

CITY OF WORTHINGTON, MINNESOTA

Comprehensive Annual Financial Report

For the fiscal year ended December 31, 2018

CITY OF WORTHINGTON, MINNESOTA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended December 31, 2018

Prepared by:
Department of Finance

City of Worthington, Minnesota
Comprehensive Annual Financial Report
For the Fiscal Year Ended December 31, 2018

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INTRODUCTORY SECTION



FINANCE DEPARTMENT

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TELEPHONE: (507) 372-8600 ■ FAX: (507) 372-8630 ■ www.ci.worthington.mn.us

June 24, 2019

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, 2018.

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, 2018, 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, 2018, 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 13,497. 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 2018, the City issued 464 building permits (103 permits less than issued in 2017) for a cumulative total of \$19.08 million of construction work, which is 34% less than the construction value reported in 2017. The current economic environment has resulted in the investment of over \$98 million in building activities within the corporate limits of Worthington between January 2014 and December 2018.

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.

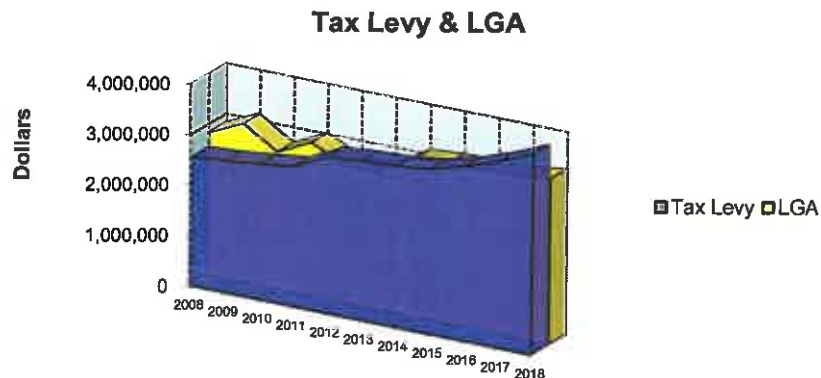
Worthington has endured low rental vacancies for a number of years. The City is the recipient of an \$868,000 Workforce Housing grant awarded by the Minnesota Department of Employment and Economic Development. The City has worked with four different developers in an attempt to initiate a multi-unit market rate rental facility. Unfortunately, none of them have been able to proceed with a project due to unacceptable financial returns. City Staff continues to seek out and work with potential developers to bring a project forward.

City voters approved a one-half of one percent local option sales tax at the November 2018 general election. The sales tax proceeds will target quality of life projects aimed at enhancing the livability in Worthington. The referendum passed with 67% approval. The sales tax request was passed by the state Legislature in May and signed by the Governor and is anticipated to commence on January 1, 2020.

Long-term financial planning. Unassigned fund balance in the general fund at year end was 24 percent of the total general fund budgeted expenditures. This amount is less the policy guidelines (35%-50%) set by the Council for budgetary and planning purposes. This year-end amount is less than the target percentages set by the policy guidelines (2016 percentage was 53% and 2017 percentage was 52%). The decrease in unassigned fund balance was mainly due the purchase of the building that will house the public works department and will be replenished when bonds are issued in 2019.

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 2018. Following is a graph comparing the City's tax levy and LGA received in the appropriate years.



The City is in the second year of the three year union contracts with Law Enforcement Labor Services (LELS) #4 and #274. We are in the second year of a two year contract with the International Union of Operating Engineers Local #49, AFL-CIO. The cost of living (COLA) increases for the two law enforcement union and non-aligned employees for years 2018-2020 is 3.5%, 3.0% and 3.0%. The Local 49 union settled for COLA of 3.0% for both 2018 and 2019.

Major Initiatives. The City has many accomplishments to report for 2018 and beyond. The following are some of the major initiatives addressed during the year.

Single Family Housing Lot Shortage. The City is addressing the shortage of single family lots. Partnering with Worthington Public Utilities, the City has an option of 53 acres of undeveloped land on the west side of the City. Members of the City Council and Water and Light Board, along with City Staff, are currently engaged in an engineering study to determine the viability and affordability of the development.

Park Improvements. Centennial Park will see some new features with the construction of a splash pad and a new concession/bathhouse building. Both projects will be completed in 2019. A new restroom facility is planned for Ludlow Park also in 2019.

City Facility Needs. The City is currently renovating an existing building that will house the Public Works Street and Parks departments. Completion is anticipated for later this fall. This new facility will enable both departments to be housed in the same facility and accommodate inside storage off all vehicles and equipment.

Lewis and Clark Regional Water System. The final connection to Worthington was completed in late 2018. The contractor is addressing a number of leaks completing final clean-up of the work zone. The system should be operational in the Spring of 2019.

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, 2018. This was the thirtieth 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 unfailing 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**

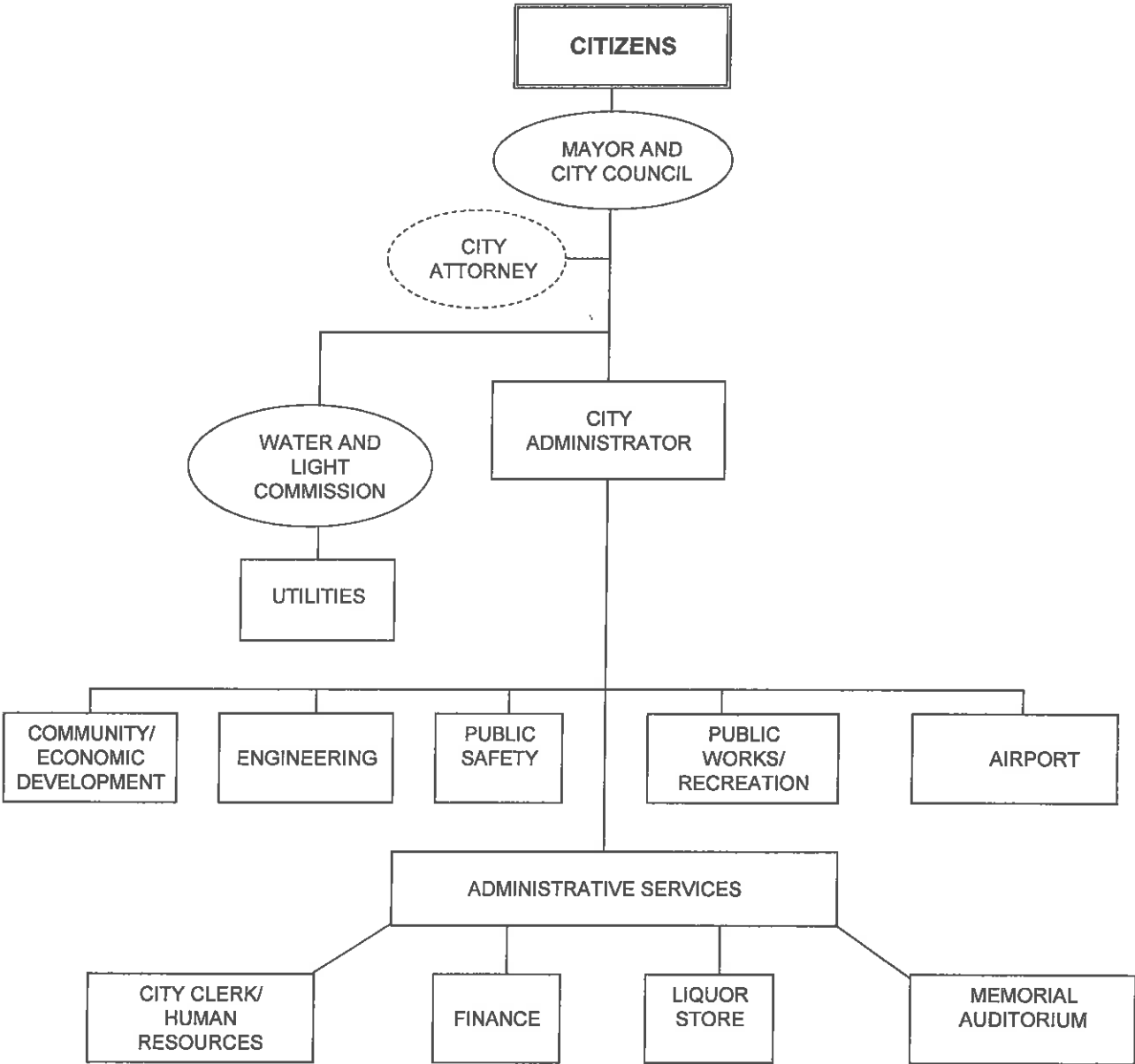
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2017

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, 2018

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

CERTIFIED PUBLIC ACCOUNTANTS

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

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

VICKIE L. KUIPERS, EA
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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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, 2018, 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.

Change in Accounting Principle

As discussed in Note 6 to the financial statements, in 2018 the City adopted new accounting guidance, GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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 24, 2019, 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.

Drearon Kvulhaug Hoefke & Co., P.A.

Worthington, Minnesota
June 24, 2019

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, 2018. 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 \$188,543 (*net position*). Of this amount, \$48,995 (*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 \$6,607. The majority of the increase came from a combination of an increase in due from other governments, 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 \$31,798, a decrease of \$1,858 in comparison with the prior year. Approximately \$2,001 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 \$2,438, or 24 percent of total general fund expenditures.
- The City of Worthington retired existing debt of \$1,395 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-six 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, WRH fund, PIR series funds, and improvement construction fund, all of which are considered to be major funds. Data from the other twenty-two 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 WRH fund (page 31) as well as all the non-major special revenue funds (pages 96-102) to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 26-31 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, liquor, and airport funds, which are considered to be major funds of the City of Worthington. Data from the other four 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 32-41 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 42 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 43-81 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 92-118 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 \$188,543 at the close of the most recent fiscal year.

By far the largest portion of the City of Worthington's net position (63.7 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	
	2018	2017	2018	2017	2018	2017
Current assets	\$ 36,130	\$ 39,149	\$ 47,488	\$ 47,478	\$ 83,618	\$ 86,627
Capital assets	59,423	58,041	68,058	61,386	127,481	119,427
Total assets	<u>\$ 95,553</u>	<u>\$ 97,190</u>	<u>\$ 115,546</u>	<u>\$ 108,864</u>	<u>\$ 211,099</u>	<u>\$ 206,054</u>
Deferred outflows	\$ 1,382	\$ 3,556	\$ (77)	\$ 258	\$ 1,305	\$ 3,814
Current liabilities	\$ 1,299	\$ 722	\$ 2,472	\$ 2,780	\$ 3,771	\$ 3,502
Non-current liabilities	12,527	12,037	4,613	3,383	17,140	15,420
Total liabilities	<u>\$ 13,826</u>	<u>\$ 12,759</u>	<u>\$ 7,085</u>	<u>\$ 6,163</u>	<u>\$ 20,911</u>	<u>\$ 18,922</u>
Deferred inflows	\$ 2,781	\$ 4,089	\$ 167	\$ 99	\$ 2,948	\$ 4,188
Net investment in capital assets	\$ 53,325	\$ 50,861	\$ 66,824	\$ 61,336	\$ 120,149	\$ 112,197
Restricted	1,339	1,012	18,059	17,467	19,398	18,479
Unrestricted	25,663	32,025	23,333	24,057	48,996	56,082
Total net position	<u>\$ 80,327</u>	<u>\$ 83,898</u>	<u>\$ 108,216</u>	<u>\$ 102,860</u>	<u>\$ 188,543</u>	<u>\$ 186,758</u>

A portion of the City of Worthington's net position (10.3 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$48,996) 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 \$6,607 during the current fiscal year. The majority of the increase came from a combination of an increase in due from other governments, an increase in work in progress and an increase in net pension liability.

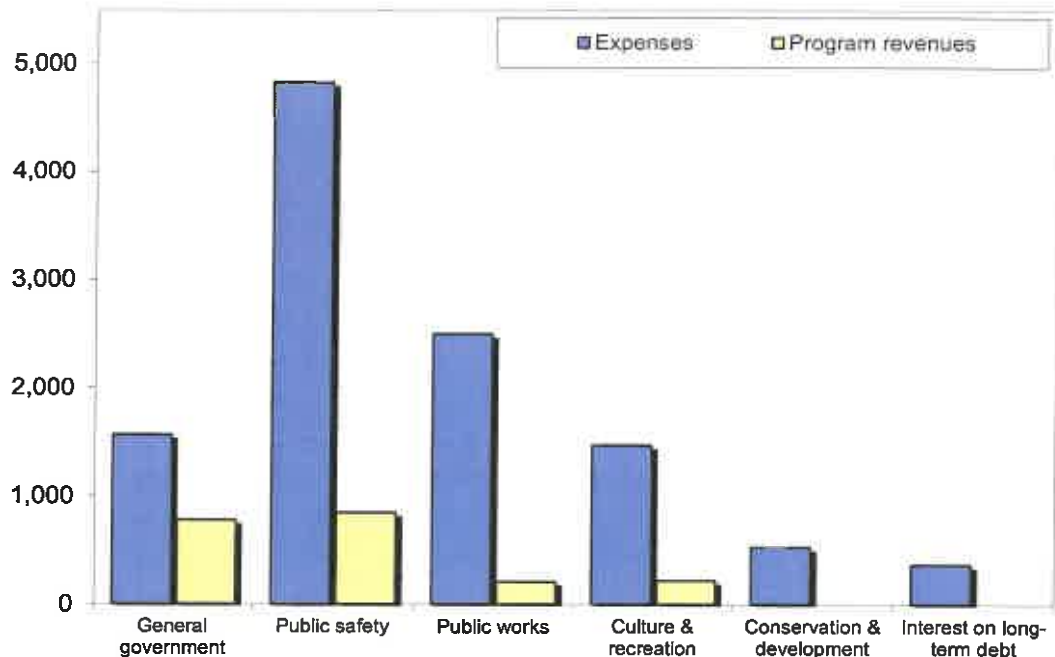
City of Worthington's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 1,321	\$ 1,345	\$ 33,795	\$ 33,916	\$ 35,116	\$ 35,261
Operating grants and contributions	689	723	84	85	773	808
Capital grants and contributions	50	1,882	2,509	274	2,559	2,156
General revenues:						
Property taxes	3,913	3,646	-	-	3,913	3,646
Other taxes	1,119	1,734	-	-	1,119	1,734
Grants and contributions not restricted to specific programs	3,290	3,195	-	-	3,290	3,195
Other	1,132	824	632	516	1,764	1,340
Total revenues	\$ 11,514	\$ 13,349	\$ 37,020	\$ 34,791	\$ 48,534	\$ 48,140
Expenses:						
General government	\$ 1,568	\$ 1,775	\$ -	\$ -	\$ 1,568	\$ 1,775
Public safety	4,827	3,904	-	-	4,827	3,904
Public works	2,500	2,514	-	-	2,500	2,514
Culture and recreation	1,472	1,571	-	-	1,472	1,571
Conservation and development	530	472	-	-	530	472
Interest on long-term debt	369	389	-	-	369	389
Water	-	-	2,828	2,642	2,828	2,642
Municipal Wastewater	-	-	1,778	1,516	1,778	1,516
Electric	-	-	19,179	18,662	19,179	18,662
Industrial Wastewater Facility	-	-	1,748	1,714	1,748	1,714
Storm Water Management	-	-	331	273	331	273
Street Lighting	-	-	55	85	55	85
Liquor	-	-	3,869	3,304	3,869	3,304
Airport	-	-	745	735	745	735
Cable Television	-	-	128	132	128	132
Total expenses	\$ 11,266	\$ 10,625	\$ 30,661	\$ 29,063	\$ 41,927	\$ 39,688
Increase(decrease) in net position before transfers	\$ 248	\$ 2,724	\$ 6,359	\$ 5,728	\$ 6,607	\$ 8,452
Transfers	861	842	(861)	(842)	-	-
Increase(decrease) in net position	\$ 1,109	\$ 3,566	\$ 5,498	\$ 4,886	\$ 6,607	\$ 8,452
Net position-January 1	83,898	80,332	102,860	97,974	186,758	178,306
Prior period adjustment	(4,686)	-	(144)	-	(4,830)	-
Net position-December 31	\$ 80,321	\$ 83,898	\$ 108,214	\$ 102,860	\$ 188,535	\$ 186,758

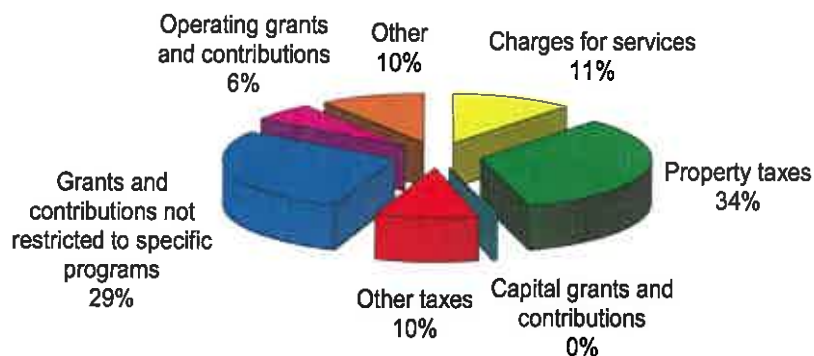
Governmental activities. Governmental activities increased the City of Worthington's net position by \$1,109, thereby accounting for 16.8 percent of the total increase in the net position of the City of Worthington. Key elements of this increase are as follows:

- The main reasons for the increase relates to a mixture of certain revenues increasing over 2017 as well as certain expenses decreasing. Property tax revenues increased due to the funding of operations over revenue sources available. Other revenues increased mainly due to increased investment earnings and smaller decrease in the fair market value of investments. The general government expenses decreased due to community & economic development expenses not made for the Worthington Rediscovered program or the annual housing grant writing.

Expenses and Program Revenues – Governmental Activities



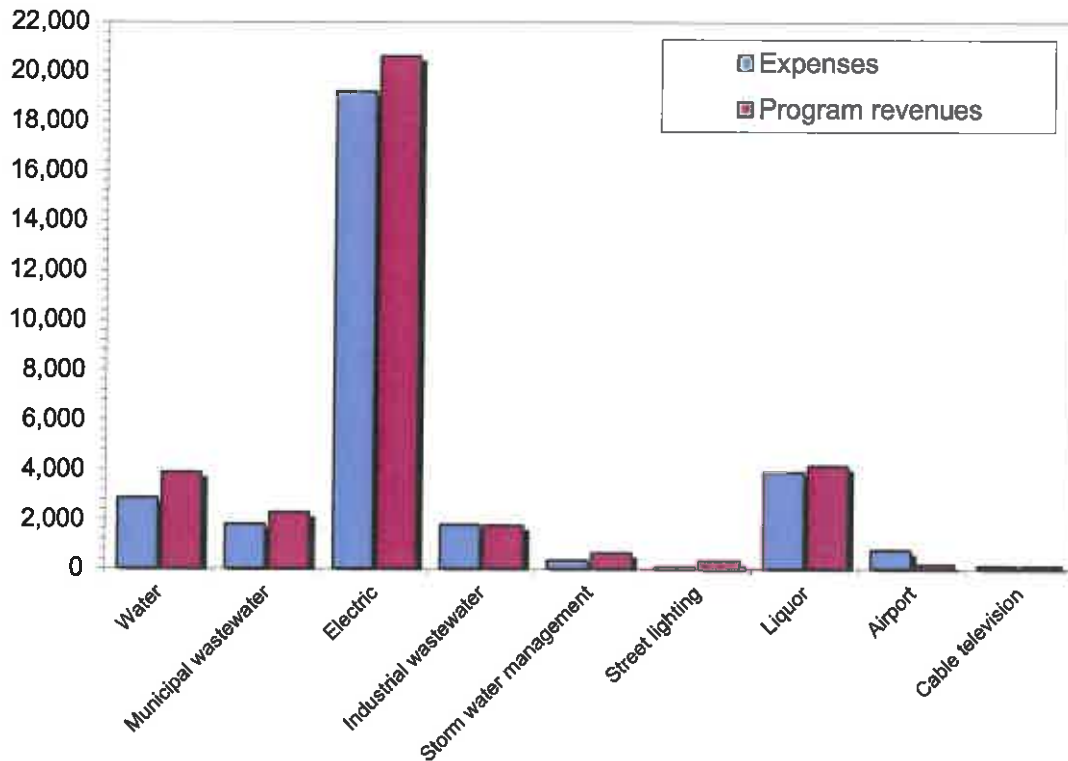
Revenues by Source – Governmental Activities



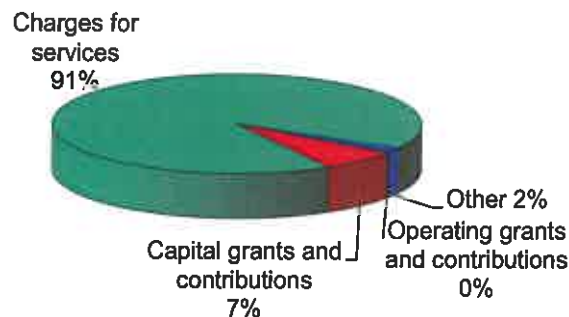
Overall, governmental activities expenses increased by \$641 in 2018 from 2017.

Business-type activities. Business-type activities increased the City of Worthington's net position by \$5,498 accounting for 83.2 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 (\$505) and expenses less than expected (\$973), mainly due to capital related expenses. Municipal Wastewater revenues that were more than expected due to other operating revenue and investment earnings (\$46) and expenses less than expected (\$1,133), mainly due to capital related expenses. Electric revenues that were less than expected due to usage (\$214) and expenses less than expected (\$272), mainly due to capital related expenses.

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 \$31,798, a decrease of \$1,858 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 \$29,041 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 (\$2,148), 2) for land held for resale (\$252), 3) for Buffalo Ridge (\$176), 4) for prepaid items (\$155), 5) for capital projects (\$1) and 6) for inventory (\$25) 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 \$2,438, while total fund balance was \$6,688. 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 24 percent of total general fund expenditures, while total fund balance represents 66 percent of that same amount.

The fund balance of the City of Worthington's general fund decreased by \$1,449 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.
- Public works expenditures were more due to capital expenditures related to new public works facility as well as personnel services due to snow removal.

The WRH fund has a fund balance of \$12,928 which increased by \$247 due mainly to investment earnings exceeding expectations.

The PIR Series Bonds fund has a fund balance of \$2,116 which is an increase of \$161 due to special assessments and interest earnings.

The Improvement Construction fund had a fund balance of \$3,654 which is a decrease of \$891. 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, liquor, and airport funds at the end of the year amounted to \$307, \$7,678, \$12,625, \$(805), and \$760, respectively. The total growth (decrease) in net position for the water, municipal wastewater, electric, liquor, and airport were \$1,114, \$624, \$1,019, \$28, and \$276 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 \$1,080 increase in appropriations between the original and final amended budget. Following are the main components of the increase:

- \$1,080 supplemental appropriations to the public works department for the purchase of property that will house the public works department. The appropriations were funded by existing reserves with anticipation to replenish with future bonding.

The most significant variances between the final budget and actual expenses in the general fund occurred in the general government (favorable - \$91), public works (unfavorable - \$208) and conservation and development (favorable - \$122). The favorable variance in general government was largely due to engineering administration personnel position that was budgeted for but not filled and community & economic development expenditures not made for the Worthington Rediscovered program or the annual housing grant writing. The unfavorable variance in the public works expenditures was largely due to expenditures related to new public works facility and costs for snow removal. The favorable variance in conservation and development expenditures was due to other services and charges for clean water partnership projects and capital expenditures for lake improvement that were 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, 2018, amounts to \$127,481 (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 .93 percent (a .95 percent increase for governmental activities and a .90 percent increase for business-type activities).

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

- Construction began but not completed on general government projects (\$1,201), recreation projects (\$375), street projects (\$546), water projects (\$1,746), municipal wastewater projects (\$139), electric projects (\$145) and stormwater projects (\$18).
- Many street construction projects were in progress but not completed by the end of 2018.

City of Worthington's Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 4,035	\$ 4,006	\$ 1,695	\$ 523	\$ 5,730	\$ 4,529
Buildings and structures	21,015	21,043	31,927	29,498	52,942	50,541
Improvements	3,609	3,346	80,583	78,821	84,192	82,167
Infrastructure	48,889	48,840	-	-	48,889	48,840
Machinery and equipment	5,834	5,475	5,228	4,673	11,062	10,148
Furniture and fixtures	466	470	220	190	686	660
Other capital assets	309	309	-	-	309	309
Intangibles	135	135	3,200	3,200	3,335	3,335
Work in progress	11,688	8,513	8,596	5,222	20,284	13,735
Total	<u>\$ 95,980</u>	<u>\$ 92,137</u>	<u>\$ 131,449</u>	<u>\$ 122,127</u>	<u>\$ 227,429</u>	<u>\$ 214,264</u>

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 \$7,990. Of this amount, \$6,200 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	
	2018	2017	2018	2017	2018	2017
General obligation bonds	\$ 6,356	\$ 7,061	\$ -	\$ -	\$ 6,356	\$ 7,061
General obligation revenue bonds	552	1,094	1,140	-	1,692	1,094
Total	<u>\$ 6,908 *</u>	<u>\$ 8,155 *</u>	<u>\$ 1,140 *</u>	<u>\$ - *</u>	<u>\$ 8,048 *</u>	<u>\$ 8,155 *</u>

*Includes unamortized premium(discounts)

The City of Worthington's total debt decreased by \$107 (1.3 percent) during the current fiscal year. The City of Worthington retained an AA- rating from Standard and Poor's for general obligation debt.

