

CITY OF WORTHINGTON, MINNESOTA

Comprehensive Annual Financial Report

For the fiscal year ended December 31, 2019

CITY OF WORTHINGTON, MINNESOTA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended December 31, 2019

Prepared by:
Department of Finance

City of Worthington, Minnesota
 Comprehensive Annual Financial Report
 For the Fiscal Year Ended December 31, 2019

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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 22, 2020

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, 2019.

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, 2019, 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, 2019, 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 13,522. 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 2019, the City issued 480 building permits (14 permits more than issued in 2018) for a cumulative total of \$33.36 million of construction work, which is 74% more than the construction value reported in 2018. The current economic environment has resulted in the investment of over \$119 million in building activities within the corporate limits of Worthington between January 2015 and December 2019.

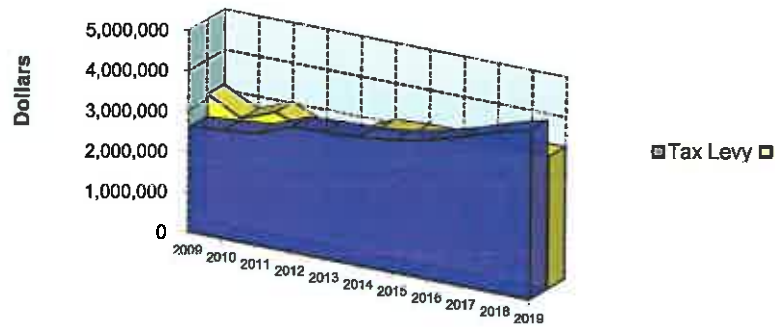
Worthington has low unemployment and the challenge to fill open positions has limited growth for a number of local businesses. The City's economic development focus has been on creating employees. City leaders subsequently conducted a number of listening sessions with citizen groups in an effort to get input as to initiatives that could be undertaken to improve the livability. As a result of those sessions, quality of life amenities were identified. These amenities have been incorporated into the project list that is being undertaken as a result of the local option sales tax that began in January 2020.

Long-term financial planning. Unassigned fund balance in the general fund at year end was 47 percent of the total general fund budgeted expenditures. This amount is within the policy guidelines (35%-50%) set by the Council for budgetary and planning purposes. This year-end amount is within the target percentages set by the policy guidelines (2017 percentage was 52% and 2018 percentage was 24%).

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 7.99% for taxes payable in 2019. Following is a graph comparing the City's tax levy and LGA received in the appropriate years.

Tax Levy & LGA



The City is in the final year of contracts with the City's three bargaining units (Law Enforcement Labor Services (LELS) #4 and #274 and Union of Operating Engineers Local #49, AFL-CIO). The cost of living (COLA) increases for all three unions and non-aligned employees for years 2018-2020 is 3.5%, 3.0% and 3.0%.

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 residential subdivisions. 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. Annexation, platting and engineering design are currently underway on a subdivision that will eventually result in more than 85 new residential lots. The City also acquired undeveloped land extending from the west terminus of Cecilee Street to Grand Avenue. This development will have as many as 18 new single-family lots.

Park Improvements. Centennial Park is undergoing a complete makeover. A splash pad was completed in July and a new playground, restroom and concession building, and shelter building will be completed in 2020. A new restroom/shelter building is coming to Slate Park as well as new restrooms are planned for Buss Field. The tennis court at Pleasant Park are scheduled for reconstruction.

Field House. An existing city facility is planned to be repurposed for a turf surface field house and indoor playground area.

Outdoor Aquatics Facility. Expansion of the City's outdoor aquatic center is in the planning stages.

Public Works Facility. The renovation of an existing building to house the Public Works Department was completed in late 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, 2019. This was the thirty-first 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**

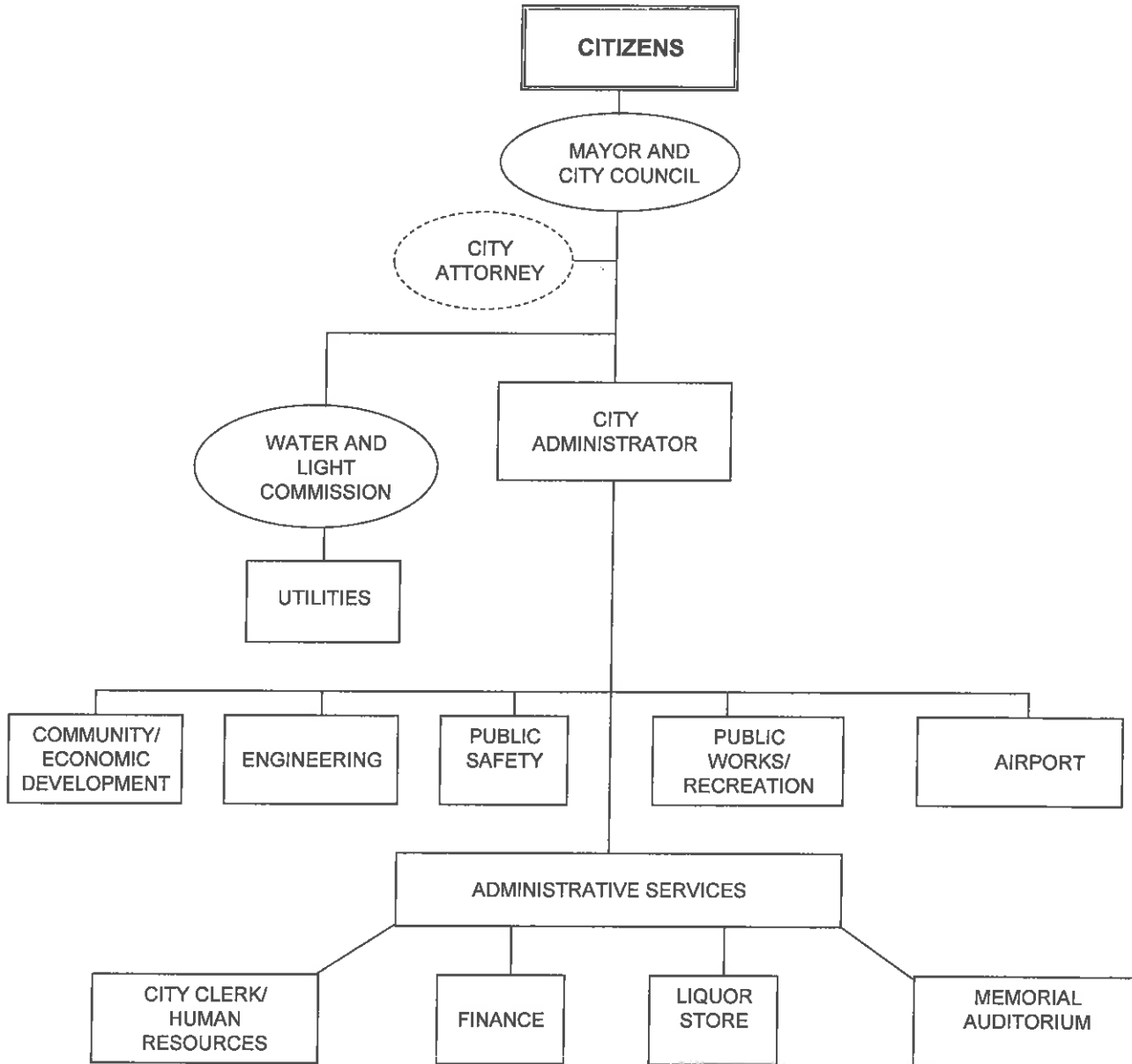
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2018

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, 2019

ELECTED OFFICIALS

| | | <u>TERM EXPIRES</u> |
|--------------------|---------------|---------------------|
| Mayor | Mike Kuhle | December 2022 |
| Alderman, Ward I | Larry Janssen | December 2022 |
| Alderman, Ward I | Alan Oberloh | December 2020 |
| Alderman, Ward II | Mike Harmon | December 2022 |
| 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 | Mindy Eggers |
| City Engineer | Dwayne Haffield |
| City Attorney | Jesse Flynn, Flynn & Riordan, PLLC |

DEPARTMENT HEADS

| | |
|--|-----------------|
| City Administrator | Steven Robinson |
| City Clerk | Mindy Eggers |
| Director of Finance | Brian Kolander |
| Director of Engineering | Dwayne Haffield |
| Director of Community/Economic Development/Asst. City Administrator | 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.



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

CERTIFIED PUBLIC ACCOUNTANTS

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

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, 2019, and the related notes to the financial statements, which collectively comprise the City of Worthington, Minnesota'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 from 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, 2019, 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 1 to the financial statements, in 2019 the City adopted new accounting guidance, GASB No. 84, *Fiduciary Activities*. 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 22, 2020, on our consideration of the City of Worthington, Minnesota's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Worthington, Minnesota's internal control over financial reporting and compliance.

Dreelan Kvilhaug Hoeft & Co., P.A.

Worthington, Minnesota
June 22, 2020

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, 2019. 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 \$194,334 (*net position*). Of this amount, \$56,246 (*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 \$5,872. 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 \$35,253, an increase of \$3,455 in comparison with the prior year. Approximately \$3,015 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 \$4,702, or 47 percent of total general fund expenditures.
- The City of Worthington retired existing debt of \$2,545 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, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between the sum of assets and deferred outflows of resources 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 98-105) 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 pages 42-43 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 45-83 of this report.

Other information. The combining statements referred to earlier in connection with nonmajor governmental, nonmajor proprietary and internal service are presented immediately following the notes to financial statements. Combining and individual fund statements and schedules can be found on pages 94-117 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 \$194,334 at the close of the most recent fiscal year.

By far the largest portion of the City of Worthington's net position (61.3 percent) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. The City of Worthington uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Worthington's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Worthington's Net Position

| | Governmental Activities | | Business-type Activities | | Total | |
|----------------------------------|----------------------------|-----------|-----------------------------|------------|------------|------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Current assets | \$ 40,306 | \$ 35,021 | \$ 50,874 | \$ 47,288 | \$ 91,180 | \$ 82,309 |
| Capital assets | 65,880 | 59,423 | 68,414 | 68,058 | 134,094 | 127,481 |
| Total assets | \$ 105,986 | \$ 94,444 | \$ 119,288 | \$ 115,346 | \$ 225,274 | \$ 209,790 |
| Deferred outflows | \$ 1,627 | \$ 1,382 | \$ 787 | \$ (77) | \$ 2,414 | \$ 1,305 |
| Current liabilities | \$ 2,324 | \$ 1,300 | \$ 2,838 | \$ 2,567 | \$ 4,962 | \$ 3,867 |
| Non-current liabilities | 20,227 | 12,527 | 4,462 | 4,613 | 24,689 | 17,140 |
| Total liabilities | \$ 22,551 | \$ 13,827 | \$ 7,100 | \$ 7,180 | \$ 29,651 | \$ 21,007 |
| Deferred inflows | \$ 2,395 | \$ 2,781 | \$ 1,308 | \$ 167 | \$ 3,703 | \$ 2,948 |
| Net investment in capital assets | \$ 51,948 | \$ 53,325 | \$ 67,179 | \$ 66,824 | \$ 119,127 | \$ 120,149 |
| Restricted | 1,306 | 1,339 | 17,656 | 18,059 | 18,962 | 19,398 |
| Unrestricted | 29,413 | 24,554 | 26,832 | 23,039 | 56,245 | 47,593 |
| Total net position | \$ 82,667 | \$ 79,218 | \$ 111,667 | \$ 107,922 | \$ 194,334 | \$ 187,140 |

A portion of the City of Worthington's net position (9.8 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$56,245) 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 \$5,872 during the current fiscal year. The majority of the increase came from a combination of an increase in cash and cash equivalents/investments and an increase in special assessments receivable and an increase in long-term debt.

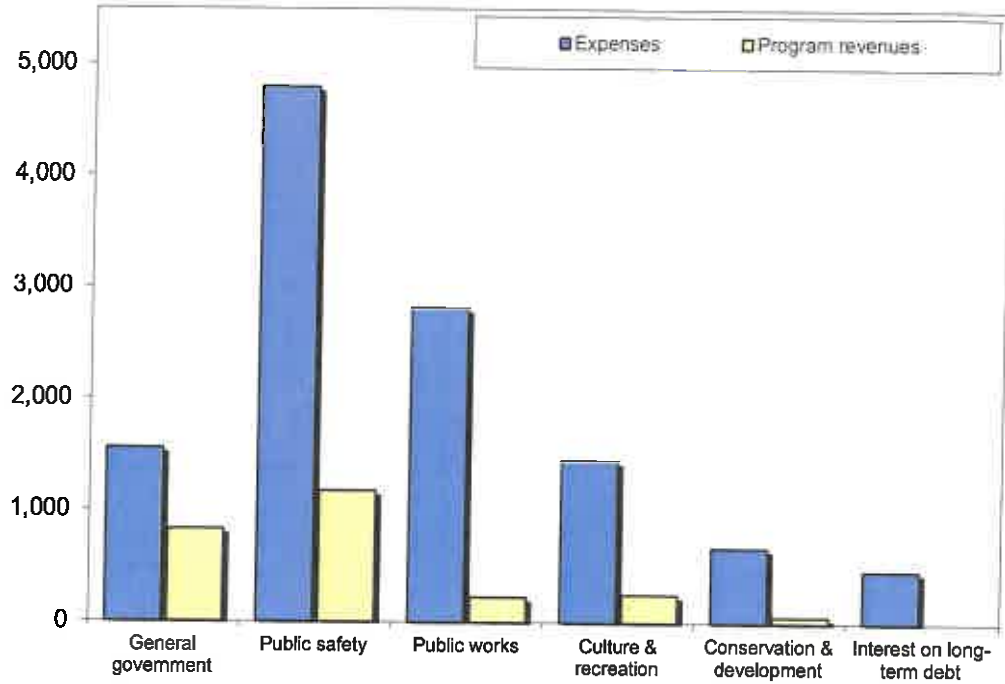
City of Worthington's Changes in Net Position

| | Governmental Activities | | Business-type Activities | | Total | |
|---|----------------------------|------------------|-----------------------------|-------------------|-------------------|-------------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 1,391 | \$ 1,321 | \$ 33,722 | \$ 33,795 | \$ 35,113 | \$ 35,116 |
| Operating grants and contributions | 758 | 689 | 73 | 84 | 831 | 773 |
| Capital grants and contributions | 399 | 50 | 843 | 2,509 | 1,242 | 2,559 |
| General revenues: | | | | | | |
| Property taxes | 4,181 | 3,913 | - | - | 4,181 | 3,913 |
| Other taxes | 397 | 1,119 | - | - | 397 | 1,119 |
| Grants and contributions not restricted to specific programs | 3,295 | 3,290 | - | - | 3,295 | 3,290 |
| Other | 2,141 | 1,132 | 795 | 632 | 2,936 | 1,764 |
| Total revenues | \$ 12,562 | \$ 11,514 | \$ 35,433 | \$ 37,020 | \$ 47,995 | \$ 48,534 |
| Expenses: | | | | | | |
| General government | \$ 1,556 | \$ 1,568 | \$ - | \$ - | \$ 1,556 | \$ 1,568 |
| Public safety | 4,792 | 4,827 | - | - | 4,792 | 4,827 |
| Public works | 2,814 | 2,500 | - | - | 2,814 | 2,500 |
| Culture and recreation | 1,453 | 1,472 | - | - | 1,453 | 1,472 |
| Conservation and development | 675 | 530 | - | - | 675 | 530 |
| Interest on long-term debt | 473 | 369 | - | - | 473 | 369 |
| Water | - | - | 2,635 | 2,828 | 2,635 | 2,828 |
| Municipal Wastewater | - | - | 1,780 | 1,778 | 1,780 | 1,778 |
| Electric | - | - | 18,786 | 19,179 | 18,786 | 19,179 |
| Industrial Wastewater Facility | - | - | 1,777 | 1,748 | 1,777 | 1,748 |
| Storm Water Management | - | - | 338 | 331 | 338 | 331 |
| Street Lighting | - | - | 51 | 55 | 51 | 55 |
| Liquor | - | - | 4,097 | 3,869 | 4,097 | 3,869 |
| Airport | - | - | 768 | 745 | 768 | 745 |
| Cable Television | - | - | 128 | 128 | 128 | 128 |
| Total expenses | \$ 11,763 | \$ 11,266 | \$ 30,360 | \$ 30,661 | \$ 42,123 | \$ 41,927 |
| Increase(decrease) in net position before transfers | \$ 799 | \$ 248 | \$ 5,073 | \$ 6,359 | \$ 5,872 | \$ 6,607 |
| Transfers | 1,328 | 861 | (1,328) | (861) | - | - |
| Increase(decrease) in net position | \$ 2,127 | \$ 1,109 | \$ 3,745 | \$ 5,498 | \$ 5,872 | \$ 6,607 |
| Net position-January 1 | 79,218 | 82,795 | 107,922 | 102,568 | 187,140 | 185,363 |
| Prior period adjustment | 1,322 | (4,686) | - | (144) | 1,322 | (4,830) |
| Net position-December 31 | \$ 82,667 | \$ 79,218 | \$ 111,667 | \$ 107,922 | \$ 194,334 | \$ 187,140 |

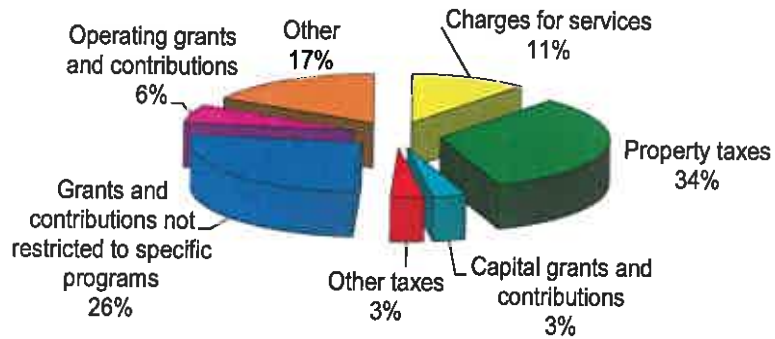
Governmental activities. Governmental activities increased the City of Worthington's net position by \$2,127, thereby accounting for 36.2 percent of the total increase in the net position of the City of Worthington. Key elements of this increase are as follows:

- The main reasons for the increase relates to a mixture of certain revenues increasing over 2018 as well as certain expenses decreasing. Capital grants and contributions increased due funding received for Fire Department equipment. Property tax revenues increased due to the funding of operations over revenue sources available. Other revenues increased mainly due to increase in the fair market value of investments. The general government expenses increased due to matching grant agreement for the Nobles County Historical Society. The public works expenses increased due to renovation of new public works facility.

Expenses and Program Revenues – Governmental Activities



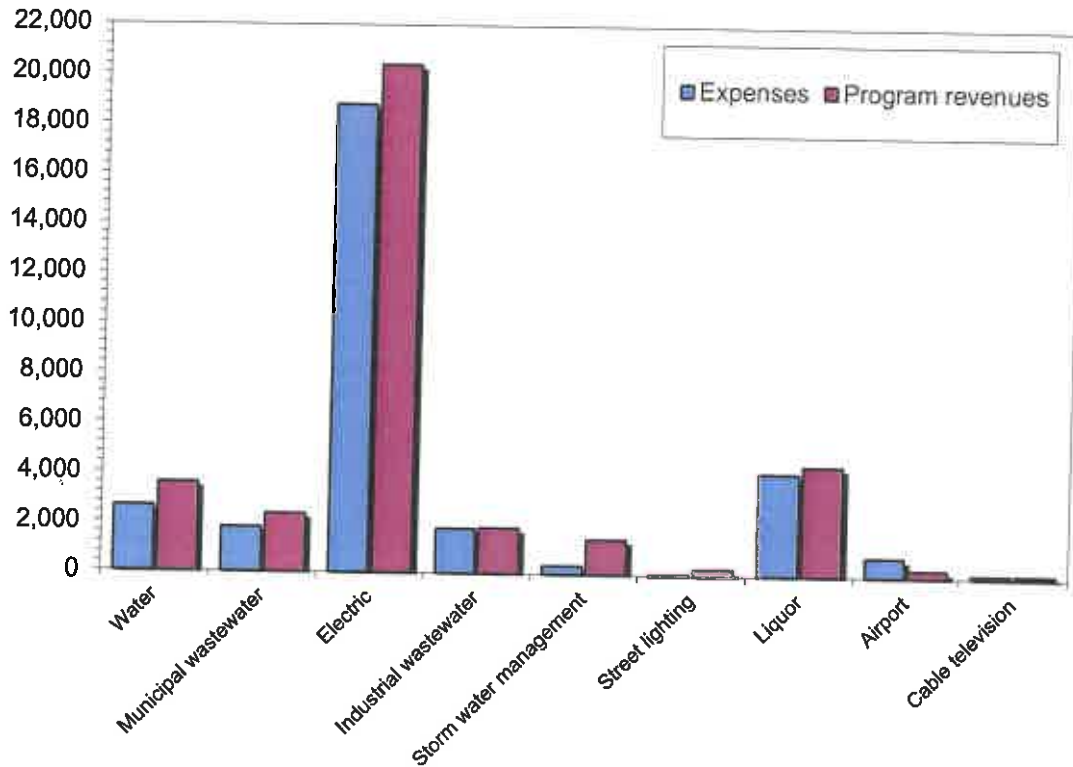
Revenues by Source – Governmental Activities



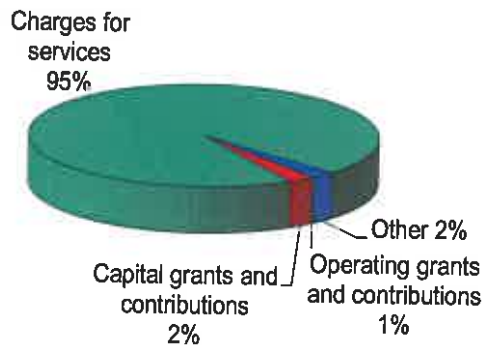
Overall, governmental activities expenses increased by \$497 in 2019 from 2018.

Business-type activities. Business-type activities increased the City of Worthington’s net position by \$3,745 accounting for 63.8 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 as well as investment earnings (\$241) and expenses less than expected (\$381), mainly due to capital related expenses. Municipal Wastewater revenues that were more than expected due to operating revenues being more than expected as well as investment earnings (\$138) and expenses less than expected (\$939), mainly due to capital related expenses. Electric revenues that were less than expected due to usage (\$214) and expenses less than expected (\$1,230), 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 \$35,253, an increase of \$3,455 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 \$32,713 at year end. The remainder of fund balance is in *nonspendable or restricted* to indicate that it is not available for new spending because it has already been obligated 1) to pay debt service (\$1,945), 2) for land held for resale (\$252), 3) for Buffalo Ridge (\$205), 4) for prepaid items (\$117), 5) for capital projects (\$1) and 6) for inventory (\$20) 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 \$4,702, while total fund balance was \$9,185. 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 47 percent of total general fund expenditures, while total fund balance represents 91 percent of that same amount.

The fund balance of the City of Worthington's general fund increased by \$2,481 during the current fiscal year. The key factors of this increase are as follows:

- Taxes revenues were more than budgeted due to lodging tax revenues being moved from fiduciary fund classification to general fund without being budgeted.
- Licenses and permit revenues were more than budgeted mainly to more building permits issued for construction projects.
- Intergovernmental revenues were more than budgeted mainly due to federal and other state grants coming in more than budgeted due to additional grants received that were not budgeted.
- Fines and forfeits revenues were less than budgeted mainly due to court fines coming in less than budgeted.
- Miscellaneous revenues were more than budgeted mainly due to net increase in the fair value of investments and refunds and reimbursements from a prior year mainly due to recouped costs associated with blighted property.
- General government expenditures were less than budgeted mainly due to awards not granted for economic development items.
- Public works expenditures were less due to capital expenditures related to new public works facility as well as personnel services due to snow removal coming in over budget.
- Conservation and development expenditures were more than budgeted mainly due to lake improvement capital expenditures not made as well as lodging tax expenditures being moved from fiduciary fund classification to general fund without being budgeted.

The WRH fund has a fund balance of \$11,709 which decreased by \$1,219 due mainly to operating transfers out for two parcels of land and recreation projects.

The PIR Series Bonds fund has a fund balance of \$1,945 which is a decrease of \$171 due to special assessments costs.

The Improvement Construction fund had a fund balance of \$7,985 which is an increase of \$4,331. The key factors of this increase is from the issuance of bonds for improvement projects.

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 \$328, \$8,969, \$13,500, \$(602), and \$692, respectively. The total growth (decrease) in net position for the water, municipal wastewater, electric, liquor, and airport were \$1,075, \$822, \$941, \$30, and \$(447) 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 \$405 increase in appropriations between the original and final amended budget. Following are the main components of the increase:

- \$79 supplemental appropriations to the general government department for City Hall HVAC repairs (\$13) and pavement of fairground's road (\$66). The HVAC repairs were funded through existing reserves and the road pavement was funded through the extension of local option sales tax. \$326 supplemental appropriation to the public safety department for the purchase of turn out gear for the fire department. The appropriation was funded by additional intergovernmental revenues in the form of a FEMA grant.

The most significant variances between the final budget and actual expenses in the general fund occurred in the general government (favorable - \$304), public works (favorable - \$168) and conservation and development

(unfavorable - \$83). The favorable variance in general government was largely due new legislative authority disallowing counties to allocate assessing charges out to other local governmental units and community & economic development expenditures not made for the Worthington Rediscovered program or the annual housing grant writing. The favorable variance in the public works expenditures was largely due to expenditures related to new public works facility and costs for snow removal. The unfavorable variance in conservation and development expenditures was due to other services and charges for lodging taxes moved from fiduciary funds not originally budgeted 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, 2019, amounts to \$134,094 (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 .95 percent (a .90 percent increase for governmental activities and a .99 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 (\$15), recreation projects (\$392), street projects (\$237), water projects (\$1,413), municipal wastewater projects (\$587) and electric projects (\$185).
- Many street construction projects were in progress but not completed by the end of 2019.

City of Worthington's Capital Assets

| | Governmental Activities | | Business-type Activities | | Total | |
|--------------------------|----------------------------|------------------|-----------------------------|-------------------|-------------------|-------------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Land | \$ 5,259 | \$ 4,035 | \$ 1,697 | \$ 1,695 | \$ 6,956 | \$ 5,730 |
| Buildings and structures | 24,306 | 21,015 | 31,927 | 31,927 | 56,233 | 52,942 |
| Improvements | 4,368 | 3,609 | 84,821 | 80,583 | 89,189 | 84,192 |
| Infrastructure | 52,465 | 48,889 | - | - | 52,465 | 48,889 |
| Machinery and equipment | 6,328 | 5,834 | 5,383 | 5,228 | 11,711 | 11,062 |
| Furniture and fixtures | 474 | 466 | 220 | 220 | 694 | 686 |
| Other capital assets | 309 | 309 | - | - | 309 | 309 |
| Intangibles | 135 | 135 | 3,200 | 3,200 | 3,335 | 3,335 |
| Work in progress | 11,250 | 11,688 | 7,635 | 8,596 | 18,885 | 20,284 |
| Total | \$ 104,894 | \$ 95,980 | \$ 134,883 | \$ 131,449 | \$ 239,777 | \$ 227,429 |

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 \$15,205. Of this amount, \$14,065 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 | |
|----------------------------------|----------------------------|-------------------|-----------------------------|-------------------|--------------------|-------------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| General obligation bonds | \$ 14,373 | \$ 6,356 | \$ - | \$ - | \$ 14,373 | \$ 6,356 |
| General obligation revenue bonds | - | 552 | 1,140 | 1,140 | 1,140 | 1,692 |
| Total | \$ 14,373 * | \$ 6,908 * | \$ 1,140 * | \$ 1,140 * | \$ 15,513 * | \$ 8,048 * |

*Includes unamortized premium(discounts)

The City of Worthington's total debt increased by \$7,465 (48.1 percent) during the current fiscal year. The City of Worthington retained an AA- rating from Standard and Poor's for general obligation debt.

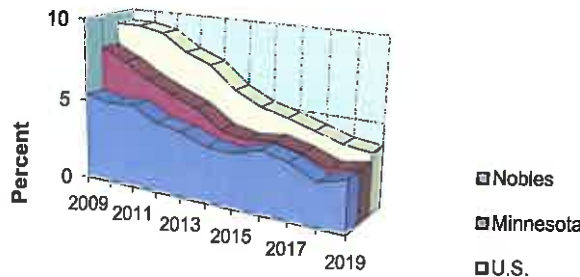
State statutes limit the amount of general obligation debt a governmental entity may issue to 3 percent of its estimated assessed value. The current debt limitation for the City of Worthington is \$20,083, which is significantly in excess of the City of Worthington's outstanding general obligation debt (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 60-64 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Nobles County as of December 31, 2019 is 3.0 percent, which is higher than a year ago (2.6). This compares favorably to the State's average unemployment rate of 3.2 percent and the national average rate of 3.7 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 2019 fiscal year.

During the current fiscal year, unassigned fund balance in the general fund increased to \$4,702.

The COVID-19 outbreak in the United States has caused massive economic disruption through mandatory closings of many local businesses. The disruption is currently expected to be temporary, however there is much uncertainty about the timing and the financial impact ahead. The City has not made any estimates about the future impact of COVID-19.

