



ANNUAL
COMPREHENSIVE
FINANCIAL
REPORT

DECEMBER 31, 2022



**CITY OF WILLMAR, MINNESOTA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022**

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CITY OF WILLMAR, MINNESOTA

INTRODUCTORY SECTION

ANNUAL COMPREHENSIVE FINANCIAL

REPORT OF THE

CITY OF

WILLMAR, MINNESOTA

FOR THE

YEAR ENDED

DECEMBER 31, 2022

DIVISION OF FINANCE

**TOM ODENS, DIRECTOR OF FINANCE
MEMBER OF THE GOVERNMENT FINANCE OFFICERS
ASSOCIATION OF THE UNITED STATES AND CANADA
& MINNESOTA GOVERNMENT FINANCE OFFICERS
ASSOCIATION**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

CITY OF WILLMAR, MINNESOTA

2022

CITY COUNCIL

DOUG REESE, MAYOR

COUNCIL MEMBERS:

CARL SHULDES

MICHAEL O'BRIEN

VICKI DAVIS

JULIE ASMUS

RICK FAGERLIE

JUSTIN ASK

TOM BUTTERFIELD

AUDREY NELSON

FINANCE DIRECTOR

TOM ODENS

CITY ADMINISTRATOR

LESLIE VALIANT

CITY OF WILLMAR, MINNESOTA

FINANCIAL SECTION - I

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Willmar, Minnesota as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City of Willmar, Minnesota's basic financial statements as listed in the table of contents. We did not audit the financial statements of Willmar Municipal Utilities Commission, which is a discretely presented component unit. Those financial statements were audited by the other auditors whose reports thereon have been furnished to us, and our opinion, in so far as it relates to the amounts included in Willmar Municipal Utilities Commission is based on the reports of the other auditors.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Willmar, Minnesota, as of December 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Willmar, Minnesota and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Willmar, Minnesota's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Willmar, Minnesota's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Willmar, Minnesota's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis starting on page 1 and budgetary comparison information, the schedule of proportionate share of net pension liability, the schedule of employer contributions, the schedule of changes in net pension liability and related ratios, and related note disclosures on pages 63 through 86 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Willmar, Minnesota's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 4, 2023, on our consideration of the City of Willmar, Minnesota's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Willmar, Minnesota's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Willmar, Minnesota's internal control over financial reporting and compliance.

Westberg Eischens, PLLP

Westberg Eischens, PLLP
Willmar, Minnesota
August 4, 2023



**INDEPENDENT AUDITOR'S REPORT ON
MINNESOTA LEGAL COMPLIANCE**

Honorable Mayor and City Council
City of Willmar, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Willmar, Minnesota, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City of Willmar, Minnesota's basic financial statements and have issued our report thereon dated August 4, 2023. Our report includes a reference to other auditors who audited the financial statements of Willmar Municipal Utilities Commission, as described in our report on the City of Willmar, Minnesota's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

In connection with our audit, nothing came to our attention that caused us to believe that City of Willmar, Minnesota failed to comply with the provisions of the contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing sections of the *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City of Willmar, Minnesota's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.

Westberg Eischens, PLLP

Westberg Eischens, PLLP
Willmar, Minnesota
August 4, 2023



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

Honorable Mayor and City Council
City of Willmar, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Willmar, Minnesota, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City of Willmar, Minnesota's basic financial statements and have issued our report thereon dated August 4, 2023. Our report includes a reference to other auditors who audited the financial statements of Willmar Municipal Utilities Commission, as described in our report on the City of Willmar, Minnesota's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Westberg Eischens, PLLP

Westberg Eischens, PLLP
Willmar, Minnesota
August 4, 2023



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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Willmar, Minnesota's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Willmar, Minnesota's major federal programs for the year ended December 31, 2022. City of Willmar, Minnesota's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Willmar, Minnesota complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City of Willmar, Minnesota and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of City of Willmar, Minnesota's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City of Willmar, Minnesota's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Willmar, Minnesota's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Willmar, Minnesota's compliance with the requirements of each major federal program as a whole.

v

2630 1st Street S
PO Box 362
Willmar, MN 56201

phone 320.235.3727
fax 320.235.1641

515 Highway 7 E
PO Box 407
Montevideo, MN 56265

phone 320.269.7380
fax 320.269.8176

752 Prentice Street
PO Box 179
Granite Falls, MN 56241

phone 320.564.4811
fax 320.564.4812

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of Willmar, Minnesota's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Willmar, Minnesota's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Willmar, Minnesota's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Westberg Eischens, PLLP

Westberg Eischens, PLLP
Willmar, Minnesota
August 4, 2023

CITY OF WILLMAR, MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2022

Federal Funding Source	Pass-Through Agency	Program Name	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Expenditures	Passed Through To Sub-Recipients
U.S. Department of Justice	Direct	Bulletproof Vest Partnership Program	16.607	None	\$ 7,123	\$ -
U.S. Department of Transportation	Minnesota Department of Transportation	Airport Improvement Program	20.106	1051732 and 1051871	974,657	-
U.S. Department of Housing and Urban Development	Minnesota Department of Employment and Economic Development	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	CDAP-17-0049-O-FY18	196,742	196,742
U.S. Department of the Treasury	Direct	Coronavirus Relief Fund	21.019C	None	95,703	-
U.S. Department of Homeland Security	Direct	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	None	<u>6,879</u>	<u>-</u>
Total Expenditures of Federal Awards					<u>\$ 1,281,104</u>	<u>\$ 196,742</u>

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

CITY OF WILLMAR, MINNESOTA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2022

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards included the federal grant activity of the City of Willmar, Minnesota under programs of the federal government for the year ended December 31, 2022. The City's reporting entity is defined in Note 1A to the City's financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 PASS-THROUGH ENTITY IDENTIFYING NUMBERS

Pass-through entity identifying numbers are presented where available.

NOTE 4 SUBRECIPIENTS

During the year ended December 31, 2022, the City passed \$196,742 to subrecipients.

NOTE 5 DE MINIMIS COST RATE

The City of Willmar did not elect to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**CITY OF WILLMAR, MINNESOTA
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Year Ended December 31, 2022**

SECTION I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued on whether the financial statements were prepared in accordance with GAAP: **Unmodified**

Internal control over financial reporting:

Material weakness identified? **No**

Significant deficiencies identified? **No**

Noncompliance material to the financial statements noted? **No**

Federal Awards

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

Internal control over major programs:

Material weakness identified? **No**

Significant deficiencies identified? **No**

Any audit findings disclosed that are required to be reported in accordance with 2 CFR200.516(a)? **No**

Identification of major programs

**Assistance
Listing Number**

Airport Improvement Program 20.106

The threshold for distinguishing between Types A and B programs was \$ 750,000

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

**CITY OF WILLMAR, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2022**

**SECTION II. FINDINGS RELATED TO FINANCIAL STATEMENTS AUDITED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

None

SECTION III. FINDINGS – MAJOR FEDERAL AWARDS PROGRAM

None

SECTION IV. MINNESOTA LEGAL COMPLIANCE

None

CITY OF WILLMAR, MINNESOTA

FINANCIAL SECTION - II

CITY OF WILLMAR, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2022

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, 2022. 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 \$158,112,547 (net position). Of this amount, \$49,720,275 (in Restricted and Unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designations and fiscal policies.
- The City's governmental funds reported combined ending fund balances of \$39,394,337. Of this total amount, approximately 1% is Nonspendable, 37% is Restricted, and 62% is Committed.
- At the end of the current fiscal year, committed fund balance for the General Fund was \$8,931,957, or 48% of the total General Fund expenditures of \$18,442,968.
- Governmental fund expenditures related to debt decreased significantly from 2022. The hospital bonds were paid off in the prior year. Capital outlay expenditures increased primarily due to street infrastructure projects.

Using this Annual Report

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

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

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

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

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

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

CITY OF WILLMAR, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2022

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 14-19 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 21-24 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 25-62 of this report.

Statement of Net Position

The City of Willmar's net position decreased from a year ago. Our analysis below (next page) 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, 2022**

**Table 1
Condensed Statement of Net Position**

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 52,387,569	\$ 61,494,901	\$ 18,376,468	\$ 20,262,076	\$ 70,764,037	\$ 81,756,977
Net capital assets	153,875,195	143,089,218	77,104,720	77,673,835	230,979,915	220,763,053
Total Assets	<u>206,262,764</u>	<u>204,584,119</u>	<u>95,481,188</u>	<u>97,935,911</u>	<u>301,743,952</u>	<u>302,520,030</u>
Deferred Outflows	9,931,452	2,908,734	291,093	362,636	10,222,545	80,582,569
Other liabilities	36,194,435	36,349,671	138,209	51,847	36,332,644	36,401,518
Long-term liabilities	60,897,941	47,625,540	55,445,545	58,195,372	116,343,486	105,820,912
Total Liabilities	<u>97,092,376</u>	<u>83,975,211</u>	<u>55,583,754</u>	<u>58,247,219</u>	<u>152,676,130</u>	<u>142,222,430</u>
Deferred Inflows	1,153,396	7,542,327	24,424	424,715	1,177,820	7,967,042
Net Position						
Net Investment in						
Capital Assets	85,684,703	75,514,457	22,707,569	20,101,684	108,392,272	95,616,141
Restricted	30,292,206	40,983,250	1,238,235	1,065,795	31,530,441	42,049,045
Unrestricted	1,971,535	2,477,608	16,218,299	18,459,134	18,189,834	20,936,742
Total Net Position	<u>\$117,948,444</u>	<u>\$118,975,315</u>	<u>\$ 40,164,103</u>	<u>\$ 39,626,613</u>	<u>\$158,112,547</u>	<u>\$158,601,928</u>

Governmental Activities

The net position of the City's governmental activities decreased by \$ 1,026,871 in 2022 primarily due to a decrease in the fair market value of the City's investments.

Business-Type Activities

The total net position of the City's business-type activities increased by \$537,490 in 2022. The change in fair market value of the City's investments reduced the net position by approximately \$887,000.

**Table 2
Condensed Statement of Net Position - Component Unit**

	Municipal Utilities		
	2022	2021	Change
Current and other assets	\$ 54,724,232	\$ 58,080,437	\$ (3,356,205)
Net capital assets	47,947,528	34,174,818	13,772,710
Total Assets	<u>102,671,760</u>	<u>92,255,255</u>	<u>10,416,505</u>
Deferred Outflows	980,676	1,307,842	(327,166)
Other liabilities	7,442,945	3,887,893	3,555,052
Long-term liabilities	4,374,133	3,328,088	1,046,045
Total Liabilities	<u>11,817,078</u>	<u>7,215,981</u>	<u>4,601,097</u>
Deferred Inflows	609,940	2,069,691	(1,459,751)
Net Position			
Net Investment in Capital Assets	47,947,528	34,174,818	13,772,710
Restricted	525,000	375,000	150,000
Unrestricted	42,752,890	49,727,607	(6,974,717)
Total Net Position	<u>\$ 91,225,418</u>	<u>\$ 84,277,425</u>	<u>\$ 6,947,993</u>

CITY OF WILLMAR, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2022

Primary Government

Table 3
Condensed Statement of Activities

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues						
Program revenues:						
Charges for services	\$ 3,529,961	\$ 3,984,249	\$ 10,357,888	\$ 10,538,229	\$ 13,887,849	\$ 14,522,478
Operating grants and contributions	1,394,570	1,201,359	-	-	1,394,570	1,201,359
Capital grants and contributions	7,139,015	2,771,765	-	-	7,139,015	2,771,765
General revenues:						
Property and other taxes	11,065,409	9,190,288	-	-	11,065,409	9,190,288
Grants and contributions not restricted to specific program	5,131,711	5,052,407	-	-	5,131,711	5,052,407
Other	(1,611,829)	1,070,093	(730,193)	(27,374)	(2,342,022)	1,042,719
Total Revenues	26,648,837	23,270,161	9,627,695	10,510,855	36,276,532	33,781,016
Expenses						
General Government	4,645,856	3,830,757	-	-	4,645,856	3,830,757
Public safety	8,235,994	5,788,467	-	-	8,235,994	5,788,467
Public works	9,294,083	7,839,715	-	-	9,294,083	7,839,715
Health & Welfare	3,619,531	3,619,531	-	-	3,619,531	3,619,531
Culture and recreation	3,951,648	3,301,403	-	-	3,951,648	3,301,403
Economic development	275,659	308,177	-	-	275,659	308,177
Miscellaneous	507,960	508,301	-	-	507,960	508,301
Debt service	1,265,629	747,879	-	-	1,265,629	747,879
Waste treatment	-	-	7,143,575	7,018,064	7,143,575	7,018,064
Total Expenses	31,796,360	25,944,230	7,143,575	7,018,064	38,939,935	32,962,294
Changes in Net Position						
Before Transfers	(5,147,523)	(2,674,069)	2,484,120	3,492,791	(2,663,403)	818,722
Transfers	4,120,652	2,954,376	(1,946,630)	(760,416)	2,174,022	2,193,960
Changes in Net Position	(1,026,871)	280,307	537,490	2,732,375	(489,381)	3,012,682
Net Position, Beg. of Year	118,975,315	118,695,008	39,626,613	36,894,238	158,601,928	155,589,246
Net Position, End of Year	\$ 117,948,444	\$ 118,975,315	\$ 40,164,103	\$ 39,626,613	\$ 158,112,547	\$ 158,601,928

**CITY OF WILLMAR, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2022**

Component Unit

Component Unit

The total net position of the City's component unit, the Willmar Municipal Utilities, increased by \$6,947,993 in 2022.

**Table 4
Condensed Statement of Activities**

	Municipal Utilities	
	2022	2021
Revenues		
Municipal Utility	\$ 37,847,981	\$ 38,215,624
Investment income	(1,780,602)	(183,626)
Loss on disposal of property	(135,171)	-
Miscellaneous	14,853	153,628
Total Revenues	35,947,061	38,185,626
Expenses		
Municipal Utility	26,862,226	26,419,416
Total Expenses	26,862,226	26,419,416
Changes in Net Position		
Before transfers	9,084,835	11,766,210
Transfers	(2,136,842)	(2,136,842)
Changes in Net Position	6,947,993	9,629,368
Net Position, Beginning	84,277,425	74,648,057
Net Position, Ending	\$ 91,225,418	\$ 84,277,425

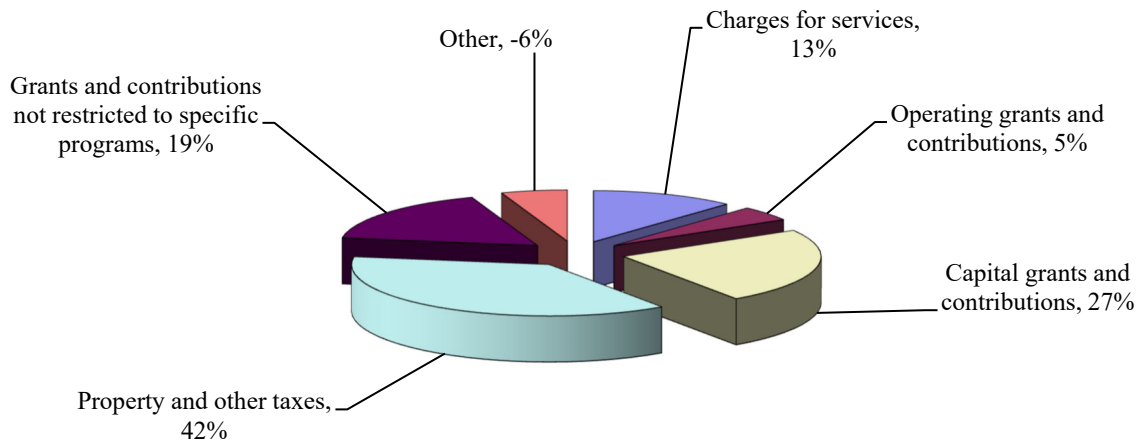
**CITY OF WILLMAR, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2022**

Primary Government

Governmental Activities

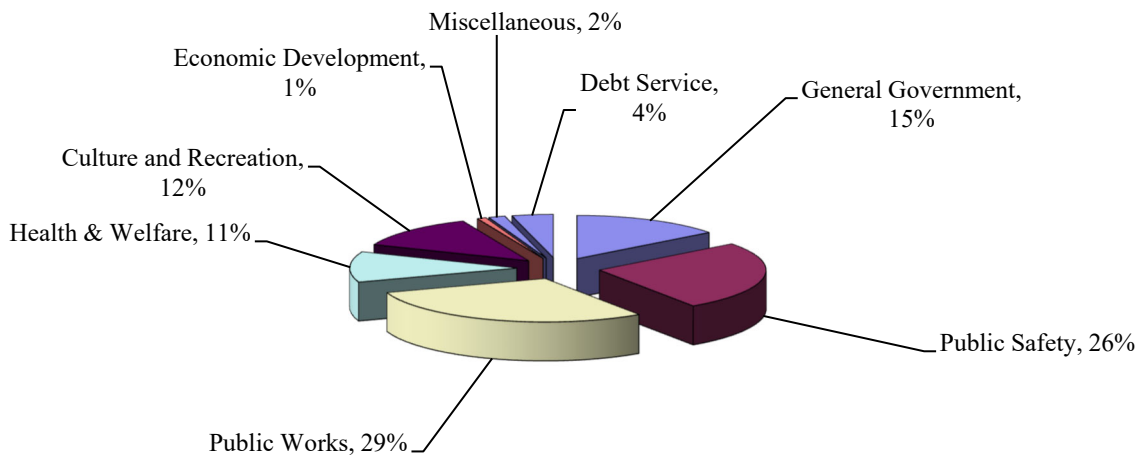
Revenues – The following chart visually illustrates the City’s revenues by source for its governmental activities:

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, 2022**

Financial Analysis of the City's Funds

General Fund – The City's General Fund Balance decreased by \$924,875 in 2022 which was \$12,068 less than the final budget projection which reflected a decrease of \$936,943.

Special Revenue Fund – The Community Investment Fund Balance increased by \$782,881 in 2022. The increase was primarily due to transfers from bond funds that were closed out in 2022.

Special Revenue Fund – Local Option Sales Tax Fund Balance increased \$1,481,952 in 2022. Sales tax revenue was \$663,717 higher than anticipated.

Capital Projects Fund – Local Option Sales Tax Fund Balance decreased \$6,918,278 in 2022 due to various projects that were started prior to 2022.

Debt Service Funds – The Special Assessments Bond Debt Service Fund Balance decreased by \$1,122,801 in 2022. There were four bonds that were paid off in 2022. Most of this decrease was attributable to transfers to the Community Investment fund.

Capital Projects Fund – The Street, Water/Sewer Capital Projects Fund Balance decreased by \$1,975,821 in 2022. The fund decrease was mostly due to ongoing construction projects started prior to 2022 and transferring unspent project funds to the Debt Service Funds.

GENERAL FUND BUDGETARY HIGHLIGHTS:

The City approved the 2022 general fund budget anticipating expenditures would exceed revenues by \$936,943. There were no budget amendments in 2022. Total revenues were higher than anticipated and total expenditures were less than anticipated.

Revenue Variances:

- License and permits revenue exceeded the budget by \$ 277,248.
- Intergovernmental revenue exceeded the budget by \$ 214,361.
- Investment income exceeded the budget by \$39,351 but was offset by a decrease in market value of \$413,707.

Expenditure Variances:

- Public Safety expenditures exceeded the budget by \$288,567.
- Public Works expenditures were less than budget by \$415,031.

**CITY OF WILLMAR, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2022**

Capital Assets

At the end of 2022, the Primary Government of the City of Willmar had over \$230,000,000 (net of accumulated depreciation) invested in a broad range of capital assets. In addition, the Component Unit had over \$47,000,000 (net of accumulated depreciation) invested in capital assets. Refer to Note 3.A.2 of the Notes to the Financial Statements for a schedule showing the City's capital asset activity.

Primary Government

**Table 5
Capital Assets**

	<u>Government Activities</u>		<u>Business-Type Activities</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Land and improvements	\$ 12,610,220	\$ 12,580,181	\$ 2,005,122	\$ 2,005,122
Buildings	121,790,641	121,363,697	63,793,702	63,793,702
Furniture and equipment	4,916,141	4,337,158	799,916	799,916
Machinery and auto	12,294,694	12,013,000	7,166,686	6,831,138
Other improvements	148,345,729	148,310,036	30,449,193	30,449,193
Construction in progress	43,668,927	24,414,972	1,396,283	62,705
Less: Depreciation	<u>(189,751,157)</u>	<u>(179,929,826)</u>	<u>(28,506,182)</u>	<u>(26,267,941)</u>
	<u>\$ 153,875,195</u>	<u>\$ 143,089,218</u>	<u>\$ 77,104,720</u>	<u>\$ 77,673,835</u>

Component Unit

**Table 6
Capital Assets**

	<u>Willmar Municipal Utilities</u>	
	<u>2022</u>	<u>2021</u>
Land	\$ 1,385,906	\$ 1,385,906
Buildings & Improvements	3,769,512	3,771,319
Structures & Equipment	79,930,677	79,908,407
Construction in progress	19,067,315	4,230,679
Less: Depreciation	<u>(56,205,882)</u>	<u>(55,121,493)</u>
	<u>\$ 47,947,528</u>	<u>\$ 34,174,818</u>

**CITY OF WILLMAR, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2022**

Long-Term Debt

At year-end, the City of Willmar's Primary Government had over \$93,500,000 in bonds outstanding and its Component Unit had \$-0- bonds outstanding. Refer to Note 3.C.2 of the Notes to the Financial Statements for a schedule showing the City's long-term debt activity.

Primary Government

Table 7

	2022	2021
Governmental Activities		
G.O. Special Assessment Bonds	\$ 17,843,000	\$ 15,603,000
G.O. Bonds	2,440,000	2,555,000
G.O. Sales Tax Revenue Bonds	17,900,000	18,210,000
Note Payable - TIF	968,702	1,099,894
	\$ 39,151,702	\$ 37,467,894
 Business-Type Activities		
G.O. Revenue Notes	\$ 54,397,151	\$ 57,572,151

Economic Factors and Next Year's Budget

The 2023 adopted budget included a 25.6% increase for the property tax levy and overall increase in expenditures of \$6.78 million. For the general fund, budgeted expenditures exceeded revenues by \$1.4 million.

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.

