

CITY OF WORTHINGTON, MINNESOTA

Comprehensive Annual Financial Report

For the fiscal year ended December 31, 2017

CITY OF WORTHINGTON, MINNESOTA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended December 31, 2017

**Prepared by:
Department of Finance**

City of Worthington, Minnesota
 Comprehensive Annual Financial Report
 For the Fiscal Year Ended December 31, 2017

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INTRODUCTORY SECTION



June 25, 2018

To the Honorable Mayor, Members of the City Council and Citizens of the City of Worthington:

Minnesota statutes require all cities to issue an annual report on its financial position and activity prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants or the state auditor. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Worthington for the fiscal year ended December 31, 2017.

This report consists of management's representations concerning the finances of the City of Worthington. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Worthington has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliability information for the preparation of the City of Worthington's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Worthington's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Worthington's financial statements have been audited by Drealan Kvilhaug Hoefker & Co., P.A., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Worthington for the fiscal year ended December 31, 2017, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Worthington's financial statements for the fiscal year ended December 31, 2017, are fairly presented in conformity with GAAP accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP accounting principles generally accepted in the United States of America requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Worthington's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City of Worthington, incorporated in 1873, is located in the southwestern part of the State of Minnesota, and serves as a regional trade and service center for the surrounding agricultural area. The City of Worthington currently occupies a land area of 9.0 square miles and serves a population of 13,145. The City of Worthington is empowered to levy a property tax on both real estate and personal properties located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing Council.

The City of Worthington has operated under the council-administrator form of government since 1973. Policy making and legislative authority are vested in a City Council consisting of the Mayor and five other members. The governing Council is responsible, among other things, for passing ordinances, adopting the budgets, appointing committees, and hiring the City Administrator. The City Administrator is responsible for carrying out the policies and ordinances of the Council, for overseeing the day-to-day operations of the City government, and for appointing the heads of various departments. The Council is elected on a non-partisan basis. Council members serve four-year staggered terms, with three Council members elected every four years and the Mayor and two Council members elected in staggered four-year terms. Four of the Council members are elected by district. The Mayor and the one remaining Council member are elected at-large.

The City of Worthington provides a full range of services, including police and fire protection; the construction and maintenance of highways, streets, and other infrastructure; water, sewer and electric services, and recreational activities and cultural events.

The Council is required to adopt a final budget by no later than the close of the calendar year. This annual budget serves as the foundation for the City of Worthington's financial planning and control. The budget is prepared by fund, function (e.g. public safety), and department (e.g. police). Department heads may transfer resources within a department as they see fit. Informal approval is given by the City Administrator and Finance Director. Transfers between departments, however, need Council approval.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Worthington operates.

Local economy. The City serves as the county seat and regional economic center for Nobles County in Southwestern Minnesota. In 2017, the City issued 567 building permits (32 permits less than issued in 2016) for a cumulative total of \$28.62 million of construction work, which is 38% greater than the construction value reported in 2016. The current economic environment has resulted in the investment of over \$88 million in building activities within the corporate limits of Worthington between January 2013 and December 2017.

The City has undertaken a number of initiatives over the past year to address needs that have been identified to keep Worthington on the path of growth and vitality.

Worthington has endured low rental occupancies for a number of years. The City is the recipient of an \$868,000 Workforce Housing grant awarded by the Minnesota Department of Employment and Economic Development. Staff is working with multi-family residential developers to construct a market rate rental project. The City assisted Minnesota West Community College in their on-campus student housing project with funding assistance through a \$900,000 loan.

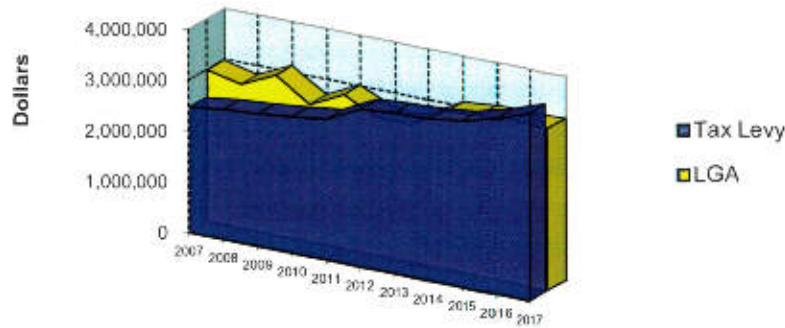
The City will be pursuing re-imposition of a local option sales and excise tax this year. The referendum question will be brought to voters in November's general election and, if passed, will be brought to the State Legislature in 2019.

Long-term financial planning. Unassigned fund balance in the general fund at year end was 52 percent of the total general fund budgeted expenditures. This amount exceeds the policy guidelines (35%-50%) set by the Council for budgetary and planning purposes. This year-end amount is in excess of the target percentages set by the policy guidelines (2015 percentage was 61% and 2016 percentage was 53%).

The City maintains a five-year Capital Improvement Program which serves as its planning document to ensure that its facilities and infrastructure are well maintained and operating in peak condition. Projects are identified by name, cost and funding sources (property taxes, reserves, bonding, assessments, utility revenue, state/federal funding or other). The City also funds its equipment purchases through its budgetary process annually. This ensures that when a piece of equipment is scheduled to be replaced, a majority (if not all) of the funding is available for the purchase of the equipment. This allows the City to stabilize the impact on property tax revenues by building the required amounts over a period of time.

The City raised its property tax levy 7.89% for taxes payable in 2017. Following is a graph comparing the City's tax levy and LGA received in the appropriate years.

Tax Levy & LGA



The City successfully negotiated three-year contracts for Law Enforcement Labor Services, Inc, L.E.L.S. Local #4 and Local #274; and a two-year contract for International Union of Operating Engineers, Local #49, AFL-CIO. The increases for the two law enforcement unions and non-aligned employees settled for January 1 cost-of-living-adjustment (COLA) for years 2018-2020 of 3.5%, 3.0% and 3.0%, respectively. The local 49 union settled for COLA adjustments of 3.0% for both 2018 and 2019. Part of the negotiations for Local 49 union also included that members of the union will be joining the health insurance program offered through the union.

Major Initiatives. The City has many accomplishments to report for 2017 and beyond. The following are some of the major initiatives addressed during the year.

Housing Lot Shortage. The shortage of buildable lots is being addressed through the allocation of \$3 million from the City and Public Utilities. The funds are intended to develop residential subdivisions that serve those looking for locations to build starter homes and those desiring middle to upper value homes.

City Facility Needs. The City is addressing facility needs through the relocation of the municipal liquor store into a larger building located in a higher retail traffic setting. The Public Works Department has their employees located in separate facilities. The Street Department is occupying a space that is too small to accommodate all of their equipment resulting in off-site storage. The Parks Department is remotely located from the street crew. The undersized and remote facilities impact efficiencies. The City recently purchased the MC Fitness building with the intent to move both departments into one building. Renovation of the new facility is likely to begin next year.

Lewis and Clark Regional Water System Project. The project received the final federal advance needed to complete the Minnesota portion of the project from the State of Minnesota in May. Contracts for the construction of pipeline to Worthington, the construction of the Worthington meter building and the construction of the new high service pump station have been awarded and actual construction is progressing. Substantial completion of the pump station is expected in July, the meter building in October and the pipeline in November. It is currently anticipated that Worthington will begin receiving water from Lewis and Clark by the end of November 2018.

Relevant Financial Policies. The City has a policy regarding General Fund reserve balances. The City plans for an unassigned fund balance in the General Fund equivalent to 35%-50% of the subsequent year's budgeted expenditures to provide working capital between semi-annual property tax settlements. Since the property tax settlements are received by the City in July and December, the City needs sufficient cash reserves to avoid short-term borrowing to finance operations. The City has unspendable or restricted fund balances for deferrals, prepaid items, inventories, assets held for resale and other legal obligations. The City also reports committed and assigned fund balances for special purposes.

The primary goal of the City's investment policy is to ensure the safety of the principal invested. Cash temporarily idle during the year is invested in certificates of deposit, obligations of the U.S. Treasury and government agencies. Cash balances from all City funds are pooled into an investment fund and investment income is distributed on a pro-rata basis at June 30 and December 31. A cash flow analysis is utilized and staggered in a way to meet projected liquidity needs.

Capital financing for major improvements is provided through improvement bonds, general obligation bonds, tax increment bonds, or revenue bonds. Depending on the project, special assessments may be levied upon properties to share in the cost of the improvement project. The special assessments are collected over a period of time, typically over the life of the bond issue, and are used to help satisfy the improvement bond debt or reimburse the fund used to finance the project.

The City Council has also adopted financial management policies in order to allow for the planning of adequate funding of services desired by the public, to manage City finances wisely, and to carefully account for public funds. These policies are reviewed each year when the annual budget is adopted. The financial management policies included: operating budget policies; revenue policies; accounting, auditing and financial reporting policies; investment policies; debt policies; capital improvement policies; and risk management policies.

The City Council has adopted a comprehensive set of internal control procedures. The City's accounting system was developed and is continually evaluated to assure the adequacy of internal controls. Internal accounting controls are designed to provide reasonable but not absolute assurance in the areas of: safeguarding assets against loss from unauthorized use or disposition, reliability of financial records, and convenience of access for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the evaluation of cost and benefits requires estimates and judgments by management, and the cost of a control should not exceed the benefits likely to be derived. All internal controls are evaluated against the above criteria. It is our belief that the City's internal accounting controls adequately safeguard the City's assets and also provide reasonable assurance of properly recording financial transactions.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Worthington for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2016. This was the twenty-ninth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance department. Credit also must be given to the Mayor and the City Council for their unflinching support for maintaining the highest standards of professionalism in the management of the City of Worthington's finances.

Respectfully submitted,



Steven Robinson
City Administrator



Brian P. Kolander
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Worthington
Minnesota**

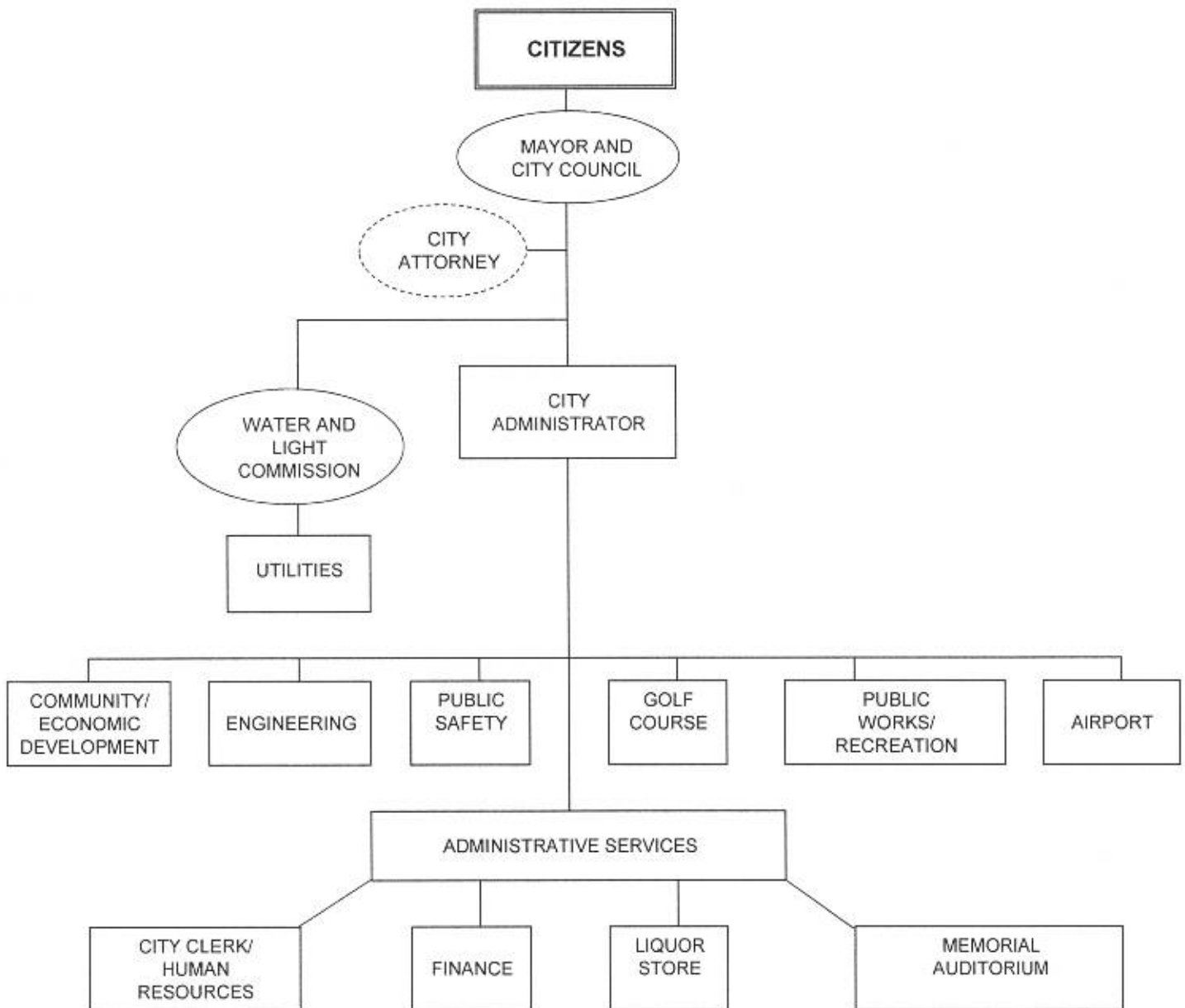
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2016

Christopher P. Morill

Executive Director/CEO

CITY OF WORTHINGTON, MINNESOTA ADMINISTRATIVE ORGANIZATION



CITY OF WORTHINGTON, MINNESOTA

ELECTED AND APPOINTED OFFICIALS

For the year ended December 31, 2017

ELECTED OFFICIALS

		<u>TERM EXPIRES</u>
Mayor	Mike Kuhle	December 2018
Alderman, Ward I	Larry Janssen	December 2018
Alderman, Ward I	Alan Oberloh	December 2020
Alderman, Ward II	Mike Harmon	December 2018
Alderman, Ward II	Amy Ernst	December 2020
Alderman, At Large	Chad Cummings	December 2020

APPOINTED OFFICIALS

City Administrator	Steven Robinson
Treasurer	Brian Kolander
City Clerk	Janice Oberloh
City Engineer	Dwayne Haffield
City Attorney	Mark Shepherd, Malters, Shepherd & Von Holtum

DEPARTMENT HEADS

City Administrator	Steven Robinson
City Clerk/Human Resources Assistant	Janice Oberloh
Director of Finance	Brian Kolander
Director of Engineering	Dwayne Haffield
Director of Community/Economic Development	Jason Brisson
Director of Public Safety	Troy Appel
Superintendent of Public Works	Todd Wietzema
General Manager of Utilities	Scott Hain

City of
Worthington

FINANCIAL SECTION

DREALAN KVILHAUG HOEFKER & Co., P.A.



Member
Division for CPA Firms AICPA

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
MINNESOTA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

CERTIFIED PUBLIC ACCOUNTANTS

WAYNE W. DREALAN, CPA
ELLEN K. HOEFKER, MBA, CPA
GREG H. KVILHAUG, CPA, CFP

VICKIE L. KUIPERS, EA
MARILYN B. McDOWELL, CPA
CINDY M. PENNING, CPA

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members
of the City Council
City of Worthington, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Worthington, Minnesota, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Worthington, Minnesota as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparisons for the General and WRH Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, and the pension schedules as required supplementary information (RSI), as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Worthington, Minnesota's basic financial statements. The combining and individual nonmajor fund financial statements and individual fund budget to actual schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The information identified in the Table of Contents as the Introductory and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued under separate cover, our report dated June 25, 2018, on our consideration of the City of Worthington, 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 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 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 Worthington, Minnesota's internal control over financial reporting and compliance.

Dreelan Kvishang Hoefker & Co., P.A.

Worthington, Minnesota
June 25, 2018

City of
Worthington

Management's Discussion and Analysis

As management of the City of Worthington, we offer readers of the City of Worthington's financial statements this narrative overview and analysis of the financial activities of the City of Worthington for the fiscal year ended December 31, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-4 of this report. All amounts in the Management's Discussion and Analysis are expressed in thousands of dollars.

Financial Highlights

- The assets of the City of Worthington exceeded its liabilities at the close of the most recent fiscal year by \$185,997 (*net position*). Of this amount, \$55,321 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$8,451. The majority of the increase came from a combination of an increase in cash and cash equivalents/investments, an increase in work in progress and an increase in net pension liability.
- As of the close of the current fiscal year, the City of Worthington's governmental funds reported combined ending fund balances of \$33,656, an increase of \$764 in comparison with the prior year. Approximately \$2,366 is *available for spending* at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balances for the general fund was \$3,934, or 54 percent of total general fund expenditures.
- The City of Worthington retired existing debt of \$1,340 during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Worthington's basic financial statements. The City of Worthington's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Worthington's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City of Worthington's assets, liabilities and deferred inflows of resources, with the difference between assets and the sum of liabilities and deferred inflows of resources reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Worthington is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused paid time off (PTO) leave.)

Both of the government-wide financial statements distinguish functions of the City of Worthington that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Worthington include general government, public safety, public works (non-enterprise), culture-recreation and conservation & development. The business-type activities of the City of Worthington include water, municipal wastewater, electric, industrial wastewater facility, storm water management, street lighting, liquor, airport, and cable television.

The government-wide financial statements include the City of Worthington itself (known as the *primary government*). The Water and Light Commission, although also legally separate, function for all practical purposes as departments of the City of Worthington, and therefore have been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 23-25 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Worthington, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Worthington can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Worthington maintains twenty-five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, Small Cities Grant fund, WRH fund, PIR series funds, and improvement construction fund, all of which are considered to be major funds. Data from the other twenty governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City of Worthington adopts an annual appropriated budget for its general fund and all special revenue funds. Budgetary comparison statements have been provided for the general fund (page 30) and the major special revenue Small Cities Grant fund (page 31) and WRH fund (page 32) as well as all the non-major special revenue funds (pages 92-97) to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 26-32 of this report.

Proprietary funds. The City of Worthington maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Worthington uses enterprise funds to account for its water, municipal wastewater, electric, industrial wastewater facility, storm water management, street lighting, liquor, airport, and cable television. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of Worthington's various functions. The City of Worthington uses internal service funds to account for its data processing. Because this service predominantly benefits governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, municipal wastewater, electric, industrial wastewater facility, liquor, and airport funds, which are considered to be major funds of the City of Worthington. Data from the other three enterprise funds are combined into a single aggregated presentation. Conversely, internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the nonmajor proprietary and internal service funds is provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 34-43 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City of Worthington's own program. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 44 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 45-80 of this report.

Other information. The combining statements referred to earlier in connection with nonmajor governmental, nonmajor proprietary, internal service and agency funds are presented immediately following the notes to financial statements. Combining and individual fund statements and schedules can be found on pages 88-114 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the City of Worthington, assets exceeded liabilities by \$185,997 at the close of the most recent fiscal year.

By far the largest portion of the City of Worthington’s net position (60.3 percent) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. The City of Worthington uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Worthington’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Worthington’s Net Position

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current assets	\$ 38,430	\$ 39,194	\$ 47,555	\$ 44,037	\$ 85,985	\$ 83,231
Capital assets	58,041	56,879	61,386	60,608	119,427	117,487
Total assets	<u>\$ 96,471</u>	<u>\$ 96,073</u>	<u>\$ 108,941</u>	<u>\$ 104,645</u>	<u>\$ 205,412</u>	<u>\$ 200,718</u>
Deferred outflows	\$ 3,556	\$ 6,084	\$ 258	\$ 788	\$ 3,814	\$ 6,872
Current liabilities	\$ 860	\$ 2,127	\$ 2,761	\$ 2,564	\$ 3,621	\$ 4,691
Non-current liabilities	12,037	19,425	3,383	4,709	15,420	24,134
Total liabilities	<u>\$ 12,897</u>	<u>\$ 21,552</u>	<u>\$ 6,144</u>	<u>\$ 7,273</u>	<u>\$ 19,041</u>	<u>\$ 28,825</u>
Deferred inflows	\$ 4,089	\$ 1,130	\$ 99	\$ 90	\$ 4,188	\$ 1,220
Net investment in capital assets	\$ 50,861	\$ 48,666	\$ 61,336	\$ 60,566	\$ 112,197	\$ 109,232
Restricted	1,012	838	17,467	17,113	18,479	17,951
Unrestricted	31,168	29,971	24,153	20,391	55,321	50,362
Total net position	<u>\$ 83,041</u>	<u>\$ 79,475</u>	<u>\$ 102,956</u>	<u>\$ 98,070</u>	<u>\$ 185,997</u>	<u>\$ 177,545</u>

A portion of the City of Worthington’s net position (9.9 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$55,321) may be used to meet the government’s ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Worthington is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate business-type activities. The same situation held true for the prior fiscal year.

- The government’s net position increased by \$8,451 during the current fiscal year. The majority of the increase came from a combination of an increase in cash and cash equivalents/investments, an increase in improvements, infrastructure and machinery and equipment and an increase in net pension liability.

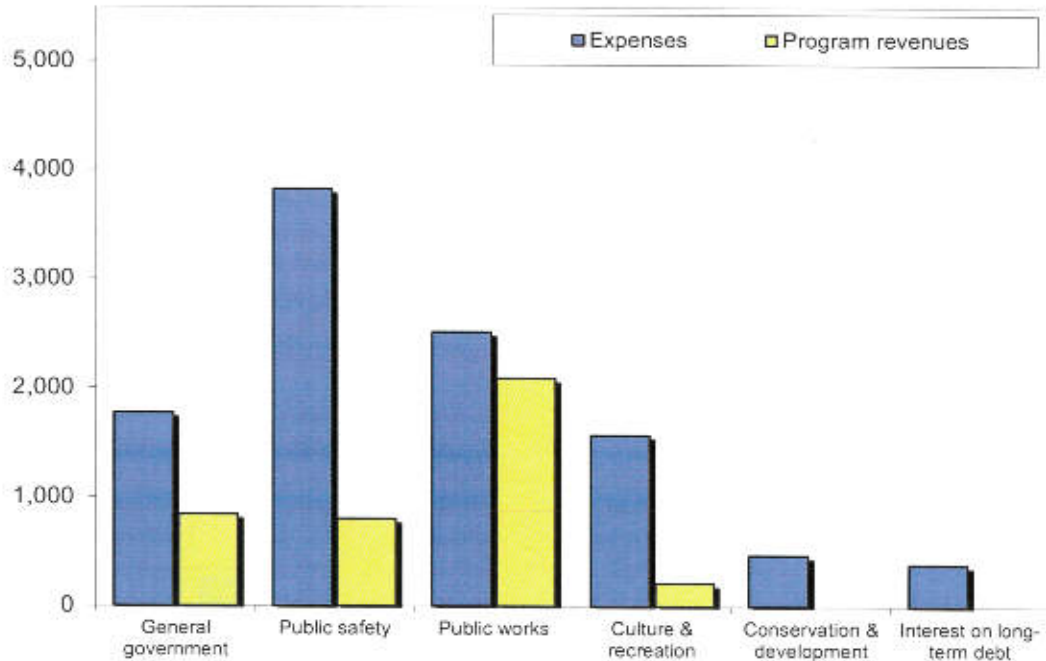
City of Worthington's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 1,345	\$ 1,003	\$ 33,916	\$ 33,212	\$ 35,261	\$ 34,215
Operating grants and contributions	723	882	85	74	808	956
Capital grants and contributions	1,882	1,353	274	810	2,156	810
General revenues:						
Property taxes	3,646	3,429	-	-	3,646	3,429
Other taxes	1,734	1,077	-	-	1,734	1,077
Grants and contributions not restricted to specific programs	3,195	3,188	-	-	3,195	3,188
Other	824	1,063	516	356	1,340	1,419
Total revenues	\$ 13,349	\$ 11,995	\$ 34,791	\$ 34,452	\$ 48,140	\$ 45,094
Expenses:						
General government	\$ 1,775	\$ 2,016	\$ -	\$ -	\$ 1,775	\$ 2,016
Public safety	3,904	5,325	-	-	3,904	5,325
Public works	2,514	2,399	-	-	2,514	2,399
Culture and recreation	1,571	1,676	-	-	1,571	1,676
Conservation and development	472	683	-	-	472	683
Interest on long-term debt	389	366	-	-	389	366
Water	-	-	2,642	2,700	2,642	2,700
Municipal Wastewater	-	-	1,516	1,700	1,516	1,700
Electric	-	-	18,662	19,026	18,662	19,026
Industrial Wastewater Facility	-	-	1,714	1,655	1,714	1,655
Storm Water Management	-	-	273	313	273	313
Street Lighting	-	-	85	123	85	123
Liquor	-	-	3,304	3,282	3,304	3,282
Airport	-	-	735	713	735	713
Cable Television	-	-	132	143	132	143
Total expenses	\$ 10,625	\$ 12,465	\$ 29,063	\$ 29,655	\$ 39,688	\$ 42,120
Increase(decrease) in net position before transfers	\$ 2,724	\$ (470)	\$ 5,728	\$ 4,797	\$ 8,452	\$ 2,974
Transfers	842	825	(842)	(825)	-	-
Increase(decrease) in net position	\$ 3,566	\$ 355	\$ 4,886	\$ 3,972	\$ 8,452	\$ 4,327
Net position-January 1	79,475	79,120	98,070	94,098	177,545	173,218
Net position-December 31	\$ 83,041	\$ 79,475	\$ 102,956	\$ 98,070	\$ 185,997	\$ 177,545

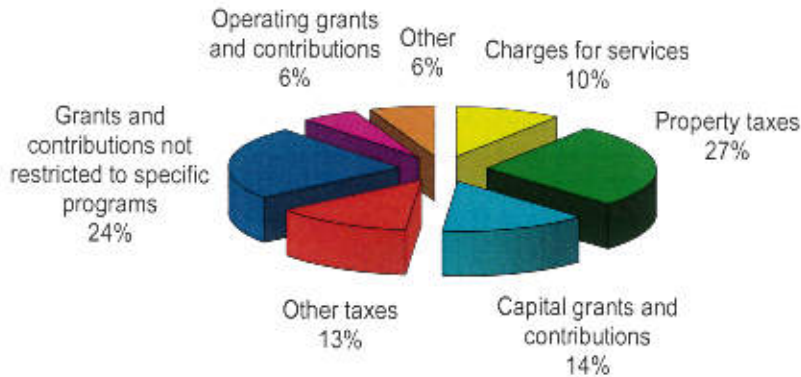
Governmental activities. Governmental activities increased the City of Worthington's net position by \$3,566, thereby accounting for 42.2 percent of the total increase in the net position of the City of Worthington. Key elements of this increase are as follows:

- The main reasons for the increase relates to a mixture of certain revenues increasing over 2016 as well as certain expenditures decreasing. Capital grants and contributions revenues increased due to the type of projects completed and revenue sources available. The public safety expenditures decreased due to difference in proportionate share of pension expenses.

Expenses and Program Revenues – Governmental Activities



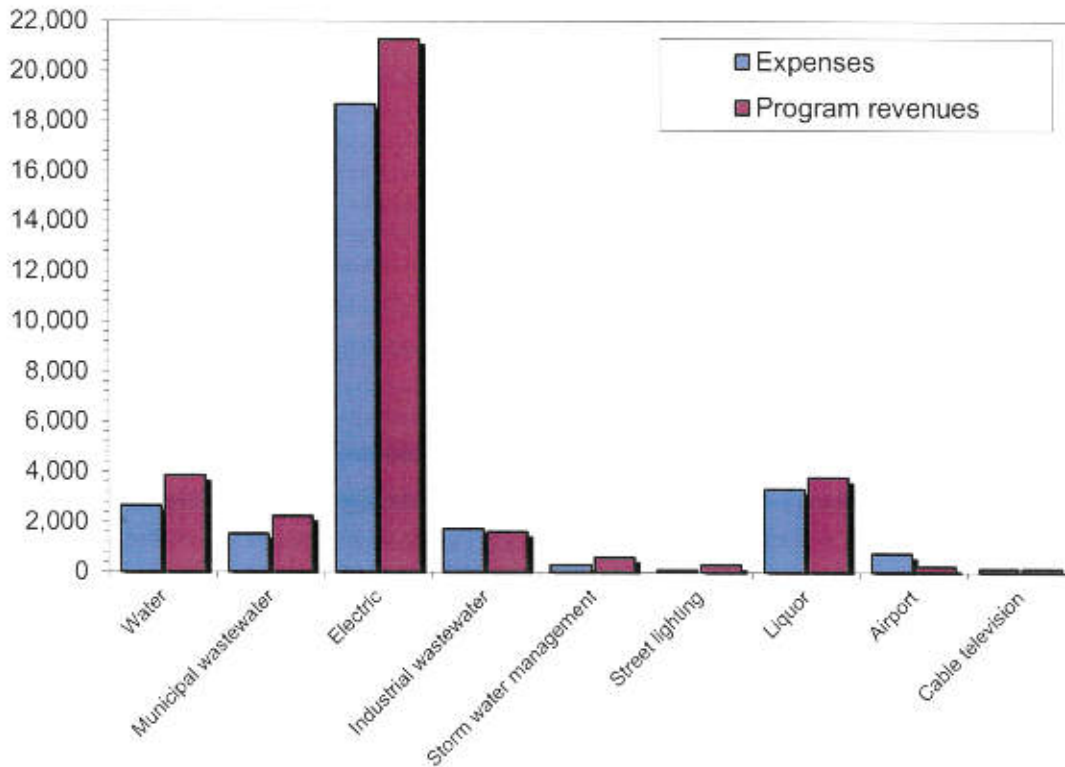
Revenues by Source – Governmental Activities



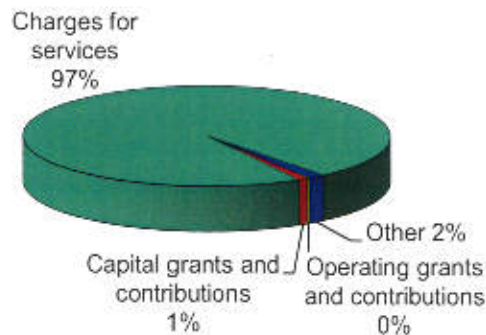
Overall, governmental activities expenses decreased by \$1,840 in 2017 from 2016.

Business-type activities. Business-type activities increased the City of Worthington's net position by \$4,886 accounting for 57.3 percent of the total growth in the City's net position. Key elements of this increase include water revenues that were more than expected due to usage (\$676) and expenditures less than expected (\$602), mainly due to capital related expenditures. Municipal Wastewater revenues that were more than expected due to investment earnings and other revenues (\$149) and expenditures less than expected (\$815), mainly due to capital related expenditures. Electric revenues that were more than expected due to usage (\$1,202) and expenditures less than expected (\$607), mainly due to capital related expenditures.

Expenses and Program Revenues – Business-type Activities



Revenues by Source – Business-type Activities



Financial Analysis of the Government's Funds

As noted earlier, the City of Worthington uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City of Worthington's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City of Worthington's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City of Worthington's governmental funds reported combined ending fund balances of \$33,656, an increase of \$764 in comparison with the prior year. *Committed, assigned and unassigned fund balance*, which is available for spending at the government's discretion, has a balance of \$31,138 at year end. The remainder of fund balance is in *nonspendable or restricted* to indicate that it is not available for new spending because it has already been obligated 1) to pay debt service (\$1,986), 2) for land held for resale (\$252), 3) for Buffalo Ridge (\$144), 4) for prepaid items (\$103), and 5) for inventory (\$32) and other restrictions.

The general fund is the chief operating fund of the City of Worthington. At the end of the current fiscal year, unassigned fund balance of the general fund was \$3,934, while total fund balance was \$8,136. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 54 percent of total general fund expenditures, while total fund balance represents 112 percent of that same amount.

The fund balance of the City of Worthington's general fund decreased by \$415 during the current fiscal year. The key factors of this decrease are as follows:

- Fines and forfeits revenues were less than budgeted mainly due to court fines and administrative fees coming in less than budgeted.
- Miscellaneous revenues were less than budgeted mainly due to loss on investments.

The Small Cities Grant fund has a fund balance of \$415 which increased by \$21 due to intergovernmental and miscellaneous revenues and no expenditures.

The WRH fund has a fund balance of \$12,681 which increased by \$178 due mainly to investment earnings exceeding expectations.

The PIR Series Bonds fund has a fund balance of \$1,955 which is an increase of \$9 due to special assessments and interest earnings.

The Improvement Construction fund had a fund balance of \$4,545 which is a decrease of \$150. The key factors of this decrease are as follows:

- Intergovernmental revenue received and capital projects started that were less than budgeted.

Proprietary funds. The City of Worthington's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the water, municipal wastewater, electric, industrial wastewater, liquor, and airport funds at the end of the year amounted to \$753, \$7,173, \$11,902, \$980, \$574, and \$736, respectively. The total growth (decrease) in net position for the water, municipal wastewater, electric, industrial wastewater, liquor, and airport were \$1,318, \$824, \$2,237, \$(93), \$258, and \$(323) respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Worthington's business-type activities.