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, 2019

| | Governmental Activities | Business-Type Activities | Total |
|---|----------------------------|-----------------------------|-----------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 26,682,608 | \$ 40,193,233 | \$ 66,875,841 |
| Investments | 4,793,514 | 7,220,695 | 12,014,209 |
| Accounts receivable | 106,386 | 134,032 | 240,418 |
| Economic revolving receivable | 137,781 | - | 137,781 |
| Notes receivable | 2,810,723 | - | 2,810,723 |
| Utilities receivable | - | 2,665,091 | 2,665,091 |
| Taxes receivable | 44,746 | - | 44,746 |
| Special assessments receivable | 1,660,644 | - | 1,660,644 |
| Interest receivable | 90,559 | 151,072 | 241,631 |
| Internal balances | 1,081,324 | (1,081,324) | - |
| Due from other governments | 2,489,372 | 807,647 | 3,297,019 |
| Contracts receivable | - | 24,467 | 24,467 |
| Inventories | 19,845 | 656,541 | 676,386 |
| Prepayments | 127,314 | 103,498 | 230,812 |
| Net pension asset | 8,774 | - | 8,774 |
| Capital assets held for resale | 252,065 | - | 252,065 |
| Capital assets (Note 4C) | | | |
| Land, intangibles & work in progress | 16,644,219 | 12,532,012 | 29,176,231 |
| Other capital assets, net of depreciation | 49,036,362 | 55,881,976 | 104,918,338 |
| TOTAL ASSETS | \$ 105,986,236 | \$ 119,288,940 | \$ 225,275,176 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred outflows of resources related to pension | \$ 1,558,542 | \$ 768,681 | \$ 2,327,223 |
| Deferred outflows of resources related to OPEB | 68,169 | 18,139 | 86,308 |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | \$ 1,626,711 | \$ 786,820 | \$ 2,413,531 |
| LIABILITIES | | | |
| Accounts payable | \$ 725,380 | \$ 1,990,203 | \$ 2,715,583 |
| Contracts and retainage payable | 321,004 | 95,451 | 416,455 |
| Accrued payroll | 155,413 | 76,888 | 232,301 |
| Due to other governments | 374 | 277,010 | 277,384 |
| Sureties/deposits | 62,091 | 192,115 | 254,206 |
| Accrued interest payable | 301,906 | - | 301,906 |
| Unearned revenue | 758,018 | 6,719 | 764,737 |
| Noncurrent liabilities: | | | |
| Due within one year | 897,359 | 225,000 | 1,122,359 |
| Due in more than one year | 14,378,745 | 2,435,000 | 16,813,745 |
| Net pension liability payable after one year | 3,872,478 | 1,626,997 | 5,499,475 |
| Total OPEB liability payable after one year | 1,078,169 | 174,996 | 1,253,165 |
| TOTAL LIABILITIES | \$ 22,550,937 | \$ 7,100,379 | \$ 29,651,316 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred inflows of resources related to pension | \$ 2,306,304 | \$ 1,284,385 | \$ 3,590,689 |
| Deferred inflows of resources related to OPEB | 88,598 | 23,575 | 112,173 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | \$ 2,394,902 | \$ 1,307,960 | \$ 3,702,862 |
| NET POSITION | | | |
| Net investment in capital assets | \$ 51,947,851 | \$ 67,178,537 | \$ 119,126,388 |
| Restricted for: | | | |
| Capital projects | 1,281 | 17,406,257 | 17,407,538 |
| Debt service | 1,304,758 | 250,000 | 1,554,758 |
| Unrestricted | 29,413,218 | 26,832,627 | 56,245,845 |
| TOTAL NET POSITION | \$ 82,667,108 | \$ 111,667,421 | \$ 194,334,529 |

The accompanying notes are an integral part of these financial statements.

CITY OF WORTHINGTON, MINNESOTA

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2019

| FUNCTION/PROGRAMS | Expenses | Program Revenues | | |
|---------------------------------------|----------------------|----------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| GOVERNMENT ACTIVITIES | | | | |
| General government | \$ 1,556,521 | \$ 829,590 | \$ 2,262 | \$ - |
| Public safety | 4,792,198 | 277,956 | 572,680 | 325,861 |
| Public works | 2,814,259 | 106,914 | 120,111 | - |
| Culture and recreation | 1,452,770 | 176,876 | 1,669 | 72,929 |
| Conservation and development | 674,845 | - | 61,023 | - |
| Interest on long-term debt | 472,552 | - | - | - |
| TOTAL GOVERNMENT ACTIVITIES | \$ 11,763,145 | \$ 1,391,336 | \$ 757,745 | \$ 398,790 |
| BUSINESS-TYPE ACTIVITIES | | | | |
| Water | \$ 2,635,308 | \$ 3,575,846 | \$ - | \$ - |
| Municipal Wastewater | 1,780,122 | 2,325,513 | 7,430 | - |
| Electric | 18,786,279 | 20,397,941 | - | - |
| Industrial Wastewater Facility | 1,776,696 | 1,822,341 | - | - |
| Storm Water Management | 337,918 | 664,978 | - | 743,421 |
| Street Lighting | 50,984 | 263,641 | - | - |
| Liquor | 4,097,626 | 4,403,405 | - | - |
| Airport | 768,503 | 141,030 | 65,801 | 100,097 |
| Cable Television | 127,788 | 127,788 | - | - |
| TOTAL BUSINESS-TYPE ACTIVITIES | \$ 30,361,224 | \$ 33,722,483 | \$ 73,231 | \$ 843,518 |
| TOTAL GOVERNMENT | \$ 42,124,369 | \$ 35,113,819 | \$ 830,976 | \$ 1,242,308 |

General Revenues:

Taxes:

Property taxes

Lodging taxes

Gambling taxes

Tax increment fees

Forfeited tax sale apportion

Grants and contributions not restricted to specific programs

Unrestricted investment earnings

Net increase 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-Agency Funds

Net Position, January 1, restated

Net Position, December 31

The accompanying notes are an integral part of these financial statements.

EXHIBIT 2

Net (Expense) Revenue and Changes in Net Position

| Governmental Activities | Business-type Activities | Total |
|-------------------------|--------------------------|-----------------------|
| \$ (724,669) | \$ - | \$ (724,669) |
| (3,615,701) | - | (3,615,701) |
| (2,587,234) | - | (2,587,234) |
| (1,201,296) | - | (1,201,296) |
| (613,822) | - | (613,822) |
| (472,552) | - | (472,552) |
| <u>\$ (9,215,274)</u> | <u>\$ -</u> | <u>\$ (9,215,274)</u> |
| \$ - | \$ 940,538 | \$ 940,538 |
| - | 552,821 | 552,821 |
| - | 1,611,662 | 1,611,662 |
| - | 45,645 | 45,645 |
| - | 1,070,481 | 1,070,481 |
| - | 212,657 | 212,657 |
| - | 305,779 | 305,779 |
| - | (461,575) | (461,575) |
| <u>\$ -</u> | <u>\$ 4,278,008</u> | <u>\$ 4,278,008</u> |
| <u>\$ (9,215,274)</u> | <u>\$ 4,278,008</u> | <u>\$ (4,937,266)</u> |
| \$ 4,180,869 | \$ 5 | \$ 4,180,874 |
| 193,635 | - | 193,635 |
| 2,206 | - | 2,206 |
| 201,416 | - | 201,416 |
| 74 | - | 74 |
| 3,295,262 | - | 3,295,262 |
| 565,301 | 694,667 | 1,259,968 |
| 757,447 | - | 757,447 |
| 771,931 | 92,282 | 864,213 |
| 46,345 | 7,954 | 54,299 |
| 1,328,276 | (1,328,276) | - |
| <u>\$ 11,342,762</u> | <u>\$ (533,368)</u> | <u>\$ 10,809,394</u> |
| <u>\$ 2,127,488</u> | <u>\$ 3,744,640</u> | <u>\$ 5,872,128</u> |
| \$ 79,217,710 | \$ 107,922,781 | \$ 187,140,491 |
| 1,321,910 | - | 1,321,910 |
| <u>\$ 80,539,620</u> | <u>\$ 107,922,781</u> | <u>\$ 188,462,401</u> |
| <u>\$ 82,667,108</u> | <u>\$ 111,667,421</u> | <u>\$ 194,334,529</u> |

CITY OF WORTHINGTON, MINNESOTA

EXHIBIT 3

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2019

| | General | WRH | PIR Series Bonds | Improvement Construction | Other Governmental Funds (See Exhibit B-1) | Total Governmental Funds |
|--------------------------------|---------------------|----------------------|---------------------|-----------------------------|---|--------------------------------|
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 3,238,807 | \$ 8,113,472 | \$ 1,913,374 | \$ 6,631,558 | \$ 5,528,918 | \$ 25,426,129 |
| Investments | 581,850 | 1,457,581 | 343,736 | 1,191,356 | 993,266 | 4,567,789 |
| Accounts receivable | 59,929 | - | 7,522 | - | 38,935 | 106,386 |
| Economic revolving receivable | - | - | - | - | 137,781 | 137,781 |
| Notes receivable | - | 1,890,723 | - | - | 920,000 | 2,810,723 |
| Taxes receivable | 18,458 | - | 6,092 | 6,952 | 13,244 | 44,746 |
| Special assessments receivable | 197,024 | - | 1,463,620 | - | - | 1,660,644 |
| Interest receivable | 10,516 | 24,146 | 5,835 | 18,271 | 29,761 | 88,529 |
| Interfund loans | 3,069,439 | 223,479 | - | - | - | 3,292,918 |
| Due from other governments | 2,194,280 | - | - | 252,195 | 42,897 | 2,489,372 |
| Inventories | 19,845 | - | - | - | - | 19,845 |
| Prepayments | 90,855 | - | 513 | 3,481 | 21,791 | 116,640 |
| Capital assets held for resale | 252,065 | - | - | - | - | 252,065 |
| TOTAL ASSETS | <u>\$ 9,733,068</u> | <u>\$ 11,709,401</u> | <u>\$ 3,740,692</u> | <u>\$ 8,103,813</u> | <u>\$ 7,726,593</u> | <u>\$ 41,013,567</u> |

(Continued)

The accompanying notes are an integral part of these financial statements.

CITY OF WORTHINGTON, MINNESOTA

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2019

EXHIBIT 3
(Continued)

| | General | WRH | PIR Series Bonds | Improvement Construction | Other Governmental Funds (See Exhibit B-1) | Total Governmental Funds |
|---|---------------------|----------------------|---------------------|-----------------------------|---|--------------------------------|
| LIABILITIES | | | | | | |
| Accounts payable | \$ 245,757 | \$ - | \$ - | \$ 26,354 | \$ 447,917 | \$ 720,028 |
| Contracts and retainage payable | 100,230 | - | - | 92,474 | 128,300 | 321,004 |
| Accrued payroll | 139,484 | - | 1,193 | 23 | 9,120 | 149,820 |
| Interfund loans payable | - | - | - | - | 2,093,415 | 2,093,415 |
| Due to other governments | 57 | - | - | 126 | 191 | 374 |
| Sureties/deposits | 62,091 | - | - | - | - | 62,091 |
| TOTAL LIABILITIES | \$ 547,619 | \$ - | \$ 1,193 | \$ 118,977 | \$ 2,678,943 | \$ 3,346,732 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Unavailable revenue- Special assessments | \$ - | \$ - | \$ 1,794,228 | \$ - | \$ 620,000 | \$ 2,414,228 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | \$ - | \$ - | \$ 1,794,228 | \$ - | \$ 620,000 | \$ 2,414,228 |
| FUND BALANCES | | | | | | |
| Nonspendable | \$ 362,765 | \$ - | \$ 513 | \$ 3,481 | \$ 21,791 | \$ 388,550 |
| Restricted | 1,281 | - | 1,944,758 | - | 204,790 | 2,150,829 |
| Committed | 3,213,621 | - | - | - | 2,766,513 | 5,980,134 |
| Assigned | 905,310 | 11,709,401 | - | 7,981,355 | 3,121,876 | 23,717,942 |
| Unassigned | 4,702,472 | - | - | - | (1,687,320) | 3,015,152 |
| TOTAL FUND BALANCES | \$ 9,185,449 | \$ 11,709,401 | \$ 1,945,271 | \$ 7,984,836 | \$ 4,427,650 | \$ 35,252,607 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | \$ 9,733,068 | \$ 11,709,401 | \$ 3,740,692 | \$ 8,103,813 | \$ 7,726,593 | |

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

65,668,979

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.

1,656,210

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.

474,012

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

90,560

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

(768,191)

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

(81,786)

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.

(19,625,283)

Net position of governmental activities in the statement of net position

\$ 82,667,108

The accompanying notes are an integral part of these financial statements.

CITY OF WORTHINGTON, MINNESOTA

EXHIBIT 4

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2019

| | General | WRH | PIR Series Bonds | Improvement Construction | Other Governmental Funds (See Exhibit B-2) | Total Governmental Funds |
|--|-----------------------|-----------------------|-----------------------|-----------------------------|---|--------------------------------|
| REVENUES | | | | | | |
| Taxes | \$ 1,919,011 | \$ - | \$ 574,152 | \$ 666,707 | \$ 1,449,635 | \$ 4,609,505 |
| Licenses and permits | 303,957 | - | - | - | - | 303,957 |
| Intergovernmental revenues | 4,156,943 | - | 78 | 72,980 | 193,686 | 4,423,687 |
| Charges for services | 457,731 | - | - | - | 315,249 | 772,980 |
| Fines and forfeits | 61,678 | - | - | - | 430 | 62,108 |
| Special assessments | 10,104 | - | 546,144 | - | - | 556,248 |
| Investment earnings | 109,974 | 262,334 | 22,509 | 74,355 | 87,514 | 556,686 |
| Net increase in the fair value of investments | 757,447 | - | - | - | - | 757,447 |
| Rents | 29,033 | - | - | - | 63,553 | 92,586 |
| Other | 137,652 | 130,906 | - | - | 93,711 | 362,269 |
| TOTAL REVENUES | \$ 7,943,530 | \$ 393,240 | \$ 1,142,883 | \$ 814,042 | \$ 2,203,778 | \$ 12,497,473 |
| EXPENDITURES | | | | | | |
| Current | | | | | | |
| General government | \$ 1,768,584 | \$ 542,650 | \$ - | \$ - | \$ 2 | \$ 2,311,236 |
| Public safety | 4,726,356 | - | - | - | 330,109 | 5,056,465 |
| Public works | 3,200,946 | - | 407,007 | - | - | 3,607,953 |
| Culture and recreation | 103,721 | - | - | - | 2,650,489 | 2,754,210 |
| Conservation and development | 253,486 | - | - | - | 3,214,842 | 3,468,328 |
| Capital outlay | | | | | | |
| Projects | - | - | - | 1,854,524 | 174,103 | 2,028,627 |
| Debt service | | | | | | |
| Principal | - | - | 1,830,000 | - | 550,000 | 2,380,000 |
| Interest and fiscal agent fees | - | - | 164,966 | - | 5,680 | 170,646 |
| Miscellaneous | - | - | 83,257 | - | 123 | 83,380 |
| TOTAL EXPENDITURES | \$ 10,053,093 | \$ 542,650 | \$ 2,485,230 | \$ 1,854,524 | \$ 6,925,348 | \$ 21,860,845 |
| DEFICIENCY OF REVENUES UNDER EXPENDITURES | \$ (2,109,563) | \$ (149,410) | \$ (1,342,347) | \$ (1,040,482) | \$ (4,721,570) | \$ (9,363,372) |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Sale of capital asset | \$ 17,591 | \$ - | \$ - | \$ - | \$ 45,270 | \$ 62,861 |
| Issuance of bonds | 3,224,720 | - | 1,093,567 | 5,276,713 | - | 9,595,000 |
| Premium on bonds | 87,458 | - | 29,659 | 143,110 | - | 260,227 |
| Transfer-in | 1,305,761 | 22,367 | 53,332 | - | 3,265,013 | 4,646,473 |
| Transfer-out | (44,733) | (1,091,983) | (5,274) | (48,058) | (1,878,149) | (3,068,197) |
| TOTAL OTHER FINANCING SOURCES (USES) | \$ 4,590,797 | \$ (1,069,616) | \$ 1,171,284 | \$ 5,371,765 | \$ 1,432,134 | \$ 11,496,364 |
| NET CHANGE IN FUND BALANCES | \$ 2,481,234 | \$ (1,219,026) | \$ (171,063) | \$ 4,331,283 | \$ (3,289,436) | \$ 2,132,992 |
| FUND BALANCE, January 1 | 6,704,215 | 12,928,427 | 2,116,334 | 3,653,553 | 7,717,086 | 33,119,615 |
| FUND BALANCE, December 31 | \$ 9,185,449 | \$ 11,709,401 | \$ 1,945,271 | \$ 7,984,836 | \$ 4,427,650 | \$ 35,252,607 |

The accompanying notes are an integral part of these 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, 2019

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) | \$ 2,132,992 |
| 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. | 6,116,455 |
| The net effect of various miscellaneous transactions involving capital assets (i.e., sales and trade-ins) is to increase net assets. | 142,129 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | (3,194) |
| 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. | (7,475,227) |
| 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. | (371,412) |
| 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. | (81,786) |
| Internal service funds are used by management to charge the costs of certain activities to individual funds. | <u>1,667,531</u> |
| Change in net position of governmental activities (See Exhibit 2) | <u>\$ 2,127,488</u> |

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, 2019

| | Budgeted Amounts | | Actual | Variance with Final Budget - Positive (Negative) |
|---|-----------------------|-----------------------|-----------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Taxes | \$ 1,720,523 | \$ 1,720,523 | \$ 1,919,011 | \$ 198,488 |
| Licenses and permits | 252,500 | 252,500 | 303,957 | 51,457 |
| Intergovernmental revenue | 3,752,909 | 4,078,770 | 4,156,943 | 78,173 |
| Charges for services | 391,286 | 391,286 | 457,731 | 66,445 |
| Fines and forfeits | 78,000 | 78,000 | 61,678 | (16,322) |
| Miscellaneous revenue | 183,188 | 183,188 | 1,044,210 | 861,022 |
| TOTAL REVENUES | <u>\$ 6,378,406</u> | <u>\$ 6,704,267</u> | <u>\$ 7,943,530</u> | <u>\$ 1,239,263</u> |
| EXPENDITURES | | | | |
| General government | \$ 1,994,194 | \$ 2,073,194 | \$ 1,768,584 | \$ 304,610 |
| Public safety | 4,395,448 | 4,721,309 | 4,726,356 | (5,047) |
| Public works | 3,369,411 | 3,369,411 | 3,200,946 | 168,465 |
| Culture and recreation | 114,610 | 114,610 | 103,721 | 10,889 |
| Conservation and development | 170,894 | 170,894 | 253,486 | (82,592) |
| TOTAL EXPENDITURES | <u>\$ 10,044,557</u> | <u>\$ 10,449,418</u> | <u>\$ 10,053,093</u> | <u>\$ 396,325</u> |
| EXCESS(DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>\$ (3,666,151)</u> | <u>\$ (3,745,151)</u> | <u>\$ (2,109,563)</u> | <u>\$ 1,635,588</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of capital assets | \$ - | \$ - | \$ 17,591 | \$ 17,591 |
| Transfer-in | 1,178,577 | 1,244,577 | 1,305,761 | 61,184 |
| Bond proceeds | 2,420,000 | 2,420,000 | 3,312,178 | 892,178 |
| Transfer-out | (44,734) | (44,734) | (44,733) | - |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>\$ 3,553,843</u> | <u>\$ 3,619,843</u> | <u>\$ 4,590,797</u> | <u>\$ 970,953</u> |
| Net changes in fund balances | <u>\$ (112,308)</u> | <u>\$ (125,308)</u> | <u>\$ 2,481,234</u> | <u>\$ 2,606,541</u> |
| FUND BALANCE, January 1 | 6,688,005 | 6,688,005 | 6,688,005 | - |
| Residual transfer-in | - | - | 3,571 | 3,571 |
| Prior period adjustment | - | - | 12,639 | 12,639 |
| FUND BALANCE, December 31 | <u>\$ 6,575,697</u> | <u>\$ 6,562,697</u> | <u>\$ 9,185,449</u> | <u>\$ 2,622,751</u> |

The accompanying notes are an integral part of these 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, 2019

| | Budgeted Amounts | | Actual | Variance with Final Budget - Positive (Negative) |
|--|----------------------|----------------------|-----------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Miscellaneous revenue | | | | |
| Investment earnings | \$ 160,152 | \$ 160,152 | \$ 262,334 | \$ 102,182 |
| Other | 12,000 | 12,000 | 130,906 | 118,906 |
| TOTAL REVENUES | <u>\$ 172,152</u> | <u>\$ 172,152</u> | <u>\$ 393,240</u> | <u>\$ 221,088</u> |
| EXPENDITURES | | | | |
| General government | | | | |
| Other services and charges | \$ 10,038 | \$ 10,189 | \$ 542,650 | \$ (532,461) |
| TOTAL EXPENDITURES | <u>\$ 10,038</u> | <u>\$ 10,189</u> | <u>\$ 542,650</u> | <u>\$ (532,461)</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>\$ 162,114</u> | <u>\$ 161,963</u> | <u>\$ (149,410)</u> | <u>\$ (311,373)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfer-in | \$ 22,366 | \$ 22,366 | \$ 22,367 | \$ - |
| Transfer-out | - | (981,983) | (1,091,983) | 110,000 |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>\$ 22,366</u> | <u>\$ (959,617)</u> | <u>\$ (1,069,616)</u> | <u>\$ 110,000</u> |
| Net changes in fund balances | <u>\$ 184,480</u> | <u>\$ (797,654)</u> | <u>\$ (1,219,026)</u> | <u>\$ (311,373)</u> |
| FUND BALANCE, January 1 | 12,928,427 | 12,928,427 | 12,928,427 | - |
| FUND BALANCE, December 31 | <u>\$ 13,112,907</u> | <u>\$ 12,130,773</u> | <u>\$ 11,709,401</u> | <u>\$ (311,373)</u> |

The accompanying notes are an integral part of these financial statements.

CITY OF WORTHINGTON, MINNESOTA

STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
December 31, 2019

Business-type Activities-Enterprise Funds

| | Water | Municipal Wastewater | Electric | Liquor |
|---|----------------------|-------------------------|----------------------|---------------------|
| ASSETS | | | | |
| Current assets | | | | |
| Cash and cash equivalents | \$ 7,289,476 | \$ 12,100,344 | \$ 16,279,910 | \$ 417,578 |
| Investments | 1,309,551 | 2,173,821 | 2,924,677 | 75,018 |
| Accounts receivable | 355 | 3,881 | 61,295 | 515 |
| Utilities receivable | 374,066 | 251,245 | 1,957,791 | - |
| Interest receivable | 27,879 | 45,811 | 59,806 | 1,739 |
| Due from other governments | - | - | - | - |
| Contracts receivable | - | - | - | - |
| Inventories | - | - | - | 656,541 |
| Prepayments | 41,251 | 13,546 | 26,221 | 7,236 |
| Total current assets | \$ 9,042,578 | \$ 14,588,648 | \$ 21,309,700 | \$ 1,158,627 |
| Noncurrent assets | | | | |
| Capital assets | | | | |
| Land, intangibles & work in progress | \$ 4,827,385 | \$ 826,809 | \$ 1,015,189 | \$ 431,300 |
| Buildings & improvements | 25,851,102 | 21,609,787 | 30,096,744 | 2,863,843 |
| Equipment & furniture | 691,431 | 944,544 | 2,550,259 | 178,809 |
| Less accumulated depreciation | (10,657,621) | (17,122,694) | (17,084,727) | (471,164) |
| Noncurrent assets | \$ 20,712,297 | \$ 6,258,446 | \$ 16,577,465 | \$ 3,002,788 |
| TOTAL ASSETS | \$ 29,754,875 | \$ 20,847,094 | \$ 37,887,165 | \$ 4,161,415 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Related to pensions | \$ 149,470 | \$ 178,467 | \$ 339,721 | \$ 101,023 |
| Related to OPEB | 2,844 | 2,169 | 8,610 | 4,516 |
| Total deferred outflows of resources | \$ 152,314 | \$ 180,636 | \$ 348,331 | \$ 105,539 |
| LIABILITIES | | | | |
| Current liabilities | | | | |
| Accounts payable | \$ 91,555 | \$ 222,522 | \$ 1,420,717 | \$ 183,892 |
| Contracts and retainage payable | 8,126 | 3,920 | - | - |
| Accrued payroll | 18,210 | 18,883 | 29,081 | 9,715 |
| Interfund loans payable | - | - | - | 1,199,503 |
| Due to other governments | 2,017 | - | 49,953 | 45,674 |
| Sureties/deposits | 27,755 | 28,425 | 135,935 | - |
| Unearned revenue | - | - | 2,428 | 4,291 |
| Bonds, note and lease payable | 170,000 | - | - | - |
| Total current liabilities | \$ 317,663 | \$ 273,750 | \$ 1,638,114 | \$ 1,443,075 |
| Noncurrent liabilities | | | | |
| G.O. Revenue bonds payable | \$ - | \$ - | \$ - | \$ - |
| General obligation revenue note payable | 1,350,000 | - | - | - |
| Pension liability | 316,441 | 377,465 | 719,217 | 213,874 |
| OPEB liability | 35,038 | 32,945 | 71,866 | 35,147 |
| Accrued vacation and sick pay | - | - | - | - |
| Total noncurrent liabilities | \$ 1,701,479 | \$ 410,410 | \$ 791,083 | \$ 249,021 |
| TOTAL LIABILITIES | \$ 2,019,142 | \$ 684,160 | \$ 2,429,197 | \$ 1,692,096 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Related to pensions | \$ 249,749 | \$ 298,200 | \$ 567,638 | \$ 168,798 |
| Related to OPEB | 3,697 | 2,819 | 11,190 | 5,869 |
| Total deferred inflows of resources | \$ 253,446 | \$ 301,019 | \$ 578,828 | \$ 174,667 |
| NET POSITION | | | | |
| Net investment in capital assets | \$ 20,704,171 | \$ 6,254,526 | \$ 16,577,465 | \$ 3,002,788 |
| Restricted for: | | | | |
| Capital projects | 6,352,147 | 4,819,223 | 5,150,000 | - |
| Debt service | 250,000 | - | - | - |
| Unrestricted | 328,283 | 8,968,802 | 13,500,008 | (602,597) |
| TOTAL NET POSITION | \$ 27,634,601 | \$ 20,042,551 | \$ 35,227,471 | \$ 2,400,191 |

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 these financial statements.

EXHIBIT B

| Airport | Other Enterprise Funds (See Exhibit C-1) | Total | Governmental Activities- Internal Service Funds (See Exhibit D-1) |
|----------------------|---|-----------------------|---|
| \$ 781,248 | \$ 3,324,677 | \$ 40,193,233 | \$ 1,256,479 |
| 140,351 | 597,277 | 7,220,695 | 225,725 |
| 67,594 | 392 | 134,032 | - |
| | 81,989 | 2,665,091 | - |
| 3,058 | 12,779 | 151,072 | 2,030 |
| 67,804 | 739,843 | 807,647 | - |
| | 24,467 | 24,467 | - |
| | - | 656,541 | - |
| 10,386 | 4,858 | 103,498 | 10,674 |
| <u>\$ 1,070,441</u> | <u>\$ 4,786,282</u> | <u>\$ 51,956,276</u> | <u>\$ 1,494,908</u> |
| \$ 100,275 | \$ 5,331,054 | \$ 12,532,012 | \$ - |
| 23,966,186 | 12,360,678 | 116,748,340 | - |
| 657,739 | 580,677 | 5,603,459 | 107,024 |
| (14,144,403) | (6,989,216) | (66,469,825) | (95,422) |
| <u>\$ 10,579,797</u> | <u>\$ 11,283,193</u> | <u>\$ 68,413,986</u> | <u>\$ 11,602</u> |
| \$ 11,650,238 | \$ 16,069,475 | \$ 120,370,262 | \$ 1,506,510 |
| \$ - | \$ - | \$ 768,681 | \$ 42,943 |
| - | - | 18,139 | 3,171 |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ 786,820</u> | <u>\$ 46,114</u> |
| \$ 8,719 | \$ 62,798 | \$ 1,990,203 | \$ 5,352 |
| | 83,405 | 95,451 | - |
| 636 | 363 | 76,888 | 5,593 |
| | - | 1,199,503 | - |
| 179,366 | - | 277,010 | - |
| | - | 192,115 | - |
| | - | 6,719 | - |
| | 55,000 | 225,000 | - |
| <u>\$ 188,721</u> | <u>\$ 201,566</u> | <u>\$ 4,062,889</u> | <u>\$ 10,945</u> |
| \$ - | \$ 1,085,000 | \$ 1,085,000 | \$ - |
| | - | 1,350,000 | - |
| | - | 1,626,997 | 90,914 |
| | - | 174,996 | 27,231 |
| | - | - | 903,374 |
| <u>\$ -</u> | <u>\$ 1,085,000</u> | <u>\$ 4,236,993</u> | <u>\$ 1,021,519</u> |
| \$ 188,721 | \$ 1,286,566 | \$ 8,299,882 | \$ 1,032,464 |
| \$ - | \$ - | \$ 1,284,385 | \$ 71,753 |
| - | - | 23,575 | 4,121 |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,307,960</u> | <u>\$ 75,874</u> |
| \$ 10,579,797 | \$ 10,059,788 | \$ 67,178,535 | \$ 11,602 |
| 189,529 | 895,358 | 17,406,257 | 31,245 |
| | - | 250,000 | - |
| 692,191 | 3,827,763 | 26,714,448 | 401,439 |
| <u>\$ 11,461,517</u> | <u>\$ 14,782,909</u> | <u>\$ 111,549,240</u> | <u>\$ 444,286</u> |
| | | 118,181 | |
| | | <u>\$ 111,667,421</u> | |

CITY OF WORTHINGTON, MINNESOTA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
 FUND NET POSITION
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2019

| | Business-type Activities-Enterprise Funds | | | |
|---------------------------------|---|-------------------------|---------------|--------------|
| | Water | Municipal Wastewater | Electric | Liquor |
| SALES AND COST OF SALES | | | | |
| Sales | \$ - | \$ - | \$ - | \$ 4,403,405 |
| Cost of sales | - | - | - | 3,278,462 |
| GROSS PROFIT | \$ - | \$ - | \$ - | \$ 1,124,943 |
| OPERATING REVENUES | | | | |
| Utility sales revenues | \$ 3,526,950 | \$ 2,241,835 | \$ 19,159,616 | \$ - |
| Charges for services | - | - | - | - |
| Other operating revenue | 48,896 | 83,678 | 1,238,325 | - |
| TOTAL OPERATING REVENUES | \$ 3,575,846 | \$ 2,325,513 | \$ 20,397,941 | \$ - |
| OPERATING EXPENSES | | | | |
| Purchased power & transmission | \$ - | \$ - | \$ 15,998,560 | \$ - |
| Personnel services | 751,807 | 826,976 | 1,099,449 | 432,764 |
| Supplies and materials | 132,581 | 158,139 | 171,979 | 25,843 |
| Other services and charges | 890,892 | 422,231 | 645,685 | 181,807 |
| Depreciation | 802,168 | 400,125 | 962,897 | 105,713 |
| TOTAL OPERATING EXPENSES | \$ 2,577,448 | \$ 1,807,471 | \$ 18,878,570 | \$ 746,127 |
| OPERATING INCOME (LOSS) | \$ 998,398 | \$ 518,042 | \$ 1,519,371 | \$ 378,816 |

The accompanying notes are an integral part of these financial statements.