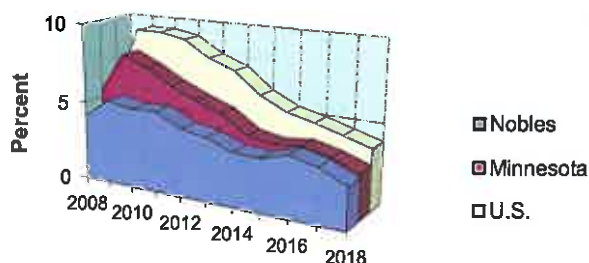
State statutes limit the amount of general obligation debt a governmental entity may issue to 3 percent of its estimated assessed value. The current debt limitation for the City of Worthington is \$22,357, which is significantly in excess of the City of Worthington's outstanding general obligation debt (see Table XIV, pages 144-145).

Additional information on the City of Worthington's long-term debt can be found in note 4(G) on pages 58-63 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Nobles County as of December 31, 2018 is 2.6 percent, which is lower than a year ago (3.4). This compares favorably to the State's average unemployment rate of 2.9 percent and the national average rate of 3.9 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 2018 fiscal year.

During the current fiscal year, unassigned fund balance in the general fund decreased to \$2,438.

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

CITY OF WORTHINGTON, MINNESOTA

EXHIBIT 1

STATEMENT OF NET POSITION
December 31, 2018

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 23,015,816	\$ 36,986,277	\$ 60,002,093
Investments	4,344,561	6,981,682	11,326,243
Accounts receivable	82,377	217,117	299,494
Notes receivable	3,049,236	-	3,049,236
Utilities receivable	-	2,642,205	2,642,205
Taxes receivable	33,913	-	33,913
Special assessments receivable	1,476,402	-	1,476,402
Interest receivable	93,924	155,857	249,781
Internal balances	1,105,558	(1,105,558)	-
Due from other governments	2,485,470	875,987	3,361,457
Contracts receivable	-	25,531	25,531
Inventories	25,005	593,896	618,901
Prepayments	165,222	115,017	280,239
Capital assets held for resale	252,065	-	252,065
Capital assets (Note 4C)			
Land, intangibles & work in progress	15,857,637	13,490,360	29,347,997
Other capital assets, net of depreciation	43,565,682	54,567,589	98,133,271
TOTAL ASSETS	\$ 95,552,868	\$ 115,545,960	\$ 211,098,828
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pension	\$ 1,381,826	\$ (77,482)	\$ 1,304,344
LIABILITIES			
Accounts payable	\$ 600,869	\$ 1,803,103	\$ 2,403,972
Contracts and retainage payable	130,326	93,966	224,292
Accrued payroll	201,126	85,024	286,150
Due to other governments	1,512	283,921	285,433
Sureties/deposits	67,236	194,020	261,256
Accrued interest payable	180,202	-	180,202
Unearned revenue	117,563	12,215	129,778
Noncurrent liabilities:			
Due within one year	1,399,364	165,000	1,564,364
Due in more than one year	6,291,265	2,660,000	8,951,265
Net pension liability payable after one year	3,860,688	1,640,323	5,501,011
Total OPEB liability payable after one year	976,079	147,830	1,123,909
TOTAL LIABILITIES	\$ 13,826,230	\$ 7,085,402	\$ 20,911,632
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pension	\$ 2,728,833	\$ 152,424	\$ 2,881,257
Deferred inflows of resources related to OPEB	52,245	15,000	67,245
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 2,781,078	\$ 167,424	\$ 2,948,502
NET POSITION			
Net investment in capital assets	\$ 53,325,463	\$ 66,823,983	\$ 120,149,446
Restricted for:			
Capital projects	1,281	17,809,220	17,810,501
Debt service	1,337,499	250,000	1,587,499
Unrestricted	25,663,143	23,332,449	48,995,592
TOTAL NET POSITION	\$ 80,327,386	\$ 108,215,652	\$ 188,543,038

The accompanying notes are an integral part of the financial statements

CITY OF WORTHINGTON, MINNESOTA

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2018

FUNCTION/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENT ACTIVITIES				
General government	\$ 1,567,638	\$ 772,544	\$ 6,978	\$ -
Public safety	4,827,514	284,190	566,215	-
Public works	2,500,047	96,370	113,399	-
Culture and recreation	1,471,973	167,454	2,426	50,000
Conservation and development	530,297	-	-	-
Interest on long-term debt	368,554	-	-	-
TOTAL GOVERNMENT ACTIVITIES	\$ 11,266,023	\$ 1,320,558	\$ 689,018	\$ 50,000
BUSINESS-TYPE ACTIVITIES				
Water	\$ 2,828,102	\$ 3,855,574	\$ -	\$ -
Municipal Wastewater	1,777,982	2,247,113	-	-
Electric	19,177,873	20,613,652	-	-
Industrial Wastewater Facility	1,748,704	1,723,607	-	-
Storm Water Management	331,170	628,386	-	1,755,000
Street Lighting	55,762	285,611	-	-
Liquor	3,869,019	4,135,970	-	-
Airport	745,099	177,333	83,967	753,904
Cable Television	127,788	127,788	-	-
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 30,661,499	\$ 33,795,034	\$ 83,967	\$ 2,508,904
TOTAL GOVERNMENT	\$ 41,927,522	\$ 35,115,592	\$ 772,985	\$ 2,558,904

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

Prior Period Adjustment-Pension and OPEB

Net Position, January 1, restated

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
\$ (788,116)	\$ -	\$ (788,116)
(3,977,109)	-	(3,977,109)
(2,290,278)	-	(2,290,278)
(1,252,093)	-	(1,252,093)
(530,297)	-	(530,297)
(368,554)	-	(368,554)
<u>\$ (9,206,447)</u>	<u>\$ -</u>	<u>\$ (9,206,447)</u>
\$ -	\$ 1,027,472	\$ 1,027,472
-	469,131	469,131
-	1,435,779	1,435,779
-	(25,097)	(25,097)
-	2,052,216	2,052,216
-	229,849	229,849
-	266,951	266,951
-	270,105	270,105
-	-	-
<u>\$ -</u>	<u>\$ 5,726,406</u>	<u>\$ 5,726,406</u>
<u>\$ (9,206,447)</u>	<u>\$ 5,726,406</u>	<u>\$ (3,480,041)</u>

\$ 3,912,661	\$ 3	\$ 3,912,664
860,834	-	860,834
2,527	-	2,527
256,150	-	256,150
3,290,319	-	3,290,319
509,661	575,122	1,084,783
(57,703)	-	(57,703)
658,272	34,298	692,570
21,486	22,943	44,429
861,246	(861,246)	-
<u>\$ 10,315,453</u>	<u>\$ (228,880)</u>	<u>\$ 10,086,573</u>
<u>\$ 1,109,006</u>	<u>\$ 5,497,526</u>	<u>\$ 6,606,532</u>
\$ 83,898,087	\$ 102,860,285	\$ 186,758,372
(4,686,238)	(144,034)	(4,830,272)
<u>\$ 79,211,849</u>	<u>\$ 102,716,251</u>	<u>\$ 181,928,100</u>
<u>\$ 80,320,855</u>	<u>\$ 108,213,777</u>	<u>\$ 188,534,632</u>

CITY OF WORTHINGTON, MINNESOTA

EXHIBIT 3

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2018

	General	WRH	PIR Series Bonds	Improvement Construction	Other Governmental Funds (See Exhibit B-1)	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 3,290,357	\$ 7,908,720	\$ 1,811,722	\$ 3,015,580	\$ 5,787,148	\$ 21,813,527
Investments	621,102	1,492,883	341,988	569,233	1,092,406	4,117,612
Accounts receivable	54,261	119	9,322	-	18,675	82,377
Notes receivable	-	2,129,236	-	-	920,000	3,049,236
Taxes receivable	12,687	-	5,642	4,219	11,365	33,913
Special assessments receivable	6,829	-	1,469,573	-	-	1,476,402
Interest receivable	9,461	24,629	6,560	12,874	37,894	91,418
Interfund loans	1,585,445	1,372,840	-	-	-	2,958,285
Due from other governments	2,256,204	-	-	179,266	50,000	2,485,470
Inventories	25,005	-	-	-	-	25,005
Prepayments	126,527	-	528	4,738	23,347	155,140
Capital assets held for resale	252,065	-	-	-	-	252,065
TOTAL ASSETS	\$ 8,239,943	\$ 12,928,427	\$ 3,645,335	\$ 3,785,910	\$ 7,940,835	\$ 36,540,450

(Continued)

The accompanying notes are an integral part of the financial statements

CITY OF WORTHINGTON, MINNESOTA

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2018EXHIBIT 3
(Continued)

	General	WRH	PIR Series Bonds	Improvement Construction	Other Governmental Funds (See Exhibit B-1)	Total Governmental Funds
LIABILITIES						
Accounts payable	\$ 193,720	\$ -	\$ -	\$ 21,077	\$ 384,502	\$ 599,299
Contracts and retainage payable	3,240	-	-	110,811	16,275	130,326
Accrued payroll	181,003	-	681	469	13,302	195,455
Interfund loans payable	1,106,740	-	-	-	493,858	1,600,598
Due to other governments	-	-	-	-	1,512	1,512
Sureties/deposits	67,236	-	-	-	-	67,236
TOTAL LIABILITIES	\$ 1,551,939	\$ -	\$ 681	\$ 132,357	\$ 909,449	\$ 2,594,426
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue-						
Notes receivable	\$ -	\$ -	\$ -	\$ -	\$ 620,000	\$ 620,000
Special assessments	-	-	1,528,320	-	-	1,528,320
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ -	\$ -	\$ 1,528,320	\$ -	\$ 620,000	\$ 2,148,320
FUND BALANCES						
Nonspendable	\$ 403,597	\$ -	\$ 528	\$ 4,738	\$ 23,347	\$ 432,210
Restricted	1,281	-	2,115,806	-	207,924	2,325,011
Committed	3,046,572	10,068,844	-	-	1,658,896	14,774,312
Assigned	798,871	2,859,583	-	3,648,815	4,957,754	12,265,023
Unassigned	2,437,683	-	-	-	(436,535)	2,001,148
TOTAL FUND BALANCES	\$ 6,688,004	\$ 12,928,427	\$ 2,116,334	\$ 3,653,553	\$ 6,411,386	\$ 31,797,704
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 8,239,943	\$ 12,928,427	\$ 3,645,335	\$ 3,785,910	\$ 7,940,835	

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

59,410,392

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.

2,030,757

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.

412,610

The Net Position of the City's Fire Relief Association currently exceeds the actuarially determined total pension liability creating a net pension asset.

(25,668)

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.

(1,399,252)

Amounts pertaining to the Worthington Fire Relief Association pension plan are not current financial resources and therefore are not reported in the funds.

(80,810)

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.

(11,818,347)

Net position of governmental activities in the statement of net position

\$ 80,327,386

The accompanying notes are an integral part of the financial statements

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2018

	General	WRH	PIR Series Bonds	Improvement Construction	Other Governmental Funds (See Exhibit B-2)	Total Governmental Funds
REVENUES						
Taxes	\$ 1,474,468	\$ -	\$ 663,912	\$ 493,808	\$ 2,438,302	\$ 5,070,490
Licenses and permits	241,077	-	-	-	-	241,077
Intergovernmental revenues	3,749,597	-	55	41	250,109	3,999,802
Charges for services	430,662	-	-	-	290,966	721,628
Fines and forfeits	53,755	-	-	-	31,814	85,569
Special assessments	553	-	512,808	-	-	513,361
Investment earnings	109,714	238,691	20,976	46,091	85,953	501,425
Net decrease in the fair value of investments	(57,703)	-	-	-	-	(57,703)
Rents	28,116	-	-	-	73,589	101,705
Other	43,536	100,257	-	40,288	131,409	315,490
TOTAL REVENUES	\$ 6,073,775	\$ 338,948	\$ 1,197,751	\$ 580,228	\$ 3,302,142	\$ 11,492,844
EXPENDITURES						
Current						
General government	\$ 1,845,152	\$ 113,493	\$ -	\$ -	\$ 7,525	\$ 1,966,170
Public safety	4,298,638	-	-	-	350,864	4,649,502
Public works	2,263,022	-	148,596	-	-	2,411,618
Culture and recreation	101,207	-	-	-	1,788,807	1,890,014
Conservation and development	118,056	-	-	-	397,635	515,691
Capital outlay						
Projects	-	-	-	1,487,434	131,450	1,618,884
Debt service						
Principal	-	-	700,000	-	540,000	1,240,000
Interest and fiscal agent fees	-	-	171,415	-	19,231	190,646
TOTAL EXPENDITURES	\$ 8,626,075	\$ 113,493	\$ 1,020,011	\$ 1,487,434	\$ 3,235,512	\$ 14,482,525
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ (2,552,300)	\$ 225,455	\$ 177,740	\$ (907,206)	\$ 66,830	\$ (2,989,681)
OTHER FINANCING SOURCES (USES)						
Sale of capital asset	\$ 18,051	\$ -	\$ -	\$ -	\$ 1,435	\$ 19,486
Transfer-in	1,128,914	22,034	-	16,241	903,922	2,071,111
Transfer-out	(44,068)	-	(16,241)	-	(898,922)	(959,231)
TOTAL OTHER FINANCING SOURCES (USES)	\$ 1,102,897	\$ 22,034	\$ (16,241)	\$ 16,241	\$ 6,435	\$ 1,131,366
NET CHANGE IN FUND BALANCES	\$ (1,449,403)	\$ 247,489	\$ 161,499	\$ (890,965)	\$ 73,065	\$ (1,858,315)
FUND BALANCE, January 1	8,137,407	12,680,938	1,954,835	4,544,518	6,338,321	33,656,019
FUND BALANCE, December 31	\$ 6,688,004	\$ 12,928,427	\$ 2,116,334	\$ 3,653,553	\$ 6,411,386	\$ 31,797,704

The accompanying notes are an integral part of the financial statements

CITY OF WORTHINGTON, MINNESOTA

EXHIBIT 5

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, 2018

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)	\$ (1,858,315)
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.	1,388,417
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and trade-ins) is to increase net assets.	12,834
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(8,783)
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.	1,240,000
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.	(214,034)
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.	(80,810)
Internal service funds are used by management to charge the costs of certain activities to individual funds.	<u>629,697</u>
Change in net position of governmental activities (See Exhibit 2)	<u><u>\$ 1,109,006</u></u>

The accompanying notes are an integral part of the financial statements

CITY OF WORTHINGTON, MINNESOTA

EXHIBIT 6

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2018

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	\$ 1,482,007	\$ 1,482,007	\$ 1,474,468	\$ (7,539)
Licenses and permits	233,500	233,500	241,077	7,577
Intergovernmental revenue	3,753,491	3,753,491	3,749,598	(3,893)
Charges for services	377,833	377,833	430,662	52,829
Fines and forfeits	78,000	78,000	53,755	(24,245)
Miscellaneous revenue	170,057	172,929	124,216	(48,713)
TOTAL REVENUES	\$ 6,094,888	\$ 6,097,760	\$ 6,073,776	\$ (23,984)
EXPENDITURES				
General government	\$ 1,936,121	\$ 1,936,121	\$ 1,845,152	\$ 90,969
Public safety	4,269,909	4,269,909	4,298,638	(28,729)
Public works	974,784	2,054,784	2,263,022	(208,238)
Culture and recreation	110,780	110,780	101,207	9,573
Conservation and development	240,239	240,239	118,056	122,183
TOTAL EXPENDITURES	\$ 7,531,833	\$ 8,611,833	\$ 8,626,075	\$ (14,242)
EXCESS(DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ (1,436,945)	\$ (2,514,073)	\$ (2,552,299)	\$ (38,226)
OTHER FINANCING SOURCES(USES)				
Sale of fixed assets	\$ -	\$ -	\$ 18,051	\$ 18,051
Transfer-in	1,110,151	1,110,151	1,128,914	18,763
Transfer-out	(44,068)	(44,068)	(44,068)	-
TOTAL OTHER FINANCING SOURCES	\$ 1,066,083	\$ 1,066,083	\$ 1,102,897	\$ 36,814
Net changes in fund balances	\$ (370,862)	\$ (1,447,990)	\$ (1,449,402)	\$ (1,412)
FUND BALANCE, January 1	8,136,391	8,136,391	8,136,391	-
Residual transfer-in	-	-	1,016	1,016
FUND BALANCE, December 31	\$ 7,765,529	\$ 6,688,401	\$ 6,688,005	\$ (396)

The accompanying notes are an integral part of the financial statements

CITY OF WORTHINGTON, MINNESOTA

EXHIBIT 7

WRH FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2018

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Miscellaneous revenue				
Investment earnings	\$ 143,122	\$ 143,122	\$ 238,691	\$ 95,569
Other	12,000	12,000	100,257	88,257
TOTAL REVENUES	\$ 155,122	\$ 155,122	\$ 338,948	\$ 183,826
EXPENDITURES				
General government				
Other services and charges	\$ 10,189	\$ 10,189	\$ 113,493	\$ (103,304)
TOTAL EXPENDITURES	\$ 10,189	\$ 10,189	\$ 113,493	\$ (103,304)
EXCESS OF REVENUES OVER EXPENDITURES	\$ 144,933	\$ 144,933	\$ 225,455	\$ 80,522
OTHER FINANCING SOURCES				
Transfer-in	\$ 22,034	\$ 22,034	\$ 22,034	\$ -
TOTAL OTHER FINANCING SOURCES	\$ 22,034	\$ 22,034	\$ 22,034	\$ -
Net changes in fund balances	\$ 166,967	\$ 166,967	\$ 247,489	\$ 80,522
FUND BALANCE, January 1	12,680,938	12,680,938	12,680,938	-
FUND BALANCE, December 31	\$ 12,847,905	\$ 12,847,905	\$ 12,928,427	\$ 80,522

The accompanying notes are an integral part of the financial statements

CITY OF WORTHINGTON, MINNESOTA

STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
December 31, 2018

Business-type Activities-Enterprise Funds

	Water	Municipal Wastewater	Electric	Liquor
ASSETS				
Current assets				
Cash and cash equivalents	\$ 7,205,520	\$ 11,301,266	\$ 15,102,517	\$ 415,303
Investments	1,360,144	2,133,274	2,850,813	78,394
Accounts receivable	2,496	8,068	114,346	878
Utilities receivable	381,366	258,097	1,922,717	-
Interest receivable	30,474	47,585	63,142	2,030
Due from other governments	-	-	-	-
Contracts receivable	-	-	-	-
Inventories	-	-	-	593,896
Prepayments	46,790	14,623	28,993	9,214
Total current assets	<u>\$ 9,026,790</u>	<u>\$ 13,762,913</u>	<u>\$ 20,082,528</u>	<u>\$ 1,099,715</u>
Noncurrent assets				
Capital assets				
Land, intangibles & work in progress	\$ 5,870,596	\$ 364,613	\$ 624,824	\$ 431,300
Buildings & improvements	23,140,020	21,470,279	29,720,112	2,977,370
Equipment & furniture	679,841	941,344	2,415,386	178,809
Less accumulated depreciation	(9,879,261)	(16,722,568)	(16,148,383)	(412,470)
Noncurrent assets	<u>\$ 19,811,196</u>	<u>\$ 6,053,668</u>	<u>\$ 16,611,939</u>	<u>\$ 3,175,009</u>
TOTAL ASSETS	<u>\$ 28,837,986</u>	<u>\$ 19,816,581</u>	<u>\$ 36,694,467</u>	<u>\$ 4,274,724</u>
DEFERRED OUTFLOWS OF RESOURCES				
Related to pensions	<u>\$ (15,308)</u>	<u>\$ (18,328)</u>	<u>\$ (33,738)</u>	<u>\$ (10,108)</u>
LIABILITIES				
Current liabilities				
Accounts payable	\$ 133,400	\$ 65,000	\$ 1,300,171	\$ 213,203
Contracts and retainage payable	10,179	5,069	-	-
Accrued payroll	18,979	22,078	32,143	10,380
Interfund loans payable	-	-	-	1,357,687
Due to other governments	2,103	-	47,017	44,395
Sureties/deposits	24,995	28,385	140,640	-
Unearned revenue	-	-	8,377	3,838
Bonds, note and lease payable	165,000	-	-	-
Total current liabilities	<u>\$ 354,656</u>	<u>\$ 120,532</u>	<u>\$ 1,528,348</u>	<u>\$ 1,629,503</u>
Noncurrent liabilities				
G.O. Revenue bonds payable	\$ -	\$ -	\$ -	\$ -
General obligation revenue note payable	1,520,000	-	-	-
Pension liability	323,931	388,226	714,289	213,877
OPEB liability	30,778	29,697	58,971	28,384
Accrued vacation and sick pay	-	-	-	-
Total noncurrent liabilities	<u>\$ 1,874,709</u>	<u>\$ 417,923</u>	<u>\$ 773,260</u>	<u>\$ 242,261</u>
TOTAL LIABILITIES	<u>\$ 2,229,365</u>	<u>\$ 538,455</u>	<u>\$ 2,301,608</u>	<u>\$ 1,871,764</u>
DEFERRED INFLOWS OF RESOURCES				
Related to pensions	\$ 30,113	\$ 36,055	\$ 66,371	\$ 19,885
Related to OPEB	3,123	3,013	5,984	2,880
	<u>\$ 33,236</u>	<u>\$ 39,068</u>	<u>\$ 72,355</u>	<u>\$ 22,765</u>
NET POSITION				
Net investment in capital assets	\$ 19,801,017	\$ 6,048,599	\$ 16,611,939	\$ 3,175,009
Restricted for:				
Capital projects	6,202,110	5,494,223	5,050,000	-
Debt service	250,000	-	-	-
Unrestricted	<u>306,950</u>	<u>7,677,908</u>	<u>12,624,827</u>	<u>(804,922)</u>
TOTAL NET POSITION	<u>\$ 26,560,077</u>	<u>\$ 19,220,730</u>	<u>\$ 34,286,766</u>	<u>\$ 2,370,087</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

EXHIBIT 8

Airport	Other Enterprise Funds (See Exhibit C-1)	Total	Governmental Activities- Internal Service Funds (See Exhibit C-1)
\$ 230,436	\$ 2,731,235	\$ 36,986,277	\$ 1,202,289
43,498	515,559	6,981,682	226,949
65,042	26,287	217,117	-
-	80,025	2,642,205	-
1,086	11,540	155,857	2,506
772,956	103,031	875,987	-
-	25,531	25,531	-
-	-	593,896	-
10,358	5,039	115,017	10,082
<u>\$ 1,123,376</u>	<u>\$ 3,498,247</u>	<u>\$ 48,593,569</u>	<u>\$ 1,441,826</u>
\$ 923,894	\$ 5,275,132	\$ 13,490,359	\$ -
22,979,369	12,222,983	112,510,133	-
652,335	580,677	5,448,392	98,921
(13,574,404)	(6,653,849)	(63,390,935)	(85,994)
<u>\$ 10,981,194</u>	<u>\$ 11,424,943</u>	<u>\$ 68,057,949</u>	<u>\$ 12,927</u>
\$ 12,104,570	\$ 14,923,190	\$ 116,651,518	\$ 1,454,753
\$ -	\$ -	\$ (77,482)	\$ (4,256)
\$ 5,002	\$ 86,327	\$ 1,803,103	\$ 1,570
-	78,718	93,966	-
905	539	85,024	5,671
-	-	1,357,687	-
190,406	-	283,921	-
-	-	194,020	-
-	-	12,215	-
-	-	165,000	-
<u>\$ 196,313</u>	<u>\$ 165,584</u>	<u>\$ 3,994,936</u>	<u>\$ 7,241</u>
\$ -	\$ 1,140,000	\$ 1,140,000	\$ -
-	-	1,520,000	-
-	-	1,640,323	90,151
-	-	147,830	22,483
-	-	-	782,773
<u>\$ -</u>	<u>\$ 1,140,000</u>	<u>\$ 4,448,153</u>	<u>\$ 895,407</u>
\$ 196,313	\$ 1,305,584	\$ 8,443,089	\$ 902,648
\$ -	\$ -	\$ 152,424	\$ 8,372
-	-	15,000	2,281
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 167,424</u>	<u>\$ 10,653</u>
\$ 10,981,194	\$ 10,206,225	\$ 66,823,983	\$ 12,927
167,529	895,358	17,809,220	31,245
-	-	250,000	-
759,534	2,516,023	23,080,320	493,024
<u>\$ 11,908,257</u>	<u>\$ 13,617,606</u>	<u>\$ 107,963,523</u>	<u>\$ 537,196</u>
		252,129	
		<u>\$ 108,215,652</u>	