General Fund Budgetary Highlights

During the year there was a \$105 increase in appropriations between the original and final amended budget. Following are the main components of the increase:

- \$40 supplemental appropriations to the general government department for the purchase of aerial mapping and engineering technician vehicle for the engineering department. The appropriations were funded by existing reserves in the equipment revolving schedule.
- \$28 supplemental appropriations to the public safety department for the purchase of a fire hoses/nozzles and pagers for the fire department. The appropriations were funded by existing reserves in the equipment revolving schedule.

The most significant variances between the final budget and actual expenses in the general fund occurred in the general government (favorable - \$236), public works (favorable - \$84) and conservation and development (favorable - \$63). The favorable variance in general government was largely due to engineering administration capital related expenditures less than expected and community & economic development personnel position open for a period of time after an employee accepted a new position elsewhere and expenditures not made for the Worthington Rediscovered program or the annual housing grant writing. The favorable variance in the public works expenditures was largely due to overall underspending in personnel services, supplies and other services and charges. The favorable variance in conservation and development expenditures was due to capital expenditures for lake improvement not completed.

Capital Asset and Debt Administration

Capital assets. The City of Worthington's investment in capital assets for its governmental and business-type activities as of December 31, 2017, amounts to \$119,427 (net of accumulated depreciation). This investment in capital assets includes land, buildings and structures, improvements, machinery and equipment, park facilities, streets and intangible assets. The total increase in the City of Worthington's investment in capital assets for the current fiscal year was .97 percent (a .96 percent increase for governmental activities and a .97 percent increase for business-type activities).

Major capital asset events during the current fiscal year included the following:

- Construction began but not completed on recreation projects (\$13), street projects (\$570), water projects (\$93), municipal wastewater projects (\$39) and stormwater projects (\$64).
- Many street construction projects were in progress but not completed by the end of 2017.

City of Worthington's Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 4,006	\$ 3,994	\$ 523	\$ 523	\$ 4,529	\$ 4,517
Buildings and structures	21,043	21,021	29,498	29,511	50,541	50,532
Improvements	3,346	2,045	78,821	76,146	82,167	78,191
Infrastructure	48,840	46,862	-	-	48,840	46,862
Machinery and equipment	5,475	5,030	4,673	4,545	10,148	9,575
Furniture and fixtures	470	478	190	209	660	687
Other capital assets	309	309	-	-	309	309
Intangibles	135	135	3,200	3,200	3,335	3,335
Work in progress	8,513	8,803	5,222	4,717	13,735	13,520
Total	\$ 92,137	\$ 88,677	\$ 122,127	\$ 118,851	\$ 214,264	\$ 207,528

Additional information on the City of Worthington's capital assets can be found in note 4(C) on pages 57-58 of this report.

Long-term debt. At the end of the current fiscal year, the City of Worthington had total bonded debt outstanding of \$8,090. Of this amount, \$7,000 comprises debt backed by the full faith and credit of the government. The remainder of the City of Worthington's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

City of Worthington's Outstanding Debt
General Obligation and Revenue Bonds

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
	General obligation bonds	\$ 7,061	\$ 7,726	\$ -	\$ -	\$ 7,061
General obligation revenue bonds	1,094	1,626	-	-	1,094	1,626
Total	\$ 8,155 *	\$ 9,352 *	\$ - *	\$ - *	\$ 8,155 *	\$ 9,352 *

*Includes unamortized premium(discounts)

The City of Worthington's total debt decreased by \$1,197 (12.8 percent) during the current fiscal year. The City of Worthington retained an AA- rating from Standard and Poor's for general obligation debt.

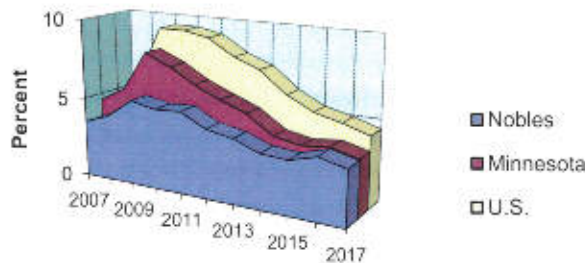
State statutes limit the amount of general obligation debt a governmental entity may issue to 3 percent of its estimated assessed value. The current debt limitation for the City of Worthington is \$20,849, which is significantly in excess of the City of Worthington's outstanding general obligation debt (see Table XIV, pages 140-141).

Additional information on the City of Worthington's long-term debt can be found in note 4(G) on pages 61-64 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Nobles County as of December 31, 2017 is 3.4 percent, which is lower than a year ago (3.8). This compares favorably to the State's average unemployment rate of 3.5 percent and the national average rate of 4.4 percent.

Unemployment Rates



- Inflationary trends in the region compare favorably to national indices.

These factors were considered in preparing the City of Worthington's budget for the 2017 fiscal year.

During the current fiscal year, unassigned fund balance in the general fund decreased to \$3,934.

Requests for Information

This financial report is designed to provide a general overview of the City of Worthington's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, P.O. Box 279, Worthington, MN 56187.

City of
Worthington

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION
December 31, 2017

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 23,627,149	\$ 37,318,562	\$ 60,945,711
Investments	4,626,399	7,307,299	11,933,698
Accounts receivable	95,031	317,845	412,876
Notes receivable	3,744,031	-	3,744,031
Utilities receivable	-	2,546,627	2,546,627
Taxes receivable	38,316	-	38,316
Special assessments receivable	1,902,920	-	1,902,920
Interest receivable	80,491	118,452	198,943
Internal balances	840,290	(840,290)	-
Due from other governments	3,071,203	76,379	3,147,582
Contracts receivable	-	23,136	23,136
Inventories	31,900	574,299	606,199
Prepayments	112,690	112,064	224,754
Net pension asset	7,230	-	7,230
Capital assets held for resale	252,065	-	252,065
Capital assets (Note 4C)			
Land, intangibles & work in progress	12,653,755	8,944,859	21,598,614
Other capital assets, net of depreciation	45,387,111	52,441,449	97,828,560
TOTAL ASSETS	\$ 96,470,581	\$ 108,940,681	\$ 205,411,262
DEFERRED OUTFLOWS OF RESOURCES			
Related to pensions	\$ 3,555,799	\$ 258,420	\$ 3,814,219
LIABILITIES			
Accounts payable	\$ 289,855	\$ 2,154,486	\$ 2,444,341
Contracts and retainage payable	112,383	50,628	163,011
Accrued payroll	125,093	55,747	180,840
Due to other governments	380	296,621	297,001
Sureties/deposits	625	186,360	186,985
Accrued interest payable	182,528	-	182,528
Unearned revenue	148,914	16,909	165,823
Noncurrent liabilities:			
Due within one year	1,278,876	155,000	1,433,876
Due in more than one year	7,596,447	1,685,000	9,281,447
Net pension liability	3,161,710	1,542,791	4,704,501
TOTAL LIABILITIES	\$ 12,896,811	\$ 6,143,542	\$ 19,040,353
DEFERRED INFLOWS OF RESOURCES			
Related to pensions	\$ 4,088,810	\$ 99,446	\$ 4,188,256
NET POSITION			
Net investment in capital assets	\$ 50,860,906	\$ 61,335,680	\$ 112,196,586
Restricted for:			
Capital projects	1,281	17,217,132	17,218,413
Debt service	1,010,435	250,000	1,260,435
Unrestricted	31,168,137	24,153,301	55,321,438
TOTAL NET POSITION	\$ 83,040,759	\$ 102,956,113	\$ 185,996,872

The accompanying notes are an integral part of the financial statements

CITY OF WORTHINGTON, MINNESOTA

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2017

FUNCTION/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENT ACTIVITIES				
General government	\$ 1,774,849	\$ 844,482	\$ 421	\$ -
Public safety	3,904,169	247,223	553,706	-
Public works	2,514,522	90,791	118,832	1,881,962
Culture and recreation	1,570,691	162,831	50,137	-
Conservation and development	472,180	-	-	-
Interest on long-term debt	389,415	-	-	-
TOTAL GOVERNMENT ACTIVITIES	\$ 10,625,826	\$ 1,345,327	\$ 723,096	\$ 1,881,962
BUSINESS-TYPE ACTIVITIES				
Water	\$ 2,642,004	\$ 3,840,879	\$ -	\$ -
Municipal Wastewater	1,516,610	2,210,851	-	-
Electric	18,662,026	21,264,674	-	-
Industrial Wastewater Facility	1,713,977	1,595,874	-	-
Storm Water Management	273,000	592,605	-	172,527
Street Lighting	84,648	285,245	-	-
Liquor	3,303,920	3,774,433	-	-
Airport	735,318	220,049	84,459	101,446
Cable Television	131,680	131,680	-	-
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 29,063,183	\$ 33,916,290	\$ 84,459	\$ 273,973
TOTAL GOVERNMENT	\$ 39,689,009	\$ 35,261,617	\$ 807,555	\$ 2,155,935

General Revenues:

Taxes:

Property taxes

Sales taxes

Gambling taxes

Tax increment fees

Grants and contributions not restricted to specific programs

Unrestricted investment earnings

Net decrease in the fair value of investments

Other

Gain on sale of capital assets

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position, January 1

Net Position, December 31

The accompanying notes are an integral part of the financial statements

EXHIBIT 2

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (929,946)	\$ -	\$ (929,946)
(3,103,240)	-	(3,103,240)
(422,937)	-	(422,937)
(1,357,723)	-	(1,357,723)
(472,180)	-	(472,180)
(389,415)	-	(389,415)
<u>\$ (6,675,441)</u>	<u>\$ -</u>	<u>\$ (6,675,441)</u>
\$ -	\$ 1,198,875	\$ 1,198,875
-	694,241	694,241
-	2,602,648	2,602,648
-	(118,103)	(118,103)
-	492,132	492,132
-	200,597	200,597
-	470,513	470,513
-	(329,364)	(329,364)
-	-	-
<u>\$ -</u>	<u>\$ 5,211,539</u>	<u>\$ 5,211,539</u>
<u>\$ (6,675,441)</u>	<u>\$ 5,211,539</u>	<u>\$ (1,463,902)</u>
\$ 3,645,694	\$ 9	\$ 3,645,703
1,547,517	-	1,547,517
4,658	-	4,658
181,911	-	181,911
3,194,810	-	3,194,810
440,916	408,528	849,444
(171,676)	-	(171,676)
555,006	75,970	630,976
-	31,943	31,943
842,172	(842,172)	-
<u>\$ 10,241,008</u>	<u>\$ (325,722)</u>	<u>\$ 9,915,286</u>
<u>\$ 3,565,567</u>	<u>\$ 4,885,817</u>	<u>\$ 8,451,384</u>
<u>79,475,192</u>	<u>98,070,296</u>	<u>177,545,488</u>
<u>\$ 83,040,759</u>	<u>\$ 102,956,113</u>	<u>\$ 185,996,872</u>

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2017

	General	Small Cities Grant	WRH	PIR Series Bonds	Improvement Construction	Other Governmental Funds (See Exhibit A-1)	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 3,683,355	\$ 87,689	\$ 7,954,035	\$ 1,651,594	\$ 3,385,267	\$ 5,405,658	\$ 22,167,598
Investments	721,233	17,170	1,557,469	323,396	662,864	1,058,475	4,340,607
Accounts receivable	69,190	1,801	376	11,122	-	12,542	95,031
Notes receivable	-	920,000	2,824,031	-	-	-	3,744,031
Taxes receivable	13,636	-	-	5,713	2,536	16,431	38,316
Special assessments receivable	8,382	-	-	1,894,538	-	-	1,902,920
Interest receivable	9,636	10,174	26,487	4,207	12,086	15,305	77,895
Interfund loans	1,223,154	-	318,540	-	-	-	1,541,694
Due from other governments	2,324,368	-	-	-	605,090	141,745	3,071,203
Inventories	31,900	-	-	-	-	-	31,900
Prepayments	76,440	-	-	691	2,270	23,671	103,072
Capital assets held for resale	252,065	-	-	-	-	-	252,065
TOTAL ASSETS	\$ 8,413,359	\$ 1,036,834	\$ 12,680,938	\$ 3,891,261	\$ 4,670,113	\$ 6,673,827	\$ 37,366,332

(Continued)

The accompanying notes are an integral part of the financial statements

CITY OF WORTHINGTON, MINNESOTA

EXHIBIT 3
(Continued)

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2017

	General	Small Cities Grant	WRH	PIR Series Bonds	Improvement Construction	Other Governmental Funds (See Exhibit A-1)	Total Governmental Funds
LIABILITIES							
Accounts payable	\$ 160,105	\$ -	\$ -	\$ -	\$ 16,393	\$ 112,073	\$ 288,571
Contracts and retainage payable	1,931	-	-	-	109,202	1,250	112,383
Accrued payroll	114,230	-	-	543	-	6,972	121,745
Interfund loans payable	-	-	-	-	-	628,925	628,925
Due to other governments	77	-	-	-	-	303	380
Sureties/deposits	625	-	-	-	-	-	625
TOTAL LIABILITIES	\$ 276,968	\$ -	\$ -	\$ 543	\$ 125,595	\$ 749,523	\$ 1,152,629
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue-							
Notes receivable	\$ -	\$ 621,801	\$ -	\$ -	\$ -	\$ -	\$ 621,801
Special assessments	-	-	-	1,935,883	-	-	1,935,883
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ -	\$ 621,801	\$ -	\$ 1,935,883	\$ -	\$ -	\$ 2,557,684
FUND BALANCES							
Nonspendable	\$ 360,405	\$ -	\$ -	\$ 691	\$ 2,270	\$ 23,671	\$ 387,037
Restricted	1,281	-	-	1,954,144	-	175,479	2,130,904
Committed	3,104,734	415,033	10,154,367	-	-	1,179,737	14,853,871
Assigned	735,741	-	2,526,571	-	4,542,248	4,891,787	12,696,347
Unassigned	3,934,230	-	-	-	-	(346,370)	3,587,860
TOTAL FUND BALANCES	\$ 8,136,391	\$ 415,033	\$ 12,680,938	\$ 1,954,835	\$ 4,544,518	\$ 5,924,304	\$ 33,656,019
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 8,413,359	\$ 1,036,834	\$ 12,680,938	\$ 3,891,261	\$ 4,670,113	\$ 6,673,827	

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	58,019,322
Other long-term assets related to notes receivable and special assessment receivable will be collected in future years, but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.	2,408,770
Internal service funds are used by management to charge costs of operations to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	981,627
The Net Position of the City's Fire Relief Association currently exceeds the actuarially determined total pension liability creating a net pension asset.	86,858
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	(533,011)
Amounts pertaining to the Worthington Fire Relief Association pension plan are not current financial resources and therefore are not reported in the funds.	(79,628)
Long-term liabilities, including bonds payable and pensions are not due and payable in the current period and therefore, are not reported in the governmental funds.	(11,499,198)
Net position of governmental activities in the statement of net position	\$ 83,040,759

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2017

	General	Small Cities Grant	WRH	PIR Series Bonds	Improvement Construction	Other Governmental Funds (See Exhibit A-2)	Total Governmental Funds
REVENUES							
Taxes	\$ 1,242,932	\$ -	\$ -	\$ 622,071	\$ 649,581	\$ 2,895,302	\$ 5,409,886
Licenses and permits	289,298	-	-	-	-	-	289,298
Intergovernmental revenues	3,851,714	-	-	68	1,882,040	250,129	5,783,951
Charges for services	527,686	-	-	-	-	290,614	818,300
Fines and forfeits	51,737	-	-	-	-	1,374	53,111
Special assessments	46	-	-	473,870	-	-	473,916
Investment earnings	111,510	7,263	210,352	12,953	39,425	50,752	432,255
Net decrease in the fair value of investments	(171,676)	-	-	-	-	-	(171,676)
Rents	28,879	-	-	-	-	60,717	89,596
Other	65,903	13,937	47,745	-	7,780	40,767	176,112
TOTAL REVENUES	\$ 5,798,029	\$ 21,200	\$ 258,097	\$ 1,108,962	\$ 2,578,806	\$ 3,589,655	\$ 13,354,749
EXPENDITURES							
Current							
General government	\$ 1,706,579	\$ -	\$ 101,802	\$ -	\$ -	\$ 13,632	\$ 1,822,013
Public safety	4,355,083	-	-	-	-	348,362	4,703,445
Public works	908,237	-	-	259,635	-	-	1,167,872
Culture and recreation	94,314	-	-	-	-	1,204,946	1,299,260
Conservation and development	227,912	-	-	-	-	327,091	555,003
Capital outlay	-	-	-	-	-	-	-
Projects	-	-	-	-	2,728,440	73,472	2,801,912
Debt service	-	-	-	-	-	-	-
Principal	-	-	-	660,000	-	530,000	1,190,000
Interest and fiscal agent fees	-	-	-	180,595	-	26,291	206,886
TOTAL EXPENDITURES	\$ 7,292,125	\$ -	\$ 101,802	\$ 1,100,230	\$ 2,728,440	\$ 2,523,794	\$ 13,746,391
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ (1,494,096)	\$ 21,200	\$ 156,295	\$ 8,732	\$ (149,634)	\$ 1,065,861	\$ (391,642)
OTHER FINANCING SOURCES (USES)							
Sale of capital asset	\$ 9,092	\$ -	\$ -	\$ -	\$ -	\$ 54,096	\$ 63,188
Transfer-in	1,113,878	-	21,706	-	-	1,756,291	2,891,875
Transfer-out	(43,412)	-	-	-	-	(1,756,291)	(1,799,703)
TOTAL OTHER FINANCING SOURCES (USES)	\$ 1,079,558	\$ -	\$ 21,706	\$ -	\$ -	\$ 54,096	\$ 1,155,360
NET CHANGE IN FUND BALANCES	\$ (414,538)	\$ 21,200	\$ 178,001	\$ 8,732	\$ (149,634)	\$ 1,119,957	\$ 763,718
FUND BALANCE, January 1	8,550,929	393,833	12,502,937	1,946,103	4,694,152	4,804,347	32,892,301
FUND BALANCE, December 31	\$ 8,136,391	\$ 415,033	\$ 12,680,938	\$ 1,954,835	\$ 4,544,518	\$ 5,924,304	\$ 33,656,019

The accompanying notes are an integral part of the financial statements

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2017

Amounts reported for governmental activities in the statement of activities (See Exhibit 2) are different because:

Net change in fund balances - total governmental funds (See Exhibit 4)	\$ 763,718
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are depreciated over their estimated useful lives.	1,249,749
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and trade-ins) is to increase net assets.	(78,664)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(14,189)
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 principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds exceeded repayments.	1,190,000
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.	(190,860)
Governmental Funds report Fire Department pension contribution as expenditures, however pension expense is reported in the statement of activities. This is the amount by which pension expense exceeded pension contributions.	(79,628)
Internal service funds are used by management to charge the costs of certain activities to individual funds.	<u>725,441</u>
Change in net position of governmental activities (See Exhibit 2)	<u>\$ 3,565,567</u>

The accompanying notes are an integral part of the financial statements

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 1,241,902	\$ 1,241,902	\$ 1,242,932	\$ 1,030
Licenses and permits	250,900	250,900	289,298	38,398
Intergovernmental revenue	3,640,886	3,640,886	3,651,714	10,828
Charges for services	491,448	491,448	527,686	36,238
Fines and forfeits	112,000	112,000	51,737	(60,263)
Miscellaneous revenue	144,841	144,841	34,662	(110,179)
TOTAL REVENUES	<u>\$ 5,881,977</u>	<u>\$ 5,881,977</u>	<u>\$ 5,798,029</u>	<u>\$ (83,948)</u>
EXPENDITURES				
General government	\$ 1,902,039	\$ 1,942,239	\$ 1,706,579	\$ 235,660
Public safety	4,339,017	4,366,527	4,355,083	11,444
Public works	991,952	991,952	908,237	83,715
Culture and recreation	105,935	105,935	94,314	11,621
Conservation and development	290,996	290,996	227,912	63,084
TOTAL EXPENDITURES	<u>\$ 7,629,939</u>	<u>\$ 7,697,649</u>	<u>\$ 7,292,125</u>	<u>\$ 405,524</u>
EXCESS(DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (1,747,962)</u>	<u>\$ (1,815,672)</u>	<u>\$ (1,494,096)</u>	<u>\$ 321,576</u>
OTHER FINANCING SOURCES(USES)				
Sale of fixed assets	\$ -	\$ -	\$ 9,092	\$ 9,092
Transfer-in	1,100,650	1,100,650	1,113,878	13,228
Transfer-out	(43,412)	(43,412)	(43,412)	-
TOTAL OTHER FINANCING SOURCES	<u>\$ 1,057,238</u>	<u>\$ 1,057,238</u>	<u>\$ 1,079,558</u>	<u>\$ 22,320</u>
Net changes in fund balances	<u>\$ (690,724)</u>	<u>\$ (758,434)</u>	<u>\$ (414,538)</u>	<u>\$ 343,896</u>
FUND BALANCE, January 1	8,550,929	8,550,929	8,550,929	-
FUND BALANCE, December 31	<u>\$ 7,860,205</u>	<u>\$ 7,792,495</u>	<u>\$ 8,136,391</u>	<u>\$ 343,896</u>

The accompanying notes are an integral part of the financial statements

CITY OF WORTHINGTON, MINNESOTA

EXHIBIT 7

SMALL CITIES GRANTS FUND
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous				
Investment earnings	\$ -	\$ -	\$ 7,263	\$ 7,263
Other revenue	-	-	13,937	13,937
TOTAL REVENUES	\$ -	\$ -	\$ 21,200	\$ 21,200
EXPENDITURES	-	-	-	-
EXCESS OF REVENUES OVER EXPENDITURES	\$ -	\$ -	\$ 21,200	\$ 21,200
FUND BALANCE, January 1	393,833	393,833	393,833	-
FUND BALANCE, December 31	\$ 393,833	\$ 393,833	\$ 415,033	\$ 21,200

The accompanying notes are an integral part of the financial statements

WRH FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous revenue				
Investment earnings	\$ 188,802	\$ 188,802	\$ 210,352	\$ 21,550
Other	7,500	7,500	47,745	47,745
TOTAL REVENUES	<u>\$ 196,302</u>	<u>\$ 196,302</u>	<u>\$ 258,097</u>	<u>\$ 69,295</u>
EXPENDITURES				
General government				
Other services and charges	\$ 45,657	\$ 45,657	\$ 101,802	\$ (56,145)
TOTAL EXPENDITURES	<u>\$ 45,657</u>	<u>\$ 45,657</u>	<u>\$ 101,802</u>	<u>\$ (56,145)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ 150,645</u>	<u>\$ 150,645</u>	<u>\$ 156,295</u>	<u>\$ 13,150</u>
OTHER FINANCING SOURCES				
Transfer-in	\$ 21,706	\$ 21,706	\$ 21,706	\$ -
TOTAL OTHER FINANCING SOURCES	<u>\$ 21,706</u>	<u>\$ 21,706</u>	<u>\$ 21,706</u>	<u>\$ -</u>
Net changes in fund balances	<u>\$ 172,351</u>	<u>\$ 172,351</u>	<u>\$ 178,001</u>	<u>\$ 13,150</u>
FUND BALANCE, January 1	12,502,937	12,502,937	12,502,937	-
FUND BALANCE, December 31	<u>\$ 12,675,288</u>	<u>\$ 12,675,288</u>	<u>\$ 12,680,938</u>	<u>\$ 13,150</u>

The accompanying notes are an integral part of the financial statements

City of
Worthington

CITY OF WORTHINGTON, MINNESOTA

STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
December 31, 2017

	Business-type Activities-Enterprise Funds			
	Water	Municipal Wastewater	Electric	Industrial Wastewater Facility
ASSETS				
Current assets				
Cash and cash equivalents	\$ 7,302,106	\$ 10,477,910	\$ 14,276,130	\$ 1,601,288
Investments	1,429,816	2,051,666	2,795,390	313,546
Accounts receivable	824	6,665	70,820	133,540
Utilities receivable	371,449	232,510	1,866,751	-
Interest receivable	24,057	33,234	43,664	5,259
Due from other governments	-	-	-	-
Contracts receivable	-	-	-	-
Inventories	-	-	-	-
Prepayments	48,163	12,880	27,894	2,210
Total current assets	<u>\$ 9,176,415</u>	<u>\$ 12,814,865</u>	<u>\$ 19,080,649</u>	<u>\$ 2,055,843</u>
Noncurrent assets				
Capital assets				
Land, intangibles & work in progress	\$ 4,942,670	\$ 286,795	\$ 1,017,201	\$ 467,595
Buildings & improvements	22,242,465	21,367,053	29,027,519	10,091,511
Equipment & furniture	686,405	939,170	1,890,970	202,261
Less accumulated depreciation	(9,187,450)	(16,359,815)	(15,463,050)	(5,583,677)
Noncurrent assets	<u>\$ 18,684,090</u>	<u>\$ 6,213,203</u>	<u>\$ 16,472,640</u>	<u>\$ 5,177,710</u>
TOTAL ASSETS	<u>\$ 27,860,505</u>	<u>\$ 19,028,068</u>	<u>\$ 35,553,289</u>	<u>\$ 7,233,553</u>
DEFERRED OUTFLOWS OF RESOURCES				
Related to pensions	\$ 52,253	\$ 61,803	\$ 115,054	\$ -
LIABILITIES				
Current liabilities				
Accounts payable	\$ 202,409	\$ 21,635	\$ 1,411,100	\$ 109,490
Contracts and retainage payable	13,443	4,265	-	11,411
Accrued payroll	14,248	14,593	18,938	-
Interfund loans payable	-	-	-	-
Due to other governments	2,255	-	49,526	-
Sureties/deposits	24,615	28,030	133,715	-
Unearned revenue	-	-	3,792	-
Bonds, note and lease payable	155,000	-	-	-
Total current liabilities	<u>\$ 411,970</u>	<u>\$ 68,523</u>	<u>\$ 1,617,071</u>	<u>\$ 120,901</u>
Noncurrent liabilities				
General obligation revenue note payable	\$ 1,685,000	\$ -	\$ -	\$ -
Pension liability	319,940	371,333	682,746	-
Accrued vacation and sick pay	-	-	-	-
Total noncurrent liabilities	<u>\$ 2,004,940</u>	<u>\$ 371,333</u>	<u>\$ 682,746</u>	<u>\$ -</u>
TOTAL LIABILITIES	<u>\$ 2,416,910</u>	<u>\$ 439,856</u>	<u>\$ 2,299,817</u>	<u>\$ 120,901</u>
DEFERRED INFLOWS OF RESOURCES				
Related to pensions	\$ 19,828	\$ 24,283	\$ 43,854	\$ -
NET POSITION				
Net investment in capital assets	\$ 18,670,647	\$ 6,208,938	\$ 16,472,640	\$ 5,166,299
Restricted for:				
Capital projects	5,802,072	5,244,223	4,950,000	966,194
Debt service	250,000	-	-	-
Unrestricted	753,301	7,172,571	11,902,032	960,159
TOTAL NET POSITION	<u>\$ 25,476,020</u>	<u>\$ 18,625,732</u>	<u>\$ 33,324,672</u>	<u>\$ 7,112,652</u>

Some amounts reported for business-type activities in the statement of net position (Exhibit 1) are different because certain internal service fund assets and liabilities are included with business-type activities.

Net position of business-type activities

The accompanying notes are an integral part of the financial statements

Liquor	Airport	Other Enterprise Funds (See Exhibit B-1)	Total	Governmental Activities- Internal Service Funds (See Exhibit C-1)
\$ 1,228,166	\$ 768,437	\$ 1,664,525	\$ 37,318,562	\$ 1,459,551
240,486	150,466	325,929	7,307,299	285,792
806	105,190	-	317,845	-
-	-	75,917	2,546,627	-
4,425	2,388	5,425	118,452	2,596
-	76,379	-	76,379	-
-	-	23,136	23,136	-
574,299	-	-	574,299	-
7,073	12,149	1,695	112,064	9,618
<u>\$ 2,055,255</u>	<u>\$ 1,115,009</u>	<u>\$ 2,096,627</u>	<u>\$ 48,394,663</u>	<u>\$ 1,757,557</u>
\$ 1,574,130	\$ 144,576	\$ 531,892	\$ 8,944,859	\$ -
506,218	22,979,369	2,105,135	108,319,270	-
122,976	644,951	375,697	4,862,450	98,921
(386,309)	(13,031,226)	(728,744)	(60,740,271)	(77,377)
<u>\$ 1,817,015</u>	<u>\$ 10,737,670</u>	<u>\$ 2,283,980</u>	<u>\$ 61,386,308</u>	<u>\$ 21,544</u>
\$ 3,872,270	\$ 11,852,679	\$ 4,380,607	\$ 109,780,971	\$ 1,779,101
\$ 29,310	\$ -	\$ -	\$ 258,420	\$ 33,746
\$ 365,188	\$ 7,111	\$ 37,553	\$ 2,154,466	\$ 1,284
21,046	-	463	50,628	-
7,294	399	275	55,747	3,348
912,769	-	-	912,769	-
43,394	201,446	-	298,621	-
-	-	-	188,360	-
2,047	11,070	-	16,909	-
-	-	-	155,000	-
<u>\$ 1,351,738</u>	<u>\$ 220,026</u>	<u>\$ 38,291</u>	<u>\$ 3,828,520</u>	<u>\$ 4,632</u>
\$ -	\$ -	\$ -	\$ 1,685,000	\$ -
168,772	-	-	1,542,791	44,066
-	-	-	-	720,363
<u>\$ 168,772</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,227,791</u>	<u>\$ 764,429</u>
\$ 1,520,510	\$ 220,028	\$ 38,291	\$ 7,056,311	\$ 769,061
\$ 11,481	\$ -	\$ -	\$ 99,446	\$ 27,875
\$ 1,795,969	\$ 10,737,670	\$ 2,283,517	\$ 61,335,680	\$ 21,544
-	159,285	95,358	17,217,132	31,245
-	-	-	250,000	-
573,620	735,698	1,963,441	24,060,822	963,122
<u>\$ 2,369,589</u>	<u>\$ 11,632,653</u>	<u>\$ 4,342,316</u>	<u>\$ 102,863,634</u>	<u>\$ 1,015,911</u>
			72,479	
			<u>\$ 102,956,113</u>	

CITY OF WORTHINGTON, MINNESOTA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
 FUND NET POSITION
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2017

	Business-type Activities-Enterprise Funds			
	Water	Municipal Wastewater	Electric	Industrial Wastewater Facility
SALES AND COST OF SALES				
Sales	\$ -	\$ -	\$ -	\$ -
Cost of sales	-	-	-	-
GROSS PROFIT	\$ -	\$ -	\$ -	\$ -
OPERATING REVENUES				
Utility sales revenues	\$ 3,798,201	\$ 2,138,442	\$ 20,239,097	\$ -
Charges for facility	-	-	-	1,582,100
Charges for services	-	-	-	-
Other operating revenue	42,678	72,409	1,025,577	13,774
TOTAL OPERATING REVENUES	\$ 3,840,879	\$ 2,210,851	\$ 21,264,674	\$ 1,595,874
OPERATING EXPENSES				
Purchased power & transmission	\$ -	\$ -	\$ 16,599,642	\$ -
Personnel services	507,872	557,667	543,320	57
Supplies and materials	159,336	170,935	62,384	555,061
Other services and charges	1,233,720	436,616	566,528	904,385
Depreciation	665,429	371,376	925,782	255,063
TOTAL OPERATING EXPENSES	\$ 2,566,357	\$ 1,536,594	\$ 18,697,656	\$ 1,714,566
OPERATING INCOME (LOSS)	\$ 1,274,522	\$ 674,257	\$ 2,567,018	\$ (118,692)

The accompanying notes are an integral part of the financial statements

EXHIBIT 10

Liquor	Airport	Nonmajor Enterprise Funds (See Exhibit B-2)	Total	Governmental Activities- Internal Service Funds (See Exhibit C-2)
\$ 3,774,433	\$ -	\$ -	\$ 3,774,433	\$ -
2,832,916	-	-	2,832,916	-
\$ 941,517	\$ -	\$ -	\$ 941,517	\$ -
\$ -	\$ -	\$ 877,850	\$ 27,053,590	\$ -
-	-	-	1,582,100	-
-	220,049	131,680	351,729	564,924
-	-	-	1,154,438	1,727
\$ -	\$ 220,049	\$ 1,009,530	\$ 30,141,857	\$ 566,651
\$ -	\$ -	\$ -	\$ 16,599,642	\$ -
235,207	22,857	92,721	1,959,701	187,878
22,822	11,803	36,563	1,018,904	7,646
170,462	142,558	277,267	3,731,536	44,117
18,082	561,849	83,833	2,881,414	8,618
\$ 446,573	\$ 739,067	\$ 490,384	\$ 26,191,197	\$ 248,259
\$ 494,944	\$ (519,018)	\$ 519,146	\$ 4,892,177	\$ 318,392

(Continued)

CITY OF WORTHINGTON, MINNESOTA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended December 31, 2017

	Business-type Activities-Enterprise Funds			
	Water	Municipal Wastewater	Electric	Industrial Wastewater Facility
NON-OPERATING REVENUES (EXPENSES)				
General property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Investment earnings	86,622	115,922	145,995	19,332
Sale of scrap and surplus	3,567	15,500	6,418	-
Other non-operating	20,147	177	16,606	6,001
Interest expense	(93,745)	-	-	-
Gain on disposal of capital assets	17,443	7,000	7,500	-
Loss on disposal of capital assets	(1,199)	-	(1,940)	-
TOTAL NON-OPERATING REVENUES (EXPENSES)	\$ 32,835	\$ 138,599	\$ 174,579	\$ 25,333
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	\$ 1,307,357	\$ 812,856	\$ 2,741,597	\$ (93,359)
Capital contributions-capital assets	-	-	-	-
Transfers-in	10,853	10,853	134,400	-
Transfers-out	-	-	(638,878)	-
CHANGE IN NET POSITION	\$ 1,318,210	\$ 823,709	\$ 2,237,119	\$ (93,359)
TOTAL NET POSITION, January 1	24,157,810	17,802,023	31,087,553	7,206,011
TOTAL NET POSITION, December 31	<u>\$ 25,476,020</u>	<u>\$ 18,625,732</u>	<u>\$ 33,324,672</u>	<u>\$ 7,112,652</u>

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.