EXHIBIT 9

| Airport | Nonmajor Enterprise Funds (See Exhibit C-2) | Total | Governmental Activities- Internal Service Funds (See Exhibit D-2) |
|--------------|--|---------------|---|
| \$ - | \$ - | \$ 4,403,405 | \$ - |
| - | - | 3,278,462 | - |
| \$ - | \$ - | \$ 1,124,943 | \$ - |
| \$ - | \$ 928,619 | \$ 25,857,020 | \$ - |
| 141,030 | 1,919,972 | 2,061,002 | 566,093 |
| - | 30,157 | 1,401,056 | - |
| \$ 141,030 | \$ 2,878,748 | \$ 29,319,078 | \$ 566,093 |
| \$ - | \$ - | \$ 15,998,560 | \$ - |
| 32,691 | 100,194 | 3,243,881 | 249,783 |
| 26,149 | 610,873 | 1,125,564 | 12,850 |
| 138,862 | 1,224,799 | 3,504,276 | 158,846 |
| 575,367 | 335,366 | 3,181,636 | 9,428 |
| \$ 773,069 | \$ 2,271,232 | \$ 27,053,917 | \$ 430,907 |
| \$ (632,039) | \$ 607,516 | \$ 3,390,104 | \$ 135,186 |

CITY OF WORTHINGTON, MINNESOTA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended December 31, 2019

| | Business-type Activities-Enterprise Funds | | | |
|---|---|-------------------------|----------------------|---------------------|
| | Water | Municipal Wastewater | Electric | Liquor |
| NON-OPERATING REVENUES (EXPENSES) | | | | |
| General property taxes | \$ - | \$ - | \$ - | \$ - |
| Federal grants | - | 7,430 | - | - |
| State grants | - | - | - | - |
| Investment earnings | 133,102 | 209,287 | 269,196 | 6,838 |
| Sale of scrap and surplus | 5,086 | - | 2,095 | - |
| Other non-operating | 6,005 | 879 | 72,575 | 2,642 |
| Interest expense | (79,250) | - | - | (27,154) |
| Gain on disposal of capital assets | - | - | 6,811 | 470 |
| Loss on disposal of capital assets | - | - | - | (56,508) |
| TOTAL NON-OPERATING REVENUES (EXPENSES) | \$ 64,943 | \$ 217,596 | \$ 350,677 | \$ (73,712) |
| INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS | \$ 1,063,341 | \$ 735,638 | \$ 1,870,048 | \$ 305,104 |
| Capital contributions-capital assets | - | - | - | - |
| Transfers-in | 11,183 | 86,183 | 146,300 | - |
| Transfers-out | - | - | (1,075,643) | (275,000) |
| CHANGE IN NET POSITION | \$ 1,074,524 | \$ 821,821 | \$ 940,705 | \$ 30,104 |
| TOTAL NET POSITION, January 1 | 26,560,077 | 19,220,730 | 34,286,766 | 2,370,087 |
| TOTAL NET POSITION, December 31 | \$ 27,634,601 | \$ 20,042,551 | \$ 35,227,471 | \$ 2,400,191 |

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

The accompanying notes are an integral part of these financial statements.

EXHIBIT 9

(Continued)

| Airport | Nonmajor Enterprise Funds (See Exhibit C-2) | Total | Governmental Activities- Internal Service Funds (See Exhibit D-2) |
|----------------------|--|---------------------|---|
| \$ 5 | \$ - | \$ 5 | \$ - |
| - | - | 7,430 | - |
| 65,801 | - | 65,801 | - |
| 18,723 | 57,521 | 694,667 | 8,615 |
| - | - | 7,181 | - |
| - | 3,000 | 85,101 | 13,289 |
| - | (24,855) | (131,259) | - |
| 673 | - | 7,954 | - |
| - | - | (56,508) | - |
| <u>\$ 85,202</u> | <u>\$ 35,666</u> | <u>\$ 680,372</u> | <u>\$ 21,904</u> |
| \$ (546,837) | \$ 643,182 | \$ 4,070,476 | \$ 157,090 |
| 100,097 | 743,421 | 843,518 | - |
| - | - | 243,666 | - |
| - | (221,300) | (1,571,943) | (250,000) |
| <u>\$ (446,740)</u> | <u>\$ 1,165,303</u> | <u>\$ 3,585,717</u> | <u>\$ (92,910)</u> |
| 11,908,257 | 13,617,606 | | 537,196 |
| <u>\$ 11,461,517</u> | <u>\$ 14,782,909</u> | | <u>\$ 444,286</u> |
| | | <u>158,923</u> | |
| | | <u>\$ 3,744,640</u> | |

CITY OF WORTHINGTON, MINNESOTA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2019

| | Business-type Activities-Enterprise Funds | | | |
|---|---|-------------------------|-----------------------|---------------------|
| | Water | Municipal Wastewater | Electric | Liquor |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Cash received from customers | \$ 3,534,164 | \$ 2,249,114 | \$ 19,128,018 | \$ 4,405,500 |
| Cash received from interfund services | - | - | - | - |
| Cash payments to suppliers for goods and services | (1,060,345) | (576,186) | (16,700,141) | (3,576,090) |
| Cash payments to employees for services | (703,218) | (774,697) | (960,284) | (390,414) |
| Customer deposits received | 12,815 | 11,605 | 52,121 | - |
| Customer deposits returned | (10,055) | (11,565) | (55,666) | - |
| Other operating revenue | 48,896 | 87,438 | 1,284,863 | - |
| Other non-operating revenue | 12,551 | 879 | 74,670 | 2,642 |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | \$ 1,834,808 | \$ 986,588 | \$ 2,823,581 | \$ 441,638 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | | |
| Property tax revenue received | \$ - | \$ - | \$ - | \$ - |
| Federal grants received | - | 7,430 | - | - |
| State grant revenue received | - | - | - | - |
| Transfer-in | 11,183 | 11,183 | 146,300 | - |
| Transfer-out | - | - | (671,893) | (275,000) |
| NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES | \$ 11,183 | \$ 18,613 | \$ (525,593) | \$ (275,000) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | |
| Federal grant revenue received | \$ - | \$ - | \$ - | \$ - |
| State grant revenue received | - | - | - | - |
| Acquisition and construction of capital assets | (1,707,302) | (451,637) | (922,324) | - |
| Principal payments | (165,000) | - | - | (158,184) |
| Interest payments | (76,023) | - | - | (27,154) |
| Proceeds from disposal of capital assets | - | - | 6,811 | 10,470 |
| Transfer-in | - | 75,000 | - | - |
| Transfer-out | - | - | (403,750) | - |
| NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES | \$ (1,948,325) | \$ (376,637) | \$ (1,319,263) | \$ (174,868) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Interest income | \$ 135,697 | \$ 211,061 | \$ 272,532 | \$ 7,129 |
| Purchase of investments | (242,607) | (501,547) | (666,764) | (11,724) |
| Proceeds from sales of investments | 293,200 | 461,000 | 592,900 | 15,100 |
| NET CASH FROM INVESTING ACTIVITIES | \$ 186,290 | \$ 170,514 | \$ 198,668 | \$ 10,505 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | \$ 83,956 | \$ 799,078 | \$ 1,177,393 | \$ 2,275 |
| CASH AND CASH EQUIVALENTS, January 1 | 7,205,520 | 11,301,266 | 15,102,517 | 415,303 |
| CASH AND CASH EQUIVALENTS, December 31 | \$ 7,289,476 | \$ 12,100,344 | \$ 16,279,910 | \$ 417,578 |

The accompanying notes are an integral part of these financial statements.

EXHIBIT 10

| | Airport | Nonmajor Enterprise Funds (See Exhibit C-3) | Totals | Governmental Activities- Internal Service Funds (See Exhibit D-3) |
|----|-----------|--|----------------|---|
| \$ | 138,478 | \$ 2,848,082 | \$ 32,303,356 | \$ 253,256 |
| | - | - | - | 433,438 |
| | (161,322) | (1,859,421) | (23,933,505) | (168,506) |
| | (32,960) | (100,370) | (2,961,943) | (229,499) |
| | - | - | 76,541 | - |
| | - | - | (77,286) | - |
| | - | - | 1,421,197 | - |
| | - | 59,062 | 149,804 | 13,289 |
| \$ | (55,804) | \$ 947,353 | \$ 6,978,164 | \$ 301,978 |
| \$ | 5 | \$ - | \$ 5 | \$ - |
| | - | - | 7,430 | - |
| | 115,206 | - | 115,206 | - |
| | - | - | 168,666 | - |
| | - | (146,300) | (1,093,193) | (250,000) |
| \$ | 115,211 | \$ (146,300) | \$ (801,886) | \$ (250,000) |
| \$ | 655,747 | \$ 106,609 | \$ 762,356 | \$ - |
| | 100,097 | - | 100,097 | - |
| | (185,010) | (188,929) | (3,455,202) | (8,103) |
| | - | - | (323,184) | - |
| | - | (24,855) | (128,032) | - |
| | 673 | - | 17,954 | - |
| | - | - | 75,000 | - |
| | - | (75,000) | (478,750) | - |
| \$ | 571,507 | \$ (182,175) | \$ (3,429,761) | \$ (8,103) |
| \$ | 16,751 | \$ 56,282 | \$ 699,452 | \$ 9,091 |
| | (138,053) | (208,429) | (1,769,124) | (17,676) |
| | 41,200 | 126,711 | 1,530,111 | 18,900 |
| \$ | (80,102) | \$ (25,436) | \$ 460,439 | \$ 10,315 |
| \$ | 550,812 | \$ 593,442 | \$ 3,206,956 | \$ 54,190 |
| | 230,436 | 2,731,235 | 36,986,277 | 1,202,289 |
| \$ | 781,248 | \$ 3,324,677 | \$ 40,193,233 | \$ 1,256,479 |

(Continued)

CITY OF WORTHINGTON, MINNESOTA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2019

| | 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) | \$ 998,398 | \$ 518,042 | \$ 1,519,371 | \$ 378,816 |
| ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | | | | |
| Depreciation | 802,168 | 400,125 | 962,897 | 105,713 |
| Other non-operating revenue | 11,091 | 879 | 74,670 | 2,642 |
| (Increase) decrease in assets: | | | | |
| Accounts receivable | 2,141 | 4,187 | 53,051 | 363 |
| Utility receivable | 7,300 | 6,852 | (35,074) | - |
| Contracts receivable | - | - | - | - |
| Inventory | - | - | - | (62,645) |
| Prepaid expenses | 2,312 | 1,077 | 2,772 | 1,978 |
| (Increase) decrease in deferred outflows of resources: | | | | |
| Deferred outflows related to pensions | (164,778) | (196,795) | (373,459) | (111,131) |
| Deferred outflows related to OPEB | (2,844) | (2,169) | (8,610) | (4,516) |
| Increase (decrease) in liabilities: | | | | |
| Accounts payable | (39,865) | 3,107 | 113,288 | (29,311) |
| Payroll payable | (769) | (3,195) | (3,062) | (665) |
| Pension payable | (7,490) | (10,761) | 4,928 | (3) |
| OPEB payable | 4,260 | 3,248 | 12,895 | 6,763 |
| Due to other governments | (86) | - | 2,936 | 1,279 |
| Deposits | 2,760 | 40 | (3,545) | - |
| Unearned revenue | - | - | (5,950) | 453 |
| Long-term accrued vacation | - | - | - | - |
| Increase (decrease) in deferred inflows of resources: | | | | |
| Deferred inflows related to pensions | 219,636 | 262,145 | 501,267 | 148,913 |
| Deferred inflows related to OPEB | 574 | (194) | 5,206 | 2,989 |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | <u>\$ 1,834,808</u> | <u>\$ 986,588</u> | <u>\$ 2,823,581</u> | <u>\$ 441,638</u> |
| NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES: | | | | |
| Loss on disposal of capital assets | \$ - | \$ - | \$ - | \$ 56,508 |
| Capital asset trade-ins | - | - | - | - |
| Capital contributions-capital assets | - | - | - | - |

The accompanying notes are an integral part of these financial statements.

EXHIBIT 10

(Continued)

| Airport | Nonmajor Enterprise Funds (See Exhibit C-3) | Totals | Governmental Activities- Internal Service Funds (See Exhibit D-3) |
|--------------------|--|---------------------|---|
| \$ (632,039) | \$ 607,516 | \$ 3,390,104 | \$ 135,186 |
| 575,367 | 335,366 | 3,181,636 | 9,428 |
| - | 3,000 | 92,282 | 13,289 |
| (2,552) | 25,895 | 83,085 | - |
| - | (1,964) | (22,886) | - |
| - | 1,064 | 1,064 | - |
| - | - | (62,645) | - |
| (28) | 181 | 8,292 | (592) |
| - | - | (846,163) | (47,199) |
| - | - | (18,139) | (3,171) |
| 3,717 | (23,529) | 27,407 | 3,782 |
| (269) | (176) | (8,136) | (78) |
| - | - | (13,326) | 763 |
| - | - | 27,166 | 4,748 |
| - | - | 4,129 | - |
| - | - | (745) | - |
| - | - | (5,497) | - |
| - | - | - | 120,601 |
| - | - | 1,131,961 | 63,381 |
| - | - | 8,575 | 1,840 |
| <u>\$ (55,804)</u> | <u>\$ 947,353</u> | <u>\$ 6,978,164</u> | <u>\$ 301,978</u> |

| | | | |
|---------|---------|-----------|------|
| \$ 673 | \$ 673 | \$ 56,508 | \$ - |
| 100,097 | 743,421 | 843,518 | - |

CITY OF WORTHINGTON, MINNESOTA

EXHIBIT 11

STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 December 31, 2019

| | <u>Custodial Funds</u> |
|---|----------------------------|
| ASSETS | |
| Cash assets | |
| Cash and cash equivalents | \$ 186,651 |
| Investments | 33,531 |
| Receivables | |
| Utility receivable | <u>113,119</u> |
| TOTAL ASSETS | <u>\$ 333,301</u> |
| | |
| LIABILITIES | |
| Accounts payable | \$ 95,151 |
| Due to other governments | 7,038 |
| Sureties/deposits | <u>15,885</u> |
| TOTAL LIABILITIES | <u>\$ 118,074</u> |
| | |
| NET POSITION | |
| Restricted for: | |
| Individuals, organizations and other governments | <u>\$ 215,227</u> |
| TOTAL NET POSITION | <u><u>\$ 215,227</u></u> |

The accompanying notes are an integral part of the financial statements

CITY OF WORTHINGTON, MINNESOTA

EXHIBIT 12

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

For the Year Ended December 31, 2019

| | <u>Custodial Funds</u> |
|---|----------------------------|
| ADDITIONS | |
| Contributions | |
| Gifts and bequests | \$ 17,149 |
| Total contributions | <u>\$ 17,149</u> |
| Utilities collections for other entities | 1,160,938 |
| Miscellaneous | 92,780 |
| TOTAL ADDITIONS | <u>\$ 1,270,867</u> |
| DEDUCTIONS | |
| Administrative expenses | \$ 27,772 |
| Payments of utility collections to other entities | 1,126,941 |
| TOTAL DEDUCTIONS | <u>\$ 1,154,713</u> |
| NET INCREASE IN FIDUCIARY NET POSITION | <u>\$ 116,154</u> |
| TOTAL NET POSITION, January 1 | <u>99,073</u> |
| TOTAL NET POSITION, December 31 | <u><u>\$ 215,227</u></u> |

The accompanying notes are an integral part of the financial statements

City of
Worthington

NOTES TO THE FINANCIAL STATEMENTS

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

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, 2019

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. The following depicts the fund and main function:

Olson water – used to improve lake quality in the area

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

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

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.

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing 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.

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.

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.

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 |

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 period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category. Accordingly, the items, deferred pension resources and deferred other postemployment benefit resources, are reported only in the statements of net position. These items result from actuarial calculations and current year pension contributions and OPEB contributions made subsequent to the measurement dates.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time. The government has two types of this item. The first item that qualifies as this reporting element is pension related. The second item is OPEB related.

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

5. Deferred outflows/inflows of resources (Continued)

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.

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.

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

8. Fund balance classifications (Continued).

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. 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, 2019, the unassigned fund balance for the General Fund was 62% 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.

10. 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".

11. 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.

12. 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.

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

13. 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, 2019. The liability is accrued in the General, Water, Municipal Wastewater, Electric and Liquor Funds.

E. New Accounting Pronouncement

The GASB has issued Statement No. 84, *Fiduciary Activities*. The requirements of the Statement are effective for periods beginning after December 15, 2018. There was no material impact on the City's financial statements as a result of the implementation of Statement No. 84.

F. Subsequent Events

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. Management is currently evaluating the recent introduction of the COVID-19 virus and its impact on the City and has concluded that while it is reasonably possible that the virus could have a negative effect on the fair value of its investments and results of operations, the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

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 \$19,625,282 difference are as follows:

| | | |
|--|----|-------------------|
| Bonds payable | \$ | 14,065,000 |
| Pension liability | | 3,872,478 |
| OPEB liability | | 1,078,169 |
| Add: Unamortized premiums | | 308,080 |
| Less: Unamortized discounts | | (351) |
| Add: Accrued interest payable | | 301,906 |
| | | <hr/> |
| Net adjustment to reduce fund balance-total governmental funds to arrive at net position-governmental activities | \$ | <u>19,625,282</u> |

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

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 \$474,013 difference are as follows:

| | |
|--|-------------------|
| Net position of the internal service fund | \$ 441,115 |
| Add: Internal payable representing charges in excess of cost to business-type activities-current year | <u>32,898</u> |
| Net adjustment to increase fund balance-total governmental funds to arrive at net position-governmental activities | <u>\$ 474,013</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 \$6,116,116 difference are as follows:

| | |
|---|---------------------|
| Capital outlay | \$ 8,961,695 |
| Less: Depreciation expense | <u>(2,845,579)</u> |
| Net adjustment to increase net changes in fund balances-total governmental funds to arrive at changes in net position of governmental activities. | <u>\$ 6,116,116</u> |

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

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 \$142,129 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. | \$ 182,406 |
| 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>(40,277)</u> |
| Net adjustment to decrease net changes in fund balances-total governmental fund to arrive at changes in net position of governmental activities. | <u>\$ 142,129</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 \$7,475,227 difference are as follows:

| | |
|---|-----------------------|
| Debt issued or incurred: | |
| Issuance of general obligation bonds | \$ (9,855,227) |
| Principal repayments: | |
| General obligation debts | <u>2,380,000</u> |
| Net adjustment to increase net changes in fund balances-total governmental funds to arrive at changes in net position of governmental activities. | <u>\$ (7,475,227)</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 \$371,412 difference are as follows:

| | |
|---|---------------------|
| Compensated absences | \$ (79,859) |
| Accrued interest payable | (301,906) |
| Amortization of premiums | 10,393 |
| Amortization of discounts | <u>(40)</u> |
| Net adjustment to decrease net changes in fund balances-total governmental funds to arrive at changes in net position of governmental activities. | <u>\$ (371,412)</u> |

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

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 \$325,861. General government expenditures of \$13,000 for City Hall HVAC costs funded through existing reserves and \$66,000 Fairground road funded through local option sales tax. The Fire department equipment expenditures of \$325,861 for turn-out gear (which were carried over from 2018) will be funded through a FEMA grant. The Memorial Auditorium fund received additional appropriations for seat replacement and equipment in the amount of \$166,340 funded with the extension of the local option sales tax. The Recreation fund received additional appropriations for expenditures of \$1,057,685. These appropriations will be used for a mower (\$28,685), Splash Pad (\$329,000) and Beach House projects (\$700,000) funded through extension of local option sales tax (\$929,000) and existing reserves (\$128,685) The Economic Development Authority fund received additional appropriations for expenditures of \$1,188,980 for the purchase of two land purchases. These 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, 2019

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 \$5,047. The overage was mainly due to new animal control/community service officer wages (a portion was budgeted to general government for janitorial work but this position is no longer fulfilling these duties in 2019 and all wages allocated to public safety). The excess expenditure was covered with the original budget allocated in the general government department. The conservation and development department in the general fund also exceeded appropriations by \$82,592. The overage was due to the transfer of the lodging and tourism agency fund to the general fund. The agency funds are not budgeted so when the expenses were moved there was not a budget associated with but there was a transfer is revenue as well to cover these expenses. In the WRH Fund the general government department's actual expenditures exceeded appropriations by \$532,461. The overage was due to expenditures related to a matching grant for a park project as well as unrealized losses on investments. The excess expenditures were covered by surpluses in the interest earnings, unrealized gains on investments and use of reserves. The Memorial Auditorium Fund culture and recreation department actual expenditures exceed appropriations by \$24,162. The overage was due to expenditures related to a manager's salary and benefits, repairs and maintenance and snow removal costs. The excess expenditures were covered by use of reserves. Economic Development Authority Fund the conservation and development department's actual expenditures exceeded appropriations by \$2,888,411. The overage was due to construction of entertainment spec building not originally budgeted. Overages will be covered by interfund loan currently and future sales and tax levy revenue.

C. Deficit fund equity

The special revenue fund Economic Development Authority had a fund deficit of \$1,341,753. This fund deficit will be covered from future revenues and tax levies. The debt service fund TI Series Bonds had a fund deficit of \$123. This fund deficit will be covered by an operating transfer. The capital projects funds CCSI Redevelopment and Hotel TIF #15 had deficit fund balances of \$159,612 and \$185,832, respectively as of December 31, 2019. 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, 2019, the government had the following investments:

| <u>Investment Type</u> | <u>Rating</u> | <u>Fair Value</u> | <u>Maturity (Years)</u> |
|-------------------------------------|---------------|----------------------|-------------------------|
| U.S. Agencies | AAA | \$ 44,200,537 | 2.89 |
| Certificates of deposit | N/A | 2,830,060 | 0.27 |
| Total fair value | | <u>\$ 47,030,597</u> | |
| Portfolio weighted average maturity | | | 2.73 |

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.

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 4 - DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and investments (Continued)

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

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

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 | \$ 10,516 | \$ 24,146 | \$ 5,079 | \$ 18,271 | \$ 27,879 | \$ 45,811 | \$ 59,806 |
| Taxes | 18,458 | - | 4,221 | 6,952 | - | - | - |
| Accounts | 59,929 | - | 7,522 | - | 354 | 3,881 | 61,295 |
| Notes | - | 1,890,723 | - | - | - | - | - |
| Utilities | - | - | - | - | 374,066 | 251,245 | 1,957,791 |
| Special assessments | 197,024 | - | 1,134,658 | - | - | - | - |
| Intergovernmental | 2,194,280 | - | - | 252,195 | - | - | - |
| Total Receivables | \$ 2,480,207 | \$ 1,914,869 | \$ 1,151,480 | \$ 277,418 | \$ 402,299 | \$ 300,937 | \$ 2,078,892 |

| | Liquor | Airport | Nonmajor and Other Funds | Total |
|--------------------------|-----------------|-------------------|--------------------------------|----------------------|
| Receivables: | | | | |
| Interest | \$ 1,739 | \$ 3,058 | \$ 45,326 | \$ 241,631 |
| Taxes | - | - | 15,115 | 44,746 |
| Accounts | 515 | 67,594 | 39,327 | 240,417 |
| Notes | - | - | 920,000 | 2,810,723 |
| Utilities | - | - | 195,108 | 2,778,210 |
| Special assessments | - | - | 328,962 | 1,660,644 |
| Intergovernmental | - | 67,804 | 782,740 | 3,297,019 |
| Total Receivables | \$ 2,254 | \$ 138,456 | \$ 2,326,578 | \$ 11,073,390 |

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 4 - DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital assets

Capital asset activity for the year ended December 31, 2019 was as follows:

| | Primary Government | | | Ending Balance |
|--|-----------------------------|-----------------------------|------------------------------|-----------------------------|
| | Beginning Balance | Increases | Decreases | |
| Governmental activities: | | | | |
| Capital assets not being depreciated | | | | |
| Land | \$ 4,035,446 | \$ 1,256,335 | \$ (32,001) | \$ 5,259,780 |
| Permanent easements | 134,607 | - | - | 134,607 |
| Work in progress | 11,687,584 | 4,875,971 | (5,313,723) | 11,249,832 |
| Total capital assets not being depreciated | <u>\$ 15,857,637</u> | <u>\$ 6,132,306</u> | <u>\$ (5,345,724)</u> | <u>\$ 16,644,219</u> |
| Other capital assets: | | | | |
| Buildings and structures | \$ 21,015,044 | \$ 3,290,612 | \$ - | \$ 24,305,656 |
| Improvements | 3,609,220 | 759,429 | - | 4,368,649 |
| Machinery and equipment | 5,833,549 | 710,651 | (216,329) | 6,327,871 |
| Furniture and fixtures | 466,533 | 8,103 | - | 474,636 |
| Other capital assets | 308,968 | - | - | 308,968 |
| Infrastructure | 48,889,385 | 3,575,303 | - | 52,464,688 |
| Total other capital assets at historical cost | <u>\$ 80,122,699</u> | <u>\$ 8,344,098</u> | <u>\$ (216,329)</u> | <u>\$ 88,250,468</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and structures | \$ (6,294,490) | \$ (703,441) | \$ - | \$ (6,997,931) |
| Improvements | (1,246,853) | (121,484) | - | (1,368,337) |
| Machinery and equipment | (3,622,877) | (439,621) | 197,579 | (3,864,919) |
| Furniture and fixtures | (358,934) | (32,986) | - | (391,920) |
| Other capital assets | (217,459) | (10,625) | - | (228,084) |
| Infrastructure | (24,816,404) | (1,546,511) | - | (26,362,915) |
| Total accumulated depreciation | <u>\$ (36,557,017)</u> | <u>\$ (2,854,668) *</u> | <u>\$ 197,579</u> | <u>\$ (39,214,106)</u> |
| Total other capital assets, net | <u>\$ 43,565,682</u> | <u>\$ 5,489,430</u> | <u>\$ (18,750)</u> | <u>\$ 49,036,362</u> |
| Governmental activities capital assets, net | <u><u>\$ 59,423,319</u></u> | <u><u>\$ 11,621,736</u></u> | <u><u>\$ (5,364,474)</u></u> | <u><u>\$ 65,680,581</u></u> |

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 4 - DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital assets (Continued)

| | Primary Government | | | Ending Balance |
|---|------------------------|-------------------------|-----------------------|------------------------|
| | Beginning Balance | Increases | Decreases | |
| Business-type activities: | | | | |
| Capital assets not being depreciated | | | | |
| Land | \$ 1,694,578 | \$ 2,240 | \$ - | \$ 1,696,818 |
| Intangible assets | 3,199,810 | - | - | 3,199,810 |
| Work in progress | 8,595,972 | 2,836,943 | (3,797,531) | 7,635,384 |
| Total capital assets not being depreciated | <u>\$ 13,490,360</u> | <u>\$ 2,839,183</u> | <u>\$ (3,797,531)</u> | <u>\$ 12,532,012</u> |
| Other capital assets: | | | | |
| Buildings and structures | \$ 31,926,887 | \$ - | \$ - | \$ 31,926,887 |
| Improvements | 80,583,245 | 4,351,735 | (113,527) | 84,821,453 |
| Machinery and equipment | 5,228,225 | 210,795 | (55,728) | 5,383,292 |
| Furniture and fixtures | 220,167 | - | - | 220,167 |
| Total other capital assets at historical cost | <u>\$ 117,958,524</u> | <u>\$ 4,562,530</u> | <u>\$ (169,255)</u> | <u>\$ 122,351,799</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and structures | \$ (19,776,634) | \$ (558,238) | \$ - | \$ (20,334,872) |
| Improvements | (39,969,038) | (2,343,870) | 47,018 | (42,265,890) |
| Machinery and equipment | (3,516,299) | (272,428) | 55,728 | (3,732,999) |
| Furniture and fixtures | (128,964) | (7,100) | - | (136,064) |
| Total accumulated depreciation | <u>\$ (63,390,935)</u> | <u>\$ (3,181,636) *</u> | <u>\$ 102,746</u> | <u>\$ (66,469,825)</u> |
| Total other capital assets, net | <u>\$ 54,567,589</u> | <u>\$ 1,380,894</u> | <u>\$ (66,509)</u> | <u>\$ 55,881,974</u> |
| Business-type activities capital assets, net | <u>\$ 68,057,949</u> | <u>\$ 4,220,077</u> | <u>\$ (3,864,040)</u> | <u>\$ 68,413,986</u> |

*Depreciation expense was charged to functions as follows:

Governmental activities:

| | |
|------------------------------|-----------|
| General government | \$ 93,764 |
| Public safety | 388,162 |
| Public works | 144,032 |
| Culture and recreation | 588,574 |
| Conservation and development | 90,089 |
| Projects | 1,540,619 |

Depreciation on capital assets held by the City's internal service funds is charged to the various functions based on their usage of assets.

