota Development Commission.

CITY OF WILLMAR, MINNESOTA

TAX LEVIES

ALL OVERLAPPING GOVERNMENTS

Years 2003 Through 2012

A 10-YEAR COMPARISON OF TAX CAPACITY LEVIES

<u>Year Tax Due</u>	<u>*City</u>	<u>School</u>	<u>Market Value Ref.</u>	<u>**County</u>	<u>H.R.A.</u>	<u>EDC/ Rural Dev. Fin. Auth.</u>	<u>Total</u>
2003	1,848,317	1,878,692	967,051	5,983,799	89,393	64,207	10,831,459
2004	2,082,088	2,043,222	756,285	6,219,638	94,742	105,155	11,301,130
2005	2,254,502	2,114,047	760,160	6,226,940	105,564	126,357	11,587,570
2006	2,335,761	2,258,522	1,067,332	6,223,946	115,519	133,835	12,134,915
2007	2,806,902	2,483,193	1,183,484	6,617,795	129,265	133,865	13,354,504
2008	3,383,493	2,424,022	1,236,868	6,795,266	141,159	131,812	14,112,620
2009	3,525,204	2,571,272	1,724,036	7,145,914	188,884	129,302	15,284,612
2010	3,663,422	2,538,124	1,807,189	6,850,914	168,577	121,253	15,149,479
2011	3,755,160	2,555,586	1,840,022	7,199,752	166,953	121,945	15,639,418
2012	3,997,702	2,670,551	1,866,059	7,273,883	168,582	118,999	16,095,776

* 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, 2012

Taxpayer	Type of Business	Market Valuation Payable 2013	Total Tax
WalMart Stores, Inc.	Discount Retailer	\$ 10,270,200	\$ 362,264
Affiliated Community Health	Medical Center	10,163,800	357,235
Kandi Mall 1999, LLC	Shopping Center	9,387,000	331,002
Menard Inc.	Building Materials	8,700,000	306,685
Mills Properties, Inc.	Auto Dealership	7,181,700	250,048
Jennie-O Turkey Store, Inc.	Food Processing	5,771,300	201,682
Willmar Ten Investors	Investment Company	5,376,500	182,739
BNSF Railway Company	Railroad	5,155,500	181,224
Home Depot U.S.A., Inc.	Building Materials	4,311,300	151,343
Centerpoint Energy Minnegasco	Gas Company	4,202,200	146,220

CITY OF WILLMAR, MINNESOTA

SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS

Year 2003 Through 2012

<u>Fiscal Year</u>	<u>Current Assessments Due</u>	<u>Current Assessments Collected</u>	<u>Percent of Collections To Amount Due</u>	<u>Total Outstanding Current and Delinquent Assessments</u>
2003	566,469	503,488	88.88%	120,056
2004	608,519	563,291	92.57%	84,346
2005	657,968	615,429	93.53%	80,524
2006	1,087,759	1,048,115	96.36%	50,385
2007	1,024,590	984,177	96.06%	45,782
2008	1,497,645	1,459,639	97.46%	50,876
2009	1,268,693	1,145,147	90.26%	135,323
2010	1,149,652	1,031,192	89.70%	217,417
2011	1,129,081	1,014,192	89.82%	265,294
2012	1,162,674	1,074,741	92.44%	291,365

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, 2012

Legal Debt Limit and Margin

Legal Debt Limit (2% of Estimated Market Value \$1,073,002,900)	\$ 21,460,058
Less: Outstanding Debt Subject to Limit	\$ -
Legal Debt Margin as of December 31, 2012	<u>\$ 21,460,058</u>

General Obligation Debt Supported Solely by Taxes*

* Nothing subject to legal debt limit

CITY OF WILLMAR, MINNESOTA

MISCELLANEOUS STATISTICAL FACTS

Date of Incorporation	November 19, 1901
Date of Adoption of City Charter	November 5, 1968
Form of Government	Administrator
Fiscal Year Begins	January 1
Area - Acres (Land)	7,398
- Acres (Water)	1,229
Miles of Streets and Alleys:	
Streets -	
Paved	132.34
Sidewalks	65.00
Bike Paths	17.70
Building Permits	
Number of Permits Issued	
Year 2012	479
Year 2011	533
Year 2010	592
Year 2009	772
Year 2008	780
Year 2007	651
Year 2006	693
Year 2005	728
Year 2004	752
Year 2003	760
Estimated Construction Costs	
Year 2012	\$ 17,114,395
Year 2011	13,041,853
Year 2010	22,520,064
Year 2009	30,922,465
Year 2008	70,002,629
Year 2007	33,722,627
Year 2006	42,379,065
Year 2005	48,732,487
Year 2004	34,723,015
Year 2003	53,373,765
Year 2002	62,334,342

*Information obtained from various Departmental Reports

CITY OF WILLMAR, MINNESOTA

MISCELLANEOUS STATISTICAL FACTS

	<u>2012</u>	<u>2011</u>
Public Safety:		
Fire Protection:		
Number of Stations	1.00	1.00
Number of Employees (Admin. & Clerical)	2.80	2.80
Number of Volunteer Firefighters	36.00	33.00
Police Protection:		
Number of Stations	1.00	1.00
Number of Employees (Admin. & Clerical)	4.00	4.00
Number of Employees (Law Enforcement Officers)	34.00	31.00
Total Number of Employees	<u>78.80</u>	<u>72.80</u>
Leisure Services:		
Number of Full-Time Employees	7	7
Number of Part-Time Employees	148	142
Number of Wading Pools	1	1
Number of Outdoor Swimming Pools	1	1
Number of Shelters	30	30
Number of Skating Rinks	4	4
Number of Hockey Rinks	2	2
Indoor Rinks	2	2
Tennis Courts - Lighted	10	10
Non-Lighted	5	5
Shared-Lighted	4	4
Lighted Softball, Football, Baseball and Soccer Fields	6	6
Miles of Hiking and Bicycle Paths	Est. 16 Miles	Est. 16 Miles
Skate Board Parks	1	1
BMX Bike Tracks	1	1
9-Hole Frisbee Golf Course	1	1
Number of Parks	37	37
Park Acres	310	310
Nature Areas	4	4
Parking Lots (Central Business District):		
Parking Spaces On Streets	380	380
Parking Spaces Off Streets	417	417

*Information obtained from various Departmental Reports