CITY OF WILLMAR, MINNESOTA
STATEMENT OF NET POSITION
December 31, 2022

	<u>Primary Government</u>			<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Municipal Utilities Commission</u>
<u>Assets</u>				
Cash and Cash Equivalents	\$ 6,116,285	\$ -	\$ 6,116,285	\$ 11,291,167
Investments	33,209,549	15,598,212	48,807,761	37,390,973
Receivables (Net of Allow for Uncollect)				
Accounts Receivable	384,241	1,685,539	2,069,780	3,887,547
Accrued Interest	100,446	47,641	148,087	-
Taxes Receivable	845,590	-	845,590	-
Special Assessments	3,887,833	-	3,887,833	-
Notes Receivable	350,000	-	350,000	-
Lease Receivable	490,053	-	490,053	165,432
Due from Component Unit	1,176,500	-	1,176,500	-
Due from Other Governmental Units	4,368,634	-	4,368,634	-
Internal Balances	(521,018)	521,018	-	-
Inventories	65,572	-	65,572	1,246,578
Prepaid Items	505,937	3,510	509,447	217,535
Restricted Assets:				
Temporarily Restricted:				
Cash and Cash Equivalents	8,198	520,548	528,746	-
Investments	-	-	-	525,000
Capital Assets				
Nondepreciable	54,581,852	3,401,405	57,983,257	20,453,221
Depreciable, net	99,293,343	73,703,315	172,996,658	27,494,307
Net Pension Asset	515,554	-	515,554	-
Other Assets	884,195	-	884,195	-
Total Assets	206,262,764	95,481,188	301,743,952	102,671,760
<u>Deferred Outflows of Resources</u>				
Deferred Outflows of Resources	9,931,452	291,093	10,222,545	980,676
Total Deferred Outflows of Resources	9,931,452	291,093	10,222,545	980,676
Total Assets/Def. Outflows of Resources	\$ 216,194,216	\$ 95,772,281	\$ 311,966,497	\$ 103,652,436

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

CITY OF WILLMAR, MINNESOTA
STATEMENT OF NET POSITION
December 31, 2022

	<u>Primary Government</u>			<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Municipal Utilities Commission</u>
<u>Liabilities</u>				
Accounts and Contracts Payable	\$ 3,415,954	\$ 107,971	\$ 3,523,925	\$ 4,299,389
Accrued Interest Payable	1,250,990	-	1,250,990	-
Due to Component Units	36,839	-	36,839	-
Due to Primary Government	-	-	-	2,769,137
Due to Other Governmental Units	54,000	-	54,000	-
Unearned Revenue	31,159,611	-	31,159,611	311,038
Accrued Compensation and Benefits	277,041	30,238	307,279	63,381
Noncurrent Liabilities				
Due within one year	2,038,000	3,232,000	5,270,000	-
Due in more than one year	41,921,693	51,332,008	93,253,701	723,921
Net OPEB Liability	859,329	-	859,329	878,200
Net Pension Liability	16,078,919	881,537	16,960,456	2,772,012
Total Liabilities	<u>97,092,376</u>	<u>55,583,754</u>	<u>152,676,130</u>	<u>11,817,078</u>
<u>Deferred Inflows of Resources</u>				
Deferred Inflows of Resources	1,153,396	24,424	1,177,820	609,940
Total Deferred Inflows of Resources	<u>1,153,396</u>	<u>24,424</u>	<u>1,177,820</u>	<u>609,940</u>
<u>Net Position</u>				
Net Investment in Capital Assets	85,684,703	22,707,569	108,392,272	47,947,528
Restricted				
Capital Improvements	2,357,664	720,915	3,078,579	-
Debt Service	24,904,392	-	24,904,392	-
Specific Operating Activities	3,030,150	517,320	3,547,470	525,000
Unrestricted	1,971,535	16,218,299	18,189,834	42,752,890
Total Net Position	<u>117,948,444</u>	<u>40,164,103</u>	<u>158,112,547</u>	<u>91,225,418</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 216,194,216</u>	<u>\$ 95,772,281</u>	<u>\$ 311,966,497</u>	<u>\$ 103,652,436</u>

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

**CITY OF WILLMAR, MINNESOTA
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2022**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government:				
Governmental Activities:				
General Government	\$ 4,645,856	\$ 723,179	\$ 136,806	\$ -
Public Safety	8,235,994	357,837	770,160	-
Public Works	9,294,083	13,169	370,093	4,625,792
Health and Welfare	3,619,531	1,575,079	-	-
Culture and Recreation	3,951,648	690,178	61,174	-
Economic Development	275,659	50,250	-	1,502,691
Miscellaneous	507,960	120,269	56,337	1,010,532
Debt Service - Interest	1,265,629	-	-	-
Total Governmental Activities	<u>31,796,360</u>	<u>3,529,961</u>	<u>1,394,570</u>	<u>7,139,015</u>
Business-Type Activities:				
Waste Treatment	7,143,575	10,357,888	-	-
Total Business-Type Activities	<u>7,143,575</u>	<u>10,357,888</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 38,939,935</u>	<u>\$ 13,887,849</u>	<u>\$ 1,394,570</u>	<u>\$ 7,139,015</u>
Component Units:				
Municipal Utilities	\$ 26,862,226	\$ 37,847,981	\$ -	\$ -
Total Component Units	<u>\$ 26,862,226</u>	<u>\$ 37,847,981</u>	<u>\$ -</u>	<u>\$ -</u>

General Revenues:
 Property Taxes - general purposes
 Property Taxes - debt service
 Sales Taxes
 Other Taxes
 Grants and contributions not restricted to specific programs
 Investment income (loss)
 Gain (Loss) Capital Assets
 Miscellaneous
 Transfers
 Total General Revenues /Transfers
 Change in Net Position
 Net Position - Beginning
 Net Position - Ending

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

CITY OF WILLMAR, MINNESOTA
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2022

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Municipal Utilities Commission
\$ (3,785,871)		\$ (3,785,871)	
(7,107,997)		(7,107,997)	
(4,285,029)		(4,285,029)	
(2,044,452)		(2,044,452)	
(3,200,296)		(3,200,296)	
1,277,282		1,277,282	
679,178		679,178	
(1,265,629)		(1,265,629)	
(19,732,814)		(19,732,814)	
-	\$ 3,214,313	3,214,313	
-	3,214,313	3,214,313	
(19,732,814)	3,214,313	(16,518,501)	
			\$ 10,985,755
			<u>\$ 10,985,755</u>
6,690,771	-	6,690,771	-
795,866		795,866	-
3,042,165	-	3,042,165	-
536,607	-	536,607	468
5,131,711	-	5,131,711	-
(1,870,976)	(735,193)	(2,606,169)	(1,780,602)
3,000	5,000	8,000	(135,171)
256,147	-	256,147	14,385
4,120,652	(1,946,630)	2,174,022	(2,136,842)
18,705,943	(2,676,823)	16,029,120	(4,037,762)
(1,026,871)	537,490	(489,381)	6,947,993
118,975,315	39,626,613	158,601,928	84,277,425
<u>\$ 117,948,444</u>	<u>\$ 40,164,103</u>	<u>\$ 158,112,547</u>	<u>\$ 91,225,418</u>

CITY OF WILLMAR, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2022

	General	Community Investment Special Revenue Fund	Local Option Sales Tax Special Revenue
ASSETS			
Cash and Cash Equivalents	\$ 2,456,589	\$ -	\$ 140,236
Investments	6,381,150	11,550,526	5,508,641
Receivables (Net of Allowance for Uncollect)			
Accounts	243,782	-	-
Interest	21,346	32,465	15,003
Taxes			
Current	58,208	-	608,226
Delinquent	139,003	-	-
Assessments			
Delinquent	-	36,839	-
Deferred	3,398	777,522	-
Notes	-	-	-
Leases	244,452	-	-
Due From Component Unit	-	-	-
Due From Other Funds	939,651	-	-
Due From Other Governments	15,484	-	-
Inventory	65,572	-	-
Prepaid Expenses	113,276	-	-
Restricted Cash-Employee FSA	8,198	-	-
Amount To Be Provided	-	-	-
	<u>\$ 10,690,109</u>	<u>\$ 12,397,352</u>	<u>\$ 6,272,106</u>
LIABILITIES			
Accounts Payable	\$ 270,673	\$ -	\$ 7,277
Accrued Wages	277,041	-	-
Contracts Payable	59,641	-	-
Due to Component Units	-	36,839	-
Due to Other Funds	-	-	-
Due to Other Governments	54,000	-	-
Unearned Revenue	300,026	-	-
Deposits	1,711	-	-
Total Liabilities	<u>963,092</u>	<u>36,839</u>	<u>7,277</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue	142,401	777,522	-
Lease Resources	237,657	-	-
Total Deferred Inflows of Resources	<u>380,058</u>	<u>777,522</u>	<u>-</u>
FUND BALANCES			
Nonspendable Fund Balance	178,848	-	-
Restricted Fund Balance	236,154	-	6,264,829
Committed Fund Balance	8,931,957	11,582,991	-
Total Fund Balances	<u>9,346,959</u>	<u>11,582,991</u>	<u>6,264,829</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 10,690,109</u>	<u>\$ 12,397,352</u>	<u>\$ 6,272,106</u>

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

**CITY OF WILLMAR, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2022**

Local Option Sales Tax Capital Projects	Special Assessments Bonds Debt Service	Street Water/Sewer Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 1,060,817	\$ 316,726	\$ -	\$ 2,141,917	\$ 6,116,285
1,638,708	4,811,558	344,385	2,974,581	33,209,549
-	-	-	140,459	384,241
2,963	9,395	-	19,274	100,446
-	-	-	25,353	691,787
-	14,800	-	-	153,803
-	-	-	-	36,839
-	3,070,074	-	-	3,850,994
-	-	-	350,000	350,000
-	-	-	245,601	490,053
-	-	1,176,500	-	1,176,500
-	629,483	-	612,112	2,181,246
-	-	1,636,994	2,716,156	4,368,634
-	-	-	-	65,572
-	-	-	392,661	505,937
-	-	-	-	8,198
-	-	-	884,195	884,195
<u>\$ 2,702,488</u>	<u>\$ 8,852,036</u>	<u>\$ 3,157,879</u>	<u>\$ 10,502,309</u>	<u>\$ 54,574,279</u>
\$ -	\$ 11,500	\$ 22,636	\$ 356,354	\$ 668,440
-	-	-	-	277,041
1,499,335	-	937,521	249,306	2,745,803
-	-	-	-	36,839
-	-	629,483	2,072,781	2,702,264
-	-	-	-	54,000
-	-	276,380	2,075,625	2,652,031
-	-	-	-	1,711
<u>1,499,335</u>	<u>11,500</u>	<u>1,866,020</u>	<u>4,754,066</u>	<u>9,138,129</u>
-	3,084,875	-	1,558,227	5,563,025
-	-	-	241,131	478,788
-	<u>3,084,875</u>	-	<u>1,799,358</u>	<u>6,041,813</u>
-	-	-	34,511	213,359
1,203,153	5,755,661	-	1,139,315	14,599,112
-	-	1,291,859	2,775,059	24,581,866
<u>1,203,153</u>	<u>5,755,661</u>	<u>1,291,859</u>	<u>3,948,885</u>	<u>39,394,337</u>
<u>\$ 2,702,488</u>	<u>\$ 8,852,036</u>	<u>\$ 3,157,879</u>	<u>\$ 10,502,309</u>	<u>\$ 54,574,279</u>

**CITY OF WILLMAR, MINNESOTA
RECONCILIATION OF THE BALANCE SHEET TO THE
STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
December 31, 2022**

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

Total governmental fund balances		\$ 39,394,337
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Governmental funds - capital assets	343,626,352	
Less: Accumulated depreciation	<u>(189,751,157)</u>	
		153,875,195

Long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.

Delinquent property taxes	153,803	
Unavailable special assessments	3,156,461	
Notes/Interest Receivable	361,181	
Unavailable Revenue	138,630	
Deferred Outflow of Resources - Pension	9,931,452	
Net Pension Asset	<u>515,554</u>	
		14,257,081

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	(39,151,702)	
Unamortized bond premium	(3,252,862)	
Compensated absences	(1,555,129)	
Accrued interest	(1,250,990)	
Net OPEB Liability	(859,329)	
Net Pension Liability	(16,078,919)	
Deferred Inflow of Resources - Pension	(674,608)	
Unearned revenue - lease agreement	<u>(26,754,630)</u>	
		<u>(89,578,169)</u>

Net position of governmental activities		<u>\$ 117,948,444</u>
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The notes to the financial statements are an integral part of this statement.

CITY OF WILLMAR, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2022

	<u>General</u>	<u>Community Investment Special Revenue</u>	<u>Local Option Sales Tax Special Revenue</u>
REVENUES			
General Property Taxes	\$ 6,485,502	\$ -	\$ -
Other Taxes	230,741	-	3,042,165
Special Assessments	3,845	204,866	-
License and Permits	691,768	-	-
Intergovernmental	6,245,732	-	-
Charges for Services	989,894	-	-
Fines and Forfeits	92,982	-	-
Investment Income	79,351	102,061	43,629
Change in market value	(413,704)	(589,020)	(240,073)
Miscellaneous Revenues	725,579	1,408	-
Total Revenues	<u>15,131,690</u>	<u>(280,685)</u>	<u>2,845,721</u>
EXPENDITURES			
Current:			
General Government	4,486,186	-	-
Public Safety	7,250,177	-	-
Public Works	3,831,347	5,479	-
Culture & Recreation	2,875,258	-	28,663
Economic Development	-	-	-
Miscellaneous	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Other Charges and Services	-	-	-
Capital Outlay	-	-	-
Total Expenditures	<u>18,442,968</u>	<u>5,479</u>	<u>28,663</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,311,278)</u>	<u>(286,164)</u>	<u>2,817,058</u>
OTHER FINANCING SOURCES (USES)			
Sale of Assets	3,000	-	-
Bond Proceeds	-	-	-
Premium on Bonds Issued	-	-	-
Operating Transfers In	2,494,903	2,337,203	-
Operating Transfers Out	(111,500)	(1,268,158)	(1,335,106)
Total Other Financing Sources (Uses)	<u>2,386,403</u>	<u>1,069,045</u>	<u>(1,335,106)</u>
Net Change in Fund Balances	<u>(924,875)</u>	<u>782,881</u>	<u>1,481,952</u>
Fund Balances - Beginning	<u>10,271,834</u>	<u>10,800,110</u>	<u>4,782,877</u>
Fund Balances - Ending	<u>\$ 9,346,959</u>	<u>\$ 11,582,991</u>	<u>\$ 6,264,829</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, 2022

<u>Local Option Sales Tax Capital Projects</u>	<u>Special Assessments Bonds Debt Service</u>	<u>Street Water/Sewer Capital Projects</u>	<u>Other Government Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ 795,866	\$ -	\$ 205,269	\$ 7,486,637
-	-	-	305,866	3,578,772
-	1,359,159	57,031	-	1,624,901
-	-	-	100	691,868
-	-	1,360,614	2,706,289	10,312,635
-	-	-	175,393	1,165,287
-	-	-	900	93,882
39,577	27,821	24,211	36,120	352,770
(412,014)	(123,857)	(186,021)	(259,057)	(2,223,746)
-	4,292	-	76,142	807,421
<u>(372,437)</u>	<u>2,063,281</u>	<u>1,255,835</u>	<u>3,247,022</u>	<u>23,890,427</u>
-	-	-	95,703	4,581,889
-	-	-	27,872	7,278,049
-	-	-	-	3,836,826
-	-	-	302,410	3,206,331
-	-	-	275,659	275,659
-	-	-	162,891	162,891
-	3,320,000	-	425,000	3,745,000
-	377,669	-	727,335	1,105,004
-	55,700	71,252	230,709	357,661
6,545,841	-	10,427,953	4,130,076	21,103,870
<u>6,545,841</u>	<u>3,753,369</u>	<u>10,499,205</u>	<u>6,377,655</u>	<u>45,653,180</u>
<u>(6,918,278)</u>	<u>(1,690,088)</u>	<u>(9,243,370)</u>	<u>(3,130,633)</u>	<u>(21,762,753)</u>
-	-	-	-	3,000
-	-	5,560,000	-	5,560,000
-	-	157,119	-	157,119
-	2,438,896	2,721,168	1,567,192	11,559,362
-	(1,871,609)	(1,170,738)	(505,099)	(6,262,210)
-	567,287	7,267,549	1,062,093	11,017,271
<u>(6,918,278)</u>	<u>(1,122,801)</u>	<u>(1,975,821)</u>	<u>(2,068,540)</u>	<u>(10,745,482)</u>
8,121,431	6,878,462	3,267,680	6,017,425	50,139,819
<u>\$ 1,203,153</u>	<u>\$ 5,755,661</u>	<u>\$ 1,291,859</u>	<u>\$ 3,948,885</u>	<u>\$ 39,394,337</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
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2022

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

Net Change in Fund Balances-Governmental Funds		\$ (10,745,482)
<p>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.</p>		
Capital Outlay Expense	21,103,870	
Depreciation Expense	<u>(9,821,331)</u>	11,282,539
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase/(decrease) net position</p>		
		(496,562)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds</p>		
Unavailable Revenue, December 31, 2022	3,810,075	
Unavailable Revenue, December 31, 2021	<u>(3,342,453)</u>	467,622
Unearned Revenue	1,070,185	
Pension Contribution	<u>41,103</u>	1,578,910
<p>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.</p>		
Compensated absences, December 31, 2022	(1,555,129)	
Compensated absences, December 31, 2021	<u>1,601,299</u>	46,170
OPEB Expense	72,284	
Pension Expense	<u>(989,647)</u>	(871,193)
<p>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.</p>		
Principle Retirement of Long-Term Debt	3,745,000	
Bond Proceeds	(5,717,119)	
TIF Notes Payable	131,192	
Amortization of bond premium	286,203	
Change in accrued interest	<u>(220,359)</u>	<u>(1,775,083)</u>
Change in Net Position-Governmental Activities		<u>\$ (1,026,871)</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 BALANCE
BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2022

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
General Property and Other Taxes	\$ 6,589,317	\$ 6,589,317	\$ 6,485,502	\$ (103,815)
Other Taxes	227,000	227,000	230,741	3,741
Special Assessments	1,700	1,700	3,845	2,145
License and Permits	414,520	414,520	691,768	277,248
Intergovernmental	6,031,371	6,031,371	6,245,732	214,361
Charges for Services	805,601	805,601	989,894	184,293
Fines and Forfeits	141,000	141,000	92,982	(48,018)
Investment Income	40,000	40,000	79,351	39,351
Change in market value	70,000	70,000	(413,704)	(483,704)
Miscellaneous Revenues	602,184	602,184	725,579	123,395
Total Revenues	<u>14,922,693</u>	<u>14,922,693</u>	<u>15,131,690</u>	<u>208,997</u>
EXPENDITURES				
General Government	4,405,773	4,405,773	4,486,186	(80,413)
Public Safety	6,961,610	6,961,610	7,250,177	(288,567)
Public Works	4,246,378	4,246,378	3,831,347	415,031
Culture & Recreation	3,027,921	3,027,921	2,875,258	152,663
Total Expenditures	<u>18,641,682</u>	<u>18,641,682</u>	<u>18,442,968</u>	<u>198,714</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,718,989)</u>	<u>(3,718,989)</u>	<u>(3,311,278)</u>	<u>407,711</u>
OTHER FINANCING SOURCES (USES)				
Sale of Assets	30,000	30,000	3,000	(27,000)
Operating Transfers In	2,784,546	2,784,546	2,494,903	(289,643)
Operating Transfers Out	(32,500)	(32,500)	(111,500)	(79,000)
Total Other Financing Sources (Uses)	<u>2,782,046</u>	<u>2,782,046</u>	<u>2,386,403</u>	<u>(395,643)</u>
Net Change in Fund Balances	<u>\$ (936,943)</u>	<u>\$ (936,943)</u>	<u>(924,875)</u>	<u>\$ 12,068</u>
Fund Balances - Beginning			<u>10,271,834</u>	
Fund Balances - Ending			<u>\$ 9,346,959</u>	

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, 2022

	Waste Treatment Plant
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ -
Investments	15,598,212
Accounts Receivable	1,685,539
Due From Other Funds	761,387
Interest Receivable	47,641
Prepaid Items	3,510
Restricted Cash/Employee FSA	3,228
Restricted Cash and Investments/System Replacement	517,320
Total Current Assets	18,616,837
Noncurrent Assets	
Capital Assets:	
Nondepreciable	3,401,405
Depreciable	102,209,497
Less: Accumulated Depreciation	(28,506,182)
Net capital assets	77,104,720
Total Noncurrent Assets	77,104,720
TOTAL ASSETS	95,721,557
DEFERRED OUTFLOWS OF RESOURCES	
Related to Pensions	291,093
TOTAL DEFERRED OUTFLOWS OF RESOURCES	291,093
LIABILITIES	
Current Liabilities	
Accounts Payable	40,183
Contracts Payable	64,560
Accrued Wages	30,238
Due To Other Funds	240,369
Deposits-Payroll Flex/HSA Funds	3,228
Current Portion of Debt	3,232,000
Total Current Liabilities	3,610,578
Noncurrent Liabilities:	
Notes Payable	51,165,151
Compensated Absences	166,857
Net Pension Liability	881,537
Total Noncurrent Liabilities	52,213,545
TOTAL LIABILITIES	55,824,123
DEFERRED INFLOWS OF RESOURCES	
Related to Pensions	24,424
TOTAL DEFERRED INFLOWS OF RESOURCES	24,424
NET POSITION	
Net Investment in Capital Assets	22,707,569
Restricted:	
Capital Improvements	720,915
System Replacement	517,320
Unrestricted	16,218,299
TOTAL NET POSITION	\$ 40,164,103

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, 2022

	Waste Treatment Plant
Operating Revenues	
Intergovernmental	\$ 79,457
Charges For Sales and Services:	10,278,431
Total Operating Revenues	10,357,888
 Operating Expenses	
Personal Services	1,347,539
Supplies	560,979
Other Services and Charges	1,434,103
Depreciation	2,238,240
Total Operating Expenses	5,580,861
Operating Income (Loss)	4,777,027
 Nonoperating Revenues (Expenses)	
Investment Earnings	152,225
Change in market value	(887,418)
Capital Asset (Disposal)/Acquisition	5,000
Interest Expense	(1,562,714)
Total Nonoperating Revenues (Expenses)	(2,292,907)
Income (Loss) Before Contributions and Transfers	2,484,120
Transfers Out	(1,946,630)
Change in Net Position	537,490
Net Position - Beginning	39,626,613
Net Position - Ending	\$ 40,164,103

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

City of Willmar, Minnesota
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2022

	<u>Waste Treatment Plant</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from Customers and Users	\$ 11,051,780
Payments to Suppliers	(1,968,266)
Payments to Employees	(1,234,641)
Net Cash Provided by Operating Activities	<u>7,848,873</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Transfer to Other Funds	(2,708,017)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(2,708,017)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchases of Capital Assets	(1,364,197)
Proceeds from Sale of Capital Assets	5,000
Interest Paid on Capital Debt	(1,562,714)
Principal Paid on Capital Debt	(3,175,000)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(6,096,911)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Proceeds from Sales and Maturities of Investments	564,395
Interest Received	119,141
Net Cash Provided (Used) by Investing Activities	<u>683,536</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(272,519)
Cash and Cash Equivalents - Beginning	<u>789,839</u>
Cash and Cash Equivalents - Ending	<u><u>\$ 517,320</u></u>
Classified As:	
Cash and Cash Equivalents	\$ -
Restricted Cash	<u>517,320</u>
Total Cash and Cash Equivalents, End of Year	<u><u>\$ 517,320</u></u>

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

City of Willmar, Minnesota
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2022

	Waste Treatment Plant
Reconciliation of Operating Income to Net Cash Provided (Used)	
by Operating Activities:	
Operating Income	\$ 4,777,027
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) By	
Operating Activities:	
Depreciation	2,238,240
Change in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	693,892
(Increase) Decrease in Prepaid Items	21,487
(Increase) Decrease in Deferred Outflows	71,543
Increase (Decrease) in Accounts Payable	5,329
Increase (Decrease) in Accrued Wages	13,723
Increase (Decrease) in Deposits-Payroll Flex/HSA Funds	2,750
Increase (Decrease) in Compensated Absences	18,035
Increase (Decrease) in Net Pension Liability	407,138
Increase (Decrease) in Deferred Inflows	(400,291)
Total Adjustments	3,071,846
Net Cash Provided (Used) by Operating Activities	\$ 7,848,873
 Non Cash Transactions:	
Net Increase (Decrease) in fair value of investments	\$ (887,418)

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

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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, 2022. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the City are discussed below.

A. Financial Reporting Entity

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

1. Component Unit

a. Discretely presented component units

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

Willmar Municipal Utilities

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

b. Excluded: Firefighters Association

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

B. Basic Financial Statements

1. Government-Wide Statements

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

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

1. Government-Wide Statements (continued)

In the government-wide statement of net position, both the governmental and business-type activities columns:

(a) are presented on a consolidated basis by column; and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net position is reported in three parts: (1) net investment in capital assets; (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 is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Fund – Community Investment

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

Debt Service Funds

This fund accounts for the accumulation of financial resources for the payment of principal and interest on the City's general obligation special assessment bonds and Rice Hospital G.O. Revenue and Revenue Bonds.

Capital Project Fund – Street, Water and Sewer

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

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

2. Fund Financial Statements (continued)

b. Enterprise Funds

The City reports one major enterprise fund: Waste Treatment Fund. This fund is used to account for activities related to providing sewer services to the public.

c. Agency Funds

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

C. Measurement Focus and Basis of Accounting

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

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

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

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.

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position/Fund Balance

1. Cash and Cash Equivalents

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

2. Deposits and Investments

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

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

3. Receivables

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

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

All receivables are shown net of an allowance for uncollectibles.

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

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

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

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

3. Receivables (continued)

The City's lease receivable is measured at the present value of lease payments expected be received during the lease term.

A deferred inflow of resources is recorded for the lease at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

4. Prepaid Items

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

5. Capital Assets

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

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

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

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

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

6. Deferred Outflows of Resources

In addition to assets, the statement of net position and fund financial statements will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The City of Willmar has two items that qualify for reporting in this category – deferred pension resources and deferred other postemployment benefit resources, reported in the government-wide statement of net position and proprietary statement of net position. These items result from actuarial calculations and current year pension contributions and OPEB contributions made subsequent to the measurement dates.

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

7. 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.

8. Long-Term Obligations

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

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

9. Pensions

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

10. Postemployment Benefits Other Than Pensions

Under Minnesota statute 471.61, subdivision 2b., public employers must allow retirees and their dependents to continue coverage indefinitely in an employer-sponsored health care plan, under the following conditions: 1) Retirees must be receiving (or eligible to receive) an annuity from a Minnesota public pension plan, 2) Coverage must continue in group plan until age 65, and retirees must pay no more than the group premium, and 3) Retirees may obtain dependent coverage immediately before retirement. All premiums are funded on a pay-as-you-go basis. The liability was actuarially determined, in accordance with GASB Statement 75, at January 1, 2022. For the most part, the General fund is typically used to liquidate governmental OPEB liabilities.