Total governmental activities depreciation expense \$ 2,854,668

Business-type activities:

| | |
|------------------------|------------|
| Water | \$ 802,168 |
| Municipal wastewater | 400,125 |
| Electric | 962,897 |
| Industrial wastewater | 254,892 |
| Storm water management | 80,474 |
| Liquor | 105,713 |
| Airport | 575,367 |

Total business-type activities depreciation expense \$ 3,181,636

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 4 - DETAILED NOTES ON ALL FUNDS (Continued)

D. Construction commitments

The government has active construction projects in progress as of December 31, 2019. The projects include Homewood Hills Improvements as well as the Spec building. At year end the City's commitments with contractors are as follows:

| <u>Project</u> | <u>Spent-to-Date</u> | <u>Remaining Commitment</u> |
|----------------------------|----------------------|---------------------------------|
| Homewood Hills Improvments | \$ 859,607 | \$ 2,071,920 |
| Spec Building | 1,677,581 | 2,171,517 |
| | <u>\$ 2,537,188</u> | <u>\$ 4,243,437</u> |

E. Interfund receivables, payables, and transfers

The composition of interfund balances as of December 31, 2019, is as follows:

Due to/from other funds:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------|----------------------------|---------------------|
| General | Nonmajor governmental fund | \$ 12,913 |
| General | Nonmajor governmental fund | 1,677,581 |
| General | Nonmajor governmental fund | 179,442 |
| General | Liquor fund | 1,199,503 |
| WRH | Nonmajor governmental fund | 223,479 |
| Total | | <u>\$ 3,292,918</u> |

The purpose of the \$12,913 interfund receivable was to purchase film equipment for Memorial Auditorium, which will be paid back over five years. The purpose of the \$1,677,581 interfund receivable was for construction of a new theater complex. As revenues and tax levies are collected in the future, the general fund will be paid back the amount transferred for the project costs. The purpose of the \$179,442 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 \$1,199,503 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 \$223,479 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, 2019 are as follows:

| | <u>Transfers In</u> | <u>Transfers Out</u> |
|-----------------------------|-------------------------|--------------------------|
| General fund | \$ 1,305,761 | \$ 44,733 |
| WRH fund | 22,367 | 1,091,983 |
| PIR seres bond | 40,288 | 5,274 |
| Improvement construction | - | 48,058 |
| Nonmajor governmental funds | 3,278,057 | 1,878,148 |
| Water fund | 11,183 | - |
| Municipal wastewater fund | 86,183 | - |
| Electric fund | 146,300 | 1,075,643 |
| Liquor fund | - | 275,000 |
| Nonmajor enterprise funds | - | 221,300 |
| Internal service funds | - | 250,000 |
| | <u>\$ 4,890,139</u> | <u>\$ 4,890,139</u> |

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 4 - DETAILED NOTES ON ALL FUNDS (Continued)

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

During 2019, eleven non-routine transfers occurred. There were four non-routine transfers relating to the disbursement of sales tax revenue for outstanding sales tax projects (\$70,114 general fund, \$255,754 memorial auditorium fund, \$50,000 event center fund and \$614,922 recreation fund). There were two additional non-routine transfers in the general fund (\$15,111) for the reimbursement for a police car purchase, (\$31,689) for the transfer of excess funds from the TI Series 2003B District #10 fund. The next set of non-routine transfers were for the splash pad construction (\$310,000 WRH fund and \$283,974 Aquatic Center Facility fund). There were two non-routine transfers that occurred in the economic development authority fund for the purchase of land for future development (\$781,983 WRH fund and \$411,796 electric fund). The last non-routine transfer is in the municipal wastewater fund (\$75,000) for the future purchase of a vector machine.

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 \$172,519. The lease payments are based on \$0.07 per every retail gallon of fuel sold.

G. Long-term debt

A summary of long-term debt obligations outstanding at December 31, 2019 is as follows:

| | Original Amount of Debt | Range of Interest | Final Maturity | Balance 12/31/19 |
|---|-------------------------------|----------------------|-------------------|----------------------|
| General Obligation Bonds: | | | | |
| GO PIR Series 2009C | \$ 2,710,000 | 2.00-4.15% | 2025 | \$ 190,000 |
| GO PIR Series 2010A | 1,890,000 | 2.00-4.00% | 2026 | 405,000 |
| GO PIR Series 2012A | 2,570,000 | 1.00-2.25% | 2028 | 925,000 |
| GO PIR Series 2016A | 3,150,000 | 2.00-2.50% | 2033 | 2,950,000 |
| GO Series 2019A | 9,595,000 | 2.25-4.00% | 2035 | 9,595,000 |
| General Obligation Sales Tax Revenue Bonds: | | | | |
| GO Sales Tax Revenue 2010B | 1,150,000 | 0.80-2.87% | 2019 | - |
| GO Sales Tax Revenue 2012B | 2,700,000 | 1.00-1.75% | 2019 | - |
| 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 | 1,520,000 |
| Pension liability | | | | 5,490,701 |
| OPEB liability | | | | 1,253,165 |
| Compensated Absences | | | | 903,374 |
| Unamortized Premiums | | | | 308,081 |
| Unamortized Discounts | | | | (352) |
| Total Long-term Debt | | | | <u>\$ 24,679,969</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.

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 4 - DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-term debt (Continued)

General obligation bonds (Continued)

General obligation bonds currently outstanding are as follows:

| <u>Purpose</u> | <u>Interest Rates</u> | <u>Amount</u> |
|-------------------------|-----------------------|---------------|
| Governmental activities | 1.28-3.53% | \$14,065,000 |

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> |
|------------------------------------|----------------------|---------------------|
| 2020 | \$ 720,000 | \$ 301,905 |
| 2021 | 935,000 | 335,771 |
| 2022 | 1,040,000 | 304,925 |
| 2023 | 1,145,000 | 269,416 |
| 2024 | 1,025,000 | 232,169 |
| 2025 | 1,065,000 | 200,683 |
| 2026 | 870,000 | 175,270 |
| 2027 | 825,000 | 151,845 |
| 2028 | 840,000 | 130,695 |
| 2029 | 845,000 | 112,033 |
| 2030-2034 | 4,095,000 | 289,522 |
| 2035 | 660,000 | 7,425 |
| | <u>\$ 14,065,000</u> | <u>\$ 2,511,659</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, 2019 is \$1,714.

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 |

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 4 - DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-term debt (Continued)

General obligation revenue bonds (Continued)

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

| <u>Year Ending</u> <u>December 31</u> | <u>Principal</u> | <u>Interest</u> |
|--|---------------------|-------------------|
| 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 | 80,000 | 16,199 |
| 2030-2034 | 445,000 | 37,992 |
| | <u>\$ 1,140,000</u> | <u>\$ 308,950</u> |

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% | \$1,520,000 |

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

| <u>Year Ending</u> <u>December 31</u> | <u>Principal</u> | <u>Interest</u> |
|--|---------------------|-------------------|
| 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>\$ 1,520,000</u> | <u>\$ 315,834</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

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 4 - DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-term debt (Continued)

General obligation revenue notes (Continued)

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 \$1,520,000 liability for long-term debt (\$170,000 current, \$1,350,000 non-current).

Long-term liability activity for the year ended December 31, 2019 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 | \$ 1,405,000 | \$ - | \$ (1,215,000) | \$ 190,000 | \$ 190,000 |
| GO PIR Series 2010A | 545,000 | - | (140,000) | 405,000 | 55,000 |
| GO PIR Series 2012A | 1,225,000 | - | (300,000) | 925,000 | 290,000 |
| GO PIR Series 2016A | 3,125,000 | - | (175,000) | 2,950,000 | 185,000 |
| GO Series 2019A | - | 9,595,000 | - | 9,595,000 | - |
| Sales Tax Revenue Series 2010B | 155,000 | - | (155,000) | - | - |
| Sales Tax Revenue Series 2012B | 395,000 | - | (395,000) | - | - |
| | <u>\$ 6,850,000</u> | <u>\$ 9,595,000</u> | <u>\$ (2,380,000)</u> | <u>\$ 14,065,000</u> | <u>\$ 720,000</u> |
| Premium | 58,247 | 260,227 | (10,394) | 308,080 | 21,234 |
| Discount | (391) | - | 40 | (351) | (39) |
| Total bonds payable | <u>\$ 6,907,856</u> | <u>\$ 9,855,227</u> | <u>\$ (2,390,354)</u> | <u>\$ 14,372,729</u> | <u>\$ 741,195</u> |
| Other liabilities: | | | | | |
| Pension liability: | | | | | |
| GERF | \$ 1,993,348 | \$ 250,526 | \$ (216,350) | \$ 2,027,524 | \$ - |
| PEPFF | 1,760,862 | 445,020 | (360,928) | 1,844,954 | - |
| Volunteer fire relief association | 106,478 | 85,641 | (200,893) | (8,774) | - |
| OPEB | 976,079 | 173,473 | (71,383) | 1,078,169 | - |
| Compensated absences | 782,773 | 615,369 | (494,768) | 903,374 | 76,164 |
| Total other liabilities | <u>\$ 5,619,540</u> | <u>\$ 1,570,029</u> | <u>\$ (1,344,322)</u> | <u>\$ 5,845,247</u> | <u>\$ 76,164</u> |
| Governmental activities long-term liabilities | <u>\$ 12,527,396</u> | <u>\$ 1,570,029</u> | <u>\$ (3,734,676)</u> | <u>\$ 20,217,976</u> | <u>\$ 817,359</u> |
| BUSINESS-TYPE ACTIVITIES | | | | | |
| Bonds payable | | | | | |
| Revenue bonds | | | | | |
| | \$ 1,140,000 | \$ - | \$ - | \$ 1,140,000 | \$ 55,000 |
| Total bonds payable | <u>\$ 1,140,000</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,140,000</u> | <u>\$ 55,000</u> |
| Other liabilities: | | | | | |
| Note-MCMU Series 2007A | \$ 1,685,000 | \$ - | \$ (165,000) | \$ 1,520,000 | \$ 170,000 |
| Pension liability: | | | | | |
| GERF | 1,640,323 | 201,035 | (214,361) | 1,626,997 | - |
| OPEB | 147,830 | 46,161 | (18,995) | 174,996 | - |
| Total other liabilities | <u>\$ 3,473,153</u> | <u>\$ 247,196</u> | <u>\$ (398,356)</u> | <u>\$ 3,321,993</u> | <u>\$ 170,000</u> |
| Business-type activities long-term liabilities | <u>\$ 4,613,153</u> | <u>\$ 247,196</u> | <u>\$ (398,356)</u> | <u>\$ 4,461,993</u> | <u>\$ 225,000</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, 2019

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, 2019, the City had not utilized \$20,082,712.

H. Fund Balance/Net Position

At December 31, 2019, a summary of the governmental fund balance classifications are as follows:

| CLASSIFICATIONS | General | WRH | PIR Series Bonds | Improvement Construction | Other | Total |
|---------------------------|---------------------|----------------------|---------------------|--------------------------|-----------------------|----------------------|
| Nonspendable: | | | | | | |
| Prepaid items | \$ 90,855 | \$ - | \$ 513 | \$ 3,481 | \$ 21,791 | \$ 116,640 |
| Inventory | 19,845 | - | - | - | - | 19,845 |
| Land held for resale | 252,065 | - | - | - | - | 252,065 |
| Total nonspendable | \$ 362,765 | \$ - | \$ 513 | \$ 3,481 | \$ 21,791 | \$ 388,550 |
| Restricted for: | | | | | | |
| Capital projects | \$ 1,281 | \$ - | \$ - | \$ - | \$ - | \$ 1,281 |
| Debt service | - | - | 1,944,758 | - | - | 1,944,758 |
| Buffalo Ridge | - | - | - | - | 204,790 | 204,790 |
| Total restricted | \$ 1,281 | \$ - | \$ 1,944,758 | \$ - | \$ 204,790 | \$ 2,150,829 |
| Committed to: | | | | | | |
| Equipment revolving | \$ 2,986,621 | \$ - | \$ - | \$ - | \$ 233,068 | \$ 3,219,689 |
| Parking lot | 27,000 | - | - | - | - | 27,000 |
| Emergency disaster | 200,000 | - | - | - | - | 200,000 |
| Housing | - | - | - | - | 473,989 | 473,989 |
| Economic development | - | - | - | - | 1,327,718 | 1,327,718 |
| Capital projects | - | - | - | - | 150,000 | 150,000 |
| Memorial auditorium | - | - | - | - | 11,898 | 11,898 |
| Swimming pool-capital | - | - | - | - | 473,124 | 473,124 |
| Olson Park | - | - | - | - | 30,754 | 30,754 |
| PV development | - | - | - | - | 65,962 | 65,962 |
| Total committed | \$ 3,213,621 | \$ - | \$ - | \$ - | \$ 2,766,513 | \$ 5,980,134 |
| Assigned to: | | | | | | |
| Police programs | \$ 202,671 | \$ - | \$ - | \$ - | \$ - | \$ 202,671 |
| Capital projects | 33,149 | - | - | 7,981,355 | 2,973,215 | 10,987,719 |
| Union Pacific Railroad | 12,000 | - | - | - | - | 12,000 |
| Redevelopment | 202,906 | - | - | - | - | 202,906 |
| Lake improvement | 436,566 | - | - | - | - | 436,566 |
| Community development | - | 11,709,401 | - | - | - | 11,709,401 |
| Event Center | - | - | - | - | 106,980 | 106,980 |
| Senior dining | 12,706 | - | - | - | - | 12,706 |
| Education | 5,312 | - | - | - | - | 5,312 |
| Improv/maint revolving | - | - | - | - | 41,681 | 41,681 |
| Total assigned | \$ 905,310 | \$ 11,709,401 | \$ - | \$ 7,981,355 | \$ 3,121,876 | \$ 23,717,942 |
| Unassigned | \$ 4,702,472 | \$ - | \$ - | \$ - | \$ (1,687,320) | \$ 3,015,152 |
| Total Fund Balance | \$ 9,185,449 | \$ 11,709,401 | \$ 1,945,271 | \$ 7,984,836 | \$ 4,427,650 | \$ 35,252,607 |

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 4 - DETAILED NOTES ON ALL FUNDS (Continued)

H. Fund Balance/Net Position (Continued)

At December 31, 2019, the City reported \$2,150,829 of restricted fund balance on the governmental funds balance sheet as follows:

| | |
|------------------|---------------------|
| Restricted for: | |
| Capital projects | \$ 1,281 |
| Debt service | 1,944,758 |
| Buffalo Ridge | <u>204,790</u> |
| Total | <u>\$ 2,150,829</u> |

I. Restricted assets

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

| | |
|--|-------------------|
| Customer deposits - Center for Active Living | \$ 1,010 |
| Amounts held for others - police | 61,081 |
| Customer deposits - water | 27,755 |
| Customer deposits - municipal wastewater | 28,425 |
| Customer deposits - electric | <u>135,935</u> |
| Totals | <u>\$ 254,206</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, 2019, 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 2019. The following claims were actual amounts paid in each respective year, and represent amounts which were less than the City's deductibles.

| | | | |
|-------------|-------------|-------------|-------------|
| | <u>2019</u> | <u>2018</u> | <u>2017</u> |
| Claims Paid | \$ 8,960 | \$ 15,246 | \$ 8,373 |

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 5 – OTHER INFORMATION (Continued)

A. Risk management (Continued)

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

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

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

Due to a couple high health insurance claim years, the City opted out of being partially self-funded and joined in a State of Minnesota Health Insurance Plan known as Public Employees Insurance Program (PEIP). The City renews on a calendar year basis, which allows for better timing when budgeting subsequent year's premium changes. The City offers employees three plans, including a high-deductible plan, which results in lower overall costs to the City. For 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, 2019. 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. The City is currently aware of one pending claim in a Federal District Court. At this time the outcome as well as any potential liability is unknown. However, if the City is found liable the maximum out of pocket expense the City can incur is \$43,820 (\$75,000 deductible less previous insurance claims of \$31,180). Any liability resulting from this lawsuit would be covered with the City's Safety Promotion/Loss Control Fund, which has a reserve balance of \$460,655 as of 12/31/2019.

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, 2019. 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, 2019

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, 2019.

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 2019. 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>2019</u> | <u>2018</u> | <u>2017</u> |
|--------------------------------------|-------------|-------------|-----------------|
| Liability balance, beginning of year | \$ - | \$ 3,625 | \$ 3,625 |
| Health insurance premiums paid | - | (3,625) | - |
| Liability balance, end of year | <u>\$ -</u> | <u>\$ -</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 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, 2019

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 \$30,379.

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 \$1,253,165 as of year-end was measured as of January 1, 2019, with results actuarially projected on a "no gain/no loss" basis to get to the December 31, 2019 measurement date.

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

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, 2019, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

| | |
|------------------------------|--|
| Discount rate | 3.26% |
| 20-year municipal bond yield | 2.74% |
| Inflation rate | 2.50% |
| Salary increases | 3.50% |
| Medical trend rate | 8.50% decreasing to an ultimate rate of 5% |

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 3.26 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 4.11 percent.

10. Changes in the Net OPEB Liability

| | <u>Total OPEB Liability</u> |
|--|---------------------------------|
| Beginning balance - January 1, 2019 | \$ 1,123,909 |
| Changes for the year | |
| Service costs | 73,927 |
| Interest | 48,613 |
| Changes in assumptions | 97,096 |
| Difference between expected and actual experience | (60,001) |
| Benefit payments - employer financed | (30,379) |
| Total net changes | <u>\$ 129,256</u> |
| Ending balance - December 31, 2019 | <u>\$ 1,253,165</u> |

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

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 | 2.26% | 3.26% | 4.26% |
| Total OPEB Liability | \$1,378,872 | \$1,253,165 | \$1,139,814 |

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 | 7.50 to 4.00% | 8.50 to 5.00% | 9.50 to 6.00% |
| Total OPEB Liability | \$1,085,967 | \$1,253,165 | \$1,452,961 |

12. OPEB Expense and Related Deferred Inflows of Resources

For the current year ended, the City recognized OPEB expense of \$118,255. As of the year-end, the City reported deferred inflows of resources related to OPEB from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between expected and actual economic experience | \$ - | \$ 53,334 |
| Changes in actuarial assumptions | 86,308 | 58,839 |
| | <u>\$ 86,308</u> | <u>\$ 112,173</u> |

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

| Year Ended December 31 | Pension Expense Amount |
|------------------------------|------------------------------|
| 2020 | \$ (4,285) |
| 2021 | (4,285) |
| 2022 | (4,285) |
| 2023 | (4,285) |
| 2024 | (4,285) |
| Thereafter | (4,440) |
| Total | <u>\$ (25,865)</u> |

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

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.

Annuities, disability benefits, and survivor benefits are increased effective every January 1. Beginning January 1, 2019, the postretirement increase will be equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 5 – OTHER INFORMATION (Continued)

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

2. Benefits provided (Continued)

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.

Annuities, disability benefits, and survivor benefits are increased effective every January 1. Beginning January 1, 2019, the postretirement increase will be fixed at 1 percent. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

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 2019 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, 2019 were \$364,464. The City's contributions were equal to the required contributions as set by state statute.

B. Police and Fire Fund Contributions

Police and Fire member's contribution rates increased from 10.8 percent of pay to 11.3 percent and employer rates increased from 16.2 percent to 16.95 percent on January 1, 2019. The City's contributions to the Police and Fire Fund for the year ended December 31, 2019, were \$312,701. 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, 2019, the City reported a liability of \$3,654,521 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 2019. 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 \$3,654,521. The net pension liability was measured as of June 30, 2019, 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

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 5 – OTHER INFORMATION (Continued)

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

4. Pension costs (Continued)

A. General Employees Fund Pension Costs (Continued)

pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll dates from July 1, 2018, through June 30, 2019, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2019 the City's proportion was 0.0661 percent which was an increase of 0.0006 percent from its proportion measured as of June 30, 2018.

| | |
|--|---------------------|
| City's proportionate share of the net pension liability | \$ 3,654,521 |
| State of Minnesota's proportionate share of the net pension liability associated with the City | <u>10,905</u> |
| Total | <u>\$ 3,665,426</u> |

For the year ended December 31, 2019, the City recognized pension expense of \$136,933 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized an additional \$8,500 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, 2019, 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 | \$ 51,472 | \$ 52,027 |
| Changes in actuarial assumptions | 147,837 | 145,449 |
| Net collective differences between projected and actual investment earnings | - | 383,049 |
| Changes in proportion | 71,649 | 121,295 |
| Contributions paid to PERA subsequent to the measurement date | 184,240 | - |
| Totals | <u>\$ 455,198</u> | <u>\$ 701,820</u> |

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 5 – OTHER INFORMATION (Continued)

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

4. Pension costs (Continued)

A. General Employees Fund Pension Costs (Continued)

The \$184,240 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, 2020. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended | Pension |
|--------------|---------------------|
| December 31: | Expense Amount |
| 2020 | \$ (210,136) |
| 2021 | (354,091) |
| 2022 | (64,145) |
| 2023 | 5,890 |
| 2024 | - |
| Thereafter | - |
| Total | <u>\$ (622,482)</u> |

B. Police and Fire Fund Pension Costs

At December 31, 2019, the City reported a liability of \$1,844,954 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2018 through June 30, 2019, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2019, the City's proportion was 0.1733 percent which was an increase of 0.0081 percent from its proportion measured as of June 30, 2018. The City also recognized \$23,395 for the year ended December 31, 2019, 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 until the plan is 90 percent funded or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later. In addition, the state will pay \$4.5 million on October 1, 2018 and October 1, 2019 in direct state aid. Thereafter, by October 1 of each year, the state will pay \$9 million until full funding is reached or July 1, 2048, whichever is earlier. fiscal year 2014.

For the year ended December 31, 2019, the City recognized pension expense of \$44,591 for its proportionate share of the Police and Fire Plan's pension expense.

At December 31, 2019, 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:

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 5 – OTHER INFORMATION (Continued)

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

4. Pension costs (Continued):

B. Police and Fire Fund Pension Costs (Continued)

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual economic experience | \$ 75,986 | \$ 266,779 |
| Changes in actuarial assumptions | 1,466,525 | 1,996,546 |
| Net collective differences between projected and actual investment earnings | - | 368,092 |
| Changes in proportion | 42,791 | 36,002 |
| Contributions paid to PERA subsequent to the measurement date | 155,833 | - |
| Totals | <u>\$ 1,741,135</u> | <u>\$ 2,667,419</u> |

The \$155,833 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, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended December 31: | Pension Expense Amount |
|----------------------------|---------------------------|
| 2020 | \$ (114,214) |
| 2021 | (242,381) |
| 2022 | (634,574) |
| 2023 | (11,414) |
| 2024 | (1,565) |
| Thereafter | - |
| Total | <u>\$ (1,004,148)</u> |

5. Actuarial assumptions

The total pension liability in the June 30, 2019, 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.

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 5 – OTHER INFORMATION (Continued)

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

5. Actuarial assumptions (Continued)

Actuarial assumptions used in the June 30, 2019 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2019. The most recent four-year experience study for Police and Fire Plan was completed in 2016. Economic assumptions were updated in 2018 based on a review of inflation and investment return assumptions.

There following changes in actuarial assumptions and plan provisions occurred in 2019:

General Employees Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

Police and Fire Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

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 | 35.50% | 5.10% |
| Private Markets | 25.00% | 5.90% |
| Fixed Income | 20.00% | 0.75% |
| International Equity | 17.50% | 5.90% |
| Cash Equivalents | 2.00% | 0.00% |
| | <u>100.00%</u> | |

6. Discount rate

The discount rate used to measure the total pension liability in 2019 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.

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 5 – OTHER INFORMATION (Continued)

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

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 Analysis
Net Pension Liability at Different Discount Rates (in thousands)

| | General Employees Fund | | Police and Fire Fund | |
|-----------------------|------------------------|-------------|----------------------|-------------|
| 1% Lower | 6.50% | \$9,089,010 | 6.50% | \$2,327,020 |
| Current Discount Rate | 7.50% | 5,528,776 | 7.50% | 1,064,601 |
| 1% Higher | 8.50% | 2,589,095 | 8.50% | 20,601 |

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.

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, 2019, the plan covered 34 active firefighters, 11 retired participants and 3 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 and 424.

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.

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 5 – OTHER INFORMATION (Continued)

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

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 \$70,080 in fire state aid to the plan on behalf of the Department for the year ended December 31, 2019, 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, 2019 were \$1,283. The City's contributions were \$1,838 which were more than the required contributions as set by state statute. The City made \$555 in voluntary contributions to the plan. Furthermore, the firefighter has no obligation to contribute to the plan.

4. Pension costs

At December 31, 2019, the City reported a net pension asset of \$8,774 for the plan. The net pension asset was measured as of December 31, 2019. The total pension asset used to calculate the net pension asset in accordance with GASB 68 was determined by Nyhart, applying an actuarial formula to specific census data certified by the Department as of December 31, 2019.

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, 2019 | \$ 1,203,459 | \$ 1,096,981 | \$ 106,478 |
| Changes for the year | | | |
| Service cost | \$ 51,485 | \$ - | \$ 51,485 |
| Interest on pension liability (asset) | 61,583 | - | 61,583 |
| Changes of benefit terms | 25,248 | - | 25,248 |
| Differences between expected and actual experience | (12,476) | - | (12,476) |
| Change of assumptions | 6,361 | - | 6,361 |
| Benefit payments, including refunds of member contributions | (46,560) | (46,560) | - |
| Contributions (employer) | - | 1,838 | (1,838) |
| Contributions (State) | - | 70,080 | (70,080) |
| Net investment income | - | 191,331 | (191,331) |
| Administrative costs | - | (15,796) | 15,796 |
| Total net changes | \$ 85,641 | \$ 200,893 | \$ (115,252) |
| Ending balance December 31, 2019 | \$ 1,289,100 | \$ 1,297,874 | \$ (8,774) |

For the year ended December 31, 2019 the City recognized pension revenue of \$70,080 and pension expense of \$72,894.

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 5 – OTHER INFORMATION (Continued)

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

4. Pension costs (Continued)

At December 31, 2019, 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:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Differences between expected and actual experience | \$ 38,334 | \$ 39,181 |
| Changes of assumptions | 22,838 | 2,146 |
| Net difference between projected and actual earnings on plan investments | <u>69,718</u> | <u>180,123</u> |
| Total | <u>\$ 130,890</u> | <u>\$ 221,450</u> |

The net amount of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year Ended December 31:</u> | <u>Pension Expense Amount</u> |
|------------------------------------|-----------------------------------|
| 2020 | \$ (44,891) |
| 2021 | (33,864) |
| 2022 | (3,814) |
| 2023 | (17,633) |
| 2024 | 5,299 |
| Thereafter | 4,343 |
| Total | <u>\$ (90,560)</u> |

5. Actuarial assumptions

The total pension liability at December 31, 2019 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 RP-204 Blue Collar Mortality with fully generational improvements from 2006 based on assumptions for the 2018 Social Security Trustees Report to PubS-2010 Mortality with generational improvements projected beginning in 2010 based on SOA Scale MP-2019. This results in an increase in liability and normal cost. The lump sum and monthly benefits have been updated to \$2,921 and \$354 as of January 1, 2019. There have been no other

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 5 – OTHER INFORMATION (Continued)

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

5. Actuarial assumptions (Continued)

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) are 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 weighting 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, 2019 are summarized in the following table:

| Asset Class | Target Allocation | Long-term Expected Real Rate of Return |
|----------------------------|----------------------|--|
| Domestic Equity | 35.00% | 5.07% |
| International Equity | 20.00% | 5.17% |
| Domestic Fixed Income | 10.00% | 0.98% |
| International Fixed Income | 0.00% | 2.05% |
| Alternative Investment | 10.00% | 2.73% |
| Cash | 25.00% | -0.25% |
| | 100.00% | |

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 | \$ 45,078 | \$ (8,774) | \$ (58,930) |

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 5 – OTHER INFORMATION (Continued)

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.

Total contributions made by the City of Worthington during fiscal year 2019 were:

| Contribution Amount | | Percentage of Covered Payroll | | Required |
|---------------------|----------|-------------------------------|----------|----------|
| Employees | Employer | Employees | Employer | Rate |
| \$1,328 | \$1,328 | 5.00% | 5.00% | 5.00% |

I. Tax Abatement

The City has entered into six 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, 2019, the City generated \$201,416 in tax increment revenue and made \$194,680 in payments to developers.

All but two agreements 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, 2019, the City generated \$21,104 of tax increment revenue and made payments on the pay-as-you-go note of \$12,139. The note's balance at year end was \$186,809.
- 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, 2019, the City generated \$38,542 of tax increment revenue and made payments on the pay-as-you-go note of \$54,891. The note's balance at year end was \$179,442.

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 5 – OTHER INFORMATION (Continued)

I. Tax Abatement (Continued)

- 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, 2019, the City generated \$0 of tax increment revenue and made payments on the pay-as-you-go note of \$13,112. The note's balance at year end was \$155,325.
- 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, 2019, the City generated \$0 of tax increment revenue and made payments on the pay-as-you-go note of \$7,725. The note's balance at year end was \$456,546.
- 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, 2019, the City generated \$74,014 of tax increment revenue and made payments on the pay-as-you-go note of \$42,621. The note's balance at year end was \$223,479.
- 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, 2019, the City generated \$66,178 through tax increment revenue and made payments on the pay-as-you-go note of \$64,192. The note's balance at year end was \$686,220.