The accompanying notes are an integral part of the financial statements

EXHIBIT 10

(Continued)

Liquor	Airport	Nonmajor Enterprise Funds (See Exhibit B-2)	Total	Governmental Activities- Internal Service Funds (See Exhibit C-2)
\$ -	\$ 9	\$ -	\$ 9	\$ -
-	84,459	-	84,459	-
14,773	9,521	16,363	408,528	8,661
-	-	-	25,485	-
2,804	250	4,500	50,485	39
(30,000)	-	-	(123,745)	-
-	-	-	31,943	-
-	-	-	(3,139)	-
<u>\$ (12,423)</u>	<u>\$ 94,239</u>	<u>\$ 20,863</u>	<u>\$ 474,025</u>	<u>\$ 8,700</u>
\$ 482,521	\$ (424,779)	\$ 540,009	\$ 5,366,202	\$ 327,092
-	101,446	172,527	273,973	-
-	-	1,500	157,606	-
(225,000)	-	(135,900)	(999,778)	(250,000)
<u>\$ 257,521</u>	<u>\$ (323,333)</u>	<u>\$ 578,136</u>	<u>\$ 4,798,003</u>	<u>\$ 77,092</u>
2,112,068	11,955,986	3,764,180		938,819
<u>\$ 2,369,589</u>	<u>\$ 11,632,653</u>	<u>\$ 4,342,316</u>		<u>\$ 1,015,911</u>
			87,814	
			<u>\$ 4,885,817</u>	

CITY OF WORTHINGTON, MINNESOTA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2017

	Business-type Activities-Enterprise Funds			
	Water	Municipal Wastewater	Electric	Industrial Wastewater Facility
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 3,769,494	\$ 2,107,297	\$ 20,132,497	\$ 1,586,572
Cash payments to suppliers for goods and services	(1,399,513)	(613,462)	(17,234,869)	(1,425,921)
Cash payments to employees for services	(632,898)	(710,176)	(823,869)	-
Customer deposits received	9,250	10,330	52,179	-
Customer deposits returned	(10,377)	(11,410)	(55,622)	-
Other operating revenue	42,678	72,919	1,029,423	13,177
Other non-operating revenue	24,668	15,677	23,089	6,001
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 1,803,302	\$ 871,175	\$ 3,122,828	\$ 179,829
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Property tax revenue received	\$ -	\$ -	\$ -	\$ -
State grant revenue received	-	-	-	-
Transfer-in	10,853	10,853	134,400	-
Transfer-out	-	-	(638,878)	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	\$ 10,853	\$ 10,853	\$ (504,478)	\$ -
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Federal grant revenue received	\$ -	\$ -	\$ -	\$ -
State grant revenue received	-	-	-	-
Acquisition and construction of capital assets	(1,411,760)	(304,439)	(700,015)	(243,175)
Principal payments	(150,000)	-	-	-
Interest payments	(90,804)	-	-	-
Proceeds from disposal of capital assets	17,443	7,000	7,500	-
NET CASH PROVIDED (USED) FOR CAPITAL AND RELATED FINANCING ACTIVITIES	\$ (1,635,121)	\$ (297,439)	\$ (692,515)	\$ (243,175)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income	\$ 78,015	\$ 104,790	\$ 129,809	\$ 18,137
Purchase of investments	(1,384,501)	(1,966,824)	(2,683,611)	(300,119)
Proceeds from sales of investments	365,435	489,014	615,992	81,570
NET CASH FROM INVESTING ACTIVITIES	\$ (941,051)	\$ (1,373,020)	\$ (1,937,810)	\$ (200,412)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ (762,017)	\$ (788,431)	\$ (11,975)	\$ (263,758)
CASH AND CASH EQUIVALENTS, January 1	8,064,123	11,266,341	14,288,105	1,865,046
CASH AND CASH EQUIVALENTS, December 31	<u>\$ 7,302,106</u>	<u>\$ 10,477,910</u>	<u>\$ 14,276,130</u>	<u>\$ 1,601,288</u>

The accompanying notes are an integral part of the financial statements

EXHIBIT 11

Liquor	Airport	Nonmajor Enterprise Funds (See Exhibit B-3)	Totals	Governmental Activities- Internal Service Funds (See Exhibit C-3)
\$ 3,773,566	\$ 271,725	\$ 1,007,341	\$ 32,648,492	\$ 595,977
(2,883,335)	(154,301)	(373,040)	(24,084,441)	(68,130)
(305,101)	(23,137)	(92,891)	(2,588,072)	(203,992)
-	-	-	71,759	-
-	-	-	(77,409)	-
-	-	-	1,158,197	-
2,804	250	4,500	76,989	39
\$ 587,934	\$ 94,537	\$ 545,910	\$ 7,205,515	\$ 323,894
\$ -	\$ 9	\$ -	\$ 9	\$ -
-	76,140	-	76,140	-
-	-	1,500	157,606	-
(225,000)	-	(135,900)	(999,778)	(250,000)
\$ (225,000)	\$ 76,149	\$ (134,400)	\$ (766,023)	\$ (250,000)
\$ -	\$ 607,408	\$ 308,089	\$ 915,497	\$ -
-	84,963	-	84,963	-
(518,625)	(140,533)	(290,738)	(3,609,285)	-
(87,231)	-	-	(237,231)	-
(30,000)	-	-	(120,804)	-
-	-	-	31,943	-
\$ (635,856)	\$ 551,838	\$ 17,351	\$ (2,934,917)	\$ -
\$ 13,360	\$ 7,649	\$ 14,017	\$ 365,777	\$ 7,614
(218,990)	(212,191)	(319,850)	(7,086,086)	(241,586)
62,265	70,871	68,927	1,754,074	36,435
\$ (143,365)	\$ (133,671)	\$ (236,906)	\$ (4,966,235)	\$ (197,537)
\$ (416,287)	\$ 588,853	\$ 191,955	\$ (1,461,660)	\$ (123,643)
1,644,453	179,584	1,472,570	38,780,222	1,583,194
\$ 1,228,166	\$ 768,437	\$ 1,664,525	\$ 37,318,562	\$ 1,459,551

(Continued)

CITY OF WORTHINGTON, MINNESOTA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2017

	Business-type Activities-Enterprise Funds			
	Water	Municipal Wastewater	Electric	Industrial Wastewater Facility
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 1,274,522	\$ 674,257	\$ 2,567,018	\$ (118,692)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Depreciation	665,429	371,376	925,782	255,063
Other non-operating revenue	23,714	15,677	23,024	6,001
(Increase)decrease in assets:				
Accounts receivable	673	2,158	16,664	3,875
Utility receivable	(28,678)	(32,793)	(100,314)	-
Contracts receivable	-	-	-	-
Inventory	-	-	-	-
Prepaid expenses	877	669	1,285	100
Decrease in deferred outflows of resources:				
Deferred outflows related to pensions	104,952	130,422	232,567	-
Increase(decrease) in liabilities:				
Accounts payable	(7,053)	(6,580)	(18,803)	33,482
Payroll payable	4,168	2,803	514	-
Pension payable	(236,006)	(288,046)	(517,752)	-
Due to other governments	(29)	-	(6,396)	-
Deposits	(1,127)	(1,080)	(3,443)	-
Unearned revenue	-	-	(1,440)	-
Long-term accrued vacation	-	-	-	-
Increase in deferred inflows of resources:				
Deferred inflows related to pensions	1,860	2,312	4,122	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 1,803,302	\$ 871,175	\$ 3,122,828	\$ 179,829
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:				
Loss on disposal of capital assets	\$ 1,199	\$ -	\$ 1,940	\$ -
Capital contributions-capital assets	-	-	-	-

The accompanying notes are an integral part of the financial statements

EXHIBIT 11

(Continued)

Liquor	Airport	Nonmajor Enterprise Funds (See Exhibit B-3)	Totals	Governmental Activities- Internal Service Funds
\$ 494,944	\$ (519,018)	\$ 519,146	\$ 4,892,177	\$ 318,392
18,082	561,849	83,833	2,881,414	8,618
2,804	250	4,500	75,970	39
(221)	38,594	-	61,743	(16,035)
-	-	(2,162)	(163,947)	-
-	-	(27)	(27)	-
(53,591)	-	-	(53,591)	-
(318)	562	274	3,449	(498)
61,583	-	-	529,524	8,906
196,774	1,510	(59,484)	139,846	166
2,180	(280)	(170)	9,215	137
(134,749)	-	-	(1,176,553)	(48,169)
(908)	-	-	(7,333)	-
-	-	-	(5,650)	-
262	11,070	-	9,892	-
-	-	-	-	29,326
1,092	-	-	9,386	23,012
<u>\$ 587,934</u>	<u>\$ 94,537</u>	<u>\$ 545,910</u>	<u>\$ 7,205,515</u>	<u>\$ 323,894</u>

\$ -	\$ -	\$ -	\$ 3,139	\$ -
-	-	-	-	-

CITY OF WORTHINGTON, MINNESOTA

EXHIBIT 12

STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
December 31, 2017

ASSETS	
Cash assets	
Cash and cash equivalents	\$ 1,031,212
Investments	201,920
Receivables	
Utility receivable	108,815
Interest receivable	2,937
Accounts receivable	9,059
Economic revolving receivable	39,473
Economic revolving receivable L-T	<u>154,293</u>
TOTAL ASSETS	<u>\$ 1,547,709</u>
LIABILITIES	
Accounts payable	\$ 111,285
Health insurance premium payable	3,625
Due to other governments	6,634
Sureties/deposits	15,350
Amounts held for others	<u>1,410,815</u>
TOTAL LIABILITIES	<u>\$ 1,547,709</u>

The accompanying notes are an integral part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting entity

The City of Worthington is a municipal corporation formed under Section 412 of *Minnesota State Statutes* and operates under an elected Mayor and five-member Council. The Council and Mayor are elected on rotating terms in each even-numbered year. The accompanying financial statements present the government entities for which the City is considered to be financially accountable.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the City. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely significantly on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, service or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. 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. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses 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.

The City reports the following major government funds:

The general fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement focus, basis of accounting, and financial statement presentation (Continued)

The Small Cities Grant fund accounts for revenues and expenditures for the rehabilitation of commercial property located in downtown Worthington and residential property located northeast of the downtown area.

The WRH fund accounts for the activity surrounding the use of money obtained from the sale of the City-owned hospital.

The permanent improvement revolving (PIR) series bonds fund accounts for resources accumulated and payments for principal and interest on long-term general obligation debt.

The improvement construction fund accounts for major capital expenditures for the street paving management program of the City.

The City reports the following major proprietary funds:

The water fund accounts for activities related to the operation of a water distribution system.

The municipal wastewater fund accounts for activities related to the operation of a wastewater distribution system.

The electric fund accounts for activities related to the operation of electric generation and distribution systems.

The industrial wastewater fund accounts for the operations of the City-owned industrial wastewater plant.

The liquor fund accounts for the activities related to the operation of the municipal owned liquor store.

The airport fund accounts for activities related to the operation of an airport.

Additionally, the City reports the following fund types:

The internal service funds account for data processing, safety promotion, compensated absences and health insurance services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis.

The fiduciary funds are used to account for assets held by the City in a trustee capacity for individuals, private organizations, other governments and/or other funds. The City's fiduciary funds are custodial in nature and do not involve measurement of results of operations. The following depicts the fund and main function:

Olson water – used to improve lake quality in the area

Retiree's health insurance – pays for future health insurance premiums

Garbage collection – accounts for the collection of garbage, paid to Schaap Sanitation

Bicentennial – used for future events

Waste management – accounts for the landfill fee, paid to Nobles County

Salstrom bequest – used in the purchase of equipment for senior dining

Tourism promotion – accounts for lodging tax fees, paid to Chamber of Commerce

Economic revolving – used for possible business expansions

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement focus, basis of accounting, and financial statement presentation (Continued)

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are payments in-lieu of taxes and other charges between the City's enterprise functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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 operations. The principal operating revenue of the City's enterprise funds and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sale and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The City's fiduciary funds are all agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

When both restricted and unrestricted resources are available for use, it is the City's policy to first use restricted resources, and then unrestricted resources as they are needed. When unrestricted resources are available for use, it is the City's policy to use resources in the following order: 1) committed 2) assigned 3) unassigned.

D. Assets, liabilities, and net position or equity

1. Deposits and investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and investments with original maturities of three months or less from the date of acquisition.

Cash balances from all funds are combined and invested to the extent available in certificates of deposit and other authorized investments. Earnings from these investments are allocated to the respective funds on the basis of the cash balance in each fund.

2. Receivable and payables

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 non-current 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".

All trade (utility) and property tax receivables are shown at a gross amount, since both taxes and trade (utility) receivables are assessable to the property taxes and are collectible upon sale of the assessed property. Hospital account receivables are reported net of estimated uncollectibles.

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, liabilities, and net position or equity (Continued)

2. Receivable and payables (Continued)

Property tax is considered receivable on January 1, the date the tax becomes a lien, and is recorded as a receivable by the City at that date. Revenues are accrued and recognized in the year collectible.

Real property taxes may be paid in two equal installments. The first payment is due on May 15 for both non-agricultural and agricultural property and the second payment is due on October 15 for non-agricultural and November 15 for agricultural property. Personal property taxes may be paid on May 15 and October 15. The County is the collection agent for the levy. The County normally remits the collections to the City during the months of June and November.

Taxes not collected as of each December 31 are then reclassified as taxes receivable-delinquent. No allowance for uncollectible taxes has been provided because such amounts are not expected to be material.

3. Inventories and prepaid items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are reported using the consumption method and recorded as expenditures/expenses at the time of consumption.

4. Capital assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements, which uses the full accrual basis of accounting. Infrastructure has been capitalized retroactively to 1980. The infrastructure is recorded at historical cost, which the City was able to obtain through past records. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 (except for the water, electric & municipal wastewater funds which are \$1,000 and easements which are \$100,000) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value on the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the City is depreciated using the straight line method over the following estimated useful lives:

	<u>ALL OTHER</u>
Infrastructure	30-50 years
Improvements other than buildings	10-50 years
Building and structures	20-50 years
Machinery and equipment	5-35 years
Furniture and fixtures	5-15 years

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, liabilities, and net position or equity (Continued)

5. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City only has one item that qualifies for reporting in this category. It is the deferred outflows of resources related to pensions reported in the government-wide and enterprise funds Statement of Net Position. This deferred outflow results from differences between expected and actual experience, changes in assumptions, difference between projected and actual earnings on pension plan investments, and from contributions to the plan subsequent to the measurement date and before the end of the reporting period. These amounts are deferred and amortized as required under pension standards.

In addition to liabilities, statements of financial position or balance sheets 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 future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items which qualify for reporting in this category.

The first item, unavailable revenue, arises only under a modified accrual basis of accounting and therefore is only reported in the governmental funds balance sheet. The governmental funds report unavailable revenue from special assessments. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

The second item, deferred inflows of resources related to pensions, is reported in the government-wide and enterprise funds Statement of Net Position. This deferred inflow results from differences between expected and actual experience, changes in assumptions, difference between projected and actual earnings on pension plan investments. These amounts are deferred and amortized as required under pension standards.

6. Compensated absences

According to City policy, unused paid time off (PTO) is payable upon termination of employment. PTO payments are made at the employee's current wage rate. The City pays the vested extended sick leave bank (ESLB) amount per contract to an employee upon termination. Retiring employees have the option to use accrued PTO and vested ESLB hours for post-retirement benefits (see Note 5D).

7. 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 debt reported as liabilities in the applicable governmental activities, business-type activities, and proprietary fund type statement of net position. Bond premiums and discounts are 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 debt issued is reported as other financing sources. Premiums received 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.

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, liabilities, and net position or equity (Continued)

8. Fund balance classifications

In the fund financial statements, governmental funds report fund balance in classifications that disclose constraints for which amounts in those funds can be spent. These classifications are as follows:

Nonspendable – consists of amounts that are not in spendable form, such as prepaid items/inventories.

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 internally imposed constraints. These constraints are established by Resolution of the City Council. Committed amounts cannot be used for any other purpose unless the City Council modifies or rescinds the commitment by resolution.

Assigned – consists of internally imposed constraints. These constraints reflect the specific purpose for which it is the City's intended use. These constraints are established by the City Council and/or management. Pursuant to City Council Resolution, the City's Treasurer is authorized to establish assignments of fund balance.

Unassigned – is the residual classification for the general fund and also reflects negative residual amounts in other funds.

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

When committed, assigned or unassigned resources are available for use, it is the City's policy to use resources in the following order; 1) committed 2) assigned and 3) unassigned.

9. Net position

Net position represents the difference between assets and liabilities. Net position is displayed in three components.

- a) Net investment in capital assets – consists of capital assets, net of accumulated depreciation reduced by any outstanding debt attributable to acquire capital assets.
- b) Restricted net position – consist of net position restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws or regulations of other governments.
- c) Unrestricted net position – all other net position that do not meet the definition of "restricted" or "net investment in capital assets".

10. Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, liabilities, and net position or equity (Continued)

11. Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net pension 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 dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

The governmental fund balance sheet includes reconciliation between fund balance-total governmental funds and net position-governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of the \$11,499,198 difference are as follows:

Bonds payable	\$	8,090,000
Pension liability		3,161,710
Add: Unamortized premiums		65,390
Less: Unamortized discounts		(430)
Add: Accrued interest payable		<u>182,528</u>
 Net adjustment to reduce fund balance-total governmental funds to arrive at net position-governmental activities	 \$	 <u><u>11,499,198</u></u>

Another element of that reconciliation explains that "Internal service funds are used by management to charge the costs of data processing and various safety promotions and insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position." The details of this \$981,627 difference are as follows:

Net position of the internal service fund	\$	1,010,040
Less: Internal payable representing charges in excess of cost to business-type activities-current year		<u>(28,413)</u>
 Net adjustment to increase fund balance-total governmental funds to arrive at net position-governmental activities	 \$	 <u><u>981,627</u></u>

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

- B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The "net change in fund balances" for governmental funds differs from the "change in net position" for governmental activities reported in the statement of activities. The differences arise primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds.

Capital related items

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances-total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report 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." The details of this \$1,249,749 difference are as follows:

Capital outlay	\$ 3,827,727
Less: Depreciation expense	<u>(2,577,978)</u>
Net adjustment to increase net changes in fund balances-total governmental funds to arrive at changes in net position of governmental activities.	<u>\$ 1,249,749</u>

Another element of that reconciliation states that "The net effect of various miscellaneous transactions involving capital assets (i.e., sales and trade-ins) is to increase net position." The details of this \$78,664 difference are as follows:

The statement of activities, only the gain on the sale of capital asset is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital asset sold.	\$ 28,819
The statement of activities reports gains(losses) arising from the trade-in of existing capital assets to acquire new capital assets. Conversely, governmental funds do not report any gain or loss on trade-in of capital assets.	<u>(107,483)</u>
Net adjustment to decrease net changes in fund balances-total governmental fund to arrive at changes in net position of governmental activities.	<u>\$ (78,664)</u>

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

- B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities (Continued)

Long-term debt transactions

Another element of that reconciliation states that "the issuance of long-term debt (i.e., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this \$1,190,000 difference are as follows:

Principal repayments:	
General obligation debts	<u>\$ 1,190,000</u>
Net adjustment to increase net changes in fund balances-total governmental funds to arrive at changes in net position of governmental activities.	<u>\$ 1,190,000</u>

Another element of that reconciliation states that "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." The details of this \$190,860 difference are as follows:

Compensated absences	\$ (15,436)
Accrued interest payable	(182,528)
Amortization of premiums	7,143
Amortization of discounts	<u>(39)</u>
Net adjustment to decrease net changes in fund balances-total governmental funds to arrive at changes in net position of governmental activities.	<u>\$ (190,860)</u>

NOTE 3 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

- A. Budgetary information

Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). Annual appropriated budgets are adopted by the City Council for the general and special revenue funds.

Budgetary control is maintained at the object category of expenditures within each activity (function). The level of control (level at which expenditures may not exceed budget) is maintained at each individual fund, except for the general fund. The general fund is reviewed at the department level (general government, public safety, public works, culture and recreation, and conservation and development); however, the overall budget of the general fund is the responsibility of the City Administrator. The City Administrator must obtain approval from the City Council for all budget transfers and departmental overages.

The Council made several supplemental budgetary appropriations throughout the year. The general fund received additional appropriations for expenditures of \$67,710. These will be funded through existing reserves. The recreation fund received an additional appropriation for expenditures of \$29,844. This will be funded through existing reserves.

Budgeted expenditure appropriations lapse at year-end unless a carryover of appropriations is completed and approved by the City Administrator.

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 3 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

A. Budgetary information (Continued)

Formal budgetary integration is employed as a management control device during the year for the general fund and special revenue funds. Formal budgetary integration is not employed for debt service funds because effective budgetary control is alternatively achieved through general obligation bond indenture provisions.

Budgetary control for capital projects is accomplished through the use of project controls. The City Administrator submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.

Public hearings are conducted to obtain taxpayer comments.

The budget is legally enacted through passage of a resolution. The City Council has given authority, through passage of a resolution, to the City Administrator to authorize transfers of budgeted amounts between departments within any fund. Each director may authorize budget transfers between object codes within a department, so long as the total budget for the department remains the same.

The General fund operating budget includes an account for contingencies. The City Council may authorize, by resolution, a budget transfer from this contingency account to an area that is expected to overspend their budget.

Encumbrance accounting is employed in governmental funds. There were no encumbrances (e.g., purchase orders, contracts) outstanding at year-end.

B. Excess of expenditures over appropriations

In the Memorial Auditorium Fund the culture and recreation department's actual expenditures exceeded appropriations by \$9,248. The overage was due to increased personnel hours not originally budgeted directly related to movie ticket sales as well as purchases relating to the lighting system. Overages were covered by additional revenues as well as use of reserves. In the WRH Fund the general government department's actual expenditures exceeded appropriations by \$56,145. The overage was due to unrealized losses on investments. The excess expenditures were covered by surpluses in the interest earnings, other revenues and unrealized gains on investments

C. Deficit fund equity

The capital projects funds CCSI Redevelopment, Hotel TIF #15 and Northland Mall TIF #16 had deficit fund balances of \$217,163, \$284,472 and \$46,221, respectively as of December 31, 2017. The CCSI Redevelopment fund deficit is expected to be covered from future tax increments as residential lots are developed. The Hotel TIF #15 fund deficit is expected to be covered from future tax increments as they become collected. The Northland Mall TIF #16 fund deficit is expected to be covered from future tax increments and as commercial parcels are sold.

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 4 - DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

As of December 31, 2017, the government had the following investments:

<u>Investment Type</u>	<u>Rating</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
U.S. Agencies	AAA	\$ 47,830,473	2.63
Certificates of deposit	N/A	2,764,105	0.34
Total fair value		<u>\$ 50,594,578</u>	
Portfolio weighted average maturity			2.51

Interest rate risk. In accordance with the City's investment policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than nine months.

Credit risk. Both the Minnesota Statutes and the City Council approve of the following investment instruments:

- a. Direct or guaranteed U.S. Government obligations;
- b. Interest bearing deposits and certificates of deposits.

Custodial risk. The City does not presently have a custodial credit risk policy. All of the City's investments are adequately collateralized according to State statutes.

Other investment instruments which are approved by the Minnesota Statutes and the City Council, but have not been purchased by the City, follow:

- a. General obligations of the State of Minnesota or Minnesota municipalities;
- b. Commercial paper issued by United States corporations or their Canadian subsidiaries, of the highest quality, and maturing in 270 days or less;
- c. Repurchase or reverse repurchase agreements with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers;
- d. Futures contracts sold under authority of Minnesota Statutes 471.56, subdivision 5;
- e. Federal agency or instrumentality issues;
- f. Federally registered investment companies whose only investments are in direct or guaranteed U.S. Government obligations and/or Federal agency or instrumentality issues.

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 4 - DETAILED NOTES ON ALL FUNDS(Continued)

B. Receivables

Receivables as of year-end for the government's individual major funds and nonmajor, internal service and fiduciary funds in aggregate are as follows:

	General	Small Cities Grant	WRH	PIR Series Bonds	Improvement Construction	Water	Municipal Wastewater
Receivables:							
Interest	\$ 9,636	\$ 10,174	\$ 26,487	\$ 4,207	\$ 12,086	\$ 24,057	\$ 33,234
Taxes	13,636	-	-	5,713	2,536	-	-
Accounts	69,190	1,801	376	11,122	-	824	6,665
Notes	-	920,000	2,824,031	-	-	-	-
Utilities	-	-	-	-	-	371,449	232,510
Special assessments	8,382	-	-	1,894,538	-	-	-
Intergovernmental	2,324,368	-	-	-	605,090	-	-
Total Receivables	<u>\$ 2,425,212</u>	<u>\$ 931,975</u>	<u>\$ 2,850,894</u>	<u>\$ 1,915,580</u>	<u>\$ 619,712</u>	<u>\$ 396,330</u>	<u>\$ 272,409</u>
		Industrial Wastewater Facility	Liquor	Airport	Nonmajor and Other Funds	Total	
Receivables:							
Interest	\$ 43,664	\$ 5,259	\$ 4,425	\$ 2,388	\$ 23,326	\$ 198,943	
Taxes	-	-	-	-	16,431	38,316	
Accounts	70,820	133,540	806	105,190	12,542	412,876	
Notes	-	-	-	-	-	3,744,031	
Utilities	1,866,751	-	-	-	75,917	2,546,627	
Special assessments	-	-	-	-	-	1,902,920	
Intergovernmental	-	-	-	76,379	141,745	3,147,582	
Total Receivables	<u>\$ 1,981,235</u>	<u>\$ 138,799</u>	<u>\$ 5,231</u>	<u>\$ 183,957</u>	<u>\$ 269,961</u>	<u>\$ 11,991,295</u>	

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 4 - DETAILED NOTES ON ALL FUNDS(Continued)

C. Capital assets

Capital asset activity for the year ended December 31, 2017 was as follows:

	Primary Government			Ending Balance
	Beginning Balance	Increases	Decreases	
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 3,994,314	\$ 11,919	\$ -	\$ 4,006,233
Permanent easements	134,607	-	-	134,607
Work in progress	8,802,592	2,896,857	(3,186,534)	8,512,915
Total capital assets not being depreciated	<u>\$ 12,931,513</u>	<u>\$ 2,908,776</u>	<u>\$ (3,186,534)</u>	<u>\$ 12,653,755</u>
Other capital assets:				
Buildings and structures	\$ 21,020,899	\$ 21,919	\$ -	\$ 21,042,818
Improvements	2,044,532	1,301,742	-	3,346,274
Machinery and equipment	5,029,888	851,545	(405,956)	5,475,477
Furniture and fixtures	477,950	-	(7,535)	470,415
Other capital assets	308,968	-	-	308,968
Infrastructure	46,862,462	1,977,521	-	48,839,983
Total other capital assets at historical cost	<u>\$ 75,744,699</u>	<u>\$ 4,152,727</u>	<u>\$ (413,491)</u>	<u>\$ 79,483,935</u>
Less accumulated depreciation for:				
Buildings and structures	\$ (4,987,099)	\$ (667,705)	\$ -	\$ (5,654,804)
Improvements	(1,066,036)	(58,749)	-	(1,124,785)
Machinery and equipment	(3,427,610)	(330,175)	280,049	(3,477,736)
Furniture and fixtures	(303,089)	(32,563)	7,535	(328,117)
Other capital assets	(194,783)	(11,576)	-	(206,359)
Infrastructure	(21,819,195)	(1,485,828)	-	(23,305,023)
Total accumulated depreciation	<u>\$ (31,797,812)</u>	<u>\$ (2,586,596) *</u>	<u>\$ 287,584</u>	<u>\$ (34,096,824)</u>
Total other capital assets, net	<u>\$ 43,946,887</u>	<u>\$ 1,566,131</u>	<u>\$ (125,907)</u>	<u>\$ 45,387,111</u>
Governmental activities capital assets, net	<u>\$ 56,878,400</u>	<u>\$ 4,474,907</u>	<u>\$ (3,312,441)</u>	<u>\$ 58,040,866</u>

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 4 - DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital assets (Continued)

	Primary Government			Ending Balance
	Beginning Balance	Increases	Decreases	
Business-type activities:				
Capital assets not being depreciated				
Land	\$ 523,398	\$ -	\$ -	\$ 523,398
Intangible assets	3,199,810	-	-	3,199,810
Work in progress	4,716,612	2,746,147	(2,241,108)	5,221,651
Total capital assets not being depreciated	<u>\$ 8,439,820</u>	<u>\$ 2,746,147</u>	<u>\$ (2,241,108)</u>	<u>\$ 8,944,859</u>
Other capital assets:				
Buildings and structures	\$ 29,510,581	\$ -	\$ (12,100)	\$ 29,498,481
Improvements	76,146,076	2,872,972	(198,260)	78,820,788
Machinery and equipment	4,544,768	276,356	(148,328)	4,672,796
Furniture and fixtures	209,484	8,894	(28,724)	189,654
Total other capital assets at historical cost	<u>\$ 110,410,909</u>	<u>\$ 3,158,222</u>	<u>\$ (387,412)</u>	<u>\$ 113,181,719</u>
Less accumulated depreciation for:				
Buildings and structures	\$ (18,793,679)	\$ (477,291)	\$ 12,101	\$ (19,258,869)
Improvements	(35,817,585)	(2,163,343)	198,260	(37,782,668)
Machinery and equipment	(3,476,453)	(235,810)	145,188	(3,567,075)
Furniture and fixtures	(155,412)	(4,970)	28,724	(131,658)
Total accumulated depreciation	<u>\$ (58,243,129)</u>	<u>\$ (2,881,414) *</u>	<u>\$ 384,273</u>	<u>\$ (60,740,270)</u>
Total other capital assets, net	<u>\$ 52,167,780</u>	<u>\$ 276,808</u>	<u>\$ (3,139)</u>	<u>\$ 52,441,449</u>
Business-type activities capital assets, net	<u>\$ 60,607,600</u>	<u>\$ 3,022,955</u>	<u>\$ (2,244,247)</u>	<u>\$ 61,386,308</u>

*Depreciation expense was charged to functions as follows:

Governmental activities:

General government	\$ 90,130
Public safety	329,904
Public works	77,046
Culture and recreation	512,906
Conservation and development	84,964
Projects	1,483,029
Depreciation on capital assets held by the City's internal service funds is charged to the various functions based on their usage of assets.	8,617
Total governmental activities depreciation expense	<u>\$ 2,586,596</u>

Business-type activities:

Water	\$ 665,429
Municipal wastewater	371,376
Electric	925,782
Industrial wastewater	255,063
Storm water management	83,833
Liquor	18,082
Airport	561,849
Total business-type activities depreciation expense	<u>\$ 2,881,414</u>

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 4 - DETAILED NOTES ON ALL FUNDS(Continued)

D. Construction commitments

The government has active construction projects as of December 31, 2017. The projects include the sanitary sewer lift station. At year end the City's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
High Service Pump Station	\$ 792,011	\$ 1,207,689
Runway 11/29 & 18/36 Rehab	54,633	811,897
	<u>\$ 54,633</u>	<u>\$ 811,897</u>

The high service pump station improvements are being funded with capital reserve financing. The airport runway rehab is being funded through federal and state grants as well as capital reserve financing.

E. Interfund receivables, payables, and transfers

The composition of interfund balances as of December 31, 2017, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental fund	\$ 29,831
General	Nonmajor governmental fund	234,333
General	Nonmajor governmental fund	46,221
General	Liquor fund	912,769
WRH	Nonmajor governmental fund	318,540
Total		<u>\$ 1,541,694</u>

The purpose of the \$29,831 interfund receivable was to purchase film equipment for Memorial Auditorium, which will be paid back over five years. The purpose of the \$234,333 interfund receivable is a result of a redevelopment project. As tax increments are collected in the future, the general fund will be paid back the amount transferred for the project costs. The purpose of the \$46,221 interfund receivable was for professional services relating to the tax increment district. As tax increments are collected in the future, the WRH fund will be paid back the amount transferred for the professional fees. The purpose of the \$912,769 interfund receivable was to purchase a building for the new liquor store, which will be paid back over ten years. The purpose of the \$318,540 interfund receivable was to provide tax increment financing funded internally for the hotel portion of the Event Center, which is structured as a pay-as-you-go agreement and will be paid back over a ten year period with tax increments collected.