11. Deferred Inflows of Resources

In addition to liabilities, the statement of financial position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City of Willmar has one item that qualifies for reporting in this category under the modified accrual basis of accounting. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from four sources: property taxes, special assessments, and intergovernmental. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Additionally, deferred lease resources are reported as deferred inflows resulting from lease amortization calculations.

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

11. Deferred Inflows of Resources (continued)

Furthermore, the City has additional items which qualify for reporting in this category on the statement of net position. The items, deferred pension resources and deferred other postemployment benefit resources are reported only in the statement of net position and results from actuarial calculation involving net differences between projected and actual earnings on plan investments and changes in proportions.

12. Net Position/Fund Balances

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

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

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

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

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

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

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

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

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

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

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

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

13. 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 a request for appropriations to the Mayor so that a budget may be prepared. In September, the proposed budget is presented to the City’s council for review. The council holds public hearings, and a final budget must be prepared and adopted no later than December 31.

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

B. Deficit Fund Balances

The following funds had a deficit balance as of December 31, 2022:

Airport Capital Project Fund	\$ (41,174)
Epitopix Capital Project Fund	\$ (94,526)

The deficits will be corrected with transfers from other funds.

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Assets

1. Deposits and Investments

Cash and cash equivalents	\$ 17,936,198
Investments	<u>86,723,734</u>
	<u>\$ 104,659,932</u>
Primary Government	
Cash and cash equivalents	\$ 6,116,285
Investments	48,807,761
Temporarily Restricted Cash	<u>528,746</u>
Total Primary Government	<u>\$ 55,452,792</u>
Discretely Presented Component Unit	
Willmar Municipal Utilities:	
Cash and cash equivalents	\$ 11,291,167
Investments	37,390,973
Restricted investments	<u>525,000</u>
Total Willmar Municipal Utilities	<u>\$ 49,207,140</u>
Total	<u>\$ 104,659,932</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.

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, 2022, 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 & §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;

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

1. Deposits and Investments (continued)

b. Investments (continued)

(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.

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	\$ 1,573,785	\$ 243,442	\$ 1,330,343	\$ -
Federal Farm Credit Banks	1,864,642	1,679,528	185,114	-
Federal Home Loan Banks	32,976,633	-	32,109,143	867,490
Federal Home Loan Mortgage Corporation	5,113,360	-	5,113,360	-
Federal National Mortgage Association	1,446,660	1,446,660	-	-
Money Market	2,780,029	2,780,029	-	-
Taxable Bond	1,032,652	399,734	632,918	-
US Treasury Notes	2,020,000	2,020,000	-	-
	<u>\$ 48,807,761</u>	<u>\$ 8,569,393</u>	<u>\$ 39,370,878</u>	<u>\$ 867,490</u>

Credit Risk

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

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

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

1. Deposits and Investments (continued)

b. Investments (continued)

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>
4M	\$ 3,612,960	7%
Bremer Wealth Management	\$ 2,303,201	5%
Multi-Bank Securities	\$ 12,130,712	25%
Wells Fargo Advisors	\$ 29,573,820	61%

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>
Federal Home Loan Banks	\$ 32,976,633	68%
Federal Home Loan Mortgage Corporation	\$ 5,113,360	10%
Money Market	\$ 2,780,029	6%

Fair Value Measurements

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

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

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

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

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

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

1. Deposits and Investments (continued)

b. Investments (continued)

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

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

The following table sets forth, by level within the fair value hierarchy, the City's financial assets measured at fair value on a recurring basis at December 31, 2022:

	Fair Value	Fair Value Measurements at Reporting Date Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial Assets:				
Certificates of Deposit	\$ 1,573,785	\$ -	\$ 1,573,785	\$ -
Federal Farm Credit Banks	1,864,642	1,864,642	-	-
Federal Home Loan Banks	32,976,633	32,976,633	-	-
Federal Home Loan Mortgage Corporation	5,113,360	5,113,360	-	-
Federal National Mortgage Association	1,446,660	1,446,660	-	-
Money Market	2,780,029	-	2,780,029	-
Taxable Bond	1,032,652	-	1,032,652	-
US Treasury Notes	2,020,000	-	2,020,000	-
	<u>\$ 48,807,761</u>	<u>\$ 41,401,295</u>	<u>\$ 7,406,466</u>	<u>\$ -</u>

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

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

2. Capital Assets

The following is the capital asset activity for the year ended December 31, 2022:

<u>Governmental Activities</u>	Balance 1/1/2022	Additions	Deletions	Balance 12/31/2022
Capital assets not being depreciated				
Land	\$ 10,882,886	\$ 30,039	\$ -	\$ 10,912,925
Construction in progress	<u>24,414,972</u>	<u>19,253,955</u>	<u>-</u>	<u>43,668,927</u>
Total	<u>35,297,858</u>	<u>19,283,994</u>	<u>-</u>	<u>54,581,852</u>
Capital assets being depreciated				
Land Improvements	1,697,295	-	-	1,697,295
Buildings and structures	121,363,697	426,944	-	121,790,641
Furniture and equipment	4,337,158	578,983	-	4,916,141
Machinery and auto	12,013,000	281,694	-	12,294,694
Other improvements	<u>148,310,036</u>	<u>35,693</u>	<u>-</u>	<u>148,345,729</u>
Total	<u>287,721,186</u>	<u>1,323,314</u>	<u>-</u>	<u>289,044,500</u>
Less accumulated depreciation for:				
Land Improvements	1,629,913	43,386	-	1,673,299
Buildings	80,218,713	4,058,223	-	84,276,936
Furniture and equipment	2,426,801	164,815	-	2,591,616
Machinery and equipment	6,742,737	689,781	-	7,432,518
Other improvements	<u>88,911,662</u>	<u>4,865,126</u>	<u>-</u>	<u>93,776,788</u>
Total	<u>179,929,826</u>	<u>9,821,331</u>	<u>-</u>	<u>189,751,157</u>
Net property and equipment	<u>\$ 143,089,218</u>	<u>\$ 10,785,977</u>	<u>\$ -</u>	<u>\$ 153,875,195</u>
 <u>Business-Type Activities</u>				
Capital assets not being depreciated				
Land	\$ 2,005,122	\$ -	\$ -	\$ 2,005,122
Construction in progress	<u>62,705</u>	<u>1,333,578</u>	<u>-</u>	<u>1,396,283</u>
Total	<u>2,067,827</u>	<u>1,333,578</u>	<u>-</u>	<u>3,401,405</u>
Capital assets being depreciated				
Buildings and structures	63,793,702	-	-	63,793,702
Furniture and equipment	799,916	-	-	799,916
Machinery and auto	6,831,138	335,548	-	7,166,686
Other improvements	<u>30,449,193</u>	<u>-</u>	<u>-</u>	<u>30,449,193</u>
Total	<u>101,873,949</u>	<u>335,548</u>	<u>-</u>	<u>102,209,497</u>
Less accumulated depreciation for:				
Buildings	15,866,857	1,257,658	-	17,124,515
Furniture and equipment	438,268	38,008	-	476,276
Machinery and auto	3,456,171	336,099	-	3,792,270
Other improvements	<u>6,506,645</u>	<u>606,476</u>	<u>-</u>	<u>7,113,121</u>
Total	<u>26,267,941</u>	<u>2,238,241</u>	<u>-</u>	<u>28,506,182</u>
Net property and equipment	<u>\$ 77,673,835</u>	<u>\$ (569,115)</u>	<u>\$ -</u>	<u>\$ 77,104,720</u>

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

2. Capital Assets (continued)

<u>Component Unit</u>	<u>Balance</u> <u>1/1/2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2022</u>
Capital assets not being depreciated				
Land	\$ 1,385,906	\$ -	\$ -	\$ 1,385,906
Construction in progress	4,230,679	16,527,003	1,690,367	19,067,315
Total	<u>5,616,585</u>	<u>16,527,003</u>	<u>1,690,367</u>	<u>20,453,221</u>
Capital assets being depreciated				
Buildings and improvements	3,771,319	-	1,807	3,769,512
Structures and equipment	79,908,407	1,673,124	1,650,854	79,930,677
Total	<u>83,679,726</u>	<u>1,673,124</u>	<u>1,652,661</u>	<u>83,700,189</u>
Less accumulated depreciation for:				
Buildings and improvements	3,378,624	34,698	711	3,412,611
Structures and equipment	51,742,869	2,187,552	1,137,150	52,793,271
Total	<u>55,121,493</u>	<u>2,222,250</u>	<u>1,137,861</u>	<u>56,205,882</u>
Net property and equipment	<u>\$ 34,174,818</u>	<u>\$ 15,977,877</u>	<u>\$ 2,205,167</u>	<u>\$ 47,947,528</u>

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

Governmental Activities	
General Government	\$ 62,440
Public Safety	299,642
Public Works	4,815,248
Health/Welfare	3,619,531
Culture/Recreation	679,401
Miscellaneous	345,069
Total Depreciation Expense - Governmental Activities	<u>\$ 9,821,331</u>
Business-Type Activities	
Waste treatment	\$ 2,238,241
Total Depreciation Expense - Business-Type Activities	<u>\$ 2,238,241</u>

Construction Commitments

The City has active construction projects as of December 31, 2022. The projects include street improvements, storm water upgrades, and other improvements. At year end the City's commitments with contractors were as follows:

<u>Construction Projects</u>	<u>Remaining</u> <u>Commitment</u>
Street Projects	\$ 2,583,620
LOST Projects	788,677
Other Improvements	1,647,538
Total	<u>\$ 5,019,835</u>

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

B. Interfund Receivables, Payables and Transfers

1. Due from/Due to

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
NonMajor Special Revenue - CRF	NonMajor Capital Projects - CP Epitopix	\$ 190,665
Waste Treatment Projects	NonMajor Capital Projects - CP Epitopix	653,337
Waste Treatment	NonMajor Capital Projects - CP Epitopix	108,050
Debt Service - 2022 Bond	Capital Project - SABF 2022	629,483
General Fund	NonMajor Capital Projects - Airport	939,651
NonMajor - Special Revenue - Airport	NonMajor Capital Projects - Airport	149,906
NonMajor Capital Projects - Capital Imp.	NonMajor Capital Projects - Airport	31,172
		<u>\$ 2,702,264</u>

2. Transfers

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

<u>Transferred In</u>		<u>Transferred Out</u>	
General Fund	\$ 358,061	Nonmajor Special Revenue	\$ 16,811
		Enterprise Fund - Waste Treatment	341,250
			<u>358,061</u>
Special Revenue - Community Invest.	2,337,203	Nonmajor Special Revenue Fund	465,594
		Special Assessments Bonds	1,871,609
			<u>2,337,203</u>
Nonmajor Special Revenue Funds	490,171	Nonmajor Special Revenue Funds	31,874
		General Fund	32,500
		Enterprise Fund - Waste Treatment	425,797
			<u>490,171</u>
Special Assessments Bonds	2,438,896	Special Revenue - Community Invest.	1,268,158
		Capital Projects	1,170,738
			<u>2,438,896</u>
Nonmajor Debt Service Fund	1,049,021	General Fund	79,000
		Special Revenue - LOST	970,021
			<u>1,049,021</u>
Capital Projects	1,544,668	Special Revenue - LOST	365,085
		Enterprise Fund - Waste Treatment	1,179,583
			<u>1,544,668</u>
Nonmajor Capital Projects Fund	<u>28,000</u>	Nonmajor Special Revenue	28,000
Total	<u>\$ 8,246,020</u>	Total	<u>\$ 8,246,020</u>

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

C. Lease Receivable

The City leases lots for airport hangars to various individuals. The terms of the leases are 30 years with payments increasing incrementally every 5 years.

The City leases a cell tower site to Verizon Wireless. The initial term was 5 years and was automatically extended for three additional five-year terms. The lease may be terminated by either party at the end of the extension period.

Lease activity for the year ended December 31, 2022, was as follows:

Description	Issue Date	Discount Rate	Lease Revenue	Interest Revenue	Balance at Year End
Airport Hanger Lots	1/1/2006	4.58%	\$ 816	\$ 876	\$ 18,306
Airport Hanger Lots	10/1/2006	4.80%	5,024	5,175	102,793
Airport Hanger Lots	10/1/2009	3.82%	2,797	2,029	55,036
Airport Hanger Lots	9/1/2022	3.57%	1,041	-	69,466
Verizon Tower - Fire Station	9/1/2015	2.72%	11,487	6,962	244,452
					<u>\$ 490,053</u>

D. Liabilities

1. Deferred Inflows of Resources – Unavailable Revenue

Deferred Inflows of Resources – Unavailable Revenue consists of the following:

Unavailable Taxes	\$ 157,201
Unavailable Special Assessments	3,847,597
Unavailable Notes Receivable	361,181
Unavailable Intergovernmental Revenue	1,197,046
	<u>\$ 5,563,025</u>

2. Long-Term Debt

Obligations Outstanding at the end of the Year – Primary Government

Please see the next page for the Obligations Outstanding at the end of the Year for the Primary Government.

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

2. Long-Term Debt (Continued)

Obligations Outstanding at the end of the Year – Primary Government

<u>Governmental Activities</u>	<u>Interest Rates</u>	<u>Date Issued</u>	<u>Date Matures</u>	<u>Original Issue</u>	<u>Outstanding at 12/31/2022</u>
<u>G.O. Special Assessments</u>					
2016A Improvement Bond	2.50	2016	2027	\$ 1,600,000	\$ 856,000
2017A Improvement Bond	3.25	2017	2028	1,100,000	703,000
2018B Improvement Bond	2.75-3.00	2018	2029	2,930,000	2,140,000
2019A Improvement Bond	2.30	2019	2030	4,740,000	3,900,000
2020A Improvement Bond	1.75	2020	2031	1,965,000	1,784,000
2021B Improvement Bond	3.00-5.00	2021	2032	2,900,000	2,900,000
2022A Improvement Bond	3.00-4.00	2022	2038	5,560,000	5,560,000
Total Special Assessment Bonds				<u>26,565,000</u>	<u>17,843,000</u>
<u>G.O. Bonds</u>					
2018A Bond	2.75-3.50	2018	2038	2,780,000	2,440,000
Total G.O. Bonds				<u>2,780,000</u>	<u>2,440,000</u>
<u>G.O. Sales Tax Revenue Bonds</u>					
2021A Sales Tax Revenue Bond	1.25-4.00	2021	2033	4,495,000	4,185,000
2021C Sales Tax Revenue Bond	2.00-5.00	2021	2033	13,715,000	13,715,000
Total G.O. Sales Tax Revenue Bonds				<u>18,210,000</u>	<u>17,900,000</u>
<u>Tax Increment Financing Notes</u>					
2015 Jennie-O Turkey Store		2015		594,304	321,636
GM Development		2020		115,630	-
Legacy On 1st		2020		199,755	172,785
15th Street Flats		2020		525,388	474,282
Total Tax Increment Financing Notes				<u>1,435,077</u>	<u>968,703</u>
Total Governmental Activities				\$ 48,990,077	\$ 39,151,703
Business-Type Activities					
<u>G.O. Revenue Notes and Bonds</u>					
2008 Waste Treatment Note	3.275	2008	2028	\$ 42,001,362	\$ 22,503,000
2008 Waste Treatment Note	0	2008	2030	7,000,000	7,000,000
2009 Waste Treatment Note	2.457	2009	2029	1,711,867	693,151
2009 Waste Treatment Note	3.44	2009	2038	27,663,530	19,074,000
2013 Waste Treatment Note	1.124	2013	2042	1,582,219	1,394,000
2014 Waste Treatment Note	1.00	2014	2034	2,835,054	1,769,000
2016 Waste Treatment Note	1.035	2016	2036	989,580	728,000
2018 Waste Treatment Note	1.119	2018	2038	1,478,205	1,236,000
Total G.O. Revenue Notes and Bonds				<u>85,261,817</u>	<u>54,397,151</u>
Total Business-Type Activities				\$ 85,261,817	\$ 54,397,151
Total Primary Government				\$ 134,251,894	\$ 93,548,854

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

2. Long-Term Debt Maturities

Long-Term Debt maturities are as follows:

Governmental Activities

<u>Year</u>	<u>G. O. Special Assessment Bonds</u>		<u>G. O. Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 1,383,000	\$ 516,361	\$ 120,000	\$ 76,192
2024	1,670,000	480,463	125,000	72,517
2025	1,803,000	429,554	130,000	68,693
2026	1,861,000	374,024	130,000	64,792
2027	1,921,000	316,954	135,000	60,986
2028-2032	6,595,000	837,482	740,000	241,126
2033-2037	2,135,000	255,728	870,000	110,245
2038	475,000	8,075	190,000	3,325
Total	<u>\$ 17,843,000</u>	<u>\$ 3,218,641</u>	<u>\$ 2,440,000</u>	<u>\$ 697,876</u>

<u>Year</u>	<u>G. O. Sales Tax Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 1,130,000	\$ 658,437
2024	1,360,000	599,388
2025	1,425,000	533,087
2026	1,500,000	463,463
2027	1,565,000	390,488
2028-2032	8,960,000	853,668
2033	1,960,000	17,988
Total	<u>\$ 17,900,000</u>	<u>\$ 3,516,519</u>

Business-Type Activities

<u>Year</u>	<u>G. O. Revenue Notes</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 3,295,000	\$ 1,464,874
2024	3,387,000	1,363,427
2025	5,736,000	1,258,991
2026	5,957,000	1,077,705
2027	6,151,000	889,156
2028-2032	19,599,151	2,401,557
2033-2037	8,268,000	1,063,556
2038-2042	2,004,000	66,809
Total	<u>\$ 54,397,151</u>	<u>\$ 9,586,075</u>

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

3. Changes in Long-Term Liabilities

	Balance			Balance	Due Within
	01/01/2022	Increases	Decreases	12/31/2022	One Year
Primary Government					
Governmental Activities					
G.O. Special Assessment Bonds	\$ 15,603,000	\$ 5,560,000	\$ 3,320,000	\$ 17,843,000	\$ 1,383,000
G.O. Bonds	2,555,000	-	115,000	2,440,000	120,000
G.O. Sales Tax Revenue Bonds	18,210,000	-	310,000	17,900,000	1,130,000
Bond Premium	3,381,946	157,119	286,203	3,252,862	-
TIF Note Payable-Jennie-O	365,850	-	44,214	321,636	-
TIF Note Payable-GM Develop	56,873	-	56,873	-	-
TIF Note Payable-Legacy On 1	185,854	-	13,069	172,785	-
TIF Note Payable-15th Str Fl	491,317	-	17,035	474,282	-
Compensated Absences	1,601,299	-	46,170	1,555,129	-
Net OPEB Liability	895,266	-	35,937	859,329	-
Net Pension Liability	4,279,135	11,799,784	-	16,078,919	-
Total Governmental Activities	47,625,540	17,516,903	4,244,501	60,897,942	2,633,000
Business-Type Activities					
G.O. Revenue Notes	57,572,151	-	3,175,000	54,397,151	3,295,000
Compensated Absences	148,822	18,035	-	166,857	-
Net Pension Liability	474,399	407,138	-	881,537	-
Total Business-Type Activities	58,195,372	425,173	3,175,000	55,445,545	3,295,000
Total Primary Government	\$ 105,820,912	\$ 17,942,076	\$ 7,419,501	\$ 116,343,487	\$ 5,928,000
Component Units					
Municipal Utilities					
Compensated Absences	\$ 678,305	\$ 45,616	\$ -	\$ 723,921	\$ -
OPEB Liability	1,069,717	-	191,517	878,200	-
Net Pension Liability	1,580,066	1,191,946	-	2,772,012	-
Total Municipal Utilities	3,328,088	1,237,562	191,517	4,374,133	-
Total Component Units	\$ 3,328,088	\$ 1,237,562	\$ 191,517	\$ 4,374,133	\$ -

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

E. Fund Balance Detail

Governmental Fund Balance Detail at December 31, 2022:

<u>Fund</u>	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>
General Fund			
Prepays and Inventory	\$ 178,848	\$ -	\$ -
Retirees Vacation/Sick Leave Held	-	110,594	-
Retiree Insurance BuyOut	-	125,560	-
Working Capital	-	-	4,000,000
Year 2023	-	-	508,416
Year 2024	-	-	456,545
Self-Insurance	-	-	1,000,000
Current Employees Sick Leave and Vacation	-	-	966,996
Next Year's Budget	-	-	1,000,000
Current Year Emergency	-	-	1,000,000
Sub-Totals	<u>\$ 178,848</u>	<u>\$ 236,154</u>	<u>\$ 8,931,957</u>
Community Investment Fund Special Revenue			
Debt Service and Capital Projects	\$ -	\$ -	\$ 10,832,991
Permanent Improvement Fund	-	-	750,000
Sub-Totals	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,582,991</u>
Local Option Sales Tax Special Revenue			
Capital Projects and Debt Service	<u>\$ -</u>	<u>\$ 6,264,829</u>	<u>\$ -</u>
Local Option Sales Tax Capital Projects			
Capital Projects	<u>\$ -</u>	<u>\$ 1,203,153</u>	<u>\$ -</u>
Special Assessment Bonds Debt Service			
Debt Service	<u>\$ -</u>	<u>\$ 5,755,661</u>	<u>\$ -</u>
Street Capital Projects			
Capital Projects	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,291,859</u>
Other Governmental Funds			
Prepays	\$ 4,511	\$ -	\$ -
Park Dedication	-	38,245	-
Industrial Park Development	-	668,824	522,733
Permanent Improvement Fund	-	-	1,000,000
Capital Project Airport	-	-	17,110
Convention and Visitors Bureau Operations	-	-	386,225
Willmar Airport Operations	-	-	408,123
Willmar Mainstreet Operations	-	-	36,544
Bike Share Program	-	-	7,343
Law Enforcement Forfeiture Fund	-	40,208	-
Law Enforcement Human Trafficking	-	3,190	-
Law Enforcement Explorer Fund	-	12,359	-
Law Enforcement CERT Fund	-	12,834	-
Fire Department Explorer Fund	-	10,414	-
NonMajor Capital Projects	-	-	396,981
NonMajor Debt Service			
2018A Bond	-	557	-
Tax Increment Financing	-	352,184	-
Perpetual Care	<u>30,000</u>	<u>500</u>	<u>-</u>
Sub-Totals	<u>\$ 34,511</u>	<u>\$ 1,139,315</u>	<u>\$ 2,775,059</u>
Totals	<u><u>\$ 213,359</u></u>	<u><u>\$ 14,599,112</u></u>	<u><u>\$ 24,581,866</u></u>

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 4 DEFINED BENEFIT PENSION PLANS

A. Plan Description

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

1. General Employees Retirement Fund

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

2. Public Employees Police and Fire Fund

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

B. Benefits Provided

PERA provides retirement, disability, and death benefits. Benefits provision are established by state statute and can only be modified by the state legislature. Vested, terminated employees who are entitled to benefits, but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service.

1. General Employees Plan Benefits

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2% of average salary for each of the first 10 years of service and 1.7% of average salary for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7% of the average salary for all years of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

2. Police and Fire Plan Benefits

Benefits for Police and Fire Plan members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50% after five years up to 100% after ten years of credited service. Benefits for Police and Fire Plan members first hired after June 30, 2014, vest on a prorated basis from 50% after ten years up to 100% after twenty years of credited service. The annuity accrual rate is 3% of the average salary for each year of service. For Police and Fire Plan members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equals at least 90.

**CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022**

NOTE 4 DEFINED BENEFIT PENSION PLANS (continued)

Benefit increases are provided to benefit recipients each January. The postretirement increase is fixed at 1%. Recipients that have been receiving the annuity or benefit for at least 36 months as of June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of June 30 before the effective date of the increase will receive a reduced prorated increase.

C. Contributions

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

1. General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2022. The City of Willmar was required to contribute 7.50% for Coordinated Plan members. The City of Willmar’s contributions to the General Employees Fund for the year ended December 31, 2022, were \$370,687. The City of Willmar’s contributions were equal to the required contributions as set by state statute.

2. Police and Fire Fund Contributions

Police and Fire Plan members were required to contribute 11.80% of their annual covered salary in fiscal year 2022 and the City of Willmar was required to contribute 17.70% for Police and Fire Plan members. The City of Willmar’s contributions to the Police and Fire Fund for the year ended December 31, 2022, were \$554,243. The City of Willmar’s contributions were equal to the required contributions as set by state statute.

D. Pension Costs

1. General Employees Fund Pension Cost

At December 31, 2022, the City of Willmar reported a liability of \$5,346,022 for its proportionate share of the General Employees Fund’s net pension liability. The City of Willmar’s net pension liability reflected a reduction due to the State of Minnesota’s contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the state’s contribution meets the definition of a special funding situation. The State of Minnesota’s proportionate share of the net pension liability associated with the City of Willmar’s totaled \$156,551.