CITY OF WORTHINGTON, MINNESOTA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended December 31, 2018

	Business-type Activities-Enterprise Funds			
	Water	Municipal Wastewater	Electric	Liquor
SALES AND COST OF SALES				
Sales	\$ -	\$ -	\$ -	\$ 4,135,970
Cost of sales	-	-	-	3,087,930
GROSS PROFIT	\$ -	\$ -	\$ -	\$ 1,048,040
OPERATING REVENUES				
Utility sales revenues	\$ 3,810,687	\$ 2,160,434	\$ 19,566,880	\$ -
Charges for services	-	-	-	-
Other operating revenue	44,887	86,679	1,046,772	-
TOTAL OPERATING REVENUES	\$ 3,855,574	\$ 2,247,113	\$ 20,613,652	\$ -
OPERATING EXPENSES				
Purchased power & transmission	\$ -	\$ -	\$ 16,580,471	\$ -
Personnel services	762,724	843,567	1,080,467	474,534
Supplies and materials	182,623	151,956	97,801	51,013
Other services and charges	1,128,956	453,823	625,751	173,578
Depreciation	715,229	362,754	938,489	62,772
TOTAL OPERATING EXPENSES	\$ 2,789,532	\$ 1,812,100	\$ 19,322,979	\$ 761,897
OPERATING INCOME (LOSS)	\$ 1,066,042	\$ 435,013	\$ 1,290,673	\$ 286,143

The accompanying notes are an integral part of the financial statements

EXHIBIT 9

Airport	Nonmajor Enterprise Funds (See Exhibit C-2)	Total	Governmental Activities- Internal Service Funds (See Exhibit D-2)
\$ -	\$ -	\$ 4,135,970	\$ -
		3,087,930	
\$ -	\$ -	\$ 1,048,040	\$ -
\$ 177,333	\$ 913,997	\$ 26,451,998	\$ -
-	1,819,788	1,997,121	463,328
	31,607	1,209,945	
\$ 177,333	\$ 2,765,392	\$ 29,659,064	\$ 463,328
\$ 36,580	\$ 114,027	\$ 16,580,471	\$ -
17,148	571,216	3,311,899	365,242
145,770	1,220,559	1,071,757	17,800
556,793	341,428	3,748,437	286,769
		2,977,465	8,618
\$ 756,291	\$ 2,247,230	\$ 27,690,029	\$ 678,429
\$ (578,958)	\$ 518,162	\$ 3,017,075	\$ (215,101)

(Continued)

CITY OF WORTHINGTON, MINNESOTA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended December 31, 2018

	Business-type Activities-Enterprise Funds			
	Water	Municipal Wastewater	Electric	Liquor
NON-OPERATING REVENUES (EXPENSES)				
General property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Investment earnings	113,765	174,931	227,393	5,765
Sale of scrap and surplus	1,208	-	3,455	-
Other non-operating	13,362	2,971	5,467	4,439
Interest expense	(86,676)	-	-	(30,255)
Miscellaneous issuance costs	-	-	-	-
Gain on disposal of capital assets	-	-	16,443	-
Loss on disposal of capital assets	(4,673)	-	-	(12,939)
TOTAL NON-OPERATING REVENUES (EXPENSES)	\$ 36,986	\$ 177,902	\$ 252,758	\$ (32,990)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	\$ 1,103,028	\$ 612,915	\$ 1,543,431	\$ 253,153
Capital contributions-capital assets	-	-	-	-
Transfers-in	11,017	11,017	134,400	-
Transfers-out	-	-	(658,280)	(225,000)
CHANGE IN NET POSITION	\$ 1,114,045	\$ 623,932	\$ 1,019,551	\$ 28,153
TOTAL NET POSITION, January 1, previously stated	\$ 25,476,020	\$ 18,625,732	\$ 33,324,672	\$ 2,369,589
Prior period adjustment	(29,988)	(28,934)	(57,457)	(27,655)
TOTAL NET POSITION, January 1, restated	\$ 25,446,032	\$ 18,596,798	\$ 33,267,215	\$ 2,341,934
TOTAL NET POSITION, December 31	\$ 26,560,077	\$ 19,220,730	\$ 34,286,766	\$ 2,370,087

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 9

(Continued)

Airport	Nonmajor Enterprise Funds (See Exhibit C-2)	Total	Governmental Activities- Internal Service Funds (See Exhibit D-2)
\$ 3	\$ -	\$ 3	\$ -
83,967	-	83,967	-
10,188	43,080	575,122	8,236
-	-	4,663	-
-	3,396	29,635	690
-	-	(116,931)	-
-	(22,600)	(22,600)	-
6,500	-	22,943	-
-	-	(17,612)	-
<u>\$ 100,658</u>	<u>\$ 23,876</u>	<u>\$ 559,190</u>	<u>\$ 8,926</u>
\$ (478,300)	\$ 542,038	\$ 3,576,265	\$ (206,175)
753,904	1,755,000	2,508,904	-
-	-	156,434	-
-	(134,400)	(1,017,680)	(250,634)
<u>\$ 275,604</u>	<u>\$ 2,162,638</u>	<u>\$ 5,223,923</u>	<u>\$ (456,809)</u>
<u>\$ 11,632,653</u>	<u>\$ 11,454,968</u>		<u>\$ 1,015,911</u>
-	-		(21,906)
<u>\$ 11,632,653</u>	<u>\$ 11,454,968</u>		<u>\$ 994,005</u>
<u>\$ 11,908,257</u>	<u>\$ 13,617,606</u>		<u>\$ 537,196</u>
		<u>273,603</u>	
		<u>\$ 5,497,526</u>	

CITY OF WORTHINGTON, MINNESOTA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2018

	Business-type Activities-Enterprise Funds			
	Water	Municipal Wastewater	Electric	Liquor
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 3,800,618	\$ 2,135,042	\$ 19,507,913	\$ 4,138,690
Cash payments to suppliers for goods and services	(1,293,468)	(563,657)	(17,423,762)	(3,486,244)
Cash payments to employees for services	(672,243)	(723,510)	(856,912)	(374,912)
Customer deposits received	15,305	12,375	59,705	-
Customer deposits returned	(14,925)	(12,020)	(52,008)	-
Other operating revenue	44,887	85,081	1,008,905	-
Other non-operating revenue	13,333	2,971	8,922	4,439
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 1,893,507	\$ 936,282	\$ 2,252,763	\$ 281,973
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Property tax revenue received	\$ -	\$ -	\$ -	\$ -
State grant revenue received	-	-	-	-
Transfer-in	11,017	11,017	134,400	-
Transfer-out	-	-	(658,280)	(225,000)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	\$ 11,017	\$ 11,017	\$ (523,880)	\$ (225,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Federal grant revenue received	\$ -	\$ -	\$ -	\$ -
State grant revenue received	-	-	-	-
Proceeds from general obligation revenue bonds	-	-	-	-
Interfund loan proceeds	-	-	-	600,000
Acquisition and construction of capital assets	(1,939,497)	(202,915)	(1,054,988)	(1,454,751)
Principal payments	(155,000)	-	-	(155,082)
Interest payments	(83,633)	-	-	(30,255)
Miscellaneous issuance costs	-	-	-	-
Proceeds from disposal of capital assets	-	-	-	-
NET CASH PROVIDED (USED) FOR CAPITAL AND RELATED FINANCING ACTIVITIES	\$ (2,178,130)	\$ (202,915)	\$ (1,054,988)	\$ (1,040,088)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income	\$ 107,348	\$ 160,580	\$ 207,915	\$ 8,160
Purchase of investments	(626,606)	(1,152,422)	(1,447,426)	(35,381)
Proceeds from sales of investments	696,278	1,070,814	1,392,003	197,473
NET CASH FROM INVESTING ACTIVITIES	\$ 177,020	\$ 78,972	\$ 152,492	\$ 170,252
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ (96,586)	\$ 823,356	\$ 826,387	\$ (812,863)
CASH AND CASH EQUIVALENTS, January 1	7,302,106	10,477,910	14,276,130	1,228,166
CASH AND CASH EQUIVALENTS, December 31	\$ 7,205,520	\$ 11,301,266	\$ 15,102,517	\$ 415,303

The accompanying notes are an integral part of the financial statements

EXHIBIT 10

Airport	Nonmajor Enterprise Funds (See Exhibit C-3)	Totals	Governmental Activities- Internal Service Funds (See Exhibit D-3)
\$ 204,399	\$ 2,859,124	\$ 32,645,786	\$ 525,738
(161,224)	(1,853,625)	(24,781,980)	(304,747)
(36,074)	(113,763)	(2,777,414)	(295,477)
-	-	87,385	-
-	-	(78,953)	-
-	-	1,138,873	-
-	10,414	40,079	690
\$ 7,101	\$ 902,150	\$ 6,273,776	\$ (73,796)
\$ 3	\$ -	\$ 3	\$ -
38,511	-	38,511	-
-	(134,400)	156,434	-
-	-	(1,017,680)	(250,634)
\$ 38,514	\$ (134,400)	\$ (822,732)	\$ (250,634)
\$ 50,229	\$ 1,651,969	\$ 1,702,198	\$ -
52,554	-	52,554	-
-	1,140,000	1,140,000	-
-	-	600,000	-
(811,357)	(4,237,837)	(9,701,345)	-
-	-	(310,082)	-
-	-	(113,888)	-
-	(22,600)	(22,600)	-
6,500	-	6,500	-
\$ (702,074)	\$ (1,468,468)	\$ (6,646,663)	\$ -
\$ 11,490	\$ 42,224	\$ 537,717	\$ 8,326
(62,469)	(311,218)	(3,635,522)	(56,352)
169,437	435,134	3,961,139	115,194
\$ 118,458	\$ 166,140	\$ 863,334	\$ 67,168
\$ (538,001)	\$ (534,578)	\$ (332,285)	\$ (257,262)
768,437	3,265,813	37,318,562	1,459,551
\$ 230,436	\$ 2,731,235	\$ 36,986,277	\$ 1,202,289

CITY OF WORTHINGTON, MINNESOTA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2018

	Business-type Activities-Enterprise Funds			
	Water	Municipal Wastewater	Electric	Liquor
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 1,066,042	\$ 435,013	\$ 1,290,673	\$ 286,143
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Depreciation	715,229	362,754	938,489	62,772
Other non-operating revenue	14,570	2,971	8,922	4,439
(Increase)decrease in assets:				
Accounts receivable	(1,672)	(1,403)	(43,526)	(72)
Utility receivable	(9,917)	(25,587)	(55,966)	
Contracts receivable	-	-	-	
Inventory	-	-	-	(19,597)
Prepaid expenses	(1,670)	(1,743)	(1,099)	(2,141)
(Increase)decrease in deferred outflows of resources:				
Deferred outflows related to pensions	67,561	80,131	148,792	39,418
Increase(decrease) in liabilities:				
Accounts payable	20,216	43,865	(118,058)	(151,985)
Payroll payable	4,731	7,485	13,205	3,086
Pension payable	3,991	16,893	31,543	45,105
OPEB payable	790	763	1,514	729
Due to other governments	(152)	-	(2,510)	1,001
Deposits	380	355	7,697	
Unearned revenue	-	-	4,586	1,791
Long-term accrued vacation	-	-	-	
Increase(decrease) in deferred inflows of resources:				
Deferred inflows related to pensions	10,285	11,772	22,517	8,404
Deferred inflows related to OPEB	3,123	3,013	5,984	2,880
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 1,893,507</u>	<u>\$ 936,282</u>	<u>\$ 2,252,763</u>	<u>\$ 281,973</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:				
Loss on disposal of capital assets	\$ 4,673	\$ -	\$ -	\$ 12,939

EXHIBIT 10

(Continued)

Airport	Nonmajor Enterprise Funds (See Exhibit C-3)	Totals	Governmental Activities- Internal Service Funds (See Exhibit D-3)
\$ (578,958)	\$ 518,162	\$ 3,017,075	\$ (215,101)
556,793	341,428	2,977,465	8,618
-	3,396	34,298	690
40,148	107,253	100,728	-
-	(4,108)	(95,578)	-
-	(2,395)	(2,395)	-
-	-	(19,597)	-
1,791	(1,134)	(5,996)	(464)
-	-	335,902	38,002
(2,109)	(60,716)	(268,787)	286
506	264	29,277	2,323
-	-	97,532	46,085
-	-	3,796	577
-	-	(1,661)	-
-	-	8,432	-
(11,070)	-	(4,693)	-
-	-	-	62,410
-	-	52,978	(19,503)
-	-	15,000	2,281
\$ 7,101	\$ 902,150	\$ 6,273,776	\$ (73,796)

\$ -	\$ -	\$ 17,612	\$ -
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CITY OF WORTHINGTON, MINNESOTA

EXHIBIT 11

STATEMENT OF FIDUCIARY NET POSITION
 AGENCY FUNDS
 December 31, 2018

ASSETS

Cash assets

Cash and cash equivalents	\$ 1,075,898
Investments	203,091

Receivables

Utility receivable	112,867
Interest receivable	4,142
Accounts receivable	10,803
Economic revolving receivable	14,845
Economic revolving receivable L-T	<u>137,782</u>

TOTAL ASSETS

\$ 1,559,428

LIABILITIES

Accounts payable	\$ 115,526
Due to other governments	6,897
Sureties/deposits	15,955
Amounts held for others	<u>1,421,050</u>

TOTAL LIABILITIES

\$ 1,559,428

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, 2018

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, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 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, 2018

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.

Investments are reported at fair value, based on quoted market prices as of the balance sheet date. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment earnings. Investment income on commingled funds is allocated semi-annually, based on month-end balances.

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, 2018

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, 2018

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, 2018

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, 2018

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.

12. Postemployment benefits other than pensions

Under Minnesota Statute 471.61, subdivision 2(b), public employers must allow retirees and their dependents to continue coverage indefinitely in an employer-sponsored health care plan, under the following conditions: 1) retirees must be receiving (or eligible to receive) an annuity from a Minnesota public pension plan; 2) coverage must continue in group plan until age 65 and pay no more than the group premium; and 3) retirees may obtain dependent coverage immediately before retirement. All premiums are funded on a pay-as-you-go basis. The liability was actuarially determined, in accordance with GASB Statement No. 75, at December 31, 2018. The liability is accrued in the General, Water, Municipal Wastewater, Electric and Liquor Funds.

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 \$11,818,347 difference are as follows:

Bonds payable	\$	6,850,000
Pension liability		3,754,210
OPEB liability		976,079
Add: Unamortized premiums		58,247
Less: Unamortized discounts		(391)
Add: Accrued interest payable		180,202
		<hr/>
Net adjustment to reduce fund balance-total governmental funds to arrive at net position-governmental activities	\$	<u>11,818,347</u>

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

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

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

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 \$412,610 difference are as follows:

Net position of the internal service fund	\$ 551,554
Less: Internal payable representing charges in excess of cost to business-type activities-current year	<u>(138,944)</u>
Net adjustment to increase fund balance-total governmental funds to arrive at net position-governmental activities	<u>\$ 412,610</u>

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 \$1,388,417 difference are as follows:

Capital outlay	\$ 4,123,072
Less: Depreciation expense	<u>(2,734,655)</u>
Net adjustment to increase net changes in fund balances-total governmental funds to arrive at changes in net position of governmental activities.	<u>\$ 1,388,417</u>

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

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)

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 \$12,834 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.	\$ 22,718
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>(9,884)</u>
Net adjustment to decrease net changes in fund balances-total governmental fund to arrive at changes in net position of governmental activities.	<u>\$ 12,834</u>

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 \$1,240,000 difference are as follows:

Principal repayments:	
General obligation debts	<u>\$ 1,240,000</u>
Net adjustment to increase net changes in fund balances-total governmental funds to arrive at changes in net position of governmental activities.	<u>\$ 1,240,000</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 \$214,034 difference are as follows:

Compensated absences	\$ (40,936)
Accrued interest payable	(180,202)
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>\$ (214,034)</u>

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

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 \$1,428,000. Fire department equipment expenditures of \$348,000 (which were carried over to 2019) will be funded through a FEMA grant (\$333,000) as well as use of existing reserves (\$15,000). The land purchased for future public works facility funded through future bonding (\$1,080,000). The Event Center fund received an additional appropriation for expenditures of \$22,811. 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.

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.

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

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

B. Excess of expenditures over appropriations

In the General Fund the public safety department's actual expenditures exceeded appropriations by \$28,729. The overage was due to new fire department personnel hired and paid training hours not originally budgeted as well as a civil defense siren purchased not budgeted in 2018. The public works department in the general fund also exceeded appropriations by \$208,238. The overage was mainly due to personnel hours related to snow removal as well as expenditures related to purchase/planning of relocation of public works facility. The overages were covered by use of reserves and future bonding. In the WRH Fund the general government department's actual expenditures exceeded appropriations by \$103,304. 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. Economic Development Authority Fund the conservation and development department's actual expenditures exceeded appropriations by \$19,924. The overage was due to increased repairs and maintenance not originally budgeted relating to flooring as well as a down payment on a land purchase. Overages were covered by additional revenues as well as use of reserves.

C. Deficit fund equity

The capital projects funds CCSI Redevelopment and Hotel TIF #15 had deficit fund balances of \$192,037 and \$244,498, respectively as of December 31, 2018. 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.

NOTE 4 - DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

As of December 31, 2018, 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	\$ 47,264,009	2.22
Certificates of deposit	N/A	2,771,961	0.34
Total fair value		<u>\$ 50,035,970</u>	
Portfolio weighted average maturity			2.12

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;

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 4 - DETAILED NOTES ON ALL FUNDS(Continued)

A. Deposits and investments (Continued)

- 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.

B. Receivables

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

	General	WRH	PIR Series Bonds	Improvement Construction	Water	Municipal Wastewater	Electric
Receivables:							
Interest	\$ 9,461	\$ 24,629	\$ 6,560	\$ 12,874	\$ 30,474	\$ 47,585	\$ 63,142
Taxes	12,687	-	5,642	4,219	-	-	-
Accounts	54,261	119	9,322	-	2,496	8,068	114,346
Notes	-	2,129,236	-	-	-	-	-
Utilities	-	-	-	-	381,366	258,097	1,922,717
Special assessments	6,829	-	1,469,573	-	-	-	-
Intergovernmental	2,256,204	-	-	179,266	-	-	-
Total Receivables	<u>\$ 2,339,442</u>	<u>\$ 2,153,984</u>	<u>\$ 1,491,097</u>	<u>\$ 196,359</u>	<u>\$ 414,336</u>	<u>\$ 313,750</u>	<u>\$ 2,100,205</u>

	Liquor	Airport	Nonmajor and Other Funds	Total
Receivables:				
Interest	\$ 2,030	\$ 1,086	\$ 51,940	\$ 249,781
Taxes	-	-	11,365	33,913
Accounts	878	65,042	44,962	299,494
Notes	-	-	920,000	3,049,236
Utilities	-	-	80,025	2,642,205
Special assessments	-	-	-	1,476,402
Intergovernmental	-	772,956	153,031	3,361,457
Total Receivables	<u>\$ 2,908</u>	<u>\$ 839,084</u>	<u>\$ 1,261,323</u>	<u>\$ 11,112,488</u>

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 4 - DETAILED NOTES ON ALL FUNDS(Continued)

C. Capital assets

Capital asset activity for the year ended December 31, 2018 was as follows:

	Primary Government			
	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 4,006,233	\$ 94,102	\$ (64,889)	\$ 4,035,446
Permanent easements	134,607	-	-	134,607
Work in progress	8,512,915	3,287,455	(112,786)	11,687,584
Total capital assets not being depreciated	\$ 12,653,755	\$ 3,381,557	\$ (177,675)	\$ 15,857,637
Other capital assets:				
Buildings and structures	\$ 21,042,818	\$ -	\$ (27,774)	\$ 21,015,044
Improvements	3,336,093	285,590	(12,463)	3,609,220
Machinery and equipment	5,475,477	608,916	(250,844)	5,833,549
Furniture and fixtures	470,415	-	(3,882)	466,533
Other capital assets	308,968	-	-	308,968
Infrastructure	48,839,983	49,402	-	48,889,385
Total other capital assets at historical cost	\$ 79,473,754	\$ 943,908	\$ (294,963)	\$ 80,122,699
Less accumulated depreciation for:				
Buildings and structures	\$ (5,654,804)	\$ (667,460)	\$ 27,774	\$ (6,294,490)
Improvements	(1,124,785)	(124,976)	2,908	(1,246,853)
Machinery and equipment	(3,477,736)	(395,986)	250,845	(3,622,877)
Furniture and fixtures	(328,117)	(32,369)	1,552	(358,934)
Other capital assets	(206,359)	(11,100)	-	(217,459)
Infrastructure	(23,305,023)	(1,511,381)	-	(24,816,404)
Total accumulated depreciation	\$ (34,096,824)	\$ (2,743,272) *	\$ 283,079	\$ (36,557,017)
Total other capital assets, net	\$ 45,376,930	\$ (1,799,364)	\$ (11,884)	\$ 43,565,682
Governmental activities capital assets, net	\$ 58,030,685	\$ 1,582,193	\$ (189,559)	\$ 59,423,319

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 4 - DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital assets (Continued)

	Primary Government			
	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets not being depreciated				
Land	\$ 523,398	\$ 1,171,180	\$ -	\$ 1,694,578
Intangible assets	3,199,810	-	-	3,199,810
Work in progress	5,221,651	6,489,709	(3,115,388)	8,595,972
Total capital assets not being depreciated	\$ 8,944,859	\$ 7,660,889	\$ (3,115,388)	\$ 13,490,360
Other capital assets:				
Buildings and structures	\$ 29,498,481	\$ 2,428,406	\$ -	\$ 31,926,887
Improvements	78,820,788	1,792,813	(30,356)	80,583,245
Machinery and equipment	4,672,796	894,189	(338,760)	5,228,225
Furniture and fixtures	189,654	39,490	(8,977)	220,167
Total other capital assets at historical cost	\$ 113,181,719	\$ 5,154,898	\$ (378,093)	\$ 117,958,524
Less accumulated depreciation for:				
Buildings and structures	\$ (19,258,869)	\$ (517,765)	\$ -	\$ (19,776,634)
Improvements	(37,782,668)	(2,199,113)	12,743	(39,969,038)
Machinery and equipment	(3,567,075)	(254,304)	305,080	(3,516,299)
Furniture and fixtures	(131,658)	(6,283)	8,977	(128,964)
Total accumulated depreciation	\$ (60,740,270)	\$ (2,977,465) *	\$ 326,800	\$ (63,390,935)
Total other capital assets, net	\$ 52,441,449	\$ 2,177,433	\$ (51,293)	\$ 54,567,589
Business-type activities capital assets, net	\$ 61,386,308	\$ 9,838,322	\$ (3,166,681)	\$ 68,057,949

*Depreciation expense was charged to functions as follows:

Governmental activities:

General government	\$ 99,027
Public safety	377,243
Public works	85,773
Culture and recreation	578,050
Conservation and development	87,115
Projects	1,507,447

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

\$ 2,743,272

Business-type activities:

Water	\$ 715,229
Municipal wastewater	362,754
Electric	938,489
Industrial wastewater	254,376
Storm water management	87,052
Liquor	62,772
Airport	556,793

Total business-type activities depreciation expense

\$ 2,977,465

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 4 - DETAILED NOTES ON ALL FUNDS(Continued)

D. Construction commitments

The government had no active construction projects in progress as of December 31, 2018.

E. Interfund receivables, payables, and transfers

The composition of interfund balances as of December 31, 2018, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental fund	\$ 21,414
General	Nonmajor governmental fund	206,344
General	Liquor fund	1,357,687
WRH	General	1,106,740
WRH	Nonmajor governmental fund	266,100
Total		<u>\$ 2,958,285</u>

The purpose of the \$21,414 interfund receivable was to purchase film equipment for Memorial Auditorium, which will be paid back over five years. The purpose of the \$206,344 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 \$1,357,687 interfund receivable was to purchase a building as well as remodeling this building for the new liquor store, which will be paid back over ten years. The purpose of the \$1,106,740 interfund receivable was to purchase land for the relocation of the public works facility, which will be paid back when we bond for the total project in 2019. The purpose of the \$266,100 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.

Interfund transfers at December 31, 2018 are as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ 1,128,914	\$ 44,068
WRH fund	22,034	-
PIR series bond	-	16,241
Improvement construction	16,241	-
Nonmajor governmental funds	903,922	898,922
Water fund	11,017	-
Municipal wastewater fund	11,017	-
Electric fund	134,400	658,280
Liquor fund	-	225,000
Nonmajor enterprise funds	-	134,400
Internal service funds	-	250,634
	<u>\$ 2,227,545</u>	<u>\$ 2,227,545</u>

During 2018, two non-routine transfers occurred. The first one was in the memorial auditorium fund (\$341,985) for lower level seating, flooring and equipment upgrades. The second non-routine transfer occurred in the economic development authority fund (\$5,000) for the down payment on a parcel of land.

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 \$169,311. The lease payments are based on \$0.07 per every retail gallon of fuel sold.