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 2019, taxes abated for twenty-nine eligible projects within the City corporate limits was \$22,576. The County and ISD #518 abated \$31,062 and \$11,152, 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, 2019, the entity has been given/awarded \$6,771, of which \$1,347 was abated in 2019.
- 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, 2019, the entity has been given/awarded \$6,917, of which \$1,785 was abated in 2019.

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

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

During the year ended December 31, 2019, the City Implemented Governmental Accounting Standards (GASB) No. 84, *Fiduciary Activities*.

A prior period adjustment, increasing 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 increased net assets by \$1,321,910. This change was related to the reclassification of fiduciary funds to governmental activities in the previous year.

| <u>Activities/Fund</u> | <u>Net Position December 31, 2018 as Previously Reported</u> | <u>Restatement for Agency Reclassification</u> | <u>Net Position December 31, 2018 as Restated</u> |
|-------------------------|--|--|---|
| Governmental Activities | \$ 79,240,189 | \$ 1,321,910 | \$ 80,562,099 |

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

| <u>Fiscal Year Ending</u> | <u>Statutorily Required Contributions (a)</u> | <u>Contributions in Relation to the Statutorily Required Contributions (b)</u> | <u>Contribution Deficiency (Excess) (a-b)</u> | <u>Covered Payroll** (d)</u> | <u>Contributions as a Percentage of Covered Payroll (b/d)</u> |
|---------------------------|---|--|---|--------------------------------------|---|
| December 31, 2015 | \$ 302,420 | \$ 302,420 | \$ - | \$ 4,032,258 | 7.50% |
| December 31, 2016 | 330,039 | 330,039 | - | 4,400,521 | 7.50% |
| December 31, 2017 | 323,530 | 323,530 | - | 4,313,735 | 7.50% |
| December 31, 2018 | 340,129 | 340,129 | - | 4,535,051 | 7.50% |
| December 31, 2019 | 364,465 | 364,464 | - | 4,859,527 | 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

| <u>Fiscal Year Ending</u> | <u>Employer's Proportion (Percentage) of the Net Pension Liability (Asset)</u> | <u>Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)</u> | <u>Employer's Covered Payroll** (b)</u> | <u>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a/b)</u> | <u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u> |
|---------------------------|--|---|---|---|---|
| June 30, 2015 | 0.0676% | \$ 3,503,383 | \$ 3,975,365 | 88.13% | 78.2% |
| June 30, 2016 | 0.0670% | 5,440,068 | 4,155,119 | 130.92% | 68.9% |
| June 30, 2017 | 0.0693% | 4,424,066 | 4,400,521 | 100.54% | 75.9% |
| June 30, 2018 | 0.0655% | 3,633,671 | 4,406,374 | 82.46% | 79.5% |
| June 30, 2019 | 0.0661% | \$3,654,521 | 4,676,883 | 78.14% | 80.2% |

* 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% |
| December 31, 2019 | 312,700 | 312,700 | - | 1,844,839 | 16.95% |

* 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

| <u>Fiscal Year Ending</u> | <u>Employer's Proportion (Percentage) of the Net Pension Liability (Asset)</u> | <u>Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)</u> | <u>Employer's Covered Payroll** (b)</u> | <u>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a/b)</u> | <u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u> |
|---------------------------|--|---|---|---|---|
| June 30, 2015 | 0.160% | \$ 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% |
| June 30, 2019 | 0.173% | 1,844,954 | 1,827,833 | 100.94% | 89.3% |

* 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

| | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| Total Pension Liability | | | | | |
| Service Cost | \$ 51,485 | \$ 51,485 | \$ 40,709 | \$ 40,709 | \$ 43,045 |
| Interest | 61,583 | 58,521 | 56,846 | 58,681 | 62,200 |
| Changes in benefit terms | 25,248 | - | 22,390 | - | 11,452 |
| Differences between expected and actual experience | (12,476) | - | 57,501 | - | (75,375) |
| Changes in assumptions | 6,361 | (1,787) | (1,135) | 34,548 | - |
| Benefit Payments | (46,560) | (47,388) | (259,774) | (81,516) | (137,221) |
| Net Change in Total Pension Liability | \$ 85,641 | \$ 60,831 | \$ (83,463) | \$ 52,422 | \$ (95,899) |
| Total Pension Liability - Beginning of Year | 1,203,459 | 1,142,628 | 1,226,091 | 1,173,669 | 1,269,568 |
| Total Pension Liability - End of Year | \$ 1,289,100 | \$ 1,203,459 | \$ 1,142,628 | \$ 1,226,091 | \$ 1,173,669 |
| Plan Fiduciary Net Position | | | | | |
| Contributions-Employer | \$ 1,838 | \$ 698 | \$ 2,698 | \$ 5,817 | \$ 19,890 |
| Contributions-Nonemployer Contributing Member | 70,080 | 68,221 | 70,095 | 66,101 | 68,654 |
| Net Investment Income | 191,331 | (58,563) | 202,698 | 107,910 | (36,971) |
| Benefit Payments | (46,560) | (47,388) | (259,774) | (81,516) | (137,221) |
| Administrative Expenses | (15,796) | (15,845) | (16,587) | (15,577) | (14,910) |
| Net Change in Plan Fiduciary Net Position | \$ 200,893 | \$ (52,877) | \$ (870) | \$ 82,735 | \$ (100,558) |
| Plan Fiduciary Net Position - Beginning of Year | 1,096,981 | 1,149,858 | 1,150,728 | 1,067,993 | 1,168,551 |
| Plan Fiduciary Net Position - End of Year | \$ 1,297,874 | \$ 1,096,981 | \$ 1,149,858 | \$ 1,150,728 | \$ 1,067,993 |
| Net Pension Liability (Asset) - End of Year | \$ (8,774) | \$ 106,478 | \$ (7,230) | \$ 75,363 | \$ 105,676 |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 100.68% | 91.15% | 100.63% | 93.85% | 91.00% |
| Covered Employee Payroll | N/A | 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 | N/A |

* This schedule is presented prospectively beginning with the fiscal year ended December 31, 2015 (using a December 31, 2019 measurement date).

CITY OF WORHTINGTON, MINNESOTA

Exhibit A-6

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

| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|--|-----------|-----------|------------|------------|-------------|-------------|-----------|-----------|
| Actuarially Determined Contribution | \$ 71,363 | \$ 71,363 | \$ 68,698 | \$ 68,698 | \$ 72,638 | \$ 72,638 | \$ 61,816 | \$ 81,816 |
| Contributions in Relation of the Actuarially Determined Contribution | 71,918 | 68,919 | 72,793 | 71,918 | 88,544 | 90,191 | - | - |
| Contribution Deficiency (Excess) | \$ (555) | \$ 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 | N/A |
| Contributions as a Percentage of Covered Employee Payroll | N/A | 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, 2019.

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 | 16 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 thePubsS-2010 Mortality with generational improvements projected beginning in 2010 based on SOA Scale MP-2019 |

* 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>2019</u> | <u>2018</u> |
|---|---------------------|---------------------|
| Total OPEB liability | | |
| Service cost | \$ 73,927 | \$ 80,180 |
| Interest | 48,613 | 40,360 |
| Changes of assumptions | 97,096 | (75,651) |
| Difference between expected and actual experience | (60,001) | - |
| Benefit payments | (30,379) | (27,871) |
| Net change in total OPEB liability | <u>\$ 129,256</u> | <u>\$ 17,018</u> |
| Total OPEB liability-beginning of year | <u>1,123,909</u> | <u>1,106,891</u> |
| Total OPEB liability-end of year | <u>\$ 1,253,165</u> | <u>\$ 1,123,909</u> |
| | | |
| **Covered - Employee Payroll | \$ 6,368,314 | \$ 5,928,531 |
| | | |
| Total OPEB liability as a percentage of covered payroll | 19.68% | 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 | 3.26% |
| Inflation | 2.50% |
| Salary increases | 3.50% |

* 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.

Economic Revolving Loan Fund

Established to account for loan activity to help local companies fill in the financial gap that may exist between project costs and financial resources.

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.

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, 2019

| | Special Revenue | | | | | | Debt Service | | | |
|--|---------------------|---------------------|-------------------|-------------------------|-------------------|-------------------|-------------------|--------------------------------|-----------------|-------------|
| | Memorial Auditorium | Small Cities Grant | PD Task Force | Economic Revolving Loan | Sales Tax Revenue | Event Center | Recreation | Economic Development Authority | TI Series Bonds | Other Bonds |
| ASSETS | | | | | | | | | | |
| Current assets | | | | | | | | | | |
| Cash assets | | | | | | | | | | |
| Cash and cash equivalents | \$ 111,424 | \$ 137,205 | \$ 187,095 | \$ 1,005,493 | \$ - | \$ 131,298 | \$ 562,447 | \$ 538,212 | \$ - | \$ - |
| Investments | 20,017 | 24,649 | 33,611 | 180,636 | - | 23,587 | 101,044 | 96,689 | - | - |
| Receivables | | | | | | | | | | |
| Accounts receivable | 12,217 | - | 234 | - | - | 2,796 | 13,384 | 10,294 | - | - |
| Notes receivable | - | 920,000 | - | - | - | - | - | - | - | - |
| Economic revolving receivable | - | - | - | 14,994 | - | - | - | - | - | - |
| Taxes receivable | 1,536 | - | - | - | - | - | 10,292 | 1,296 | - | - |
| Interest receivable | 100 | 12,135 | 800 | 3,808 | - | 376 | 991 | 532 | - | - |
| Other current assets | | | | | | | | | | |
| Due from other governments | 325 | - | 42,572 | - | - | - | - | - | - | - |
| Prepayments | 2,165 | - | 1,050 | - | - | 780 | 17,284 | 494 | - | - |
| Total current assets | \$ 147,784 | \$ 1,093,989 | \$ 265,362 | \$ 1,204,931 | \$ - | \$ 158,837 | \$ 705,452 | \$ 647,517 | \$ - | \$ - |
| Economic revolving receivable | \$ - | \$ - | \$ - | \$ 122,787 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| TOTAL ASSETS | \$ 147,784 | \$ 1,093,989 | \$ 265,362 | \$ 1,327,718 | \$ - | \$ 158,837 | \$ 705,452 | \$ 647,517 | \$ - | \$ - |
| LIABILITIES | | | | | | | | | | |
| Current liabilities | | | | | | | | | | |
| Accounts payable | \$ 18,510 | \$ - | \$ 59,522 | \$ - | \$ - | \$ 1,077 | \$ 130,493 | \$ 238,533 | \$ 123 | \$ - |
| Accrued payroll | 2,282 | - | - | - | - | - | 6,838 | - | - | - |
| Contracts payable | - | - | - | - | - | - | 53,638 | 74,662 | - | - |
| Interfund loans payable | 12,913 | - | - | - | - | - | - | 1,877,581 | - | - |
| Due to other governments | 16 | - | - | - | - | - | - | - | - | - |
| Deferred revenue | - | 620,000 | - | - | - | - | 175 | - | - | - |
| TOTAL LIABILITIES | \$ 33,721 | \$ 620,000 | \$ 59,522 | \$ - | \$ - | \$ 1,077 | \$ 191,144 | \$ 1,988,776 | \$ 123 | \$ - |
| FUND BALANCES | | | | | | | | | | |
| Nonspendable | \$ 2,165 | \$ - | \$ 1,050 | \$ - | \$ - | \$ 780 | \$ 17,284 | \$ 494 | \$ - | \$ - |
| Restricted | - | - | 204,790 | - | - | - | - | - | - | - |
| Committed | 111,898 | 473,989 | - | 1,327,718 | - | 50,000 | 328,784 | - | - | - |
| Assigned | - | - | - | - | - | 106,980 | 167,240 | - | - | - |
| Unassigned | - | - | - | - | - | - | - | (1,341,753) | (123) | - |
| TOTAL FUND BALANCES | \$ 114,063 | \$ 473,989 | \$ 205,840 | \$ 1,327,718 | \$ - | \$ 157,760 | \$ 514,308 | \$ (1,341,259) | \$ (123) | \$ - |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 147,784 | \$ 1,093,989 | \$ 265,362 | \$ 1,327,718 | \$ - | \$ 158,837 | \$ 705,452 | \$ 647,517 | \$ - | \$ - |

Capital Projects

| Municipal Buildings | TI Dist #7, Redevel, Amend 5 | Prairie Expo Improvement | C & J Housing Project | Okabena Estates | CCSI Redevelopment | Bedford Technologies Project | Newcastle Townhomes | Aquatic Center Facility | Hotel TIF #15 | Northland Mall TIF #16 | Grand Terrace Apts TIF #17 | Total Nonmajor Governmental Funds |
|---------------------|------------------------------|--------------------------|-----------------------|--------------------|--------------------|------------------------------|---------------------|-------------------------|--------------------|------------------------|----------------------------|-----------------------------------|
| \$ 35,220 6,327 | \$ 2,323,191 417,360 | \$ - | \$ 17,776 3,184 | \$ 18,654 3,351 | \$ 16,747 3,009 | \$ - | \$ 2,183 392 | \$ 401,078 72,053 | \$ 31,794 5,712 | \$ 5 1 | \$ 9,096 1,634 | \$ 5,528,918 993,266 |
| - | - | - | - | - | - | - | - | - | - | - | - | 38,935 |
| - | - | - | - | - | - | - | - | - | - | - | - | 920,000 |
| - | - | - | - | - | - | - | - | - | - | - | - | 14,994 |
| 134 | 8,942 | - | 67 | 77 | 74 | 11 | 8 | 120 1,532 | 141 | - | 33 | 13,244 29,761 |
| 1 | 9 | - | - | 8 | - | - | - | - | - | - | - | 42,897 |
| \$ 41,682 | \$ 2,749,502 | \$ - | \$ 21,037 | \$ 22,090 | \$ 19,830 | \$ 11 | \$ 2,583 | \$ 474,783 | \$ 37,647 | \$ 6 | \$ 10,763 | \$ 7,603,806 |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 122,787 |
| \$ 41,682 | \$ 2,749,502 | \$ - | \$ 21,037 | \$ 22,090 | \$ 19,830 | \$ 11 | \$ 2,583 | \$ 474,783 | \$ 37,647 | \$ 6 | \$ 10,763 | \$ 7,726,593 |
| - | - | - | - | - | - | - | - | 1,659 | - | - | - | 447,917 |
| - | - | - | - | - | - | - | - | - | - | - | - | 9,120 |
| - | - | - | - | - | 179,442 | - | - | - | 223,479 | - | - | 128,300 |
| - | - | - | - | - | - | - | - | - | - | - | - | 2,093,415 |
| - | - | - | - | - | - | - | - | - | - | - | - | 191 |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ 179,442 | \$ - | \$ - | \$ 1,659 | \$ 223,479 | \$ - | \$ - | \$ 620,000 |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 3,298,943 |
| 1 | 9 | - | - | 8 | - | - | - | - | - | - | - | 21,791 |
| - | - | - | - | - | - | - | - | - | - | - | - | 204,790 |
| 41,681 | 2,749,493 | - | 21,037 | 22,082 | (159,612) | 11 | 2,583 | 473,124 | - | 6 | 10,763 | 2,766,513 |
| - | - | - | - | - | - | - | - | - | - | - | - | 3,121,876 |
| \$ 41,682 | \$ 2,749,502 | \$ - | \$ 21,037 | \$ 22,090 | \$ (159,612) | \$ 11 | \$ 2,583 | \$ 473,124 | \$ (185,832) | \$ 6 | \$ 10,763 | \$ (1,687,320) |
| \$ 41,682 | \$ 2,749,502 | \$ - | \$ 21,037 | \$ 22,090 | \$ 19,830 | \$ 11 | \$ 2,583 | \$ 474,783 | \$ 37,647 | \$ 6 | \$ 10,763 | \$ 7,726,593 |

CITY OF WORTHINGTON, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the Year Ended December 31, 2019

| | Special Revenue | | | | | | | Debt Service | | |
|--|---------------------|--------------------|-------------------|-------------------------|-----------------------|-------------------|-----------------------|--------------------------------|--------------------|---------------------|
| | Memorial Auditorium | Small Cities Grant | PD Task Force | Economic Revolving Loan | Sales Tax Revenue | Event Center | Recreation | Economic Development Authority | TI Series Bonds | Other Bonds |
| REVENUES | | | | | | | | | | |
| Taxes | \$ 146,373 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 967,546 | \$ 122,689 | \$ - | \$ - |
| Intergovernmental revenues | 11 | - | 192,572 | - | - | - | 1,094 | 8 | - | - |
| Charges for services | 58,615 | - | 153,340 | - | - | 23,116 | 80,178 | - | - | - |
| Investment earnings | 342 | 3,109 | 3,362 | 18,447 | 5,572 | 1,627 | 3,822 | 2,250 | - | - |
| Fines and forfeits | - | - | 430 | - | - | - | - | - | - | - |
| Rents | - | - | - | - | - | - | - | 63,553 | - | - |
| Other | 606 | 26,754 | 8,847 | - | - | - | 22,015 | 35,489 | - | - |
| TOTAL REVENUES | \$ 205,947 | \$ 29,863 | \$ 358,551 | \$ 18,447 | \$ 5,572 | \$ 24,743 | \$ 1,074,655 | \$ 223,989 | \$ - | \$ - |
| EXPENDITURES | | | | | | | | | | |
| Current | | | | | | | | | | |
| General government | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Public safety | - | - | 330,109 | - | - | - | - | - | - | - |
| Culture and recreation | 391,012 | - | - | - | - | 4,202 | 2,193,783 | - | - | - |
| Conservation and development | - | - | - | - | - | - | 90,505 | 3,104,041 | - | - |
| Capital outlay | | | | | | | | | | |
| Projects | - | - | - | - | - | - | - | - | - | - |
| Debt service | | | | | | | | | | |
| Principal | - | - | - | - | - | - | - | - | - | 550,000 |
| Interest and fiscal agent fees | - | - | - | - | - | - | - | - | - | 5,680 |
| Miscellaneous | - | - | - | - | - | - | - | - | 123 | - |
| TOTAL EXPENDITURES | \$ 391,012 | \$ - | \$ 330,109 | \$ - | \$ - | \$ 4,202 | \$ 2,284,268 | \$ 3,104,041 | \$ 123 | \$ 555,680 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | \$ (185,065) | \$ 29,863 | \$ 28,442 | \$ 18,447 | \$ 5,572 | \$ 20,541 | \$ (1,209,613) | \$ (2,880,052) | \$ (123) | \$ (555,680) |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | | |
| Sale of capital asset | \$ 300 | \$ - | \$ 15,111 | \$ - | \$ - | \$ - | \$ - | \$ 29,859 | \$ - | \$ - |
| Transfers-in: | | | | | | | | | | |
| Special revenue fund | 255,754 | - | - | - | - | 50,000 | 924,922 | 781,983 | - | 556,130 |
| Debt service fund | 454 | - | - | - | - | - | - | - | - | - |
| Capital projects fund | - | - | - | - | - | - | - | - | - | - |
| Proprietary fund | - | - | - | - | - | - | 283,974 | 411,796 | - | - |
| Transfers-out: | | | | | | | | | | |
| General Fund | - | - | (15,111) | - | (70,114) | - | - | - | (31,689) | - |
| Special revenue fund | - | - | - | - | (920,676) | - | - | - | - | (454) |
| Debt service fund | - | - | - | - | (556,131) | - | - | - | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | \$ 256,508 | \$ - | \$ - | \$ - | \$ (1,546,921) | \$ 50,000 | \$ 1,208,896 | \$ 1,223,638 | \$ (31,689) | \$ 555,676 |
| NET CHANGE IN FUND BALANCES | \$ 71,443 | \$ 29,863 | \$ 28,442 | \$ 18,447 | \$ (1,541,349) | \$ 70,541 | \$ (717) | \$ (1,656,414) | \$ (31,812) | \$ (4) |
| FUND BALANCE, January 1 | 42,620 | 444,126 | 177,398 | - | 1,541,349 | 87,219 | 515,025 | 315,155 | 31,689 | 4 |
| Residual equity transfer-out | - | - | - | - | - | - | - | - | - | - |
| Prior period adjustment | - | - | - | 1,309,271 | - | - | - | - | - | - |
| FUND BALANCE, December 31 | \$ 114,063 | \$ 473,989 | \$ 205,840 | \$ 1,327,718 | \$ - | \$ 157,760 | \$ 514,308 | \$ (1,341,269) | \$ (123) | \$ - |

Capital Projects

| Municipal Buildings | TI Dist #7, Redeval, Amend 5 | Prairie Expo Improvement | C&J Housing Project | Okabena Estates | CCSI Redevelopmer | Bedford Technologies Project | Newcastle Townhomes | Aquatic Center Facility | Hotel TIF #15 | Northland Mall TIF #16 | Grand Terrace Apt TIF #17 | Total Nonmajor Governmental Funds |
|---------------------|------------------------------|--------------------------|---------------------|-----------------|-------------------|------------------------------|---------------------|-------------------------|---------------|------------------------|---------------------------|-----------------------------------|
| \$ - | \$ - | \$ - | \$ - | \$ 21,105 | \$ 38,542 | \$ - | \$ - | \$ 11,611 | \$ 74,014 | \$ 66,178 | \$ 1,577 | \$ 1,449,635 |
| 595 | 39,775 | - | 155 | 340 | 263 | - | 28 | 7,177 | 499 | (3) | 154 | 193,686 |
| - | - | - | - | - | - | - | - | - | - | - | - | 316,249 |
| - | - | - | - | - | - | - | - | - | - | - | - | 87,514 |
| - | - | - | - | - | - | - | - | - | - | - | - | 430 |
| - | - | - | - | - | - | - | - | - | - | - | - | 63,553 |
| - | - | - | - | - | - | - | - | - | - | - | - | 93,711 |
| \$ 595 | \$ 39,775 | \$ - | \$ 155 | \$ 21,445 | \$ 38,805 | \$ - | \$ 28 | \$ 18,789 | \$ 74,513 | \$ 66,175 | \$ 1,731 | \$ 2,203,778 |
| \$ 2 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 2 |
| - | - | - | - | 8,998 | 6,380 | 1,462 | 1,471 | 45,665 | 15,847 | - | - | 330,109 |
| - | 76,933 | - | - | 12,139 | - | 13,112 | 7,726 | - | - | 1,985 | - | 2,650,489 |
| - | - | - | - | - | - | - | - | - | - | 64,183 | - | 3,214,842 |
| - | - | - | - | - | - | - | - | - | - | - | - | 174,103 |
| - | - | - | - | - | - | - | - | - | - | - | - | 550,000 |
| - | - | - | - | - | - | - | - | - | - | - | - | 5,680 |
| - | - | - | - | - | - | - | - | - | - | - | - | 123 |
| \$ 2 | \$ 76,933 | \$ - | \$ - | \$ 21,137 | \$ 6,380 | \$ 14,574 | \$ 9,197 | \$ 45,665 | \$ 15,847 | \$ 66,178 | \$ - | \$ 6,925,348 |
| \$ 593 | \$ (37,158) | \$ - | \$ 155 | \$ 308 | \$ 32,425 | \$ (14,574) | \$ (9,169) | \$ (28,876) | \$ 58,866 | \$ (3) | \$ 1,731 | \$ (4,721,570) |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 45,270 |
| - | - | - | - | - | - | - | - | - | - | - | - | 2,568,789 |
| - | - | - | - | - | - | - | - | - | - | - | - | 454 |
| - | - | - | - | - | - | - | - | - | - | - | - | 695,770 |
| - | - | - | - | - | - | - | - | (283,974) | - | - | - | (116,914) |
| - | - | - | - | - | - | - | - | - | - | - | - | (1,205,104) |
| - | - | - | - | - | - | - | - | - | - | - | - | (556,131) |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ (283,974) | \$ - | \$ - | \$ - | \$ 1,432,134 |
| \$ 593 | \$ (37,158) | \$ - | \$ 155 | \$ 308 | \$ 32,425 | \$ (14,574) | \$ (9,169) | \$ (310,850) | \$ 58,866 | \$ (3) | \$ 1,731 | \$ (3,289,436) |
| 41,089 | 2,786,860 | 3,571 | 20,882 | 21,782 | (192,037) | 14,585 | 11,752 | 783,974 | (244,498) | 9 | 8,032 | 6,411,386 |
| - | - | (3,571) | - | - | - | - | - | - | - | - | - | (3,571) |
| - | - | - | - | - | - | - | - | - | - | - | - | 1,309,271 |
| \$ 41,682 | \$ 2,749,502 | \$ - | \$ 21,037 | \$ 22,090 | \$ (159,612) | \$ 11 | \$ 2,583 | \$ 473,124 | \$ (185,832) | \$ 6 | \$ 10,763 | \$ 4,427,650 |

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, 2019

| | Budgeted Amounts | | Actual | Variance with Final Budget - Positive (Negative) |
|---|-------------------|---------------------|---------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Taxes | \$ 146,012 | \$ 146,012 | \$ 146,373 | \$ 361 |
| Intergovernmental revenues | | | | |
| State grants | - | - | 11 | 11 |
| Charges for services | 62,500 | 62,500 | 58,615 | (3,885) |
| Miscellaneous revenue | | | | |
| Investment earnings | 500 | 500 | 342 | (158) |
| Other | - | - | 606 | 606 |
| TOTAL REVENUES | <u>\$ 209,012</u> | <u>\$ 209,012</u> | <u>\$ 205,947</u> | <u>\$ (3,065)</u> |
| EXPENDITURES | | | | |
| Culture and recreation | | | | |
| Personnel services | \$ 80,572 | \$ 80,572 | \$ 90,236 | \$ (9,664) |
| Supplies | 8,100 | 8,100 | 12,667 | (4,567) |
| Other services and charges | 111,838 | 111,838 | 122,887 | (11,049) |
| Capital outlay | - | 166,340 | 165,222 | 1,118 |
| TOTAL EXPENDITURES | <u>\$ 200,510</u> | <u>\$ 366,850</u> | <u>\$ 391,012</u> | <u>\$ (24,162)</u> |
| EXCESS(DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>\$ 8,502</u> | <u>\$ (157,838)</u> | <u>\$ (185,065)</u> | <u>\$ (27,227)</u> |
| OTHER FINANCING SOURCES | | | | |
| Sale of capital assets | \$ - | \$ - | \$ 300 | \$ 300 |
| Transfer-in | - | 266,340 | 256,208 | (10,132) |
| TOTAL OTHER FINANCING SOURCES | <u>\$ -</u> | <u>\$ 266,340</u> | <u>\$ 256,508</u> | <u>\$ (9,832)</u> |
| Net changes in fund balances | <u>\$ 8,502</u> | <u>\$ 108,502</u> | <u>\$ 71,443</u> | <u>\$ (37,059)</u> |
| FUND BALANCE, January 1 | 42,620 | 42,620 | 42,620 | - |
| FUND BALANCE, December 31 | <u>\$ 51,122</u> | <u>\$ 151,122</u> | <u>\$ 114,063</u> | <u>\$ (37,059)</u> |

CITY OF WORTHINGTON, MINNESOTA

EXHIBIT B-4

SMALL CITIES GRANT FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 For the Year Ended December 31, 2019

| | Budgeted Amounts | | Actual | Variance with Final Budget - Positive (Negative) |
|---|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Miscellaneous | | | | |
| Investment earnings | \$ - | \$ - | \$ 3,109 | \$ 3,109 |
| Other revenue | - | - | 26,754 | 26,754 |
| TOTAL REVENUES | \$ - | \$ - | \$ 29,863 | \$ 29,863 |
| EXPENDITURES | - | - | - | - |
| EXCESS OF REVENUES OVER EXPENDITURES | \$ - | \$ - | \$ 29,863 | \$ 29,863 |
| FUND BALANCE, January 1 | 444,126 | 444,126 | 444,126 | - |
| FUND BALANCE, December 31 | <u>\$ 444,126</u> | <u>\$ 444,126</u> | <u>\$ 473,989</u> | <u>\$ 29,863</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, 2019

| | Budgeted Amounts | | Actual | Variance with Final Budget - Positive (Negative) |
|---|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Intergovernmental revenues | | | | |
| Federal grants | \$ 200,000 | \$ 200,000 | \$ 192,572 | \$ - |
| Charges for services | | | | |
| Public safety | 154,826 | 154,826 | 153,340 | (1,486) |
| Fines and forfeits | 15,000 | 15,000 | 430 | (14,570) |
| Miscellaneous | | | | |
| Investment earnings | 1,500 | 1,500 | 3,362 | 1,862 |
| Other revenue | 15,000 | 15,000 | 8,847 | (6,153) |
| TOTAL REVENUES | \$ 386,326 | \$ 386,326 | \$ 358,551 | \$ (20,347) |
| EXPENDITURES | | | | |
| Public safety | | | | |
| Supplies | \$ 32,500 | \$ 32,500 | \$ 4,506 | \$ 27,994 |
| Other services and charges | 328,000 | 328,000 | 313,103 | 14,897 |
| Capital outlay | 12,500 | 12,500 | 12,500 | - |
| TOTAL EXPENDITURES | \$ 373,000 | \$ 373,000 | \$ 330,109 | \$ 42,891 |
| EXCESS OF REVENUES OVER EXPENDITURES | \$ 13,326 | \$ 13,326 | \$ 28,442 | \$ 22,544 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of capital assets | \$ - | \$ - | \$ 15,111 | \$ 15,111 |
| Transfer-out | - | - | (15,111) | (15,111) |
| TOTAL OTHER FINANCING SOURCES (USES) | \$ - | \$ - | \$ - | \$ - |
| Net changes in fund balances | \$ 13,326 | \$ 13,326 | \$ 28,442 | \$ 22,544 |
| FUND BALANCE, January 1 | 177,398 | 177,398 | 177,398 | - |
| FUND BALANCE, December 31 | \$ 190,724 | \$ 190,724 | \$ 205,840 | \$ 22,544 |