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City of Willmar’s proportion of the net pension liability was based on the City of Willmar’s contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2021, through June 30, 2022, relative to the total employer contributions received from all of PERA’s participating employers. The City of Willmar’s proportionate share was 0.0675% at the end of the measurement period and 0.0656% for the beginning of the period.

City's proportionate share of the net pension liability	\$ 5,346,022
State of Minnesota's proportionate share of the net pension liability associated with the City	<u>156,551</u>
Total	<u><u>\$ 5,502,573</u></u>

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 4 DEFINED BENEFIT PENSION PLANS (continued)

For the year ended December 31, 2022, the City of Willmar recognized pension expense of \$827,940 for its proportionate share of the General Employees Plan's pension expense. In addition, the City of Willmar recognized an additional \$23,392 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

At December 31, 2022, the City of Willmar reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 44,654	\$ 55,199
Changes in actuarial assumptions	1,176,875	19,843
Net collective difference between projected and actual investment earnings	132,325	-
Changes in proportion	224,994	-
Contributions paid to PERA subsequent to the measurement date	<u>182,915</u>	<u>-</u>
Total	<u>\$ 1,761,763</u>	<u>\$ 75,042</u>

The \$182,915 reported as deferred outflows of resources related to pensions resulting from the City of Willmar's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended December 31:</u>	<u>Pension Expense Amount</u>
2023	\$ 588,093
2024	\$ 563,160
2025	\$ (130,915)
2026	\$ 483,468

2. Police and Fire Fund Pension Costs

At December 31, 2022, the City of Willmar reported a liability of \$11,614,434 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City of Willmar's proportion of the net pension liability was based on the City of Willmar's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2021, through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. The City of Willmar's proportionate share was 0.2669% at the end of the measurement period and 0.2529% for the beginning of the period.

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

The State of Minnesota contributed \$18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2022. The contribution consisted of \$9 million in direct state aid that does meet the definition of a special funding situation and \$9.0 million in fire state aid that does not meet the definition of a special funding situation. The \$9 million direct state was paid on October 1, 2021. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90% funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90% funded, whichever occurs later.

The State of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$9 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the State of Minnesota’s pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2022, the City of Willmar recognized pension expense of \$2,262,463 for its proportionate share of the Police and Fire Plan’s pension expense. The City of Willmar recognized an additional \$98,433 as grant revenue for its proportionate share of the State of Minnesota’s contribution of \$9 million to the Police and Fire Fund.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in supplemental state aid. The City of Willmar recognized \$24,021 for the year ended December 31, 2022, as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota’s on-behalf contributions to the Police and Fire Fund.

At December 31, 2022, the City of Willmar reported its proportionate share of the Police and Fire Plan’s deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 691,120	\$ -
Changes in actuarial assumptions	6,709,821	62,918
Net collective difference between projected and actual investment earnings	292,591	-
Change in proportion	258,927	23,954
Contributions paid to PERA subsequent to the measurement date	<u>279,131</u>	<u>-</u>
Total	<u>\$ 8,231,590</u>	<u>\$ 86,872</u>

The \$279,131 reported as deferred outflows of resources related to pensions resulting from the City of Willmar’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

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

Year ended December 31:	Pension Expense Amount
2023	\$ 1,561,802
2024	\$ 1,528,979
2025	\$ 1,384,237
2026	\$ 2,406,213
2027	\$ 984,356

E. Long-Term Expected Return on Investment

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	33.5%	5.10%
International Equity	16.5%	5.30%
Fixed Income	25.0%	0.75%
Private Markets	25.0%	5.90%
Total	100%	

F. Actuarial Assumptions

The total pension liability in the June 30, 2022, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.50%. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.50% was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25% for the General Employees Plan, and 2.25% for the Police and Fire Plan. Benefit increases after retirement are assumed to be 1.25% for the General Employees Plan. The Police and Fire Plan benefit increase is fixed at 1.00% per year and that increase was used in the valuation.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3.0% after 27 years of service. In the Police and Fire Plan, salary growth assumptions range from 11.75% after one year of service to 3.00% after 24 years of service.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. Mortality rates for the Police and Fire Plan are based on the Pub-2010 Public Safety Employee Mortality tables. The tables are adjusted slightly to fit PERA's experience.

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 4 DEFINED BENEFIT PENSION PLANS (continued)

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020 actuarial valuation. The most recent four-year experience studies for the Police and Fire Plan were completed in 2020 were adopted by the Board and became effective with the July 1, 2021 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2022:

General Employees Fund

Changes in Actuarial Assumptions:

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

Changes in Plan Provisions:

- There were no changes in plan provisions since the previous valuation.

Police and Fire Fund

Changes in Actuarial Assumptions:

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.
- The single discount rate changed from 6.50% to 5.40%.

Changes in Plan Provisions:

- There were no changes in plan provisions since the previous valuation.

G. Discount Rate

The discount rate for the General Employees Plan used to measure the total pension liability in 2022 was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net positions of the General Employees Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

In the Police and Fire Fund, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through June 30, 2060. Beginning in fiscal year ended June 30, 2061 for the Police and Fire Fund, projected benefit payments exceed the funds' projected fiduciary net position. Benefit payments projected after were discounted at the municipal bond rate of 3.69% (based on the weekly rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"). The resulting equivalent single discount rate of 5.40% for the Police and Fire Fund was determined to give approximately the same present value of projected benefits when applied to all years of projected benefits as the present value of projected benefits using 6.50% applied to all years of projected benefits through the point of asset depletion and 3.69% thereafter.

H. Pension Liability Sensitivity

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

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

Sensitivity Analysis

Net Pension Liability (Asset) at Different Discount Rates

	General Employees Fund		Police and Fire Fund	
1% Lower	5.50%	\$ 8,444,322	4.40%	\$ 17,576,956
Current Discount Rate	6.50%	\$ 5,346,022	5.40%	\$ 11,614,434
1% Higher	7.50%	\$ 2,804,938	6.40%	\$ 6,794,092

I. Pension Plan Fiduciary Net Position

Detailed information about each pension plan’s fiduciary net position is available in a separately issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at www.mnpera.org.

NOTE 5 DEFINED BENEFIT PENSION PLANS – STATEWIDE VOLUNTEER FIREFIGHTERS PLAN

A. Plan Description

The Willmar Fire Department participates in the Statewide Volunteer Firefighter Retirement Plan (accounted for in the Volunteer Firefighter Fund), an agent multiple-employer lump-sum defined benefit pension plan administered by the Public Employees Retirement Association of Minnesota (PERA). The Volunteer Firefighter Plan covers volunteer firefighters of municipal fire departments or independent nonprofit firefighting corporations that have elected to join the plan. As of December 31, 2021, the plan covered 35 active firefighters and 9 vested terminated fire fighters whose pension benefits are deferred. The plan is established and administered in accordance with Minnesota Statutes, Chapter 353 G.

B. Benefits Provided

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

C. Contributions

The Volunteer Firefighter Plan is funded by fire state aid, investment earnings and, if necessary, employer contributions as specified in Minnesota Statutes. The State of Minnesota contributed \$121,719 in fire state aid to the fund for the year ended December 31, 2022. Required employer contributions are calculated annually based on statutory provisions. The City’s statutorily required contributions to the Volunteer Firefighter Fund for the year ended December 31, 2021, was \$0. The City’s contributions were equal to the required contributions as set by state statute.

D. Pension Costs

At December 31, 2022, the City reported a net pension asset of \$515,554 for the Volunteer Firefighter Fund. The net pension asset was measured as of December 31, 2021. The total pension liability used to calculate the net pension asset in accordance with GASB 68 was determined by PERA applying an actuarial formula to specific census data certified by the fire department. The following table presents the changes in net pension liability during the year.

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Beginning Balance 12/31/20	<u>\$ 1,219,317</u>	<u>\$ 1,737,721</u>	<u>\$ (518,404)</u>
Changes for the Year			
Service Cost	84,350	-	84,350
Interest on Pension Liability	78,062	-	78,062
Actuarial Experience (Gains)/Losses	(94,787)	-	(94,787)
Projected Investment Earnings	-	104,264	(104,264)
Changes in Benefit Level	227,240	-	227,240
Contributions (State)	-	121,719	(121,719)
Asset (Gain)/Loss	-	67,482	(67,482)
Benefit Payouts	(5,280)	(5,280)	-
PERA Administrative Fee	-	(1,450)	1,450
Net Changes	<u>289,585</u>	<u>286,735</u>	<u>2,850</u>
Balance End of Year 12/31/21	<u><u>\$ 1,508,902</u></u>	<u><u>\$ 2,024,456</u></u>	<u><u>\$ (515,554)</u></u>

There were no benefit provision changes during the measurement period.

For the year ended December 31, 2022, the City recognized pension expense of \$254,386.

At December 31, 2021, the City reported deferred outflows and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 39,739	\$ 145,773
Difference between projected and actual investment earnings	31,764	190,332
Contributions paid to plan subsequent to measurement date	128,030	-
State revenue received for the plan subsequent to measurement date	-	<u>128,030</u>
Totals	<u><u>\$ 199,533</u></u>	<u><u>\$ 464,135</u></u>

\$128,030 reported as deferred outflows of resources related to pensions resulting from City contributions to the pension plan subsequent to the measurement date will be recognized as an addition to the net pension liability (asset) in the year ended December 31, 2022. \$128,030 reported as deferred inflows of resources related to pensions resulting from state revenue received by the City for the pension plan subsequent to the measurement date will be recognized as a reduction to the net pension liability (asset) in the year ended December 31, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

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

Year ended December 31:	Pension Expense <u>Amount</u>
2022	\$ (90,256)
2023	\$ (78,714)
2024	\$ (63,178)
2025	\$ (32,454)

E. Actuarial Assumptions

The total pension liability at December 31, 2021, was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

- Retirement eligibility at the later of age 50 or 20 years of service
- Investment rate of return of 6.00%
- Inflation rate of 3.00%

There were no changes in actuarial assumptions in 2021.

F. Discount Rate

The discount rate used to measure the total pension liability was 6.00%. The projection of cash flows used to determine the discount rate assumed that contributions to the Volunteer Firefighter Fund will be made as specified in statute. Based on that assumption and considering the funding ratio of the plan, the fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. Pension Liability Sensitivity

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

	1% Decrease in Discount Rate (5.0%)	Discount Rate (6.0%)	1% Increase in Discount Rate (7.0%)
Net Pension Asset	\$ (462,553)	\$ (515,554)	\$ (566,580)

H. Plan Investments

Investment Policy

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

**CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022**

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

All investments undertaken by the SBI are governed by the prudent person rule and other standards codified in Minnesota Statutes, Chapter 11A and Chapter 353G.

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

Asset Allocation

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

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

The 6.00% long-term expected rate of return on pension plan investments was determined using a building-block method. Best estimates for expected future real rates of return (expected returns, net of inflation) were developed for each asset class using both long-term historical returns and long-term capital market expectations from a number of investment management and consulting organizations. The asset class estimates and the target allocations were then combined to produce a geometric, long-term expected real rate of return for the portfolio. Inflation expectations were applied to derive the nominal rate of return for the portfolio.

Description of significant investment policy changes during the year: The SBI made no significant changes to their investment policy during fiscal year 2021 for the Volunteer Firefighter Fund.

G. Pension Plan Fiduciary Net Position

Detailed information about the Volunteer Firefighter Fund’s fiduciary net position as of June 30, 2021, is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained at www.mnpera.org.

NOTE 6 PUBLIC EMPLOYEES DEFINED CONTRIBUTION PLAN (DEFINED CONTRIBUTION PLAN)

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

**CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022**

NOTE 6 PUBLIC EMPLOYEES DEFINED CONTRIBUTION PLAN (DEFINED CONTRIBUTION PLAN) (continued)

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. *Minnesota Statutes*, Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5% of salary which is matched by the elected official’s employer. For ambulance service personnel, employer contributions are determined by the employer, and for salaried employees contributions must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2% of employer contributions and .25% of the assets in each member’s account annually.

Total contributions made by the City of Willmar during fiscal year 2022 were:

Contribution Amount		Percentage of Covered Payroll		Required
Employee	Employer	Employee	Employer	Rate
\$ 358	\$ 358	5%	5%	5%

NOTE 7 OTHER POST EMPLOYMENT BENEFITS (OPEB)

The City complies with the Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which allows the City to report its liability for other postretirement benefits consistent with established accounting principles generally accepted in the United States of America and to reflect an actuarially determined liability for the present value of projected future benefits for retired and active employees on the financial statements.

A. Plan Description

The City’s defined benefit OPEB plan provided OPEB for all qualified employees of the City. The City operates a single-employer retiree benefit plan (“the Plan”). No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. The Plan does not issue a publicly available report.

B. Benefits Provided

The Plan provides health, dental, and/or life insurance plan to qualified employees. Benefit and eligibility provisions are established through negotiations between the City Council and employee groups including three unions. The union contracts are renegotiated periodically.

C. Employees Covered by Benefit Terms

At December 31, 2022, the following employees were covered by the benefit terms:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	11
Active Plan Members	108
Total Plan Members	119

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 7 OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)

D. Contributions

The City has chosen to fund the Plan on a pay-as-you-go basis. For fiscal year 2022, the City contributed \$91,129.

E. Actuarial Methods and Assumptions

The City's net OPEB liability of \$859,329 was measured as of December 31, 2022. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2022.

The total OPEB liability in the January 1, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	2.00%
20-Year Municipal Bond Yield	2.00%
Inflation Rate	2.00%
Salary Increases	Vary by service and employee classification.
Medical Trend Rate	6.50% as of January 1, 2022 grading to 5.00% over 6 years and then to 4.00% over the next 48 years.

The discount rate used to measure the total OPEB liability was 2.00%. Since the plan is not funded (has no assets), the discount rate was developed by estimating the long-term investment yield on the employer funds that will be used to pay benefits as they come due.

Mortality rates were based on the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2021 Generational Improvement Scale.

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

F. Changes in the Total OPEB Liability

	Total OPEB Liability
Beginning Balance 12/31/21	\$ 895,266
Changes for the Year	
Service Cost	49,216
Interest Cost	17,911
Assumption Changes	5,214
Differences between Expected and Actual Experience	(9,894)
Benefit Payments	(98,384)
Net Changes	<u>(35,937)</u>
Balance End of Year 12/31/22	<u>\$ 859,329</u>

**CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022**

NOTE 7 OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)

F. Changes in the Total OPEB Liability (continued)

Since the prior measurement date, the following assumptions changed:

Benefit Changes:

- There have been no changes since the prior valuation.

Assumption Changes:

- The health care trend rates were changed to better anticipate short term and long-term medical increases.
- The mortality tables were updated from the Pub-2010 Public Retirement Plans Headcount – Weighted Mortality Tables (General, Safety) with MP-2019 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount – Weighted Mortality Tables (General, Safety) with MP-2021 Generational Improvement Scale.
- The salary increase rates were updated to reflect the latest experience study.
- The retirement and withdrawal rates were updated to reflect the latest experience study.
- The inflation rate was changed from 2.50% to 2.00%.

G. Sensitivity of the Total OPEB Liability

The following presents the total OPEB liability of the City, as well as what the City’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.00%) or 1-percentage-point higher (3.00%) than the current discount rate:

Sensitivity of Net OPEB Liability at Current Single Discount Rate		
1% Lower	1.00%	\$ 911,532
Current Discount Rate	2.00%	\$ 859,329
1% Higher	3.00%	\$ 810,218

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

Sensitivity of OPEB Liability at Current Single Discount Rate		
1% Lower	4.00%	\$ 792,332
Current Discount Rate	5.00%	\$ 859,329
1% Higher	6.00%	\$ 939,003

**CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
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NOTE 7 OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)

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

For the year ended December 31, 2021, the City recognized OPEB expense of \$27,103. On December 31, 2022 the City reported deferred outflows of resources and deferred inflows of resource related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 185,929
Changes in actuarial	49,466	15,084
Contributions to OPEB Subsequent to the Measurement Date	108,225	-
Totals	\$ 157,691	\$ 201,013

Deferred outflows of resources to OPEB, resulting from the City’s contributions subsequent to the measurement date of \$108,225, will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2023. There were no other amounts reported as deferred outflows and inflows of resources related to OPEB.

Component Unit – Willmar Municipal Utilities

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

Plan Description

The Utilities operates a single-employer retiree benefit plan (“the Plan”) that provides health, dental, and life insurance to eligible employees and their spouses through the Utilities commercial insurance plans. There are 29 active participants and 16 retired participants. Benefit and eligibility provisions are established through negotiations between the Utilities and employee groups including a union. The union contract is renegotiated each three-year bargaining period. The Plan does not issue a publicly available financial report. No assets are accumulated in a trust that meets all of the criteria in GASB Statement No. 75, Paragraph 4.

Total OPEB Liability

The Utilities’ total OPEB liability of \$878,200 was measured as of December 31, 2021 and was determined by an actuarial valuation as of that date. Update procedures were used to roll forward the total OPEB liability to December 31, 2022.

**CITY OF WILLMAR, MINNESOTA
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**NOTE 7 OTHER POST EMPLOYMENT BENEFITS/Component Unit –
Willmar Municipal Utilities (continued)**

Changes in Total OPEB Liability

Changes in the total OPEB liability of the Utilities for 2022 were as follows:

	Total OPEB Liability
Balance at December 31, 2021	\$ 1,069,717
Changes for the year:	
Service Cost	17,513
Interest	19,544
Differences Between Expected and Actual Experience	(14,108)
Changes of assumptions	5,637
Benefit Payments	(220,103)
Net changes	(191,517)
Balance at December 31, 2022	\$ 878,200

Changes of assumptions and other inputs reflect a change in the discount rate from 2.00% in 2021 to 1.84% in 2022.

Sensitivity of the total OPEB liability to changes in the discount rate was also calculated. The following presents the total OPEB liability of the Utilities as well as what the Utilities' total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (0.84%) or 1-percentage-point higher (2.84%) than the current discount rate:

	1.0% Decrease in Discount Rate to 0.84%	Discount Rate of 1.84%	1.0% Increase in Discount Rate to 2.84%
Total OPEB Liability	\$ 914,800	\$ 878,200	\$ 843,931

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates was calculated as well. The following presents the total OPEB liability of the Utilities as well as what the Utilities' total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.30% decreasing to 2.80%) or 1-percentage-point higher (7.30% decreasing to 4.80%) than the current healthcare cost trend rates:

	1.00% Decrease (5.30% decreasing to 2.80%)	Healthcare Cost Trend Rates (6.30% decreasing to 3.80%)	1.00% Increase (7.30% decreasing to 4.80%)
Total OPEB Liability	\$ 831,992	\$ 878,200	\$ 930,825

**CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022**

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

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

For the year ended December 31, 2022, the Utilities recognized OPEB expense of (\$130,286). At December 31, 2022, the Utilities reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions paid subsequent to measurement date	\$ 172,840	\$ -

\$172,840 reported as deferred outflows of resources related to OPEB resulting from Utilities’ contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2023.

Actuarial Methods and Assumptions

The total OPEB liability in the December 31, 2021, actuarial valuation was determined using the following actuarial assumptions and other inputs and applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Salary Increases	Based on the most recently disclosed assumptions for the pension plan in which the employee participates.
Healthcare Cost Trend Rates	6.30% for 2022, decreasing on average 0.05% per year to an ultimate rate of 3.80% for 2075 and later years.
Retirees’ Share of Benefit-Related Costs	Assumed to increase with healthcare trend rates.

A discount rate of 1.84% was applied in the measurement of the total OPEB liability. The discount rate is based on the index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Mortality rates were based on the Pub-2010 General Annuitant Mortality Table with projected mortality improvements based on scale MP-2019, and other adjustments.

The actuarial assumptions used in the December 31, 2021, valuation were based on the results of an actuarial experience study for the period January 1, 2021, to December 31, 2021.

NOTE 8 RISK MANAGEMENT

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

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.

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 9 COMMITMENTS AND 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.

In 2020, the City entered into an agreement with Kandiyohi County for use of the Law Enforcement Center. Under this agreement, beginning in 2021, the City is to remit an annual payment to Kandiyohi County for the City's pro-rated share of utility and maintenance costs of the administrative space, storage, and range building. It has been determined that the City's current share of this space is 45.7%. The pro-rated share of this communal space is subject to change on an annual basis as both parties may agree to increase or decrease their designated spaces within the joint facility as circumstances may require. For the year ended December 31, 2022, the City paid \$294,668 for capital improvements and \$154,682 for annual operating expenses.

Willmar Municipal Utilities – Component Unit of the City of Willmar

Under a capacity energy confirmation agreement with Great River Energy, the Commission is committed to capacity charges on certain electric power and energy requirements through the year 2025. The Commission is also committed to certain capacity charges under wholesale power agreements with Western Area Power Administration through the year 2050.

In 2020, Willmar Municipal Utilities (WMU) discontinued operations of the District Heating Division. The cessation of operations resulted in underground infrastructure previously in service within the Heating District to be abandoned in place. WMU remains obligated for removal of these infrastructure items if the need arises in the event of unknown future roadway or utility improvements. At this time, there is no reasonable estimate of costs or potential timeline of District Heating infrastructure removal. It is the WMU Commission's opinion that any future potential related costs will not have a material adverse effect on the WMU financial condition.

NOTE 10 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 of which Kandiyohi County appoints three members and the City of Willmar appoints three members. Each member is appointed to serve for three years. Complete financial information for the EDC can be obtained at Kandiyohi County and City of Willmar Economic Development Commission, 333 Litchfield Avenue S.W., P. O. Box 1783, Willmar, Minnesota 56201.

Central Community Transit (CCT)

Kandiyohi Area Transit was established on October 20, 1998 by a joint powers agreement between Kandiyohi County and the City of Willmar. Effective January 1, 2015, Kandiyohi Area Transit combined with Renville County Heartland Express to form Central Community Transit (CCT). Effective April 29, 2016, Meeker County and the City of Litchfield were added as joint powers members of CCT. The CCT Board is made up of two members appointed by Kandiyohi County, two members appointed by the City of Willmar, one elected official from other local governments in Kandiyohi County, and two members appointed from Renville County. Complete financial information for CCT can be obtained at Central Community Transit, 1320 22nd Street SW, Willmar, Minnesota 56201.

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 11 TAX ABATEMENTS

The City of Willmar enters into tax abatement agreements with local business under authority of Minnesota Statutes Section 1165.993 through 1165.995 and 469.1812 through 469.1815. Businesses must fulfill all requirements of approved development agreements and state statutes in order to receive the allowed amount of their tax abatements. The businesses are required to pay the property tax and request reimbursement from the City.

Tax abatement activity for the year ended December 31, 2022, was as follows:

Purpose	Amount of Taxes Abated During 2022	Maximum Abatement	Duration
MinnWest Technology Campus	\$ 41,600	\$ 416,000	2016-2025
Torgerson Properties	8,625	189,750	2016-2025
AEHM, LLC	8,700	87,000	2022-2031
	<u>\$ 58,925</u>		

NOTE 12 SUBSEQUENT EVENTS

The City of Willmar has evaluated events and transactions for potential recognition or disclosure through August 4, 2023, the date the financial statements were available to be issued.

NOTE 13 CHANGE IN ACCOUNTING PRINCIPLES

Effective January 1, 2022, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. GASB Statement No. 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the City's 2022 financial statements and had no effect on the beginning net position.