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 4 - DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-term debt

A summary of long-term debt obligations outstanding at December 31, 2018 is as follows:

	Original Amount of Debt	Range of Interest	Final Maturity	Balance 12/31/18
General Obligation Bonds:				
GO PIR Series 2009C	\$ 2,710,000	2.00-4.15%	2025	\$ 1,405,000
GO PIR Series 2010A	1,890,000	2.00-4.00%	2026	545,000
GO PIR Series 2012A	2,570,000	1.00-2.25%	2028	1,225,000
GO PIR Series 2016A	3,150,000	2.00-2.50%	2033	3,125,000
General Obligation Sales Tax Revenue Bonds:				
GO Sales Tax Revenue 2010B	1,150,000	0.80-2.87%	2019	155,000
GO Sales Tax Revenue 2012B	2,700,000	1.00-1.75%	2019	395,000
Revenue Bonds:				
GO Storm Water Revenue 2018A	1,140,000	3.34%	2034	1,140,000
Notes Payable				
MCMU Series 2007A	3,105,000	4.06%	2027	1,685,000
Pension liability				5,501,011
OPEB liability				1,123,907
Compensated Absences				782,773
Unamortized Premiums				58,247
Unamortized Discounts				(391)
Total Long-term Debt				<u>\$ 17,140,547</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%	\$6,300,000

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

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>
2019	\$ 800,000	\$ 149,597
2020	720,000	132,597
2021	625,000	116,559
2022	630,000	100,358
2023	625,000	83,448
2024	495,000	67,097
2025	510,000	51,228
2026	295,000	39,562
2027	235,000	33,613
2028	240,000	28,812
2029-2033	1,125,000	66,444
	<u>\$ 6,300,000</u>	<u>\$ 869,315</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, 2018 is \$3,108

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 sales tax revenue bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Business-type activities	1.19-2.16%	\$ 550,000

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>
2019	\$ 550,000	\$ 5,680
	<u>\$ 550,000</u>	<u>\$ 5,680</u>

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 4 - DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-term debt (Continued)

General obligation revenue bonds

The City also issues bonds where the government pledges income derived from the charges for the services to pay debt service. Revenue bonds have been issued for business-type activities. The original amount of revenue bonds issued in prior years was \$0. Revenue bonds outstanding at year end are as follows:

General obligation revenue bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Business-type activities	3.34%	\$1,140,000

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>
2019	\$ -	\$ 24,855
2020	55,000	37,158
2021	65,000	35,153
2022	65,000	32,983
2023	65,000	30,811
2024	70,000	28,557
2025	70,000	26,219
2026	75,000	23,798
2027	75,000	21,293
2028	75,000	18,787
2029-2033	430,000	52,605
2034	95,000	1,586
	<u>\$ 1,140,000</u>	<u>\$ 333,805</u>

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

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%	\$1,685,000

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>
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>\$ 1,685,000</u>	<u>\$ 395,084</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 \$1,685,000 liability for long-term debt (\$165,000 current, \$1,520,000 non-current).

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 4 - DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-term debt (Continued)

Long-term liability activity for the year ended December 31, 2018 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	\$ 1,585,000	\$ -	\$ (180,000)	\$ 1,405,000	\$ 185,000
GO PIR Series 2010A	745,000	-	(200,000)	545,000	140,000
GO PIR Series 2012A	1,520,000	-	(295,000)	1,225,000	300,000
GO PIR Series 2016A	3,150,000	-	(25,000)	3,125,000	175,000
Sales Tax Revenue Series 2010B	305,000	-	(150,000)	155,000	155,000
Sales Tax Revenue Series 2012B	785,000	-	(390,000)	395,000	395,000
	<u>\$ 8,090,000</u>	<u>\$ -</u>	<u>\$ (1,240,000)</u>	<u>\$ 6,850,000</u>	<u>\$ 1,350,000</u>
Premium	65,390	-	(7,143)	58,247	7,143
Discount	(430)	-	39	(391)	(39)
Total bonds payable	<u>\$ 8,154,960</u>	<u>\$ -</u>	<u>\$ (1,247,104)</u>	<u>\$ 6,907,856</u>	<u>\$ 1,357,104</u>
Other liabilities:					
Pension liability:					
GERF	\$ 2,441,585	\$ 190,168	\$ (638,405)	\$ 1,993,348	\$ -
PEPFF	2,254,699	277,003	(770,840)	1,760,862	-
Volunteer fire relief association	-	231,802	(125,324)	106,478	-
OPEB	962,855	93,653	(80,429)	976,079	-
Compensated absences	720,363	698,484	(636,074)	782,773	42,260
Total other liabilities	<u>\$ 6,379,502</u>	<u>\$ 1,491,110</u>	<u>\$ (2,251,072)</u>	<u>\$ 5,619,540</u>	<u>\$ 42,260</u>
Governmental activities long-term liabilities	<u>\$ 14,534,462</u>	<u>\$ 1,491,110</u>	<u>\$ (3,498,176)</u>	<u>\$ 12,527,396</u>	<u>\$ 1,399,364</u>
BUSINESS-TYPE ACTIVITIES					
Bonds payable					
Revenue bonds	\$ -	\$ 1,140,000	\$ -	\$ 1,140,000	\$ -
Total bonds payable	<u>\$ -</u>	<u>\$ 1,140,000</u>	<u>\$ -</u>	<u>\$ 1,140,000</u>	<u>\$ -</u>
Other liabilities:					
Note-MCMU Series 2007A	\$ 1,840,000	\$ -	\$ (155,000)	\$ 1,685,000	\$ 165,000
Pension liability:					
GERF	1,982,481	168,317	(510,475)	1,640,323	-
OPEB	144,036	26,889	(23,095)	147,830	-
Business-type activities long-term liabilities	<u>\$ 3,966,517</u>	<u>\$ 195,206</u>	<u>\$ (688,570)</u>	<u>\$ 3,473,153</u>	<u>\$ 165,000</u>

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

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

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

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, 2018, the City had not utilized \$22,357,224.

H. Fund Balance/Net Position

At December 31, 2018, a summary of the governmental fund balance classifications are as follows:

CLASSIFICATIONS	General	WRH	PIR Series Bonds	Improvement Construction	Other	Total
Nonspendable:						
Prepaid items	\$ 126,527	\$ -	\$ 528	\$ 4,738	\$ 23,347	\$ 155,140
Inventory	25,005	-	-	-	-	25,005
Land held for resale	252,065	-	-	-	-	252,065
Total nonspendable	\$ 403,597	\$ -	\$ 528	\$ 4,738	\$ 23,347	\$ 432,210
Restricted for:						
Capital projects	\$ 1,281	\$ -	\$ -	\$ -	\$ -	\$ 1,281
Debt service	-	-	2,115,806	-	31,693	2,147,499
Buffalo Ridge	-	-	-	-	176,231	176,231
Total restricted	\$ 1,281	\$ -	\$ 2,115,806	\$ -	\$ 207,924	\$ 2,325,011
Committed to:						
Equipment revolving	\$ 2,803,379	\$ -	\$ -	\$ -	\$ 291,441	\$ 3,094,820
Parking lot	24,000	-	-	-	-	24,000
Emergency disaster	200,000	-	-	-	-	200,000
Housing	19,193	-	-	-	444,126	463,319
Economic development	-	3,263,266	-	-	-	3,263,266
Capital projects	-	44,998	-	-	-	44,998
Capital equipment	-	2,487,636	-	-	-	2,487,636
Technology	-	712,262	-	-	-	712,262
Housing development	-	1,626,531	-	-	-	1,626,531
Community development	-	1,934,151	-	-	-	1,934,151
Memorial auditorium	-	-	-	-	40,287	40,287
Swimming pool-capital	-	-	-	-	783,974	783,974
Olson Park	-	-	-	-	33,106	33,106
PV development	-	-	-	-	65,962	65,962
Total committed	\$ 3,046,572	\$ 10,068,844	\$ -	\$ -	\$ 1,658,896	\$ 14,774,312
Assigned to:						
Police programs	\$ 194,901	\$ -	\$ -	\$ -	\$ -	\$ 194,901
Capital projects	33,149	2,859,583	-	3,648,815	4,830,231	11,371,778
Union Pacific Railroad	12,000	-	-	-	-	12,000
Redevelopment	137,816	-	-	-	-	137,816
Lake improvement	416,049	-	-	-	-	416,049
Event Center	-	-	-	-	86,434	86,434
Education	4,956	-	-	-	-	4,956
Improv/maint revolving	-	-	-	-	41,089	41,089
Total assigned	\$ 798,871	\$ 2,859,583	\$ -	\$ 3,648,815	\$ 4,957,754	\$ 12,265,023
Unassigned	\$ 2,437,683	\$ -	\$ -	\$ -	\$ (436,535)	\$ 2,001,148
Total Fund Balance	\$ 6,688,004	\$ 12,928,427	\$ 2,116,334	\$ 3,653,553	\$ 6,411,386	\$ 31,797,704

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 4 - DETAILED NOTES ON ALL FUNDS (Continued)

H. Fund Balance/Net Position (Continued)

At December 31, 2018, the City reported \$2,325,011 of restricted fund balance on the governmental funds balance sheet as follows:

Restricted for:	
Capital projects	\$ 1,281
Debt service	2,147,499
Buffalo Ridge	176,231
Total	<u>\$ 2,325,011</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, 2018, the unassigned fund balance for the General Fund was 24% of the subsequent year's budgeted expenditures. In the future, the city will review the fund balance policy and monitor the balances to obtain our desired goal.

I. Restricted assets

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

Customer deposits - Center for Active Living	\$ 855
Amounts held for others - police	66,381
Customer deposits - water	24,995
Customer deposits - municipal wastewater	28,385
Customer deposits - electric	140,640
Totals	<u>\$ 261,256</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, 2018, 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 2018. The following claims were actual amounts paid in each respective year, and represent amounts which were less than the City's deductibles.

	2018	2017	2016
Claims Paid	\$ 15,246	\$ 8,373	\$ 33,749

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

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:

- The amount of the deductible.
- Specific property items, which are of low risk for damage, that are uninsured. (This property list is included in the insurance manual).
- This fund will absorb the annual fluctuations in the cost of workers compensation.
- 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.
- 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 2018, 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, 2018. 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, 2018. 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, 2018

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 retains no equity position in the joint venture. There were no audited financial statements available for the year ending December 31, 2018.

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 2018. 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>2018</u>	<u>2017</u>	<u>2016</u>
Liability balance, beginning of year	\$ 3,625	\$ 3,625	\$ 3,625
Health insurance premiums paid	(3,625)	-	-
Liability balance, end of year	<u>\$ -</u>	<u>\$ 3,625</u>	<u>\$ 3,625</u>

E. Other Post-Employment Benefits

1. Plan description

In addition to providing the pension benefits described in Note 5.F., the City provides postemployment health care benefits for retired employees and police disabled in the line of duty, through a single employer defined benefit plan administered by the City. The authority to provide these benefits is established in Minnesota Statutes Sections 471.61 subd. 2a, and 299A.465. The benefits, benefit levels, employee contributions and employer contributions are governed by the City and can be amended by the City through its personnel manual and a collective bargaining agreements with employee groups. The Plan is not accounted for as a trust fund, and an irrevocable trust has not been established for the Plan. The Plan does not issue a separate report.

2. Retirees

The City is required by State Statute to allow retirees to continue to participation in the City's group health insurance plan if the individual terminates service with the City through service retirement or disability retirement. Former employees who are receiving, or who have met age and service requirements to receive, an annuity from a Minnesota public pension plan and those receiving a disability benefit from such a plan are immediately eligible to participate in this Plan until Medicare age. Retirees may obtain dependent coverage if the employee received dependent coverage immediately before leaving employment. Covered spouses may continue coverage after the death of a retiree. In addition, the surviving spouse of an active employee may continue coverage in the group health plan after the employee's death.

All health care coverage is provided through the City's group health insurance plans. The retiree is required to pay the premium as described below:

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 5 – OTHER INFORMATION (Continued)

E. Other Post-Employment Benefits (Continued)

3. Employees hired before January 1, 1992 with continuous full-time employment

Employees who, on the date of their retirement, meet eligibility requirement for a full retirement annuity under PERA or PERA Police without reduction of benefits because of age, disability, or any other reason for reduction shall be eligible for the City to pay 100% of the single-person premium until such time as the retiree is eligible for Medicare or at age 65, whichever is sooner. If the retiree desires to continue coverage in excess of single coverage, the additional cost for the coverage shall be paid to the City by the retiree on a monthly basis.

4. Employees hired after January 1, 1992

The retiree is required to pay 100% of their premium cost for the City-sponsored group health insurance plan in which they participate.

The premium is a blended rate determined on the entire active and retiree population. Since the projected claims costs for retirees exceed the blended premium paid by retirees, they are receiving an implicit rate subsidy (benefit). The coverage levels are the same as those afforded to active employees.

5. Disabled police

The City is required to continue to pay the employer's contribution toward health insurance for police disabled in the line of duty per Minnesota Statute 299A.465, until age 65. Dependent coverage is included, if the dependents were covered at the time of the disability.

6. Contributions

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined periodically by the City. The City's current year required pay-as-you-go contributions to finance the benefits described in the previous section totaled \$27,871.

7. Membership

Membership in the plan consisted of the following as of the latest actuarial valuation

Retirees and beneficiaries receiving benefits	4
Active plan members	<u>92</u>
Total members	<u><u>96</u></u>

8. Total OPEB Liability of the City

The City's total OPEB liability of \$1,123,909 as of year-end was measured as of January 1, 2018, and was determined by an actuarial valuation as of that date.

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 5 – OTHER INFORMATION (Continued)

E. Other Post-Employment Benefits (Continued)

9. Actuarial Assumptions

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

Discount rate	4.11%
20-year municipal bond yield	4.11%
Inflation rate	2.50%
Salary increases	3.50%
Medical trend rate	9.00% grading to 5% over 10 years

The actuarial assumptions used in the latest valuation were based on those to value pension liabilities for Minnesota city employees. The state pension plans base their assumptions on periodic experience studies. Economic assumptions are based on input from a variety of published sources of historical and projected future financial data. Each assumption was reviewed for reasonableness with the source information as well as for consistency with the other economic assumptions.

Since the plan is not funded by an irrevocable trust, the discount rate is equal to the 20-year municipal bond yield rate of 4.11 percent, which was set by considering published rate information for 20-year high quality, tax-exempt, general obligation municipal bonds as of the measurement date. The City discount rate used in the prior measurement date was 3.44 percent.

Mortality rates were based on the RPH-2018 Total Dataset Mortality Table fully generational using Scale MP-2018 for healthy retirees and RPH-2018 Disabled Mortality Table fully generational using Scale MP-2018.

10. Changes in the Net OPEB Liability

	<u>Total OPEB Liability</u>
Beginning balance - January 1, 2018	\$1,106,891
Changes for the year	
Service costs	80,180
Interest	40,360
Changes in assumptions	(75,651)
Benefit payments - employer financed	(27,871)
Total net changes	<u>\$17,018</u>
Ending balance - December 31, 2018	<u><u>\$1,123,909</u></u>

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 5 – OTHER INFORMATION (Continued)

E. Other Post-Employment Benefits (Continued)

11. Total OPEB Liability Sensitivity to Discount and Health-Care Trend Rate Changes

The following presents the total OPEB liability of the City, as well as what the City's total OPEB 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 discount rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
OPEB Discount Rate	3.11%	4.11%	5.11%
Total OPEB Liability	\$1,238,884	\$1,123,909	\$1,020,809

The following presents the net OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Medical Trend Rate	8.00 to 4.00% over 10 years	9.00 to 5.00% over 10 years	10.00 to 6.00% over 10 years
Total OPEB Liability	\$985,135	\$1,123,909	\$1,288,351

12. OPEB Expense and Related Deferred Inflows of Resources

For the current year ended, the City recognized OPEB expense of \$112,134. As of the year-end, the City reported deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Inflows of Resources</u>
Changes in actuarial assumptions	\$67,245

Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended December 31</u>	<u>Pension Expense Amount</u>
2019	\$ (8,406)
2020	(8,406)
2021	(8,406)
2022	(8,406)
2023	(8,406)
Thereafter	(25,215)
Total	<u>\$ (67,245)</u>

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 5 – OTHER INFORMATION (Continued)

F. 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

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 the Coordinated Plan. Coordinated Plan members are covered by Social Security.

B. Public Employees Police and Fire Plan

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.

2. 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. 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 Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2 percent of average salary for each of the first ten years of service and 1.7 percent of average salary for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7 percent of average salary for all years of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

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. A full, unreduced pension is earned when members are age 55 and vested, or for members who were first hired prior to July 1, 1989, when age plus years of service equal at least 90.

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 5 – OTHER INFORMATION (Continued)

F. Public Employees Defined Benefit Pension Plans-statewide (Continued)

2. Benefits provided (Continued)

B. Police and Fire Plan Benefits (Continued)

Benefit increases are provided to benefit recipients each January. Police and Fire benefit recipients receive a future annual 1.0 percent increase. An annual adjustment will equal 2.5 percent any time the plan exceeds a 90 percent funded ratio for two consecutive years. If the adjustment is increased to 2.5 percent and the funded ratio falls below 80 percent for one year or 85 percent for two consecutive years, the post-retirement benefit increase will be lowered to one percent. A benefit recipient who has been receiving a benefit for at least 12 full months as of June 30 will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of June 30 will receive a pro rata increase. For retirements after May 31, 2014, the first increase will be delayed two years.

3. 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

Coordinated Plan members were required to contribute 6.5 percent of their annual covered salary in fiscal year 2018 and the City was required to contribute 7.5 percent for Coordinated Plan members. The City's contributions to the General Employees Fund for the year ended December 31, 2018 were \$340,129. The City's contributions were equal to the required contributions as set by state statute.

B. Police and Fire Fund Contributions

Plan members were required to contribute 10.8 percent of their annual covered salary and the City was required to contribute 16.2 percent of pay for members in calendar year 2018. The City's contributions to the Police and Fire Fund for the year ended December 31, 2018, were \$287,398. The City's contributions were equal to the required contributions as set by state statute.

4. Pension costs

A. General Employees Fund Pension Costs

At December 31, 2018, the City reported a liability of \$3,633,671 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 \$16 million to the fund of 2018. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$3,633,671. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share 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, 2017, through June 30, 2018, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2018 the City's proportion was 0.0655 percent which was an decrease of 0.0038 percent from its proportion measured as of June 30, 2017.

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 5 – OTHER INFORMATION (Continued)

F. Public Employees Defined Benefit Pension Plans-statewide (Continued)

4. Pension costs (Continued)

City's proportionate share of the net pension liability	\$ 3,633,671
State of Minnesota's proportionate share of the net pension liability associated with the City	<u>115,405</u>
Total	<u>\$ 3,749,076</u>

For the year ended December 31, 2018, the City recognized pension expense of \$29,062 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized an additional \$27,816 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

At December 31, 2018, the City 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	\$ 101,508	\$ 108,407
Changes in actuarial assumptions	355,056	424,494
Net collective differences between projected and actual investment earnings	-	390,822
Changes in proportion	93,373	189,715
Prior year contributions	(160,891)	-
Current amortization of prior year amount	(731,198)	(775,844)
Contributions paid to PERA subsequent to the measurement date	170,542	-
Totals	<u>\$ (171,610)</u>	<u>\$ 337,594</u>

\$170,542 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, 2019. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:	Pension Expense Amount
2019	\$ 99,959
2020	(221,832)
2021	(365,787)
2022	(75,841)
Thereafter	-
Total	<u>\$ (563,501)</u>

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 5 – OTHER INFORMATION (Continued)

F. Public Employees Defined Benefit Pension Plans-statewide (Continued)

4. Pension costs (Continued)

A. Police and Fire Fund Pension Costs

At December 31, 2018, the City reported a liability of \$1,760,862 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share 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, 2017 through June 30, 2018, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2018, the City's proportion was 0.1670 percent which was an increase of 0.001 percent from its proportion measured as of June 30, 2017. The City also recognized \$14,868 for the year ended December 31, 2018, as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund. Legislation 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, 2018, the City recognized pension expense of \$100,291 for its proportionate share of the Police and Fire Plan's pension expense.

At December 31, 2018, 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	\$ 71,419	\$ 429,652
Changes in actuarial assumptions	2,199,789	2,619,820
Net collective differences between projected and actual investment earnings	-	375,321
Changes in proportion	60,842	59,853
Prior year contributions	(140,904)	-
Current amortization of prior year amount	(1,039,407)	(1,093,348)
Contributions paid to PERA subsequent to the measurement date	146,182	-
Totals	<u>\$ 1,297,921</u>	<u>\$ 2,391,298</u>

\$146,182 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, 2019. 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, 2018

NOTE 5 – OTHER INFORMATION (Continued)

F. Public Employees Defined Benefit Pension Plans-statewide (Continued)

4. Pension costs (Continued):

Year Ended December 31:	Pension Expense Amount
2019	\$ (53,942)
2020	(133,130)
2021	(246,907)
2022	(708,764)
2023	(9,853)
Thereafter	-
Total	<u>\$ (1,152,596)</u>

5. Actuarial assumptions

The total pension liability in the June 30, 2018, actuarial valuation was determined using the individual entry-age normal actuarial cost method and 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 for all plans were based on RP 2014 tables for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.25 percent per year for the General Employees Plan and 1.0 percent per year for the Police and Fire Plan.

Actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies. The most recent six-year experience study in the General Employees Plan was completed in 2015. The most recent five-year experience study for Police and Fire Plan was completed in 2016.

There following changes in actuarial assumptions occurred in 2018:

General Employees Fund

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

Police and Fire Fund

- The mortality projection scale was changed from MP-2016 to MP-2017.
- As set by statute, the assumed post-retirement benefit increase was changed from 1.0 percent per year through 2064 and 2.5 percent per year, thereafter, to 1.0 percent for all years, with no trigger.

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 5 – OTHER INFORMATION (Continued)

F. Public Employees Defined Benefit Pension Plans-statewide (Continued)

5. Actuarial assumptions (Continued)

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Stocks	36.00%	5.10%
International Stocks	17.00%	5.30%
Bonds	20.00%	0.75%
Alternative Assets	25.00%	5.90%
Cash	2.00%	0.00%
	<u>100.00%</u>	

6. Discount rate

The discount rate used to measure the total pension liability in 2018 was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net positions of the General Employees Fund and the Police and Fire Fund 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.

7. 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%	\$9,015,544	6.50%	\$2,285,350
Current Discount Rate	7.50%	5,547,590	7.50%	1,065,897
1% Higher	8.50%	2,684,893	8.50%	57,460

8. 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.

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 5 – OTHER INFORMATION (Continued)

G. Defined Benefit Pension Plans-volunteer fire relief association

1. 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, 2018, the plan covered 39 active firefighters, 12 retired participants and 1 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.

2. 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.

3. 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 \$68,221 in fire state aid to the plan on behalf of the Department for the year ended December 31, 2018, 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, 2018 were \$698. 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.

4. Pension costs

At December 31, 2018, the City reported a net pension liability of \$106,478 for the plan. The net pension liability was measured as of December 31, 2018. The total pension liability used to calculate the net pension liability 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, 2018.

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 5 – OTHER INFORMATION (Continued)

G. Defined Benefit Pension Plans-volunteer fire relief association (Continued)

4. 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, 2018	\$ 1,142,628	\$ 1,149,858	\$ (7,230)
Changes for the year			
Service cost	\$ 51,485	\$ -	\$ 51,485
Interest on pension liability (asset)	58,521	-	58,521
Change of assumptions	(1,787)	-	(1,787)
Benefit payments, including refunds of member contributions	(47,388)	(47,388)	-
Contributions (employer)	-	698	(698)
Contributions (State)	-	68,221	(68,221)
Net investment income	-	(58,563)	58,563
Administrative costs	-	(15,845)	15,845
Total net changes	\$ 60,831	\$ (52,877)	\$ 113,708
Ending balance December 31, 2018	\$ 1,203,459	\$ 1,096,981	\$ 106,478

For the year ended December 31, 2018 the City recognized pension revenue of \$68,221 and pension expense of \$70,101.

At December 31, 2018, 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	\$ 44,723	\$ 37,687
Changes of assumptions	21,591	2,471
Net difference between projected and actual earnings on plan investments	111,719	112,207
Total	\$ 178,033	\$ 152,365

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 5 – OTHER INFORMATION (Continued)

G. Defined Benefit Pension Plans-volunteer fire relief association (Continued)

4. Pension costs (Continued)

Deferred outflows of resources totaling \$178,033 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 \$152,365 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
2019	\$ 1,884
2020	(16,877)
2021	(5,850)
2022	24,200
2023	10,379
Thereafter	11,932
Total	<u>\$ 25,668</u>

5. Actuarial assumptions

The total pension liability at December 31, 2018 was determined using the entry age 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 2017 Social Security Trustees Report to using a fully generational improvement scale based on assumptions from the 2018 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 long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) were developed for each major asset class. These expected future real rates of return are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2018 are summarized in the following table:

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 5 – OTHER INFORMATION (Continued)

G. Defined Benefit Pension Plans-volunteer fire relief association (Continued)

5. Actuarial assumptions (Continued)

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	35.00%	5.37%
International Equity	20.00%	5.27%
Domestic Fixed Income	10.00%	0.59%
International Fixed Income	0.00%	1.95%
Alternative Investment	10.00%	2.73%
Cash	25.00%	0.00%
	<u>100.00%</u>	

6. 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. Professional judgment on future contributions has been applied in those cases where contribution patterns deviate from the actuarially determined rates. 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.