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 4 - DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund receivables, payables, and transfers (Continued)

Interfund transfers at December 31, 2017 are as follows:

	Transfers In	Transfers Out
General fund	\$ 1,113,878	\$ 43,412
WRH fund	21,706	-
Nonmajor governmental funds	1,756,291	1,756,291
Water fund	10,853	-
Municipal wastewater fund	10,853	-
Electric fund	134,400	638,878
Liquor fund	-	225,000
Nonmajor enterprise funds	1,500	135,900
Internal service funds	-	250,000
	<u>\$ 3,049,481</u>	<u>\$ 3,049,481</u>

During 2017 one non-routine transfer occurred in the recreation fund (\$1,200,000) for the construction of three new soccer fields located at Buss Field.

F. Leases

Operating leases

The City is a lessor in one operating lease for an airport terminal. The terminal has a cost of \$213,333 and accumulated depreciation of \$166,103.

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 4 - DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-term debt

A summary of long-term debt obligations outstanding at December 31, 2017 is as follows:

	<u>Original Amount of Debt</u>	<u>Range of Interest</u>	<u>Final Maturity</u>	<u>Balance 12/31/17</u>
General Obligation Bonds:				
GO PIR Series 2009C	\$ 2,710,000	2.00-4.15%	2025	\$ 1,585,000
GO PIR Series 2010A	1,890,000	2.00-4.00%	2026	745,000
GO PIR Series 2012A	2,590,000	1.00-2.25%	2028	1,520,000
GO PIR Series 2016A	3,150,000	2.00-2.50%	2033	3,150,000
General Obligation Sales Tax Revenue Bonds:				
GO Sales Tax Revenue 2010B	1,150,000	0.80-2.87%	2019	305,000
GO Sales Tax Revenue 2012B	2,700,000	1.00-1.75%	2019	785,000
Notes Payable				
MCMU Series 2007A	3,105,000	4.06%	2027	1,840,000
Pension liability				4,704,501
Compensated Absences				720,363
Unamortized Premiums				65,390
Unamortized Discounts				(430)
Total Long-term Debt				<u>\$ 15,419,824</u>

General obligation bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital improvements. General obligation bonds have been issued for governmental activities. The original amount of general obligation bonds issued in prior years was \$10,320,000*.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as 15-year serial bonds with maturing amounts generally increasing each year.

General obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	1.28-3.53%	\$7,000,000

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 4 - DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-term debt (Continued)

General obligation bonds (Continued)

Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 700,000	\$ 166,291
2019	800,000	149,597
2020	720,000	132,598
2021	625,000	116,557
2022	630,000	100,359
2023	625,000	83,448
2024	495,000	67,097
2025	510,000	51,228
2026	295,000	39,562
2027	235,000	33,612
2028-2032	1,155,000	92,632
2033	210,000	2,625
	<u>\$ 7,000,000</u>	<u>\$ 1,035,606</u>

*This amount includes \$4,524,434 of special assessment debt which provided the funds for construction of streets in residential areas. These bonds will be repaid from amounts levied against the property owners benefited by this construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the City must provide resources to cover the deficiency until other resources, for example, foreclosure proceeds, are received. The amount of delinquent special assessments at December 31, 2017 is \$5,322.

General obligation sales tax revenue bonds

The City issues general obligation sales tax revenue bonds to provide funds for the remodel and construction of major capital improvements for the memorial auditorium and event center. The original amount of general obligation sales tax revenue bonds issued in prior years was \$3,850,000. General obligation sales tax revenue bonds are direct obligations and pledge the full faith and credit of the government.

General obligation revenue bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Business-type activities	1.19-2.16%	\$1,090,000

Annual debt service requirements to maturity for general obligation revenue bonds are as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 540,000	\$ 16,236
2019	550,000	5,680
	<u>\$ 1,090,000</u>	<u>\$ 21,916</u>

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 4 - DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-term debt (Continued)

General obligation revenue notes

The City issues general obligation revenue notes where the government pledges income derived from charges for services to pay debt service. Revenue notes have been issued for business-type activities. The original amount of revenue notes issued was \$3,105,000.

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Business-type activities	4.06%	\$1,840,000

Annual debt service requirements to maturity for general obligation revenue notes are as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 155,000	\$ 86,676
2019	165,000	79,250
2020	170,000	71,356
2021	180,000	63,216
2022	190,000	54,614
2023	200,000	45,537
2024	210,000	35,991
2025	220,000	25,969
2026	230,000	15,479
2027	120,000	3,672
	<u>\$ 1,840,000</u>	<u>\$ 481,760</u>

In May 2007, the City issued a \$3,105,000 General Obligation Revenue Note, Series 2007A. The proceeds are from a \$50,000,000 Revenue Bond issued by the Midwest Consortium of Municipal Utilities originally issued in 2005. This note has been issued pursuant to and in full conformity with the Constitution and laws of the State of Minnesota for the purpose of providing money to finance the City's share of the costs of construction and installation of a water treatment plant (together with related work, improvements and equipment), that will be located approximately three miles north of Vermillion, South Dakota, and that will serve as part of a multi-state water system providing safe, reliable drinking water to the residents of the City and the surrounding area and is payable out of the debt service account of the water fund of the City, to which account have been pledged net revenues of the City's municipal water utility system. This note and interest coming due thereon shall be payable from the net revenues of the water utility system; however, the Series 2007A note shall not constitute a lien on the property comprising the water utility system. If net revenues of the water utility system are insufficient to provide for the obligations hereunder, this note shall constitute a general obligation of the City, and to provide moneys for the prompt and full payment of said principal installments and interest when the same become due, the full faith and credit and unlimited taxing powers of the City have been and are hereby irrevocably pledged. The water fund has recorded a \$1,840,000 liability for long-term debt (\$155,000 current, \$1,685,000 non-current).

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 4 - DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-term debt (Continued)

Long-term liability activity for the year ended December 31, 2017 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
GOVERNMENTAL ACTIVITIES					
Bonds payable					
General obligation debt					
GO PIR Series 2009C	\$ 1,760,000	\$ -	\$ (175,000)	\$ 1,585,000	\$ 180,000
GO PIR Series 2010A	940,000	-	(195,000)	745,000	200,000
GO PIR Series 2012A	1,810,000	-	(290,000)	1,520,000	295,000
GO PIR Series 2016A	3,150,000	-	-	3,150,000	25,000
Sales Tax Revenue, Series 2010B	450,000	-	(145,000)	305,000	150,000
Sales Tax Revenue, Series 2012B	1,170,000	-	(385,000)	785,000	390,000
	<u>\$ 9,280,000</u>	<u>\$ -</u>	<u>\$ (1,190,000)</u>	<u>\$ 8,090,000</u>	<u>\$ 1,240,000</u>
Premium	72,533	-	(7,143)	65,390	7,143
Discount	(469)	-	39	(430)	(39)
Total bonds payable	<u>\$ 9,352,064</u>	<u>\$ -</u>	<u>\$ (1,197,104)</u>	<u>\$ 8,154,960</u>	<u>\$ 1,247,104</u>
Other liabilities:					
Pension liability:					
GERF	\$ 2,720,720	\$ 210,355	\$ (986,292)	\$ 1,944,783	\$ -
PEPFF	6,661,869	102,410	(5,547,352)	1,216,927	-
Volunteer fire relief association	75,363	471,648	(547,011)	-	-
Compensated absences	691,037	661,854	(632,528)	720,363	31,772
Total other liabilities	<u>\$ 10,148,989</u>	<u>\$ 1,446,267</u>	<u>\$ (7,713,183)</u>	<u>\$ 3,882,073</u>	<u>\$ 31,772</u>
Governmental activities long-term liabilities	<u>\$ 19,501,053</u>	<u>\$ 1,446,267</u>	<u>\$ (8,910,287)</u>	<u>\$ 12,037,033</u>	<u>\$ 1,278,876</u>
	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
BUSINESS-TYPE ACTIVITIES					
Other liabilities:					
Note-MCMU Series 2007A	\$ 1,990,000	\$ -	\$ (150,000)	\$ 1,840,000	\$ 155,000
Pension liability: GERF	2,719,348	170,799	(1,347,356)	1,542,791	-
Business-type activities long-term liabilities	<u>\$ 4,709,348</u>	<u>\$ 170,799</u>	<u>\$ (1,497,356)</u>	<u>\$ 3,382,791</u>	<u>\$ 155,000</u>

The General Fund typically liquidates the liability related to compensated absences.

The General, Water, Municipal Wastewater, Electric and Liquor Funds typically liquidate the liability related to the pension liability.

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 4 - DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-term debt (Continued)

The City is subject to statutory limitation by the State of Minnesota for bonded indebtedness payable principally from property taxes. As of December 31, 2017, the City had not utilized \$20,849,409.

H. Fund Balance/Net Position

At December 31, 2017, a summary of the governmental fund balance classifications are as follows:

CLASSIFICATIONS	General	Small Cities Grant	WRH	PIR Series Bonds	Improvement Construction	Other	Total
Nonspendable:							
Prepaid items	\$ 76,440	\$ -	\$ -	\$ 691	\$ 2,270	\$ 23,671	\$ 103,072
Inventory	31,900	-	-	-	-	-	31,900
Land held for resale	252,065	-	-	-	-	-	252,065
Total nonspendable	\$ 360,405	\$ -	\$ -	\$ 691	\$ 2,270	\$ 23,671	\$ 387,037
Restricted for:							
Capital projects	\$ 1,281	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,281
Debt service	-	-	-	1,954,144	-	31,291	1,985,435
Buffalo Ridge	-	-	-	-	-	144,188	144,188
Total restricted	\$ 1,281	\$ -	\$ -	\$ 1,954,144	\$ -	\$ 175,479	\$ 2,130,904
Committed to:							
Equipment revolving	\$ 2,780,174	\$ -	\$ -	\$ -	\$ -	\$ 247,639	\$ 3,027,813
Parking lot	21,000	-	-	-	-	-	21,000
Emergency disaster	200,000	-	-	-	-	-	200,000
Housing	103,560	415,033	-	-	-	-	518,593
Economic development	-	-	3,290,983	-	-	-	3,290,983
Capital projects	-	-	45,380	-	-	31,451	76,831
Capital equipment	-	-	2,508,765	-	-	-	2,508,765
Technology	-	-	718,312	-	-	-	718,312
Housing development	-	-	1,640,347	-	-	-	1,640,347
Community development	-	-	1,950,580	-	-	-	1,950,580
Memorial auditorium	-	-	-	-	-	13,955	13,955
Swimming pool-capital	-	-	-	-	-	802,624	802,624
Olson Park	-	-	-	-	-	18,106	18,106
PV development	-	-	-	-	-	65,962	65,962
Total committed	\$ 3,104,734	\$ 415,033	\$ 10,154,367	\$ -	\$ -	\$ 1,179,737	\$ 14,853,871
Assigned to:							
Police programs	\$ 192,174	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 192,174
Capital projects	33,149	-	2,526,571	-	4,542,248	4,752,263	11,854,231
Union Pacific Railroad	12,000	-	-	-	-	-	12,000
Redevelopment	167,098	-	-	-	-	-	167,098
Lake improvement	326,719	-	-	-	-	-	326,719
Event Center	-	-	-	-	-	91,440	91,440
Education	4,601	-	-	-	-	-	4,601
Improv/maint revolving	-	-	-	-	-	48,084	48,084
Total assigned	\$ 735,741	\$ -	\$ 2,526,571	\$ -	\$ 4,542,248	\$ 4,891,787	\$ 12,696,347
Unassigned	\$ 3,934,230	\$ -	\$ -	\$ -	\$ -	\$ (346,370)	\$ 3,587,860
Total Fund Balance	\$ 8,136,391	\$ 415,033	\$ 12,680,938	\$ 1,954,835	\$ 4,544,518	\$ 5,924,304	\$ 33,656,019

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 4 - DETAILED NOTES ON ALL FUNDS (Continued)

H. Fund Balance/Net Position (Continued)

At December 31, 2017, the City reported \$2,130,904 of restricted fund balance on the governmental funds balance sheet as follows:

Restricted for:	
Capital projects	\$ 1,281
Debt service	1,954,144
Buffalo Ridge	175,479
Total	<u>\$ 2,130,904</u>

Minimum Unassigned Fund Balance Policy

The City Council has formally adopted a fund balance policy for the General Fund.

The policy establishes a year-end target of unassigned fund balance for cash flow timing needs in the range of 35-50% of the subsequent years budget expenditures. At December 31, 2017, the unassigned fund balance for the General Fund was 52% of the subsequent year's budgeted expenditures.

I. Restricted assets

The balances of the restricted asset accounts in the City's funds are as follows:

Customer deposits - Center for Active Living	\$ 625
Customer deposits - water	24,615
Customer deposits - municipal wastewater	28,030
Customer deposits - electric	133,715
Customer deposits - total	<u>\$ 186,985</u>

NOTE 5 – OTHER INFORMATION

A. Risk management

The City established the insurance fund to account for losses related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disaster. In 2009, the City raised its deductible from \$50,000 to \$75,000. The insurance fund provides for losses up to \$75,000 for each claim (annual aggregate is \$75,000 with an additional \$1,000 per claim after the annual aggregate has been met). The City purchases commercial insurance coverage above the deductible through the League of Minnesota Cities Insurance Trust with other cities in the State, a public entity risk pool currently operating as a common risk management and insurance program.

The League of Minnesota Cities Insurance Trust is self-sustaining through member premiums and re-insures through commercial companies for excess claims. The City is covered through the pool for any claims incurred but unreported, but retains risk for the deductible portion of its insurance policies.

As of December 31, 2017, the City did not have any claims which were probable and measurable and therefore no liability is recorded in the financial statements presented. The City did not have claims which exceeded its deductible during 2017. The following claims were actual amounts paid in each respective year, and represent amounts which were less than the City's deductibles.

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Claims Paid	\$ 8,373	\$ 33,749	\$ 9,354

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 5 – OTHER INFORMATION (Continued)

A. Risk management (Continued)

The City has an internal service fund called safety promotion/loss control. This fund was set up to account for and finance the City's uninsured risk of loss. This risk of loss is as follows:

- o The amount of the deductible.
- o Specific property items, which are of low risk for damage, that are uninsured. (This property list is included in the insurance manual).
- o This fund will absorb the annual fluctuations in the cost of workers compensation.
- o This fund is to be used to promote health, safety and fitness. Ten percent of insurance refunds, which are receipted into this fund, are set aside to promote health and safety.
- o This fund is to be used for purchases of security-type equipment for City buildings.

All funds of the City participate in this program and make a payment to the safety promotion/loss control fund based on the amount of savings each fund incurred by the selection of the higher deductible amount.

Due to a couple high health insurance claim years, the City opted out of being partially self-funded and joined in a State of Minnesota Health Insurance Plan known as Public Employees Insurance Program (PEIP). The City renews on a calendar year basis, which allows for better timing when budgeting subsequent year's premium changes. The City offers employees three plans, including a high-deductible plan, which results in lower overall costs to the City. For 2017, the City had slight premium increases (3.1%) overall to all three plans.

B. Contingent liabilities

Commitments for capital projects

Commitments for current and future capital projects have been assigned in their respective funds as of December 31, 2017. Financial resources are available to fund the total amount of unexpended authorizations.

Litigation

The City is, from time to time, involved in lawsuits arising in the ordinary course of its business that, in the opinion of management, will not have a material effect on the City's results of operations. The City is not currently involved in any suits.

C. Joint ventures

Cable 3 television

The City and Independent School District (ISD) 518, Worthington, entered into a joint powers agreement for the purpose of operating Worthington Cable 3 Television Public Access Channel. The City shall remit to the Board all franchise fees and subscriber payments which are collected by two local cable companies pursuant to the franchise agreement between the City and respective cable companies. The amount remitted approximates the amount budgeted by the Board, and no material surplus or deficit exists or is anticipated. Audited financial statements were not available for Cable 3 television for the year ending December 31, 2017. However, internal statements were issued and reflected a positive financial position at year-end. There were no related party transactions for the year.

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 5 – OTHER INFORMATION (Continued)

C. Joint ventures (Continued)

Public transportation

The City and Nobles County entered into a joint powers agreement for purposes of jointly and cooperatively operating, administering, promoting and managing public transportation within Nobles County, including the City of Worthington. The governing body shall consist of two Council members and the Administrator of the City of Worthington, and two Commissioners and the Administrator of Nobles County. In addition, one additional at-large member will be appointed by the aforesaid members. The City's financial contribution to the joint powers board was \$40,180 per year, which approximates the amount the City has subsidized the previous taxi service in recent years. This contribution was used for operating costs. However, beginning in 2004, taxi fares will replace the City's obligation. The City retains no equity position in the joint venture. There were no audited financial statements available for the year ending December 31, 2017.

D. Post-employment benefits

Several employee groups have signed up for the Health Care Savings Plan through the Minnesota State Retirement System.

The City allows employees to stay on its group health insurance after retirement until they reach Medicare age. The retired employees are responsible for paying 100% of their premiums. The City had one retiree on its plan at the end of 2017. However, the City's carrier indicated the retirees had no impact on the rate for renewal. Therefore the City does not have any post-employment liability recorded in the financials.

The following represent changes in aggregate liabilities for health insurance premiums:

<u>Health insurance premiums</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Liability balance, beginning of year	\$ 3,625	\$ 3,625	\$ 3,625
Health insurance premiums paid	-	-	-
Liability balance, end of year	<u>\$ 3,625</u>	<u>\$ 3,625</u>	<u>\$ 3,625</u>

E. Public Employees Defined benefit pension plans-statewide

1. Plan description

The City 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.

A. General Employees Retirement Plan (General Employees Plan(accounted for in the General Employees Fund))

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

B. Public Employees Police and Fire Plan (Police and Fire Plan(accounted for in the 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.

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 5 – OTHER INFORMATION (Continued)

E. Public Employees Defined benefit pension plans-statewide (Continued)

1. Plan description (Continued)

Benefits provided

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state Legislature.

Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Members in plans that are at least 90 percent funded for two consecutive years are given 2.5 percent increases. Members in plans that have not exceeded 90 percent funded, or have fallen below 80 percent, are given one percent increases.

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

A. General Employees Plan Benefits

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first ten years of service and 2.7 percent for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first ten years and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For 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.

B. 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 percent after five years up to 100 percent 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 percent after ten years up to 100 percent after twenty years of credited service. The annuity accrual rate is 3 percent of average salary for each year of service. For Police and Fire Plan members who were first hired prior to July 1, 1989 a full annuity is available when age plus years of service equal at least 90.

2. Contributions

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

A. General Employees Fund Contributions

Basic Plan members and Coordinated Plan members were required to contribute 9.1 percent and 6.5 percent, respectively, of their annual covered salary in 2017. The City was required to contribute 11.78 percent of pay for Basic Plan members and 7.5 percent for Coordinated Plan members in calendar year 2017. The City's contributions to the General Employees Fund for the year ended December 31, 2017 were \$323,530. The City's contributions were equal to the required contributions as set by state statute.

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 5 – OTHER INFORMATION (Continued)

E. Public Employees Defined benefit pension plans-statewide (Continued)

2. Contributions (Continued)

B. Police and Fire Fund Contributions

Plan members were required to contribute 10.8 percent of their annual covered salary in calendar year 2017. The City was required to contribute 16.2 percent of pay for members in calendar year 2017. The City's contributions to the Police and Fire Fund for the year ended December 31, 2017, were \$273,294. The City's contributions were equal to the required contribution as set by state statute.

3. Pension costs

A. General Employees Fund Pension Costs

At December 31, 2017, the City reported a liability of \$3,487,574 for its proportionate share of the General Employees Fund's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$6 million to the fund of 2017. 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 totaled \$3,487,574. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll dates from July 1, 2016, through June 30, 2017 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2017 the City's proportion was 0.0670 percent which was a decrease of 0.0006 percent from its proportion measured as of June 30, 2016.

For the year ended December 31, 2017, the City recognized pension expense of \$657,080 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized an additional \$1,607 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$6 million to the General Employees Fund.

At December 31, 2017, the City reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 129,884
Changes in actuarial assumptions	266,600	-
Differences between projected and actual investment earnings	4,166	-
Changes in proportion	140,061	101,277
Contributions paid to PERA subsequent to the measurement date	160,891	-
Totals	<u>\$ 571,718</u>	<u>\$ 231,161</u>

\$160,891 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 5 – OTHER INFORMATION (Continued)

E. Public Employees Defined benefit pension plans-statewide (Continued)

3. Pension costs (Continued)

Year Ended December 31:	Pension Expense Amount
2018	\$ 133,347
2019	277,952
2020	(43,839)
2021	(187,794)
Thereafter	-
Total	<u>\$ 179,666</u>

A. Police and Fire Fund Pension Costs

At December 31, 2017, the City reported a liability of \$1,216,927 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2016 through June 30, 2017 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2017, the City's proportion was 0.1660 percent which was an increase of 0.006 percent from its proportion measured as of June 30, 2016. The City also recognized \$15,030 for the year ended December 31, 2017 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund. Legislation was passed in 2013 required the State of Minnesota to begin contribution \$9 million to the Police and Fire Fund each year, starting in fiscal year 2014.

For the year ended December 31, 2017, the City recognized pension expense of \$760,891 for its proportionate share of the Police and Fire Plan's pension expense.

At December 31, 2017, the City reported its proportionate share of the Police and Fire Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 540,627
Changes in actuarial assumptions	2,933,053	3,201,113
Differences between projected and actual investment earnings	20,556	-
Changes in proportion	33,443	13,952
Contributions paid to PERA subsequent to the measurement date	140,904	-
Totals	<u>\$ 3,127,956</u>	<u>\$ 3,755,692</u>

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 5 – OTHER INFORMATION (Continued)

E. Public Employees Defined benefit pension plans-statewide (Continued)

3. Pension costs (Continued):

\$140,904 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:	Pension Expense Amount
2018	\$ 31,668
2019	31,667
2020	(47,521)
2021	(161,298)
2022	(623,156)
Thereafter	-
Total	<u>\$ (768,640)</u>

4. Actuarial assumptions

The total pension liability in the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Active Member Payroll Growth	3.25% per year
Investment Rate of Return	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants were based on RP 2014 tables for all plans for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases for retirees are assumed to be one percent per year for the General Employees Plan through 2044 and Police and Fire Plan through 2064 and then 2.5 percent thereafter for both plans.

Actuarial assumptions used in the June 30, 2017 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2015. The most recent five-year experience study for Police and Fire Plan was completed in 2016.

There following changes in actuarial assumptions occurred in 2017:

General Employees Fund

- The Combined Service Annuity (CSA) loads were changed from 0.8 percent for active members and 60 percent for vested and non-vested deferred members. The revised CSA loads are now 0.0 percent for active member liability, 15.0 percent for vested deferred member liability and 3.0 percent for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.0 percent per year for all years to 1.0 percent per year through 2044 and 2.5% per year thereafter.

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 5 – OTHER INFORMATION (Continued)

E. Public Employees Defined benefit pension plans-statewide (Continued)

4. Actuarial assumptions (Continued)

Police and Fire Fund

- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The Combined Service Annuity (CSA) load was 30 percent for vested and non-vested deferred members. The CSA has been changed to 33 percent for vested and non-vested deferred 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 3.0 percent 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 percent to 60 percent.
- 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 Survivor annuities was increased.
- Assumed post-retirement benefit increase rate was changed from 1.0 percent for all years to 1.0 percent per year through 2064 and 2.5 percent thereafter.

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic Stocks	39.00%	5.10%
International Stocks	19.00%	5.30%
Bonds	20.00%	7.50%
Alternative Assets	20.00%	5.90%
Cash	2.00%	0.00%
	<u>100.00%</u>	

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 5 – OTHER INFORMATION (Continued)

E. Public Employees Defined benefit pension plans-statewide (Continued)

5. Discount rate

The discount rate used to measure the total pension liability in 2017 was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net positions of the General Employees Fund and the Police and Fire Fund 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.

6. Pension liability sensitivity

The following presents the City'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'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:

Sensitivity of Net Pension Liability at Current Single Discount Rate (in thousands)

	General Employees Fund		Police and Fire Fund	
1% Lower	6.50%	\$9,901,956	6.50%	\$2,542,668
Current Discount Rate	7.50%	6,383,934	7.50%	1,350,119
1% Higher	8.50%	3,503,794	8.50%	365,604

7. 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.

F. Defined benefit pension plans-volunteer fire relief association

Plan description

All members of the City of Worthington Fire Department are covered by a defined benefit plan administered by the City of Worthington Fire Department Relief Association (the Association). As of December 31, 2017, the plan covered 37 active firefighters, 12 retired participants and 2 vested terminated fire fighters whose pension benefits are deferred. The plan is a single employer retirement plan and is established and administered in accordance with Minnesota statute, chapter 69.

The Association maintains a separate Special Fund to accumulate assets to fund the retirement benefits earned by the Department's membership. Funding for the Association is derived from an insurance premium tax in accordance with the Volunteer Firefighter's Relief Association Financing Guidelines Act of 1971 (chapter 261 as amended by chapter 509 of Minnesota statutes 1980). Funds are also derived from investment income.

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 5 – OTHER INFORMATION (Continued)

F. Defined benefit pension plans-volunteer fire relief association (Continued)

Benefits provided

A fire fighter who completes at least 20 years as an active member of the Department is entitled, after age 50, to a full service pension upon retirement.

The bylaws of the Association also provide for an early vested service pension for a retiring member who has completed fewer than 20 years of service. The reduced pension, available to members with 10 years of service, shall be equal to 60 percent of the pension as prescribed by the bylaws. This percentage increases 4 percent per year so that at 20 years of service, the full amount prescribed is paid. Members who retire with less than 20 years of service and have reached the age of 50 years and have completed at least 10 years of active membership are

entitled to a reduced service pension not to exceed the amount calculated by multiplying the member's service pension for the completed years of service times the applicable non-forfeitable percentage of pension.

Contributions

Minnesota statutes, chapter 424 and 424A authorize pension benefits for volunteer fire relief associations. The plan is funded by fire state aid, investment earnings and, if necessary, employer contributions as specified in Minnesota statutes and voluntary City contributions (if applicable). The State of Minnesota contributed \$70,095 in fire state aid to the plan on behalf of the Department for the year ended December 31, 2017, which was recorded as a revenue. Required employer contributions are calculated annually based on statutory provisions. The City's statutorily-required contributions to the plan for the year ended December 31, 2017 were \$7,740. The City's contributions were equal to the required contributions as set by state statute. The City made no voluntary contributions to the plan. Furthermore, the firefighter has no obligation to contribute to the plan.

Pension costs

At December 31, 2017 the City reported a net pension liability (asset) of (\$7,230) for the plan. The net pension liability (asset) was measured as of December 31, 2017. The total pension liability used to calculate the net pension liability (asset) in accordance with GASB 68 was determined by Nyhart, applying an actuarial formula to specific census data certified by the Department as of December 31, 2017.

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 5 – OTHER INFORMATION (Continued)

F. Defined benefit pension plans-volunteer fire relief association

Pension costs (Continued)

The following table presents the changes in net pension liability (asset) during the year.

	Total Pension Liability (a)	Plan Fiduciary Net Pension (b)	Net Pension Liability (Asset) (a-b)
Beginning balance January 1, 2017	\$ 1,226,091	\$ 1,150,728	\$ 75,363
Changes for the year			
Service cost	\$ 40,709	\$ -	\$ 40,709
Interest on pension liability (asset)	56,846	-	56,846
Changes if benefit terms	22,390	-	22,390
Differences between expected and actual experience	57,501	-	57,501
Change of assumptions	(1,135)	-	(1,135)
Benefit payments, including refunds of member contributions	(259,774)	(259,774)	-
Contributions (employer)	-	2,698	(2,698)
Contributions (State)	-	70,095	(70,095)
Net investment income	-	202,698	(202,698)
Administrative costs	-	(16,587)	16,587
Total net changes	\$ (83,463)	\$ (870)	\$ (82,593)
Ending balance December 31, 2017	\$ 1,142,628	\$ 1,149,858	\$ (7,230)

For the year ended December 31, 2017 the City recognized pension revenue of \$70,095 and pension expense of \$62,929.

At December 31, 2017, the City reported deferred inflows of resources and deferred outflows of resources, its contributions subsequent to the measurement date, related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 51,112	\$ 47,109
Changes of assumptions	25,910	1,009
Net difference between projected and actual earnings on plan investments	37,523	153,285
Total	\$ 114,545	\$ 201,403

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 5 – OTHER INFORMATION (Continued)

F. Defined benefit pension plans-volunteer fire relief association (Continued)

Pension costs (Continued)

Deferred outflows of resources totaling \$114,545 related to pensions resulting from the City's differences between expected and actual experience will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Deferred inflows of resources totaling \$201,403 related to the net difference between projected and actual earnings on pension plan investments will be recognized for its impact on the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows and inflows of resources related to the plan will be recognized in pension expense as follows:

Year Ended December 31:	Pension Expense Amount
2018	\$ (21,156)
2019	(21,157)
2020	(39,918)
2021	(28,891)
2022	1,161
Thereafter	23,103
Total	<u>\$ (86,858)</u>

Actuarial assumptions

The total pension liability at December 31, 2017 was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

Retirement eligibility at 100 percent service pension at age 50 with 20 years of service, early vested retirement at age 50 with 10 years of service vested at 60 percent and increased by 4 percent for each additional year of service up to 20 and eligibility for deferred service pension payable at age 50 with 20 years of service.

Salary increases	N/A
Cost of living increases	N/A
Investment rate of return	5.00%
20 year municipal bond yield	N/A

The mortality table used to measure liability has been changed from using a fully generational improvement scale based on assumptions from the 2016 Social Security Trustees Report to using a fully generational improvement scale based on assumptions from the 2017 Social Security Trustees Report. The mortality table (RP-2014 Blue Collar) and the year in which improvements begin (2006) remains the same. This results in a decrease in liability and normal cost. The lump sum and monthly benefits have been updated to \$2,864 and \$347 as of January 1, 2017. There have been no other changes to the plan provisions since the last valuation. This results in an increase in liability and normal cost.

The 5.0% long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimates for expected future real rates of return (expected returns, net of inflation) were developed for each asset class using the plan's target investment allocation along with long-term return expectations by asset class. Inflation expectations were applied to derive the nominal rate of return for the portfolio.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 5 – OTHER INFORMATION (Continued)

F. Defined benefit pension plans-volunteer fire relief association

Actuarial assumptions (Continued)

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	35.00%	5.27%
International Equity	20.00%	5.17%
Domestic Fixed Income	10.00%	0.00%
Alternative Investment	10.00%	2.73%
Cash	25.00%	0.00%
	100.00%	

Discount rate

The discount rate used to measure the total pension liability was 5.0%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position 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.

Pension liability sensitivity

The following presents the net pension liability, calculated using the discount rate of 5.0%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease in Discount Rate 4.0%	Discount Rate 5.0%	1% Increase in Discount Rate 6.0%
Net pension liability	\$ 46,533	\$ (7,230)	\$ (58,577)

G. Public Employees Defined Contribution Plan

The mayor and five council members of the City of Worthington are 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.

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 percent of salary which is matched by the elected official's employer. 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 percent of employer contributions and twenty-five hundredths of 1 percent (0.0025) of the assets in each member's account annually.

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 5 – OTHER INFORMATION (Continued)

G. Public Employees Defined Contribution Plan (Continued)

Total contributions made by the City of Worthington during fiscal year 2017 were:

Contribution Amount		Percentage of Covered Payroll		Required
Employees	Employer	Employees	Employer	Rate
\$2,444	\$2,444	5.00%	5.00%	5.00%

H. Tax Abatement

The City has entered into five Tax Increment Financing agreements which meet the criteria for disclosure under *Governmental Accounting Standards Board Statement No. 77 Tax Abatement Disclosures*. The City's authority to enter into these agreements comes from Minnesota Statute 469. The City entered into these agreements for the purpose of economic development.

Under each agreement, the City and developer agree on an amount of development costs to be reimbursed to the developer by the City through tax revenues from the additional taxable value of the property generated by the development (tax abatement). A "pay-as-you-go" note is established for this amount, on which the City makes payments for a fixed period of time with available tax increment revenue after deducting for certain administrative costs.

During the year ended December 31, 2017, the City generated \$181,912 in tax increment revenue and made \$140,154 in payments to developers.

All but one agreement exceeded ten percent of the total tax increment generated throughout the year.