City of Willmar, Minnesota
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
GENERAL PROPERTY TAXES				
Current Ad Valorem	\$ 6,504,317	\$ 6,504,317	\$ 6,408,541	\$ (95,776)
Delinquent Ad Valorem	85,000	85,000	76,961	(8,039)
Franchise Fees	227,000	227,000	230,741	3,741
TOTAL TAXES	<u>6,816,317</u>	<u>6,816,317</u>	<u>6,716,243</u>	<u>(100,074)</u>
LICENSES/PERMITS				
Business License/Permit	50,040	50,040	71,284	21,244
Non-Business License/Permit	364,480	364,480	620,484	256,004
TOTAL LICENSES & PERMITS	<u>414,520</u>	<u>414,520</u>	<u>691,768</u>	<u>277,248</u>
INTERGOVERNMENTAL				
FEDERAL GOVERNMENT				
Federal Grant	2,400	2,400	14,002	11,602
STATE GRANTS				
Local Government Aid	5,131,711	5,131,711	5,131,711	-
Police Department Aid	300,000	300,000	322,195	22,195
State Grant	50,000	50,000	46,517	(3,483)
Fire Department Aid	-	-	128,030	128,030
Shared Highway User Tax	307,000	307,000	351,812	44,812
COUNTY GRANTS				
Kandiyohi County Highways	3,795	3,795	4,279	484
Kandiyohi County	15,000	15,000	21,291	6,291
SCHOOL DISTRICT #347				
School Liaison Officer	221,465	221,465	225,895	4,430
TOTAL INTERGOVERNMENTAL	<u>6,031,371</u>	<u>6,031,371</u>	<u>6,245,732</u>	<u>214,361</u>
SERVICE CHARGES				
General Government	400	400	322	(78)
Public Safety	194,400	194,400	263,286	68,886
Buildings & Grounds	16,001	16,001	56,976	40,975
Civic Center	379,000	379,000	389,499	10,499
Parks & Recreation	166,800	166,800	204,985	38,185
Highways & Streets	10,500	10,500	13,169	2,669
Community Center	9,500	9,500	26,000	16,500
City Auditorium	5,000	5,000	8,413	3,413
Rental Income	32,000	32,000	27,244	(4,756)
TOTAL SERVICE CHARGES	<u>813,601</u>	<u>813,601</u>	<u>989,894</u>	<u>176,293</u>
FINES AND FORFEITS				
Court Fines	90,000	90,000	74,306	(15,694)
Parking Violations	15,000	15,000	13,536	(1,464)
Impounding Fees	36,000	36,000	5,140	(30,860)
TOTAL FINES & FORFEITS	<u>141,000</u>	<u>141,000</u>	<u>92,982</u>	<u>(48,018)</u>
SPECIAL ASSESSMENTS				
Special Assessments	1,700	1,700	3,845	2,145
TOTAL SPECIAL ASSESSMENTS	<u>1,700</u>	<u>1,700</u>	<u>3,845</u>	<u>2,145</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 Year Ended December 31, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES (Con't)				
MISCELLANEOUS REVENUE				
Miscellaneous	40,000	40,000	37,928	(2,072)
Interest Earnings	40,000	40,000	100,790	60,790
Sale of Materials	70,000	70,000	73,748	3,748
Carris Health Transfer	334,184	334,184	504,894	170,710
Market Value Increase/(Decrease)	70,000	70,000	(413,704)	(483,704)
Insurance Reimbursements	100,000	100,000	78,246	(21,754)
Insurance Pass Through	50,000	50,000	9,324	(40,676)
TOTAL MISCELLANEOUS	<u>704,184</u>	<u>704,184</u>	<u>391,226</u>	<u>(312,958)</u>
 TOTAL REVENUES	 <u>14,922,693</u>	 <u>14,922,693</u>	 <u>15,131,690</u>	 <u>208,997</u>
EXPENDITURES				
GENERAL GOVERNMENT				
City Administrator				
Personal Services	448,105	448,105	431,677	16,428
Supplies	2,600	2,600	14,646	(12,046)
Other Services & Charges	4,650	4,650	10,737	(6,087)
Total	<u>455,355</u>	<u>455,355</u>	<u>457,060</u>	<u>(1,705)</u>
Mayor and Council				
Personal Services	78,425	78,425	78,318	107
Supplies	3,550	3,550	5,502	(1,952)
Other Services & Charges	87,200	87,200	124,149	(36,949)
Total	<u>169,175</u>	<u>169,175</u>	<u>207,969</u>	<u>(38,794)</u>
Planning & Development				
Personal Services	661,675	661,675	637,577	24,098
Supplies	6,000	6,000	8,749	(2,749)
Other Services & Charges	72,500	72,500	84,242	(11,742)
Total	<u>740,175</u>	<u>740,175</u>	<u>730,568</u>	<u>9,607</u>
City Clerk/Treasurer				
Personal Services	220,786	220,786	220,588	198
Supplies	4,550	4,550	1,916	2,634
Other Services & Charges	31,860	31,860	19,850	12,010
Total	<u>257,196</u>	<u>257,196</u>	<u>242,354</u>	<u>14,842</u>
Assessing				
Other Services & Charges	122,522	122,522	121,570	952
Total	<u>122,522</u>	<u>122,522</u>	<u>121,570</u>	<u>952</u>
Accounting				
Personal Services	599,639	599,639	425,873	173,766
Supplies	3,850	3,850	4,323	(473)
Other Services & Charges	33,100	33,100	63,275	(30,175)
Total	<u>636,589</u>	<u>636,589</u>	<u>493,471</u>	<u>143,118</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 Year Ended December 31, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (Con't)				
GENERAL GOVERNMENT (Con't)				
Legal				
Other Services & Charges	300,000	300,000	400,066	(100,066)
Total	<u>300,000</u>	<u>300,000</u>	<u>400,066</u>	<u>(100,066)</u>
City Hall				
Personal Services	96,458	96,458	99,191	(2,733)
Supplies	16,050	16,050	14,871	1,179
Other Services & Charges	58,050	58,050	66,916	(8,866)
Total	<u>170,558</u>	<u>170,558</u>	<u>180,978</u>	<u>(10,420)</u>
Information Technology				
Personal Services	275,323	275,323	265,302	10,021
Supplies	55,950	55,950	54,848	1,102
Other Services & Charges	359,200	359,200	330,918	28,282
Total	<u>690,473</u>	<u>690,473</u>	<u>651,068</u>	<u>39,405</u>
Office Services				
Supplies	22,000	22,000	7,216	14,784
Other Services & Charges	13,500	13,500	8,760	4,740
Total	<u>35,500</u>	<u>35,500</u>	<u>15,976</u>	<u>19,524</u>
Human Resources				
Personal Services	150,349	150,349	150,837	(488)
Supplies	2,500	2,500	2,904	(404)
Other Services & Charges	29,100	29,100	31,927	(2,827)
Total	<u>181,949</u>	<u>181,949</u>	<u>185,668</u>	<u>(3,719)</u>
Elections & Voters Registration				
Personal Services	93,281	93,281	70,253	23,028
Supplies	4,900	4,900	2,827	2,073
Other Services & Charges	44,600	44,600	16,567	28,033
Total	<u>142,781</u>	<u>142,781</u>	<u>89,647</u>	<u>53,134</u>
Non-Departmental Expenses				
Other Charges/Services	101,500	101,500	334,728	(233,228)
Severance	-	-	81	(81)
Re-Employment Insurance	2,000	2,000	19,331	(17,331)
Retired Employees Insurance	100,000	100,000	54,076	45,924
Insurance Pass Through	50,000	50,000	54,721	(4,721)
Workers Comp Self Insurance	75,000	75,000	54,651	20,349
Insurance Deductible	100,000	100,000	82,576	17,424
Refunds Paid	75,000	75,000	109,627	(34,627)
Total	<u>503,500</u>	<u>503,500</u>	<u>709,791</u>	<u>(206,291)</u>
TOTAL GENERAL GOVERNMENT	<u>4,405,773</u>	<u>4,405,773</u>	<u>4,486,186</u>	<u>(80,413)</u>
PUBLIC SAFETY				
Police Department				
Personal Services	4,978,380	4,978,380	5,266,056	(287,676)
Supplies	217,950	217,950	238,921	(20,971)
Other Services & Charges	807,139	807,139	724,322	82,817
Total	<u>6,003,469</u>	<u>6,003,469</u>	<u>6,229,299</u>	<u>(225,830)</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 Year Ended December 31, 2022

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (Con't)				
PUBLIC SAFETY (Con't)				
Fire Department				
Personal Services	709,291	709,291	696,728	12,563
Supplies	105,300	105,300	96,655	8,645
Other Services & Charges	126,050	126,050	84,905	41,145
Total	<u>940,641</u>	<u>940,641</u>	<u>878,288</u>	<u>62,353</u>
Non-Departmental Expenses				
Fire Aid Remittance	-	-	128,030	(128,030)
Civil Defense	7,500	7,500	5,894	1,606
Safety Program	10,000	10,000	8,666	1,334
Total	<u>17,500</u>	<u>17,500</u>	<u>142,590</u>	<u>(125,090)</u>
TOTAL PUBLIC SAFETY	<u>6,961,610</u>	<u>6,961,610</u>	<u>7,250,177</u>	<u>(288,567)</u>
PUBLIC WORKS				
Engineering				
Personal Services	772,058	772,058	121,369	650,689
Supplies	15,250	15,250	3,167	12,083
Other Services & Charges	85,350	85,350	267,777	(182,427)
Total	<u>872,658</u>	<u>872,658</u>	<u>392,313</u>	<u>480,345</u>
Storm Water				
Supplies	5,500	5,500	7,956	(2,456)
Other Services & Charges	76,500	76,500	59,050	17,450
Total	<u>82,000</u>	<u>82,000</u>	<u>67,006</u>	<u>14,994</u>
Public Works				
Personal Services	2,405,420	2,405,420	2,430,419	(24,999)
Supplies	501,000	501,000	608,430	(107,430)
Other Services & Charges	366,800	366,800	315,679	51,121
Total	<u>3,273,220</u>	<u>3,273,220</u>	<u>3,354,528</u>	<u>(81,308)</u>
Transit				
Other Services & Charges	17,500	17,500	17,500	-
Total	<u>17,500</u>	<u>17,500</u>	<u>17,500</u>	<u>-</u>
Non-Departmental Expenses				
Other Services & Charges	1,000	1,000	-	1,000
Total	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
TOTAL PUBLIC WORKS	<u>4,246,378</u>	<u>4,246,378</u>	<u>3,831,347</u>	<u>415,031</u>
CULTURE & RECREATION				
WRAC 8				
Personal Services	109,722	109,722	112,484	(2,762)
Supplies	7,490	7,490	833	6,657
Other Services & Charges	13,500	13,500	14,077	(577)
Total	<u>130,712</u>	<u>130,712</u>	<u>127,394</u>	<u>3,318</u>
Library				
Other Services & Charges	551,332	551,332	551,503	(171)
Total	<u>551,332</u>	<u>551,332</u>	<u>551,503</u>	<u>(171)</u>
Auditorium				
Personal Services	1,250	1,250	493	757
Supplies	43,300	43,300	11,382	31,918
Other Services & Charges	181,068	181,068	40,642	140,426
Total	<u>225,618</u>	<u>225,618</u>	<u>52,517</u>	<u>173,101</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 Year Ended December 31, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (Con't)				
CULTURE & RECREATION (Con't)				
Non-Department Expenses				
Civic Promotion	104,858	104,858	89,857	15,001
Total	<u>104,858</u>	<u>104,858</u>	<u>89,857</u>	<u>15,001</u>
Parks & Recreation				
Personal Services	498,988	498,988	515,596	(16,608)
Supplies	129,500	129,500	108,012	21,488
Other Services & Charges	101,500	101,500	123,087	(21,587)
Total	<u>729,988</u>	<u>729,988</u>	<u>746,695</u>	<u>(16,707)</u>
Civic Center - Ice Arena				
Personal Services	287,334	287,334	337,872	(50,538)
Supplies	106,300	106,300	137,080	(30,780)
Other Services & Charges	295,150	295,150	275,305	19,845
Total	<u>688,784</u>	<u>688,784</u>	<u>750,257</u>	<u>(61,473)</u>
Community Center				
Personal Services	147,294	147,294	194,673	(47,379)
Supplies	28,200	28,200	22,047	6,153
Other Services & Charges	38,200	38,200	35,269	2,931
Total	<u>213,694</u>	<u>213,694</u>	<u>251,989</u>	<u>(38,295)</u>
Aquatics Center				
Personal Services	169,935	169,935	163,385	6,550
Supplies	63,300	63,300	82,664	(19,364)
Other Services & Charges	46,700	46,700	29,529	17,171
Total	<u>279,935</u>	<u>279,935</u>	<u>275,578</u>	<u>4,357</u>
Event Center				
Personal Services	10,000	10,000	-	10,000
Supplies	42,000	42,000	28,256	13,744
Other Services & Charges	51,000	51,000	1,212	49,788
Total	<u>103,000</u>	<u>103,000</u>	<u>29,468</u>	<u>73,532</u>
TOTAL CULTURE & RECREATION	<u>3,027,921</u>	<u>3,027,921</u>	<u>2,875,258</u>	<u>152,663</u>
TOTAL EXPENDITURES	<u>18,641,682</u>	<u>18,641,682</u>	<u>18,442,968</u>	<u>198,714</u>
Excess of Revenues Over Expenditures	<u>(3,718,989)</u>	<u>(3,718,989)</u>	<u>(3,311,278)</u>	<u>407,711</u>
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	30,000	30,000	3,000	(27,000)
Transfers In	2,784,546	2,784,546	2,494,903	(289,643)
Transfers Out	(32,500)	(32,500)	(111,500)	(79,000)
Total Other Financing Sources (Uses)	<u>2,782,046</u>	<u>2,782,046</u>	<u>2,386,403</u>	<u>(395,643)</u>
Net Change in Fund Balances	(936,943)	(936,943)	(924,875)	12,068
Fund Balances - Beginning	10,271,834	10,271,834	10,271,834	-
Fund Balances - Ending	<u>\$ 9,334,891</u>	<u>\$ 9,334,891</u>	<u>\$ 9,346,959</u>	<u>\$ 12,068</u>

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, 2022

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Licenses & Permits				
Pond Fees	\$ 100	\$ 100	\$ 100	\$ -
Service Charges				
Rental of Land	30,000	30,000	50,150	20,150
Miscellaneous Revenue				
Interest Earnings	1,000	1,000	20,048	19,048
Market Value Incr/(Decr)	-	-	(120,986)	(120,986)
Total Revenues	<u>31,100</u>	<u>31,100</u>	<u>(50,688)</u>	<u>(81,788)</u>
EXPENDITURES				
Economic Development	<u>300,000</u>	<u>300,000</u>	<u>41,791</u>	<u>258,209</u>
Total Expenditures	<u>300,000</u>	<u>300,000</u>	<u>41,791</u>	<u>258,209</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(268,900)</u>	<u>(268,900)</u>	<u>(92,479)</u>	<u>176,421</u>
OTHER FINANCING SOURCES (USES)				
Transfer Out	<u>-</u>	<u>-</u>	<u>(27,874)</u>	<u>(27,874)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(27,874)</u>	<u>(27,874)</u>
Net Change in Fund Balances	(268,900)	(268,900)	(120,353)	148,547
Fund Balance - Beginning	<u>2,329,020</u>	<u>2,329,020</u>	<u>2,329,020</u>	<u>-</u>
Fund Balance - Ending	<u><u>\$ 2,060,120</u></u>	<u><u>\$ 2,060,120</u></u>	<u><u>\$ 2,208,667</u></u>	<u><u>\$ 148,547</u></u>

See notes to required supplementary information.

City of Willmar, Minnesota
Convention and Visitors' Bureau Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2022

	Budget Amounts		Actual	Variance With
	Original	Final		Final Budget
				Positive
				(Negative)
REVENUES				
General Taxes				
Hotel-Motel Tax	\$ 210,000	\$ 210,000	\$ 305,866	\$ 95,866
Intergovernmental				
State Tourism Grant	10,000	10,000	11,615	1,615
Kandiyohi County Camping Fees	14,000	14,000	15,559	1,559
Kandiyohi County Tourism Partner.	34,000	34,000	34,000	-
Total Intergovernmental	58,000	58,000	61,174	3,174
Service Charges	15,000	15,000	4,075	(10,925)
Miscellaneous Revenue				
Interest Earnings	-	-	2,948	2,948
Market Value Increase/(Decrease)	-	-	(16,629)	(16,629)
Miscellaneous	2,000	2,000	3,056	1,056
Total Miscellaneous Revenue	2,000	2,000	(10,625)	(12,625)
Total Revenue	285,000	285,000	360,490	75,490
EXPENDITURES				
Personal Services	138,000	138,000	133,939	4,061
Supplies	6,900	6,900	7,339	(439)
Other Services and Charges	38,535	38,535	32,543	5,992
Tourism	34,000	34,000	47,259	(13,259)
Ad Development	500	500	-	500
Conference & Convention	35,000	35,000	26,769	8,231
Leisure Travel	33,000	33,000	34,185	(1,185)
Sports Promotions	10,000	10,000	7,589	2,411
GFO Marketing	-	-	4,498	(4,498)
Special Projects	8,000	8,000	4,000	4,000
Strategic Marketing	16,000	16,000	-	16,000
Total Expenditures	319,935	319,935	298,121	21,814
Excess (Deficiency) of Revenues Over (Under) Expenditures	(34,935)	(34,935)	62,369	97,304
OTHER FINANCING SOURCES (USES)				
Transfer Out - General	(10,500)	(10,500)	(10,500)	-
Total Other Financing Sources (Uses)	(10,500)	(10,500)	(10,500)	-
Net Change in Fund Balances	(45,435)	(45,435)	51,869	97,304
Fund Balances-Beginning	338,452	338,452	338,452	-
Fund Balance - Ending	\$ 293,017	\$ 293,017	\$ 390,321	\$ 97,304

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, 2022

	<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	-	-	196,742	196,742
Total Intergovernmental	-	-	196,742	196,742
Interest Revenue	875	875	-	(875)
Total Revenue	875	875	196,742	195,867
EXPENDITURES				
Other Services/Charges	-	-	196,742	(196,742)
Total Expenditures	-	-	196,742	(196,742)
Excess (Deficiency) of Revenues Over (Under) Expenditures	875	875	-	(875)
Net Change in Fund Balances	875	875	-	(875)
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ 875	\$ 875	\$ -	\$ (875)

See notes to required supplementary information.

City of Willmar, Minnesota
Coronavirus Relief Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2022

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental				
Federal Grants	\$ 1,051,239	\$ 1,051,239	\$ 95,703	\$ (955,536)
Total Intergovernmental	<u>1,051,239</u>	<u>1,051,239</u>	<u>95,703</u>	<u>(955,536)</u>
Total Revenue	<u>1,051,239</u>	<u>1,051,239</u>	<u>95,703</u>	<u>(955,536)</u>
EXPENDITURES				
Other Services/Charges	<u>2,102,478</u>	<u>2,102,478</u>	<u>95,703</u>	<u>2,006,775</u>
Total Expenditures	<u>2,102,478</u>	<u>2,102,478</u>	<u>95,703</u>	<u>2,006,775</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,051,239)</u>	<u>(1,051,239)</u>	<u>-</u>	<u>1,051,239</u>
Net Change in Fund Balances	(1,051,239)	(1,051,239)	-	1,051,239
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Ending	<u>\$ (1,051,239)</u>	<u>\$ (1,051,239)</u>	<u>\$ -</u>	<u>\$ 1,051,239</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, 2022

	<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				
Sales/Use Tax	\$ 2,378,448	\$ 2,378,448	\$ 3,042,165	\$ 663,717
Total General Taxes	<u>2,378,448</u>	<u>2,378,448</u>	<u>3,042,165</u>	<u>663,717</u>
Miscellaneous Revenue				
Interest Earnings	6,000	6,000	43,629	37,629
Market Value Increase/(Decrease)	-	-	(240,073)	(240,073)
Total Miscellaneous Revenue	<u>6,000</u>	<u>6,000</u>	<u>(196,444)</u>	<u>(202,444)</u>
Total Revenue	<u>2,384,448</u>	<u>2,384,448</u>	<u>2,845,721</u>	<u>461,273</u>
EXPENDITURES				
Community Center Replacement				
Other Services and Charges	-	-	1,911	(1,911)
New Athletic Fields				
Other Services and Charges	-	-	5,733	(5,733)
Robbins Island Infrastructure				
Other Services and Charges	-	-	2,866	(2,866)
Swansson Field Amenities				
Other Services and Charges	-	-	1,911	(1,911)
Stormwater Mgm Infrastructure				
Other Services and Charges	-	-	6,688	(6,688)
Recreation/Event Center				
Other Services and Charges	-	-	9,554	(9,554)
Total Expenditures	<u>-</u>	<u>-</u>	<u>28,663</u>	<u>(28,663)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,384,448</u>	<u>2,384,448</u>	<u>2,817,058</u>	<u>432,610</u>
OTHER FINANCING SOURCES (USES)				
Transfer Out - C.P. 2022	(1,021,776)	(1,021,776)	(365,085)	656,691
Transfer Out - Debt Service	(958,617)	(958,617)	(970,221)	(11,604)
Transfer Out - C.P. LOST	<u>(2,000,000)</u>	<u>(2,000,000)</u>	<u>200</u>	<u>2,000,200</u>
Total Other Financing Sources (Uses)	<u>(3,980,393)</u>	<u>(3,980,393)</u>	<u>(1,335,106)</u>	<u>2,645,287</u>
Net Change in Fund Balances	(1,595,945)	(1,595,945)	1,481,952	3,077,897
Fund Balance - Beginning	<u>4,782,877</u>	<u>4,782,877</u>	<u>4,782,877</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 3,186,932</u>	<u>\$ 3,186,932</u>	<u>\$ 6,264,829</u>	<u>\$ 3,077,897</u>

See notes to required supplementary information.

City of Willmar, Minnesota
Willmar Municipal Airport Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2022

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental				
Federal Grant	\$ 500	\$ 500	\$ -	\$ (500)
State Airport Aid	56,337	56,337	56,337	-
Total Intergovernmental	<u>56,837</u>	<u>56,837</u>	<u>56,337</u>	<u>(500)</u>
Service Charges				
Rental Income	77,000	77,000	95,585	18,585
Fuel Sales	20,000	20,000	24,684	4,684
Total Service Charges	<u>97,000</u>	<u>97,000</u>	<u>120,269</u>	<u>23,269</u>
Miscellaneous Revenue				
Interest Earnings	500	500	2,703	2,203
Market Value Increase/(Decrease)	-	-	(14,024)	(14,024)
Miscellaneous	-	-	13,302	13,302
Total Miscellaneous Revenue	<u>500</u>	<u>500</u>	<u>1,981</u>	<u>1,481</u>
Total Revenue	<u>154,337</u>	<u>154,337</u>	<u>178,587</u>	<u>24,250</u>
EXPENDITURES				
Personal Services	2,000	2,000	-	2,000
Supplies	18,050	18,050	12,149	5,901
Other Services and Charges	176,000	176,000	150,742	25,258
Total Expenditures	<u>196,050</u>	<u>196,050</u>	<u>162,891</u>	<u>33,159</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(41,713)</u>	<u>(41,713)</u>	<u>15,696</u>	<u>57,409</u>
OTHER FINANCING SOURCES (USES)				
Transfers In - General Fund	200,000	200,000	-	(200,000)
Total Other Financing Sources (Uses)	<u>200,000</u>	<u>200,000</u>	<u>-</u>	<u>(200,000)</u>
Net Change in Fund Balances	158,287	158,287	15,696	(142,591)
Fund Balance - Beginning	392,811	392,811	392,811	-
Fund Balance - Ending	<u>\$ 551,098</u>	<u>\$ 551,098</u>	<u>\$ 408,507</u>	<u>\$ (142,591)</u>

See notes to required supplementary information.

City of Willmar, Minnesota
Willmar Main Street Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2022

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Miscellaneous Revenue				
Grant Revenue	\$ 4,000	\$ 4,000	\$ 6,000	\$ 2,000
Miscellaneous	-	-	350	350
Total Miscellaneous Revenue	<u>4,000</u>	<u>4,000</u>	<u>6,350</u>	<u>2,350</u>
Total Revenue	<u>4,000</u>	<u>4,000</u>	<u>6,350</u>	<u>2,350</u>
EXPENDITURES				
Supplies	1,700	1,700	163	1,537
Other Services and Charges	34,800	34,800	36,963	(2,163)
Total Expenditures	<u>36,500</u>	<u>36,500</u>	<u>37,126</u>	<u>(626)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(32,500)</u>	<u>(32,500)</u>	<u>(30,776)</u>	<u>1,724</u>
OTHER FINANCING SOURCES (USES)				
Transfers In - General Fund	32,500	32,500	32,500	-
Total Other Financing Sources (Uses)	<u>32,500</u>	<u>32,500</u>	<u>32,500</u>	<u>-</u>
Net Change in Fund Balances	-	-	1,724	1,724
Fund Balance - Beginning	<u>34,851</u>	<u>34,851</u>	<u>34,851</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 34,851</u>	<u>\$ 34,851</u>	<u>\$ 36,575</u>	<u>\$ 1,724</u>

See notes to required supplementary information.