CITY OF WORTHINGTON, MINNESOTA

EXHIBIT B-6

ECONOMIC REVOLVING LOAN FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 For the Year Ended December 31, 2019

| | Budgeted Amounts | | Actual | Variance with Final Budget - Positive (Negative) |
|---|---------------------|---------------------|---------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Miscellaneous | | | | |
| Investment earnings | \$ - | \$ - | \$ 18,447 | \$ 18,447 |
| TOTAL REVENUES | \$ - | \$ - | \$ 18,447 | \$ 18,447 |
| EXPENDITURES | | | | |
| EXCESS OF REVENUES OVER EXPENDITURES | \$ - | \$ - | \$ 18,447 | \$ 18,447 |
| FUND BALANCE, January 1 | 1,309,271 | 1,309,271 | 1,309,271 | |
| FUND BALANCE, December 31 | <u>\$ 1,309,271</u> | <u>\$ 1,309,271</u> | <u>\$ 1,327,718</u> | <u>\$ 18,447</u> |

CITY OF WORTHINGTON, MINNESOTA

EXHIBIT B-7

SALES TAX REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 For the Year Ended December 31, 2019

| | Budgeted Amounts | | Actual | Variance with Final Budget - Positive (Negative) |
|---|------------------|----------------|----------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Miscellaneous | | | | |
| Investment earnings | \$ - | \$ - | \$ 5,572 | \$ 5,572 |
| TOTAL REVENUES | \$ - | \$ - | \$ 5,572 | \$ 5,572 |
| TOTAL EXPENDITURES | \$ - | \$ - | \$ - | \$ - |
| EXCESS OF REVENUES OVER EXPENDITURES | \$ - | \$ - | \$ 5,572 | \$ 5,572 |
| OTHER FINANCING USES | | | | |
| Transfer-out | \$ (556,380) | \$ (2,053,642) | \$ (1,546,921) | \$ 506,721 |
| TOTAL OTHER FINANCING USES | \$ (556,380) | \$ (2,053,642) | \$ (1,546,921) | \$ 506,721 |
| Net changes in fund balances | \$ (556,380) | \$ (2,053,642) | \$ (1,541,349) | \$ 512,293 |
| FUND BALANCE, January 1 | 1,541,349 | 1,541,349 | 1,541,349 | - |
| FUND BALANCE, December 31 | \$ 984,969 | \$ (512,293) | \$ - | \$ 512,293 |

CITY OF WORTHINGTON, MINNESOTA

EXHIBIT B-8

EVENT CENTER FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 For the Year Ended December 31, 2019

| | Budgeted Amounts | | Actual | Variance with Final Budget - Positive (Negative) |
|---|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Charges for services | | | | |
| Culture and recreation | \$ 25,000 | \$ 25,000 | \$ 23,116 | \$ (1,884) |
| Miscellaneous | | | | |
| Investment earnings | 800 | 800 | 1,627 | 827 |
| TOTAL REVENUES | <u>\$ 25,800</u> | <u>\$ 25,800</u> | <u>\$ 24,743</u> | <u>\$ (1,057)</u> |
| EXPENDITURES | | | | |
| Culture and recreation | | | | |
| Supplies | \$ 1,000 | \$ 1,000 | \$ - | \$ 1,000 |
| Other services and charges | 8,300 | 8,300 | 4,202 | 4,098 |
| TOTAL EXPENDITURES | <u>\$ 9,300</u> | <u>\$ 9,300</u> | <u>\$ 4,202</u> | <u>\$ 5,098</u> |
| EXCESS OF REVENUES OVER EXPENDITURES | <u>\$ 16,500</u> | <u>\$ 16,500</u> | <u>\$ 20,541</u> | <u>\$ 4,041</u> |
| OTHER FINANCING SOURCES | | | | |
| Transfer-in | \$ - | \$ 50,000 | \$ 50,000 | \$ - |
| TOTAL OTHER FINANCING SOURCES | <u>\$ -</u> | <u>\$ 50,000</u> | <u>\$ 50,000</u> | <u>\$ -</u> |
| Net changes in fund balances | <u>\$ 16,500</u> | <u>\$ 66,500</u> | <u>\$ 70,541</u> | <u>\$ 4,041</u> |
| FUND BALANCE, January 1 | 87,219 | 87,219 | 87,219 | = |
| FUND BALANCE, December 31 | <u>\$ 103,719</u> | <u>\$ 153,719</u> | <u>\$ 157,760</u> | <u>\$ 4,041</u> |

CITY OF WORTHINGTON, MINNESOTA

EXHIBIT B-9

RECREATION FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 For the Year Ended December 31, 2019

| | Budgeted Amounts | | Actual | Variance with Final Budget - Positive (Negative) |
|--|-----------------------|-----------------------|-----------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| General property taxes | \$ 964,097 | \$ 964,097 | \$ 967,546 | \$ 3,449 |
| Intergovernmental revenues | | | | |
| State grants | - | - | 74 | 74 |
| Local government grants | - | - | 1,021 | 1,021 |
| Charges for services | | | | |
| Culture and recreation | 86,800 | 86,800 | 80,178 | (6,622) |
| Miscellaneous | | | | |
| Investment earnings | 5,000 | 5,000 | 3,822 | (1,178) |
| Other revenue | 6,000 | 6,000 | 22,016 | 16,016 |
| TOTAL REVENUES | \$ 1,061,897 | \$ 1,061,897 | \$ 1,074,657 | \$ 12,760 |
| EXPENDITURES | | | | |
| Culture and recreation | | | | |
| Personnel services | \$ 406,235 | \$ 406,235 | \$ 415,301 | \$ (9,066) |
| Supplies | 133,300 | 133,300 | 72,039 | 61,261 |
| Other services and charges | 237,270 | 237,270 | 241,022 | (3,752) |
| Capital outlay | 1,562,666 | 2,806,273 | 1,465,402 | 1,340,871 |
| Conservation and development | | | | |
| Personnel services | 90,569 | 90,569 | 79,798 | 10,771 |
| Supplies | 19,000 | 19,000 | 3,704 | 15,296 |
| Other services and charges | 19,200 | 19,200 | 7,004 | 12,196 |
| TOTAL EXPENDITURES | \$ 2,468,240 | \$ 3,711,847 | \$ 2,284,270 | \$ 1,427,577 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | \$ (1,406,343) | \$ (2,649,950) | \$ (1,209,613) | \$ 1,440,337 |
| OTHER FINANCING SOURCES | | | | |
| Transfer-in | \$ - | \$ 1,098,896 | \$ 1,208,896 | \$ - |
| TOTAL OTHER FINANCING SOURCES | \$ - | \$ 1,098,896 | \$ 1,208,896 | \$ - |
| Net changes in fund balances | \$ (1,406,343) | \$ (1,551,054) | \$ (717) | \$ 1,440,337 |
| FUND BALANCE, January 1 | 515,025 | 515,025 | 515,025 | - |
| FUND BALANCE, December 31 | \$ (891,318) | \$ (1,036,029) | \$ 514,308 | \$ 1,440,337 |

CITY OF WORTHINGTON, MINNESOTA

EXHIBIT B-10

ECONOMIC DEVELOPMENT AUTHORITY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2019

| | Budgeted Amounts | | Actual | Variance with Final Budget - Positive (Negative) |
|--|-------------------|-------------------|-----------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| General property taxes | \$ 122,160 | \$ 122,160 | \$ 122,689 | \$ 529 |
| Intergovernmental revenues | | | | |
| State grants | - | - | 8 | 8 |
| Miscellaneous | | | | |
| Investment earnings | 3,200 | 3,200 | 2,250 | (950) |
| Other revenue | 90,270 | 90,270 | 99,042 | 8,772 |
| TOTAL REVENUES | \$ 215,630 | \$ 215,630 | \$ 223,989 | \$ 8,359 |
| EXPENDITURES | | | | |
| Conservation & development | | | | |
| Personnel services | \$ 7,027 | \$ 7,027 | \$ 6,402 | \$ 625 |
| Supplies | 1,200 | 1,200 | 524 | 676 |
| Other services and charges | 207,403 | 207,403 | 215,858 | (8,455) |
| Capital outlay | - | - | 2,881,257 | (2,881,257) |
| TOTAL EXPENDITURES | \$ 215,630 | \$ 215,630 | \$ 3,104,041 | \$ (2,888,411) |
| DEFICIENCY OF REVENUES UNDER EXPENDITURES | \$ - | \$ - | \$ (2,880,052) | \$ (2,880,052) |
| OTHER FINANCING SOURCES | | | | |
| Sale of capital assets | \$ - | \$ - | \$ 29,859 | \$ 29,859 |
| Transfer-in | - | - | 1,193,779 | 1,193,779 |
| TOTAL OTHER FINANCING SOURCES | \$ - | \$ - | \$ 1,223,638 | \$ 1,223,638 |
| Net changes in fund balances | \$ - | \$ - | \$ (1,656,414) | \$ (1,656,414) |
| FUND BALANCE, January 1 | 315,155 | 315,155 | 315,155 | - |
| FUND BALANCE, December 31 | \$ 315,155 | \$ 315,155 | \$ (1,341,259) | \$ (1,656,414) |

City of
Worthington

NONMAJOR ENTERPRISE FUNDS

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

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, 2019

| | Industrial Wastewater Facility | Storm Water Management | Street Lighting | Cable Television | Total Nonmajor Enterprise Funds |
|-------------------------------------|--------------------------------------|---------------------------|--------------------|---------------------|--|
| ASSETS | | | | | |
| Current assets | | | | | |
| Cash assets | | | | | |
| Cash and cash equivalents | \$ 2,020,589 | \$ 1,065,420 | \$ 237,405 | \$ 1,263 | \$ 3,324,677 |
| Investments | 362,998 | 191,402 | 42,650 | 227 | 597,277 |
| Receivables | | | | | |
| Accounts receivable | 382 | - | - | 10 | 392 |
| Utilities receivable | - | 58,938 | 23,051 | - | 81,989 |
| Interest receivable | 7,688 | 3,949 | 1,142 | - | 12,779 |
| Due from other governments | - | 739,843 | - | - | 739,843 |
| Contracts receivable | - | - | - | 24,467 | 24,467 |
| Other current assets | | | | | |
| Prepayments | 3,063 | 1,795 | - | - | 4,858 |
| Total current assets | <u>\$ 2,394,720</u> | <u>\$ 2,061,347</u> | <u>\$ 304,248</u> | <u>\$ 25,967</u> | <u>\$ 4,786,282</u> |
| Noncurrent assets | | | | | |
| Capital assets | | | | | |
| Land & work in progress | \$ 617,830 | \$ 4,713,224 | \$ - | \$ - | \$ 5,331,054 |
| Buildings & improvements | 10,114,376 | 2,246,302 | - | - | 12,360,678 |
| Equipment & furniture | 204,980 | 375,697 | - | - | 580,677 |
| Less accumulated depreciation | (6,092,946) | (896,270) | - | - | (6,989,216) |
| Net capital assets | <u>\$ 4,844,240</u> | <u>\$ 6,438,953</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 11,283,193</u> |
| TOTAL ASSETS | <u>\$ 7,238,960</u> | <u>\$ 8,500,300</u> | <u>\$ 304,248</u> | <u>\$ 25,967</u> | <u>\$ 16,069,475</u> |
| LIABILITIES | | | | | |
| Current liabilities | | | | | |
| Accounts payable | \$ 30,528 | \$ 1,581 | \$ 6,222 | \$ 24,467 | \$ 62,798 |
| Contracts and retainage payable | 16,668 | 66,737 | - | - | 83,405 |
| Accrued payroll | - | 363 | - | - | 363 |
| Long-term debt | - | 55,000 | - | - | 55,000 |
| Total current liabilities | <u>\$ 47,196</u> | <u>\$ 123,681</u> | <u>\$ 6,222</u> | <u>\$ 24,467</u> | <u>\$ 201,566</u> |
| Noncurrent liabilities | | | | | |
| G.O. Revenue bonds payable | \$ - | \$ 1,085,000 | \$ - | \$ - | \$ 1,085,000 |
| Total noncurrent liabilities | <u>\$ -</u> | <u>\$ 1,085,000</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,085,000</u> |
| TOTAL LIABILITIES | <u>\$ 47,196</u> | <u>\$ 1,208,681</u> | <u>\$ 6,222</u> | <u>\$ 24,467</u> | <u>\$ 1,286,566</u> |
| NET POSITION | | | | | |
| Net investment in capital assets | \$ 4,827,572 | \$ 5,232,216 | \$ - | \$ - | \$ 10,059,788 |
| Restricted for: | | | | | |
| Capital projects | 800,000 | 95,358 | - | - | 895,358 |
| Unrestricted | 1,564,192 | 1,964,045 | 298,026 | 1,500 | 3,827,763 |
| TOTAL NET POSITION | <u>\$ 7,191,764</u> | <u>\$ 7,291,619</u> | <u>\$ 298,026</u> | <u>\$ 1,500</u> | <u>\$ 14,782,909</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, 2019

| | Industrial Wastewater Facility | Storm Water Management | Street Lighting | Cable Television | Total Nonmajor Enterprise Funds |
|---|--------------------------------------|------------------------------|--------------------|---------------------|--|
| OPERATING REVENUES | | | | | |
| Utility sales revenues | \$ - | \$ 664,978 | \$ 263,641 | \$ - | \$ 928,619 |
| Charges for services | 1,792,184 | - | - | 127,788 | 1,919,972 |
| Other operating revenue | 30,157 | - | - | - | 30,157 |
| TOTAL OPERATING REVENUES | \$ 1,822,341 | \$ 664,978 | \$ 263,641 | \$ 127,788 | \$ 2,878,748 |
| OPERATING EXPENSES | | | | | |
| Personnel services | \$ 444 | \$ 99,750 | \$ - | \$ - | \$ 100,194 |
| Supplies and materials | 574,939 | 35,934 | - | - | 610,873 |
| Other services and charges | 947,546 | 98,481 | 50,984 | 127,788 | 1,224,799 |
| Depreciation | 254,892 | 80,474 | - | - | 335,366 |
| TOTAL OPERATING EXPENSES | \$ 1,777,821 | \$ 314,639 | \$ 50,984 | \$ 127,788 | \$ 2,271,232 |
| OPERATING INCOME (LOSS) | \$ 44,520 | \$ 350,339 | \$ 212,657 | \$ - | \$ 607,516 |
| NON-OPERATING REVENUE (EXPENSES) | | | | | |
| Investment earnings | \$ 34,336 | \$ 18,388 | \$ 4,797 | \$ - | \$ 57,521 |
| Rents | - | - | 3,000 | - | 3,000 |
| Interest expense | - | (24,855) | - | - | (24,855) |
| TOTAL NON-OPERATING REVENUE (EXPENSES) | \$ 34,336 | \$ (6,467) | \$ 7,797 | \$ - | \$ 35,666 |
| NET INCOME BEFORE OPERATING TRANSFERS | \$ 78,856 | \$ 343,872 | \$ 220,454 | \$ - | \$ 643,182 |
| Capital contributions-capital assets | - | 743,421 | - | - | 743,421 |
| Transfers-out | - | (75,000) | (146,300) | - | (221,300) |
| CHANGE IN NET POSITION | \$ 78,856 | \$ 1,012,293 | \$ 74,154 | \$ - | \$ 1,165,303 |
| TOTAL NET POSITION, January 1 | 7,112,908 | 6,279,326 | 223,872 | 1,500 | 13,617,606 |
| TOTAL NET POSITION, December 31 | \$ 7,191,764 | \$ 7,291,619 | \$ 298,026 | \$ 1,500 | \$ 14,782,909 |

CITY OF WORTHINGTON, MINNESOTA

EXHIBIT C-3

NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2019

| | Industrial Wastewater Facility | Storm Water Management | Street Lighting | Cable Television | Total Nonmajor Enterprise Funds |
|--|--------------------------------------|---------------------------|---------------------|---------------------|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Cash received from customers | \$ 1,792,184 | \$ 660,695 | \$ 265,960 | \$ 129,243 | \$ 2,848,082 |
| Cash payments to suppliers for goods and services | (1,536,014) | (143,588) | (50,566) | (129,253) | (1,859,421) |
| Cash payments to employees for services | (444) | (99,926) | - | - | (100,370) |
| Other non-operating revenue | 56,062 | - | 3,000 | - | 59,062 |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | \$ 311,788 | \$ 417,181 | \$ 218,394 | \$ (10) | \$ 947,353 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | |
| Transfer-out | \$ - | \$ - | \$ (146,300) | \$ - | \$ (146,300) |
| NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES | \$ - | \$ - | \$ (146,300) | \$ - | \$ (146,300) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | |
| Federal grant revenue received | \$ - | \$ 106,609 | \$ - | \$ - | \$ 106,609 |
| Acquisition and construction of capital assets | (141,223) | (47,706) | - | - | (188,929) |
| Interest payments | - | (24,855) | - | - | (24,855) |
| Transfer-out | - | (75,000) | - | - | (75,000) |
| NET CASH PROVIDED (USED) FOR CAPITAL AND RELATED FINANCING ACTIVITIES | \$ (141,223) | \$ (40,952) | \$ - | \$ - | \$ (182,175) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Interest income | \$ 34,564 | \$ 17,114 | \$ 4,604 | \$ - | \$ 56,282 |
| Purchase of investments | (92,680) | (94,790) | (20,959) | - | (208,429) |
| Proceeds from sales of investments | 75,600 | 40,500 | 10,600 | 11 | 126,711 |
| NET CASH FROM INVESTING ACTIVITIES | \$ 17,484 | \$ (37,176) | \$ (5,755) | \$ 11 | \$ (25,436) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | \$ 188,049 | \$ 339,053 | \$ 66,339 | \$ 1 | \$ 593,442 |
| CASH AND CASH EQUIVALENTS, January 1 | 1,832,540 | 726,367 | 171,066 | 1,262 | 2,731,235 |
| CASH AND CASH EQUIVALENTS, December 31 | \$ 2,020,589 | \$ 1,065,420 | \$ 237,405 | \$ 1,263 | \$ 3,324,677 |

(Continued)

CITY OF WORTHINGTON, MINNESOTA
 NONMAJOR ENTERPRISE FUNDS
 COMBINING STATEMENT OF CASH FLOWS
 For the Year Ended December 31, 2019

(Continued)

| | Industrial Wastewater Facility | Storm Water Management | Street Lighting | Cable Television | Total Nonmajor Enterprise Funds |
|--|--------------------------------------|---------------------------|--------------------|---------------------|--|
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | | | | | |
| Operating income | \$ 44,520 | \$ 350,339 | \$ 212,657 | \$ - | \$ 607,516 |
| ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | | | | | |
| Depreciation | 254,892 | 80,474 | - | - | 335,366 |
| Other non-operating revenue | - | - | 3,000 | - | 3,000 |
| (Increase) decrease in assets: | | | | | |
| Accounts receivable | 25,905 | - | - | (10) | 25,895 |
| Utility receivable | - | (4,283) | 2,319 | - | (1,964) |
| Contracts receivable | - | - | - | 1,064 | 1,064 |
| Prepaid expense | (6) | 187 | - | - | 181 |
| Increase (decrease) in liabilities: | | | | | |
| Accounts payable | (13,523) | (9,360) | 418 | (1,064) | (23,529) |
| Payroll payable | - | (176) | - | - | (176) |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | \$ 311,788 | \$ 417,181 | \$ 218,394 | \$ (10) | \$ 947,353 |
| NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES: | | | | | |
| Capital contributions-capital assets | \$ - | \$ 743,421 | \$ - | \$ - | \$ 743,421 |

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, 2019

| | 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 | \$ 100,875 | \$ 389,535 | \$ 765,799 | \$ 270 | \$ 1,256,479 |
| Investments | 18,122 | 69,980 | 137,575 | 48 | 225,725 |
| Interest receivable | 435 | 1,595 | - | - | 2,030 |
| Prepayments | 10,674 | - | - | - | 10,674 |
| Total current assets | \$ 130,106 | \$ 461,110 | \$ 903,374 | \$ 318 | \$ 1,494,908 |
| Noncurrent assets | | | | | |
| Capital assets | | | | | |
| Machinery & equipment | \$ 59,695 | \$ - | \$ - | \$ - | \$ 59,695 |
| Furniture & fixtures | 47,329 | - | - | - | 47,329 |
| Less accumulated depreciation | (95,422) | - | - | - | (95,422) |
| Net capital assets | \$ 11,602 | \$ - | \$ - | \$ - | \$ 11,602 |
| TOTAL ASSETS | \$ 141,708 | \$ 461,110 | \$ 903,374 | \$ - | \$ 1,506,510 |
| Deferred Outflows of Resources | | | | | |
| Related to pensions | \$ 42,943 | \$ - | \$ - | \$ - | \$ 42,943 |
| Related to OPEB | 3,171 | - | - | - | 3,171 |
| Total deferred outflows of resources | \$ 46,114 | \$ - | \$ - | \$ - | \$ 46,114 |
| LIABILITIES | | | | | |
| Current liabilities | | | | | |
| Accounts payable | \$ 4,897 | \$ 455 | \$ - | \$ - | \$ 5,352 |
| Accrued payroll | 5,275 | - | - | 318 | 5,593 |
| Total current liabilities | \$ 10,172 | \$ 455 | \$ - | \$ 318 | \$ 10,945 |
| Noncurrent liabilities | | | | | |
| Accrued vacation and sick pay | \$ - | \$ - | \$ 903,374 | \$ - | \$ 903,374 |
| Pension liability | 90,914 | - | - | - | 90,914 |
| OPEB liability | 27,231 | - | - | - | 27,231 |
| Total other liabilities | \$ 118,145 | \$ - | \$ 903,374 | \$ - | \$ 1,021,519 |
| TOTAL LIABILITIES | \$ 128,317 | \$ 455 | \$ 903,374 | \$ - | \$ 1,032,464 |
| Deferred inflows of resources | | | | | |
| Related to pensions | \$ 71,753 | \$ - | \$ - | \$ - | \$ 71,753 |
| Related to OPEB | 4,121 | - | - | - | 4,121 |
| Total deferred inflows of resources | \$ 75,874 | \$ - | \$ - | \$ - | \$ 75,874 |
| NET POSITION | | | | | |
| Net investment in capital assets | \$ 11,602 | \$ - | \$ - | \$ - | \$ 11,602 |
| Restricted for: | | | | | |
| Capital projects | 31,245 | - | - | - | 31,245 |
| Unrestricted | (59,216) | 460,655 | - | - | 401,439 |
| TOTAL NET POSITION | \$ (16,369) | \$ 460,655 | \$ - | \$ - | \$ 444,286 |

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, 2019

| | Data Processing | Safety Promotion/ Loss Control | Vacation and Sick Accrual | Health Insurance Plan | Total Internal Service Funds |
|--|--------------------|--------------------------------------|---------------------------------|-----------------------------|---------------------------------|
| OPERATING REVENUES | | | | | |
| Charges for services-internal | \$ 255,187 | \$ 310,906 | \$ - | \$ - | \$ 566,093 |
| TOTAL OPERATING REVENUES | \$ 255,187 | \$ 310,906 | \$ - | \$ - | \$ 566,093 |
| OPERATING EXPENSES | | | | | |
| Personnel services | \$ 249,783 | \$ - | \$ - | \$ - | \$ 249,783 |
| Supplies and materials | 12,850 | - | - | - | 12,850 |
| Other services and charges | 24,299 | 134,547 | - | - | 158,846 |
| Depreciation | 9,428 | - | - | - | 9,428 |
| TOTAL OPERATING EXPENSES | \$ 296,360 | \$ 134,547 | \$ - | \$ - | \$ 430,907 |
| OPERATING (LOSS) | \$ (41,173) | \$ 176,359 | \$ - | \$ - | \$ 135,186 |
| NON-OPERATING REVENUE | | | | | |
| Investment earnings | \$ 1,929 | \$ 6,686 | \$ - | \$ - | \$ 8,615 |
| Other non-operating | 170 | 13,119 | - | - | 13,289 |
| TOTAL NON-OPERATING REVENUE | \$ 2,099 | \$ 19,805 | \$ - | \$ - | \$ 21,904 |
| NET INCOME BEFORE TRANSFERS | \$ (39,074) | \$ 196,164 | \$ - | \$ - | \$ 157,090 |
| Transfers-out | - | (250,000) | - | - | (250,000) |
| CHANGE IN NET POSITION | \$ (39,074) | \$ (53,836) | \$ - | \$ - | \$ (92,910) |
| TOTAL NET POSITION, January 1 | 22,705 | 514,491 | - | - | 537,196 |
| TOTAL NET POSITION, December 31 | \$ (16,369) | \$ 460,655 | \$ - | \$ - | \$ 444,286 |

CITY OF WORTHINGTON, MINNESOTA

EXHIBIT D-3

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2019

| | 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 | \$ - | \$ 132,655 | \$ 120,601 | \$ - | \$ 253,256 |
| Cash received from interfund services | 255,187 | 178,251 | - | - | 433,438 |
| Cash payments to suppliers for goods and services | (34,154) | (134,352) | - | - | (168,506) |
| Cash payments to employees for services | (229,817) | - | - | 318 | (229,499) |
| Other non-operating revenue | 170 | 13,119 | - | - | 13,289 |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | \$ (8,614) | \$ 189,673 | \$ 120,601 | \$ 318 | \$ 301,978 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | |
| Transfer-out | \$ - | \$ (250,000) | \$ - | \$ - | \$ (250,000) |
| NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES | \$ - | \$ (250,000) | \$ - | \$ - | \$ (250,000) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | |
| Acquisition and construction of capital assets | \$ (8,103) | \$ - | \$ - | \$ - | \$ (8,103) |
| NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES | \$ (8,103) | \$ - | \$ - | \$ - | \$ (8,103) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Interest income | \$ 2,014 | \$ 7,077 | \$ - | \$ - | \$ 9,091 |
| Purchase of investments | (1,092) | (3,258) | (13,278) | (48) | (17,676) |
| Proceeds from sales of investments | 4,200 | 14,700 | - | - | 18,900 |
| NET CASH PROVIDED (USED) INVESTING ACTIVITIES | \$ 5,122 | \$ 18,519 | \$ (13,278) | \$ (48) | \$ 10,315 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | \$ (11,595) | \$ (41,808) | \$ 107,323 | \$ 270 | \$ 54,190 |
| CASH AND CASH EQUIVALENTS, January 1 | 112,470 | 431,343 | 658,476 | - | 1,202,289 |
| CASH AND CASH EQUIVALENTS, December 31 | \$ 100,875 | \$ 389,535 | \$ 765,799 | \$ 270 | \$ 1,256,479 |

(Continued)

CITY OF WORTHINGTON, MINNESOTA

EXHIBIT D-3

(Continued)

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2019

| | Data Processing | Safety Promotion/ Loss Control | Vacation and Sick Accrual | Health Insurance Plan | Total Internal Service Funds |
|--|--------------------|--------------------------------------|---------------------------------|-----------------------------|---------------------------------|
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | | | | | |
| Operating income (loss) | \$ (41,173) | \$ 176,359 | \$ - | \$ - | \$ 135,186 |
| ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES | | | | | |
| Depreciation | 9,428 | - | - | - | 9,428 |
| Other non-operating revenue | 170 | 13,119 | - | - | 13,289 |
| (Increase) in assets: | | | | | |
| Prepaid expenses | (592) | - | - | - | (592) |
| (Increase) in deferred outflows of resources: | | | | | |
| Deferred outflows related to pensions | (47,199) | - | - | - | (47,199) |
| Deferred outflows related to OPEB | (3,171) | - | - | - | (3,171) |
| Increase (decrease) in liabilities: | | | | | |
| Accounts payable | 3,587 | 195 | - | - | 3,782 |
| Payroll payable | (396) | - | - | 318 | (78) |
| Pension payable | 763 | - | - | - | 763 |
| OPEB payable | 4,748 | - | - | - | 4,748 |
| Accrued vacation and sick | - | - | 120,601 | - | 120,601 |
| Increase in deferred inflows of resources: | | | | | |
| Deferred inflows related to pensions | 63,381 | - | - | - | 63,381 |
| Deferred inflows related to OPEB | 1,840 | - | - | - | 1,840 |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | \$ (8,614) | \$ 189,673 | \$ 120,601 | \$ 318 | \$ 301,978 |
| NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES | | | | | |
| Capital contributions-capital assets | \$ - | \$ - | \$ - | \$ - | \$ - |

City of
Worthington

STATISTICAL SECTION

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

Financial Trends

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

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

Revenue Capacity

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

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

Debt Capacity

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

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

STATISTICAL SECTION (Continued)

Demographic and Economic Information

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

Table XVI – Demographic and Economic Statistics

Table XVII – Principal Employers

Operating Information

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

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

Table XIX – Operating Indicators by Function/Program

Table XX – Capital Asset Statistics by Function/Program

City of
Worthington

CITY OF WORTHINGTON, MINNESOTA

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

| | Fiscal Year | | | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2019 | 2018 | 2017 | 2016 |
| Governmental activities | | | | |
| Net investment in capital assets | \$ 51,947,851 | \$ 53,325,463 | \$ 50,860,906 | \$ 48,666,336 |
| Restricted | 1,306,039 | 1,338,780 | 1,011,716 | 837,812 |
| Unrestricted | 29,413,218 | 25,663,143 | 31,168,137 | 28,621,645 |
| Total governmental activities net position | <u>\$ 82,667,108</u> | <u>\$ 80,327,386</u> | <u>\$ 83,040,759</u> | <u>\$ 78,125,793</u> |
| Business-type activities | | | | |
| Net investment in capital assets | \$ 67,178,537 | \$ 66,823,983 | \$ 61,335,680 | \$ 60,565,819 |
| Restricted | 17,656,257 | 18,059,220 | 17,467,132 | 17,112,566 |
| Unrestricted | 26,832,627 | 23,332,449 | 24,153,301 | 20,459,563 |
| Total business-type activities net position | <u>\$ 111,667,421</u> | <u>\$ 108,215,652</u> | <u>\$ 102,956,113</u> | <u>\$ 98,137,948</u> |
| Primary government | | | | |
| Net investment in capital assets | \$ 119,126,388 | \$ 120,149,446 | \$ 112,196,586 | \$ 109,232,155 |
| Restricted | 18,962,296 | 19,398,000 | 18,478,848 | 17,950,378 |
| Unrestricted | 56,245,845 | 48,995,592 | 55,321,438 | 49,081,208 |
| Total primary government net position | <u>\$ 194,334,529</u> | <u>\$ 188,543,038</u> | <u>\$ 185,996,872</u> | <u>\$ 176,263,741</u> |