- TIF District No. 11 was established in 2005 for the purpose of administration and site preparation costs for a twenty-four unit apartment complex. Under the agreement, up to \$539,600 of development costs will be reimbursed through tax increment over a 25 year period. During the year ended December 31, 2017, the City generated \$20,266 of tax increment revenue and made payments on the pay-as-you-go note of \$9,752. The note's balance at year end was \$210,918.
- TIF District No. 12 was established in 2006 for the purpose of administration and site preparation costs for a twenty-one lot single family housing development. Under the agreement, up to \$1,100,000 of development costs will be reimbursed through tax increment over a 25 year period. During the year ended December 31, 2017, the City generated \$33,295 of tax increment revenue and made payments on the pay-as-you-go note of \$20,489. The note's balance at year end was \$234,333.
- TIF District No. 13 was established in 2008 for the purpose of administration and infrastructure improvements to accommodate the entity's facility. Under the agreement, up to \$481,000 of development costs will be reimbursed through tax increment over an 8 year period. During the year ended December 31, 2017, the City generated \$25,425 of tax increment revenue and made payments on the pay-as-you-go note of \$3,239. The note's balance at year end was \$192,938.
- TIF District No. 14 was established in 2010 for the purpose of constructing a 30 townhome housing project. Under the agreement, up to \$600,496 of development costs will be reimbursed through tax increment over a 25 year period. During the year ended December 31, 2017, the City generated \$21,072 of tax increment revenue and made payments on the pay-as-you-go note of \$18,037. The note's balance at year end was \$481,479.
- TIF District No. 15 was established in 2012 for the purpose of constructing a 76 unit hotel. Under the agreement, up to \$609,438 of development costs will be reimbursed through tax increment over an 8 year period. During the year ended December 31, 2017, the City generated \$81,854 of tax increment revenue and made payments on the pay-as-you-go note of \$65,515. The note's balance at year end was \$318,540.

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 5 – OTHER INFORMATION (Continued)

H. Tax Abatement (Continued)

The City also entered into a tax abatement agreement with Nobles County and Independent School District (ISD) #518, through a program initiated by the Nobles Home Initiative, under Minnesota State Statute 469.1813 Subdivision 8. The program is intended to encourage the construction on new owner occupied and rental residential housing units. Eligible projects are eligible to receive 100% tax abatement of the City's share of the increased real estate taxes resulting from the newly constructed housing unit, for a period of five years. During 2017, taxes abated for thirteen eligible projects within the City corporate limits was \$9,849. The County and ISD #518 abated \$6,750 and \$2,861, respectively, for the eligible projects.

The City has several abatement agreements established under Minnesota State Statute 469.1812 as follows:

- A Tax Abatement agreement was awarded by the City Council on December 14, 2009. The abatement is for eligible expenditures related to the redevelopment of 607 Tenth Street and was awarded in compliance with the guidelines of the City's Tax Abatement Guidelines. The abatement is for \$13,500 or 10 years, whichever occurs first. As of December 31, 2017, the entity has been given/awarded \$6,771, of which \$989 was abated in 2017.
- A Tax Abatement agreement was awarded by the City Council on May 24, 2010. The abatement is for eligible expenditures related to the redevelopment of 511 10th Street and was awarded in compliance with the guidelines of the City's Tax Abatement Guidelines. The abatement is for \$80,000 or 15 years, whichever occurs first. As of December 31, 2017, the entity has been given/awarded \$6,917, of which \$791 was abated in 2017.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WORHTINGTON, MINNESOTA

Exhibit A-1

SCHEDULE OF CITY CONTRIBUTIONS
 PUBLIC EMPLOYEES GENERAL EMPLOYEES RETIREMENT FUND
 LAST TEN YEARS*
 Required Supplementary Information

<u>Fiscal Year Ending</u>	<u>Statutorily Required Contributions (a)</u>	<u>Contributions in Relation to the Statutorily Required Contributions (b)</u>	<u>Contribution Deficiency (Excess) (a-b)</u>	<u>Covered Payroll** (d)</u>	<u>Contributions as a Percentage of Covered Payroll (b/d)</u>
December 31, 2015	\$ 302,420	\$ 302,420	\$ -	\$ 4,032,258	7.50%
December 31, 2016	330,039	330,039	-	4,400,521	7.50%
December 31, 2017	323,530	323,530	-	4,313,735	7.50%

* This schedule is presented prospectively beginning with the fiscal year ended December 31, 2015.

**For purposes of this schedule, covered payroll is defined as "pensionable wages."

SCHEDULE OF CITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
PUBLIC EMPLOYEES GENERAL EMPLOYEES RETIREMENT FUND
LAST TEN YEARS*
Required Supplementary Information

<u>Fiscal Year Ending</u>	<u>Employer's Proportion (Percentage) of the Net Pension Liability (Asset)</u>	<u>Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)</u>	<u>Employer's Covered Payroll** (b)</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a/b)</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
June 30, 2015	0.0676%	\$ 3,503,383	\$ 3,975,365	88.13%	78.2%
June 30, 2016	0.0670%	5,440,068	4,155,119	130.92%	68.9%
June 30, 2017	0.0693%	4,424,066	4,400,521	100.54%	75.9%

* This schedule is provided prospectively beginning with the fiscal year ended December 31, 2015.

**For purposes of this schedule, covered payroll is defined as "pensionable wages."

CITY OF WORHTINGTON, MINNESOTA

Exhibit A-3

SCHEDULE OF CITY CONTRIBUTIONS
 PUBLIC EMPLOYEES POLICE AND FIRE RETIREMENT FUND
 LAST TEN YEARS*
 Required Supplementary Information

Fiscal Year Ending	Statutorily Required Contributions (a)	Contributions in Relation to the Statutorily Required Contributions (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll** (d)	Contributions as a Percentage of Covered Payroll (b/d)
December 31, 2015	\$ 252,712	\$ 252,712	\$ -	\$ 1,559,947	16.20%
December 31, 2016	275,933	275,933	-	1,703,290	16.20%
December 31, 2017	273,295	273,295	-	1,687,005	16.20%

* This schedule is presented prospectively beginning with the fiscal year ended December 31, 2015.

**For purposes of this schedule, covered payroll is defined as "pensionable wages."

CITY OF WORHTINGTON, MINNESOTA

Exhibit A-4

SCHEDULE OF CITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
 PUBLIC EMPLOYEES POLICE AND FIRE RETIREMENT FUND
 LAST TEN YEARS*
 Required Supplementary Information

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)	Employer's Covered Payroll** (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2015	0.160%	\$ 1,817,974	\$ 1,466,563	123.96%	86.6%
June 30, 2016	0.166%	6,661,869	1,598,535	416.75%	63.9%
June 30, 2017	0.167%	2,254,699	1,703,290	132.37%	85.4%

* This schedule is provided prospectively beginning with the fiscal year ended December 31, 2015.

**For purposes of this schedule, covered payroll is defined as "pensionable wages."

CITY OF WORHTINGTON, MINNESOTA

Exhibit A-5

SCHEDULE OF CHANGES IN NET PENSION ASSET AND RELATED RATIO
FIRE RELIEF ASSOCIATION
LAST TEN YEARS*
Required Supplementary Information

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability			
Service Cost	\$ 40,709	\$ 40,709	\$ 43,045
Interest	56,846	58,681	62,200
Changes in benefit terms	22,390	-	11,452
Differences between expected and actual experience	57,501	-	(75,375)
Changes in assumptions	(1,135)	34,548	-
Benefit Payments	(259,774)	(81,516)	(137,221)
Net Change in Total Pension Liability	<u>\$ (83,463)</u>	<u>\$ 52,422</u>	<u>\$ (95,899)</u>
Total Pension Liability - Beginning of Year	<u>1,226,091</u>	<u>1,173,669</u>	<u>1,269,568</u>
Total Pension Liability - End of Year	<u>\$ 1,142,628</u>	<u>\$ 1,226,091</u>	<u>\$ 1,173,669</u>
Plan Fiduciary Net Position			
Contributions-Employer	\$ 2,698	\$ 5,817	\$ 19,890
Contributions-Nonemployer Contributing Member	70,095	66,101	68,654
Net Investment Income	220,539	107,910	(36,971)
Benefit Payments	(259,774)	(81,516)	(137,221)
Administrative Expenses	(34,428)	(15,577)	(14,910)
Net Change in Plan Fiduciary Net Position	<u>\$ (870)</u>	<u>\$ 82,735</u>	<u>\$ (100,558)</u>
Plan Fiduciary Net Position - Beginning of Year	<u>1,150,728</u>	<u>1,067,993</u>	<u>1,168,551</u>
Plan Fiduciary Net Position - End of Year	<u>\$ 1,149,858</u>	<u>\$ 1,150,728</u>	<u>\$ 1,067,993</u>
Net Pension Liability (Asset) - End of Year	<u>\$ (7,230)</u>	<u>\$ 75,363</u>	<u>\$ 105,676</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.63%	93.85%	91.00%
Covered Employee Payroll	N/A	N/A	N/A
Net Pension Liability as a Percentage of Covered Payroll	N/A	N/A	N/A

* This schedule is presented prospectively beginning with the fiscal year ended December 31, 2015 (using a December 31, 2017 measurement date).

CITY OF WORHTINGTON, MINNESOTA

Exhibit A-6

SCHEDULE OF CITY CONTRIBUTIONS
 FIRE RELIEF ASSOCIATION
 LAST TEN YEARS*
 Required Supplementary Information

	2017	2016	2015	2014	2013	2012
Actuarially Determined Contribution	\$ 68,698	\$ 68,698	\$ 72,638	\$ 72,638	\$ 81,816	\$ 81,816
Contributions in Relation of the Actuarially Determined Contribution	72,793	71,918	88,544	90,191	-	-
Contribution Deficiency(Excess)	\$ (4,095)	\$ (3,220)	\$ (15,906)	\$ (17,553)	\$ 81,816	\$ 81,816
Covered - Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a Percentage of Covered Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Schedule

Valuation date:

Actuarially determined contribution rates are calculated as of December 31, 2017.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age cost method
Amortization method	Level dollar amount on a closed basis
Remaining amortization period	17 years
Asset valuation method	Market Value
Inflation	2.5%
Salary increases	Not applicable
Investment rate of return	5.0%
Retirement age	Members are assumed to retire at the later of age 50 and 20 years of service
Mortality	Based on the RP-2014 Blue Collar Mortality Table

* This schedule is provided prospectively beginning with the fiscal year ended December 31, 2012.

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expend for specified purposes.

Memorial Auditorium Fund

Established to account for the operation of the City's Memorial Auditorium.

PD Task Force Fund

Established to account for revenues and expenditures for law enforcement funds available through judgments and seizure sales.

Sales Tax Revenue Fund

Established to account for sales, use and excise tax revenues and transfers to capital project related to the sales tax referendum projects. These projects include the addition/remodeling of the Memorial Auditorium and the construction of an Event Center.

Event Center Fund

Established to account for the operations and maintenance of the City's Event Center. Financing is provided by rental fees.

Recreation Fund

Established to account for the operations and maintenance of the City's recreational facilities programs including: all city owned parks, playgrounds, swimming pool and skating rinks. Financing is provided by general property taxes and user charges.

Economic Development Authority Fund

Established to account for the operations and maintenance of the City's Industrial Park. Financing is provided by general property taxes.

DEBT SERVICE FUNDS

The debt service funds are used to account for the accumulation of resources for, and the payment of general long-term debt principal and interest.

The following debt service funds are presently established:

General Obligation Tax Increment Revenue:
Series 2003B District #10

Other Bonds:
General Obligation Sales Tax Revenue:
Series 2010B
Series 2012B

NONMAJOR GOVERNMENTAL FUNDS (Continued)

CAPITAL PROJECTS FUNDS

Capital projects funds are created to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary and special assessments.

Municipal Buildings Fund

This fund accounts for the improvement and maintenance of City buildings.

Prairie View Limited Fund

This fund accounts for construction costs relating to the development of 24 rental units of low and moderate income housing.

TI Dist #7, Redevelopment, Amendment 5 Fund

This fund accounts for street, storm sewer and water main improvements and site preparation costs within Darling's Third Tax Increment District.

Prairie Expo Improvement Fund

This fund accounts for infrastructure improvements for the Prairie Expo site.

C&J Housing Project Fund

This fund accounts for site preparation costs for a 25 unit assisted living senior citizen housing complex.

Okabena Estates Fund

This fund accounts for administration and site preparation costs for a 24 unit apartment complex.

CCSI Redevelopment Fund

This fund accounts for administration and site preparation for a 21 lot single family housing development.

Bedford Technologies Project Fund

This fund accounts for administration and infrastructure improvements to accommodate the company's 27th Street facility.

Newcastle Townhomes Fund

This fund accounts for the activity related to the construction of a 30 Townhome housing project.

Aquatic Center Facility Fund

This fund accounts for the activity related to the construction of a new aquatic center facility.

Hotel TIF #15 Fund

This fund accounts for the activity related to the Hotel Tax Increment Financing District.

Northland Mall TIF #16 Fund

This fund accounts for the activity related to the redevelopment of the former Northland Mall site and development of a mixed-use project in the City.

City of
Worthington

CITY OF WORTHINGTON, MINNESOTA

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
December 31, 2017

	Special Revenue					Debt Service		
	Memorial Auditorium	PD Task Force	Sales Tax Revenue	Event Center	Recreation	Economic Development Authority	TI Series Bonds	Other Bonds
ASSETS								
Current assets								
Cash assets								
Cash and cash equivalents	\$ 69,203	\$ 138,019	\$ 1,221,465	\$ 75,292	\$ 451,988	\$ 268,685	\$ 26,095	\$ 3
Investments	13,550	27,025	239,174	14,743	88,503	52,611	5,109	1
Receivables								
Accounts receivable	2,715	-	4,847	1,174	3,269	437	-	-
Taxes receivable	458	-	-	-	3,875	11,998	-	-
Interest receivable	181	515	2,644	231	965	762	83	-
Other current assets								
Due from other governments	-	50,000	91,745	-	-	-	-	-
Prepayments	2,010	1,050	-	803	19,236	562	-	-
TOTAL ASSETS	\$ 88,117	\$ 216,609	\$ 1,559,975	\$ 92,243	\$ 567,836	\$ 335,043	\$ 31,267	\$ 4
LIABILITIES								
Current liabilities								
Accounts payable	\$ 9,345	\$ 71,371	\$ -	\$ -	\$ 8,556	\$ 16,801	\$ -	\$ -
Accrued payroll	1,412	-	-	-	5,456	104	-	-
Contracts payable	-	-	-	-	1,250	-	-	-
Interfund loans payable	29,831	-	-	-	-	-	-	-
Due to other governments	113	-	-	-	145	45	-	-
TOTAL LIABILITIES	\$ 40,701	\$ 71,371	\$ -	\$ -	\$ 15,407	\$ 16,950	\$ -	\$ -
FUND BALANCES								
Nonspendable	\$ 2,010	\$ 1,050	\$ -	\$ 803	\$ 19,236	\$ 562	\$ -	\$ -
Restricted	-	144,188	-	-	-	-	31,267	4
Committed	45,405	-	-	-	331,707	-	-	-
Assigned	-	-	1,559,975	91,440	-	317,531	-	-
Unassigned	-	-	-	-	201,488	-	-	-
TOTAL FUND BALANCES	\$ 47,416	\$ 145,238	\$ 1,559,975	\$ 92,243	\$ 552,429	\$ 318,093	\$ 31,267	\$ 4
TOTAL LIABILITIES AND FUND BALANCES	\$ 88,117	\$ 216,609	\$ 1,559,975	\$ 92,243	\$ 567,836	\$ 335,043	\$ 31,267	\$ 4

Capital Projects

Municipal Buildings	Prairie View Limited	TI Dist #7, Redevel, Amend 5	Prairie Expo Improvement	C & J Housing Project	Okabena Estates	CCSI Redevelopment	Bedford Technologies Project	Newcastle Townhomes	Aquatic Center Facility	Hotel TIF #15	Northland Mall TIF #16	Total Nonmajor Governmental Funds
\$ 40,093 7,851	\$ 848 186	\$ 2,335,864 457,362	\$ 2,940 578	\$ 17,194 3,367	\$ 17,842 3,513	\$ 14,346 2,809	\$ 11,505 2,253	\$ 11,387 2,230	\$ 674,315 132,038	\$ 28,474 5,578	\$ - -	\$ 5,405,658 1,058,475
-	-	-	-	-	-	-	-	-	-	-	-	12,542
-	-	-	-	-	-	-	-	-	112	-	-	16,431
140	3	7,444	9	55	57	15	9	13	2,161	18	-	15,305
-	-	-	-	-	-	-	-	-	-	-	-	141,745
-	1	-	-	-	9	-	-	-	-	-	-	23,671
<u>\$ 48,084</u>	<u>\$ 1,018</u>	<u>\$ 2,800,690</u>	<u>\$ 3,525</u>	<u>\$ 20,616</u>	<u>\$ 21,521</u>	<u>\$ 17,170</u>	<u>\$ 13,767</u>	<u>\$ 13,630</u>	<u>\$ 808,624</u>	<u>\$ 34,068</u>	<u>\$ -</u>	<u>\$ 6,673,827</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,000	\$ -	\$ -	\$ 112,073
-	-	-	-	-	-	-	-	-	-	-	-	8,972
-	-	-	-	-	-	-	-	-	-	-	-	1,250
-	-	-	-	-	-	234,333	-	-	-	318,540	48,221	628,925
-	-	-	-	-	-	-	-	-	-	-	-	303
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 234,333</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,000</u>	<u>\$ 318,540</u>	<u>\$ 48,221</u>	<u>\$ 748,523</u>
\$ -	\$ 1	\$ -	\$ -	\$ -	\$ 9	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,671
-	-	-	-	-	-	-	-	-	-	-	-	175,479
-	-	-	-	-	-	-	-	-	602,624	-	-	1,179,737
48,084	1,017	2,800,690	3,525	20,618	21,512	-	13,767	13,630	-	-	-	4,891,767
-	-	-	-	-	-	(217,163)	-	-	-	(284,472)	(48,221)	(348,370)
<u>\$ 48,084</u>	<u>\$ 1,018</u>	<u>\$ 2,800,690</u>	<u>\$ 3,525</u>	<u>\$ 20,618</u>	<u>\$ 21,521</u>	<u>\$ (217,163)</u>	<u>\$ 13,767</u>	<u>\$ 13,630</u>	<u>\$ 602,624</u>	<u>\$ (284,472)</u>	<u>\$ (48,221)</u>	<u>\$ 5,924,304</u>
<u>\$ 48,084</u>	<u>\$ 1,018</u>	<u>\$ 2,800,690</u>	<u>\$ 3,525</u>	<u>\$ 20,618</u>	<u>\$ 21,521</u>	<u>\$ 17,170</u>	<u>\$ 13,767</u>	<u>\$ 13,630</u>	<u>\$ 808,624</u>	<u>\$ 34,068</u>	<u>\$ -</u>	<u>\$ 6,673,827</u>

CITY OF WORTHINGTON, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the Year Ended December 31, 2017

	Special Revenue					Debt Service		
	Memorial Auditorium	PD Task Force	Sales Tax Revenue	Event Center	Recreation	Economic Development Authority	TI Series Bonds	Other Bonds
REVENUES								
Taxes	\$ 113,670	\$ -	\$ 1,547,517	\$ -	\$ 918,700	\$ 123,374	\$ -	\$ -
Intergovernmental revenues	14	200,000	-	-	50,110	-	-	4
Charges for services	48,881	139,146	-	23,487	79,100	-	-	-
Investment earnings	615	1,875	9,461	763	2,187	2,533	275	-
Fines and forfeits	-	1,374	-	-	-	-	-	-
Rents	-	-	-	-	67	60,650	-	-
Other	194	4,166	-	-	14,108	22,297	-	-
TOTAL REVENUES	\$ 163,374	\$ 346,563	\$ 1,556,978	\$ 24,250	\$ 1,064,272	\$ 208,854	\$ 275	\$ 4
EXPENDITURES								
Current								
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	348,362	-	-	-	-	-	-
Culture and recreation	158,044	-	-	8,311	974,109	-	-	-
Conservation and development	-	-	-	-	104,211	177,960	-	-
Capital outlay								
Projects	-	-	-	-	-	-	-	-
Debt service								
Principal	-	-	-	-	-	-	-	530,000
Interest and fiscal agent fees	-	-	-	-	-	-	-	26,291
TOTAL EXPENDITURES	\$ 158,044	\$ 348,362	\$ -	\$ 8,311	\$ 1,078,320	\$ 177,960	\$ -	\$ 556,291
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ 7,330	\$ (1,799)	\$ 1,556,978	\$ 15,939	\$ (14,048)	\$ 30,874	\$ 275	\$ (556,287)
OTHER FINANCING SOURCES (USES)								
Sale of capital asset	\$ -	\$ -	\$ -	\$ -	\$ 54,096	\$ -	\$ -	\$ -
Transfers-in:								
Special revenue fund	-	-	-	-	1,200,000	-	-	-
Debt service fund	-	-	-	-	-	-	-	556,291
Transfers-out:								
Debt service fund	-	-	(1,756,291)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	\$ -	\$ -	\$ (1,756,291)	\$ -	\$ 1,254,096	\$ -	\$ -	\$ 556,291
NET CHANGE IN FUND BALANCES	\$ 7,330	\$ (1,799)	\$ (199,313)	\$ 15,939	\$ 1,240,048	\$ 30,874	\$ 275	\$ 4
FUND BALANCE, January 1	40,085	147,037	1,759,288	76,304	(687,819)	287,219	31,012	-
FUND BALANCE, December 31	<u>\$ 47,415</u>	<u>\$ 145,238</u>	<u>\$ 1,559,975</u>	<u>\$ 92,243</u>	<u>\$ 552,429</u>	<u>\$ 318,093</u>	<u>\$ 31,287</u>	<u>\$ 4</u>

Capital Projects

Municipal Buildings	Prairie View Limited	Ti Dist #7, Redevel, Amend 5	Prairie Expo Improvement	C&J Housing Project	Okabena Estates	CCSI Redevelopmer	Bedford Technologies Project	Newcastle Townhomes	Aquatic Center Facility	Hotel TIF #15	Northland Mall TIF #16	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,268	\$ 33,294	\$ 25,425	\$ 21,072	\$ 10,130	\$ 81,854	\$ -	\$ 2,895,302
-	-	-	-	-	-	-	-	-	1	-	-	250,129
478	9	24,752	30	182	189	50	31	45	7,228	51	-	290,614
-	-	-	-	-	-	-	-	-	-	-	-	50,752
-	-	-	-	-	-	-	-	-	-	-	-	1,374
-	-	-	-	-	-	-	-	-	-	-	-	60,717
-	-	-	-	-	-	-	-	-	-	-	-	40,767
<u>\$ 478</u>	<u>\$ 9</u>	<u>\$ 24,752</u>	<u>\$ 30</u>	<u>\$ 182</u>	<u>\$ 20,455</u>	<u>\$ 33,344</u>	<u>\$ 25,456</u>	<u>\$ 21,117</u>	<u>\$ 17,357</u>	<u>\$ 81,905</u>	<u>\$ -</u>	<u>\$ 3,589,655</u>
\$ 13,632	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,632
-	-	-	-	-	-	-	-	-	-	-	-	348,362
-	7	-	-	-	10,550	12,697	19,742	2,004	44,657	21,825	-	1,204,846
-	4,129	38,315	-	-	9,752	-	3,239	18,037	-	-	-	327,091
-	-	-	-	-	-	-	-	-	-	-	-	73,472
-	-	-	-	-	-	-	-	-	-	-	-	530,000
-	-	-	-	-	-	-	-	-	-	-	-	28,291
<u>\$ 13,632</u>	<u>\$ 4,136</u>	<u>\$ 38,315</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,302</u>	<u>\$ 12,597</u>	<u>\$ 22,981</u>	<u>\$ 20,041</u>	<u>\$ 44,657</u>	<u>\$ 21,825</u>	<u>\$ -</u>	<u>\$ 2,923,794</u>
<u>\$ (13,154)</u>	<u>\$ (4,127)</u>	<u>\$ (13,563)</u>	<u>\$ 30</u>	<u>\$ 182</u>	<u>\$ 153</u>	<u>\$ 20,747</u>	<u>\$ 2,475</u>	<u>\$ 1,076</u>	<u>\$ (27,300)</u>	<u>\$ 60,080</u>	<u>\$ -</u>	<u>\$ 1,065,881</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 54,096
-	-	-	-	-	-	-	-	-	-	-	-	1,200,000
-	-	-	-	-	-	-	-	-	-	-	-	566,291
-	-	-	-	-	-	-	-	-	-	-	-	(1,766,291)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,096</u>
<u>\$ (13,154)</u>	<u>\$ (4,127)</u>	<u>\$ (13,563)</u>	<u>\$ 30</u>	<u>\$ 182</u>	<u>\$ 153</u>	<u>\$ 20,747</u>	<u>\$ 2,475</u>	<u>\$ 1,076</u>	<u>\$ (27,300)</u>	<u>\$ 60,080</u>	<u>\$ -</u>	<u>\$ 1,119,957</u>
61,238	5,145	2,814,253	3,495	20,434	21,368	(237,910)	11,282	12,554	829,924	(344,552)	(46,221)	4,804,347
<u>\$ 48,084</u>	<u>\$ 1,016</u>	<u>\$ 2,800,690</u>	<u>\$ 3,525</u>	<u>\$ 20,516</u>	<u>\$ 21,521</u>	<u>\$ (217,163)</u>	<u>\$ 13,767</u>	<u>\$ 13,630</u>	<u>\$ 802,624</u>	<u>\$ (284,472)</u>	<u>\$ (46,221)</u>	<u>\$ 5,924,304</u>

CITY OF WORTHINGTON, MINNESOTA

EXHIBIT B-3

MEMORIAL AUDITORIUM FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 113,479	\$ 113,479	\$ 113,670	\$ 191
Intergovernmental revenues				
State grants	-	-	14	14
Charges for services	41,500	41,500	48,881	7,381
Miscellaneous revenue				
Investment earnings	150	150	615	465
Other	-	-	194	194
TOTAL REVENUES	\$ 155,129	\$ 155,129	\$ 163,374	\$ 8,245
EXPENDITURES				
Culture and recreation				
Personnel services	\$ 52,391	\$ 52,391	\$ 58,651	\$ (6,260)
Supplies	7,700	7,700	11,458	(3,758)
Other services and charges	86,705	86,705	85,935	770
TOTAL EXPENDITURES	\$ 146,796	\$ 146,796	\$ 156,044	\$ (9,248)
EXCESS(DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ 8,333	\$ 8,333	\$ 7,330	\$ (1,003)
FUND BALANCE, January 1	40,086	40,086	40,086	-
FUND BALANCE, December 31	\$ 48,419	\$ 48,419	\$ 47,416	\$ (1,003)

CITY OF WORTHINGTON, MINNESOTA

EXHIBIT B-4

PD TASK FORCE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental revenues				
Federal grants	\$ 200,000	\$ 200,000	\$ 200,000	\$ -
Charges for services				
Public safety	135,000	135,000	139,146	4,146
Fines and forfeits	15,000	15,000	1,374	(13,626)
Miscellaneous				
Investment earnings	1,500	1,500	1,875	375
Other revenue	15,000	15,000	4,168	(10,832)
TOTAL REVENUES	\$ 366,500	\$ 366,500	\$ 346,563	\$ (19,937)
EXPENDITURES				
Public safety				
Supplies	\$ 27,524	\$ 27,524	\$ 11,787	\$ 15,737
Other services and charges	326,500	326,500	324,075	2,425
Capital outlay	12,500	12,500	12,500	-
TOTAL EXPENDITURES	\$ 366,524	\$ 366,524	\$ 348,362	\$ 18,162
EXCESS(DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ (24)	\$ (24)	\$ (1,799)	\$ (1,775)
FUND BALANCE, January 1	147,037	147,037	147,037	-
FUND BALANCE, December 31	\$ 147,013	\$ 147,013	\$ 145,238	\$ (1,775)

CITY OF WORTHINGTON, MINNESOTA

EXHIBIT B-5

SALES TAX REVENUE
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Sales tax revenue	\$ 770,000	\$ 770,000	\$ 1,547,517	\$ 777,517
Miscellaneous				
Investment earnings	5,500	5,500	9,461	3,961
TOTAL REVENUES	\$ 775,500	\$ 775,500	\$ 1,556,978	\$ 781,478
TOTAL EXPENDITURES	\$ -	\$ -	\$ -	\$ -
EXCESS OF REVENUES OVER EXPENDITURES	\$ 775,500	\$ 775,500	\$ 1,556,978	\$ 781,478
OTHER FINANCING USES				
Transfer-out	\$ (556,092)	\$ (556,092)	\$ (1,756,291)	\$ (1,200,199)
TOTAL OTHER FINANCING USES	\$ (556,092)	\$ (556,092)	\$ (1,756,291)	\$ (1,200,199)
Net changes in fund balances	\$ 219,408	\$ 219,408	\$ (199,313)	\$ (418,721)
FUND BALANCE, January 1	1,759,288	1,759,288	1,759,288	-
FUND BALANCE, December 31	\$ 1,978,696	\$ 1,978,696	\$ 1,559,975	\$ (418,721)

CITY OF WORTHINGTON, MINNESOTA

EXHIBIT B-6

EVENT CENTER FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for services				
Culture and recreation	\$ 25,000	\$ 25,000	\$ 23,487	\$ (1,513)
Miscellaneous				
Investment earnings	300	300	763	463
TOTAL REVENUES	<u>\$ 25,300</u>	<u>\$ 25,300</u>	<u>\$ 24,250</u>	<u>\$ (1,050)</u>
EXPENDITURES				
Culture and recreation				
Supplies	\$ -	\$ -	\$ 437	\$ (437)
Other services and charges	17,050	17,050	7,874	9,176
TOTAL EXPENDITURES	<u>\$ 17,050</u>	<u>\$ 17,050</u>	<u>\$ 8,311</u>	<u>\$ 8,739</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ 8,250</u>	<u>\$ 8,250</u>	<u>\$ 15,939</u>	<u>\$ 7,689</u>
FUND BALANCE, January 1	76,304	76,304	76,304	-
FUND BALANCE, December 31	<u>\$ 84,554</u>	<u>\$ 84,554</u>	<u>\$ 92,243</u>	<u>\$ 7,689</u>

CITY OF WORTHINGTON, MINNESOTA

EXHIBIT B-7

RECREATION FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 916,369	\$ 916,369	\$ 918,700	\$ 2,331
Intergovernmental revenues				
State grants	-	-	110	110
Local government grants	-	-	50,000	50,000
Charges for services				
Culture and recreation	78,600	78,600	79,100	500
Miscellaneous				
Investment earnings	2,000	2,000	2,187	187
Other revenue	3,700	3,700	14,175	10,475
TOTAL REVENUES	\$ 1,000,669	\$ 1,000,669	\$ 1,064,272	\$ 63,603
EXPENDITURES				
Culture and recreation				
Personnel services	\$ 421,137	\$ 421,137	\$ 427,547	\$ (6,410)
Supplies	110,700	110,700	114,341	(3,641)
Other services and charges	226,510	226,510	227,951	(1,441)
Capital outlay	1,228,400	1,228,400	204,270	1,024,130
Conservation and development				
Personnel services	75,223	75,223	82,412	(7,189)
Supplies	14,250	14,250	10,453	3,797
Other services and charges	17,925	17,925	11,346	6,579
TOTAL EXPENDITURES	\$ 2,094,145	\$ 2,094,145	\$ 1,078,320	\$ 1,015,825
EXCESS(DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ (1,093,476)	\$ (1,093,476)	\$ (14,048)	\$ 1,079,428
OTHER FINANCING SOURCES				
Sale of fixed assets	\$ -	\$ -	\$ 54,096	\$ 54,096
Transfer-in	25,000	25,000	1,200,000	1,175,000
TOTAL OTHER FINANCING SOURCES	\$ 25,000	\$ 25,000	\$ 1,254,096	\$ 1,229,096
Net changes in fund balances	\$ (1,068,476)	\$ (1,068,476)	\$ 1,240,048	\$ 2,308,524
FUND BALANCE, January 1	(687,619)	(687,619)	(687,619)	-
FUND BALANCE, December 31	\$ (1,756,095)	\$ (1,756,095)	\$ 552,429	\$ 2,308,524

CITY OF WORTHINGTON, MINNESOTA

EXHIBIT B-8

ECONOMIC DEVELOPMENT AUTHORITY FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 131,770	\$ 131,770	\$ 123,374	\$ (8,396)
Miscellaneous				
Investment earnings	1,500	1,500	2,533	1,033
Other revenue	67,550	67,550	82,947	15,397
TOTAL REVENUES	\$ 200,820	\$ 200,820	\$ 208,854	\$ 8,034
EXPENDITURES				
Conservation & development				
Personnel services	\$ 6,346	\$ 6,346	\$ 6,430	\$ (84)
Supplies	1,200	1,200	528	672
Other services and charges	186,274	186,274	171,022	15,252
TOTAL EXPENDITURES	\$ 193,820	\$ 193,820	\$ 177,980	\$ 15,840
EXCESS OF REVENUES OVER EXPENDITURES	\$ -	\$ -	\$ 30,874	\$ 23,874
FUND BALANCE, January 1	287,219	287,219	287,219	-
FUND BALANCE, December 31	\$ 287,219	\$ 287,219	\$ 318,093	\$ 23,874

City of
Worthington

NONMAJOR ENTERPRISE FUNDS

The enterprise funds are established to account for operations financed and operated in a manner similar to private business enterprises. The intent is that costs of providing the goods or services to the general public on a continuing basis are financed or recovered primarily through user charges or where the City has decided that periodic determination of net income is appropriate for accountability purposes.