City of Willmar, Minnesota
Bike Share Program Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2022

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Service Charges				
Net Bike Rental Income	\$ -	\$ -	\$ 230	\$ 230
Total Service Charges	-	-	230	230
Miscellaneous Revenue				
Grant Revenue	-	-	3,625	3,625
Total Miscellaneous Revenue	-	-	3,625	3,625
Total Revenue	-	-	3,855	3,855
EXPENDITURES				
Supplies	-	-	4,289	(4,289)
Total Expenditures	-	-	4,289	(4,289)
Net Change in Fund Balances	-	-	(434)	(434)
Fund Balance - Beginning	7,777	7,777	7,777	-
Fund Balance - Ending	\$ 7,777	\$ 7,777	\$ 7,343	\$ (434)

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, 2022

	Budget Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Special Assessments	\$ 10,000	\$ 10,000	\$ 204,866	\$ 194,866
Miscellaneous Revenue				
Interest Earnings	75,000	75,000	102,061	27,061
Market Value Increase (Decrease)	-	-	(589,020)	(589,020)
Miscellaneous	-	-	1,408	1,408
Total Miscellaneous Revenue	<u>75,000</u>	<u>75,000</u>	<u>(485,551)</u>	<u>(560,551)</u>
Total Revenues	<u>85,000</u>	<u>85,000</u>	<u>(280,685)</u>	<u>(365,685)</u>
EXPENDITURES				
Other Charges	-	-	5,479	(5,479)
Total Expenditures	<u>-</u>	<u>-</u>	<u>5,479</u>	<u>(5,479)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>85,000</u>	<u>85,000</u>	<u>(286,164)</u>	<u>(371,164)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	475,796	475,796	2,337,203	1,861,407
Transfers Out	<u>(1,173,421)</u>	<u>(1,173,421)</u>	<u>(1,268,158)</u>	<u>(94,737)</u>
Total Other Financing Sources (Uses)	<u>(697,625)</u>	<u>(697,625)</u>	<u>1,069,045</u>	<u>1,766,670</u>
Net Change in Fund Balances	(612,625)	(612,625)	782,881	1,395,506
Fund Balances - Beginning	<u>10,800,110</u>	<u>10,800,110</u>	<u>10,800,110</u>	<u>-</u>
Fund Balance - Ending	<u><u>\$ 10,187,485</u></u>	<u><u>\$ 10,187,485</u></u>	<u><u>\$ 11,582,991</u></u>	<u><u>\$ 1,395,506</u></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, 2022

	<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	\$ 2,000	\$ 2,000	\$ -	\$ (2,000)
Market Value Incr/(Decr)	-	-	-	-
Total Revenues	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>(2,000)</u>
EXPENDITURES				
Other Charges	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>(2,000)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	430,000	430,000	425,797	(4,203)
Transfers Out	<u>(475,796)</u>	<u>(475,796)</u>	<u>(465,594)</u>	<u>10,202</u>
Total Other Financing Sources (Uses)	<u>(45,796)</u>	<u>(45,796)</u>	<u>(39,797)</u>	<u>5,999</u>
Net Change in Fund Balances	(43,796)	(43,796)	(39,797)	3,999
Fund Balance - Beginning	<u>39,797</u>	<u>39,797</u>	<u>39,797</u>	<u>-</u>
Fund Balance - Ending	<u>\$ (3,999)</u>	<u>\$ (3,999)</u>	<u>\$ -</u>	<u>\$ 3,999</u>

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, 2022

	Budget Amounts		Actual	Over (Under)
	Original	Final		Final Budget
REVENUES				
General Taxes				
General Property Taxes	\$ -	\$ -	\$ 795,866	\$ 795,866
Special Assessments				
Special Assessments	508,479	508,479	1,359,159	850,680
Miscellaneous Revenue				
Miscellaneous	-	-	4,292	4,292
Interest Earnings	4,000	4,000	27,821	23,821
Market Value Increase (Decrease)	-	-	(123,857)	(123,857)
Total Revenues	512,479	512,479	2,063,281	1,550,802
EXPENDITURES				
Bond Principal Payments	1,916,000	1,916,000	3,320,000	(1,404,000)
Interest Payments	289,442	289,442	377,669	(88,227)
Other Charges	4,500	4,500	55,700	(51,200)
Total Expenditures	2,209,942	2,209,942	3,753,369	(1,543,427)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,697,463)	(1,697,463)	(1,690,088)	7,375
OTHER FINANCING SOURCES (USES)				
Transfers In	1,173,417	1,173,417	2,438,896	1,265,479
Transfers Out	-	-	(1,871,609)	(1,871,609)
Total Other Financing Sources (Uses)	1,173,417	1,173,417	567,287	(606,130)
Net Change in Fund Balances	(524,046)	(524,046)	(1,122,801)	(598,755)
Fund Balances - Beginning	6,878,462	6,878,462	6,878,462	-
Fund Balances - Ending	\$ 6,354,416	\$ 6,354,416	\$ 5,755,661	\$ (598,755)

See notes to required supplementary information.

City of Willmar, Minnesota
Debt Service Funds/Local Option Sales Tax
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2022

	Budget Amounts		Actual	Over (Under)
	Original	Final		Final Budget
EXPENDITURES				
Bond Principal Payments	\$ 310,000	\$ 310,000	\$ 310,000	\$ -
Interest Payments	647,617	647,617	647,617	-
Other Charges	1,000	1,000	16,000	(15,000)
Total Expenditures	<u>958,617</u>	<u>958,617</u>	<u>973,617</u>	<u>(15,000)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(958,617)</u>	<u>(958,617)</u>	<u>(973,617)</u>	<u>(15,000)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	<u>958,617</u>	<u>958,617</u>	<u>970,021</u>	<u>11,404</u>
Total Other Financing Sources (Uses)	<u>958,617</u>	<u>958,617</u>	<u>970,021</u>	<u>11,404</u>
Net Change in Fund Balances	-	-	(3,596)	(3,596)
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>3,596</u>	<u>3,596</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See notes to required supplementary information.

City of Willmar, Minnesota
Debt Service Funds/R22 Refrigeration 2018A
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2022

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Over (Under) Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES				
Bond Principal Payments	\$ 115,000	\$ 115,000	\$ 115,000	\$ -
Interest Payments	79,718	79,718	79,718	-
Other Charges	500	500	550	(50)
Total Expenditures	<u>195,218</u>	<u>195,218</u>	<u>195,268</u>	<u>(50)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(195,218)</u>	<u>(195,218)</u>	<u>(195,268)</u>	<u>(50)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	<u>195,218</u>	<u>195,218</u>	<u>79,000</u>	<u>(116,218)</u>
Total Other Financing Sources (Uses)	<u>195,218</u>	<u>195,218</u>	<u>79,000</u>	<u>(116,218)</u>
Net Change in Fund Balances	-	-	(116,268)	(116,268)
Fund Balances - Beginning	<u>116,825</u>	<u>116,825</u>	<u>116,825</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 116,825</u>	<u>\$ 116,825</u>	<u>\$ 557</u>	<u>\$ (116,268)</u>

See notes to required supplementary information.

City of Willmar, Minnesota
Debt Service Funds/ Tax Increment Bonds
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2022

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Over (Under) Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
General Taxes				
Tax Increment	\$ 220,138	\$ 220,138	\$ 205,269	\$ (14,869)
Intergovernmental	-	-	314,801	314,801
Licenses/Permits	-	-	20,148	20,148
Total Revenues	<u>220,138</u>	<u>220,138</u>	<u>540,218</u>	<u>320,080</u>
EXPENDITURES				
Other Charges	<u>335,768</u>	<u>335,768</u>	<u>214,159</u>	<u>121,609</u>
Total Expenditures	<u>335,768</u>	<u>335,768</u>	<u>214,159</u>	<u>121,609</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(115,630)</u>	<u>(115,630)</u>	<u>326,059</u>	<u>441,689</u>
Net Change in Fund Balances	(115,630)	(115,630)	326,059	441,689
Fund Balances - Beginning	<u>26,125</u>	<u>26,125</u>	<u>26,125</u>	<u>-</u>
Fund Balances - Ending	<u>\$ (89,505)</u>	<u>\$ (89,505)</u>	<u>\$ 352,184</u>	<u>\$ 441,689</u>

See notes to required supplementary information.

CITY OF WILLMAR, MINNESOTA
SCHEDULES OF PROPORTIONATE SHARE OF NET PENSION LIABILITY

General Employees Retirement Fund

Fiscal Year Ending	Employer's Proportion (Percentage) of the Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the City (b)	Employer's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated With the City (a) + (b)	Employer's Covered- Employee Payroll (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- Employee Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2022	0.0675%	\$ 5,346,022	\$ 156,551	\$ 5,502,573	\$ 5,052,947	108.9%	76.7%
June 30, 2021	0.0656%	\$ 2,801,414	\$ 85,545	\$ 2,886,959	\$ 4,722,253	61.1%	87.0%
June 30, 2020	0.0616%	\$ 3,693,202	\$ 113,886	\$ 3,807,088	\$ 4,393,560	86.7%	79.1%
June 30, 2019	0.0584%	\$ 3,228,805	\$ 100,496	\$ 3,329,301	\$ 4,136,288	80.5%	80.2%
June 30, 2018	0.0567%	\$ 3,145,484	\$ 103,072	\$ 3,248,556	\$ 3,797,736	85.5%	79.5%
June 30, 2017	0.0561%	\$ 3,581,387	\$ 45,058	\$ 3,626,445	\$ 3,616,140	100.3%	75.9%
June 30, 2016	0.0587%	\$ 4,766,149	\$ 62,283	\$ 4,828,432	\$ 3,644,509	132.5%	68.9%
June 30, 2015	0.0615%	\$ 3,187,249	\$ -	\$ 3,187,249	\$ 3,618,192	88.1%	78.2%

Public Employees Police and Fire Fund

Fiscal Year Ending	Employer's Proportion (Percentage) of the Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the City (b)	Employer's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated With the City (a) + (b)	Employer's Covered- Employee Payroll (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- Employee Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2022	0.2669%	\$ 11,614,434	\$ 507,456	\$ 12,121,890	\$ 3,242,294	373.9%	70.5%
June 30, 2021	0.2529%	\$ 1,952,120	\$ 87,772	\$ 2,039,892	\$ 2,988,915	68.2%	93.7%
June 30, 2020	0.2397%	\$ 3,159,502	\$ 74,448	\$ 3,233,950	\$ 2,647,904	122.1%	87.2%
June 30, 2019	0.2442%	\$ 2,599,756	\$ -	\$ 2,599,756	\$ 2,575,996	100.9%	89.3%
June 30, 2018	0.2385%	\$ 2,542,164	\$ -	\$ 2,542,164	\$ 2,513,429	101.1%	88.8%
June 30, 2017	0.2240%	\$ 3,024,267	\$ -	\$ 3,024,267	\$ 2,304,499	131.2%	85.4%
June 30, 2016	0.2350%	\$ 9,430,959	\$ -	\$ 9,430,959	\$ 2,267,922	415.8%	63.9%
June 30, 2015	0.2400%	\$ 2,726,962	\$ -	\$ 2,726,962	\$ 2,199,684	124.0%	86.6%

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

See notes to required supplementary information

CITY OF WILLMAR, MINNESOTA
SCHEDULES OF EMPLOYER CONTRIBUTIONS

General Employees Retirement Fund

Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered- Employee Payroll (d)	Contributions as a Percentage of Covered- Employee Payroll (b/d)
12/31/2022	\$ 370,687	\$ 370,687	\$ -	\$ 4,942,493	7.50%
12/31/2021	\$ 357,237	\$ 357,237	\$ -	\$ 4,762,893	7.50%
12/31/2020	\$ 362,788	\$ 362,788	\$ -	\$ 4,837,166	7.50%
12/31/2019	\$ 313,491	\$ 313,491	\$ -	\$ 4,179,882	7.50%
12/31/2018	\$ 293,842	\$ 293,842	\$ -	\$ 3,918,443	7.50%
12/31/2017	\$ 279,953	\$ 279,953	\$ -	\$ 3,732,703	7.50%
12/31/2016	\$ 275,718	\$ 275,718	\$ -	\$ 3,676,241	7.50%
12/31/2015	\$ 265,540	\$ 265,540	\$ -	\$ 3,540,543	7.50%

Public Employees Police and Fire Fund

Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered- Employee Payroll (d)	Contributions as a Percentage of Covered- Employee Payroll (b/d)
12/31/2022	\$ 554,243	\$ 554,243	\$ -	\$ 3,131,316	17.70%
12/31/2021	\$ 546,613	\$ 546,613	\$ -	\$ 3,088,204	17.70%
12/31/2020	\$ 537,781	\$ 537,781	\$ -	\$ 3,038,306	17.70%
12/31/2019	\$ 431,201	\$ 431,201	\$ -	\$ 2,543,960	16.95%
12/31/2018	\$ 415,490	\$ 415,490	\$ -	\$ 2,564,749	16.20%
12/31/2017	\$ 390,745	\$ 390,745	\$ -	\$ 2,412,004	16.20%
12/31/2016	\$ 369,900	\$ 369,900	\$ -	\$ 2,283,329	16.20%
12/31/2015	\$ 359,668	\$ 359,668	\$ -	\$ 2,220,176	16.20%

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

See notes to required supplementary information

CITY OF WILLMAR, MINNESOTA
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Willmar Fire Department Pension Plan								
	Measurement Date - December 31							
	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability (TPL)								
Service Cost	\$ 84,350	\$ 78,397	\$ 60,474	\$ 61,950	\$ 63,091	\$ 38,305	\$ 33,212	\$ 30,527
Interest on the Pension Liability	78,062	64,508	65,325	80,169	71,053	54,564	53,569	47,764
Actuarial Experience (Gains)/Losses	(94,787)	(44,391)	99,349	(216,540)	(20,947)	(17,553)	(29,522)	63,633
Changes in Benefit Level	227,240	265,277	-	-	124,619	249,237	-	-
Benefit Payments	(5,280)	(282,400)	(231,009)	(111,970)	(57,532)	(91,514)	-	(80,200)
Net Change in TPL	\$ 289,585	\$ 81,391	\$ (5,861)	\$ (186,391)	\$ 180,284	\$ 233,039	\$ 57,259	\$ 61,724
Total Pension Liability - Beginning	\$ 1,219,317	\$ 1,137,926	\$ 1,143,787	\$ 1,330,178	\$ 1,149,894	\$ 916,855	\$ 859,596	\$ 805,639
Total Pension Liability - Ending	\$ 1,508,902	\$ 1,219,317	\$ 1,137,926	\$ 1,143,787	\$ 1,330,178	\$ 1,149,894	\$ 916,855	\$ 867,363
Plan Fiduciary Net Position (PFNP)								
Fire State Aid	\$ 98,107	\$ 93,720	\$ 87,983	\$ 86,240	\$ 84,441	\$ 84,181	\$ 83,664	\$ 79,659
Fire Supplemental Aid	20,612	20,688	20,368	20,521	20,433	20,420	20,471	19,273
Supplemental Benefit Reimbursement	3,000	4,000	1,634	1,000	2,000	-	1,000	1,000
Net Investment Income	171,746	210,771	269,726	(62,058)	181,786	88,527	2,577	68,819
PERA Administrative Fee	(1,350)	(1,290)	(1,380)	(1,380)	(1,440)	(1,290)	(1,260)	(1,350)
SBI Investment Fee	(100)	(95)	(92)	(92)	(85)	(97)	(39)	-
Benefit Payments	(5,280)	(282,400)	(231,009)	(111,970)	(57,532)	(91,514)	-	(80,200)
Net Change in PFNP	\$ 286,735	\$ 45,394	\$ 147,230	\$ (67,739)	\$ 229,603	\$ 100,227	\$ 106,413	\$ 87,201
PFNP - Beginning	\$ 1,737,721	\$ 1,692,327	\$ 1,545,097	\$ 1,612,836	\$ 1,383,233	\$ 1,283,006	\$ 1,176,593	\$ 1,089,392
PFNP - Ending	\$ 2,024,456	\$ 1,737,721	\$ 1,692,327	\$ 1,545,097	\$ 1,612,836	\$ 1,383,233	\$ 1,283,006	\$ 1,176,593
Net Pension Liability/(Asset) - Ending	\$ (515,554)	\$ (518,404)	\$ (554,401)	\$ (401,310)	\$ (282,659)	\$ (233,339)	\$ (366,151)	\$ (309,230)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	134.2%	142.5%	148.7%	135.1%	121.2%	120.3%	139.9%	135.7%

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

CITY OF WILLMAR, MINNESOTA
SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS

	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018
Total OPEB Liability					
Service Cost	\$ 49,216	\$ 46,692	\$ 38,921	\$ 37,002	\$ 103,368
Interest	17,911	25,861	47,342	73,346	75,211
Assumption Changes	5,214	36,976	32,362	(35,196)	-
Plan Changes	-	-	-	(845,830)	-
Difference between Expected and Actual Experience	(9,894)	-	(310,225)	-	-
Benefit Payments	<u>(98,384)</u>	<u>(117,793)</u>	<u>(221,513)</u>	<u>(195,005)</u>	<u>(142,866)</u>
Net Change in Total OPEB Liability	(35,937)	(8,264)	(413,113)	(965,683)	35,713
Total OPEB Liability - Beginning	<u>895,266</u>	<u>903,530</u>	<u>1,316,643</u>	<u>2,282,326</u>	<u>2,246,613</u>
Total OPEB Liability - Ending	<u>\$ 859,329</u>	<u>\$ 895,266</u>	<u>\$ 903,530</u>	<u>\$ 1,316,643</u>	<u>\$ 2,282,326</u>
Covered - employee payroll	\$ 7,669,043	\$ 7,674,749	\$ 7,433,171	\$ 6,570,891	\$ 6,379,506
City's Total OPEB Liability as a Percentage of Covered Employee Payroll	11%	12%	12%	20%	36%

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

CITY OF WILLMAR
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2022

NOTE 1 GENERAL EMPLOYEES FUND

2022 Changes:

Changes in Actuarial Assumptions:

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

Changes in Plan Provisions:

- There were no changes in plan provisions since the previous valuation.

2021 Changes:

Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

Changes in Plan Provisions:

- There were no changes in plan provisions since the previous valuation.

2020 Changes:

Changes in Actuarial Assumptions:

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions:

- Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019 Changes:

Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2017 to MP-2018.

CITY OF WILLMAR
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2022

NOTE 1 GENERAL EMPLOYEES FUND (continued)

2019 Changes (continued):

Changes in Plan Provisions:

- The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The State's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

2018 Changes:

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00% to 3.00%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Postretirement benefit increases were changed from 1.00% per year with a provision to increase to 2.50% upon attainment of 90% funding ratio to 50% of the Social Security Cost of Living Adjustment, not less than 1.00% and not more than 1.50%, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised morality and interest assumptions.

2017 Changes:

Changes in Actuarial Assumptions:

- The Combined Service Annuity (CSA) loads were changed from 0.80% for active members and 60% for vested and non-vested deferred members. The revised CSA loads are now 0% for active member liability, 15% for vested deferred member liability and 3% for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1% per year for all years to 1% per year through 2044 and 2.50% per year thereafter.

Changes in Plan Provisions:

- The State's contribution for the Minneapolis Employees Retirement Fund equals \$16 million in 2017 and 2018, and \$6 million thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21 million to \$31 million in calendar years 2019 to 2031. The state's contribution changed from \$16 million to \$6 million in calendar years 2019 to 2031.

2016 Changes:

Changes in Actuarial Assumptions:

- The assumed postretirement benefit increase rate was changed from 1.00% per year through 2035 and 2.50% per year thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.90% to 7.50%. The single discount rate was changed from 7.90% to 7.50%.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

CITY OF WILLMAR
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2022

NOTE 1 GENERAL EMPLOYEES FUND (continued)

2016 Changes (continued):

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

2015 Changes:

Changes in Actuarial Assumptions:

- The assumed postretirement benefit increase rate was changed from 1.00% per year through 2030 and 2.50% per year thereafter to 1.0% per year through 2035 and 2.50% per year thereafter.

Changes in Plan Provisions:

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised; the State's contribution of \$6.0 million, which meets the special funding situation definition, was due September 2015.

NOTE 2 POLICE AND FIRE FUND

2022 Changes:

Changes in Actuarial Assumptions:

- The morality improvement scale was changed from Scale MP-2020 to Scale MP-2021.
- The single discount rate changed from 6.50% to 5.40%.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

2021 Changes:

Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The inflation assumption was changed from 2.50% to 2.25%.
- The payroll growth assumption was changed from 3.25% to 3.00%.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MN-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 14, 2020 experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 14, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.
- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.
- Assumed percent married for active female members was changed from 60% to 70%. Minor changes to form of payment assumptions were applied.

Changes in Plan Provisions:

- There were no changes in plan provisions since the previous valuation.

CITY OF WILLMAR
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2022

NOTE 2 POLICE AND FIRE FUND (continued)

2020 Changes:

Changes in Actuarial Assumptions:

- The morality projection scale was changed from MP-2018 to MP-2019.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

2019 Changes:

Changes in Actuarial Assumptions:

- The morality projection scale was changed from MP-2017 to MP-2018.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

2018 Changes:

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- Postretirement benefit increases were changed to 1.00% for all years, with no trigger.
- An end date of July 1, 2048 was added to the existing \$9.0 million state contribution.
- New annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter until the plan reaches 100% funding, or July 1, 2048, if earlier.
- Member contributions were changed from 10.80% to 11.30% of pay, effective January 1, 2019 and 11.80% of pay, effective January 1, 2020.
- Employer contributions were changed from 16.20% to 16.95% of pay, effective January 1, 2019 and 17.70% of pay, effective January 1, 2020.
- Interest credited on member contributions decreased from 4.00% to 3.00%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Actuarial equivalence factors were updated to reflect revised mortality and interest assumptions.

2017 Changes:

Changes in Actuarial Assumptions:

- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34% lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The Combined Service Annuity (CSA) load was 30% for vested and non-vested deferred members. The CSA has been changed to 33% for vested members and 2% for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3% for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65% to 60%.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing Joint and Survivor annuities was increased.

CITY OF WILLMAR
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2022

NOTE 2 POLICE AND FIRE FUND (continued)

2017 Changes (continued):

Changes in Actuarial Assumptions (continued):

- The assumed post-retirement benefit increase rate was changed from 1% for all years to 1% per year through 2064 and 2.50% thereafter.
- The Single Discount Rate was changed from 5.60% per annum to 7.50% per annum.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

2016 Changes:

Changes in Actuarial Assumptions:

- The assumed post-retirement benefit increase rate was changed from 1.00% per year through 2037 and 2.50% thereafter to 1% per year for all future years.
- The assumed investment return was changed from 7.90% to 7.50%. The single discount rate changed from 7.90% percent to 5.60%.
- The single discount rate changed from 7.90% to 5.60%.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

2015 Changes:

Changes in Actuarial Assumptions:

- The assumed post-retirement benefit increase rate was changed from 1% per year through 2030 and 2.50% per year thereafter to 1% per year through 2037 and 2.50% per year thereafter.

Changes in Plan Provisions:

- The post-retirement benefit increases to be paid after attainment of the 90% funding threshold was changed from inflation up to 2.50%, to a fixed rate of 2.50%.

NOTE 3 OTHER POST EMPLOYMENT BENEFITS

2022 Changes:

Changes in Actuarial Assumptions:

- The health care trend rates were changed to better anticipate short term and long term medical increases.
- The mortality tables were updated from the Pub-2010 Public Retirement Plans Headcount – Weighted Mortality Tables (General, Safety) with MP-2019 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount – Weighted Mortality Tables (General, Safety) with MP-2021 Generational Improvement Scale.
- The salary increase rates were updated to reflect the latest experience study.
- The retirement and withdrawal rates were updated to reflect the latest experience study.
- The inflation rate was changed from 2.50% to 2.00%.

Changes in Plan Provisions:

- None.

2021 Changes:

Changes in Actuarial Assumptions:

- The discount rate was changed from 2.90% to 2.00%.

Changes in Plan Provisions:

- None.

CITY OF WILLMAR
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2022

NOTE 3 OTHER POST EMPLOYMENT BENEFITS (continued)

2020 Changes:

Changes in Actuarial Assumptions:

- The health care trend rates, mortality tables, and salary increase rates were updated.
- The discount rate was changed from 3.80% to 2.90%.

Changes in Plan Provisions:

- None.

2019 Changes:

Changes in Actuarial Assumptions:

- The discount rate was changed from 3.30% to 3.80%.

Changes in Plan Provisions:

- The post-retirement medical subsidies are being discontinued for all employees who retire after June 30,2019.