7. 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	\$ 158,340	\$ 106,478	\$ 58,082

H. 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 (0.25 percent) of the assets in each member's account annually.

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 5 – OTHER INFORMATION (Continued)

H. Public Employees Defined Contribution Plan (Continued)

Total contributions made by the City of Worthington during fiscal year 2018 were:

Contribution Amount		Percentage of Covered Payroll		Required
Employees	Employer	Employees	Employer	Rate
\$2,427	\$2,427	5.00%	5.00%	5.00%

I. 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, 2018, the City generated \$256,151 in tax increment revenue and made \$1,560,725 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, 2018, the City generated \$22,702 of tax increment revenue and made payments on the pay-as-you-go note of \$11,971. The note's balance at year end was \$198,948.
- 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, 2018, the City generated \$35,083 of tax increment revenue and made payments on the pay-as-you-go note of \$27,990. The note's balance at year end was \$206,343.
- 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, 2018, the City generated \$35,802 of tax increment revenue and made payments on the pay-as-you-go note of \$24,501. The note's balance at year end was \$168,437.
- 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, 2018, the City generated \$17,167 of tax increment revenue and made payments on the pay-as-you-go note of \$17,208. The note's balance at year end was \$464,271.
- 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, 2018, the City generated \$59,959 of tax increment revenue and made payments on the pay-as-you-go note of \$52,440. The note's balance at year end was \$266,100.

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 5 – OTHER INFORMATION (Continued)

I. Tax Abatement (Continued)

- TIF District No. 16 was established in 2016 to account for the activity related to the redevelopment of the former Northland Mall site and development of a mixed-use project in the City. Under the agreement, up to \$8,287,201 of development costs will be reimbursed through tax increment over a 26 year period. During the year ended December 31, 2018, the City generated \$76,470 through tax increment revenue and made payments on the pay-as-you-go note of \$1,426,615, which includes payments from the sale of property located in the district. The note's balance at year end was \$737,765.

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 2018, taxes abated for nineteen eligible projects within the City corporate limits was \$16,790. The County and ISD #518 abated \$25,260 and \$8,432, 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, 2018, the entity has been given/awarded \$6,771, of which \$1,067 was abated in 2018.
- 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, 2018, the entity has been given/awarded \$6,917, of which \$987 was abated in 2018.

NOTE 6 – RESTATEMENT FOR CHANGE IN ACCOUNTING PRINCIPLE/PRIOR PERIOD ADJUSTMENT

During the year ended December 31, 2018, the City Implemented Governmental Accounting Standards (GASB) No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Restatement of all prior periods presented is not practical, therefore the cumulative effect of applying this statement is reported as a restatement of beginning net position for the current period in the governmental activities of \$962,857 and business-type activities of \$144,034.

A prior period adjustment, reducing equity for governmental activities was recorded in the government-wide statements. The correction has no effect on the results of the current year's activities; however, the cumulative effect decreased net assets by \$3,723,381. This change was related to the recording of pension related activity in the previous year.

Activities/Fund	Net Position December 31, 2017 as Previously Reported	Restatement for OPEB Liability	Net Position December 31, 2017 as Restated
Governmental Activities	\$ 84,132,295	\$ (4,686,238)	\$ 79,446,057
Business-type Activities	\$ 102,862,160	\$ (144,034)	\$ 102,718,126
Proprietary Funds:			
Water Fund	\$ 25,476,020	\$ (29,988)	\$ 25,446,032
Municipal Wastewater Fund	18,625,732	(28,934)	18,596,798
Electric Fund	33,324,672	(57,457)	33,267,215
Liquor Fund	2,369,589	(27,655)	2,341,934
Total Proprietary Funds	\$ 79,796,013	\$ (144,034)	\$ 79,651,979

City of
Worthington

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

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	\$ 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%
December 31, 2018	340,129	340,129	-	4,535,051	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."

CITY OF WORHTINGTON, MINNESOTA

Exhibit A-2

SCHEDULE OF CITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
PUBLIC EMPLOYEES GENERAL EMPLOYEES 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	0.0676%	\$ 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%
June 30, 2018	0.0655%	3,633,671	4,406,374	82.46%	79.5%

* 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%
December 31, 2018	287,398	287,398	-	1,774,064	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%
June 30, 2018	0.165%	1,760,862	1,741,482	101.11%	88.8%

* 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

	2018	2017	2016	2015
Total Pension Liability				
Service Cost	\$ 51,485	\$ 40,709	\$ 40,709	\$ 43,045
Interest	58,521	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	(1,787)	(1,135)	34,548	-
Benefit Payments	(47,388)	(259,774)	(81,516)	(137,221)
Net Change in Total Pension Liability	\$ 60,831	\$ (83,463)	\$ 52,422	\$ (95,899)
Total Pension Liability - Beginning of Year	1,142,628	1,226,091	1,173,669	1,269,568
Total Pension Liability - End of Year	\$ 1,203,459	\$ 1,142,628	\$ 1,226,091	\$ 1,173,669
Plan Fiduciary Net Position				
Contributions-Employer	\$ 698	\$ 2,698	\$ 5,817	\$ 19,890
Contributions-Nonemployer Contributing Member	68,221	70,095	66,101	68,654
Net Investment Income	(58,563)	202,698	107,910	(36,971)
Benefit Payments	(47,388)	(259,774)	(81,516)	(137,221)
Administrative Expenses	(15,845)	(16,587)	(15,577)	(14,910)
Net Change in Plan Fiduciary Net Position	\$ (52,877)	\$ (870)	\$ 82,735	\$ (100,558)
Plan Fiduciary Net Position - Beginning of Year	1,149,858	1,150,728	1,067,993	1,168,551
Plan Fiduciary Net Position - End of Year	\$ 1,096,981	\$ 1,149,858	\$ 1,150,728	\$ 1,067,993
Net Pension Liability (Asset) - End of Year	\$ 106,478	\$ (7,230)	\$ 75,363	\$ 105,676
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	91.15%	100.63%	93.85%	91.00%
Covered Employee Payroll	N/A	N/A	N/A	N/A
Net Pension Liability as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A

* This schedule is presented prospectively beginning with the fiscal year ended December 31, 2015 (using a December 31, 2018 measurement date).

CITY OF WORHTINGTON, MINNESOTA

Exhibit A-6

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

	2018	2017	2016	2015	2014	2013	2012
Actuarially Determined Contribution	\$ 71,363	\$ 68,698	\$ 68,698	\$ 72,638	\$ 72,638	\$ 81,816	\$ 81,816
Contributions in Relation of the Actuarially Determined Contribution	68,919	72,793	71,918	88,544	90,191		
Contribution Deficiency(Excess)	\$ 2,444	\$ (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	N/A
Contributions as a Percentage of Covered Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Schedule

Valuation date:

Actuarilly determined contribution rates are calculated as of December 31, 2018.

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 inceases	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.

CITY OF WORHTINGTON, MINNESOTA

Exhibit A-7

SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS
Required Supplementary Information

	<u>2018</u>
Total OPEB liability	
Service cost	\$ 80,180
Interest	40,360
Changes of assumptions	(75,651)
Benefit payments	(27,871)
Net change in total OPEB liability	\$ 17,018
Total OPEB liability-beginning of year	<u>1,106,891</u>
Total OPEB liability-end of year	<u><u>\$ 1,123,909</u></u>
 **Covered - Employee Payroll	 \$ 5,928,531
Total OPEB liability as a percentage of covered payroll	18.96%

Notes to Schedule:

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal level percentage of salary method
Discount rate	4.11%
Inflation	2.50%
Salary inceases	3.50%
Mortality	Based on the SOA RPH-2018 Total Dataset Mortality Table fully generational using Scale MP-2018

* The City implemented GASB Statement No. 75 for the year ended December 31, 2018. The schedules within the RSI section require a 10-year presentation. Additional years will be presented as they become available.

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

City of
Worthington

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.

Small Cities Grant Fund

Established to account for revenues and expenditures for the rehabilitation of commercial property located in downtown Worthington and for residential property located northeast of the downtown area.

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.

Grand Terrace Apts TIF #17 Fund

This fund accounts for the facilitation of the construction of approximately 48 units of rental housing in the City of Worthington.

City of
Worthington

CITY OF WORTHINGTON, MINNESOTA

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
December 31, 2018

	Special Revenue						Debt Service		Capital Projects	
	Memorial Auditorium	Small Cities Grant	PD Task Force	Sales Tax Revenue	Event Center	Recreation	Economic Development Authority	TI Series Bonds	Other Bonds	Municipal Buildings
ASSETS										
Current assets										
Cash assets										
Cash and cash equivalents	\$ 57,530	\$ 109,671	\$ 166,300	\$ 1,291,906	\$ 69,756	\$ 680,565	\$ 259,184	\$ 26,562	\$ 3	\$ 34,441
Investments	10,860	20,702	31,391	243,885	13,167	128,468	48,925	5,014	1	8,501
Receivables										
Accounts receivable	-	2,552	-	-	3,230	4,322	8,571	-	-	-
Notes receivable	-	920,000	-	-	-	8,834	1,378	-	-	-
Taxes receivable	1,055	-	-	-	-	2,366	1,117	113	-	147
Interest receivable	3,110	11,201	814	5,578	281	-	-	-	-	-
Other current assets										
Due from other governments	-	-	50,000	-	-	-	-	-	-	-
Prepayments	2,333	-	1,167	-	785	18,356	559	-	-	-
TOTAL ASSETS	\$ 74,888	\$ 1,064,126	\$ 249,672	\$ 1,541,349	\$ 87,219	\$ 842,909	\$ 319,734	\$ 31,689	\$ 4	\$ 41,089
LIABILITIES										
Current liabilities										
Accounts payable	\$ 7,407	\$ -	\$ 72,274	\$ -	\$ -	\$ 300,604	\$ 4,217	\$ -	\$ -	\$ -
Accrued payroll	2,314	-	-	-	-	10,824	164	-	-	-
Contracts payable	-	-	-	-	-	18,275	-	-	-	-
Interfund loans payable	21,414	-	-	-	-	-	-	-	-	-
Due to other governments	1,133	-	-	-	-	181	198	-	-	-
TOTAL LIABILITIES	\$ 32,268	\$ -	\$ 72,274	\$ -	\$ -	\$ 327,884	\$ 4,579	\$ -	\$ -	\$ -
DEFERRED INFLOWS OF RESOURCES										
Unavailable revenue-										
Notes receivable	\$ -	\$ 620,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ -	\$ 620,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FUND BALANCES										
Nonspendable	\$ 2,333	\$ -	\$ 1,167	\$ -	\$ 785	\$ 18,356	\$ 559	\$ -	\$ -	\$ -
Restricted	-	-	176,231	-	-	-	-	31,689	4	-
Committed	40,287	444,126	-	-	-	390,509	-	-	-	41,089
Assigned	-	-	-	1,541,349	86,434	106,160	314,596	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	\$ 42,620	\$ 444,126	\$ 177,398	\$ 1,541,349	\$ 87,219	\$ 515,025	\$ 315,155	\$ 31,689	\$ 4	\$ 41,089
TOTAL LIABILITIES AND FUND BALANCES	\$ 74,888	\$ 1,064,126	\$ 249,672	\$ 1,541,349	\$ 87,219	\$ 842,909	\$ 319,734	\$ 31,689	\$ 4	\$ 41,089

Capital Projects (continued)

Prairie View Limited	T1 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	Grand Terrace Apts TIF #17	Total Nonmajor Governmental Funds
\$ -	\$ 2,335,607 440,879	\$ 2,993 565	\$ 17,503 3,304	\$ 18,245 3,444	\$ 12,010 2,267	\$ 12,260 2,314	\$ 9,867 1,863	\$ 857,031 124,024	\$ 18,130 3,422	\$ 5 1	\$ 7,579 1,431	\$ 5,787,148 1,092,406
								98				18,675
	10,036	13	75	84	30	11	22	2,821	50	3	22	920,000
												11,365
												37,894
	138	-		9								50,000
												23,347
\$ -	\$ 2,786,660	\$ 3,571	\$ 20,882	\$ 21,782	\$ 14,307	\$ 14,585	\$ 11,752	\$ 783,974	\$ 21,602	\$ 9	\$ 9,032	\$ 7,940,835
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 384,502
					206,344			266,100				13,302
												16,275
												493,858
												1,512
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 206,344	\$ -	\$ -	\$ 266,100	\$ -	\$ -	\$ -	\$ 909,449
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 620,000
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 620,000
\$ -	\$ 138	\$ -	\$ -	\$ 9	\$ -	\$ -	\$ -	\$ 783,974	\$ -	\$ -	\$ -	\$ 23,347
												207,924
	2,786,522	3,571	20,882	21,773	(192,037)	14,585	11,752			9	9,032	1,658,896
									(244,498)			4,957,754
\$ -	\$ 2,786,660	\$ 3,571	\$ 20,882	\$ 21,782	\$ (192,037)	\$ 14,585	\$ 11,752	\$ 783,974	\$ (244,498)	\$ 9	\$ 9,032	\$ (436,535)
\$ -	\$ 2,786,660	\$ 3,571	\$ 20,882	\$ 21,782	\$ 14,307	\$ 14,585	\$ 11,752	\$ 783,974	\$ 21,602	\$ 9	\$ 9,032	\$ 7,940,835

CITY OF WORTHINGTON, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the Year Ended December 31, 2018

	Special Revenue						Debt Service			Capital Projects
	Memorial Auditorium	Small Cities Grant	PD Task Force	Sales Tax Revenue	Event Center	Recreation	Economic Development Authority	TI Series Bonds	Other Bonds	Municipal Buildings
REVENUES										
Taxes	\$ 123,411	\$ -	\$ -	\$ 880,835	\$ -	\$ 1,033,190	\$ 153,221	\$ -	\$ -	\$ -
Intergovernmental revenues	10	-	200,000	-	-	50,085	13	-	-	-
Charges for services	50,487	-	147,814	-	22,695	69,970	-	-	-	-
Investment earnings	-	2,536	3,101	19,461	1,009	8,072	3,935	402	-	530
Fines and forfeits	-	-	31,814	-	-	-	-	-	-	-
Rents	-	-	-	-	-	-	73,589	-	-	-
Other	15,660	26,557	295	-	-	70,147	18,750	-	-	-
TOTAL REVENUES	\$ 189,568	\$ 29,093	\$ 383,024	\$ 880,296	\$ 23,704	\$ 1,231,464	\$ 249,508	\$ 402	\$ -	\$ 530
EXPENDITURES										
Current										
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	7,525
Public safety	-	-	350,864	-	-	-	-	-	-	-
Culture and recreation	537,784	-	-	-	28,728	1,161,935	-	-	-	-
Conservation and development	-	-	-	-	-	106,933	257,446	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-
Projects	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	540,000	-
Principal	-	-	-	-	-	-	-	-	16,937	-
Interest and fiscal agent fees	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	\$ 537,784	\$ -	\$ 350,864	\$ -	\$ 28,728	\$ 1,268,868	\$ 257,446	\$ -	\$ 556,937	\$ 7,525
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ (348,216)	\$ 29,093	\$ 32,160	\$ 880,296	\$ (5,024)	\$ (37,404)	\$ (7,938)	\$ 402	\$ (556,937)	\$ (6,995)
OTHER FINANCING SOURCES (USES)										
Sale of capital asset	\$ 1,435	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers-in:										
Special revenue fund	341,985	-	-	-	-	-	-	-	556,937	-
Debt service fund	-	-	-	-	-	-	5,000	-	-	-
Proprietary fund	-	-	-	-	-	-	-	-	-	-
Transfers-out:										
Special revenue fund	-	-	-	(341,985)	-	-	-	-	-	-
Debt service fund	-	-	-	(556,937)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	\$ 343,420	\$ -	\$ -	\$ (898,922)	\$ -	\$ -	\$ 5,000	\$ -	\$ 556,937	\$ -
NET CHANGE IN FUND BALANCES	\$ (4,796)	\$ 29,093	\$ 32,160	\$ (18,626)	\$ (5,024)	\$ (37,404)	\$ (2,938)	\$ 402	\$ -	\$ (6,995)
FUND BALANCE, January 1	47,416	415,033	145,238	1,559,975	92,243	552,429	318,093	31,287	4	48,084
Residual equity transfer-out	-	-	-	-	-	-	-	-	-	-
FUND BALANCE, December 31	\$ 42,620	\$ 444,126	\$ 177,398	\$ 1,541,349	\$ 87,219	\$ 515,025	\$ 315,155	\$ 31,689	\$ 4	\$ 41,089

Capital Projects (continued)

Prairie View Limited	TI Dist #7, Redevel, Amend 5	Prairie Expo Improvement	C&J Housing Project	Okabena Estates	CCSI Redevelopmen	Bedford Technologies Project	Newcastle Townhomes	Aquatic Center Facility	Hotel TIF #15	Northland Mall TIF #16	Grand Terrace Apt TIF #17	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 22,702	\$ 35,083	\$ 35,802	\$ 17,188	\$ 11,495 ¹	\$ 59,958	\$ 76,470	\$ 8,987	\$ 2,438,302
												250,109
	35,786	46	266	295	111	25	74	10,062	168	9	85	290,966
												85,953
												31,814
												73,589
												131,409
\$ -	\$ 35,786	\$ 46	\$ 266	\$ 22,997	\$ 35,194	\$ 35,827	\$ 17,242	\$ 21,558	\$ 60,126	\$ 76,479	\$ 9,032	\$ 3,302,142
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,525
												350,864
2				10,766	10,068	10,508	1,912	40,208	20,152			1,788,807
	49,816			11,970		24,501	17,208			27,955		397,635
												131,450
												540,000
										2,294		19,231
\$ 2	\$ 49,816	\$ -	\$ -	\$ 22,736	\$ 10,068	\$ 35,009	\$ 19,120	\$ 40,208	\$ 20,152	\$ 30,249	\$ -	\$ 3,235,512
\$ (2)	\$ (14,030)	\$ 46	\$ 266	\$ 261	\$ 25,126	\$ 818	\$ (1,878)	\$ (18,650)	\$ 39,974	\$ 46,230	\$ 9,032	\$ 66,630
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,435
												341,985
												558,937
												5,000
												(341,985)
												(558,937)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,435
\$ (2)	\$ (14,030)	\$ 46	\$ 266	\$ 261	\$ 25,126	\$ 818	\$ (1,878)	\$ (18,650)	\$ 39,974	\$ 46,230	\$ 9,032	\$ 73,065
1,018	2,800,690	3,525	20,616	21,521	(217,163)	13,787	13,630	802,624	(284,472)	(46,221)		6,339,337
(1,016)												(1,016)
\$ -	\$ 2,786,660	\$ 3,571	\$ 20,882	\$ 21,782	\$ (192,037)	\$ 14,585	\$ 11,752	\$ 783,974	\$ (244,498)	\$ 9	\$ 9,032	\$ 6,411,386

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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 123,166	\$ 123,166	\$ 123,411	\$ 245
Intergovernmental revenues				
State grants	-	-	10	10
Charges for services	59,700	59,700	50,487	(9,213)
Miscellaneous revenue				
Investment earnings	500	500	-	(500)
Other	-	-	15,660	15,660
TOTAL REVENUES	\$ 183,366	\$ 183,366	\$ 189,568	\$ 6,202
EXPENDITURES				
Culture and recreation				
Personnel services	\$ 59,356	\$ 59,356	\$ 71,351	\$ (11,995)
Supplies	8,000	8,000	10,552	(2,552)
Other services and charges	107,593	107,593	103,899	3,694
Capital outlay	500,000	500,000	351,982	148,018
TOTAL EXPENDITURES	\$ 674,949	\$ 674,949	\$ 537,784	\$ 137,165
EXCESS(DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ (491,583)	\$ (491,583)	\$ (348,216)	\$ 143,367
OTHER FINANCING SOURCES				
Sale of fixed assets	\$ -	\$ -	\$ 1,435	\$ 1,435
Transfer-in	500,000	500,000	341,985	(158,015)
TOTAL OTHER FINANCING SOURCES	\$ 500,000	\$ 500,000	\$ 343,420	\$ (156,580)
Net changes in fund balances	\$ 8,417	\$ 8,417	\$ (4,796)	\$ (13,213)
FUND BALANCE, January 1	47,416	47,416	47,416	-
FUND BALANCE, December 31	\$ 55,833	\$ 55,833	\$ 42,620	\$ (13,213)

CITY OF WORTHINGTON, MINNESOTA

EXHIBIT B-4

SMALL CITIES GRANTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous				
Investment earnings	\$ -	\$ -	\$ 2,536	\$ 2,536
Other revenue	-	-	26,557	26,557
TOTAL REVENUES	\$ -	\$ -	\$ 29,093	\$ 29,093
EXPENDITURES	-	-	-	-
EXCESS OF REVENUES OVER EXPENDITURES	\$ -	\$ -	\$ 29,093	\$ 29,093
FUND BALANCE, January 1	415,033	415,033	415,033	-
FUND BALANCE, December 31	<u>\$ 415,033</u>	<u>\$ 415,033</u>	<u>\$ 444,126</u>	<u>\$ 29,093</u>

CITY OF WORTHINGTON, MINNESOTA

EXHIBIT B-5

PD TASK FORCE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 For the Year Ended December 31, 2018

	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	147,814	12,814
Fines and forfeits	15,000	15,000	31,814	16,814
Miscellaneous				
Investment earnings	1,500	1,500	3,101	1,601
Other revenue	15,000	15,000	295	(14,705)
TOTAL REVENUES	\$ 366,500	\$ 366,500	\$ 383,024	\$ 16,524
EXPENDITURES				
Public safety				
Supplies	\$ 23,500	\$ 23,500	\$ 11,786	\$ 11,714
Other services and charges	324,200	324,200	326,578	(2,378)
Capital outlay	12,500	12,500	12,500	-
TOTAL EXPENDITURES	\$ 360,200	\$ 360,200	\$ 350,864	\$ 9,336
DEFICIENCY OF REVENUES UNDER EXPENDITURES	\$ 6,300	\$ 6,300	\$ 32,160	\$ 25,860
FUND BALANCE, January 1	145,238	145,238	145,238	-
FUND BALANCE, December 31	\$ 151,538	\$ 151,538	\$ 177,398	\$ 25,860

CITY OF WORTHINGTON, MINNESOTA

EXHIBIT B-6

SALES TAX REVENUE
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Sales tax revenue	\$ 900,000	\$ 900,000	\$ 860,834	\$ (39,166)
Miscellaneous				
Investment earnings	1,000	1,000	19,461	18,461
TOTAL REVENUES	<u>\$ 901,000</u>	<u>\$ 901,000</u>	<u>\$ 880,295</u>	<u>\$ (20,705)</u>
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ 901,000</u>	<u>\$ 901,000</u>	<u>\$ 880,295</u>	<u>\$ (20,705)</u>
OTHER FINANCING USES				
Transfer-out	\$ (1,057,237)	\$ (1,057,237)	\$ (898,921)	\$ 158,316
TOTAL OTHER FINANCING USES	<u>\$ (1,057,237)</u>	<u>\$ (1,057,237)</u>	<u>\$ (898,921)</u>	<u>\$ 158,316</u>
Net changes in fund balances	<u>\$ (156,237)</u>	<u>\$ (156,237)</u>	<u>\$ (18,626)</u>	<u>\$ 137,611</u>
FUND BALANCE, January 1	1,559,975	1,559,975	1,559,975	-
FUND BALANCE, December 31	<u><u>\$ 1,403,738</u></u>	<u><u>\$ 1,403,738</u></u>	<u><u>\$ 1,541,349</u></u>	<u><u>\$ 137,611</u></u>

CITY OF WORTHINGTON, MINNESOTA

EXHIBIT B-7

EVENT CENTER FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 For the Year Ended December 31, 2018

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Charges for services				
Culture and recreation	\$ 25,000	\$ 25,000	\$ 22,695	\$ (2,305)
Miscellaneous				
Investment earnings	500	500	1,009	509
TOTAL REVENUES	\$ 25,500	\$ 25,500	\$ 23,704	\$ (1,796)
EXPENDITURES				
Culture and recreation				
Supplies	\$ -	\$ 22,811	\$ 22,811	\$ -
Other services and charges	21,250	21,250	5,917	15,333
TOTAL EXPENDITURES	\$ 21,250	\$ 44,061	\$ 28,728	\$ 15,333
EXCESS OF REVENUES OVER EXPENDITURES	\$ 4,250	\$ (18,561)	\$ (5,024)	\$ 13,537
FUND BALANCE, January 1	92,243	92,243	92,243	-
FUND BALANCE, December 31	\$ 96,493	\$ 73,682	\$ 87,219	\$ 13,537

CITY OF WORTHINGTON, MINNESOTA

EXHIBIT B-8

RECREATION FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 1,031,076	\$ 1,031,076	\$ 1,033,190	\$ 2,114
Intergovernmental revenues				
State grants			85	85
Local government grants			50,000	50,000
Charges for services				
Culture and recreation	85,300	85,300	69,970	(15,330)
Miscellaneous				
Investment earnings	2,800	2,800	8,072	5,272
Other revenue	5,700	5,700	70,147	64,447
TOTAL REVENUES	\$ 1,124,876	\$ 1,124,876	\$ 1,231,464	\$ 106,588
EXPENDITURES				
Culture and recreation				
Personnel services	\$ 380,390	\$ 380,390	\$ 342,771	\$ 37,619
Supplies	129,200	129,200	95,366	33,834
Other services and charges	234,953	234,953	204,692	30,261
Capital outlay	1,293,000	1,293,000	519,106	773,894
Conservation and development				
Personnel services	84,262	84,262	89,955	(5,693)
Supplies	23,600	23,600	7,904	15,696
Other services and charges	18,700	18,700	9,074	9,626
TOTAL EXPENDITURES	\$ 2,164,105	\$ 2,164,105	\$ 1,268,868	\$ 895,237
EXCESS(DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ (1,039,229)	\$ (1,039,229)	\$ (37,404)	\$ 1,001,825
FUND BALANCE, January 1	552,429	552,429	552,429	-
FUND BALANCE, December 31	\$ (486,800)	\$ (486,800)	\$ 515,025	\$ 1,001,825

CITY OF WORTHINGTON, MINNESOTA

EXHIBIT B-9

ECONOMIC DEVELOPMENT AUTHORITY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 164,312	\$ 164,312	\$ 153,221	\$ (11,091)
Intergovernmental revenues				
State grants	-	-	13	13
Miscellaneous				
Investment earnings	2,000	2,000	3,935	1,935
Other revenue	71,210	71,210	92,339	21,129
TOTAL REVENUES	\$ 237,522	\$ 237,522	\$ 249,508	\$ 11,986
EXPENDITURES				
Conservation & development				
Personnel services	\$ 6,649	\$ 6,649	\$ 6,732	\$ (83)
Supplies	1,200	1,200	1,076	124
Other services and charges	184,494	229,673	239,638	(9,965)
Capital outlay	-	-	10,000	(10,000)
TOTAL EXPENDITURES	\$ 192,343	\$ 237,522	\$ 257,446	\$ (19,924)
EXCESS OF REVENUES OVER EXPENDITURES	\$ 45,179	\$ -	\$ (7,938)	\$ (7,938)
OTHER FINANCING SOURCES				
Transfer-in	-	\$ -	\$ 5,000	\$ 5,000
TOTAL OTHER FINANCING SOURCES	\$ -	\$ -	\$ 5,000	\$ 5,000
Net changes in fund balances	\$ 45,179	\$ -	\$ (2,938)	\$ (2,938)
FUND BALANCE, January 1	318,093	318,093	318,093	-
FUND BALANCE, December 31	\$ 363,272	\$ 318,093	\$ 315,155	\$ (2,938)

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.