TABLE I

| 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| \$ 48,492,325 | \$ 46,964,381 | \$ 45,162,900 | \$ 38,057,000 | \$ 35,414,757 | \$ 31,708,983 |
| 499,512 | 1,755,879 | 1,902,920 | 4,247,531 | 4,939,220 | 6,104,522 |
| 28,700,040 | 33,810,768 | 32,834,830 | 37,076,263 | 38,397,518 | 39,675,278 |
| <u>\$ 77,691,877</u> | <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> |
| \$ 58,444,053 | \$ 58,409,545 | \$ 59,044,651 | \$ 58,627,468 | \$ 53,648,644 | \$ 53,251,656 |
| 16,377,873 | 15,681,813 | 15,245,084 | 14,806,763 | 13,877,814 | 14,965,433 |
| 19,343,981 | 19,010,682 | 18,493,561 | 15,817,256 | 17,977,748 | 14,277,965 |
| <u>\$ 94,165,907</u> | <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> |
| \$ 106,936,378 | \$ 105,373,926 | \$ 104,207,551 | \$ 96,684,468 | \$ 89,063,401 | \$ 84,960,639 |
| 16,877,385 | 17,437,692 | 17,148,004 | 19,054,294 | 18,817,034 | 21,069,955 |
| 48,044,021 | 52,821,450 | 51,328,391 | 52,893,519 | 56,375,266 | 53,953,243 |
| <u>\$ 171,857,784</u> | <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> |

CITY OF WORTHINGTON, MINNESOTA

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

| | Fiscal Year | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2019 | 2018 | 2017 | 2016 |
| EXPENSES | | | | |
| Governmental activities: | | | | |
| General government | \$ 1,556,521 | \$ 1,567,638 | \$ 1,774,849 | \$ 2,015,986 |
| Public safety | 4,792,198 | 4,827,514 | 3,904,169 | 5,324,523 |
| Public works | 2,814,259 | 2,500,047 | 2,514,522 | 2,399,382 |
| Culture and recreation | 1,452,770 | 1,471,973 | 1,570,691 | 1,675,764 |
| Conservation and development | 674,845 | 530,297 | 472,180 | 682,774 |
| Interest on long-term debt | 472,552 | 368,554 | 389,415 | 366,482 |
| Total governmental activities expenses | <u>\$ 11,763,145</u> | <u>\$ 11,266,023</u> | <u>\$ 10,625,826</u> | <u>\$ 12,464,911</u> |
| Business-type activities: | | | | |
| Water | \$ 2,635,308 | \$ 2,828,102 | \$ 2,642,004 | \$ 2,699,733 |
| Municipal Wastewater | 1,780,122 | 1,777,982 | 1,516,610 | 1,700,461 |
| Electric | 18,786,279 | 19,177,873 | 18,662,026 | 19,025,873 |
| Industrial Wastewater Facility | 1,776,696 | 1,748,704 | 1,713,977 | 1,654,849 |
| Storm Water Management | 337,918 | 331,170 | 273,000 | 313,449 |
| Street Lighting | 50,984 | 55,762 | 84,648 | 123,443 |
| Liquor | 4,097,626 | 3,869,019 | 3,303,920 | 3,282,401 |
| Airport | 768,503 | 745,099 | 735,318 | 712,703 |
| Memorial Auditorium ¹ | - | - | - | - |
| Cable Television | 127,788 | 127,788 | 131,680 | 143,274 |
| Total business-type activities expenses | <u>\$ 30,361,224</u> | <u>\$ 30,661,499</u> | <u>\$ 29,063,183</u> | <u>\$ 29,656,186</u> |
| Total primary government expenses | <u>\$ 42,124,369</u> | <u>\$ 41,927,522</u> | <u>\$ 39,689,009</u> | <u>\$ 42,121,097</u> |
| PROGRAM REVENUES | | | | |
| Governmental activities: | | | | |
| Charges for services: | | | | |
| General government | \$ 829,590 | \$ 772,544 | \$ 844,482 | \$ 483,600 |
| Public safety | 277,956 | 284,190 | 247,223 | 257,870 |
| Public works | 106,914 | 96,370 | 90,791 | 92,722 |
| Culture and recreation | 176,876 | 167,454 | 162,831 | 169,374 |
| Operating grants and contributions | 757,745 | 689,018 | 723,096 | 881,775 |
| Capital grants and contributions | 398,790 | 50,000 | 1,881,962 | 1,352,727 |
| Total governmental activities program revenues | <u>\$ 2,547,871</u> | <u>\$ 2,059,576</u> | <u>\$ 3,950,385</u> | <u>\$ 3,238,068</u> |
| Business-type activities: | | | | |
| Charges for services: | | | | |
| Water | \$ 3,575,846 | \$ 3,855,574 | \$ 3,840,879 | \$ 3,762,729 |
| Municipal Wastewater | 2,325,513 | 2,247,113 | 2,210,851 | 2,103,485 |
| Electric | 20,397,941 | 20,613,652 | 21,264,674 | 20,779,517 |
| Industrial Wastewater Facility | 1,822,341 | 1,723,607 | 1,595,874 | 1,638,371 |
| Storm Water Management | 664,978 | 628,386 | 592,605 | 577,718 |
| Street Lighting | 263,641 | 285,611 | 285,245 | 284,610 |
| Liquor | 4,403,405 | 4,135,970 | 3,774,433 | 3,735,141 |
| Airport | 141,030 | 177,333 | 220,049 | 187,189 |
| Memorial Auditorium ¹ | - | - | - | - |
| Cable Television | 127,788 | 127,788 | 131,680 | 143,274 |
| Operating grants and contributions | 73,231 | 83,967 | 84,459 | 74,352 |
| Capital grants and contributions | 843,518 | 2,508,904 | 273,973 | 810,215 |
| Total business-type activities program revenues | <u>\$ 34,639,232</u> | <u>\$ 36,387,905</u> | <u>\$ 34,274,722</u> | <u>\$ 34,096,601</u> |
| Total primary government program revenues | <u>\$ 37,187,103</u> | <u>\$ 38,447,481</u> | <u>\$ 38,225,107</u> | <u>\$ 37,334,669</u> |
| NET (EXPENSE)/REVENUE | | | | |
| Governmental activities | \$ (9,215,274) | \$ (9,206,447) | \$ (6,675,441) | \$ (9,226,843) |
| Business-type activities | <u>4,278,008</u> | <u>5,726,406</u> | <u>5,211,539</u> | <u>4,440,415</u> |
| Total primary government net expense | <u>\$ (4,937,266)</u> | <u>\$ (3,480,041)</u> | <u>\$ (1,463,902)</u> | <u>\$ (4,786,428)</u> |

TABLE II

| 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| \$ 2,436,264 | \$ 1,975,297 | \$ 1,914,185 | \$ 1,976,096 | \$ 1,745,298 | \$ 1,674,832 |
| 4,262,523 | 4,056,319 | 3,902,531 | 4,020,994 | 4,107,495 | 3,647,508 |
| 2,398,598 | 2,261,725 | 4,966,535 | 851,334 | 2,229,452 | 2,407,031 |
| 1,703,391 | 1,540,770 | 1,342,048 | 2,067,753 | 1,205,574 | 997,279 |
| 704,712 | 615,851 | 819,208 | 551,663 | 819,347 | 1,065,831 |
| 382,164 | 494,122 | 543,567 | 606,216 | 357,449 | 355,472 |
| <u>\$ 11,887,652</u> | <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> |
| \$ 2,669,252 | \$ 2,849,765 | \$ 2,246,012 | \$ 1,841,521 | \$ 1,860,466 | \$ 1,702,662 |
| 1,575,148 | 1,552,144 | 1,574,900 | 1,508,029 | 2,186,438 | 1,940,717 |
| 19,370,140 | 17,738,999 | 16,624,300 | 16,836,791 | 16,248,417 | 15,544,676 |
| 1,644,558 | 1,675,000 | 1,643,566 | 1,714,697 | 1,985,155 | 1,944,166 |
| 303,938 | 273,418 | 229,320 | 224,288 | 230,326 | 238,121 |
| 148,450 | 124,409 | 110,096 | 112,906 | 246,017 | 75,141 |
| 3,164,181 | 3,003,084 | 2,813,698 | 2,677,525 | 2,513,699 | 2,240,024 |
| 700,870 | 695,305 | 584,484 | 730,376 | 748,282 | 718,246 |
| - | - | 250,718 | 214,584 | 168,205 | 102,290 |
| 149,487 | 157,876 | 154,328 | 152,698 | 129,904 | 132,304 |
| <u>\$ 29,726,024</u> | <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>\$ 41,613,676</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> |
| \$ 667,173 | \$ 537,195 | \$ 646,428 | \$ 584,874 | \$ 833,647 | \$ 780,941 |
| 277,256 | 293,387 | 307,022 | 294,135 | 267,157 | 275,459 |
| 143,169 | 115,690 | 120,586 | 142,724 | 163,874 | 155,453 |
| 205,963 | 247,482 | 176,252 | 172,291 | 191,537 | 310,379 |
| 952,580 | 917,054 | 3,470,885 | 677,220 | 726,488 | 1,026,464 |
| - | 78,932 | 2,051,302 | 2,107,363 | 1,963,644 | 1,561,025 |
| <u>\$ 2,246,141</u> | <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> |
| \$ 3,795,799 | \$ 3,625,569 | \$ 3,312,719 | \$ 2,971,815 | \$ 2,921,207 | \$ 2,758,328 |
| 2,064,250 | 1,960,337 | 2,045,198 | 2,156,267 | 2,193,413 | 2,089,166 |
| 20,351,158 | 18,882,006 | 18,086,277 | 17,820,190 | 17,620,269 | 16,342,512 |
| 1,562,248 | 1,577,378 | 1,656,235 | 1,749,232 | 1,776,205 | 1,896,879 |
| 561,735 | 559,478 | 556,675 | 532,718 | 510,434 | 488,379 |
| 267,924 | 256,645 | 255,674 | 254,460 | 254,236 | 63,347 |
| 3,642,919 | 3,449,343 | 3,261,540 | 3,093,924 | 2,833,232 | 2,596,519 |
| 160,692 | 193,477 | 189,432 | 173,748 | 99,063 | 102,236 |
| - | - | 52,849 | 56,617 | 46,590 | 16,240 |
| 149,487 | 157,876 | 154,328 | 152,698 | 129,904 | 132,304 |
| 77,383 | 78,608 | 60,469 | 76,437 | 329,421 | 62,263 |
| 475,566 | 211,971 | 553,266 | 266,867 | 59,076 | 684,477 |
| <u>\$ 33,109,161</u> | <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>\$ 35,355,302</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> |
| \$ (9,641,511) | \$ (8,754,344) | \$ (6,715,599) | \$ (6,095,449) | \$ (6,318,268) | \$ (6,038,232) |
| 3,383,137 | 2,882,688 | 3,953,240 | 3,291,558 | 2,456,141 | 2,594,303 |
| <u>\$ (6,258,374)</u> | <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> |

CITY OF WORTHINGTON, MINNESOTA

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

| | Fiscal Year | | | |
|---|----------------------|----------------------|----------------------|---------------------|
| | 2019 | 2018 | 2017 | 2016 |
| GENERAL REVENUES AND OTHER CHANGES IN NET POSITION | | | | |
| Governmental activities: | | | | |
| Taxes | | | | |
| Property taxes | \$ 4,180,869 | \$ 3,912,661 | \$ 3,645,694 | \$ 3,428,878 |
| Sales taxes | 193,635 | 860,834 | 1,547,517 | 885,404 |
| Gambling taxes | 2,206 | 2,527 | 4,658 | 4,593 |
| Tax increment fees | 201,416 | 256,150 | 181,911 | 182,963 |
| Forfeited tax sale apportion | 74 | - | - | 4,488 |
| Unrestricted grants and contributions | 3,295,262 | 3,290,319 | 3,194,810 | 3,187,772 |
| Investment earnings | 565,301 | 509,661 | 440,916 | 410,299 |
| Net increase in the fair value of investments | 757,447 | - | - | - |
| Net decrease in the fair value of investments | - | (57,703) | (171,676) | (214,159) |
| Other | 771,931 | 658,272 | 555,006 | 839,489 |
| Proceeds from sale of capital assets | 46,345 | 21,486 | - | 27,125 |
| Transfers | 1,328,276 | 861,246 | 842,172 | 824,585 |
| Total governmental activities | \$ 11,342,762 | \$ 10,315,453 | \$ 10,241,008 | \$ 9,581,437 |
| Business-type activities: | | | | |
| Taxes | | | | |
| Property taxes | \$ 5 | \$ 3 | \$ 9 | \$ 31 |
| Unrestricted grants and contributions | - | - | - | - |
| Investment earnings | 694,667 | 575,122 | 408,528 | 256,303 |
| Other | 92,282 | 34,298 | 75,970 | 99,877 |
| Proceeds from sale of capital assets | 7,954 | 22,943 | 31,943 | - |
| Transfers | (1,328,276) | (861,246) | (842,172) | (824,585) |
| Total business-type activities | \$ (533,368) | \$ (228,880) | \$ (325,722) | \$ (468,374) |
| Total primary government | \$ 10,809,394 | \$ 10,086,573 | \$ 9,915,286 | \$ 9,113,063 |
| CHANGES IN NET POSITION | | | | |
| Governmental activities | \$ 2,127,488 | \$ 1,109,006 | \$ 3,565,567 | \$ 354,594 |
| Business-type activities | 3,744,640 | 5,497,526 | 4,885,817 | 3,972,041 |
| Total primary government | \$ 5,872,128 | \$ 6,606,532 | \$ 8,451,384 | \$ 4,326,635 |

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

TABLE II

| 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$ 3,195,394 | \$ 3,153,050 | \$ 3,060,826 | \$ 2,995,073 | \$ 2,416,355 | \$ 2,266,448 |
| 826,979 | 786,320 | 770,201 | 763,967 | 740,382 | 681,830 |
| 5,555 | 5,097 | 3,960 | 4,423 | 5,604 | 4,741 |
| 204,731 | 154,260 | 109,958 | 111,347 | 670,833 | 645,056 |
| 3,167,052 | 3,126,305 | 2,721,740 | 2,721,725 | 2,789,924 | 2,789,765 |
| 450,408 | 393,033 | 423,560 | 294,788 | 578,896 | 446,893 |
| - | - | - | - | - | - |
| 648,847 | 636,901 | 400,027 | 486,323 | 496,586 | 641,694 |
| 120,191 | 151,808 | 104,343 | 5,215 | 3,600 | 2,795 |
| 794,975 | 1,496,836 | 665,789 | (87,100) | 127,090 | (393,718) |
| <u>\$ 9,414,132</u> | <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> |
| \$ 9,800 | \$ 11 | \$ 66,544 | \$ 66,337 | \$ 50,133 | \$ 49,272 |
| - | - | - | - | 1,501 | 1,658 |
| 262,720 | 214,562 | 131,404 | 82,313 | 216,205 | 151,351 |
| 9,427 | 290,655 | 174,411 | 232,280 | 515,750 | 61,269 |
| 32,939 | 7,787 | 26,500 | 9,000 | - | 44,143 |
| (794,975) | (1,496,836) | (665,789) | 87,100 | (127,090) | 393,718 |
| <u>\$ (480,089)</u> | <u>\$ (983,821)</u> | <u>\$ (266,930)</u> | <u>\$ 477,030</u> | <u>\$ 656,499</u> | <u>\$ 701,411</u> |
| <u>\$ 8,934,043</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> |
| \$ (227,379) | \$ 1,149,266 | \$ 1,544,805 | \$ 1,200,312 | \$ 1,511,002 | \$ 1,047,272 |
| 2,903,048 | 1,898,867 | 3,686,310 | 3,768,588 | 3,112,640 | 3,295,714 |
| <u>\$ 2,675,669</u> | <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> |

CITY OF WORTHINGTON, MINNESOTA

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

| | Fiscal Year | | | |
|---|----------------------|----------------------|----------------------|----------------------|
| | 2019* | 2018* | 2017* | 2016* |
| General Fund | | | | |
| Reserved | \$ - | \$ - | \$ - | \$ - |
| Unreserved | - | - | - | - |
| Nonspendable | 362,765 | 403,597 | 360,405 | 362,813 |
| Restricted | 1,281 | 1,281 | 1,281 | 1,281 |
| Committed | 3,213,621 | 3,046,572 | 3,104,734 | 3,248,058 |
| Assigned | 905,310 | 798,871 | 735,741 | 890,151 |
| Unassigned | 4,702,472 | 2,437,683 | 3,934,230 | 4,048,626 |
| Total general fund | \$ 9,185,449 | \$ 6,688,004 | \$ 8,136,391 | \$ 8,550,929 |
| All Other Governmental Funds | | | | |
| Reserved | \$ - | \$ - | \$ - | \$ - |
| Unreserved, reported in: | | | | |
| Special revenue funds | - | - | - | - |
| Debt service funds | - | - | - | - |
| Capital projects funds | - | - | - | - |
| Nonspendable | 25,785 | 28,613 | 26,632 | 27,338 |
| Restricted | 2,149,548 | 2,323,730 | 2,129,623 | 2,122,518 |
| Committed | 2,766,513 | 11,727,740 | 11,749,137 | 11,110,591 |
| Assigned | 22,812,632 | 11,466,143 | 11,960,606 | 12,763,471 |
| Unassigned | (1,687,320) | (436,526) | (346,370) | (1,682,546) |
| Total all other governmental funds | \$ 26,067,158 | \$ 25,109,700 | \$ 25,519,628 | \$ 24,341,372 |
| Total Governmental Funds | | | | |
| Reserved | \$ - | \$ - | \$ - | \$ - |
| Unreserved | - | - | - | - |
| Nonspendable | 388,550 | 432,210 | 387,037 | 390,151 |
| Restricted | 2,150,829 | 2,325,011 | 2,130,904 | 2,123,799 |
| Committed | 5,980,134 | 14,774,312 | 14,853,871 | 14,358,649 |
| Assigned | 23,717,942 | 12,265,014 | 12,696,347 | 13,653,622 |
| Unassigned | 3,015,152 | 2,001,157 | 3,587,860 | 2,366,080 |
| Total governmental funds | \$ 35,252,607 | \$ 31,797,704 | \$ 33,656,019 | \$ 32,892,301 |
| All governmental funds | | | | |
| percentage change | 10.87% | -5.52% | 2.32% | 4.44% |

* 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

| 2015* | 2014* | 2013* | 2012* | 2011* | 2010 |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ 2,926,586 |
| - | - | - | - | - | 1,575,108 |
| 376,609 | 382,782 | 330,728 | 462,137 | 474,266 | - |
| 1,281 | 1,281 | 1,281 | 1,281 | 1,281 | - |
| 2,970,656 | 2,782,328 | 2,661,776 | 2,643,033 | 2,326,622 | - |
| 912,662 | 1,075,652 | 1,115,799 | 983,590 | 916,624 | - |
| 4,201,047 | 4,216,095 | 1,934,032 | 1,536,217 | 1,171,686 | - |
| <u>\$ 8,462,255</u> | <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> |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ 16,953,126 |
| - | - | - | - | - | 9,053,518 |
| - | - | - | - | - | 4,142,714 |
| - | - | - | - | - | 4,303,468 |
| 26,763 | 27,704 | 26,723 | 32,835 | 32,409 | - |
| 2,054,199 | 3,310,668 | 3,460,960 | 4,416,890 | 4,937,939 | - |
| 10,562,543 | 10,227,310 | 10,990,300 | 14,395,156 | 13,911,915 | - |
| 11,033,347 | 11,396,981 | 11,524,446 | 11,570,049 | 13,421,906 | - |
| (644,751) | (686,208) | (280,069) | (291,267) | (332,835) | - |
| <u>\$ 23,032,101</u> | <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> |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ 19,879,712 |
| - | - | - | - | - | 19,074,808 |
| 403,372 | 410,486 | 357,451 | 494,972 | 506,675 | - |
| 2,055,480 | 3,311,949 | 3,462,241 | 4,418,171 | 4,939,220 | - |
| 13,533,199 | 13,009,638 | 13,652,076 | 17,038,189 | 16,238,537 | - |
| 11,946,009 | 12,472,633 | 12,640,245 | 12,553,639 | 14,338,530 | - |
| 3,556,296 | 3,529,887 | 1,653,963 | 1,244,950 | 838,851 | - |
| <u>\$ 31,494,356</u> | <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> |
| -3.79% | 3.05% | -11.14% | -3.02% | -5.37% | 2.83% |

CITY OF WORTHINGTON, MINNESOTA

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

| | Fiscal Year | | | |
|---|-----------------------|-----------------------|----------------------|-----------------------|
| | 2019 | 2018 | 2017 | 2016 |
| REVENUES | | | | |
| Taxes (see Table VI) | \$ 4,609,505 | \$ 5,070,490 | \$ 5,409,886 | \$ 4,538,765 |
| Licenses, fees and permits | 303,957 | 241,077 | 289,298 | 271,807 |
| Fines and penalties | 62,108 | 85,569 | 53,111 | 77,955 |
| Charges for services | 772,980 | 721,628 | 818,300 | 709,419 |
| Special assessments | 556,248 | 513,361 | 473,916 | 213,401 |
| Intergovernmental | 4,423,687 | 3,999,802 | 5,783,951 | 5,395,518 |
| Investment earnings | 556,686 | 501,425 | 432,255 | 404,748 |
| Other revenues | 1,212,302 | 359,492 | 94,032 | 356,314 |
| Total revenues | \$ 12,497,473 | \$ 11,492,844 | \$ 13,354,749 | \$ 11,967,927 |
| EXPENDITURES | | | | |
| General government | \$ 2,311,236 | \$ 1,966,170 | \$ 1,822,013 | \$ 1,817,413 |
| Public safety | 5,056,465 | 4,649,502 | 4,703,445 | 4,118,678 |
| Public works | 3,607,953 | 2,411,618 | 1,167,872 | 952,890 |
| Culture and recreation | 2,754,210 | 1,890,014 | 1,299,260 | 2,518,827 |
| Conservation and development | 3,468,328 | 515,691 | 555,003 | 603,643 |
| Capital outlay | 2,028,627 | 1,618,884 | 2,801,912 | 3,251,562 |
| Debt service | | | | |
| Principal | 2,380,000 | 1,240,000 | 1,190,000 | 1,275,000 |
| Interest | 170,646 | 190,646 | 206,886 | 211,565 |
| Miscellaneous | 83,380 | - | - | 41,598 |
| Total expenditures | \$ 21,860,845 | \$ 14,482,525 | \$ 13,746,391 | \$ 14,791,176 |
| Excess of expenditures over revenues | \$ (9,363,372) | \$ (2,989,681) | \$ (391,642) | \$ (2,823,249) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Bond proceeds | \$ 8,815,258 | \$ - | \$ - | \$ 3,150,000 |
| Refunding bond proceeds | 1,039,969 | - | - | - |
| Premium on refunding bonds | - | - | - | 46,609 |
| Payments on refunded bonds | - | - | - | - |
| Sale of capital asset | 62,861 | 19,486 | 63,188 | - |
| Transfers in | 4,646,473 | 2,071,111 | 2,891,875 | 1,740,142 |
| Transfers out | (3,068,197) | (959,231) | (1,799,703) | (715,557) |
| Total other financing sources (uses) | \$ 11,496,364 | \$ 1,131,366 | \$ 1,155,360 | \$ 4,221,194 |
| Net change in fund balance | \$ 2,132,992 | \$ (1,858,315) | \$ 763,718 | \$ 1,397,945 |
| | | | | |
| Debt service as a percentage of noncapital expenditures | 19.77% | 13.81% | 14.08% | 14.74% |

TABLE IV

| | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|----|--------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|
| \$ | 4,298,838 | \$ 4,124,664 | \$ 3,977,376 | \$ 3,914,244 | \$ 3,859,969 | \$ 3,634,866 |
| | 268,803 | 248,953 | 207,094 | 287,790 | 230,171 | 253,126 |
| | 111,998 | 122,973 | 122,693 | 111,241 | 99,912 | 117,772 |
| | 790,568 | 787,952 | 747,617 | 751,772 | 804,124 | 909,643 |
| | 388,988 | 282,747 | 379,978 | 331,011 | 551,226 | 478,472 |
| | 4,105,232 | 4,122,291 | 8,243,927 | 5,506,308 | 5,481,009 | 5,216,561 |
| | 445,057 | 388,563 | 420,769 | 292,960 | 574,133 | 444,283 |
| | 382,051 | 388,030 | 192,933 | 198,533 | 266,415 | 388,568 |
| \$ | <u>10,791,535</u> | <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> |
| \$ | 2,301,690 | \$ 1,883,574 | \$ 1,912,412 | \$ 1,837,852 | \$ 1,590,218 | \$ 1,619,147 |
| | 4,007,798 | 4,012,697 | 3,963,496 | 6,329,730 | 5,833,843 | 3,954,150 |
| | 967,061 | 769,468 | 3,403,318 | 606,923 | 738,945 | 1,023,849 |
| | 1,209,344 | 1,240,707 | 3,745,753 | 2,806,145 | 1,658,566 | 970,707 |
| | 621,232 | 533,539 | 788,651 | 770,097 | 1,912,003 | 884,365 |
| | 975,289 | 1,213,879 | 2,970,908 | 3,042,381 | 1,094,539 | 2,367,026 |
| | 2,785,000 | 1,530,000 | 2,220,000 | 2,055,000 | 995,000 | 810,000 |
| | 221,369 | 279,213 | 286,201 | 322,215 | 357,449 | 355,472 |
| | 77,716 | 59,930 | 56,613 | 138,110 | 59,504 | 100,827 |
| \$ | <u>13,166,499</u> | <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>(2,374,964)</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> |
| \$ | - | \$ - | \$ - | \$ 2,995,049 | \$ - | \$ 814,195 |
| | - | - | - | 2,274,951 | - | 1,075,805 |
| | - | - | - | 15,918 | - | 15,236 |
| | - | - | - | (1,331) | - | - |
| | 139,752 | 186,859 | 205,231 | 5,215 | 3,600 | 3,950 |
| | 1,749,711 | 3,607,807 | 4,922,536 | 4,666,250 | 4,984,797 | 3,664,835 |
| | (754,736) | (1,910,971) | (4,056,747) | (4,553,350) | (4,707,996) | (3,858,553) |
| \$ | <u>1,134,727</u> | <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>(1,240,237)</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> |
| | 25.04% | 18.12% | 18.16% | 23.35% | 13.86% | 12.40% |

CITY OF WORTHINGTON, MINNESOTA

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

| FUNCTION/PROGRAM | Program Revenues | | | |
|--|----------------------|----------------------|----------------------|----------------------|
| | 2019 | 2018 | 2017 | 2016 |
| Governmental activities: | | | | |
| General government | \$ 831,852 | \$ 779,522 | \$ 844,903 | \$ 509,289 |
| Public Safety | 1,176,497 | 850,405 | 800,929 | 826,195 |
| Public works | 227,025 | 209,769 | 2,091,585 | 1,550,497 |
| Culture and recreation | 251,474 | 219,880 | 212,968 | 182,155 |
| Conservation and development | 61,023 | - | - | 169,932 |
| Subtotal governmental activities | \$ 2,547,871 | \$ 2,059,576 | \$ 3,950,385 | \$ 3,238,068 |
| Business-type activities: | | | | |
| Water | \$ 3,575,846 | \$ 3,855,574 | \$ 3,840,879 | \$ 3,762,729 |
| Municipal Wastewater | 2,332,943 | 2,247,113 | 2,210,851 | 2,103,485 |
| Electric | 20,397,941 | 20,613,652 | 21,264,674 | 20,779,517 |
| Industrial Wastewater Facility | 1,822,341 | 1,723,607 | 1,595,874 | 1,638,371 |
| Storm Water Management | 1,408,399 | 2,383,386 | 765,132 | 746,778 |
| Street Lighting | 263,641 | 285,611 | 285,245 | 284,610 |
| Liquor | 4,403,405 | 4,135,970 | 3,774,433 | 3,735,141 |
| Airport | 306,928 | 1,015,204 | 405,954 | 902,696 |
| Memorial Auditorium ¹ | - | - | - | - |
| Cable Television | 127,788 | 127,788 | 131,680 | 143,274 |
| Subtotal business-type activities | \$ 34,639,232 | \$ 36,387,905 | \$ 34,274,722 | \$ 34,096,601 |
| Total primary government | \$ 37,187,103 | \$ 38,447,481 | \$ 38,225,107 | \$ 37,334,669 |