2018 Changes:

Changes in Actuarial Assumptions:

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

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City of Willmar, Minnesota
Combining Balance Sheet
NonMajor Governmental Funds
December 31, 2022

	Total Special Revenue Funds	Total Capital Projects Funds	Total Debt Service Funds	Permanent Fund Perpetual Care	Total Nonmajor Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 1,980,726	\$ 27,304	\$ 133,752	\$ 135	\$ 2,141,917
Investments	2,944,296	-	-	30,285	2,974,581
Receivables					
Taxes Receivable - Current	25,353	-	-	-	25,353
Accounts Receivable	63,095	20,343	57,021	-	140,459
Notes Receivable	350,000	-	-	-	350,000
Interest Receivable	19,194	-	-	80	19,274
Leases	245,601	-	-	-	245,601
Due From Other Funds	340,571	271,541	-	-	612,112
Due From Other Governments	23,000	2,378,355	314,801	-	2,716,156
Prepaid Items	142,661	250,000	-	-	392,661
Amount To Be Provided	788,173	96,022	-	-	884,195
Total Assets	<u>\$ 6,922,670</u>	<u>\$ 3,043,565</u>	<u>\$ 505,574</u>	<u>\$ 30,500</u>	<u>\$ 10,502,309</u>
LIABILITIES					
Accounts Payable	\$ 197,317	\$ 6,204	\$ 152,833	\$ -	\$ 356,354
Contracts Payable	10,707	238,599	-	-	249,306
Due To Other Funds	-	2,072,781	-	-	2,072,781
Unearned revenue	2,075,625	-	-	-	2,075,625
Total Liabilities	<u>2,283,649</u>	<u>2,317,584</u>	<u>152,833</u>	<u>-</u>	<u>4,754,066</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue	1,229,227	329,000	-	-	1,558,227
Lease Resources	241,131	-	-	-	241,131
Total Deferred Inflows of Resources	<u>1,470,358</u>	<u>329,000</u>	<u>-</u>	<u>-</u>	<u>1,799,358</u>
FUND BALANCES					
Nonspendable Fund Balance	4,511	-	-	30,000	34,511
Restricted Fund Balance	786,074	-	352,741	500	1,139,315
Committed Fund Balance	2,378,078	396,981	-	-	2,775,059
Total Fund Balances	<u>3,168,663</u>	<u>396,981</u>	<u>352,741</u>	<u>30,500</u>	<u>3,948,885</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 6,922,670</u>	<u>\$ 3,043,565</u>	<u>\$ 505,574</u>	<u>\$ 30,500</u>	<u>\$ 10,502,309</u>

City of Willmar, Minnesota
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
NonMajor Governmental Funds
For the Year Ended December 31, 2022

	<u>Total Special Revenue Funds</u>	<u>Total Capital Projects Funds</u>	<u>Total Debt Service Funds</u>	<u>Permanent Fund Perpetual Care</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES					
General Taxes	\$ -	\$ -	\$ 205,269	\$ -	\$ 205,269
Other Taxes	305,866	-	-	-	305,866
Licenses & Permits	100	-	-	-	100
Intergovernmental	409,956	1,981,532	314,801	-	2,706,289
Charges for Services	175,393	-	-	-	175,393
Fines and Forfeits	900	-	-	-	900
Investment Income	25,712	10,141	-	267	36,120
Net change in fair market value	(151,639)	(105,746)	-	(1,672)	(259,057)
Contributions/Donations	-	2,925	-	-	2,925
Miscellaneous Revenue	53,069	-	20,148	-	73,217
Total Revenues	<u>819,357</u>	<u>1,888,852</u>	<u>540,218</u>	<u>(1,405)</u>	<u>3,247,022</u>
EXPENDITURES					
General Government	95,703	-	-	-	95,703
Public Safety	27,872	-	-	-	27,872
Culture and Recreation	302,410	-	-	-	302,410
Economic Development	275,659	-	-	-	275,659
Miscellaneous	162,891	-	-	-	162,891
Debt Service					
Principal	-	-	425,000	-	425,000
Interest	-	-	727,335	-	727,335
Other Charges	-	-	230,709	-	230,709
Capital Projects	-	4,130,076	-	-	4,130,076
Total Expenditures	<u>864,535</u>	<u>4,130,076</u>	<u>1,383,044</u>	<u>-</u>	<u>6,377,655</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(45,178)</u>	<u>(2,241,224)</u>	<u>(842,826)</u>	<u>(1,405)</u>	<u>(3,130,633)</u>
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	490,171	28,000	1,049,021	-	1,567,192
Operating Transfers Out	(503,968)	-	-	(1,131)	(505,099)
Total Other Financing Sources (Uses)	<u>(13,797)</u>	<u>28,000</u>	<u>1,049,021</u>	<u>(1,131)</u>	<u>1,062,093</u>
Net Change in Fund Balances	(58,975)	(2,213,224)	206,195	(2,536)	(2,068,540)
Fund Balances-Beginning	<u>3,227,638</u>	<u>2,610,205</u>	<u>146,546</u>	<u>33,036</u>	<u>6,017,425</u>
Fund Balances - Ending	<u>\$ 3,168,663</u>	<u>\$ 396,981</u>	<u>\$ 352,741</u>	<u>\$ 30,500</u>	<u>\$ 3,948,885</u>

City of Willmar, Minnesota
Combining Balance Sheet
NonMajor Governmental Funds/Special Revenue
December 31, 2022

	<u>Park Dedication</u>	<u>Industrial Development</u>	<u>Convention and Visitors Bureau</u>	<u>Community Development</u>
ASSETS				
Cash and Cash Equivalents	\$ 38,245	\$ (10,410)	\$ 39,348	\$ -
Investments	-	2,214,074	362,094	-
Receivables				
Taxes Receivable	-	-	25,353	-
Accounts Receivable	-	56,873	-	-
Notes Receivable	-	-	-	350,000
Interest Receivable	-	6,033	983	11,181
Leases	-	-	-	-
Due From Other Funds	-	-	-	-
Due From Other Governments	-	-	-	-
Prepaid Items	-	-	3,983	-
Amount To Be Provided	-	788,173	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 38,245</u>	<u>\$ 3,054,743</u>	<u>\$ 431,761</u>	<u>\$ 361,181</u>
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ 41,440	\$ -
Contract Payable	-	1,030	-	-
Unearned revenue	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>-</u>	<u>1,030</u>	<u>41,440</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	-	845,046	-	361,181
Lease Resources	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Deferred Inflows of Resources	<u>-</u>	<u>845,046</u>	<u>-</u>	<u>361,181</u>
FUND BALANCES				
Nonspendable Fund Balance	-	-	4,096	-
Restricted Fund Balance	38,245	668,824	-	-
Committed Fund Balance	-	1,539,843	386,225	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>38,245</u>	<u>2,208,667</u>	<u>390,321</u>	<u>-</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 38,245</u>	<u>\$ 3,054,743</u>	<u>\$ 431,761</u>	<u>\$ 361,181</u>

City of Willmar, Minnesota
Combining Balance Sheet
NonMajor Governmental Funds/Special Revenue
December 31, 2022

<u>Coronavirus Relief</u>	<u>Willmar Municipal Airport</u>	<u>Willmar Main Street</u>	<u>Total Carried Forward</u>
\$ 1,897,532	\$ (117,636)	\$ 47,155	\$ 1,894,234
-	368,128	-	2,944,296
-	-	-	25,353
-	6,222	-	63,095
-	-	-	350,000
-	997	-	19,194
-	245,601	-	245,601
190,665	149,906	-	340,571
-	23,000	-	23,000
138,295	352	31	142,661
-	-	-	788,173
<u>\$ 2,226,492</u>	<u>\$ 676,570</u>	<u>\$ 47,186</u>	<u>\$ 6,836,178</u>
\$ 150,867	\$ 3,932	\$ 934	\$ 197,173
-	-	9,677	10,707
<u>2,075,625</u>	<u>-</u>	<u>-</u>	<u>2,075,625</u>
<u>2,226,492</u>	<u>3,932</u>	<u>10,611</u>	<u>2,283,505</u>
-	23,000	-	1,229,227
-	241,131	-	241,131
<u>-</u>	<u>264,131</u>	<u>-</u>	<u>1,470,358</u>
-	384	31	4,511
-	-	-	707,069
<u>-</u>	<u>408,123</u>	<u>36,544</u>	<u>2,370,735</u>
<u>-</u>	<u>408,507</u>	<u>36,575</u>	<u>3,082,315</u>
<u>\$ 2,226,492</u>	<u>\$ 676,570</u>	<u>\$ 47,186</u>	<u>\$ 6,836,178</u>

City of Willmar, Minnesota
Combining Balance Sheet
NonMajor Governmental Funds/Special Revenue
December 31, 2022

	<u>Bike Share Program</u>	<u>Public Works Reserve</u>	<u>Law Enforcement Forfeiture Fund</u>	<u>Law Enforcement Human Trafficking</u>
ASSETS				
Cash and Cash Equivalents	\$ 7,343	\$ -	\$ 40,208	\$ 3,190
Investments	-	-	-	-
Receivables				
Taxes Receivable	-	-	-	-
Accounts Receivable	-	-	-	-
Notes Receivable	-	-	-	-
Interest Receivable	-	-	-	-
Leases	-	-	-	-
Due From Other Funds	-	-	-	-
Due From Other Governments	-	-	-	-
Prepaid Items	-	-	-	-
Amount To Be Provided	-	-	-	-
Total Assets	<u>\$ 7,343</u>	<u>\$ -</u>	<u>\$ 40,208</u>	<u>\$ 3,190</u>
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Contract Payable	-	-	-	-
Unearned revenue	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	-	-	-	-
Lease Resources	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable Fund Balance	-	-	-	-
Restricted Fund Balance	-	-	40,208	3,190
Committed Fund Balance	7,343	-	-	-
Total Fund Balances	<u>7,343</u>	<u>-</u>	<u>40,208</u>	<u>3,190</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 7,343</u>	<u>\$ -</u>	<u>\$ 40,208</u>	<u>\$ 3,190</u>

City of Willmar, Minnesota
Combining Balance Sheet
NonMajor Governmental Funds/Special Revenue
December 31, 2022

Law Enforcement Explorer Fund	Law Enforcement CERT Fund	Fire Department Explorer Fund	Total Special Revenue Funds
\$ 12,359	\$ 12,834	\$ 10,558	\$ 1,980,726
-	-	-	2,944,296
-	-	-	25,353
-	-	-	63,095
-	-	-	350,000
-	-	-	19,194
-	-	-	245,601
-	-	-	340,571
-	-	-	23,000
-	-	-	142,661
-	-	-	788,173
<u>\$ 12,359</u>	<u>\$ 12,834</u>	<u>\$ 10,558</u>	<u>\$ 6,922,670</u>
\$ -	\$ -	\$ 144	\$ 197,317
-	-	-	10,707
-	-	-	2,075,625
<u>-</u>	<u>-</u>	<u>144</u>	<u>2,283,649</u>
-	-	-	1,229,227
-	-	-	241,131
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,470,358</u>
-	-	-	4,511
12,359	12,834	10,414	786,074
-	-	-	2,378,078
<u>12,359</u>	<u>12,834</u>	<u>10,414</u>	<u>3,168,663</u>
<u>\$ 12,359</u>	<u>\$ 12,834</u>	<u>\$ 10,558</u>	<u>\$ 6,922,670</u>

City of Willmar, Minnesota
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
NonMajor Governmental Funds/Special Revenue
For the Year Ended December 31, 2022

	<u>Park Dedication</u>	<u>Industrial Development</u>	<u>Convention and Visitors Bureau</u>	<u>Community Development</u>
REVENUES				
Other Taxes	\$ -	\$ -	\$ 305,866	\$ -
Licenses & Permits	-	100	-	-
Intergovernmental	-	-	61,174	196,742
Service Charges	-	50,150	4,075	-
Fines & Forfeits	-	-	-	-
Investment income	-	20,048	2,948	-
Fair Market Value Incr/(Decr)	-	(120,986)	(16,629)	-
Miscellaneous Revenue	-	-	3,056	-
Total Revenues	<u>-</u>	<u>(50,688)</u>	<u>360,490</u>	<u>196,742</u>
EXPENDITURES				
General Government	-	-	-	-
Public Safety	-	-	-	-
Culture and Recreation	-	-	298,121	-
Economic Development	-	41,791	-	196,742
Miscellaneous	-	-	-	-
Total Expenditures	<u>-</u>	<u>41,791</u>	<u>298,121</u>	<u>196,742</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>(92,479)</u>	<u>62,369</u>	<u>-</u>
OTHER FIN. SOURCES (USES)				
Transfers In	27,874	-	-	-
Transfers Out	-	(27,874)	(10,500)	-
Total Other Fin. Sources (Uses)	<u>27,874</u>	<u>(27,874)</u>	<u>(10,500)</u>	<u>-</u>
Net Change in Fund Balances	27,874	(120,353)	51,869	-
Fund Balances-Beginning	<u>10,371</u>	<u>2,329,020</u>	<u>338,452</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 38,245</u>	<u>\$ 2,208,667</u>	<u>\$ 390,321</u>	<u>\$ -</u>

City of Willmar, Minnesota
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
NonMajor Governmental Funds/Special Revenue
For the Year Ended December 31, 2022

<u>Coronavirus Relief</u>	<u>Willmar Municipal Airport</u>	<u>Willmar Main Street</u>	<u>Total Carried Forward</u>
\$ -	\$ -	\$ -	\$ 305,866
-	-	-	100
95,703	56,337	-	409,956
-	120,269	-	174,494
-	-	-	-
-	2,703	-	25,699
-	(14,024)	-	(151,639)
-	13,302	6,350	22,708
<u>95,703</u>	<u>178,587</u>	<u>6,350</u>	<u>787,184</u>
95,703	-	-	95,703
-	-	-	-
-	-	-	298,121
-	-	37,126	275,659
-	162,891	-	162,891
<u>95,703</u>	<u>162,891</u>	<u>37,126</u>	<u>832,374</u>
-	15,696	(30,776)	(45,190)
-	-	32,500	60,374
-	-	-	(38,374)
-	-	32,500	22,000
-	15,696	1,724	(23,190)
-	392,811	34,851	3,105,505
<u>\$ -</u>	<u>\$ 408,507</u>	<u>\$ 36,575</u>	<u>\$ 3,082,315</u>

City of Willmar, Minnesota
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
NonMajor Governmental Funds/Special Revenue
For the Year Ended December 31, 2022

	Total Brought Forward	Bike Share Program	Public Works Reserve	Law Enforcement Forfeiture Fund
REVENUES				
Other Taxes	\$ 305,866	\$ -	\$ -	\$ -
Licenses & Permits	100	-	-	-
Intergovernmental	409,956	-	-	-
Service Charges	174,494	230	-	-
Fines & Forfeits	-	-	-	-
Investment income	25,699	-	-	13
Fair Market Value Incr/(Decr)	(151,639)	-	-	-
Miscellaneous Revenue	22,708	3,625	-	26,232
Total Revenues	787,184	3,855	-	26,245
EXPENDITURES				
General Government	95,703	-	-	-
Public Safety	-	-	-	19,797
Culture and Recreation	298,121	4,289	-	-
Economic Development	275,659	-	-	-
Miscellaneous	162,891	-	-	-
Total Expenditures	832,374	4,289	-	19,797
Excess (Deficiency) of Revenues Over (Under) Expenditures	(45,190)	(434)	-	6,448
OTHER FIN. SOURCES (USES)				
Transfers In	60,374	-	425,797	-
Transfers Out	(38,374)	-	(465,594)	-
Total Other Fin. Sources (Uses)	22,000	-	(39,797)	-
Net Change in Fund Balances	(23,190)	(434)	(39,797)	6,448
Fund Balances-Beginning	3,105,505	7,777	39,797	33,760
Fund Balances - Ending	\$ 3,082,315	\$ 7,343	\$ -	\$ 40,208

City of Willmar, Minnesota
Combining Statement of Revenues, Expenditures, Changes in Fund Balances
NonMajor Governmental Funds/Special Revenue
For the Year Ended December 31, 2022

Law Enforcement Human Trafficking	Law Enforcement Explorer Fund	Law Enforcement CERT Fund	Fire Department Explorer Fund	Total Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ 305,866
-	-	-	-	100
-	-	-	-	409,956
-	669	-	-	175,393
900	-	-	-	900
-	-	-	-	25,712
-	-	-	-	(151,639)
-	-	-	504	53,069
<u>900</u>	<u>669</u>	<u>-</u>	<u>504</u>	<u>819,357</u>
-	-	-	-	95,703
-	5,862	-	2,213	27,872
-	-	-	-	302,410
-	-	-	-	275,659
-	-	-	-	162,891
<u>-</u>	<u>5,862</u>	<u>-</u>	<u>2,213</u>	<u>864,535</u>
900	(5,193)	-	(1,709)	(45,178)
-	1,275	625	2,100	490,171
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(503,968)</u>
<u>-</u>	<u>1,275</u>	<u>625</u>	<u>2,100</u>	<u>(13,797)</u>
900	(3,918)	625	391	(58,975)
<u>2,290</u>	<u>16,277</u>	<u>12,209</u>	<u>10,023</u>	<u>3,227,638</u>
<u>\$ 3,190</u>	<u>\$ 12,359</u>	<u>\$ 12,834</u>	<u>\$ 10,414</u>	<u>\$ 3,168,663</u>

City of Willmar, Minnesota
Combining Balance Sheet
NonMajor Governmental Funds/Capital Projects
December 31, 2022

	<u>Airport Capital Project</u>	<u>Capital Improvement</u>	<u>Curling Facility</u>	<u>Epitopix</u>	<u>Total NonMajor Capital Project Funds</u>
ASSETS					
Cash	\$ -	\$ (1,369)	\$ 28,673	\$ -	\$ 27,304
Accounts Receivable	-	-	20,343	-	20,343
Due From Other Funds	31,172	240,369	-	-	271,541
Due From Other Governments	1,078,355	-	-	1,300,000	2,378,355
Amount To Be Provided	-	96,022	-	-	96,022
Prepaid Expenses	-	250,000	-	-	250,000
Total Assets	<u>\$ 1,109,527</u>	<u>\$ 585,022</u>	<u>\$ 49,016</u>	<u>\$ 1,300,000</u>	<u>\$ 3,043,565</u>
LIABILITIES					
Accounts Payable	\$ -	\$ 6,204	\$ -	\$ -	\$ 6,204
Contracts Payable	61,144	63,981	-	113,474	238,599
Due To Other Funds	1,089,557	31,172	-	952,052	2,072,781
Total Liabilities	<u>1,150,701</u>	<u>101,357</u>	<u>-</u>	<u>1,065,526</u>	<u>2,317,584</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue	-	-	-	329,000	329,000
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>329,000</u>	<u>329,000</u>
FUND BALANCES					
Committed Fund Balance	<u>(41,174)</u>	<u>483,665</u>	<u>49,016</u>	<u>(94,526)</u>	<u>396,981</u>
Total Fund Balance	<u>(41,174)</u>	<u>483,665</u>	<u>49,016</u>	<u>(94,526)</u>	<u>396,981</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,109,527</u>	<u>\$ 585,022</u>	<u>\$ 49,016</u>	<u>\$ 1,300,000</u>	<u>\$ 3,043,565</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, 2022

	<u>Airport Capital Project</u>	<u>Capital Improvement</u>	<u>Curling Facility</u>	<u>Epitopix</u>	<u>Total NonMajor Capital Project Funds</u>
REVENUES					
Intergovernmental	\$ 1,010,532	\$ -	\$ -	\$ 971,000	\$ 1,981,532
Investment Income	-	10,141	-	-	10,141
Market Value Incr/(Decr)	-	(105,746)	-	-	(105,746)
Donations	-	3,000	(75)	-	2,925
Total Revenues	<u>1,010,532</u>	<u>(92,605)</u>	<u>(75)</u>	<u>971,000</u>	<u>1,888,852</u>
EXPENDITURES					
Capital/Construction Projects	<u>1,257,279</u>	<u>1,287,521</u>	<u>20,343</u>	<u>1,564,933</u>	<u>4,130,076</u>
Total Expenditures	<u>1,257,279</u>	<u>1,287,521</u>	<u>20,343</u>	<u>1,564,933</u>	<u>4,130,076</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(246,747)</u>	<u>(1,380,126)</u>	<u>(20,418)</u>	<u>(593,933)</u>	<u>(2,241,224)</u>
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	<u>-</u>	<u>28,000</u>	<u>-</u>	<u>-</u>	<u>28,000</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>28,000</u>	<u>-</u>	<u>-</u>	<u>28,000</u>
Net Change in Fund Balances	<u>(246,747)</u>	<u>(1,352,126)</u>	<u>(20,418)</u>	<u>(593,933)</u>	<u>(2,213,224)</u>
Fund Balance - Beginning	<u>205,573</u>	<u>1,835,791</u>	<u>69,434</u>	<u>499,407</u>	<u>2,610,205</u>
Fund Balance - Ending	<u>\$ (41,174)</u>	<u>\$ 483,665</u>	<u>\$ 49,016</u>	<u>\$ (94,526)</u>	<u>\$ 396,981</u>

**City of Willmar, Minnesota
Combining Balance Sheet
Non-Major Debt Service Funds
December 31, 2022**

	LOST Debt Service Bond	2018A - R22 Refrigeration Bond	Tax Increment Bonds	Total Debt Service Funds
ASSETS				
Cash and Cash Equivalents	\$ -	\$ 557	\$ 133,195	\$ 133,752
Accounts Receivable	-	-	57,021	57,021
Due From Other Governments	-	-	314,801	314,801
Total Assets	<u>\$ -</u>	<u>\$ 557</u>	<u>\$ 505,017</u>	<u>\$ 505,574</u>
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ 152,833	\$ 152,833
Total Liabilities	<u>-</u>	<u>-</u>	<u>152,833</u>	<u>152,833</u>
FUND BALANCES				
Restricted	<u>-</u>	<u>557</u>	<u>352,184</u>	<u>352,741</u>
Total Fund Balances	<u>-</u>	<u>557</u>	<u>352,184</u>	<u>352,741</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 557</u>	<u>\$ 505,017</u>	<u>\$ 505,574</u>

City of Willmar, Minnesota
Combined Schedule of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Debt Service Funds
For the Year Ended December 31, 2022

	LOST Debt Service Bond	2018A - R22 Refrigeration Bond	Tax Increment Bonds	Total Debt Service Funds
REVENUES				
Tax Increment	\$ -	\$ -	\$ 205,269	\$ 205,269
Intergovernmental	-	-	314,801	314,801
Licenses/Permits-Developers Fees	-	-	20,148	20,148
Total Revenues	-	-	540,218	540,218
EXPENDITURES				
Bond Principal Payments	310,000	115,000	-	425,000
Interest Payments	647,617	79,718	-	727,335
Other Charges	16,000	550	214,159	230,709
Total Expenditures	973,617	195,268	214,159	1,383,044
Excess (Deficiency) of Revenues Over (Under) Expenditures	(973,617)	(195,268)	326,059	(842,826)
OTHER FINANCING SOURCES (USES)				
Transfers In	970,021	79,000	-	1,049,021
Total Other Financing Sources (Uses)	970,021	79,000	-	1,049,021
Net Change in Fund Balances	(3,596)	(116,268)	326,059	206,195
Fund Balances - Beginning	3,596	116,825	26,125	146,546
Fund Balances - Ending	\$ -	\$ 557	\$ 352,184	\$ 352,741

City of Willmar, Minnesota
Statement of Net Position
Fiduciary Funds - Agency Fund
December 31, 2022

	<u>Agency Fund</u> <u>Fire Insurance</u> <u>Escrow/Trust Fund</u>	<u>Agency Fund</u> <u>Bioscience</u> <u>Grant Fund</u>	<u>Agency Fund</u> <u>Donation</u> <u>Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 42,875	\$ -	\$ 7,398
Total Assets	<u>42,875</u>	<u>-</u>	<u>7,398</u>
LIABILITIES			
Accounts Payable	-	-	1,208
Unearned Revenue	39,875	-	-
Total Liabilities	<u>39,875</u>	<u>-</u>	<u>1,208</u>
NET POSITION			
Restricted	3,000	-	6,190
Total Net Position	<u>\$ 3,000</u>	<u>\$ -</u>	<u>\$ 6,190</u>

City of Willmar, Minnesota
Statement of Changes in Net Position
Fiduciary Funds - Agency Funds
For the Year Ended December 31, 2022

	<u>Agency Fund</u> <u>Fire Insurance</u> <u>Escrow/Trust</u> <u>Fund</u>	<u>Agency Fund</u> <u>Bioscience</u> <u>Grant</u> <u>Fund</u>	<u>Agency Fund</u> <u>Donation</u> <u>Fund</u>
ADDITIONS			
Miscellaneous			
Miscellaneous	\$ -	\$ 2,424	\$ -
Contributions/Donations	-	-	72,098
Total Additions	-	2,424	72,098
DEDUCTIONS			
Public Safety	-	-	2,733
Culture and Recreation	-	-	13,392
Other Charges			
Insurance and Bonds	-	2,156	-
Licenses & Taxes	-	268	-
Transfers			
Transfer Out	-	-	37,180
Total Deductions	-	2,424	53,305
Change in Net Position	-	-	18,793
Net Position - Beginning	3,000	-	(12,603)
Net Position - Ending	\$ 3,000	\$ -	\$ 6,190