Industrial Wastewater Facility Fund

This fund was established to account for the operations of the sewer lagoon.

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, 2018

	Industrial Wastewater Facility	Storm Water Management	Street Lighting	Cable Television	Total Nonmajor Enterprise Funds
ASSETS					
Current assets					
Cash assets					
Cash and cash equivalents	\$ 1,832,540	\$ 726,367	\$ 171,066	\$ 1,262	\$ 2,731,235
Investments	345,918	137,112	32,291	238	515,559
Receivables					
Accounts receivable	26,287	-	-	-	26,287
Utilities receivable	-	54,655	25,370	-	80,025
Interest receivable	7,916	2,675	949	-	11,540
Due from other governments	-	103,031	-	-	103,031
Contracts receivable	-	-	-	25,531	25,531
Other current assets					
Prepayments	3,057	1,982	-	-	5,039
Total current assets	<u>\$ 2,215,718</u>	<u>\$ 1,025,822</u>	<u>\$ 229,676</u>	<u>\$ 27,031</u>	<u>\$ 3,498,247</u>
Noncurrent assets					
Capital assets					
Land & work in progress	\$ 471,349	\$ 4,803,783	\$ -	\$ -	\$ 5,275,132
Buildings & improvements	10,114,376	2,108,607	-	-	12,222,983
Equipment & furniture	204,980	375,697	-	-	580,677
Less accumulated depreciation	(5,838,053)	(815,796)	-	-	(6,653,849)
Net capital assets	<u>\$ 4,952,652</u>	<u>\$ 6,472,291</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,424,943</u>
TOTAL ASSETS	<u>\$ 7,168,370</u>	<u>\$ 7,498,113</u>	<u>\$ 229,676</u>	<u>\$ 27,031</u>	<u>\$ 14,923,190</u>
LIABILITIES					
Current liabilities					
Accounts payable	\$ 44,051	\$ 10,941	\$ 5,804	\$ 25,531	\$ 86,327
Contracts and retainage payable	11,411	67,307	-	-	78,718
Accrued payroll	-	539	-	-	539
Total current liabilities	<u>\$ 55,462</u>	<u>\$ 78,787</u>	<u>\$ 5,804</u>	<u>\$ 25,531</u>	<u>\$ 165,584</u>
Noncurrent liabilities					
G.O. Revenue bonds payable	\$ -	\$ 1,140,000	\$ -	\$ -	\$ 1,140,000
Total noncurrent liabilities	<u>\$ -</u>	<u>\$ 1,140,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,140,000</u>
TOTAL LIABILITIES	<u>\$ 55,462</u>	<u>\$ 1,218,787</u>	<u>\$ 5,804</u>	<u>\$ 25,531</u>	<u>\$ 1,305,584</u>
NET POSITION					
Net investment in capital assets	\$ 4,941,241	\$ 5,264,984	\$ -	\$ -	\$ 10,206,225
Restricted for:					
Capital projects	800,000	95,358	-	-	895,358
Unrestricted	1,371,667	918,984	223,872	1,500	2,516,023
TOTAL NET POSITION	<u>\$ 7,112,908</u>	<u>\$ 6,279,326</u>	<u>\$ 223,872</u>	<u>\$ 1,500</u>	<u>\$ 13,617,606</u>

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, 2018

	Industrial Wastewater Facility	Storm Water Management	Street Lighting	Cable Television	Total Nonmajor Enterprise Funds
OPERATING REVENUES					
Utility sales revenues	\$ -	\$ 628,386	\$ 285,611	\$ -	\$ 913,997
Charges for services	1,692,000	-	-	127,788	1,819,788
Other operating revenue	31,607	-	-	-	31,607
TOTAL OPERATING REVENUES	\$ 1,723,607	\$ 628,386	\$ 285,611	\$ 127,788	\$ 2,765,392
OPERATING EXPENSES					
Personnel services	\$ 306	\$ 113,721	\$ -	\$ -	\$ 114,027
Supplies and materials	538,948	32,268	-	-	571,216
Other services and charges	957,849	79,160	55,762	127,788	1,220,559
Depreciation	254,376	87,052	-	-	341,428
TOTAL OPERATING EXPENSES	\$ 1,751,479	\$ 312,201	\$ 55,762	\$ 127,788	\$ 2,247,230
OPERATING INCOME (LOSS)	\$ (27,872)	\$ 316,185	\$ 229,849	\$ -	\$ 518,162
NON-OPERATING REVENUE (EXPENSES)					
Investment earnings	\$ 28,128	\$ 11,844	\$ 3,108	\$ -	\$ 43,080
Rents	-	-	3,000	-	3,000
Other non-operating	-	396	-	-	396
Miscellaneous issuance costs	-	(22,600)	-	-	(22,600)
TOTAL NON-OPERATING REVENUE (EXPENSES)	\$ 28,128	\$ (10,360)	\$ 6,108	\$ -	\$ 23,876
NET INCOME BEFORE OPERATING TRANSFERS	\$ 256	\$ 305,825	\$ 235,957	\$ -	\$ 542,038
Capital contributions-capital assets	-	1,755,000	-	-	1,755,000
Transfers-out	-	-	(134,400)	-	(134,400)
CHANGE IN NET POSITION	\$ 256	\$ 2,060,825	\$ 101,557	\$ -	\$ 2,162,638
TOTAL NET POSITION, January 1	7,112,652	4,218,501	122,315	1,500	11,454,968
TOTAL NET POSITION, December 31	\$ 7,112,908	\$ 6,279,326	\$ 223,872	\$ 1,500	\$ 13,617,606

CITY OF WORTHINGTON, MINNESOTA

EXHIBIT C-3

NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2018

	Industrial Wastewater Facility	Storm Water Management	Street Lighting	Cable Television	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 1,823,842	\$ 624,555	\$ 285,334	\$ 125,393	\$ 2,859,124
Cash payments to suppliers for goods and services	(1,563,083)	(107,287)	(57,862)	(125,393)	(1,853,625)
Cash payments to employees for services	(306)	(113,457)	-	-	(113,763)
Other non-operating revenue	7,018	396	3,000	-	10,414
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 267,471	\$ 404,207	\$ 230,472	\$ -	\$ 902,150
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfer-out	\$ -	\$ -	\$ (134,400)	\$ -	\$ (134,400)
NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES	\$ -	\$ -	\$ (134,400)	\$ -	\$ (134,400)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Federal grant revenue received	\$ -	\$ 1,651,969	\$ -	\$ -	\$ 1,651,969
Proceeds from general obligation revenue bonds	-	1,140,000	-	-	1,140,000
Acquisition and construction of capital assets	(29,318)	(4,208,519)	-	-	(4,237,837)
Miscellaneous issuance costs	-	(22,600)	-	-	(22,600)
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	\$ (29,318)	\$ (1,439,150)	\$ -	\$ -	\$ (1,468,468)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest income	\$ 25,471	\$ 14,147	\$ 2,606	\$ -	\$ 42,224
Purchase of investments	(204,576)	(72,420)	(34,222)	-	(311,218)
Proceeds from sales of investments	172,204	243,850	19,072	8	435,134
NET CASH FROM INVESTING ACTIVITIES	\$ (6,901)	\$ 185,577	\$ (12,544)	\$ 8	\$ 166,140
NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 231,252	\$ (849,366)	\$ 83,528	\$ 8	\$ (534,578)
CASH AND CASH EQUIVALENTS, January 1	1,601,288	1,575,733	87,538	1,254	3,265,813
CASH AND CASH EQUIVALENTS, December 31	\$ 1,832,540	\$ 726,367	\$ 171,066	\$ 1,262	\$ 2,731,235

(Continued)

CITY OF WORTHINGTON, MINNESOTA

(Continued)

NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2018

	Industrial Wastewater Facility	Storm Water Management	Street Lighting	Cable Television	Total Nonmajor Enterprise Funds
RECONCILIATION OF OPERATING INCOME(LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating income(loss)	\$ (27,872)	\$ 316,185	\$ 229,849	\$ -	\$ 518,162
ADJUSTMENTS TO RECONCILE OPERATING INCOME(LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Depreciation	254,376	87,052	-	-	341,428
Other non-operating revenue	-	396	3,000	-	3,396
(Increase)decrease in assets:					
Accounts receivable	107,253	-	-	-	107,253
Utility receivable	-	(3,831)	(277)	-	(4,108)
Contracts receivable	-	-	-	(2,395)	(2,395)
Prepaid expense	(847)	(287)	-	-	(1,134)
Increase(decrease) in liabilities:					
Accounts payable	(65,439)	4,428	(2,100)	2,395	(60,716)
Payroll payable	-	264	-	-	264
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 267,471</u>	<u>\$ 404,207</u>	<u>\$ 230,472</u>	<u>\$ -</u>	<u>\$ 902,150</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:					
Loss on disposal of 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, 2018

	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	\$ 112,470	\$ 431,343	\$ 658,476	\$ -	\$ 1,202,289
Investments	21,230	81,422	124,297	-	226,949
Interest receivable	520	1,986	-	-	2,506
Prepayments	10,082	-	-	-	10,082
Total current assets	<u>\$ 144,302</u>	<u>\$ 514,751</u>	<u>\$ 782,773</u>	<u>\$ -</u>	<u>\$ 1,441,826</u>
Noncurrent assets					
Capital assets					
Machinery & equipment	\$ 59,695	\$ -	\$ -	\$ -	\$ 59,695
Furniture & fixtures	39,226	-	-	-	39,226
Less accumulated depreciation	(85,994)	-	-	-	(85,994)
Net capital assets	<u>\$ 12,927</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,927</u>
TOTAL ASSETS	<u>\$ 157,229</u>	<u>\$ 514,751</u>	<u>\$ 782,773</u>	<u>\$ -</u>	<u>\$ 1,454,753</u>
Deferred Outflows of Resources					
Related to pensions	<u>\$ (4,256)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,256)</u>
LIABILITIES					
Current liabilities					
Accounts payable	\$ 1,310	\$ 260	\$ -	\$ -	\$ 1,570
Accrued payroll	5,671	-	-	-	5,671
Total current liabilities	<u>\$ 6,981</u>	<u>\$ 260</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,241</u>
Noncurrent liabilities					
Accrued vacation and sick pay	\$ -	\$ -	\$ 782,773	\$ -	\$ 782,773
Pension liability	90,151	-	-	-	90,151
OPEB liability	22,483	-	-	-	22,483
Total other liabilities	<u>\$ 112,634</u>	<u>\$ -</u>	<u>\$ 782,773</u>	<u>\$ -</u>	<u>\$ 895,407</u>
TOTAL LIABILITIES	<u>\$ 119,615</u>	<u>\$ 260</u>	<u>\$ 782,773</u>	<u>\$ -</u>	<u>\$ 902,648</u>
Deferred inflows of resources					
Related to pensions	\$ 8,372	\$ -	\$ -	\$ -	\$ 8,372
Related to OPEB	2,281	-	-	-	2,281
Total deferred inflows of resources	<u>\$ 10,653</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,653</u>
NET POSITION					
Net investment in capital assets	\$ 12,927	\$ -	\$ -	\$ -	\$ 12,927
Restricted for:					
Capital projects	31,245	-	-	-	31,245
Unrestricted	(21,467)	514,491	-	-	493,024
TOTAL NET POSITION	<u>\$ 22,705</u>	<u>\$ 514,491</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 537,196</u>

CITY OF WORTHINGTON, MINNESOTA

EXHIBIT D-2

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
For the Year Ended December 31, 2018

	Data Processing	Safety Promotion/ Loss Control	Vacation and Sick Accrual	Health Insurance Plan	Total Internal Service Funds
OPERATING REVENUES					
Charges for services-internal	\$ 254,521	\$ 208,807	\$ -	\$ -	\$ 463,328
TOTAL OPERATING REVENUES	\$ 254,521	\$ 208,807	\$ -	\$ -	\$ 463,328
OPERATING EXPENSES					
Personnel services	\$ 282,758	\$ -	\$ -	\$ 82,484	\$ 365,242
Supplies and materials	17,800	-	-	-	17,800
Other services and charges	23,438	263,331	-	-	286,769
Depreciation	8,618	-	-	-	8,618
TOTAL OPERATING EXPENSES	\$ 332,614	\$ 263,331	\$ -	\$ 82,484	\$ 678,429
OPERATING (LOSS)	\$ (78,093)	\$ (54,524)	\$ -	\$ (82,484)	\$ (215,101)
NON-OPERATING REVENUE					
Investment earnings	\$ 1,848	\$ 6,377	\$ -	\$ 11	\$ 8,236
Other non-operating	690	-	-	-	690
TOTAL NON-OPERATING REVENUE	\$ 2,538	\$ 6,377	\$ -	\$ 11	\$ 8,926
NET INCOME BEFORE TRANSFERS	\$ (75,555)	\$ (48,147)	\$ -	\$ (82,473)	\$ (206,175)
Transfers-out	-	(250,000)	-	(634)	(250,634)
CHANGE IN NET POSITION	\$ (75,555)	\$ (298,147)	\$ -	\$ (83,107)	\$ (456,809)
TOTAL NET POSITION, January 1	120,166	812,638	-	83,107	1,015,911
Prior period adjustment	(21,906)	-	-	-	(21,906)
TOTAL NET POSITION, December 31	\$ 22,705	\$ 514,491	\$ -	\$ -	\$ 537,196

CITY OF WORTHINGTON, MINNESOTA

EXHIBIT D-3

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2018

	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	\$ 254,521	\$ 208,807	\$ 62,410	\$ -	\$ 525,738
Cash payments to suppliers for goods and services	(41,676)	(263,071)	-	-	(304,747)
Cash payments to employees for services	(212,993)	-	-	(82,484)	(295,477)
Other non-operating revenue	690	-	-	-	690
NET CASH PROVIDED(USED) BY OPERATING ACTIVITIES	\$ 542	\$ (54,264)	\$ 62,410	\$ (82,484)	\$ (73,796)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfer-out	\$ -	\$ (250,000)	\$ -	\$ (634)	\$ (250,634)
NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES	\$ -	\$ (250,000)	\$ -	\$ (634)	\$ (250,634)
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	\$ 1,693	\$ 6,622	\$ -	\$ 11	\$ 8,326
Purchase of investments	(11,037)	(38,974)	(6,341)	-	(56,352)
Proceeds from sales of investments	11,333	90,253	-	13,608	115,194
NET CASH PROVIDED(USED) INVESTING ACTIVITIES	\$ 1,989	\$ 57,901	\$ (6,341)	\$ 13,619	\$ 67,168
NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 2,531	\$ (246,363)	\$ 56,069	\$ (69,499)	\$ (257,262)
CASH AND CASH EQUIVALENTS, January 1	109,939	677,706	602,407	69,499	1,459,551
CASH AND CASH EQUIVALENTS, December 31	\$ 112,470	\$ 431,343	\$ 658,476	\$ -	\$ 1,202,289
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating loss	\$ (78,093)	\$ (54,524)	\$ -	\$ (82,484)	\$ (215,101)
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Depreciation	8,618	-	-	-	8,618
Other non-operating revenue	690	-	-	-	690
(Increase) in assets:					
Prepaid expenses	(464)	-	-	-	(464)
Decrease in deferred outflows of resources:					
Deferred outflows related to pensions	38,002	-	-	-	38,002
Increase(decrease) in liabilities:					
Accounts payable	26	260	-	-	286
Payroll payable	2,323	-	-	-	2,323
Pension payable	46,085	-	-	-	46,085
OPEB payable	577	-	-	-	577
Accrued vacation and sick	-	-	62,410	-	62,410
Increase(decrease) in deferred inflows of resources:					
Deferred inflows related to pensions	(19,503)	-	-	-	(19,503)
Deferred inflows related to OPEB	2,281	-	-	-	2,281
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 542	\$ (54,264)	\$ 62,410	\$ (82,484)	\$ (73,796)
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES					
Loss on disposal of 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, 2018

	Olson Water	Retirees Health Insurance	Garbage Collection
ASSETS			
Cash assets			
Cash and cash equivalents	\$ 62,782	\$ -	\$ 17,404
Investments	11,851	-	3,285
Receivables			
Utility receivable	-	-	112,867
Interest receivable	-	-	-
Accounts receivable	-	-	-
Economic revolving receivable	-	-	-
Economic revolving receivable L-T	-	-	-
TOTAL ASSETS	\$ 74,633	\$ -	\$ 133,556
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ 86,439
Due to other governments	-	-	6,897
Sureties/deposits	-	-	15,955
Amounts held for others	74,633	-	24,265
TOTAL LIABILITIES	\$ 74,633	\$ -	\$ 133,556

EXHIBIT E-1

Bicen- ten- nial	Waste Manage- ment	Salstrom Bequest	Tourism Promotion	Economic Revolving	Totals
\$ -	\$ 6,234 1,177	\$ 10,650 2,011	\$ 9,294 1,754	\$ 969,534 183,013	\$ 1,075,898 203,091
-	-	-	-	-	112,867
-	-	45	-	4,097	4,142
-	-	-	10,803	-	10,803
-	-	-	-	14,845	14,845
-	-	-	-	137,782	137,782
\$ -	\$ 7,411	\$ 12,706	\$ 21,851	\$ 1,309,271	\$ 1,559,428
\$ -	\$ 7,236	\$ -	\$ 21,851	\$ -	\$ 115,526
-	-	-	-	-	6,897
-	-	-	-	-	15,955
-	175	12,706	-	1,309,271	1,421,050
\$ -	\$ 7,411	\$ 12,706	\$ 21,851	\$ 1,309,271	\$ 1,559,428

CITY OF WORTHINGTON, MINNESOTA

EXHIBIT E-2

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the Year Ended December 31, 2018

	Balance January 1, 2018	Additions	Deductions	Balance December 31, 2018
<u>OLSON WATER</u>				
Assets				
Cash and cash equivalents	\$ 67,462	\$ -	\$ 4,680	\$ 62,782
Investments	13,210	-	1,359	11,851
Total assets	<u>\$ 80,672</u>	<u>\$ -</u>	<u>\$ 6,039</u>	<u>\$ 74,633</u>
Liabilities				
Amounts held for others	\$ 80,672	\$ -	\$ 6,039	\$ 74,633
Total liabilities	<u>\$ 80,672</u>	<u>\$ -</u>	<u>\$ 6,039</u>	<u>\$ 74,633</u>
<u>RETIREES HEALTH INSURANCE</u>				
Assets				
Cash and cash equivalents	\$ 3,031	\$ -	\$ 3,031	\$ -
Investments	594	-	594	-
Total assets	<u>\$ 3,625</u>	<u>\$ -</u>	<u>\$ 3,625</u>	<u>\$ -</u>
Liabilities				
Health insurance premium payable	\$ 3,625	\$ -	\$ 3,625	\$ -
Total liabilities	<u>\$ 3,625</u>	<u>\$ -</u>	<u>\$ 3,625</u>	<u>\$ -</u>
<u>GARBAGE COLLECTION FUND</u>				
Assets				
Cash and cash equivalents	\$ 12,416	\$ 967,036	\$ 962,048	\$ 17,404
Investments	2,431	184,101	183,247	3,285
Utility receivable	108,815	1,141,177	1,137,125	112,867
Total assets	<u>\$ 123,662</u>	<u>\$ 2,292,314</u>	<u>\$ 2,282,420</u>	<u>\$ 133,556</u>
Liabilities				
Accounts payable	\$ 83,706	\$ 1,094,458	\$ 1,091,725	\$ 86,439
Due to other governments	6,634	81,367	81,104	6,897
Sureties/deposits	15,350	6,735	6,130	15,955
Amounts held for others	17,972	1,071,104	1,064,811	24,265
Total liabilities	<u>\$ 123,662</u>	<u>\$ 2,253,664</u>	<u>\$ 2,243,770</u>	<u>\$ 133,556</u>
<u>BICENTENNIAL FUND</u>				
Assets				
Cash and cash equivalents	\$ 7,429	\$ 13	\$ 7,442	\$ -
Investments	1,454	3	1,457	-
Interest receivable	24	-	24	-
Total assets	<u>\$ 8,907</u>	<u>\$ 16</u>	<u>\$ 8,923</u>	<u>\$ -</u>
Liabilities				
Amounts held for others	\$ 8,907	\$ 24	\$ 8,931	\$ -
Total liabilities	<u>\$ 8,907</u>	<u>\$ 24</u>	<u>\$ 8,931</u>	<u>\$ -</u>

CITY OF WORTHINGTON, MINNESOTA

(Continued)

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the Year Ended December 31, 2018

	Balance January 1, 2018	Additions	Deductions	Balance December 31, 2018
<u>WASTE MANAGEMENT COLLECTION</u>				
Assets				
Cash and cash equivalents	\$ 6,159	\$ 72,816	\$ 72,741	\$ 6,234
Investments	1,206	13,826	13,855	1,177
Utility receivable	-	86,642	86,642	-
Total assets	<u>\$ 7,365</u>	<u>\$ 173,284</u>	<u>\$ 173,238</u>	<u>\$ 7,411</u>
Liabilities				
Accounts payable	\$ 7,190	\$ 86,642	\$ 86,596	\$ 7,236
Amounts held for others	175	86,642	86,642	175
Total liabilities	<u>\$ 7,365</u>	<u>\$ 173,284</u>	<u>\$ 173,238</u>	<u>\$ 7,411</u>
<u>SALSTROM BEQUEST</u>				
Assets				
Cash and cash equivalents	\$ 10,462	\$ 188	\$ -	\$ 10,650
Investments	2,049	-	38	2,011
Interest receivable	33	12	-	45
Total assets	<u>\$ 12,544</u>	<u>\$ 200</u>	<u>\$ 38</u>	<u>\$ 12,706</u>
Liabilities				
Amounts held for others	\$ 12,544	\$ 162	\$ -	\$ 12,706
Total liabilities	<u>\$ 12,544</u>	<u>\$ 162</u>	<u>\$ -</u>	<u>\$ 12,706</u>
<u>TOURISM PROMOTION</u>				
Assets				
Cash and cash equivalents	\$ 9,475	\$ 144,313	\$ 144,494	\$ 9,294
Investments	1,855	27,422	27,523	1,754
Accounts receivable	9,059	10,803	9,059	10,803
Total assets	<u>\$ 20,389</u>	<u>\$ 182,538</u>	<u>\$ 181,076</u>	<u>\$ 21,851</u>
Liabilities				
Accounts payable	\$ 20,389	\$ 173,479	\$ 172,017	\$ 21,851
Amounts held for others	-	173,479	173,479	-
Total liabilities	<u>\$ 20,389</u>	<u>\$ 346,958</u>	<u>\$ 345,496</u>	<u>\$ 21,851</u>