Storm Water Management Fund

This fund was established to account for the operations of the storm drains and storm lift stations.

Street Lighting Fund

This fund was established to account for the operations of the municipal street lighting.

Cable Television Fund

This fund was established to account for the franchise fees, subscriber fees and legal negotiations with the local cable television companies.

City of
Worthington

CITY OF WORTHINGTON, MINNESOTA

EXHIBIT C-1

NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
December 31, 2017

	Storm Water Management	Street Lighting	Cable Television	Total Nonmajor Enterprise Funds
ASSETS				
Current assets				
Cash assets				
Cash and cash equivalents	\$ 1,575,733	\$ 87,538	\$ 1,254	\$ 1,664,525
Investments	308,542	17,141	246	325,929
Receivables				
Utilities receivable	50,824	25,093	-	75,917
Interest receivable	4,978	447	-	5,425
Contracts receivable	-	-	23,136	23,136
Other current assets				
Prepayments	1,695	-	-	1,695
Total current assets	\$ 1,941,772	\$ 130,219	\$ 24,636	\$ 2,096,627
Noncurrent assets				
Capital assets				
Land & work in progress	\$ 531,892	\$ -	\$ -	\$ 531,892
Buildings & improvements	2,105,135	-	-	2,105,135
Equipment & furniture	375,697	-	-	375,697
Less accumulated depreciation	(728,744)	-	-	(728,744)
Net capital assets	\$ 2,283,980	\$ -	\$ -	\$ 2,283,980
TOTAL ASSETS	\$ 4,225,752	\$ 130,219	\$ 24,636	\$ 4,380,607
LIABILITIES				
Current liabilities				
Accounts payable	\$ 6,513	\$ 7,904	\$ 23,136	\$ 37,553
Contracts and retainage payable	463	-	-	463
Accrued payroll	275	-	-	275
Total current liabilities	\$ 7,251	\$ 7,904	\$ 23,136	\$ 38,291
TOTAL LIABILITIES	\$ 7,251	\$ 7,904	\$ 23,136	\$ 38,291
NET POSITION				
Net investment in capital assets	\$ 2,283,517	\$ -	\$ -	\$ 2,283,517
Restricted for:				
Capital projects	95,358	-	-	95,358
Unrestricted	1,839,626	122,315	1,500	1,963,441
TOTAL NET POSITION	\$ 4,218,501	\$ 122,315	\$ 1,500	\$ 4,342,316

CITY OF WORTHINGTON, MINNESOTA

EXHIBIT C-2

NONMAJOR ENTERPRISE FUNDS
 COMBINING STATEMENTS OF REVENUES, EXPENSES
 AND CHANGES IN NET POSITION
 For the Year Ended December 31, 2017

	Storm Water Management	Street Lighting	Cable Television	Total Nonmajor Enterprise Funds
OPERATING REVENUES				
Utility sales revenues	\$ 592,605	\$ 285,245	\$ -	\$ 877,850
Charges for services	-	-	131,680	131,680
TOTAL OPERATING REVENUES	<u>\$ 592,605</u>	<u>\$ 285,245</u>	<u>\$ 131,680</u>	<u>\$ 1,009,530</u>
OPERATING EXPENSES				
Personnel services	\$ 92,721	\$ -	\$ -	\$ 92,721
Supplies and materials	36,563	-	-	36,563
Other services and charges	60,939	84,648	131,680	277,267
Depreciation	83,833	-	-	83,833
TOTAL OPERATING EXPENSES	<u>\$ 274,056</u>	<u>\$ 84,648</u>	<u>\$ 131,680</u>	<u>\$ 490,384</u>
OPERATING INCOME	<u>\$ 318,549</u>	<u>\$ 200,597</u>	<u>\$ -</u>	<u>\$ 519,146</u>
NON-OPERATING REVENUE				
Investment earnings	\$ 15,061	\$ 1,302	\$ -	\$ 16,363
Rents	-	4,500	-	4,500
TOTAL NON-OPERATING REVENUE	<u>\$ 15,061</u>	<u>\$ 5,802</u>	<u>\$ -</u>	<u>\$ 20,863</u>
NET INCOME BEFORE OPERATING TRANSFERS	<u>\$ 333,610</u>	<u>\$ 206,399</u>	<u>\$ -</u>	<u>\$ 540,009</u>
Capital contributions-capital assets	172,527	-	-	172,527
Transfers-in	-	1,500	-	1,500
Transfers-out	(1,500)	(134,400)	-	(135,900)
CHANGE IN NET POSITION	<u>\$ 504,637</u>	<u>\$ 73,499</u>	<u>\$ -</u>	<u>\$ 578,136</u>
TOTAL NET POSITION, January 1	3,713,864	48,816	1,500	3,764,180
TOTAL NET POSITION, December 31	<u>\$ 4,218,501</u>	<u>\$ 122,315</u>	<u>\$ 1,500</u>	<u>\$ 4,342,316</u>

CITY OF WORTHINGTON, MINNESOTA

EXHIBIT C-3

NONMAJOR ENTERPRISE FUNDS
 COMBINING STATEMENT OF CASH FLOWS
 For the Year Ended December 31, 2017

	Storm Water Management	Street Lighting	Cable Television	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 590,944	\$ 284,744	\$ 131,653	\$ 1,007,341
Cash payments to suppliers for goods and services	(152,263)	(89,124)	(131,653)	(373,040)
Cash payments to employees for services	(92,891)	-	-	(92,891)
Other non-operating revenue	-	4,500	-	4,500
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 345,790	\$ 200,120	\$ -	\$ 545,910
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfer-in	\$ -	\$ 1,500	\$ -	\$ 1,500
Transfer-out	(1,500)	(134,400)	-	(135,900)
NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES	\$ (1,500)	\$ (132,900)	\$ -	\$ (134,400)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Federal grant revenue received	\$ 308,089	\$ -	\$ -	\$ 308,089
Acquisition and construction of capital assets	(290,738)	-	-	(290,738)
NET CASH PROVIDED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	\$ 17,351	\$ -	\$ -	\$ 17,351
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income	\$ 12,958	\$ 1,059	\$ -	\$ 14,017
Purchase of investments	(298,862)	(20,815)	(173)	(319,850)
Proceeds from sales of investments	63,489	5,438	-	68,927
NET CASH FROM INVESTING ACTIVITIES	\$ (222,415)	\$ (14,318)	\$ (173)	\$ (236,906)
NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 139,226	\$ 52,902	\$ (173)	\$ 191,955
CASH AND CASH EQUIVALENTS, January 1	1,436,507	34,636	1,427	1,472,570
CASH AND CASH EQUIVALENTS, December 31	<u>\$ 1,575,733</u>	<u>\$ 87,538</u>	<u>\$ 1,254</u>	<u>\$ 1,664,525</u>

(Continued)

CITY OF WORTHINGTON, MINNESOTA

(Continued)

NONMAJOR ENTERPRISE FUNDS
 COMBINING STATEMENT OF CASH FLOWS
 For the Year Ended December 31, 2017

	Storm Water Management	Street Lighting	Cable Television	Total Nonmajor Enterprise Funds
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income	\$ 318,549	\$ 200,597	\$ -	\$ 519,146
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Depreciation	83,833	-	-	83,833
Other non-operating revenue	-	4,500	-	4,500
(Increase)decrease in assets:				
Accounts receivable	-	-	-	-
Utility receivable	(1,661)	(501)	-	(2,162)
Contracts receivable	-	-	(27)	(27)
Prepaid expense	274	-	-	274
Increase(decrease) in liabilities:				
Accounts payable	(55,035)	(4,476)	27	(59,484)
Payroll payable	(170)	-	-	(170)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 345,790</u>	<u>\$ 200,120</u>	<u>\$ -</u>	<u>\$ 545,910</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:				
Loss on disposal of capital assets	\$ -	\$ -	\$ -	\$ -
Capital contributions-capital assets	-	-	-	-

City of
Worthington

INTERNAL SERVICE FUNDS

The internal service funds are used to account for financing of goods and services provided by one department to other departments of the governmental unit on a cost-reimbursement basis.

These funds are as follows:

- Data Processing Fund
- Safety Promotion/Loss Control Fund
- Vacation and Sick Accrual Fund
- Health Insurance Plan Fund

City of
Worthington

CITY OF WORTHINGTON, MINNESOTA

EXHIBIT D-1

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
December 31, 2017

	Data Processing	Safety Promotion/ Loss Control	Vacation and Sick Accrual	Health Insurance Plan	Total Internal Service Funds
ASSETS					
Current assets					
Cash assets					
Cash and cash equivalents	\$ 109,939	\$ 677,706	\$ 602,407	\$ 69,499	\$ 1,459,551
Investments	21,527	132,701	117,956	13,608	285,792
Interest receivable	365	2,231	-	-	2,596
Prepayments	9,618	-	-	-	9,618
Total current assets	<u>\$ 141,449</u>	<u>\$ 812,638</u>	<u>\$ 720,363</u>	<u>\$ 83,107</u>	<u>\$ 1,757,557</u>
Noncurrent assets					
Capital assets					
Machinery & equipment	\$ 59,695	\$ -	\$ -	\$ -	\$ 59,695
Furniture & fixtures	39,226	-	-	-	39,226
Less accumulated depreciation	(77,377)	-	-	-	(77,377)
Net capital assets	<u>\$ 21,544</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,544</u>
TOTAL ASSETS	<u>\$ 162,993</u>	<u>\$ 812,638</u>	<u>\$ 720,363</u>	<u>\$ 83,107</u>	<u>\$ 1,779,101</u>
Deferred Outflows of Resources					
Related to pensions	<u>\$ 33,746</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,746</u>
LIABILITIES					
Current liabilities					
Accounts payable	\$ 1,284	\$ -	\$ -	\$ -	\$ 1,284
Accrued payroll	3,348	-	-	-	3,348
Total current liabilities	<u>\$ 4,632</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,632</u>
Noncurrent liabilities					
Accrued vacation and sick pay	\$ -	\$ -	\$ 720,363	\$ -	\$ 720,363
Pension liability	44,066	-	-	-	44,066
Total other liabilities	<u>\$ 44,066</u>	<u>\$ -</u>	<u>\$ 720,363</u>	<u>\$ -</u>	<u>\$ 764,429</u>
TOTAL LIABILITIES	<u>\$ 48,698</u>	<u>\$ -</u>	<u>\$ 720,363</u>	<u>\$ -</u>	<u>\$ 769,061</u>
Deferred inflows of resources					
Related to pensions	<u>\$ 27,875</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,875</u>
NET POSITION					
Net investment in capital assets	\$ 21,544	\$ -	\$ -	\$ -	\$ 21,544
Restricted for:					
Capital projects	31,245	-	-	-	31,245
Unrestricted	67,377	812,638	-	83,107	963,122
TOTAL NET POSITION	<u>\$ 120,166</u>	<u>\$ 812,638</u>	<u>\$ -</u>	<u>\$ 83,107</u>	<u>\$ 1,015,911</u>

INTERNAL SERVICE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 For the Year Ended December 31, 2017

	Data Processing	Safety Promotion/ Loss Control	Vacation and Sick Accrual	Health Insurance Plan	Total Internal Service Funds
OPERATING REVENUES					
Charges for services-internal	\$ 249,586	\$ 315,338	\$ -	\$ -	\$ 564,924
Other operating revenues	-	1,727	-	-	1,727
TOTAL OPERATING REVENUES	\$ 249,586	\$ 317,065	\$ -	\$ -	\$ 566,651
OPERATING EXPENSES					
Personnel services	\$ 187,878	\$ -	\$ -	\$ -	\$ 187,878
Supplies and materials	7,646	-	-	-	7,646
Other services and charges	20,296	23,821	-	-	44,117
Depreciation	8,618	-	-	-	8,618
TOTAL OPERATING EXPENSES	\$ 224,438	\$ 23,821	\$ -	\$ -	\$ 248,259
OPERATING INCOME	\$ 25,148	\$ 293,244	\$ -	\$ -	\$ 318,392
NON-OPERATING REVENUE					
Investment earnings	\$ 1,208	\$ 7,434	\$ -	\$ 19	\$ 8,661
Other non-operating	39	-	-	-	39
TOTAL NON-OPERATING REVENUE	\$ 1,247	\$ 7,434	\$ -	\$ 19	\$ 8,700
NET INCOME BEFORE TRANSFERS	\$ 26,395	\$ 300,678	\$ -	\$ 19	\$ 327,092
Transfers-out	-	(250,000)	-	-	(250,000)
CHANGE IN NET POSITION	\$ 26,395	\$ 50,678	\$ -	\$ 19	\$ 77,092
TOTAL NET POSITION, January 1	93,771	761,960	-	83,088	938,819
TOTAL NET POSITION, December 31	\$ 120,166	\$ 812,638	\$ -	\$ 83,107	\$ 1,015,911

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2017

	Data Processing	Safety Promotion/ Loss Control	Vacation and Sick Accrual	Health Insurance Plan	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 249,586	\$ 317,065	\$ 29,326	\$ -	\$ 595,977
Cash payments to suppliers for goods and services	(28,274)	(39,856)	-	-	(68,130)
Cash payments to employees for services	(203,992)	-	-	-	(203,992)
Other non-operating revenue	39	-	-	-	39
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 17,359	\$ 277,209	\$ 29,326	\$ -	\$ 323,894
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfer-out	\$ -	\$ (250,000)	\$ -	\$ -	\$ (250,000)
NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES	\$ -	\$ (250,000)	\$ -	\$ -	\$ (250,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	\$ -	\$ -	\$ -	\$ -	\$ -
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	\$ -	\$ -	\$ -	\$ -	\$ -
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest income	\$ 1,063	\$ 6,532	\$ -	\$ 19	\$ 7,614
Purchase of investments	(21,078)	(126,463)	(84,464)	(9,581)	(241,586)
Proceeds from sales of investments	5,030	31,405	-	-	36,435
NET CASH USED INVESTING ACTIVITIES	\$ (14,985)	\$ (88,526)	\$ (84,464)	\$ (9,562)	\$ (197,537)
NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 2,374	\$ (61,317)	\$ (55,138)	\$ (9,562)	\$ (123,643)
CASH AND CASH EQUIVALENTS, January 1	107,565	739,023	657,545	79,061	1,583,194
CASH AND CASH EQUIVALENTS, December 31	\$ 109,939	\$ 677,706	\$ 602,407	\$ 69,499	\$ 1,459,551
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating income	\$ 25,148	\$ 293,244	\$ -	\$ -	\$ 318,392
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Depreciation	8,618	-	-	-	8,618
Other non-operating revenue	39	-	-	-	39
(Increase) in assets:					
Accounts receivable	-	(16,035)	-	-	(16,035)
Prepaid expenses	(498)	-	-	-	(498)
Decrease in deferred outflows of resources:					
Deferred outflows related to pensions	8,906	-	-	-	8,906
Increase(decrease) in liabilities:					
Accounts payable	166	-	-	-	166
Payroll payable	137	-	-	-	137
Pension payable	(48,169)	-	-	-	(48,169)
Accrued vacation and sick	-	-	29,326	-	29,326
Increase in deferred inflows of resources:					
Deferred inflows related to pensions	23,012	-	-	-	23,012
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 17,359	\$ 277,209	\$ 29,326	\$ -	\$ 323,894
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES					
Loss on disposal of capital assets	\$ -	\$ -	\$ -	\$ -	\$ -
Capital contributions-capital assets	-	-	-	-	-

AGENCY FUNDS

Agency funds are used to account for assets held by the government as an agent for individuals, private organizations, or other governments, and/or other funds.

Agency Funds presently established are as follows:

- Olson Water Fund
- Retirees Health Insurance Fund
- Garbage Collection Fund
- Bicentennial Fund
- Waste Management Collection Fund
- Salstrom Bequest Fund
- Tourism Promotion Fund
- Economic Revolving Loan Fund

City of
Worthington

CITY OF WORTHINGTON, MINNESOTA
 COMBINING STATEMENT OF NET POSITION
 AGENCY FUNDS
 December 31, 2017

	Olson Water	Retirees Health Insurance	Garbage Collection
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash assets			
Cash and cash equivalents	\$ 67,462	\$ 3,031	\$ 12,416
Investments	13,210	594	2,431
Receivables			
Utility receivable	-	-	108,815
Interest receivable	-	-	-
Accounts receivable	-	-	-
Economic revolving receivable	-	-	-
Economic revolving receivable L-T	-	-	-
	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 80,672</u>	<u>\$ 3,625</u>	<u>\$ 123,662</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ 83,706
Health insurance premium payable	-	3,625	-
Due to other governments	-	-	6,634
Sureties/deposits	-	-	15,350
Amounts held for others	80,672	-	17,972
	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>\$ 80,672</u>	<u>\$ 3,625</u>	<u>\$ 123,662</u>

EXHIBIT E-1

Bicen- ten- nial	Waste Manage- ment	Salstrom Bequest	Tourism Promotion	Economic Revolving	Totals
\$ 7,429	\$ 6,159	\$ 10,462	\$ 9,475	\$ 914,778	\$ 1,031,212
1,454	1,206	2,049	1,855	179,121	201,920
-	-	-	-	-	108,815
24	-	33	-	2,880	2,937
-	-	-	9,059	-	9,059
-	-	-	-	39,473	39,473
-	-	-	-	154,293	154,293
<u>\$ 8,907</u>	<u>\$ 7,365</u>	<u>\$ 12,544</u>	<u>\$ 20,389</u>	<u>\$ 1,290,545</u>	<u>\$ 1,547,709</u>
\$ -	\$ 7,190	\$ -	\$ 20,389	\$ -	\$ 111,285
-	-	-	-	-	3,625
-	-	-	-	-	6,634
-	-	-	-	-	15,350
<u>8,907</u>	<u>175</u>	<u>12,544</u>	<u>-</u>	<u>1,290,545</u>	<u>1,410,815</u>
<u>\$ 8,907</u>	<u>\$ 7,365</u>	<u>\$ 12,544</u>	<u>\$ 20,389</u>	<u>\$ 1,290,545</u>	<u>\$ 1,547,709</u>

CITY OF WORTHINGTON, MINNESOTA

EXHIBIT E-2

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 For the Year Ended December 31, 2017

	Balance January 1, 2017	Additions	Deductions	Balance December 31, 2017
<u>OLSON WATER</u>				
Assets				
Cash and cash equivalents	\$ 81,999	\$ -	\$ 14,537	\$ 67,462
Investments	4,177	9,033	-	13,210
Total assets	<u>\$ 86,176</u>	<u>\$ 9,033</u>	<u>\$ 14,537</u>	<u>\$ 80,672</u>
Liabilities				
Amounts held for others	\$ 86,176	\$ 14,496	\$ 20,000	\$ 80,672
Total liabilities	<u>\$ 86,176</u>	<u>\$ 14,496</u>	<u>\$ 20,000</u>	<u>\$ 80,672</u>
<u>RETIREES HEALTH INSURANCE</u>				
Assets				
Cash and cash equivalents	\$ 3,449	\$ -	\$ 418	\$ 3,031
Investments	176	418	-	594
Total assets	<u>\$ 3,625</u>	<u>\$ 418</u>	<u>\$ 418</u>	<u>\$ 3,625</u>
Liabilities				
Health insurance premium payable	\$ 3,625	\$ -	\$ -	\$ 3,625
Total liabilities	<u>\$ 3,625</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,625</u>
<u>GARBAGE COLLECTION FUND</u>				
Assets				
Cash and cash equivalents	\$ 8,900	\$ 1,104,364	\$ 1,100,848	\$ 12,416
Investments	453	23,513	21,535	2,431
Utility receivable	106,895	1,118,729	1,116,809	108,815
Total assets	<u>\$ 116,248</u>	<u>\$ 2,246,606</u>	<u>\$ 2,239,192</u>	<u>\$ 123,662</u>
Liabilities				
Accounts payable	\$ 82,066	\$ 987,870	\$ 986,230	\$ 83,706
Due to other governments	6,505	79,079	78,950	6,634
Sureties/deposits	16,295	5,255	6,200	15,350
Amounts held for others	11,382	1,047,381	1,040,791	17,972
Total liabilities	<u>\$ 116,248</u>	<u>\$ 2,119,585</u>	<u>\$ 2,112,171</u>	<u>\$ 123,662</u>
<u>BICENTENNIAL FUND</u>				
Assets				
Cash and cash equivalents	\$ 8,385	\$ -	\$ 956	\$ 7,429
Investments	427	1,027	-	1,454
Interest receivable	16	8	-	24
Total assets	<u>\$ 8,828</u>	<u>\$ 1,035</u>	<u>\$ 956</u>	<u>\$ 8,907</u>
Liabilities				
Amounts held for others	\$ 8,828	\$ 79	\$ -	\$ 8,907
Total liabilities	<u>\$ 8,828</u>	<u>\$ 79</u>	<u>\$ -</u>	<u>\$ 8,907</u>

CITY OF WORTHINGTON, MINNESOTA

(Continued)

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 For the Year Ended December 31, 2017

	Balance January 1, 2017	Additions	Deductions	Balance December 31, 2017
<u>WASTE MANAGEMENT COLLECTION</u>				
Assets				
Cash and cash equivalents	\$ 7,020	\$ 80,962	\$ 81,823	\$ 6,159
Investments	357	5,396	4,547	1,206
Utility receivable	-	86,358	86,358	-
Total assets	<u>\$ 7,377</u>	<u>\$ 172,716</u>	<u>\$ 172,728</u>	<u>\$ 7,365</u>
Liabilities				
Accounts payable	\$ 7,202	\$ 86,358	\$ 86,370	\$ 7,190
Amounts held for others	175	86,358	86,358	175
Total liabilities	<u>\$ 7,377</u>	<u>\$ 172,716</u>	<u>\$ 172,728</u>	<u>\$ 7,365</u>
<u>SALSTROM BEQUEST</u>				
Assets				
Cash and cash equivalents	\$ 11,808	\$ -	\$ 1,346	\$ 10,462
Investments	602	1,447	-	2,049
Interest receivable	23	10	-	33
Total assets	<u>\$ 12,433</u>	<u>\$ 1,457</u>	<u>\$ 1,346</u>	<u>\$ 12,544</u>
Liabilities				
Amounts held for others	\$ 12,433	\$ 111	\$ -	\$ 12,544
Total liabilities	<u>\$ 12,433</u>	<u>\$ 111</u>	<u>\$ -</u>	<u>\$ 12,544</u>
<u>TOURISM PROMOTION</u>				
Assets				
Cash and cash equivalents	\$ 11,120	\$ 158,708	\$ 160,353	\$ 9,475
Investments	566	6,925	5,636	1,855
Accounts receivable	8,677	9,085	8,703	9,059
Total assets	<u>\$ 20,363</u>	<u>\$ 174,718</u>	<u>\$ 174,692</u>	<u>\$ 20,389</u>
Liabilities				
Accounts payable	\$ 20,363	\$ 174,280	\$ 174,254	\$ 20,389
Amounts held for others	-	165,988	165,988	-
Total liabilities	<u>\$ 20,363</u>	<u>\$ 340,268</u>	<u>\$ 340,242</u>	<u>\$ 20,389</u>

CITY OF WORTHINGTON, MINNESOTA

(Continued)

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 For the Year Ended December 31, 2017

	Balance January 1, 2017	Additions	Deductions	Balance December 31, 2017
<u>ECONOMIC REVOLVING LOAN</u>				
Assets				
Cash and cash equivalents	\$ 982,096	\$ 5,693	\$ 73,011	\$ 914,778
Investments	50,023	156,922	27,824	179,121
Interest receivable	1,903	977	-	2,880
Accounts receivable	6,120	37,949	44,069	-
Economic revolving receivable	54,827	47,610	62,964	39,473
Economic revolving receivable L-T	230,834	-	76,541	154,293
Total assets	<u>\$ 1,325,803</u>	<u>\$ 249,151</u>	<u>\$ 284,409</u>	<u>\$ 1,290,545</u>
Liabilities				
Amounts held for others	\$ 1,325,803	\$ 15,098	\$ 50,356	\$ 1,290,545
Total liabilities	<u>\$ 1,325,803</u>	<u>\$ 15,098</u>	<u>\$ 50,356</u>	<u>\$ 1,290,545</u>
<u>TOTAL ALL AGENCY FUNDS</u>				
Assets				
Cash and cash equivalents	\$ 1,114,777	\$ 1,349,727	\$ 1,433,292	\$ 1,031,212
Investments	56,781	204,681	59,542	201,920
Utility receivable	106,895	1,205,087	1,203,167	108,815
Interest receivable	1,942	995	-	2,937
Accounts receivable	14,797	47,034	52,772	9,059
Economic revolving receivable	54,827	47,610	62,964	39,473
Economic revolving receivable L-T	230,834	-	76,541	154,293
Total assets	<u>\$ 1,580,853</u>	<u>\$ 2,855,134</u>	<u>\$ 2,888,278</u>	<u>\$ 1,547,709</u>
Liabilities				
Accounts payable	\$ 109,631	\$ 1,248,508	\$ 1,246,854	\$ 111,285
Health insurance premium payable	3,625	-	-	3,625
Due to other governments	6,505	79,079	78,950	6,634
Sureties/deposits	16,295	5,255	6,200	15,350
Amounts held for others	1,444,797	1,329,511	1,363,493	1,410,815
Total liabilities	<u>\$ 1,580,853</u>	<u>\$ 2,662,353</u>	<u>\$ 2,695,497</u>	<u>\$ 1,547,709</u>

STATISTICAL SECTION

This part of the City of Worthington's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements and note disclosures say about the city's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.

- Table I – Net Position by Component
- Table II – Changes in Net Position
- Table III – Fund Balances – Governmental Funds
- Table IV – Changes in Fund Balances – Governmental Funds
- Table V – Program Revenues by Function/Program
- Table VI – General Governmental Tax Revenues by Source

Revenue Capacity

These schedules contain information to help the reader assess the city's most significant local revenue source, the property tax.

- Table VII – Assessed Value and Estimated Value of Taxable Property
- Table VIII – Property Tax Rates – Direct and Overlapping Governments
- Table IX – Principal Property Taxpayers
- Table X – Property Tax Levies and Collections

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the city's ability to issue additional debt in the future.

- Table XI – Ratios of Outstanding Debt by Type
- Table XII – Ratios of Net General Bonded Debt Outstanding
- Table XIII – Direct and Overlapping Governmental Activities Debt
- Table XIV – Legal Debt Margin Information
- Table XV – Pledged Revenue Coverage

STATISTICAL SECTION (Continued)

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place.

Table XVI – Demographic and Economic Statistics

Table XVII – Principal Employers

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the city's financial report relates to the services the city provides and the activities it performs.

Table XVIII – Full-time Equivalent City Government Employees by Function

Table XIX – Operating Indicators by Function/Program

Table XX – Capital Asset Statistics by Function/Program

City of
Worthington

CITY OF WORTHINGTON, MINNESOTA

NET POSITION BY COMPONENT
 LAST TEN YEARS
 (Accrual basis of accounting)
 (Unaudited)

	Fiscal Year			
	2017	2016	2015	2014
Governmental activities				
Net investment in capital assets	\$ 50,860,906	\$ 48,666,336	\$ 48,492,325	\$ 46,964,381
Restricted	1,011,716	837,812	499,512	1,755,879
Unrestricted	31,168,137	28,621,645	28,700,040	33,810,768
Total governmental activities net position	<u>\$ 83,040,759</u>	<u>\$ 78,125,793</u>	<u>\$ 77,691,877</u>	<u>\$ 82,531,028</u>
Business-type activities				
Net investment in capital assets	\$ 61,335,680	\$ 60,565,819	\$ 58,444,053	\$ 58,409,545
Restricted	17,467,132	17,112,566	16,377,873	15,681,813
Unrestricted	24,153,301	20,459,563	19,343,981	19,010,682
Total business-type activities net position	<u>\$ 102,956,113</u>	<u>\$ 98,137,948</u>	<u>\$ 94,165,907</u>	<u>\$ 93,102,040</u>
Primary government				
Net investment in capital assets	\$ 112,196,586	\$ 109,232,155	\$ 106,936,378	\$ 105,373,926
Restricted	18,478,848	17,950,378	16,877,385	17,437,692
Unrestricted	55,321,438	49,081,208	48,044,021	52,821,450
Total primary government net position	<u>\$ 185,996,872</u>	<u>\$ 176,263,741</u>	<u>\$ 171,857,784</u>	<u>\$ 175,633,068</u>

TABLE I

2013	2012	2011	2010	2009	2008
\$ 45,162,900	\$ 38,057,000	\$ 35,414,757	\$ 31,708,983	\$ 31,657,220	\$ 27,618,040
1,902,920	4,247,531	4,939,220	6,104,522	8,131,864	2,441,907
<u>32,834,830</u>	<u>37,076,263</u>	<u>38,397,518</u>	<u>39,675,278</u>	<u>36,505,774</u>	<u>43,135,374</u>
<u>\$ 79,900,650</u>	<u>\$ 79,380,794</u>	<u>\$ 78,751,495</u>	<u>\$ 77,488,783</u>	<u>\$ 76,294,858</u>	<u>\$ 73,195,321</u>
\$ 59,044,651	\$ 58,627,468	\$ 53,648,644	\$ 53,251,656	\$ 51,646,552	\$ 46,622,205
15,245,084	14,806,763	13,877,814	14,965,433	12,633,815	13,043,967
<u>18,493,561</u>	<u>15,817,256</u>	<u>17,977,748</u>	<u>14,277,965</u>	<u>14,942,627</u>	<u>15,116,961</u>
<u>\$ 92,783,296</u>	<u>\$ 89,251,487</u>	<u>\$ 85,504,206</u>	<u>\$ 82,495,054</u>	<u>\$ 79,222,994</u>	<u>\$ 74,783,133</u>
\$ 104,207,551	\$ 96,684,468	\$ 89,063,401	\$ 84,960,639	\$ 83,303,772	\$ 74,240,245
17,148,004	19,054,294	18,817,034	21,069,955	20,765,679	15,485,874
<u>51,328,391</u>	<u>52,893,519</u>	<u>56,375,266</u>	<u>53,953,243</u>	<u>51,448,401</u>	<u>58,252,335</u>
<u>\$ 172,683,946</u>	<u>\$ 168,632,281</u>	<u>\$ 164,255,701</u>	<u>\$ 159,983,837</u>	<u>\$ 155,517,852</u>	<u>\$ 147,978,454</u>

CITY OF WORTHINGTON, MINNESOTA

CHANGES IN NET POSITION
 LAST TEN YEARS
 (Accrual basis of accounting)
 (Unaudited)

	Fiscal Year			
	2017	2016	2015	2014
EXPENSES				
Governmental activities:				
General government	\$ 1,774,849	\$ 2,015,986	\$ 2,436,264	\$ 1,975,297
Public safety	3,904,169	5,324,523	4,262,523	4,056,319
Public works	2,514,522	2,399,382	2,398,598	2,261,725
Culture and recreation	1,570,691	1,675,764	1,703,391	1,540,770
Conservation and development	472,180	682,774	704,712	615,851
Interest on long-term debt	389,415	366,482	382,164	494,122
Total governmental activities expenses	<u>\$ 10,625,826</u>	<u>\$ 12,464,911</u>	<u>\$ 11,887,652</u>	<u>\$ 10,944,084</u>
Business-type activities:				
Water	\$ 2,642,004	\$ 2,699,733	\$ 2,669,252	\$ 2,849,765
Municipal Wastewater	1,516,610	1,700,461	1,575,148	1,552,144
Electric	18,662,026	19,025,873	19,370,140	17,738,999
Industrial Wastewater Facility	1,713,977	1,654,849	1,644,558	1,675,000
Storm Water Management	273,000	313,449	303,938	273,418
Street Lighting	84,648	123,443	148,450	124,409
Liquor	3,303,920	3,282,401	3,164,181	3,003,084
Airport	735,318	712,703	700,870	695,305
Memorial Auditorium ¹	-	-	-	-
Cable Television	131,680	143,274	149,487	157,876
Total business-type activities expenses	<u>\$ 29,063,183</u>	<u>\$ 29,656,186</u>	<u>\$ 29,726,024</u>	<u>\$ 28,070,000</u>
Total primary government expenses	<u>\$ 39,689,009</u>	<u>\$ 42,121,097</u>	<u>\$ 41,613,676</u>	<u>\$ 39,014,084</u>
PROGRAM REVENUES				
Governmental activities:				
Charges for services:				
General government	\$ 844,482	\$ 483,600	\$ 667,173	\$ 537,195
Public safety	247,223	257,870	277,256	293,387
Public works	90,791	92,722	143,169	115,690
Culture and recreation	162,831	169,374	205,963	247,482
Operating grants and contributions	723,096	881,775	952,580	917,054
Capital grants and contributions	1,881,962	1,352,727	-	78,932
Total governmental activities program revenues	<u>\$ 3,950,385</u>	<u>\$ 3,238,068</u>	<u>\$ 2,246,141</u>	<u>\$ 2,189,740</u>
Business-type activities:				
Charges for services:				
Water	\$ 3,840,879	\$ 3,762,729	\$ 3,795,799	\$ 3,625,569
Municipal Wastewater	2,210,851	2,103,485	2,064,250	1,960,337
Electric	21,264,674	20,779,517	20,351,158	18,882,006
Industrial Wastewater Facility	1,595,874	1,638,371	1,562,248	1,577,378
Storm Water Management	592,605	577,718	561,735	559,478
Street Lighting	285,245	284,610	267,924	256,645
Liquor	3,774,433	3,735,141	3,642,919	3,449,343
Airport	220,049	187,189	160,692	193,477
Memorial Auditorium ¹	-	-	-	-
Cable Television	131,680	143,274	149,487	157,876
Operating grants and contributions	84,459	74,352	77,383	78,608
Capital grants and contributions	273,973	810,215	475,566	211,971
Total business-type activities program revenues	<u>\$ 34,274,722</u>	<u>\$ 34,096,601</u>	<u>\$ 33,109,161</u>	<u>\$ 30,952,688</u>
Total primary government program revenues	<u>\$ 38,225,107</u>	<u>\$ 37,334,669</u>	<u>\$ 35,355,302</u>	<u>\$ 33,142,428</u>
NET (EXPENSE)/REVENUE				
Governmental activities	\$ (6,675,441)	\$ (9,226,843)	\$ (9,641,511)	\$ (8,754,344)
Business-type activities	5,211,539	4,440,415	3,383,137	2,882,688
Total primary government net expense	<u>\$ (1,463,902)</u>	<u>\$ (4,786,428)</u>	<u>\$ (6,258,374)</u>	<u>\$ (5,871,656)</u>