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, 2022 and 2021

	2022	2021
Governmental Funds Capital Assets:		
Land	\$ 13,230,970	\$ 13,200,931
Buildings and Structures	121,790,641	121,363,697
Furniture and Equipment	4,916,141	4,337,158
Machinery and Auto Equipment	12,294,694	12,013,000
Other Improvements	148,345,729	148,310,036
Total Governmental Funds Capital Assets	\$ 300,578,175	\$ 299,224,822
Investments in Governmental Funds Capital Assets By Source:		
General Fund	\$ 273,650,702	\$ 272,297,349
Special Revenue Fund	26,927,473	26,927,473
Total Governmental Funds Capital Assets	\$ 300,578,175	\$ 299,224,822

*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, 2022

CAPITAL ASSETS-2022	Governmental Funds Capital Assets			Governmental Funds Capital Assets
	<u>01/01/2022</u>	<u>Additions</u>	<u>Deductions</u>	<u>12/31/2022</u>
<u>GENERAL GOVERNMENT</u>				
Mayor & Council	\$ 20,743	\$ -	\$ -	\$ 20,743
Community Development	258,313	-	-	258,313
Accounting	15,000	-	-	15,000
City Hall	882,819	-	-	882,819
Data Processing	496,961	-	-	496,961
Elections	83,370	-	-	83,370
Non-Departmental	203,341	-	-	203,341
Industrial Development	1,102,281	-	-	1,102,281
Total	<u>3,062,828</u>	<u>-</u>	<u>-</u>	<u>3,062,828</u>
<u>PUBLIC SAFETY</u>				
Police Dept.	1,676,028	268,670	-	1,944,698
Fire Dept.	4,755,975	43,695	-	4,799,670
Public Parking	631,870	-	-	631,870
Total	<u>7,063,873</u>	<u>312,365</u>	<u>-</u>	<u>7,376,238</u>
<u>PUBLIC WORKS</u>				
Engineering	232,174	-	-	232,174
Public Works	136,731,099	195,472	-	136,926,571
Airport	25,505,075	-	-	25,505,075
Total	<u>162,468,348</u>	<u>195,472</u>	<u>-</u>	<u>162,663,820</u>
<u>HEALTH & WELFARE</u>				
Rice Hospital	106,587,512	-	-	106,587,512
Total	<u>106,587,512</u>	<u>-</u>	<u>-</u>	<u>106,587,512</u>
<u>CULTURE & RECREATION</u>				
Auditorium	621,044	-	-	621,044
Buildings & Grounds	1,255,789	-	-	1,255,789
Parks & Rec	5,881,128	485,169	-	6,366,297
Civic Center	8,914,305	310,631	-	9,224,936
Community Center	495,992	-	-	495,992
Aquatic Center	2,393,692	49,716	-	2,443,408
WRAC-8	327,807	-	-	327,807
Library	152,504	-	-	152,504
Total	<u>20,042,261</u>	<u>845,516</u>	<u>-</u>	<u>20,887,777</u>
GRAND TOTAL	<u>\$ 299,224,822</u>	<u>\$ 1,353,353</u>	<u>\$ -</u>	<u>\$ 300,578,175</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, 2022

CAPITAL ASSETS-2022	Total	Land	Buildings/ Structures	Furniture/ Equipment	Machinery/ Auto	Other Improvements
<u>GENERAL GOVERNMENT</u>						
Mayor & Council	\$ 20,743	\$ -	\$ -	\$ 20,743	\$ -	\$ -
Community Development	258,313	174,960	-	-	83,353	-
Accounting	15,000	-	-	15,000	-	-
City Hall	882,819	40,000	818,871	-	-	23,948
Data Processing	496,961	-	-	367,149	-	129,812
Elections	83,370	-	-	83,370	-	-
Non-Departmental	203,341	-	-	203,341	-	-
Industrial Development	1,102,281	1,102,281	-	-	-	-
Total	<u>3,062,828</u>	<u>1,317,241</u>	<u>818,871</u>	<u>689,603</u>	<u>83,353</u>	<u>153,760</u>
<u>PUBLIC SAFETY</u>						
Police Dept.	1,944,698	-	-	214,291	1,708,207	22,200
Fire Dept.	4,799,670	163,547	727,485	852,294	2,950,130	106,214
Public Parking	631,870	631,870	-	-	-	-
Total	<u>7,376,238</u>	<u>795,417</u>	<u>727,485</u>	<u>1,066,585</u>	<u>4,658,337</u>	<u>128,414</u>
<u>PUBLIC WORKS</u>						
Engineering	232,173	-	-	81,262	113,397	37,514
Public Works	135,266,571	1,923,271	180,234	565,623	6,940,326	125,657,117
Airport	25,505,075	4,236,165	3,961,109	7,081	23,533	17,277,187
Total	<u>161,003,819</u>	<u>6,159,436</u>	<u>4,141,343</u>	<u>653,966</u>	<u>7,077,256</u>	<u>142,971,818</u>
<u>Health & Welfare</u>						
Rice Hospital	106,587,512	4,615,126	101,972,386	-	-	-
Total	<u>106,587,512</u>	<u>4,615,126</u>	<u>101,972,386</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>CULTURE & RECREATION</u>						
Auditorium	621,044	-	594,448	14,596	-	12,000
Buildings & Grounds	1,255,789	112,405	14,169	420,320	-	708,895
Parks & Rec	6,366,297	44,939	1,801,300	1,098,006	57,995	3,364,057
Civic Center	9,224,937	23,572	7,891,182	437,851	417,752	454,580
Community Center	495,992	87,635	316,409	17,851	-	74,097
Aquatic Center	2,443,408	75,200	1,561,629	328,472	-	478,107
WRAC-8	327,807	-	138,916	188,891	-	-
Library	152,504	-	152,504	-	-	-
Total	<u>20,887,778</u>	<u>343,751</u>	<u>12,470,557</u>	<u>2,505,987</u>	<u>475,747</u>	<u>5,091,736</u>
GRAND TOTAL	<u><u>\$ 298,918,175</u></u>	<u><u>\$ 13,230,971</u></u>	<u><u>\$ 120,130,642</u></u>	<u><u>\$ 4,916,141</u></u>	<u><u>\$ 12,294,693</u></u>	<u><u>\$ 148,345,728</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 2013 Through 2022

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Health & Welfare</u>	<u>Culture & Recreation</u>	<u>Miscellaneous</u>	<u>Debt Service</u>	<u>Waste Treatment</u>	<u>Office Services</u>	<u>OPEB - Unallocated</u>	<u>Total</u>
2013	\$ 3,789,359	\$ 4,721,161	\$ 6,342,972	\$ -	\$ 2,476,352	\$ 38,864	\$ 369,360	\$ 6,734,381	\$ 17,816	\$ -	\$ 24,490,265
2014	\$ 4,411,086	\$ 4,725,380	\$ 7,506,805	\$ -	\$ 2,344,720	\$ 863,301	\$ 307,220	\$ 6,749,481	\$ 18,283	\$ -	\$ 26,926,276
2015	\$ 4,052,775	\$ 5,055,428	\$ 6,949,073	\$ -	\$ 2,441,662	\$ 896,033	\$ 297,324	\$ 6,773,721	\$ 16,137	\$ -	\$ 26,482,153
2016	\$ 3,907,763	\$ 6,277,277	\$ 7,432,779	\$ -	\$ 2,631,463	\$ 13,828	\$ 259,475	\$ 6,488,885	\$ -	\$ -	\$ 27,011,470
2017	\$ 3,704,457	\$ 5,735,917	\$ 8,216,746	\$ -	\$ 2,889,721	\$ 34,108	\$ 230,050	\$ 6,544,284	\$ -	\$ -	\$ 27,355,283
2018	\$ 3,387,796	\$ 5,664,498	\$ 7,111,707	\$ 3,548,429	\$ 2,753,642	\$ 147,444	\$ 3,487,611	\$ 6,717,743	\$ -	\$ -	\$ 32,818,870
2019	\$ 3,671,761	\$ 5,789,004	\$ 8,470,935	\$ 3,619,531	\$ 3,263,833	\$ 128,262	\$ 1,738,650	\$ 6,927,042	\$ -	\$ (992,191)	\$ 32,616,827
2020	\$ 5,553,763	\$ 6,017,197	\$ 8,503,394	\$ 3,619,531	\$ 3,024,604	\$ 1,754,709	\$ 1,638,833	\$ 6,827,312	\$ -	\$ -	\$ 36,939,343
2021	\$ 3,830,757	\$ 5,788,467	\$ 7,839,715	\$ 3,619,531	\$ 3,301,403	\$ 816,478	\$ 747,879	\$ 7,018,064	\$ -	\$ -	\$ 32,962,294
2022	\$ 4,645,856	\$ 8,235,994	\$ 9,294,083	\$ 3,619,531	\$ 3,951,648	\$ 783,619	\$ 1,265,629	\$ 7,143,575	\$ -	\$ -	\$ 38,939,935

CITY OF WILLMAR, MINNESOTA

GOVERNMENT-WIDE REVENUES

Years 2013 through 2022

Fiscal Year	Program Revenues	General Revenues		Total
	Charges For Services	Taxes	Miscellaneous Revenue	
2013	\$ 9,122,485	\$ 4,551,582	\$ 2,648,145	\$ 16,322,212
2014	\$ 10,579,467	\$ 4,582,848	\$ 8,284,427	\$ 23,446,742
2015	\$ 10,662,682	\$ 4,999,764	\$ 6,532,260	\$ 22,194,706
2016	\$ 12,283,777	\$ 4,948,435	\$ 4,654,625	\$ 21,886,837
2017	\$ 11,945,372	\$ 5,328,601	\$ 6,614,979	\$ 23,888,952
2018	\$ 15,444,832	\$ 5,518,574	\$ 6,276,774	\$ 27,240,180
2019	\$ 16,493,536	\$ 6,347,807	\$ 7,920,004	\$ 30,761,347
2020	\$ 15,233,102	\$ 8,410,610	\$ 6,326,044	\$ 29,969,756
2021	\$ 14,522,478	\$ 9,190,288	\$ 6,095,126	\$ 29,807,892
2022	\$ 13,887,849	\$ 11,065,409	\$ 2,789,689	\$ 27,742,947

CITY OF WILLMAR, MINNESOTA

GOVERNMENTAL EXPENDITURES BY FUNCTION

Years 2013 Through 2022

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Culture & Recreation</u>	<u>Miscellaneous</u>	<u>Total</u>
2013	\$ 3,744,641	\$ 4,497,748	\$ 2,735,734	\$ 2,238,245	\$ 7,978,526	\$ 21,194,894
2014	\$ 3,955,656	\$ 4,468,517	\$ 3,148,422	\$ 2,095,665	\$ 9,527,501	\$ 23,195,761
2015	\$ 3,800,646	\$ 4,687,727	\$ 3,149,546	\$ 2,172,120	\$ 10,166,863	\$ 23,976,902
2016	\$ 3,791,773	\$ 4,741,831	\$ 3,092,997	\$ 2,292,543	\$ 7,251,799	\$ 21,170,943
2017	\$ 3,686,249	\$ 4,877,210	\$ 3,116,452	\$ 2,585,565	\$ 7,876,960	\$ 22,142,436
2018	\$ 3,501,751	\$ 5,346,113	\$ 3,396,551	\$ 2,459,916	\$ 13,864,686	\$ 28,569,017
2019	\$ 3,641,208	\$ 5,552,388	\$ 3,857,230	\$ 2,757,863	\$ 12,938,658	\$ 28,747,347
2020	\$ 5,188,740	\$ 5,918,970	\$ 3,760,042	\$ 2,514,020	\$ 14,952,085	\$ 32,333,857
2021	\$ 4,074,968	\$ 6,380,864	\$ 3,760,092	\$ 2,701,093	\$ 56,508,482	\$ 73,425,499
2022	\$ 4,581,889	\$ 7,278,049	\$ 3,836,826	\$ 3,206,331	\$ 26,750,085	\$ 45,653,180

CITY OF WILLMAR, MINNESOTA

GOVERNMENTAL REVENUES BY SOURCE

Years 2013 Through 2022

<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>
2013	\$ 4,551,582	\$ 542,406	\$ 7,155,696	\$ 941,224	\$ 153,774	\$ 502,949	\$ 13,847,631
2014	\$ 4,582,848	\$ 544,182	\$ 6,325,521	\$ 971,092	\$ 167,157	\$ 4,944,871	\$ 17,535,671
2015	\$ 4,999,764	\$ 474,907	\$ 7,521,732	\$ 1,002,048	\$ 189,682	\$ 2,970,082	\$ 17,158,215
2016	\$ 4,948,435	\$ 698,062	\$ 6,402,935	\$ 1,061,549	\$ 158,377	\$ 2,572,567	\$ 15,841,925
2017	\$ 5,328,601	\$ 554,249	\$ 6,978,036	\$ 986,535	\$ 147,836	\$ 3,154,808	\$ 17,150,065
2018	\$ 5,518,574	\$ 552,526	\$ 6,672,420	\$ 4,738,527	\$ 159,255	\$ 2,510,111	\$ 20,151,413
2019	\$ 6,347,807	\$ 575,292	\$ 6,764,875	\$ 4,847,809	\$ 151,035	\$ 4,040,030	\$ 22,726,848
2020	\$ 8,410,610	\$ 772,014	\$ 10,625,901	\$ 4,550,494	\$ 102,040	\$ 2,762,207	\$ 27,223,266
2021	\$ 9,190,288	\$ 565,347	\$ 7,422,579	\$ 2,218,721	\$ 127,099	\$ 3,041,716	\$ 22,565,750
2022	\$ 14,107,574	\$ 691,868	\$ 10,312,635	\$ 1,171,748	\$ 93,882	\$ 348,517	\$ 26,726,224

CITY OF WILLMAR, MINNESOTA

PROPERTY TAX LEVIES AND COLLECTIONS

Years 2013 Through 2022

<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>
2013	4,140,118	4,043,802	97.67%	83,792	4,127,594	99.70%	119,118	2.88%
2014	4,139,734	4,046,221	97.74%	84,538	4,130,759	99.78%	52,084	1.26%
2015	4,451,028	4,373,956	98.27%	98,147	4,472,103	100.47%	93,024	2.09%
2016	4,451,028	4,381,753	98.44%	76,376	4,458,129	100.16%	84,108	1.89%
2017	4,829,365	4,747,653	98.31%	45,846	4,793,499	99.26%	88,473	1.83%
2018	4,974,245	4,903,714	98.58%	66,136	4,969,849	99.91%	108,994	2.19%
2019	5,250,000	5,157,297	98.23%	93,651	5,250,948	100.02%	123,790	2.36%
2020	5,776,821	5,694,733	98.58%	81,146	5,775,879	99.98%	116,119	2.01%
2021	6,085,290	6,024,797	99.01%	86,125	6,110,922	100.42%	96,663	1.59%
2022	6,504,317	6,408,541	98.53%	76,961	6,485,502	99.71%	139,003	2.14%

CITY OF WILLMAR, MINNESOTA

TAX CAPACITIES AND ESTIMATED MARKET VALUE OF TAXABLE PROPERTY

YEARS 2013 THROUGH 2022

	<u>2013</u>	<u>2014</u>	<u>2015</u>
Population (*Census)	19,694	19,694	19,694
REAL PROPERTY			
Tax Capacity	12,120,212	12,093,317	12,546,465
Less: Tax Increment Districts -			
Phoenix #95	0	0	0
Lakewood #06	0	0	0
Jennie-O (2) #07	0	0	1,506
GM Development #3	0	0	0
Legacy on First #4	0	0	0
15th Street Flats #10	0	0	0
JH, LLC #11			
JOBZ	181,069	181,807	181,807
Powerline	0	0	0
Agriculture District	0	0	0
Net Tax Capacity	11,939,143	11,911,510	12,363,152
Estimated Market Value	1,064,093,500	1,054,462,700	1,094,771,600
PERSONAL PROPERTY			
Tax Capacity	137,153	140,199	146,908
Estimated Market Value	7,407,100	7,581,400	7,977,200
TOTAL REAL AND PERSONAL PROPERTY			
Tax Capacity	12,076,296	12,051,709	12,510,060
Estimated Market Value	1,071,500,600	1,062,044,100	1,102,748,800
PERCENT OF TAX CAPACITY TO ESTIMATED MARKET VALUE			
	0.011270	0.011348	0.011344
PER CAPITA VALUATION			
Tax Capacity	613	612	635
Estimated Market Value	54,407	53,927	55,994
NET BONDED DEBT			
Net Bonded Debt per Capita	N/A	N/A	N/A
Net Bonded Debt per Tax Capacity	N/A	N/A	N/A

CITY OF WILLMAR, MINNESOTA

TAX CAPACITIES AND ESTIMATED MARKET VALUE OF TAXABLE PROPERTY

YEARS 2013 THROUGH 2022

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
19,694	19,694	19,694	19,694	19,694	21,015
12,758,485	13,084,650	13,389,819	13,769,733	14,507,413	14,917,361
0	0	0	0	0	0
0	0	0	0	0	0
9,544	43,820	46,478	46,322	46,322	46,322
0	0	0	20,084	20,084	19,620
0	0	0	367	8,012	11,908
0	0	0	0	0	31,564
181,807	0	0	0	0	0
0	1,664	1,737	1,851	1,611	1,651
0	125,368	126,378	170,708	169,866	161,773
12,567,134	12,913,798	13,215,226	13,530,401	14,261,518	14,644,523
1,091,900,300	1,118,592,200	1,143,075,500	1,165,873,800	1,232,572,400	1,269,592,300
202,716	207,069	214,845	212,644	198,412	213,491
8,457,400	10,884,900	11,273,700	11,191,400	10,481,500	11,238,200
12,769,850	13,120,867	13,430,071	13,743,045	14,459,930	14,858,014
1,100,357,700	1,129,477,100	1,154,349,200	1,177,065,200	1,243,053,900	1,280,830,500
0.011605	0.011617	0.011634	0.011676	0.011633	0.011600
648	666	682	698	734	707
55,873	57,351	58,614	59,768	63,118	60,948
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 2013 Through 2022

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>EDC/ Mid-MN Dev.</u>	<u>Total</u>
2013	34.28	19.72	59.06	0.96	1.17	115.19
2014	34.35	12.61	56.40	1.39	1.11	105.86
2015	35.58	8.41	54.18	1.07	1.02	100.26
2016	34.85	23.75	56.18	1.06	1.06	116.90
2017	36.81	27.37	57.33	1.12	1.11	123.74
2018	36.94	23.97	57.24	1.10	1.13	120.38
2019	38.08	24.05	59.15	1.09	1.15	123.52
2020	39.84	23.11	58.54	1.06	1.13	123.68
2021	40.84	22.40	58.43	1.05	1.12	123.84
2022	46.58	21.20	56.52	1.03	1.11	126.43

*** Includes Mid Minnesota Development Commission.

CITY OF WILLMAR, MINNESOTA

TAX LEVIES

ALL OVERLAPPING GOVERNMENTS

Years 2013 Through 2022

A 10-YEAR COMPARISON OF TAX CAPACITY LEVIES

Year Tax Due	<u>(Levy amounts applicable to City of Willmar parcels)</u>					EDC/ Rural Dev. Fin.	Total
	<u>*City</u>	<u>School</u>	Market Value <u>Ref.</u>	<u>**County</u>	<u>H.R.A.</u>	<u>Auth.</u>	
2013	4,139,754	2,381,446	1,670,118	7,158,587	168,585	114,846	15,633,336
2014	4,139,400	1,519,721	1,565,134	6,822,472	168,362	108,224	14,323,313
2015	4,450,579	1,052,346	1,649,161	6,800,969	133,733	104,834	14,191,622
2016	4,450,804	3,032,201	1,565,062	7,197,726	135,488	111,608	16,492,889
2017	4,828,905	3,625,557	1,608,842	7,594,913	148,907	147,184	17,954,308
2018	4,960,998	3,248,951	1,635,648	7,760,035	149,682	152,801	17,908,115
2019	5,232,695	3,346,710	1,610,793	8,231,222	151,819	159,612	18,732,851
2020	5,760,755	3,341,195	1,649,464	8,465,839	153,438	163,849	19,534,540
2021	6,068,836	3,328,416	1,681,182	8,681,517	155,580	167,023	20,082,554
2022	7,313,672	3,320,257	1,657,346	8,853,006	161,039	174,041	21,479,361

* 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, 2022

Taxpayer	Type of Business	Market Valuation Payable 2023	2023 Total Tax
Minnwest Technology Campus	Technology Campus	\$ 18,245,900	\$ 350,645
AEHC, LLC c/o Suite Liv'n	4 or more units - Apts	\$ 25,122,200	\$ 314,136
Affiliated Community Health	Medical Center	\$ 14,376,600	\$ 286,782
BNSF Railway Company	Railroad	\$ 10,963,300	\$ 218,516
WalMart Stores, Inc.	Discount Retailer	\$ 9,744,300	\$ 194,136
Rockstep Wilmar, LLC	Shopping Mall	\$ 9,200,000	\$ 183,250
Torgerson Properties, Inc.	Hospitality/Hotel	\$ 8,181,100	\$ 161,372
West Central Steel, Inc.	Manufacturing Company	\$ 8,077,200	\$ 160,794
Centerpoint Energy Minnegasco	Syst of Gas Utilities	\$ 7,949,900	\$ 158,248
Jennie-O Turkey Store, Inc.	Food Processing	\$ 7,874,800	\$ 156,700
Menard, Inc.	Retailer	\$ 7,761,200	\$ 154,474
Mills Property Investments, LLC	Vehicle Dealership	\$ 8,079,700	\$ 149,066

CITY OF WILLMAR, MINNESOTA

SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS

Year 2013 Through 2022

<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>
2013	1,095,335	985,263	89.95%	355,375
2014	1,008,979	974,209	96.55%	361,233
2015	920,213	881,012	95.74%	369,448
2016	729,647	695,150	95.27%	377,236
2017	698,213	688,739	98.64%	299,531
2018	489,233	468,227	95.71%	83,104
2019	818,655	777,347	94.95%	89,544
2020	919,511	878,089	95.50%	74,930
2021	896,183	869,922	97.07%	35,350
2022	878,221	785,060	89.39%	32,864

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, 2022

Legal Debt Limit and Margin

Legal Debt Limit (2% of Estimated Market Value \$1,357,673,100)	\$ 27,153,462
Less: Outstanding Debt Subject to Limit	\$ 2,440,000
Legal Debt Margin as of December 31, 2022	\$ 24,713,462

General Obligation Debt Supported Solely by Taxes* \$ 2,440,000

* 2018A General Obligation Bond Outstanding Principal Balance as of 12/31/22

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	135
Sidewalks	65.00
Bike Paths	17.70
Building Permits	
Number of Permits Issued	
Year 2022	1,292
Year 2021	678
Year 2020	689
Year 2019	655
Year 2018	441
Year 2017	599
Year 2016	498
Year 2015	439
Year 2014	450
Year 2013	414
Year 2012	479
Estimated Construction Costs	
Year 2022	\$ 89,764,029
Year 2021	60,522,754
Year 2020	40,178,711
Year 2019	62,202,473
Year 2018	36,246,077
Year 2017	44,185,171
Year 2016	58,648,616
Year 2015	34,088,689
Year 2014	48,558,272
Year 2013	49,216,963
Year 2012	17,114,395

Note: Information obtained from various Departmental Reports

*Includes Building, Mechanical, and Plumbing Permits

CITY OF WILLMAR, MINNESOTA

MISCELLANEOUS STATISTICAL FACTS

	<u>2022</u>	<u>2021</u>
Public Safety:		
Fire Protection:		
Number of Stations	1.00	1.00
Number of Employees (Admin. & Clerical)	3.80	3.80
Number of Volunteer Firefighters	42.00	40.00
Police Protection:		
Number of Stations	1.00	1.00
Number of Employees (Admin. & Clerical)	4.00	4.00
Number of Employees (Law Enforcement Officers)	38.00	40.00
Total Number of Employees	89.80	89.80
Parks & Recreation:		
Number of Full-Time Employees	7.6	7.6
Number of Part-Time Employees	148	122
Number of Wading Pools	0	0
Number of Outdoor Swimming Pools	1	1
Number of Shelters	30	30
Number of Skating Rinks	4	4
Number of Hockey Rinks	2	2
Indoor Rinks	2	2
Tennis Courts - Lighted	6	6
Non-Lighted	0	0
Shared-Lighted	12	12
Lighted Softball, Football, Baseball and Soccer Fields	7	7
Miles of Hiking and Bicycle Paths	Est. 16 Miles	Est. 16 Miles
Skate Board Parks	1	1
BMX Bike Tracks	0	0
18-Hole Frisbee Golf Course	1	1
Number of Parks	37	37
Park Acres	310	310
Nature Areas	4	4
Parking Lots (Central Business District):		
Parking Spaces On Streets	380	380
Parking Spaces Off Streets	417	417

*Information obtained from various Departmental Reports