CITY OF WORTHINGTON, MINNESOTA

(Continued)

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the Year Ended December 31, 2018

	Balance January 1, 2018	Additions	Deductions	Balance December 31, 2018
<u>ECONOMIC REVOLVING LOAN</u>				
<u>Assets</u>				
Cash and cash equivalents	\$ 914,778	\$ 58,363	\$ 3,607	\$ 969,534
Investments	179,121	4,579	687	183,013
Interest receivable	2,880	1,217	-	4,097
Accounts receivable	-	23,599	23,599	-
Economic revolving receivable	39,473	14,845	39,473	14,845
Economic revolving receivable L-T	154,293	-	16,511	137,782
Total assets	<u>\$ 1,290,545</u>	<u>\$ 102,603</u>	<u>\$ 83,877</u>	<u>\$ 1,309,271</u>
<u>Liabilities</u>				
Amounts held for others	\$ 1,290,545	\$ 40,392	\$ 21,666	\$ 1,309,271
Total liabilities	<u>\$ 1,290,545</u>	<u>\$ 40,392</u>	<u>\$ 21,666</u>	<u>\$ 1,309,271</u>
<u>TOTAL ALL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash and cash equivalents	\$ 1,031,212	\$ 1,242,729	\$ 1,198,043	\$ 1,075,898
Investments	201,920	229,931	228,760	203,091
Utility receivable	108,815	1,227,819	1,223,767	112,867
Interest receivable	2,937	1,229	24	4,142
Accounts receivable	9,059	34,402	32,658	10,803
Economic revolving receivable	39,473	14,845	39,473	14,845
Economic revolving receivable L-T	154,293	-	16,511	137,782
Total assets	<u>\$ 1,547,709</u>	<u>\$ 2,750,955</u>	<u>\$ 2,739,236</u>	<u>\$ 1,559,428</u>
<u>Liabilities</u>				
Accounts payable	\$ 111,285	\$ 1,354,579	\$ 1,350,338	\$ 115,526
Health insurance premium payable	3,625	-	3,625	-
Due to other governments	6,634	81,367	81,104	6,897
Sureties/deposits	15,350	6,735	6,130	15,955
Amounts held for others	1,410,815	1,371,803	1,361,568	1,421,050
Total liabilities	<u>\$ 1,547,709</u>	<u>\$ 2,814,484</u>	<u>\$ 2,802,765</u>	<u>\$ 1,559,428</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

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

City of
Worthington

CITY OF WORTHINGTON, MINNESOTA

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

	Fiscal Year			
	2018	2017	2016	2015
Governmental activities				
Net investment in capital assets	\$ 53,325,463	\$ 50,860,906	\$ 48,666,336	\$ 48,492,325
Restricted	1,338,780	1,011,716	837,812	499,512
Unrestricted	25,656,612	31,168,137	28,621,645	28,700,040
Total governmental activities net position	<u>\$ 80,320,855</u>	<u>\$ 83,040,759</u>	<u>\$ 78,125,793</u>	<u>\$ 77,691,877</u>
Business-type activities				
Net investment in capital assets	\$ 67,823,983	\$ 61,335,680	\$ 60,565,819	\$ 58,444,053
Restricted	18,059,220	17,467,132	17,112,566	16,377,873
Unrestricted	23,330,574	24,153,301	20,459,563	19,343,981
Total business-type activities net position	<u>\$ 109,213,777</u>	<u>\$ 102,956,113</u>	<u>\$ 98,137,948</u>	<u>\$ 94,165,907</u>
Primary government				
Net investment in capital assets	\$ 121,149,446	\$ 112,196,586	\$ 109,232,155	\$ 106,936,378
Restricted	19,398,000	18,478,848	17,950,378	16,877,385
Unrestricted	48,987,186	55,321,438	49,081,208	48,044,021
Total primary government net position	<u>\$ 189,534,632</u>	<u>\$ 185,996,872</u>	<u>\$ 176,263,741</u>	<u>\$ 171,857,784</u>

TABLE I

2014	2013	2012	2011	2010	2009
\$ 46,964,381	\$ 45,162,900	\$ 38,057,000	\$ 35,414,757	\$ 31,708,983	\$ 31,657,220
1,755,879	1,902,920	4,247,531	4,939,220	6,104,522	8,131,864
33,810,768	32,834,830	37,076,263	38,397,518	39,675,278	36,505,774
<u>\$ 82,531,028</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>
\$ 58,409,545	\$ 59,044,651	\$ 58,627,468	\$ 53,648,644	\$ 53,251,656	\$ 51,646,552
15,681,813	15,245,084	14,806,763	13,877,814	14,965,433	12,633,815
19,010,682	18,493,561	15,817,256	17,977,748	14,277,965	14,942,627
<u>\$ 93,102,040</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>
\$ 105,373,926	\$ 104,207,551	\$ 96,684,468	\$ 89,063,401	\$ 84,960,639	\$ 83,303,772
17,437,692	17,148,004	19,054,294	18,817,034	21,069,955	20,765,679
52,821,450	51,328,391	52,893,519	56,375,266	53,953,243	51,448,401
<u>\$ 175,633,068</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>

CITY OF WORTHINGTON, MINNESOTA

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

	Fiscal Year			
	2018	2017	2016	2015
EXPENSES				
Governmental activities:				
General government	\$ 1,569,468	\$ 1,774,849	\$ 2,015,986	\$ 2,436,264
Public safety	4,831,549	3,904,169	5,324,523	4,262,523
Public works	2,500,409	2,514,522	2,399,382	2,398,598
Culture and recreation	1,472,277	1,570,691	1,675,764	1,703,391
Conservation and development	530,297	472,180	682,774	704,712
Interest on long-term debt	368,554	389,415	366,482	382,164
Total governmental activities expenses	\$ 11,272,554	\$ 10,625,826	\$ 12,464,911	\$ 11,887,652
Business-type activities:				
Water	\$ 2,828,492	\$ 2,642,004	\$ 2,699,733	\$ 2,669,252
Municipal Wastewater	1,778,359	1,516,610	1,700,461	1,575,148
Electric	19,178,621	18,662,026	19,025,873	19,370,140
Industrial Wastewater Facility	1,748,704	1,713,977	1,654,849	1,644,558
Storm Water Management	331,170	273,000	313,449	303,938
Street Lighting	55,762	84,648	123,443	148,450
Liquor	3,869,379	3,303,920	3,282,401	3,164,181
Airport	745,099	735,318	712,703	700,870
Memorial Auditorium ¹	-	-	-	-
Cable Television	127,788	131,680	143,274	149,487
Total business-type activities expenses	\$ 30,663,374	\$ 29,063,183	\$ 29,656,186	\$ 29,726,024
Total primary government expenses	\$ 41,935,928	\$ 39,689,009	\$ 42,121,097	\$ 41,613,676
PROGRAM REVENUES				
Governmental activities:				
Charges for services:				
General government	\$ 772,544	\$ 844,482	\$ 483,600	\$ 667,173
Public safety	284,190	247,223	257,870	277,256
Public works	96,370	90,791	92,722	143,169
Culture and recreation	167,454	162,831	169,374	205,963
Operating grants and contributions	689,018	723,096	881,775	952,580
Capital grants and contributions	50,000	1,881,962	1,352,727	-
Total governmental activities program revenues	\$ 2,059,576	\$ 3,950,385	\$ 3,238,068	\$ 2,246,141
Business-type activities:				
Charges for services:				
Water	\$ 3,855,574	\$ 3,840,879	\$ 3,762,729	\$ 3,795,799
Municipal Wastewater	2,247,113	2,210,851	2,103,485	2,064,250
Electric	20,613,652	21,264,674	20,779,517	20,351,158
Industrial Wastewater Facility	1,723,607	1,595,874	1,638,371	1,562,248
Storm Water Management	628,386	592,605	577,718	561,735
Street Lighting	285,611	285,245	284,610	267,924
Liquor	4,135,970	3,774,433	3,735,141	3,642,919
Airport	177,333	220,049	187,189	160,692
Memorial Auditorium ¹	-	-	-	-
Cable Television	127,788	131,680	143,274	149,487
Operating grants and contributions	83,967	84,459	74,352	77,383
Capital grants and contributions	2,508,904	273,973	810,215	475,566
Total business-type activities program revenues	\$ 36,387,905	\$ 34,274,722	\$ 34,096,601	\$ 33,109,161
Total primary government program revenues	\$ 38,447,481	\$ 38,225,107	\$ 37,334,669	\$ 35,355,302
NET (EXPENSE)/REVENUE				
Governmental activities	\$ (9,212,978)	\$ (6,675,441)	\$ (9,226,843)	\$ (9,641,511)
Business-type activities	5,724,531	5,211,539	4,440,415	3,383,137
Total primary government net expense	\$ (3,488,447)	\$ (1,463,902)	\$ (4,786,428)	\$ (6,258,374)

TABLE II

2014	2013	2012	2011	2010	2009
\$ 1,975,297	\$ 1,914,185	\$ 1,976,096	\$ 1,745,298	\$ 1,674,832	\$ 1,892,713
4,056,319	3,902,531	4,020,994	4,107,495	3,647,508	3,831,705
2,261,725	4,966,535	851,334	2,229,452	2,407,031	2,365,662
1,540,770	1,342,048	2,067,753	1,205,574	997,279	1,212,834
615,851	819,208	551,663	819,347	1,065,831	684,397
494,122	543,567	606,216	357,449	355,472	300,192
<u>\$ 10,944,084</u>	<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>
\$ 2,849,765	\$ 2,246,012	\$ 1,841,521	\$ 1,860,466	\$ 1,702,662	\$ 1,654,522
1,552,144	1,574,900	1,508,029	2,186,438	1,940,717	1,935,773
17,738,999	16,624,300	16,836,791	16,248,417	15,544,676	13,509,070
1,675,000	1,643,566	1,714,697	1,985,155	1,944,166	2,314,086
273,418	229,320	224,288	230,326	238,121	236,413
124,409	110,096	112,906	246,017	75,141	-
3,003,084	2,813,698	2,677,525	2,513,699	2,240,024	2,156,194
695,305	584,484	730,376	748,282	718,246	716,211
-	250,718	214,584	168,205	102,290	97,283
157,876	154,328	152,698	129,904	132,304	130,701
<u>\$ 28,070,000</u>	<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>\$ 39,014,084</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>
\$ 537,195	\$ 646,428	\$ 584,874	\$ 833,647	\$ 780,941	\$ 709,382
293,387	307,022	294,135	267,157	275,459	309,564
115,690	120,566	142,724	163,874	155,453	143,447
247,482	176,252	172,291	191,537	310,379	330,032
917,054	3,470,885	677,220	726,488	1,026,464	887,580
78,932	2,051,302	2,107,363	1,963,644	1,561,025	1,038,066
<u>\$ 2,189,740</u>	<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>
\$ 3,625,569	\$ 3,312,719	\$ 2,971,815	\$ 2,921,207	\$ 2,758,328	\$ 2,736,111
1,960,337	2,045,198	2,156,267	2,193,413	2,089,166	2,090,424
18,882,006	18,086,277	17,820,190	17,620,269	16,342,512	14,121,035
1,577,378	1,656,235	1,749,232	1,776,205	1,896,879	2,789,298
559,478	556,675	532,718	510,434	488,379	469,259
256,645	255,674	254,460	254,236	63,347	-
3,449,343	3,261,540	3,093,924	2,833,232	2,596,519	2,403,857
193,477	189,432	173,748	99,063	102,236	105,641
-	52,849	56,617	46,590	16,240	33,234
157,876	154,328	152,698	129,904	132,304	130,701
78,608	60,469	76,437	329,421	62,263	66,519
211,971	553,266	266,867	59,076	684,477	2,696,475
<u>\$ 30,952,688</u>	<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>\$ 33,142,428</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>
\$ (8,754,344)	\$ (6,715,599)	\$ (6,095,449)	\$ (6,318,268)	\$ (6,038,232)	\$ (6,869,432)
2,882,688	3,953,240	3,291,558	2,456,141	2,594,303	4,892,301
<u>\$ (5,871,656)</u>	<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>

CITY OF WORTHINGTON, MINNESOTA

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

	Fiscal Year			
	2018	2017	2016	2015
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental activities:				
Taxes				
Property taxes	\$ 3,912,661	\$ 3,645,694	\$ 3,428,878	\$ 3,195,394
Sales taxes	860,834	1,547,517	885,404	826,979
Gambling taxes	2,527	4,658	4,593	5,555
Tax increment fees	256,150	181,911	182,963	204,731
Forfeited tax sale apportion	-	-	4,488	-
Unrestricted grants and contributions	3,290,319	3,194,810	3,187,772	3,167,052
Investment earnings	509,661	440,916	410,299	450,408
Net decrease in the fair value of investments	(57,703)	(171,676)	(214,159)	-
Other	658,272	555,006	839,489	648,847
Proceeds from sale of capital assets	21,486	-	27,125	120,191
Transfers	861,246	842,172	824,585	794,975
Total governmental activities	\$ 10,315,453	\$ 10,241,008	\$ 9,581,437	\$ 9,414,132
Business-type activities:				
Taxes				
Property taxes	\$ 3	\$ 9	\$ 31	\$ 9,800
Unrestricted grants and contributions	-	-	-	-
Investment earnings	575,122	408,528	256,303	262,720
Other	34,298	75,970	99,877	9,427
Proceeds from sale of capital assets	22,943	31,943	-	32,939
Transfers	(861,246)	(842,172)	(824,585)	(794,975)
Total business-type activities	\$ (228,880)	\$ (325,722)	\$ (468,374)	\$ (480,089)
Total primary government	\$ 10,086,573	\$ 9,915,286	\$ 9,113,063	\$ 8,934,043
CHANGES IN NET POSITION				
Governmental activities	\$ 1,102,475	\$ 3,565,567	\$ 354,594	\$ (227,379)
Business-type activities	5,495,651	4,885,817	3,972,041	2,903,048
Total primary government	\$ 6,598,126	\$ 8,451,384	\$ 4,326,635	\$ 2,675,669

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

TABLE II

2014	2013	2012	2011	2010	2009
\$ 3,153,050	\$ 3,060,826	\$ 2,995,073	\$ 2,416,355	\$ 2,266,448	\$ 2,285,040
786,320	770,201	763,967	740,382	681,830	417,110
5,097	3,960	4,423	5,604	4,741	4,184
154,260	109,958	111,347	670,833	645,056	591,277
-	-	-	-	-	-
3,126,305	2,721,740	2,721,725	2,789,924	2,789,765	3,220,434
393,033	423,560	294,788	578,896	446,893	610,922
-	-	-	-	-	-
636,901	400,027	486,323	496,586	641,694	1,816,309
151,808	104,343	5,215	3,600	2,795	8,400
1,496,836	665,789	(87,100)	127,090	(393,718)	757,264
<u>\$ 9,903,610</u>	<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>
\$ 11	\$ 66,544	\$ 66,337	\$ 50,133	\$ 49,272	\$ 53,407
-	-	-	1,501	1,658	6,002
214,562	131,404	82,313	216,205	151,351	172,283
290,655	174,411	232,280	515,750	61,269	48,228
7,787	26,500	9,000	-	44,143	2,500
(1,496,836)	(665,789)	87,100	(127,090)	393,718	(757,264)
<u>\$ (983,821)</u>	<u>\$ (266,930)</u>	<u>\$ 477,030</u>	<u>\$ 656,499</u>	<u>\$ 701,411</u>	<u>\$ (474,844)</u>
<u>\$ 8,919,789</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>
\$ 1,149,266	\$ 1,544,805	\$ 1,200,312	\$ 1,511,002	\$ 1,047,272	\$ 2,841,508
1,898,867	3,686,310	3,768,588	3,112,640	3,295,714	4,417,457
<u>\$ 3,048,133</u>	<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>

CITY OF WORTHINGTON, MINNESOTA

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

	Fiscal Year			
	2018*	2017*	2016*	2015*
General Fund				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-
Nonspendable	403,597	360,405	362,813	376,609
Restricted	1,281	1,281	1,281	1,281
Committed	3,046,572	3,104,734	3,248,058	2,970,656
Assigned	798,871	735,741	890,151	912,662
Unassigned	2,437,683	3,934,230	4,048,626	4,201,047
Total general fund	\$ 6,688,004	\$ 8,136,391	\$ 8,550,929	\$ 8,462,255
All Other Governmental Funds				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:				
Special revenue funds	-	-	-	-
Debt service funds	-	-	-	-
Capital projects funds	-	-	-	-
Nonspendable	28,613	26,632	27,338	26,763
Restricted	2,323,730	2,129,623	2,122,518	2,054,199
Committed	11,727,740	11,749,137	11,110,591	10,562,543
Assigned	11,466,143	11,960,606	12,763,471	11,033,347
Unassigned	(436,526)	(346,370)	(1,682,546)	(644,751)
Total all other governmental funds	\$ 25,109,700	\$ 25,519,628	\$ 24,341,372	\$ 23,032,101
Total Governmental Funds				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-
Nonspendable	432,210	387,037	390,151	403,372
Restricted	2,325,011	2,130,904	2,123,799	2,055,480
Committed	14,774,312	14,853,871	14,358,649	13,533,199
Assigned	12,265,014	12,696,347	13,653,622	11,946,009
Unassigned	2,001,157	3,587,860	2,366,080	3,556,296
Total governmental funds	\$ 31,797,704	\$ 33,656,019	\$ 32,892,301	\$ 31,494,356
All governmental funds percentage change	-5.52%	2.32%	4.44%	-3.79%

* 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

2014*	2013*	2012*	2011*	2010	2009
\$ -	\$ -	\$ -	\$ -	\$ 2,926,586	\$ 2,951,222
-	-	-	-	1,575,108	1,416,767
382,782	330,728	462,137	474,266	-	-
1,281	1,281	1,281	1,281	-	-
2,782,328	2,661,776	2,643,033	2,326,622	-	-
1,075,652	1,115,799	983,590	916,624	-	-
4,216,095	1,934,032	1,536,217	1,171,686	-	-
<u>\$ 8,458,138</u>	<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>
\$ -	\$ -	\$ -	\$ -	\$ 16,953,126	\$ 16,862,686
-	-	-	-	9,053,518	9,404,977
-	-	-	-	4,142,714	2,868,309
-	-	-	-	4,303,468	4,377,343
27,704	26,723	32,835	32,409	-	-
3,310,668	3,460,960	4,416,890	4,937,939	-	-
10,227,310	10,990,300	14,395,156	13,911,915	-	-
11,396,981	11,524,446	11,570,049	13,421,906	-	-
(686,208)	(280,069)	(291,267)	(332,835)	-	-
<u>\$ 24,276,455</u>	<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>
\$ -	\$ -	\$ -	\$ -	\$ 19,879,712	\$ 19,813,908
-	-	-	-	19,074,808	18,067,396
410,486	357,451	494,972	506,675	-	-
3,311,949	3,462,241	4,418,171	4,939,220	-	-
13,009,638	13,652,076	17,038,189	16,238,537	-	-
12,472,633	12,640,245	12,553,639	14,338,530	-	-
3,529,887	1,653,963	1,244,950	838,851	-	-
<u>\$ 32,734,593</u>	<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>
3.05%	-11.14%	-3.02%	-5.37%	2.83%	-2.78%

CITY OF WORTHINGTON, MINNESOTA

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

	Fiscal Year			
	2018	2017	2016	2015
REVENUES				
Taxes (see Table VI)	\$ 5,070,490	\$ 5,409,886	\$ 4,538,765	\$ 4,298,838
Licenses, fees and permits	241,077	289,298	271,807	268,803
Fines and penalties	85,569	53,111	77,955	111,998
Charges for services	721,628	818,300	709,419	790,568
Special assessments	513,361	473,916	213,401	388,988
Intergovernmental	3,999,802	5,783,951	5,395,518	4,105,232
Investment earnings	501,425	432,255	404,748	445,057
Other revenues	359,492	94,032	356,314	382,051
Total revenues	\$ 11,492,844	\$ 13,354,749	\$ 11,967,927	\$ 10,791,535
EXPENDITURES				
General government	\$ 1,966,170	\$ 1,822,013	\$ 1,817,413	\$ 2,301,690
Public safety	4,649,502	4,703,445	4,118,678	4,007,798
Public works	2,411,618	1,167,872	952,890	967,061
Culture and recreation	1,890,014	1,299,260	2,518,827	1,209,344
Conservation and development	515,691	555,003	603,643	621,232
Capital outlay	1,618,884	2,801,912	3,251,562	975,289
Debt service				
Principal	1,240,000	1,190,000	1,275,000	2,785,000
Interest	190,646	206,886	211,565	221,369
Miscellaneous	-	-	41,598	77,716
Total expenditures	\$ 14,482,525	\$ 13,746,391	\$ 14,791,176	\$ 13,166,499
Excess of expenditures over revenues	\$ (2,989,681)	\$ (391,642)	\$ (2,823,249)	\$ (2,374,964)
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	19,486	63,188	-	139,752
Transfers in	2,071,111	2,891,875	1,740,142	1,749,711
Transfers out	(959,231)	(1,799,703)	(715,557)	(754,736)
Total other financing sources (uses)	\$ 1,131,366	\$ 1,155,360	\$ 4,221,194	\$ 1,134,727
Net change in fund balance	\$ (1,858,315)	\$ 763,718	\$ 1,397,945	\$ (1,240,237)
 Debt service as a percentage of noncapital expenditures	 13.81%	 14.08%	 14.74%	 25.04%

TABLE IV

2014	2013	2012	2011	2010	2009
\$ 4,124,664	\$ 3,977,376	\$ 3,914,244	\$ 3,859,969	\$ 3,634,866	\$ 3,298,987
248,953	207,094	287,790	230,171	253,126	206,291
122,973	122,693	111,241	99,912	117,772	143,403
787,952	747,617	751,772	804,124	909,643	890,997
282,747	379,978	331,011	551,226	478,472	435,096
4,122,291	8,243,927	5,506,308	5,481,009	5,216,561	5,146,080
388,563	420,769	292,960	574,133	444,283	607,693
388,030	192,933	198,533	266,415	388,568	1,603,568
<u>\$ 10,466,173</u>	<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>
\$ 1,883,574	\$ 1,912,412	\$ 1,837,852	\$ 1,590,218	\$ 1,619,147	\$ 1,724,634
4,012,697	3,963,496	6,329,730	5,833,843	3,954,150	3,630,920
769,468	3,403,318	606,923	738,945	1,023,849	1,284,781
1,240,707	3,745,753	2,806,145	1,658,566	970,707	1,178,042
533,539	788,651	770,097	1,912,003	884,365	1,499,763
1,213,879	2,970,908	3,042,381	1,094,539	2,367,026	6,532,406
1,530,000	2,220,000	2,055,000	995,000	810,000	805,000
279,213	286,201	322,215	357,449	355,472	299,497
59,930	56,613	138,110	59,504	100,827	84,444
<u>\$ 11,523,007</u>	<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>\$ (1,056,834)</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>
\$ -	\$ -	\$ 2,995,049	\$ -	\$ 814,195	\$ 2,710,000
-	-	2,274,951	-	1,075,805	-
-	-	15,918	-	15,236	20,408
-	-	(1,331)	-	-	-
186,859	205,231	5,215	3,600	3,950	14,900
3,607,807	4,922,536	4,666,250	4,984,797	3,664,835	6,986,591
(1,910,971)	(4,056,747)	(4,553,350)	(4,707,996)	(3,858,553)	(6,109,327)
<u>\$ 1,883,695</u>	<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>\$ 826,861</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>
18.12%	18.16%	23.35%	13.86%	12.40%	11.82%

CITY OF WORTHINGTON, MINNESOTA

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

FUNCTION/PROGRAM	Program Revenues			
	2018	2017	2016	2015
Governmental activities:				
General government	\$ 779,522	\$ 844,903	\$ 509,289	\$ 667,173
Public Safety	850,405	800,929	826,195	787,358
Public works	209,769	2,091,585	1,550,497	305,767
Culture and recreation	219,880	212,968	182,155	294,870
Conservation and development	-	-	169,932	190,973
Subtotal governmental activities	\$ 2,059,576	\$ 3,950,385	\$ 3,238,068	\$ 2,246,141
Business-type activities:				
Water	\$ 3,855,574	\$ 3,840,879	\$ 3,762,729	\$ 3,795,799
Municipal Wastewater	2,247,113	2,210,851	2,103,485	2,064,250
Electric	20,613,652	21,264,674	20,779,517	20,351,158
Industrial Wastewater Facility	1,723,607	1,595,874	1,638,371	1,562,248
Storm Water Management	2,383,386	765,132	746,778	561,735
Street Lighting	285,611	285,245	284,610	267,924
Liquor	4,135,970	3,774,433	3,735,141	3,642,919
Airport	1,015,204	405,954	902,696	713,641
Memorial Auditorium ¹	-	-	-	-
Cable Television	127,788	131,680	143,274	149,487
Subtotal business-type activities	\$ 36,387,905	\$ 34,274,722	\$ 34,096,601	\$ 33,109,161
Total primary government	\$ 38,447,481	\$ 38,225,107	\$ 37,334,669	\$ 35,355,302