TABLE II

2013	2012	2011	2010	2009	2008
\$ 1,914,185	\$ 1,976,096	\$ 1,745,298	\$ 1,674,832	\$ 1,892,713	\$ 2,261,590
3,902,531	4,020,994	4,107,495	3,647,508	3,831,705	3,530,668
4,966,535	851,334	2,229,452	2,407,031	2,365,662	2,300,309
1,342,048	2,067,753	1,205,574	997,279	1,212,834	1,174,547
819,208	551,663	819,347	1,065,831	684,397	417,781
543,567	606,216	357,449	355,472	300,192	362,350
<u>\$ 13,488,074</u>	<u>\$ 10,074,056</u>	<u>\$ 10,464,615</u>	<u>\$ 10,147,953</u>	<u>\$ 10,287,503</u>	<u>\$ 10,047,245</u>
\$ 2,246,012	\$ 1,841,521	\$ 1,860,466	\$ 1,702,662	\$ 1,654,522	\$ 1,647,977
1,574,900	1,508,029	2,186,438	1,940,717	1,935,773	1,857,269
16,624,300	16,836,791	16,248,417	15,544,676	13,509,070	11,909,442
1,643,566	1,714,697	1,985,155	1,944,166	2,314,086	2,068,749
229,320	224,288	230,326	238,121	236,413	213,548
110,096	112,906	246,017	75,141	-	-
2,813,698	2,677,525	2,513,699	2,240,024	2,156,194	2,052,909
584,484	730,376	748,282	718,246	716,211	710,469
250,718	214,584	168,205	102,290	97,283	119,606
154,328	152,698	129,904	132,304	130,701	128,088
<u>\$ 26,231,422</u>	<u>\$ 26,013,415</u>	<u>\$ 26,316,909</u>	<u>\$ 24,638,347</u>	<u>\$ 22,750,253</u>	<u>\$ 20,708,057</u>
<u>\$ 39,719,496</u>	<u>\$ 36,087,471</u>	<u>\$ 36,781,524</u>	<u>\$ 34,786,300</u>	<u>\$ 33,037,756</u>	<u>\$ 30,755,302</u>
\$ 646,428	\$ 584,874	\$ 833,647	\$ 780,941	\$ 709,382	\$ 755,472
307,022	294,135	267,157	275,459	309,564	236,922
120,586	142,724	163,874	155,453	143,447	146,051
176,252	172,291	191,537	310,379	330,032	331,394
3,470,885	677,220	726,488	1,026,464	887,580	581,875
2,051,302	2,107,363	1,963,644	1,561,025	1,038,066	950,586
<u>\$ 6,772,475</u>	<u>\$ 3,978,607</u>	<u>\$ 4,146,347</u>	<u>\$ 4,109,721</u>	<u>\$ 3,418,071</u>	<u>\$ 3,002,300</u>
\$ 3,312,719	\$ 2,971,815	\$ 2,921,207	\$ 2,758,328	\$ 2,736,111	\$ 2,620,829
2,045,198	2,156,267	2,193,413	2,089,166	2,090,424	1,967,024
18,086,277	17,820,190	17,620,269	16,342,512	14,121,035	12,840,296
1,656,235	1,749,232	1,776,205	1,896,879	2,789,298	2,249,751
556,675	532,718	510,434	488,379	469,259	444,196
255,674	254,460	254,236	63,347	-	-
3,261,540	3,093,924	2,833,232	2,596,519	2,403,857	2,292,461
189,432	173,748	99,063	102,236	105,641	96,902
52,849	56,617	46,590	16,240	33,234	32,765
154,328	152,698	129,904	132,304	130,701	128,088
60,469	76,437	329,421	62,263	66,519	82,513
553,266	266,867	59,076	684,477	2,696,475	187,719
<u>\$ 30,184,662</u>	<u>\$ 29,304,973</u>	<u>\$ 28,773,050</u>	<u>\$ 27,232,650</u>	<u>\$ 27,642,554</u>	<u>\$ 22,942,544</u>
<u>\$ 36,957,137</u>	<u>\$ 33,283,580</u>	<u>\$ 32,919,397</u>	<u>\$ 31,342,371</u>	<u>\$ 31,060,625</u>	<u>\$ 25,944,844</u>
\$ (6,715,599)	\$ (6,095,449)	\$ (6,318,268)	\$ (6,038,232)	\$ (6,869,432)	\$ (7,044,945)
3,953,240	3,291,558	2,456,141	2,594,303	4,892,301	2,234,487
<u>\$ (2,762,359)</u>	<u>\$ (2,803,891)</u>	<u>\$ (3,862,127)</u>	<u>\$ (3,443,929)</u>	<u>\$ (1,977,131)</u>	<u>\$ (4,810,458)</u>

CITY OF WORTHINGTON, MINNESOTA

CHANGES IN NET POSITION
 LAST TEN YEARS
 (Accrual basis of accounting)
 (Unaudited)

	Fiscal Year			
	2017	2016	2015	2014
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental activities:				
Taxes				
Property taxes	\$ 3,645,694	\$ 3,428,878	\$ 3,195,394	\$ 3,153,050
Sales taxes	1,547,517	885,404	826,979	786,320
Gambling taxes	4,658	4,593	5,555	5,097
Tax increment fees	181,911	182,963	204,731	154,260
Forfeited tax sale apportion	-	4,488	-	-
Unrestricted grants and contributions	3,194,810	3,187,772	3,167,052	3,126,305
Investment earnings	440,916	410,299	450,408	393,033
Net decrease in the fair value of investments	(171,676)	(214,159)	-	-
Other	555,006	839,489	648,847	636,901
Proceeds from sale of capital assets	-	27,125	120,191	151,808
Transfers	842,172	824,585	794,975	1,496,836
Total governmental activities	\$ 10,241,008	\$ 9,581,437	\$ 9,414,132	\$ 9,903,610
Business-type activities:				
Taxes				
Property taxes	\$ 9	\$ 31	\$ 9,800	\$ 11
Unrestricted grants and contributions	-	-	-	-
Investment earnings	408,528	256,303	262,720	214,562
Other	75,970	99,877	9,427	290,655
Proceeds from sale of capital assets	31,943	-	32,939	7,787
Transfers	(842,172)	(824,585)	(794,975)	(1,496,836)
Total business-type activities	\$ (325,722)	\$ (468,374)	\$ (480,089)	\$ (983,821)
Total primary government	\$ 9,915,286	\$ 9,113,063	\$ 8,934,043	\$ 8,919,789
CHANGES IN NET POSITION				
Governmental activities	\$ 3,565,567	\$ 354,594	\$ (227,379)	\$ 1,149,266
Business-type activities	4,885,817	3,972,041	2,903,048	1,898,867
Total primary government	\$ 8,451,384	\$ 4,326,635	\$ 2,675,669	\$ 3,048,133

¹Starting in 2014 the Memorial Auditorium activity is accounted for in the general fund.

TABLE II

	2013	2012	2011	2010	2009	2008
\$	3,060,826	\$ 2,995,073	\$ 2,416,355	\$ 2,266,448	\$ 2,285,040	\$ 2,193,251
	770,201	763,967	740,382	681,830	417,110	-
	3,960	4,423	5,604	4,741	4,184	5,628
	109,958	111,347	670,833	645,056	591,277	554,856
	-	-	-	-	-	-
	2,721,740	2,721,725	2,789,924	2,789,765	3,220,434	3,132,132
	423,560	294,788	578,896	446,893	610,922	919,195
	-	-	-	-	-	-
	400,027	486,323	496,586	641,694	1,816,309	567,262
	104,343	5,215	3,600	2,795	8,400	45,693
	665,789	(87,100)	127,090	(393,718)	757,264	667,211
\$	<u>8,260,404</u>	<u>\$ 7,295,761</u>	<u>\$ 7,829,270</u>	<u>\$ 7,085,504</u>	<u>\$ 9,710,940</u>	<u>\$ 8,085,228</u>
\$	66,544	\$ 66,337	\$ 50,133	\$ 49,272	\$ 53,407	\$ 94,373
	-	-	1,501	1,658	6,002	10,545
	131,404	82,313	216,205	151,351	172,283	764,189
	174,411	232,280	515,750	61,269	48,228	254,736
	26,500	9,000	-	44,143	2,500	10,659
	(665,789)	87,100	(127,090)	393,718	(757,264)	(667,211)
\$	<u>(266,930)</u>	<u>\$ 477,030</u>	<u>\$ 656,499</u>	<u>\$ 701,411</u>	<u>\$ (474,844)</u>	<u>\$ 467,291</u>
\$	<u>7,993,474</u>	<u>\$ 7,772,791</u>	<u>\$ 8,485,769</u>	<u>\$ 7,786,915</u>	<u>\$ 9,236,096</u>	<u>\$ 8,552,519</u>
\$	1,544,805	\$ 1,200,312	\$ 1,511,002	\$ 1,047,272	\$ 2,841,508	\$ 1,040,283
	3,686,310	3,768,588	3,112,640	3,295,714	4,417,457	2,701,778
\$	<u>5,231,115</u>	<u>\$ 4,968,900</u>	<u>\$ 4,623,642</u>	<u>\$ 4,342,986</u>	<u>\$ 7,258,965</u>	<u>\$ 3,742,061</u>

CITY OF WORTHINGTON, MINNESOTA

FUND BALANCES-GOVERNMENTAL FUNDS
 LAST TEN YEARS
 (Modified accrual basis of accounting)
 (Unaudited)

	Fiscal Year			
	2017*	2016*	2015*	2014*
General Fund				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-
Nonspendable	360,405	362,813	376,609	382,782
Restricted	1,281	1,281	1,281	1,281
Committed	3,104,734	3,248,058	2,970,656	2,782,328
Assigned	735,741	890,151	912,662	1,075,652
Unassigned	3,934,230	4,048,626	4,201,047	4,216,095
Total general fund	\$ 8,136,391	\$ 8,550,929	\$ 8,462,255	\$ 8,458,138
All Other Governmental Funds				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:				
Special revenue funds	-	-	-	-
Debt service funds	-	-	-	-
Capital projects funds	-	-	-	-
Nonspendable	26,632	27,338	26,763	27,704
Restricted	2,129,623	2,122,518	2,054,199	3,310,668
Committed	11,749,137	11,110,591	10,562,543	10,227,310
Assigned	11,960,606	12,763,471	11,033,347	11,396,981
Unassigned	(346,370)	(1,682,546)	(644,751)	(686,208)
Total all other governmental funds	\$ 25,519,628	\$ 24,341,372	\$ 23,032,101	\$ 24,276,455
Total Governmental Funds				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-
Nonspendable	387,037	390,151	403,372	410,486
Restricted	2,130,904	2,123,799	2,055,480	3,311,949
Committed	14,853,871	14,358,649	13,533,199	13,009,638
Assigned	12,696,347	13,653,622	11,946,009	12,472,633
Unassigned	3,587,860	2,366,080	3,556,296	3,529,887
Total governmental funds	\$ 33,656,019	\$ 32,892,301	\$ 31,494,356	\$ 32,734,593
All governmental funds percentage change	2.32%	4.44%	-3.79%	3.05%

* The implementation of Governmental Accounting Standards Board Statement No. 54 *Fund Balance Reporting and Governmental Type Definitions*, in fiscal year 2011 resulted in significant change in the City's fund balance classifications. Information prior to 2011 has not been restated.

TABLE III

2013*	2012*	2011*	2010	2009	2008
\$ -	\$ -	\$ -	\$ 2,926,586	\$ 2,951,222	\$ 2,653,486
-	-	-	1,575,108	1,416,767	1,675,271
330,728	462,137	474,266	-	-	-
1,281	1,281	1,281	-	-	-
2,661,776	2,643,033	2,326,622	-	-	-
1,115,799	983,590	916,624	-	-	-
1,934,032	1,536,217	1,171,686	-	-	-
<u>\$ 6,043,616</u>	<u>\$ 5,626,258</u>	<u>\$ 4,890,479</u>	<u>\$ 4,501,694</u>	<u>\$ 4,367,989</u>	<u>\$ 4,328,757</u>
\$ -	\$ -	\$ -	\$ 16,953,126	\$ 16,862,686	\$ 3,566,711
-	-	-	9,053,518	9,404,977	25,519,013
-	-	-	4,142,714	2,868,309	2,906,956
-	-	-	4,303,468	4,377,343	2,644,667
26,723	32,835	32,409	-	-	-
3,460,960	4,416,890	4,937,939	-	-	-
10,990,300	14,395,156	13,911,915	-	-	-
11,524,446	11,570,049	13,421,906	-	-	-
(280,069)	(291,267)	(332,835)	-	-	-
<u>\$ 25,722,360</u>	<u>\$ 30,123,663</u>	<u>\$ 31,971,334</u>	<u>\$ 34,452,826</u>	<u>\$ 33,513,315</u>	<u>\$ 34,637,347</u>
\$ -	\$ -	\$ -	\$ 19,879,712	\$ 19,813,908	\$ 6,220,197
-	-	-	19,074,808	18,067,396	32,745,907
357,451	494,972	506,675	-	-	-
3,462,241	4,418,171	4,939,220	-	-	-
13,652,076	17,038,189	16,238,537	-	-	-
12,640,245	12,553,639	14,338,530	-	-	-
1,653,963	1,244,950	838,851	-	-	-
<u>\$ 31,765,976</u>	<u>\$ 35,749,921</u>	<u>\$ 36,861,813</u>	<u>\$ 38,954,520</u>	<u>\$ 37,881,304</u>	<u>\$ 38,966,104</u>
-11.14%	-3.02%	-5.37%	2.83%	-2.78%	156.36%

CITY OF WORTHINGTON, MINNESOTA

CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS
 LAST TEN YEARS
 (Modified accrual basis of accounting)
 (Unaudited)

	Fiscal Year			
	2017	2016	2015	2014
REVENUES				
Taxes (see Table VI)	\$ 5,409,886	\$ 4,538,765	\$ 4,298,838	\$ 4,124,664
Licenses, fees and permits	289,298	271,807	268,803	248,953
Fines and penalties	53,111	77,955	111,998	122,973
Charges for services	818,300	709,419	790,568	787,952
Special assessments	473,916	213,401	388,988	282,747
Intergovernmental	5,783,951	5,395,518	4,105,232	4,122,291
Investment earnings	432,255	404,748	445,057	388,563
Other revenues	94,032	356,314	382,051	388,030
Total revenues	\$ 13,354,749	\$ 11,967,927	\$ 10,791,535	\$ 10,466,173
EXPENDITURES				
General government	\$ 1,822,013	\$ 1,817,413	\$ 2,301,690	\$ 1,883,574
Public safety	4,703,445	4,118,678	4,007,798	4,012,697
Public works	1,167,872	952,890	967,061	769,468
Culture and recreation	1,299,260	2,518,827	1,209,344	1,240,707
Conservation and development	555,003	603,643	621,232	533,539
Capital outlay	2,801,912	3,251,562	975,289	1,213,879
Debt service				
Principal	1,190,000	1,275,000	2,785,000	1,530,000
Interest	206,886	211,565	221,369	279,213
Miscellaneous	-	41,598	77,716	59,930
Total expenditures	\$ 13,746,391	\$ 14,791,176	\$ 13,166,499	\$ 11,523,007
Excess of expenditures over revenues	\$ (391,642)	\$ (2,823,249)	\$ (2,374,964)	\$ (1,056,834)
OTHER FINANCING SOURCES (USES)				
Bond proceeds	\$ -	\$ 3,150,000	\$ -	\$ -
Refunding bond proceeds	-	-	-	-
Premium on refunding bonds	-	46,609	-	-
Payments on refunded bonds	-	-	-	-
Sale of capital asset	63,188	-	139,752	186,859
Transfers in	2,891,875	1,740,142	1,749,711	3,607,807
Transfers out	(1,799,703)	(715,557)	(754,736)	(1,910,971)
Total other financing sources (uses)	\$ 1,155,360	\$ 4,221,194	\$ 1,134,727	\$ 1,883,695
Net change in fund balance	\$ 763,718	\$ 1,397,945	\$ (1,240,237)	\$ 826,861
Debt service as a percentage of noncapital expenditures	14.08%	14.74%	25.04%	18.12%

TABLE IV

	2013	2012	2011	2010	2009	2008
\$	3,977,376	\$ 3,914,244	\$ 3,859,969	\$ 3,634,866	\$ 3,298,987	\$ 2,773,810
	207,094	287,790	230,171	253,126	206,291	283,058
	122,693	111,241	99,912	117,772	143,403	164,010
	747,617	751,772	804,124	909,643	890,997	868,737
	379,978	331,011	551,226	478,472	435,096	435,130
	8,243,927	5,506,308	5,481,009	5,216,561	5,146,080	4,664,595
	420,769	292,960	574,133	444,283	607,693	899,144
	192,933	198,533	266,415	388,568	1,603,568	284,204
\$	<u>14,292,387</u>	<u>\$ 11,393,859</u>	<u>\$ 11,866,959</u>	<u>\$ 11,443,291</u>	<u>\$ 12,332,115</u>	<u>\$ 10,372,688</u>
\$	1,912,412	\$ 1,837,852	\$ 1,590,218	\$ 1,619,147	\$ 1,724,634	\$ 2,190,517
	3,963,496	6,329,730	5,833,843	3,954,150	3,630,920	3,791,054
	3,403,318	606,923	738,945	1,023,849	1,284,781	1,256,277
	3,745,753	2,806,145	1,658,566	970,707	1,178,042	1,212,251
	788,651	770,097	1,912,003	884,365	1,499,763	333,010
	2,970,908	3,042,381	1,094,539	2,367,026	6,532,406	3,433,870
	2,220,000	2,055,000	995,000	810,000	805,000	640,000
	286,201	322,215	357,449	355,472	299,497	365,654
	56,613	138,110	59,504	100,827	84,444	45,376
\$	<u>19,347,352</u>	<u>\$ 17,908,453</u>	<u>\$ 14,240,067</u>	<u>\$ 12,085,543</u>	<u>\$ 17,039,487</u>	<u>\$ 13,268,009</u>
\$	<u>(5,054,965)</u>	<u>\$ (6,514,594)</u>	<u>\$ (2,373,108)</u>	<u>\$ (642,252)</u>	<u>\$ (4,707,372)</u>	<u>\$ (2,895,321)</u>
\$	-	\$ 2,995,049	\$ -	\$ 814,195	\$ 2,710,000	\$ -
	-	2,274,951	-	1,075,805	-	-
	-	15,918	-	15,236	20,408	-
	-	(1,331)	-	-	-	-
	205,231	5,215	3,600	3,950	14,900	4,650
	4,922,536	4,666,250	4,984,797	3,664,835	6,986,591	1,034,534
	(4,056,747)	(4,553,350)	(4,707,996)	(3,858,553)	(6,109,327)	(213,823)
\$	<u>1,071,020</u>	<u>\$ 5,402,702</u>	<u>\$ 280,401</u>	<u>\$ 1,715,468</u>	<u>\$ 3,622,572</u>	<u>\$ 825,361</u>
\$	<u>(3,983,945)</u>	<u>\$ (1,111,892)</u>	<u>\$ (2,092,707)</u>	<u>\$ 1,073,216</u>	<u>\$ (1,084,800)</u>	<u>\$ (2,069,960)</u>
	18.16%	23.35%	13.86%	12.40%	11.82%	10.76%

CITY OF WORTHINGTON, MINNESOTA

PROGRAM REVENUES BY FUNCTION/PROGRAM
 LAST TEN YEARS
 (Accrual basis of accounting)
 (Unaudited)

FUNCTION/PROGRAM	Program Revenues			
	2017	2016	2015	2014
Governmental activities:				
General government	\$ 844,903	\$ 509,289	\$ 667,173	\$ 537,195
Public Safety	800,929	826,195	787,358	832,239
Public works	2,091,585	1,550,497	305,767	396,650
Culture and recreation	212,968	182,155	294,870	266,242
Conservation and development	-	169,932	190,973	157,414
Subtotal governmental activities	<u>\$ 3,950,385</u>	<u>\$ 3,238,068</u>	<u>\$ 2,246,141</u>	<u>\$ 2,189,740</u>
Business-type activities:				
Water	\$ 3,840,879	\$ 3,762,729	\$ 3,795,799	\$ 3,625,569
Municipal Wastewater	2,210,851	2,103,485	2,064,250	1,960,337
Electric	21,264,674	20,779,517	20,351,158	18,882,006
Industrial Wastewater Facility	1,595,874	1,638,371	1,562,248	1,577,378
Storm Water Management	765,132	746,778	561,735	564,646
Street Lighting	285,245	284,610	267,924	256,645
Liquor	3,774,433	3,735,141	3,642,919	3,449,343
Airport	405,954	902,696	713,641	478,888
Memorial Auditorium ¹	-	-	-	-
Cable Television	131,680	143,274	149,487	157,876
Subtotal business-type activities	<u>\$ 34,274,722</u>	<u>\$ 34,096,601</u>	<u>\$ 33,109,161</u>	<u>\$ 30,952,688</u>
Total primary government	<u>\$ 38,225,107</u>	<u>\$ 37,334,669</u>	<u>\$ 35,355,302</u>	<u>\$ 33,142,428</u>

¹Starting in 2014 the Memorial Auditorium activity is accounted for in the general fund.

TABLE V

2013	2012	2011	2010	2009	2008
\$ 646,428	\$ 584,874	\$ 833,647	\$ 780,941	\$ 709,382	\$ 755,472
816,688	761,964	1,206,617	759,146	743,851	712,207
4,715,247	1,842,990	430,512	1,795,097	1,263,360	1,173,978
211,915	230,042	248,880	343,712	330,032	335,118
382,197	558,737	1,426,691	430,825	371,446	25,525
<u>\$ 6,772,475</u>	<u>\$ 3,978,607</u>	<u>\$ 4,146,347</u>	<u>\$ 4,109,721</u>	<u>\$ 3,418,071</u>	<u>\$ 3,002,300</u>
\$ 3,312,719	\$ 2,971,815	\$ 2,921,207	\$ 2,808,413	\$ 2,736,111	\$ 2,620,829
2,045,198	2,168,165	2,193,413	2,139,251	2,097,479	1,967,024
18,086,277	17,820,190	17,886,531	16,392,597	14,121,035	12,840,296
1,656,235	1,749,232	1,776,205	1,896,879	2,789,298	2,249,751
556,675	532,718	510,434	488,379	469,259	444,196
255,674	254,460	254,236	63,347	-	-
3,261,540	3,093,924	2,833,232	2,596,519	2,403,857	2,292,461
803,163	505,154	221,298	593,411	2,861,580	367,134
52,853	56,617	46,590	121,550	33,234	32,765
154,328	152,698	129,904	132,304	130,701	128,088
<u>\$ 30,184,662</u>	<u>\$ 29,304,973</u>	<u>\$ 28,773,050</u>	<u>\$ 27,232,650</u>	<u>\$ 27,642,554</u>	<u>\$ 22,942,544</u>
<u>\$ 36,957,137</u>	<u>\$ 33,283,580</u>	<u>\$ 32,919,397</u>	<u>\$ 31,342,371</u>	<u>\$ 31,060,625</u>	<u>\$ 25,944,844</u>

CITY OF WORTHINGTON, MINNESOTA

TABLE VI

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
 LAST TEN YEARS
 (Modified accrual basis of accounting)
 (Unaudited)

<u>Fiscal Year</u>	<u>Property</u>	<u>Sales Tax¹</u>	<u>Gambling</u>	<u>Tax Increment Fees</u>	<u>Total</u>
2008	\$ 2,213,326	\$ -	\$ 5,628	\$ 554,856	\$ 2,773,810
2009	2,286,416	417,110	4,184	591,277	3,298,987
2010	2,303,239	681,830	4,741	645,056	3,634,866
2011	2,443,150	740,382	5,604	670,833	3,859,969
2012	3,034,507	763,967	4,423	111,347	3,914,244
2013	3,093,257	770,201	3,960	109,958	3,977,376
2014	3,178,987	786,320	5,097	154,260	4,124,664
2015	3,261,573	826,979	5,555	204,731	4,298,838
2016	3,461,317	885,404	4,593	182,963	4,534,277
2017	3,675,800	1,547,517	4,658	181,911	5,409,886
Percentage of Change 2008-2017	66.08%	-	-17.24%	-67.21%	95.03%

¹Sales Tax collections started in 2009 after the taxpayers passed a 1/2 cent sales tax referendum in 2008.

City of
Worthington

CITY OF WORTHINGTON, MINNESOTA

TAX CAPACITY AND ESTIMATED MARKET VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
(Unaudited)

<u>Fiscal Year</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Industrial Property</u>	<u>Agricultural Property</u>
2008	\$ 364,599,800	\$ 97,219,200	\$ 25,557,100	\$ 3,678,800
2009	363,623,800	91,887,600	26,831,400	3,049,400
2010	369,085,600	96,022,500	36,048,400	4,883,300
2011	396,185,400	104,235,700	31,213,000	4,441,800
2012	397,757,400	104,750,600	32,488,000	4,406,300
2013	399,506,700	119,312,500	32,203,200	4,964,700
2014	346,642,400	115,176,063	32,378,200	3,669,700
2015	349,803,500	114,904,100	32,090,500	3,474,400
2016	430,625,274	130,329,200	32,299,600	5,098,578
2017	439,251,897	135,373,800	34,745,800	5,905,981

Source: Department of Assessor, Nobles County

Note: Property in Nobles County is reassessed every year on average. The county assesses property at approximately 100 percent of actual value for commercial, industrial and agricultural property and 93 percent for residential property. Estimated actual value is calculated by dividing assessed value by those percentages.

¹Includes tax-exempt property.

TABLE VII

<u>Less: Tax-exempt Property</u>	<u>Total Taxable Tax Capacity</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Market Value</u>	<u>Tax Capacity¹ as a Percentage of Estimated Market Value</u>
\$ 109,212,700	\$ 381,842,200	51.429 %	\$ 491,054,900	100.000 %
103,212,700	382,179,500	48.866	488,129,000	99.439
129,915,800	376,124,000	49.880	495,080,000	102.214
129,915,800	406,160,100	50.951	459,745,500	116.603
129,915,800	409,486,500	55.211	463,760,000	116.311
129,915,800	426,071,300	55.796	546,946,000	101.653
129,915,800	367,950,563	52.775	556,125,000	89.524
65,243,900	435,028,600	52.991	577,896,400	86.568
63,794,600	534,558,052	55.494	676,091,000	88.502
63,942,922	551,334,556	49.892	694,980,300	88.532

CITY OF WORTHINGTON, MINNESOTA

PROPERTY TAX RATES
DIRECT AND OVERLAPPING¹ GOVERNMENTS
LAST TEN YEARS
(Unaudited)

Fiscal Year	City of Worthington			Overlapping Rates ¹ Nobles County			
	Basic Rate	General Obligation Debt Service	Total Direct Rate	Basic Rate	General Obligation Debt Service	Less: Disparity Aid Reduction	Total County Direct Rate
2008	37.030 %	14.399 %	51.429 %	46.480 %	7.415 %	1.189 %	52.706 %
2009	36.028	12.838	48.866	43.850	6.683	1.111	49.422
2010	33.450	16.430	49.880	33.450	5.904	1.107	38.247
2011	33.238	17.713	50.951	37.039	5.514	1.096	41.457
2012	37.998	17.213	55.211	36.461	5.086	1.117	40.430
2013	40.567	15.229	55.796	31.961	4.420	1.116	35.265
2014	37.654	15.091	52.745	31.010	0.677	-	31.687
2015	36.589	16.402	52.991	26.638	3.124	1.010	28.752
2016	44.285	11.209	55.494	32.230	3.251	1.010	34.471
2017	43.579	8.799	52.378	31.779	3.149	0.821	34.107

Source: Department of Assessor, Nobles County

¹Overlapping rates are those of local and county governments that apply to property owners within the City of Worthington. Not all overlapping rates apply to all City of Worthington property owners (e.g., the rates for special districts apply only to the proportion of the City's property owners whose property is located within the geographic boundaries of the special district).

TABLE VIII

Independent School District #518					
Basic Rate	General Obligation Debt Service	Less: Disparity Aid Reduction	Total School Direct Rate	Special Districts	Total Direct & Overlapping Rates
9.326 %	16.309 %	1.492 %	24.143 %	4.041 %	132.319 %
9.191	13.729	1.395	21.525	4.159	123.972
7.666	18.113	1.385	24.394	4.081	116.602
4.462	14.399	1.369	17.492	4.081	113.981
5.849	17.507	1.395	21.961	4.221	121.823
8.378	13.787	1.395	20.770	4.128	115.959
14.389	11.268	-	25.657	2.262	112.351
5.273	10.572	1.262	14.583	4.042	100.368
9.483	10.104	1.265	18.322	4.240	112.527
7.170	10.080	1.030	16.220	4.534	107.239

CITY OF WORTHINGTON, MINNESOTA

TABLE IX

PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)

Taxpayer	2017			2008		
	Tax Capacity	Rank	Percentage of Total Tax Capacity	Tax Capacity	Rank	Percentage of Total Tax Capacity
Avera McKennan	\$ 292,510	1	4.65 %	\$ -	-	- %
Swift & Company	271,802	2	4.32	247,526	1	4.58
Yellow Company LLC	135,628	3	2.15	-	-	-
Wal-Mart Stores Inc	132,034	4	2.10	107,074	2	1.98
Bedford Industries	129,412	5	2.06	-	-	-
Meadows of Worthington, LLC	103,785	6	1.65	45,294	5	0.84
Prairie Holdings Group	98,402	7	1.56	-	-	-
Hurd Worthington LLC	88,186	8	1.40	-	-	-
Merck & Co. ¹	79,554	9	1.26	81,464	3	1.51
Minnesota Energy	77,122	10	1.23	-	-	-
Developers Diversified	-	-	-	71,287	4	1.32
Sioux Valley Hospitals & Health Care Systems	-	-	-	40,086	6	0.74
First State Bank of Rushmore	-	-	-	36,122	7	0.67
Worthington Ventures, LLC	-	-	-	35,716	8	0.66
Shopko Properties, Inc.	-	-	-	33,360	9	0.62
Highland Manufacturing	-	-	-	32,722	10	0.61
Totals	<u>\$ 1,408,435</u>		<u>22.38 %</u>	<u>\$ 730,651</u>		<u>13.53 %</u>

¹This business was formerly called Intervet, Inc.

Source: Department of Assessor, Nobles County

CITY OF WORTHINGTON, MINNESOTA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS
(Unaudited)

TABLE X

YEAR	TAXES ¹ LEVIED	COLLECTED WITHIN THE YEAR OF THE LEVY		COLLECTIONS IN SUBSEQUENT YEARS	TOTAL COLLECTIONS TO DATE	
		AMOUNT	PERCENT OF LEVY		AMOUNT	PERCENT OF LEVY
2008	\$ 2,296,330	\$ 2,290,200	99.73 %	\$ 6,130	\$ 2,296,330	100.00
2009	2,341,582	2,297,200	98.10	44,382	2,341,582	100.00
2010	2,402,542	2,368,752	98.59	33,790	2,402,542	100.00
2011	2,482,911	2,421,906	97.54	37,680	2,459,586	99.06
2012	3,085,427	3,046,768	98.75	38,659	3,085,427	100.00
2013	3,147,136	3,095,324	98.35	51,371	3,146,695	99.99
2014	3,175,460	3,132,956	98.66	41,469	3,174,425	99.97
2015	3,262,150	3,235,927	99.20	26,223	3,262,150	100.00
2016	3,441,568	3,424,132	99.49	17,436	3,441,568	100.00
2017	3,675,697	3,662,597	99.64	-	3,662,597	99.64

¹Total Tax Levy - does not include (HACA) Homestead and Agricultural Credit Aid or Residential and Agricultural Market Value Credit.

SOURCE: Finance Department, City of Worthington

CITY OF WORTHINGTON, MINNESOTA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN YEARS
(Unaudited)

YEAR	GOVERNMENTAL ACTIVITIES				BUSINESS-TYPE ACTIVITIES			
	GENERAL OBLIGATION BONDS	TAX INCREMENT BONDS	PUBLIC FACILITY LEASE BONDS	SALES TAX REVENUE BONDS	GENERAL OBLIGATION BONDS ¹	ELECTRIC REVENUE BONDS	CAPITAL LEASES	GENERAL OBLIGATION REVENUE NOTE
2008	\$ 6,915,000	\$ 75,000	\$ 870,000	\$ -	\$ 3,365,000	\$ 1,600,000	\$ 144,988	\$ 2,960,000
2009	8,880,000	70,000	815,000	-	2,460,000	1,435,000	118,827	2,860,000
2010	10,030,000	60,000	755,000	-	2,660,000	1,260,000	91,319	2,750,000
2011	9,105,000	50,000	695,000	-	1,795,000	1,085,000	62,394	2,640,000
2012	10,325,000	40,000	-	2,700,000	1,015,000	880,000	31,980	2,520,000
2013	8,552,338	30,000	-	2,312,862	875,000	677,276	-	2,395,000
2014	7,543,982	20,000	-	2,670,688	- **	459,042	-	2,265,000
2015	5,282,215	-	-	2,153,514	- **	230,808	-	2,130,000
2016	7,725,724	-	-	1,626,340	- **	-	-	1,990,000
2017	7,060,793	-	-	1,094,167	- **	-	-	1,840,000

Sources: Department of Assessor, Nobles County² and the Finance Department, City of Worthington.

¹Includes general obligation, general obligation revenue, general obligation grant anticipation, sales tax revenue bonds and revenue bonds supported by enterprise funds.

³See Table XVI for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

* Information not available

** Starting in 2014 the Memorial Auditorium Sales Tax Revenue Bond is shown under governmental activities.

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

TABLE XI

	<u>TOTAL PRIMARY GOVERNMENT</u>	<u>PERCENTAGE OF ESTIMATED MARKET VALUE²</u>	<u>PERCENTAGE OF PERSONAL INCOME³</u>	<u>PER CAPITA²</u>
\$	15,929,988	3.24 %	2.14 %	1,366
	16,638,827	3.43	2.31	1,411
	17,606,319	3.48	2.30	1,379
	15,432,394	2.88	1.81	1,206
	17,511,980	3.25	2.00	1,368
	14,842,476	2.67	1.65	1,157
	12,958,712	2.60	1.41	998
	9,796,537	1.96	1.02	754
	11,342,064	1.90	1.23	863
	9,994,960	1.62	- *	742

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN YEARS
(Unaudited)

YEAR	GENERAL BONDED DEBT OUTSTANDING				LESS: AMOUNT AVAILABLE IN DEBT SERVICE FUNDS		PERCENTAGE OF TAX CAPACITY	PER CAPITA ²
	GENERAL OBLIGATION BONDS	TAX INCREMENT BONDS	GENERAL OBLIGATION SALES TAX BONDS	TOTAL	TOTAL	TOTAL		
2008	\$ 6,935,314	\$ 75,000	\$ 3,387,490	\$ 10,397,804	\$ 5,444,431	\$ 4,953,373	1.009 %	\$ 425
2009	8,921,418	70,000	2,461,599	11,453,017	5,757,752	5,695,265	1.167	483
2010	10,086,419	60,000	2,668,711	12,815,130	7,024,176	5,790,954	1.170	454
2011	9,179,334	50,000	1,797,179	11,026,513	4,746,146	6,280,367	1.366	491
2012	10,404,398	40,000	3,730,036	14,174,434	4,246,250	9,928,184	2.141	775
2013	8,552,338	30,000	3,187,862	11,770,200	3,306,640	8,463,560	1.547	860
2014	7,543,982	20,000	2,670,688	10,234,670	3,159,598	7,075,072	1.272	545
2015	5,282,216	-	2,153,514	7,435,730	1,903,232	5,532,498	0.957	426
2016	7,725,724	-	1,626,340	9,352,064	1,976,531	7,375,533	1.091	561
2017	7,060,793	-	1,094,167	8,154,960	1,985,434	6,169,526	0.888	458

¹See Table VII for property value data.

²Population data can be found in Table XVI.

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

CITY OF WORTHINGTON, MINNESOTA

TABLE XIII

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2017
(Unaudited)

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE ¹	ESTIMATED SHARE OF OVERLAPPING DEBT
Debt repaid with property taxes			
Independent School District #518	\$ 32,725,000	39.36 %	\$ 12,880,560
Nobles County	22,450,000	19.73	4,429,385
Southwest Regional Development Commission ²	-	19.73	-
Subtotal, overlapping debt			<u>\$ 17,309,945</u>
City of Worthington's direct debt ³			<u>8,154,960</u>
Total direct and overlapping debt			<u><u>\$ 25,464,905</u></u>

¹For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the city's boundaries and dividing it by each unit's total taxable assessed value. This approach was also used for other debt.

²Southwest Regional Development Commission serves a nine county area, thus the debt outstanding is proportioned accordingly to reflect the obligation of the city's overlapping area.

³Excludes debt payable from enterprise revenue.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Worthington. This process recognizes that, when considering the city's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

SOURCE: Auditor's Department, Nobles County and Independent School District #518

CITY OF WORTHINGTON, MINNESOTA

LEGAL DEBT MARGIN INFORMATION
LAST TEN YEARS
(Unaudited)

Legal Debt Margin Calculation for Fiscal Year 2017:

Assessed value	<u>\$ 694,980,300</u>
Debt limit (3% of assessed value)	<u>\$ 20,849,409</u>
Debt applicable to limit:	
Total bonded debt	\$ 8,154,960
Less: Amount set aside for repayment of general obligation debt	<u>(8,154,960)</u>
Total net debt applicable to limit	<u>\$ -</u>
Legal debt margin	<u>\$ 20,849,409</u>

	Fiscal Year			
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Debt limit	\$ 20,849,409 *	\$ 20,282,730 *	\$ 17,336,892 *	\$ 16,683,750 *
Total net debt applicable to limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin	<u>\$ 20,849,409</u>	<u>\$ 20,282,730</u>	<u>\$ 17,336,892</u>	<u>\$ 16,683,750</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%

Note: Under State Finance law, the City's outstanding general obligation debt should not exceed 15 percent of the total assessed property value. However, the City has established a more conservative internal limit that matches Minnesota Statutes. Per Minnesota Statute 475.53, the debt limit is 3%. This means that the total amount of bonds, notes or any other type of general obligation issued or outstanding will not be greater than the three percent limit mentioned above. The following types of obligations are not considered in determining the debt limitation: certain revenue bonds, tax increment bonds and permanent improvement bonds. As seen in the above calculation the City's applicable bonded debt is well below the required debt limit.

*Per Minnesota Statute 475.53, the debt limit increased from 2% to 3% in 2008.

TABLE XIV

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 16,408,380 *	\$ 13,912,800 *	\$ 13,792,365 *	\$ 14,852,400 *	\$ 14,643,870 *	\$ 14,731,647 *
<u>-</u>	<u>-</u>	<u>695,000</u>	<u>755,000</u>	<u>814,439</u>	<u>869,439</u>
<u>\$ 16,408,380</u>	<u>\$ 13,912,800</u>	<u>\$ 13,097,365</u>	<u>\$ 14,097,400</u>	<u>\$ 13,829,431</u>	<u>\$ 13,862,208</u>
0.00%	0.00%	5.04%	5.08%	5.56%	5.90%

PLEGGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS
(Unaudited)

FISCAL YEAR	WATER REVENUE BONDS/NOTES						COVERAGE
	UTILITY SERVICE CHARGES	LESS: OPERATING EXPENSES	NET AVAILABLE REVENUE	DEBT SERVICE			
				PRINCIPAL	INTEREST		
2008	\$ 2,620,829	\$ 1,069,165	\$ 1,551,664	\$ 330,010	\$ 171,422	3.09	
2009	2,736,111	1,103,288	1,632,823	336,635	158,566	3.30	
2010	2,758,328	1,126,803	1,631,525	354,800	146,727	3.25	
2011	2,921,207	1,163,963	1,757,244	355,000	134,342	3.59	
2012	2,971,815	1,218,325	1,753,490	120,000	124,755	7.16	
2013	3,312,719	1,667,281	1,645,438	125,000	119,087	6.74	
2014	3,625,569	2,206,292	1,419,277	130,000	113,081	5.84	
2015	3,795,799	1,995,946	1,799,853	135,000	106,951	7.44	
2016	3,762,729	1,988,540	1,774,189	140,000	100,472	7.38	
2017	3,840,879	1,901,001	1,939,878	150,000	93,745	7.96	

FISCAL YEAR	MUNICIPAL WASTEWATER REVENUE BONDS						COVERAGE
	UTILITY SERVICE CHARGES	LESS: OPERATING EXPENSES	NET AVAILABLE REVENUE	DEBT SERVICE			
				PRINCIPAL	INTEREST		
2008	\$ 1,967,024	\$ 1,072,634	\$ 894,390	\$ 109,990	\$ 12,748	7.29	
2009	2,090,424	1,163,967	926,457	113,365	8,803	7.58	
2010	2,089,166	1,182,728	906,438	115,199	3,388	7.64	
2011	2,193,413	1,355,467	837,946	-	-	-	
2012	2,156,267	1,190,714	965,553	-	-	-	
2013	2,045,198	1,277,276	767,922	-	-	-	
2014	1,960,337	1,199,917	760,420	-	-	-	
2015	2,064,250	1,224,042	840,208	-	-	-	
2016	2,103,485	1,356,722	746,763	-	-	-	
2017	2,210,851	1,165,309	1,045,542	-	-	-	

CITY OF WORTHINGTON, MINNESOTA

TABLE XV

(Continued)

PLEGGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS
(Unaudited)

FISCAL YEAR	ELECTRIC REVENUE BONDS						COVERAGE
	UTILITY SERVICE CHARGES	LESS: OPERATING EXPENSES	NET AVAILABLE REVENUE	DEBT SERVICE			
				PRINCIPAL	INTEREST		
2008	\$ 12,840,296	\$ 11,100,057	\$ 1,740,239	\$ 160,000	\$ 81,095	7.22	
2009	14,121,035	12,738,496	1,382,539	165,000	72,302	5.83	
2010	16,342,512	14,709,117	1,633,395	175,000	65,455	6.79	
2011	17,620,269	15,339,220	2,281,049	1,470,000 ¹	47,812	1.50	
2012	17,820,190	15,805,264	2,014,926	205,000	32,550	8.48	
2013	18,086,277	15,770,390	2,315,887	210,000	26,400	9.80	
2014	18,882,006	16,830,443	2,051,563	215,000	20,100	8.73	
2015	20,351,158	18,446,309	1,904,849	225,000	13,650	7.98	
2016	20,779,517	18,132,243	2,647,274	230,000	6,900	11.17	
2017	21,264,674	17,772,035	3,492,639	-	-	-	

FISCAL YEAR	INDUSTRIAL WASTEWATER REVENUE BONDS						COVERAGE
	UTILITY SERVICE CHARGES	LESS: OPERATING EXPENSES	NET AVAILABLE REVENUE	DEBT SERVICE			
				PRINCIPAL	INTEREST		
2008	\$ 2,249,751	\$ 1,572,001	\$ 677,750	\$ 535,000	\$ 138,200	1.01	
2009	2,789,298	1,836,518	952,780	555,000	114,125	1.42	
2010	1,896,879	1,489,818	407,061	590,000	89,150	0.60	
2011	1,776,205	1,553,093	223,112	620,000	62,010	0.33	
2012	1,749,232	1,435,262	313,970	645,000	32,250	0.46	
2013	1,656,235	1,401,001	255,234	-	-	-	
2014	1,577,378	1,430,528	146,850	-	-	-	
2015	1,562,248	1,396,402	165,846	-	-	-	
2016	1,638,371	1,402,139	236,232	-	-	-	
2017	1,595,874	1,459,503	136,371	-	-	-	

(Continued)

CITY OF WORTHINGTON, MINNESOTA

 PLEDGED-REVENUE COVERAGE
 LAST TEN FISCAL YEARS
 (Unaudited)

YEAR	SPECIAL ASSESSMENT BONDS*				COVERAGE
	SPECIAL ASSESSMENT COLLECTIONS	DEBT SERVICE			
		PRINCIPAL	INTEREST		
2008	\$ 434,718	\$ 640,000	\$ 361,230		0.43
2009	435,014	805,000	296,047		0.40
2010	478,472	810,000	351,740		0.41
2011	551,226	995,000	355,268		0.41
2012	330,425	2,055,000	305,210		0.14
2013	379,275	2,220,000	284,001		0.15
2014	282,055	1,530,000	257,366		0.16
2015	388,874	2,785,000	175,152		0.13
2016	212,808	1,275,000	211,565		0.14
2017	473,870	1,190,000	201,137		0.34

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest, depreciation or amortization expenses. Interest does not include fiscal agent fees.

¹Includes \$1,260,000 for the Electric Revenue Bond 2001A which was refunded 4/25/11.

*Special Assessment Bonds are not fully covered with pledged assessment revenue. The amount of principal and interest that is pledged with special assessment revenue ranges from 30.08% to 47.91%.

CITY OF WORTHINGTON, MINNESOTA
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN YEARS
 (Unaudited)

TABLE XVI

YEAR	(1) POPULATION	(2) PERSONAL INCOME	(3) PER CAPITA PERSONAL INCOME	(4) GRADUATION RATES	(5) SCHOOL ENROLLMENT	(6) LOCAL UNEMPLOYMENT RATE	(7) MINNESOTA UNEMPLOYMENT RATE	(7) UNITED STATES UNEMPLOYMENT RATE
2008	11,662	\$ 745,074,000	\$ 35,268	84.80 %	2,320	4.14 %	5.45 %	5.78 %
2009	11,796	719,508,000	33,751	82.00	2,404	5.26	7.97	9.27
2010	12,764	765,625,000	35,784	76.40	2,512	4.95	7.33	9.27
2011	12,800	852,027,000	39,469	79.20	2,599	5.08	6.41	8.95
2012	12,803	874,122,000	40,267	80.60	2,694	4.33	5.65	8.07
2013	12,827	899,353,000	41,350	80.56	2,823	3.98	5.08	7.38
2014	12,962	920,696,000	42,581	90.00	2,979	3.35	4.09	6.17
2015	12,995	962,535,000	44,322	84.00	3,077	3.25	3.71	5.30
2016	13,145	924,805,000	42,329	87.91	3,133	3.80	3.94	4.87
2017	13,478	- *	- *	- *	3,209	3.35	3.46	4.35

(1) 2010 Census and estimates by Community & Economic Development Department, City of Worthington

(2) Nobles County. Source: Regional Economic Information System, Bureau of Economic Analysis

(3) Nobles County. Source: Regional Economic Information System, Bureau of Economic Analysis

(4) Independent School District #518, Worthington Senior High. Source: Minnesota Department of Education

(5) Independent School District #518

(6) Nobles County. Source: Jobs and Training, Research Division

(7) Jobs and Training, Research Division

* Information not available.

CITY OF WORTHINGTON, MINNESOTA

TABLE XVII

PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)

Employer	2017			2008		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Swift Independent Packing Company	2,100	1	19.33 %	2,400	1	22.43 %
Independent School District #518	545	2	5.02	500	2	4.67
Sanford Regional Hospital	404	3	3.72	300	4	2.80
Bedford Industries Inc.	325	4	2.99	225	6	2.10
Hy-Vee Food Stores	301	5	2.77	150	8	1.40
City of Worthington	185	6	1.70			
Nobles County	184	7	1.69	-		0.00
Highland Manufacturing	180	8	1.66	140	9	1.31
Wal-Mart Super Center	178	9	1.64	275	5	2.57
Client Community Services	135	10	1.24	120 *	10	1.12
Farley's & Sathers Candy Company	-		-	442	3	4.13
MRCI (The Achievement Center-TAC)	-		-	154	7	1.44
Totals	<u>4,537</u>		<u>41.75 %</u>	<u>4,706</u>		<u>43.97 %</u>

*These figures include employees from other counties. Payroll is centralized in Worthington and are therefore included in the total.

Sources: Minnesota Department of Employment and Economic Development, Worthington Regional Economic Development Corporation & Worthington Area Chamber of Commerce.

CITY OF WORTHINGTON, MINNESOTA

TABLE XVIII

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN YEARS
(Accrual basis of accounting)
(Unaudited)

Function/Program	Full-time Equivalent Employees									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Governmental activities:										
General government										
Executive	2.70	2.79	2.75	2.86	2.74	2.75	2.75	2.75	2.13	1.45
City Clerk	2.00	2.85	2.02	2.02	2.00	2.00	2.00	2.00	2.00	2.02
Financial administration	4.06	4.23	4.05	4.16	4.10	4.13	4.15	4.17	4.17	4.19
Community development ¹	9.57	10.02	9.34	9.94	9.01	8.76	8.76	8.92	9.29	8.05
Other general government	0.40	0.41	0.41	0.41	0.41	0.43	0.43	0.41	0.38	0.31
Public safety										
Police	35.64	37.55	35.42	34.54	35.23	35.19	34.75	35.25	35.47	36.58
Fire	1.39	1.41	1.89	1.28	1.55	1.43	1.78	1.03	1.43	1.08
Animal control	0.53	0.54	0.54	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Code enforcement ¹	1.05	1.08	1.04	1.04	1.10	1.00	1.02	1.03	0.00	0.00
Public works										
Streets ²	7.67	6.34	5.35	6.00	6.01	5.85	5.48	7.23	7.45	6.38
Sanitation ³	0.00	0.00	0.00	0.02	0.03	0.00	0.02	0.04	1.02	2.29
Special assessments ¹	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.22
Culture and recreation										
Recreation ⁴	2.19	2.22	3.31	3.64	2.54	2.40	3.37	5.84	7.20	7.57
Parks	6.82	8.32	8.04	6.88	7.38	6.44	6.45	6.53	5.89	5.44
Conservation and development										
Natural resources ²	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.38
Economic development and assistance ²	0.13	0.14	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.10
Total governmental activities employees	74.15	77.90	74.16	73.29	72.60	70.88	71.46	75.70	76.93	77.56
Business-type activities:										
Water	6.64	6.81	6.63	6.75	6.68	6.68	7.82	6.64	6.63	8.34
Municipal Wastewater	8.34	8.63	8.34	8.42	8.43	8.15	8.39	8.44	8.36	9.05
Electric	13.61	14.12	13.61	13.67	13.88	13.46	13.66	13.21	13.26	11.29
Industrial Wastewater Facility	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Storm Water Management ²	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.35
Liquor	6.02	5.94	5.53	5.63	5.89	5.36	5.45	4.91	5.27	4.90
Airport	0.12	0.14	0.12	0.11	0.11	0.13	0.13	0.04	0.13	0.45
Memorial Auditorium ⁴	0.00	0.00	0.00	0.00	1.46	1.69	1.60	0.74	0.89	1.09
Total business-type activities employees	34.73	35.64	34.23	34.58	36.45	35.47	37.05	33.98	34.54	35.48
Total city full-time equivalent employees	108.88	113.54	108.39	107.87	109.05	106.35	108.51	109.68	111.47	113.04

Source: Finance Department, City of Worthington

¹ Starting in 2009 Special Assessments FTE's are included in Community Development due to a new financial software package the city implemented.

² Starting in 2009 Natural Resources, Economic Development & Assistance and Storm Water Management FTE's are included in Streets due to a new financial software package the city implemented.

³ Starting in 2010 Code Enforcement (previously Sanitation) is included under Public Safety instead of Public Works.

⁴ Starting in 2014 Memorial Auditorium is included under Recreation under Culture and recreation.

Note: A full-time employee is scheduled to work 2,080 hours per (including vacation and sick leave). Full-time equivalent employment is calculated by dividing total labor hours by 2,080.

CITY OF WORTHINGTON, MINNESOTA

OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN YEARS
(Unaudited)

Function/Program	Fiscal Year			
	2017	2016	2015	2014
General government				
Business licenses issued	83	85	82	62
Building permits issued	567	599	617	623
Estimated value of building permits issued	\$28,618,611	\$20,751,921	\$17,407,919	\$13,075,162
Other permits issued (sanitary sewer, excavation, plumbing, etc.)	204	161	144	143
Public safety				
Physical arrests	321	362	407	649
Citations (parking, etc.)	1,320	1,518	1,884	2,138
Alarms requiring response	184	181	214	209
Street value of drugs seized in searches	\$1,304,362	\$379,596	\$256,000	\$181,600
Ambulance calls	608	608	589	537
911 calls	1,422	1,420	1,454	1,395
Fire calls	39	36	57	39
Animals impounded	58	84	68	62
Animals adopted out or returned to owners	58	84	68	59
City nuisance code violations investigated ²	8,329	8,301	8,112	8,086
Junked/abandoned vehicles removed ²	-	-	4	2
Notices served for weed/grass complaints ²	893	771	583	489
Hours spent monitoring parking	220	210	240	388
Public works				
Sidewalk repaired at city cost (feet)	100	150	295	301
Asphalt hot patch (tons)	400	400	413	219
Concrete patch materials (yards)	40	45	36	157
Snowfall received (inches)	26.6	41.4	41.8	44.8
Cost of snow removal (per inch)	\$3,610	\$2,483	\$2,697	\$1,908
Personnel hours spent plowing/sanding	958	1,623	1,587	1,382
Faded stop/yield signs replaced	7	8	12	9
Truck loads for city-wide clean-up (various sizes)	N/A	N/A	N/A	N/A
Personnel hours (full-time/part-time) for city-wide clean-up	193/173	283/0	196/20	248/214
Appliances hauled away at city-wide clean-up ¹	581	577	154	33
City nuisance code violations investigated ²	N/A	N/A	N/A	N/A
Junked/abandoned vehicles removed ²	N/A	N/A	N/A	N/A
Notices served for weed/grass complaints ²	N/A	N/A	N/A	N/A
Culture and recreation				
Auditorium rental (days) ³	74	53	48	36
Days utilized ³	224	209	142	135
Annual audience ³	27,400	25,530	24,600	22,500
Number of registrants in various recreation programs ⁴	418	377	379	415
Attendance of various recreation programs	N/A	N/A	N/A	N/A
Annual attendance at municipal swimming pool	N/A	N/A	N/A	N/A
Days swimming pool was open (78 day season)	N/A	N/A	N/A	N/A
Paid golf memberships ⁴	N/A	N/A	N/A	136
Shelter house reservations at parks	124	133	106	108
Camping units served at Olson Park Campground	2,307	2,224	2,689	2,249
Conservation and development				
Trees planted				
Street boulevards	39	45	250	0
Parks	11	10	0	0
Trees removed				
Street boulevards	40	42	40	47
Parks	25	13	14	4

TABLE XIX

2013	2012	2011	2010	2009	2008
64	64	63	64	68	67
592	670	700	731	702	641
\$8,651,931	\$30,507,538	\$13,165,143	\$20,598,997	\$21,483,025	\$15,301,224
122	166	155	135	134	142
762	433	766	450	926	931
2,008	2,283	2,280	3,024	2,044	2,980
186	245	260	288	156	222
\$252,725	\$640,000	\$114,410	\$440,750	\$384,280	\$417,470
522	802	772	631	712	726
1,745	1,172	1,493	1,680	2,090	1,965
61	62	88	70	116	92
82	79	79	104	101	134
80	79	26	23	36	52
8,021	7,401	7,217	7,128	N/A	N/A
3	6	3	11	N/A	N/A
741	690	681	629	N/A	N/A
200	550	510	N/A	N/A	N/A
156	612	85	120	295	451
240	208	261	226	441	289
190	216	49	132	173	188
56	45.6	71.5	58.0	35.0	25.0
\$2,097	\$2,826	\$2,881	\$2,939	\$2,600	\$3,365
1,390	2,220	2,332	2,776	2,088	2,196
10	14	12	46	14	12
N/A	N/A	N/A	N/A	N/A	N/A
190/126	216/264	200/248	414/387	414/154	624/122
138	189	235	777	802	422
N/A	N/A	N/A	N/A	6,941	6,899
N/A	N/A	N/A	N/A	18	23
N/A	N/A	N/A	N/A	49	35
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
402	380	365	360	387	424
N/A	N/A	N/A	N/A	3,893	3,637
N/A	N/A	N/A	N/A	6,021	7,901
N/A	N/A	N/A	N/A	55	72
167	158	157	152	118	132
102	91	91	84	85	75
N/A	N/A	N/A	N/A	609	723
0	0	0	0	32	43
1	0	0	0	10	62
725	51	37	121	37	48
225	5	25	23	4	10

CITY OF WORTHINGTON, MINNESOTA
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN YEARS
(Unaudited)

Function/Program	Fiscal Year			
	2017	2016	2015	2014
Business-type activities:				
Water				
Average daily consumption (gallons)				
Commercial	458,067	463,953	475,377	442,688
Residential	640,869	647,466	622,734	633,918
Industrial	1,635,422	1,624,405	1,627,945	1,461,566
Municipal Wastewater				
Average daily sewage treated	1,940,000	2,250,000	1,560,000	1,373,123
Electric				
Average daily consumption (KWH)				
Residential	92,965	99,490	94,029	96,864
Commercial	178,255	182,360	182,705	183,468
Industrial	312,230	308,575	303,011	277,541
Industrial Wastewater Facility				
Total gallons treated	620,610	632,230	576,700	524,540
Storm Water Management⁵				
Debris/leaves collected sweeping (yards)	N/A	1,785	1,972	1,604
Average cost per lane mile of street sweeping	N/A	\$30.99	\$32.09	\$34.16
Liquor				
Customers served	151,051	151,337	150,707	147,325
Average daily sales	\$11,472	\$12,088	\$11,866	\$11,235
Airport				
Hangars rented	19	20	20	19
Fuel pumped (gallons)	70,826	70,252	74,804	70,027
Memorial Auditorium³				
Auditorium rental (days)	N/A	N/A	N/A	N/A
Days utilized	N/A	N/A	N/A	N/A
Annual audience	N/A	N/A	N/A	N/A

Sources: Various city departments

¹The City of Worthington provided this service starting in 2005 with no additional charge, whereas in previous years this was arranged by the Worthington Chamber of Commerce for a nominal fee. Starting in 2011, the City charged a nominal fee.

²Starting in 2010 the code enforcement (community service officer) activity is accounted for under the public safety program.

³Starting in 2014 the Memorial Auditorium activity is accounting for under culture and recreation program.

⁴Starting in 2015, golf course information was not available. The course was decommissioned starting in 2016.

⁵Starting in 2017 the debris from sweeping is no longer tracked. The debris is dumped and disposed of by a private party.

Note: Indicators are not available for the cable television function.

TABLE XIX

2013	2012	2011	2010	2009	2008
456,050	489,757	474,683	423,546	406,521	404,406
661,643	725,939	671,182	698,994	728,679	733,105
1,484,727	1,567,133	1,566,825	1,559,812	1,473,592	1,457,409
1,383,063	1,524,301	2,245,822	2,157,644	1,901,096	1,892,466
100,361	99,840	102,391	101,101	98,227	97,394
181,011	182,483	182,814	176,547	169,643	169,264
293,345	307,355	283,276	269,579	266,512	263,564
550,000	547,000	643,000	606,800	595,170	584,650
3,850	2,350	2,250	2,048	2,425	1,925
\$27.43	\$26.63	\$25.57	\$24.72	\$27.18	\$23.08
144,514	143,281	139,637	132,884	127,003	120,906
\$10,624	\$10,078	\$9,229	\$8,458	\$7,830	\$7,262
16	16	16	16	16	16
72,052	50,994	76,586	72,543	75,714	77,743
34	32	30	14	28	32
169	178	169	87	208	221
19,886	21,363	18,856	11,143	18,446	21,000

CITY OF WORTHINGTON, MINNESOTA

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN YEARS
(Unaudited)

Function/Program	Fiscal Year			
	2017	2016	2015	2014
General government				
Community development				
Vehicles	4	4	4	3
Public safety				
Police				
Buildings ¹	1	1	1	1
Square footage of holding/booking area ¹	12,000	12,000	12,000	12000
Capacity of jail cells (individuals) ¹	104	104	104	104
Patrol units	12	12	12	12
Other vehicles	10	10	9	9
Fire				
Stations	1	1	1	1
Fire vehicles	9	8	8	8
Animal control vehicles	1	1	1	1
Public works				
Streets (miles)	74.6	68.2	67.4	67.3
Highway (miles)	7.8	7.8	7.8	9.1
Traffic signals	3	3	4	5
Stop signs	240	235	235	229
Snow removal equipment (plows, haulers)	14	13	13	13
Culture and recreation				
Parks and recreation				
Acreage	167	167	167	167
Playgrounds with play structures	18	18	18	18
Softball diamonds	2	2	2	2
Soccer fields	3	3	3	3
Tennis courts	3	3	3	3
Swimming pools	0	0	0	0
Beaches	3	3	3	3
Boat landings	4	4	4	4
Public docks	8	8	8	8
Golf courses ²	0	0	1	1
Bandshells for public performances	1	1	1	1
Campgrounds	1	1	1	1
Conservation and development				
Lakes				
City maintained lake shoreline (miles)	4.5	4.5	4.5	4.5

TABLE XX

2013	2012	2011	2010	2009	2008
3	3	3	3	3	3
1	1	1	1	1	1
12,000	12,000	12,000	12,000	12,000	12,000
104	104	104	104	104	104
11	15	11	11	14	14
11	10	10	11	7	6
1	1	1	1	1	1
8	8	8	8	8	9
1	1	1	1	1	1
67.3	67.3	67.3	67.3	66.5	66.2
9.1	9.1	9.1	9.1	9.1	9.1
5	4	4	4	3	3
229	229	229	229	218	216
13	13	13	13	13	14
167	167	167	167	167	167
18	18	18	18	18	18
2	2	2	2	2	2
3	3	3	3	3	3
3	3	3	3	3	3
0	0	0	0	1	1
3	3	3	3	3	3
4	4	4	4	4	4
8	8	8	8	8	8
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
4.5	4.5	4.5	4.5	4.5	4.5

CITY OF WORTHINGTON, MINNESOTA

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN YEARS
(Unaudited)

Function/Program	Fiscal Year			
	2017	2016	2015	2014
Business-type activities:				
Water				
Water mains (miles)	79.9	79.9	79.2	78.9
Number of connections (residential, commercial, industrial & seasonal)	4,157	4,155	4,112	4,075
Fire hydrants	625	625	621	621
Storage capacity				
Ground level (thousands of gallons)	2,200	2,200	2,200	2,200
Elevated (thousands of gallons)	2,300	2,300	2,300	2,300
Municipal Wastewater				
Sanitary sewers (miles)	55.1	55.1	55.1	55.1
Annual treatment capacity (thousands of gallons)	1,000,750	821,500	571,680	501,190
Maximum daily treatment capacity (thousands of gallons)	4,000	4,000	4,000	4,000
Electric				
Number of distribution stations	2	2	2	2
Service lines-primary (miles)	115	130	130	125
Service line-secondary (miles)	143	175	175	175
Streetlights	1,957	1,958	1,899	1,900
Storm Water Management				
Storm sewers (miles)	52.7	52.7	52.7	52.7
Liquor				
Buildings	1	1	1	1
Square footage (feet)	6,750	6,750	6,750	6,750
Number of coolers	2	2	2	2
Parking Systems ⁴				
Parking lots	5	5	5	5
Airport				
Acreage	512	512	512	512
Terminals	1	1	1	1
Individual hangars	22	22	22	22
Commercial hangars	2	2	2	2
Runways	2	2	2	2
Runway approaches	4	4	4	4
Memorial Auditorium				
Number of stages	2	2	2	2
Facility seating	735	735	735	735

Sources: Various city departments

¹This facility and its components are shared with Nobles County and the city rents space from the county.

²Starting in 2004 the golf course is accounted for in the recreation program.

³The city generates electricity for Missouri Basin and in turn is billed for usage.

⁴Starting in 2007 the parking systems activity is accounted for in the general fund.

Note: Indicators are not available for the industrial wastewater facility and cable television functions.

TABLE XX

2013	2012	2011	2010	2009	2008
78.9	78.5	77.7	78.1	77.6	72.1
4,044	4,045	4,019	4,003	4,046	4,037
613	611	608	605	599	586
2,200	2,200	2,200	2,200	6,200	6,200
2,300	2,300	2,300	2,300	2,300	800
55.1	55.1	55.1	55.0	54.8	54.5
480,750	556,370	820,460	787,540	643,490	688,510
4,000	4,000	4,000	4,000	4,000	4,000
2	2	2	3	3	3
125	125	120	112	125	110
175	175	170	169	175	160
1,900	1,880	1,868	1,864	1,779	1,800
52.7	52.7	52.7	52.7	52.6	52.4
1	1	1	1	1	1
6,750	6,750	6,750	6,750	6,750	6,750
2	2	2	2	2	2
5	5	5	5	5	5
512	512	512	512	512	512
1	1	1	1	1	1
20	20	20	20	20	20
2	2	2	2	2	2
2	2	2	2	2	2
4	4	4	4	4	4
2	2	2	2	2	2
735	735	735	735	735	735

City of
Worthington