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

TABLE V

2014	2013	2012	2011	2010	2009
\$ 537,195	\$ 646,428	\$ 584,874	\$ 833,647	\$ 780,941	\$ 709,382
832,239	816,688	761,964	1,206,617	759,146	743,851
396,650	4,715,247	1,842,990	430,512	1,795,097	1,263,360
266,242	211,915	230,042	248,880	343,712	330,032
157,414	382,197	558,737	1,426,691	430,825	371,446
<u>\$ 2,189,740</u>	<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>
\$ 3,625,569	\$ 3,312,719	\$ 2,971,815	\$ 2,921,207	\$ 2,808,413	\$ 2,736,111
1,960,337	2,045,198	2,168,165	2,193,413	2,139,251	2,097,479
18,882,006	18,086,277	17,820,190	17,886,531	16,392,597	14,121,035
1,577,378	1,656,235	1,749,232	1,776,205	1,896,879	2,789,298
564,646	556,675	532,718	510,434	488,379	469,259
256,645	255,674	254,460	254,236	63,347	-
3,449,343	3,261,540	3,093,924	2,833,232	2,596,519	2,403,857
478,888	803,163	505,154	221,298	593,411	2,861,580
-	52,853	56,617	46,590	121,550	33,234
157,876	154,328	152,698	129,904	132,304	130,701
<u>\$ 30,952,688</u>	<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>\$ 33,142,428</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>

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 Tax</u>	<u>Gambling</u>	<u>Tax Increment Fees</u>	<u>Total</u>
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
2018	3,950,979	860,834	2,527	256,150	5,070,490
Percentage of Change 2009-2018	72.80%	106.38%	-39.60%	-56.68%	53.70%

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>
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
2018	477,576,927	149,793,700	37,036,000	7,200,082

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>
\$ 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
61,180,391	610,426,318	50.628	745,240,800	90.119

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
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
2018	43.743	6.865	50.628	32.294	2.489	0.751	34.032

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					Total Direct & Overlapping Rates
Basic Rate	General Obligation Debt Service	Less: Disparity Aid Reduction	Total School Direct Rate	Special Districts	
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
10.305	8.169	0.943	17.531	4.247	106.438

CITY OF WORTHINGTON, MINNESOTA

TABLE IX

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

Taxpayer	2018			2009		
	Tax Capacity	Rank	Percentage of Total Tax Capacity	Tax Capacity	Rank	Percentage of Total Tax Capacity
Avera McKennan	\$ 299,526	1	4.76 %	\$ -	-	%
Swift & Company	268,554	2	4.27	252,868	1	4.27
Yellow Company LLC	178,560	3	2.84	-	-	-
Wal-Mart Stores Inc	130,734	4	2.08	128,504	2	2.17
Bedford Industries	127,580	5	2.03	-	-	-
Prairie Holdings Group	103,860	6	1.65	-	-	-
Meadows of Worthington, LLC	100,695	7	1.60	-	-	-
Hurd Worthington LLC	93,640	8	1.49	-	-	-
Merck & Co. ¹	84,148	9	1.34	85,026	3	1.44
Newport Laboratories, Inc	80,819	10	1.28	-	-	-
Sioux Valley Hospitals & Health Care Systems	-	-	-	44,466	4	0.75
Coldwater Portfolio Partners, LLC	-	-	-	42,580	5	0.72
Prairie Ventures, LLP	-	-	-	40,352	6	0.68
First State Bank of Rushmore	-	-	-	40,298	7	0.68
Worthington Ventures, LLC	-	-	-	39,664	8	0.67
Developers Diversified	-	-	-	36,928	9	0.62
Shopko Properties, Inc.	-	-	-	36,846	10	0.62
Totals	\$ 1,468,116		23.34 %	\$ 747,532		12.62 %

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
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	57,324	2,479,230	99.85
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	51,812	3,147,136	100.00
2014	3,175,460	3,132,956	98.66	42,504	3,175,460	100.00
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	13,100	3,675,697	100.00
2018	3,965,721	3,931,808	99.14		3,931,808	99.14

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	REVENUE BONDS	CAPITAL LEASES	GENERAL OBLIGATION REVENUE NOTE
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
2018	6,355,863	-	-	551,993	-	** 1,140,000	-	1,685,000

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.

²See 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 VALUE</u>	<u>PERCENTAGE OF PERSONAL INCOME²</u>	<u>PER CAPITA²</u>
\$	16,638,827	3.43 %	2.29 %	\$ 1,411
	17,606,319	3.48	2.25	1,379
	15,432,394	2.88	1.76	1,206
	17,511,980	3.25	1.95	1,368
	14,842,476	2.67	1.60	1,157
	12,958,712	2.60	1.36	998
	9,796,537	1.96	1.00	754
	11,342,064	1.90	1.25	863
	9,994,960	1.62	1.08	742
	9,732,856	1.45	— *	721

CITY OF WORTHINGTON, MINNESOTA
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN YEARS
(Unaudited)

TABLE XII

YEAR	GENERAL BONDED DEBT OUTSTANDING				LESS: AMOUNT AVAILABLE IN DEBT SERVICE FUNDS	TOTAL	PERCENTAGE OF TAX CAPACITY	PER CAPITA ²
	GENERAL OBLIGATION BONDS	TAX INCREMENT BONDS	GENERAL OBLIGATION SALES TAX BONDS	TOTAL				
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	660
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
2018	6,355,862		551,993	6,907,855	2,147,499	4,760,356	0.639	353

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, 2018
(Unaudited)

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE ¹	ESTIMATED SHARE OF OVERLAPPING DEBT
Debt repaid with property taxes			
Independent School District #518	\$ 30,865,000	39.90 %	\$ 12,315,135
Nobles County	21,685,000	19.98	4,332,663
Southwest Regional Development Commission ²	-	19.98	-
Subtotal, overlapping debt			\$ 16,647,798
City of Worthington's direct debt ³			6,907,856
Total direct and overlapping debt			\$ 23,555,654

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 2018:

Assessed value	<u>\$ 745,240,800</u>
Debt limit (3% of assessed value)	<u>\$ 22,357,224</u>
Debt applicable to limit:	
Total bonded debt	\$ 6,907,856
Less: Amount set aside for repayment of general obligation debt	<u>(6,907,856)</u>
Total net debt applicable to limit	<u>\$ -</u>
Legal debt margin	<u>\$ 22,357,224</u>

	Fiscal Year			
	2018	2017	2016	2015
Debt limit	\$ 22,357,224	\$ 20,849,409	\$ 20,282,730	\$ 17,336,892
Total net debt applicable to limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin	<u>\$ 22,357,224</u>	<u>\$ 20,849,409</u>	<u>\$ 20,282,730</u>	<u>\$ 17,336,892</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.

TABLE XIV

2014	2013	2012	2011	2010	2009
\$ 16,683,750	\$ 16,408,380	\$ 13,912,800	\$ 13,792,365	\$ 14,852,400	\$ 14,643,870
-	-	-	695,000	755,000	814,439
<u>\$ 16,683,750</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>
0.00%	0.00%	0.00%	5.04%	5.08%	5.56%

CITY OF WORTHINGTON, MINNESOTA

TABLE XV

PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS
(Unaudited)

FISCAL YEAR	WATER REVENUE BONDS/NOTES					
	UTILITY SERVICE CHARGES	LESS: OPERATING EXPENSES	NET AVAILABLE REVENUE	DEBT SERVICE		COVERAGE
				PRINCIPAL	INTEREST	
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
2018	3,855,574	2,074,303	1,781,271	155,000	86,676	7.37

FISCAL YEAR	MUNICIPAL WASTEWATER REVENUE BONDS					
	UTILITY SERVICE CHARGES	LESS: OPERATING EXPENSES	NET AVAILABLE REVENUE	DEBT SERVICE		COVERAGE
				PRINCIPAL	INTEREST	
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	-	-	-
2018	2,247,113	1,449,346	797,767	-	-	-

(Continued)

CITY OF WORTHINGTON, MINNESOTA

TABLE XV

(Continued)

PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS
(Unaudited)

FISCAL YEAR	ELECTRIC REVENUE BONDS					
	UTILITY SERVICE CHARGES	LESS: OPERATING EXPENSES	NET AVAILABLE REVENUE	DEBT SERVICE		COVERAGE
				PRINCIPAL	INTEREST	
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	-	-	-
2018	20,613,652	18,384,490	2,229,162	-	-	-

FISCAL YEAR	INDUSTRIAL WASTEWATER REVENUE BONDS					
	UTILITY SERVICE CHARGES	LESS: OPERATING EXPENSES	NET AVAILABLE REVENUE	DEBT SERVICE		COVERAGE
				PRINCIPAL	INTEREST	
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	-	-	-
2018	1,723,607	1,497,103	226,504	-	-	-

(Continued)

TABLE XV

(Continued)

CITY OF WORTHINGTON, MINNESOTA

 PLEDGED-REVENUE COVERAGE
 LAST TEN FISCAL YEARS
 (Unaudited)

YEAR	SPECIAL ASSESSMENT BONDS*				
	SPECIAL ASSESSMENT COLLECTIONS	DEBT SERVICE		COVERAGE	
		PRINCIPAL	INTEREST		
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	
2018	512,808	1,240,000	182,526	0.36	

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
2009	11,796	\$ 726,266,000	\$ 34,068	82.00 %	2,404	5.26 %	7.97 %	9.27 %
2010	12,764	784,211,000	36,604	76.40	2,512	4.95	7.33	9.27
2011	12,800	876,707,000	40,570	79.20	2,599	5.08	6.41	8.95
2012	12,803	897,457,000	41,308	80.60	2,694	4.33	5.65	8.07
2013	12,827	928,463,000	42,600	80.56	2,823	3.98	5.08	7.38
2014	12,982	954,212,000	43,969	90.00	2,979	3.35	4.09	6.17
2015	12,995	984,114,000	45,120	84.00	3,077	3.25	3.71	5.30
2016	13,145	907,299,000	41,211	87.91	3,133	3.80	3.94	4.87
2017	13,478	924,800,000	42,144	87.50	3,209	3.35	3.46	4.35
2018	13,497	- *	*		3,269	2.63	2.91	3.90

(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	2018			2009		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Swift Independent Packing Company	2,100	1	19.11 %	2,400	1	21.80 %
Independent School District #518	545	2	4.96	500	2	4.54
Sanford Regional Hospital	404	3	3.68	300	3	2.72
Bedford Industries Inc.	325	4	2.96	225	5	2.04
Hy-Vee Food Stores	301	5	2.74	150	7	1.36
City of Worthington	185	6	1.68	-	-	-
Nobles County	184	7	1.67	-	-	-
Highland Manufacturing	180	8	1.64	140	8	1.27
Wal-Mart Super Center	178	9	1.62	275	4	2.50
Client Community Services	135	10	1.23	120 *	9	1.09
MRCI (The Achievement Center-TAC)	-	-	-	154	6	1.40
MN West Community & Technical College	-	-	-	105	10	0.95
Totals	4,537		41.29 %	4,369		39.68 %

*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									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental activities:										
General government										
Executive	2.75	2.70	2.79	2.75	2.86	2.74	2.75	2.75	2.75	2.13
City Clerk	2.92	2.00	2.85	2.02	2.02	2.00	2.00	2.00	2.00	2.00
Financial administration	4.05	4.06	4.23	4.05	4.16	4.10	4.13	4.15	4.17	4.17
Community development ¹	9.45	9.57	10.02	9.34	9.94	9.01	8.76	8.76	8.92	9.29
Other general government	0.38	0.40	0.41	0.41	0.41	0.41	0.43	0.43	0.41	0.38
Public safety										
Police	35.41	35.64	37.55	35.42	34.54	35.23	35.19	34.75	35.25	35.47
Fire	2.18	1.39	1.41	1.89	1.28	1.55	1.43	1.78	1.03	1.43
Animal control	0.50	0.53	0.54	0.54	0.50	0.50	0.50	0.50	0.50	0.50
Code enforcement ³	1.06	1.05	1.08	1.04	1.04	1.10	1.00	1.02	1.03	0.00
Public works										
Streets ²	7.56	7.67	6.34	5.35	6.00	6.01	5.85	5.48	7.23	7.45
Sanitation ³	0.00	0.00	0.00	0.00	0.02	0.03	0.00	0.02	0.04	1.02
Special assessments ¹	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Culture and recreation										
Recreation ⁴	1.65	2.19	2.22	3.31	3.64	2.54	2.40	3.37	5.84	7.20
Parks	8.25	6.82	8.32	8.04	6.88	7.38	6.44	6.45	6.53	5.89
Conservation and development										
Natural resources ²	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Economic development and assistance ²	0.12	0.13	0.14	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total governmental activities employees	76.28	74.15	77.90	74.16	73.29	72.60	70.88	71.46	75.70	76.93
Business-type activities:										
Water	6.71	6.64	6.81	6.63	6.75	6.68	6.68	7.82	6.64	6.63
Municipal Wastewater	8.21	8.34	8.63	8.34	8.42	8.43	8.15	8.39	8.44	8.36
Electric	13.40	13.61	14.12	13.61	13.67	13.88	13.46	13.66	13.21	13.26
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	0.00
Liquor	6.60	6.02	5.94	5.53	5.63	5.89	5.36	5.45	4.91	5.27
Airport	0.16	0.12	0.14	0.12	0.11	0.11	0.13	0.13	0.04	0.13
Memorial Auditorium ⁴	0.00	0.00	0.00	0.00	0.00	1.46	1.69	1.60	0.74	0.89
Total business-type activities employees	35.08	34.73	35.64	34.23	34.58	36.45	35.47	37.05	33.98	34.54
Total city full-time equivalent employees	111.36	108.88	113.54	108.39	107.87	109.05	106.35	108.51	109.68	111.47

Source: Finance Department, City of Worthington

¹Starting in 2009 Special Assessments FTE's are included in Community Development due to a new financial software package the city implemented.²Starting 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.³Starting in 2010 Code Enforcement (previously Sanitation) is included under Public Safety instead of Public Works.⁴Starting 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 year (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			
	2018	2017	2016	2015
General government				
Business licenses issued	81	83	85	82
Building permits issued	464	567	599	617
Estimated value of building permits issued	\$19,084,512	\$28,618,611	\$20,751,921	\$17,407,919
Other permits issued (sanitary sewer, excavation, plumbing, etc.)	177	204	161	144
Public safety				
Physical arrests	374	321	362	407
Citations (parking, etc.)	1,477	1,320	1,518	1,884
Alarms requiring response	247	184	181	214
Street value of drugs seized in searches	\$2,781,330	\$1,304,362	\$379,596	\$256,000
Ambulance calls	548	608	608	589
911 calls	1,360	1,422	1,420	1,454
Fire calls	31	39	36	57
Animals impounded	94	58	84	68
Animals adopted out or returned to owners	93	58	84	68
City nuisance code violations investigated ²	8,422	8,329	8,301	8,112
Junked/abandoned vehicles removed ²	N/A	N/A	N/A	4
Notices served for weed/grass complaints ²	953	893	771	583
Hours spent monitoring parking	205	220	210	240
Public works				
Sidewalk repaired at city cost (feet)	100	100	150	295
Asphalt hot patch (tons)	400	400	400	413
Concrete patch materials (yards)	45	40	45	36
Snowfall received (inches)	79.6	26.6	41.4	41.8
Cost of snow removal (per inch)	\$2,709	\$3,610	\$2,483	\$2,697
Personnel hours spent plowing/sanding	2,816	958	1,623	1,587
Faded stop/yield signs replaced	10	7	8	12
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	244/40	193/173	283/0	196/20
Appliances hauled away at city-wide clean-up ¹	512	581	577	154
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	114	74	53	48
Days utilized ³	330	224	209	142
Annual audience ³	32,350	27,400	25,530	24,600
Number of registrants in various recreation programs ⁴	411	418	377	379
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	N/A
Shelter house reservations at parks	107	124	133	106
Camping units served at Olson Park Campground	2,157	2,307	2,224	2,689
Conservation and development				
Trees planted				
Street boulevards	0	39	45	250
Parks	19	11	10	0
Trees removed				
Street boulevards	65	40	42	40
Parks	20	25	13	14

TABLE XIX

2014	2013	2012	2011	2010	2009
62	64	64	63	64	68
623	592	670	700	731	702
\$13,075,162	\$8,651,931	\$30,507,538	\$13,165,143	\$20,598,997	\$21,483,025
143	122	166	155	135	134
649	762	433	766	450	926
2,138	2,008	2,283	2,280	3,024	2,044
209	186	245	260	288	156
\$181,600	\$252,725	\$640,000	\$114,410	\$440,750	\$384,280
537	522	802	772	631	712
1,395	1,745	1,172	1,493	1,680	2,090
39	61	62	88	70	116
62	82	79	79	104	101
59	80	79	26	23	36
8,086	8,021	7,401	7,217	7,128	N/A
2	3	6	3	11	N/A
489	741	690	681	629	N/A
388	200	550	510	N/A	N/A
301	156	612	85	120	295
219	240	208	261	226	441
157	190	216	49	132	173
44.8	56	45.6	71.5	58.0	35.0
\$1,908	\$2,097	\$2,826	\$2,881	\$2,939	\$2,600
1,382	1,390	2,220	2,332	2,776	2,088
9	10	14	12	46	14
N/A	N/A	N/A	N/A	N/A	N/A
248/214	190/126	216/264	200/248	414/387	414/154
33	138	189	235	777	802
N/A	N/A	N/A	N/A	N/A	6,941
N/A	N/A	N/A	N/A	N/A	18
N/A	N/A	N/A	N/A	N/A	49
36	N/A	N/A	N/A	N/A	N/A
135	N/A	N/A	N/A	N/A	N/A
22,500	N/A	N/A	N/A	N/A	N/A
415	402	380	365	360	387
N/A	N/A	N/A	N/A	N/A	3,893
N/A	N/A	N/A	N/A	N/A	6,021
N/A	N/A	N/A	N/A	N/A	55
136	167	158	157	152	118
108	102	91	91	84	85
2,249	N/A	N/A	N/A	N/A	609
0	0	0	0	0	32
0	1	0	0	0	10
47	725	51	37	121	37
4	225	5	25	23	4

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

Function/Program	Fiscal Year			
	2018	2017	2016	2015
Business-type activities:				
Water				
Average daily consumption (gallons)				
Commercial	441,769	458,067	463,953	475,377
Residential	652,050	640,869	647,466	622,734
Industrial	1,639,416	1,635,422	1,624,405	1,627,945
Municipal Wastewater				
Average sewage treated (million gallons per day)	2.36	1.94	2.25	1.56
Electric				
Average daily consumption (KWH)				
Residential	101,231	92,965	99,490	94,029
Commercial	186,033	178,255	182,360	182,705
Industrial	309,338	312,230	308,575	303,011
Industrial Wastewater Facility				
Average gallons treated (million gallons per day)	1.77	1.70	1.74	1.58
Storm Water Management⁵				
Debris/leaves collected sweeping (yards)	N/A	N/A	1,785	1,972
Average cost per lane mile of street sweeping	N/A	N/A	\$30.99	\$32.09
Liquor				
Customers served	162,456	151,051	151,337	150,707
Average daily sales	\$11,650	\$11,472	\$12,088	\$11,866
Airport				
Hangars rented	19	19	20	20
Fuel pumped (gallons)	60,303	70,826	70,252	74,804
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 accounted 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

2014	2013	2012	2011	2010	2009
442,688	456,050	489,757	474,683	423,546	406,521
633,918	661,643	725,939	671,182	698,994	728,679
1,461,566	1,484,727	1,567,133	1,566,825	1,559,812	1,473,592
1.37	1.38	1.52	2.25	2.16	1.90
96,864	100,361	99,840	102,391	101,101	98,227
183,468	181,011	182,483	182,814	176,547	169,643
277,541	293,345	307,355	283,276	269,579	266,512
1.44	1.51	1.50	1.77	1.67	1.63
1,604	3,850	2,350	2,250	2,048	2,425
\$34.16	\$27.43	\$26.63	\$25.57	\$24.72	\$27.18
147,325	144,514	143,281	139,637	132,884	127,003
\$11,235	\$10,624	\$10,078	\$9,229	\$8,458	\$7,830
19	16	16	16	16	16
70,027	72,052	50,994	76,586	72,543	75,714
N/A	34	32	30	14	28
N/A	169	178	169	87	208
N/A	19,886	21,363	18,856	11,143	18,446

CITY OF WORTHINGTON, MINNESOTA

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

Function/Program	Fiscal Year			
	2018	2017	2016	2015
General government				
Community development				
Vehicles	4	4	4	4
Public safety				
Police				
Buildings ¹	1	1	1	1
Square footage of holding/booking area ¹	12,000	12,000	12,000	12,000
Capacity of jail cells (individuals) ¹	104	104	104	104
Patrol units	12	12	12	12
Other vehicles	9	10	10	9
Fire				
Stations	1	1	1	1
Fire vehicles	9	9	8	8
Animal control vehicles	1	1	1	1
Public works				
Streets (miles)	74.6	74.6	68.2	67.4
Highway (miles)	7.8	7.8	7.8	7.8
Traffic signals	3	3	3	4
Stop signs	244	240	235	235
Snow removal equipment (plows, haulers)	14	14	13	13
Culture and recreation				
Memorial Auditorium				
Number of stages ²	2	2	2	2
Facility seating ²	707	735	735	735
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 ³	0	0	0	1
Bandshells for public performances	1	1	1	1
Campgrounds	1	1	1	1
Conservation and development				
Lakes	1	1	1	1
City maintained lake shoreline (miles)	4.5	4.5	4.5	4.5

TABLE XX

2014	2013	2012	2011	2010	2009
3	3	3	3	3	3
1	1	1	1	1	1
12000	12,000	12,000	12,000	12,000	12,000
104	104	104	104	104	104
12	11	15	11	11	14
9	11	10	10	11	7
1	1	1	1	1	1
8	8	8	8	8	8
1	1	1	1	1	1
67.3	67.3	67.3	67.3	67.3	66.5
9.1	9.1	9.1	9.1	9.1	9.1
5	5	4	4	4	3
229	229	229	229	229	218
13	13	13	13	13	13
2	N/A	N/A	N/A	N/A	N/A
735	N/A	N/A	N/A	N/A	N/A
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	0	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			
	2018	2017	2016	2015
Business-type activities:				
Water				
Water mains (miles)	80.8	79.9	79.9	79.2
Number of connections (residential, commercial, industrial & seasonal)	4,164	4,157	4,155	4,112
Fire hydrants	635	625	625	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)	55.9	55.1	55.1	55.1
Average treatment capacity (million of gallons per day)	2.75	2.74	2.25	1.57
Maximum daily treatment capacity (million gallons per day)	4.0	4.0	4.0	4.0
Electric				
Number of distribution stations	2	2	2	2
Service lines-primary (miles)	115	115	130	130
Service line-secondary (miles)	143	143	175	175
Streetlights	1,957	1,957	1,958	1,899
Storm Water Management				
Storm sewers (miles)	52.7	52.7	52.7	52.7
Liquor				
Buildings	1	1	1	1
Square footage (feet)	12,400	6,750	6,750	6,750
Number of coolers	3	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 ²				
Number of stages	N/A	N/A	N/A	N/A
Facility seating	N/A	N/A	N/A	N/A

Sources: Various city departments

¹This facility and its components are shared with Nobles County and the city rents space from the county.²Starting in 2014 the Memorial Auditorium activity is accounted for under culture and recreation programs.³Starting in 2004 the golf course is accounted for in the recreation program.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

2014	2013	2012	2011	2010	2009
78.9	78.9	78.5	77.7	78.1	77.6
4,075 621	4,044 613	4,045 611	4,019 608	4,003 605	4,046 599
2,200 2,300	2,200 2,300	2,200 2,300	2,200 2,300	2,200 2,300	6,200 2,300
55.1	55.1	55.1	55.1	55.0	54.8
1.37	1.32	1.52	2.25	2.16	1.76
4.0	4.0	4.0	4.0	4.0	4.0
2 125 175 1,900	2 125 175 1,900	2 125 175 1,880	2 120 170 1,868	3 112 169 1,864	3 125 175 1,779
52.7	52.7	52.7	52.7	52.7	52.6
1 6,750 2	1 6,750 2	1 6,750 2	1 6,750 2	1 6,750 2	1 6,750 2
5	5	5	5	5	5
512 1 22 2 2 4	512 1 20 2 2 4	512 1 20 2 2 4	512 1 20 2 2 4	512 1 20 2 2 4	512 1 20 2 2 4
N/A N/A	2 735	2 735	2 735	2 735	2 735

City of
Worthington