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

TABLE V

| 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 667,173 | \$ 537,195 | \$ 646,428 | \$ 584,874 | \$ 833,647 | \$ 780,941 |
| 787,358 | 832,239 | 816,688 | 761,964 | 1,206,617 | 759,146 |
| 305,767 | 396,650 | 4,715,247 | 1,842,990 | 430,512 | 1,795,097 |
| 294,870 | 266,242 | 211,915 | 230,042 | 248,880 | 343,712 |
| 190,973 | 157,414 | 382,197 | 558,737 | 1,426,691 | 430,825 |
| <u>\$ 2,246,141</u> | <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> |
| \$ 3,795,799 | \$ 3,625,569 | \$ 3,312,719 | \$ 2,971,815 | \$ 2,921,207 | \$ 2,808,413 |
| 2,064,250 | 1,960,337 | 2,045,198 | 2,168,165 | 2,193,413 | 2,139,251 |
| 20,351,158 | 18,882,006 | 18,086,277 | 17,820,190 | 17,886,531 | 16,392,597 |
| 1,562,248 | 1,577,378 | 1,656,235 | 1,749,232 | 1,776,205 | 1,896,879 |
| 561,735 | 564,646 | 556,675 | 532,718 | 510,434 | 488,379 |
| 267,924 | 256,645 | 255,674 | 254,460 | 254,236 | 63,347 |
| 3,642,919 | 3,449,343 | 3,261,540 | 3,093,924 | 2,833,232 | 2,596,519 |
| 713,641 | 478,888 | 803,163 | 505,154 | 221,298 | 593,411 |
| - | - | 52,853 | 56,617 | 46,590 | 121,550 |
| 149,487 | 157,876 | 154,328 | 152,698 | 129,904 | 132,304 |
| <u>\$ 33,109,161</u> | <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>\$ 35,355,302</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> |

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>Forfeited Tax Sale Apportion</u> | <u>Total</u> |
|-----------------------------------|-----------------|------------------|-----------------|-------------------------------|---|--------------|
| 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 | 4,488 | 4,538,765 |
| 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 |
| 2019 | 4,212,174 | 193,635 | 2,206 | 201,416 | 74 | 4,609,505 |
| Percentage of Change 2010-2019 | 82.88% | -71.60% | -53.47% | -68.78% | 0.00% | 26.81% |

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> |
|--------------------|---------------------------------|--------------------------------|--------------------------------|----------------------------------|
| 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 |
| 2019 | 485,106,522 | 161,136,100 | 41,552,200 | 7,570,293 |

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> |
|--|---|--|---------------------------------------|---|
| \$ 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 |
| 61,890,685 | 633,474,430 | 55.612 | 778,090,400 | 89.368 |

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 |
| 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 | 6.885 | 50.628 | 32.294 | 2.489 | 0.751 | 34.032 |
| 2019 | 43.058 | 12.554 | 55.612 | 33.549 | 2.136 | 0.140 | 35.545 |

Source: Department of Assessor, Nobles County

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

TABLE VIII

| Independent School District #518 | | | | | |
|----------------------------------|---------------------------------|-------------------------------|--------------------------|-------------------|----------------------------------|
| Basic Rate | General Obligation Debt Service | Less: Disparity Aid Reduction | Total School Direct Rate | Special Districts | Total Direct & Overlapping Rates |
| 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 |
| 16.027 | 13.518 | 0.242 | 29.303 | 4.242 | 124.702 |

CITY OF WORTHINGTON, MINNESOTA

TABLE IX

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

| Taxpayer | 2019 | | | 2010 | | |
|--|---------------------|------|----------------------------------|-------------------|------|----------------------------------|
| | Tax Capacity | Rank | Percentage of Total Tax Capacity | Tax Capacity | Rank | Percentage of Total Tax Capacity |
| Avera McKennan | \$ 305,350 | 1 | 3.90 % | \$ - | - | - % |
| Swift & Company | 274,500 | 2 | 3.50 | 252,832 | 1 | 4.19 |
| Bedford Industries | 177,918 | 3 | 2.27 | - | - | - |
| Yellow Company LLC | 153,128 | 4 | 1.95 | - | - | - |
| Wal-Mart Stores Inc | 131,870 | 5 | 1.68 | 127,698 | 2 | 2.12 |
| Prairie Holdings Group | 105,684 | 6 | 1.35 | - | - | - |
| Meadows of Worthington, LLC | 102,920 | 7 | 1.31 | 78,821 | 4 | 1.31 |
| Hurd Worthington LLC | 96,610 | 8 | 1.23 | - | - | - |
| J R & R Partnership | 94,912 | 9 | 1.21 | - | - | - |
| Merck & Co. ¹ | 89,180 | 10 | 1.14 | 87,852 | 3 | 1.46 |
| Fareway Stores, Inc | - | - | - | 51,496 | 5 | 0.85 |
| Sioux Valley Hospitals & Health Care Systems | - | - | - | 44,612 | 6 | 0.74 |
| Coldwater Portfolio Partners, LLC | - | - | - | 41,958 | 7 | 0.70 |
| Prairie Ventures, LLP | - | - | - | 40,322 | 8 | 0.67 |
| Worthington Ventures, LLC | - | - | - | 39,597 | 9 | 0.66 |
| First State Bank of Rushmore | - | - | - | 39,464 | 10 | 0.65 |
| Totals | \$ 1,532,072 | | 19.54 % | \$ 804,652 | | 13.35 % |

¹This business was formerly called Intervet, Inc.

Source: Department of Assessor, Nobles County

CITY OF WORTHINGTON, MINNESOTA

TABLE X

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS
(Unaudited)

| 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 |
| 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 | 61,005 | 2,482,911 | 100.00 |
| 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 | 31,305 | 3,963,113 | 99.93 |
| 2019 | 4,198,687 | 4,156,548 | 99.00 | | 4,156,548 | 99.00 |

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 REVENUE NOTE |
|------|--------------------------|---------------------|-----------------------------|-------------------------|---------------------------------------|---------------|----------------|---------------------------------|
| | GENERAL OBLIGATION BONDS | TAX INCREMENT BONDS | PUBLIC FACILITY LEASE BONDS | SALES TAX REVENUE BONDS | GENERAL OBLIGATION BONDS ¹ | REVENUE BONDS | CAPITAL LEASES | |
| 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 |
| 2019 | 14,372,730 | - | - | - | - | ** 1,140,000 | - | 1,520,000 |

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> |
|---|---|--|-----------------------------------|
| \$ 17,606,319 | 3.48 % | 2.24 % | \$ 1,379 |
| 15,432,394 | 2.88 | 1.75 | 1,206 |
| 17,511,980 | 3.25 | 1.95 | 1,368 |
| 14,842,476 | 2.67 | 1.59 | 1,157 |
| 12,958,712 | 2.60 | 1.36 | 998 |
| 9,796,537 | 1.96 | 0.98 | 754 |
| 11,342,064 | 1.90 | 1.24 | 863 |
| 9,994,960 | 1.62 | 1.05 | 742 |
| 9,732,856 | 1.45 | 0.98 | 721 |
| 17,032,730 | 2.45 | - * | 1,260 |

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 | | PERCENTAGE OF TAX CAPACITY | PER CAPITA ² |
|------|---------------------------------|---------------------|------------------------------------|---------------|--|--------------|----------------------------|-------------------------|
| | GENERAL OBLIGATION BONDS | TAX INCREMENT BONDS | GENERAL OBLIGATION SALES TAX BONDS | TOTAL | TOTAL | TOTAL | | |
| 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 | 1,901,639 | 9,868,561 | 1.804 | 769 |
| 2014 | 7,543,982 | 20,000 | 2,670,688 | 10,234,670 | 1,754,598 | 8,480,072 | 1.525 | 653 |
| 2015 | 5,282,216 | - | 2,153,514 | 7,435,730 | 498,231 | 6,937,499 | 1.200 | 534 |
| 2016 | 7,725,724 | - | 1,626,340 | 9,352,064 | 836,531 | 8,515,533 | 1.260 | 648 |
| 2017 | 7,060,793 | - | 1,094,167 | 8,154,960 | 1,010,435 | 7,144,525 | 1.028 | 530 |
| 2018 | 6,355,862 | - | 551,993 | 6,907,855 | 1,337,499 | 5,570,356 | 0.747 | 413 |
| 2019 | 14,372,729 | - | - | 14,372,729 | 1,304,758 | 13,067,971 | 1.679 | 966 |

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, 2019
(Unaudited)

| GOVERNMENTAL UNIT | DEBT OUTSTANDING | ESTIMATED PERCENTAGE APPLICABLE ¹ | ESTIMATED SHARE OF OVERLAPPING DEBT |
|--|---------------------|--|--|
| Debt repaid with property taxes | | | |
| Independent School District #518 | \$ 41,140,000 | 41.41 % | \$ 17,036,074 |
| Nobles County | 18,990,000 | 20.97 | 3,982,203 |
| Southwest Regional Development Commission ² | - | 20.97 | - |
| Subtotal, overlapping debt | | | <u>\$ 21,018,277</u> |
| City of Worthington's direct debt ³ | | | <u>14,372,730</u> |
| Total direct and overlapping debt | | | <u>\$ 35,391,007</u> |

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

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

³Excludes debt payable from enterprise revenue.

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

CITY OF WORTHINGTON, MINNESOTA

LEGAL DEBT MARGIN INFORMATION
LAST TEN YEARS
(Unaudited)

Legal Debt Margin Calculation for Fiscal Year 2019:

| | |
|---|-----------------------|
| Assessed value | <u>\$ 778,090,400</u> |
| Debt limit (3% of assessed value) | <u>\$ 23,342,712</u> |
| Debt applicable to limit: | |
| Total bonded debt | \$ 14,372,729 |
| Less: Amount set aside for repayment of general obligation debt | <u>(11,112,729)</u> |
| Total net debt applicable to limit | <u>\$ 3,260,000</u> |
| Legal debt margin | <u>\$ 20,082,712</u> |

| | Fiscal Year | | | |
|---|----------------------|----------------------|----------------------|----------------------|
| | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> |
| Debt limit | \$ 23,342,712 | \$ 22,357,224 | \$ 20,849,409 | \$ 20,282,730 |
| Total net debt applicable to limit | <u>3,260,000</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Legal debt margin | <u>\$ 20,082,712</u> | <u>\$ 22,357,224</u> | <u>\$ 20,849,409</u> | <u>\$ 20,282,730</u> |
| Total net debt applicable to the limit as a percentage of debt limit | 13.97% | 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

| <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 17,336,892 | \$ 16,683,750 | \$ 16,408,380 | \$ 13,912,800 | \$ 13,792,365 | \$ 14,852,400 |
| - | - | - | - | 695,000 | 755,000 |
| <u>\$ 17,336,892</u> | <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> |
| 0.00% | 0.00% | 0.00% | 0.00% | 5.04% | 5.08% |

CITY OF WORTHINGTON, MINNESOTA

TABLE XV

PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS
(Unaudited)

| FISCAL YEAR | WATER REVENUE BONDS/NOTES | | | | | | COVERAGE |
|----------------|-------------------------------|--------------------------------|-----------------------------|--------------|------------|------|----------|
| | UTILITY SERVICE CHARGES | LESS: OPERATING EXPENSES | NET AVAILABLE REVENUE | DEBT SERVICE | | | |
| | | | | PRINCIPAL | INTEREST | | |
| 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 | |
| 2019 | 3,575,846 | 1,775,280 | 1,800,566 | 165,000 | 79,250 | 7.37 | |

| FISCAL YEAR | MUNICIPAL WASTEWATER REVENUE BONDS | | | | | | COVERAGE |
|----------------|------------------------------------|--------------------------------|-----------------------------|--------------|----------|------|----------|
| | UTILITY SERVICE CHARGES | LESS: OPERATING EXPENSES | NET AVAILABLE REVENUE | DEBT SERVICE | | | |
| | | | | PRINCIPAL | INTEREST | | |
| 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 | - | - | - | |
| 2019 | 2,325,513 | 1,407,346 | 918,167 | - | - | - | |

CITY OF WORTHINGTON, MINNESOTA

TABLE XV

(Continued)

PLEGGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS
(Unaudited)

| FISCAL YEAR | ELECTRIC REVENUE BONDS | | | | | | COVERAGE |
|-------------|-------------------------|--------------------------|-----------------------|--------------|-----------|-------|----------|
| | UTILITY SERVICE CHARGES | LESS: OPERATING EXPENSES | NET AVAILABLE REVENUE | DEBT SERVICE | | | |
| | | | | PRINCIPAL | INTEREST | | |
| 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 | 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 | - | - | - | |
| 2019 | 20,397,941 | 17,915,673 | 2,229,162 | - | - | - | |

| FISCAL YEAR | INDUSTRIAL WASTEWATER REVENUE BONDS | | | | | | COVERAGE |
|-------------|-------------------------------------|--------------------------|-----------------------|--------------|-----------|------|----------|
| | UTILITY SERVICE CHARGES | LESS: OPERATING EXPENSES | NET AVAILABLE REVENUE | DEBT SERVICE | | | |
| | | | | PRINCIPAL | INTEREST | | |
| 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 | - | - | - | |
| 2019 | 1,822,341 | 1,522,929 | 299,412 | - | - | - | |

(Continued)

CITY OF WORTHINGTON, MINNESOTA

TABLE XV

(Continued)

PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS
(Unaudited)

| YEAR | SPECIAL ASSESSMENT BONDS* | | | |
|------|--------------------------------|--------------|------------|----------|
| | SPECIAL ASSESSMENT COLLECTIONS | DEBT SERVICE | | COVERAGE |
| | | PRINCIPAL | INTEREST | |
| 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 |
| 2019 | 546,144 | 2,380,000 | 165,246 | 0.21 |

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 |
|------|-------------------|---------------------------|---|----------------------------|-----------------------------|--------------------------------------|--|--|
| 2010 | 12,764 | \$ 786,276,000 | \$ 36,697 | 76.40 % | 2,512 | 4.95 % | 7.33 % | 9.27 % |
| 2011 | 12,800 | 879,736,000 | 40,693 | 79.20 | 2,599 | 5.08 | 6.41 | 8.95 |
| 2012 | 12,803 | 900,218,000 | 41,422 | 80.60 | 2,694 | 4.33 | 5.65 | 8.07 |
| 2013 | 12,827 | 932,083,000 | 42,762 | 80.56 | 2,823 | 3.98 | 5.08 | 7.38 |
| 2014 | 12,982 | 951,120,000 | 43,828 | 90.00 | 2,979 | 3.35 | 4.09 | 6.17 |
| 2015 | 12,995 | 994,674,000 | 45,638 | 84.00 | 3,077 | 3.25 | 3.71 | 5.30 |
| 2016 | 13,145 | 912,408,000 | 41,543 | 87.91 | 3,133 | 3.80 | 3.94 | 4.87 |
| 2017 | 13,478 | 951,826,000 | 43,642 | 87.50 | 3,209 | 3.35 | 3.46 | 4.35 |
| 2018 | 13,497 | 988,775,000 | 45,100 | 90.16 | 3,269 | 2.63 | 2.91 | 3.90 |
| 2019 | 13,522 | * | * | 84.72 | 3,409 | 3.05 | 3.24 | 3.67 |

(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 | 2019 | | | 2010 | | |
|---------------------------------------|--------------|------|-------------------------------------|--------------|------|-------------------------------------|
| | Employees | Rank | Percentage of Total City Employment | Employees | Rank | Percentage of Total City Employment |
| JBS Pork | 2,100 | 1 | 18.91 % | 2,156 | 1 | 18.81 % |
| Independent School District #518 | 545 | 2 | 4.91 | 470 | 2 | 4.10 |
| Sanford Regional Hospital | 404 | 3 | 3.64 | 250 | 4 | 2.18 |
| Bedford Industries Inc. | 325 | 4 | 2.93 | 217 | 7 | 1.89 |
| Hy-Vee Food Stores | 301 | 5 | 2.71 | 220 | 6 | 1.92 |
| City of Worthington | 185 | 6 | 1.67 | - | - | - |
| Nobles County | 184 | 7 | 1.66 | 157 | 8 | 1.37 |
| Highland Manufacturing | 180 | 8 | 1.62 | 150 | 9 | 1.31 |
| Wal-Mart Super Center | 178 | 9 | 1.60 | 245 | 5 | 2.14 |
| Prairie Holdings | 135 | 10 | 1.22 | 364 | 3 | 3.17 |
| MN West Community & Technical College | - | - | - | 105 | 10 | 0.92 |
| Totals | 4,537 | | 40.85 % | 4,334 | | 37.80 % |

*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

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

TABLE XVIII

| Function/Program | Full-time Equivalent Employees | | | | | | | | | |
|--|--------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
| Governmental activities: | | | | | | | | | | |
| General government | | | | | | | | | | |
| Executive | 2.75 | 2.75 | 2.70 | 2.79 | 2.75 | 2.86 | 2.74 | 2.75 | 2.75 | 2.75 |
| City Clerk | 2.53 | 2.92 | 2.00 | 2.85 | 2.02 | 2.02 | 2.00 | 2.00 | 2.00 | 2.00 |
| Financial administration | 4.07 | 4.05 | 4.06 | 4.23 | 4.05 | 4.16 | 4.10 | 4.13 | 4.15 | 4.17 |
| Community development | 9.97 | 9.45 | 9.57 | 10.02 | 9.34 | 9.94 | 9.01 | 8.76 | 8.76 | 8.92 |
| Other general government | 0.01 | 0.38 | 0.40 | 0.41 | 0.41 | 0.41 | 0.41 | 0.43 | 0.43 | 0.41 |
| Public safety | | | | | | | | | | |
| Police | 35.78 | 35.41 | 35.64 | 37.55 | 35.42 | 34.54 | 35.23 | 35.19 | 34.75 | 35.25 |
| Fire | 1.61 | 2.18 | 1.39 | 1.41 | 1.89 | 1.28 | 1.55 | 1.43 | 1.78 | 1.03 |
| Animal control | 0.02 | 0.50 | 0.53 | 0.54 | 0.54 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 |
| Code enforcement ¹ | 1.89 | 1.06 | 1.05 | 1.08 | 1.04 | 1.04 | 1.10 | 1.00 | 1.02 | 1.03 |
| Public works | | | | | | | | | | |
| Streets | 8.24 | 7.56 | 7.67 | 6.34 | 5.35 | 6.00 | 6.01 | 5.85 | 5.48 | 7.23 |
| Sanitation ¹ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.02 | 0.03 | 0.00 | 0.02 | 0.04 |
| Special assessments | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Culture and recreation | | | | | | | | | | |
| Recreation ² | 1.81 | 1.65 | 2.19 | 2.22 | 3.31 | 3.64 | 2.54 | 2.40 | 3.37 | 5.84 |
| Parks | 8.42 | 8.25 | 6.82 | 8.32 | 8.04 | 6.88 | 7.38 | 6.44 | 6.45 | 6.53 |
| Conservation and development | | | | | | | | | | |
| Natural resources | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Economic development and assistance | 0.01 | 0.12 | 0.13 | 0.14 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total governmental activities employees | 77.11 | 76.28 | 74.15 | 77.90 | 74.16 | 73.29 | 72.60 | 70.88 | 71.46 | 75.70 |
| Business-type activities: | | | | | | | | | | |
| Water | 6.76 | 6.71 | 6.64 | 6.81 | 6.63 | 6.75 | 6.68 | 6.68 | 7.82 | 6.64 |
| Municipal Wastewater | 8.32 | 8.21 | 8.34 | 8.63 | 8.34 | 8.42 | 8.43 | 8.15 | 8.39 | 8.44 |
| Electric | 13.41 | 13.40 | 13.61 | 14.12 | 13.61 | 13.67 | 13.88 | 13.46 | 13.66 | 13.21 |
| 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 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Liquor | 6.61 | 6.60 | 6.02 | 5.94 | 5.53 | 5.63 | 5.89 | 5.36 | 5.45 | 4.91 |
| Airport | 0.00 | 0.16 | 0.12 | 0.14 | 0.12 | 0.11 | 0.11 | 0.13 | 0.13 | 0.04 |
| Memorial Auditorium ² | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1.46 | 1.69 | 1.60 | 0.74 |
| Total business-type activities employees | 35.10 | 35.08 | 34.73 | 35.64 | 34.23 | 34.58 | 36.45 | 35.47 | 37.05 | 33.98 |
| Total city full-time equivalent employees | 112.21 | 111.36 | 108.88 | 113.54 | 108.39 | 107.87 | 109.05 | 106.35 | 108.51 | 109.68 |

Source: Finance Department, City of Worthington

¹Starting in 2010 Code Enforcement (previously Sanitation) is included under Public Safety instead of Public Works.

²Starting 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 | | | |
|---|--------------|--------------|--------------|--------------|
| | 2019 | 2018 | 2017 | 2016 |
| General government | | | | |
| Business licenses issued | 78 | 81 | 83 | 85 |
| Building permits issued | 480 | 464 | 567 | 599 |
| Estimated value of building permits issued | \$33,361,303 | \$19,084,512 | \$28,618,611 | \$20,751,921 |
| Other permits issued (sanitary sewer, excavation, plumbing, etc.) | 254 | 177 | 204 | 161 |
| Public safety | | | | |
| Physical arrests | 409 | 374 | 321 | 362 |
| Citations (parking, etc.) | 1,236 | 1,477 | 1,320 | 1,518 |
| Alarms requiring response | 219 | 247 | 184 | 181 |
| Street value of drugs seized in searches | \$803,591 | \$2,781,330 | \$1,304,362 | \$379,596 |
| Ambulance calls | 528 | 548 | 608 | 608 |
| 911 calls | 1,487 | 1,360 | 1,422 | 1,420 |
| Fire calls | 26 | 31 | 39 | 36 |
| Animals impounded | 124 | 94 | 58 | 84 |
| Animals adopted out or returned to owners | 116 | 93 | 58 | 84 |
| City nuisance code violations investigated ² | 8,551 | 8,422 | 8,329 | 8,301 |
| Junked/abandoned vehicles removed ² | N/A | N/A | N/A | N/A |
| Notices served for weed/grass complaints ² | 908 | 953 | 893 | 771 |
| Hours spent monitoring parking | 280 | 205 | 220 | 210 |
| Public works | | | | |
| Sidewalk repaired at city cost (feet) | 110 | 100 | 100 | 150 |
| Asphalt hot patch (tons) | 400 | 400 | 400 | 400 |
| Concrete patch materials (yards) | 50 | 45 | 40 | 45 |
| Snowfall received (inches) | 77.5 | 79.6 | 26.6 | 41.4 |
| Cost of snow removal (per inch) | \$3,021 | \$2,709 | \$3,610 | \$2,483 |
| Personnel hours spent plowing/sanding | 2,838 | 2,816 | 958 | 1,623 |
| Faded stop/yield signs replaced | 9 | 10 | 7 | 8 |
| Personnel hours (full-time/part-time) for city-wide clean-up | 275/24 | 244/40 | 193/173 | 283/0 |
| Appliances hauled away at city-wide clean-up ¹ | 450 | 512 | 581 | 577 |
| Culture and recreation | | | | |
| Auditorium rental (days) ³ | 128 | 114 | 74 | 53 |
| Days utilized ³ | 344 | 330 | 224 | 209 |
| Annual audience ³ | 35,440 | 32,350 | 27,400 | 25,530 |
| Number of registrants in various recreation programs | 401 | 411 | 418 | 377 |
| Paid golf memberships ⁴ | N/A | N/A | N/A | N/A |
| Shelter house reservations at parks | 102 | 107 | 124 | 133 |
| Camping units served at Olson Park Campground | 2,051 | 2,157 | 2,307 | 2,224 |
| Conservation and development | | | | |
| Trees planted | | | | |
| Street boulevards | 11 | 0 | 39 | 45 |
| Parks | 47 | 19 | 11 | 10 |
| Trees removed | | | | |
| Street boulevards | 55 | 65 | 40 | 42 |
| Parks | 39 | 20 | 25 | 13 |

TABLE XIX

| 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|--------------|--------------|-------------|--------------|--------------|--------------|
| 82 | 62 | 64 | 64 | 63 | 64 |
| 617 | 623 | 592 | 670 | 700 | 731 |
| \$17,407,919 | \$13,075,162 | \$8,651,931 | \$30,507,538 | \$13,165,143 | \$20,598,997 |
| 144 | 143 | 122 | 166 | 155 | 135 |
| 407 | 649 | 762 | 433 | 766 | 450 |
| 1,884 | 2,138 | 2,008 | 2,283 | 2,280 | 3,024 |
| 214 | 209 | 186 | 245 | 260 | 288 |
| \$256,000 | \$181,600 | \$252,725 | \$640,000 | \$114,410 | \$440,750 |
| 589 | 537 | 522 | 802 | 772 | 631 |
| 1,454 | 1,395 | 1,745 | 1,172 | 1,493 | 1,680 |
| 57 | 39 | 61 | 62 | 88 | 70 |
| 68 | 62 | 82 | 79 | 79 | 104 |
| 68 | 59 | 80 | 79 | 26 | 23 |
| 8,112 | 8,086 | 8,021 | 7,401 | 7,217 | 7,128 |
| 4 | 2 | 3 | 6 | 3 | 11 |
| 583 | 489 | 741 | 690 | 681 | 629 |
| 240 | 388 | 200 | 550 | 510 | N/A |
| 295 | 301 | 156 | 612 | 85 | 120 |
| 413 | 219 | 240 | 208 | 261 | 226 |
| 36 | 157 | 190 | 216 | 49 | 132 |
| 41.8 | 44.8 | 56 | 45.6 | 71.5 | 58.0 |
| \$2,697 | \$1,908 | \$2,097 | \$2,826 | \$2,881 | \$2,939 |
| 1,587 | 1,382 | 1,390 | 2,220 | 2,332 | 2,776 |
| 12 | 9 | 10 | 14 | 12 | 46 |
| 196/20 | 248/214 | 190/126 | 216/264 | 200/248 | 414/387 |
| 154 | 33 | 138 | 189 | 235 | 777 |
| 48 | 36 | N/A | N/A | N/A | N/A |
| 142 | 135 | N/A | N/A | N/A | N/A |
| 24,600 | 22,500 | N/A | N/A | N/A | N/A |
| 379 | 415 | 402 | 380 | 365 | 360 |
| N/A | 136 | 167 | 158 | 157 | 152 |
| 106 | 108 | 102 | 91 | 91 | 84 |
| 2,689 | 2,249 | N/A | N/A | N/A | N/A |
| 250 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 1 | 0 | 0 | 0 |
| 40 | 47 | 725 | 51 | 37 | 121 |
| 14 | 4 | 225 | 5 | 25 | 23 |

CITY OF WORTHINGTON, MINNESOTA

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

| Function/Program | Fiscal Year | | | |
|---|-------------|-----------|-----------|-----------|
| | 2019 | 2018 | 2017 | 2016 |
| Business-type activities: | | | | |
| Water | | | | |
| Average daily consumption (gallons) | | | | |
| Commercial | 428,000 | 441,769 | 458,067 | 463,953 |
| Residential | 656,525 | 652,050 | 640,869 | 647,466 |
| Industrial | 1,689,939 | 1,639,416 | 1,635,422 | 1,624,405 |
| Municipal Wastewater | | | | |
| Average sewage treated (million gallons per day) | 2.62 | 2.36 | 1.94 | 2.25 |
| Electric | | | | |
| Average daily consumption (KWH) | | | | |
| Residential | 99,969 | 101,231 | 92,965 | 99,490 |
| Commercial | 183,581 | 186,033 | 178,255 | 182,360 |
| Industrial | 322,703 | 309,338 | 312,230 | 308,575 |
| Industrial Wastewater Facility | | | | |
| Average gallons treated (million gallons per day) | 2.00 | 1.77 | 1.70 | 1.74 |
| Storm Water Management⁵ | | | | |
| Debris/leaves collected sweeping (yards) | N/A | N/A | N/A | 1,785 |
| Average cost per lane mile of street sweeping | N/A | N/A | N/A | \$30.99 |
| Liquor | | | | |
| Customers served | 166,694 | 162,456 | 151,051 | 151,337 |
| Average daily sales | \$12,265 | \$11,650 | \$11,472 | \$12,088 |
| Airport | | | | |
| Hangars rented | 19 | 19 | 19 | 20 |
| Fuel pumped (gallons) | 36,712 | 60,303 | 70,826 | 70,252 |
| 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

| 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|-----------|-----------|-----------|-----------|-----------|-----------|
| 475,377 | 442,688 | 456,050 | 489,757 | 474,683 | 423,546 |
| 622,734 | 633,918 | 661,643 | 725,939 | 671,182 | 698,994 |
| 1,627,945 | 1,461,566 | 1,484,727 | 1,567,133 | 1,566,825 | 1,559,812 |
| 1.56 | 1.37 | 1.38 | 1.52 | 2.25 | 2.16 |
| 94,029 | 96,864 | 100,361 | 99,840 | 102,391 | 101,101 |
| 182,705 | 183,468 | 181,011 | 182,483 | 182,814 | 176,547 |
| 303,011 | 277,541 | 293,345 | 307,355 | 283,276 | 269,579 |
| 1.58 | 1.44 | 1.51 | 1.50 | 1.77 | 1.67 |
| 1,972 | 1,604 | 3,850 | 2,350 | 2,250 | 2,048 |
| \$32.09 | \$34.16 | \$27.43 | \$26.63 | \$25.57 | \$24.72 |
| 150,707 | 147,325 | 144,514 | 143,281 | 139,637 | 132,884 |
| \$11,866 | \$11,235 | \$10,624 | \$10,078 | \$9,229 | \$8,458 |
| 20 | 19 | 16 | 16 | 16 | 16 |
| 74,804 | 70,027 | 72,052 | 50,994 | 76,586 | 72,543 |
| N/A | N/A | 34 | 32 | 30 | 14 |
| N/A | N/A | 169 | 178 | 169 | 87 |
| N/A | N/A | 19,886 | 21,363 | 18,856 | 11,143 |

CITY OF WORTHINGTON, MINNESOTA

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

| Function/Program | Fiscal Year | | | |
|---|-------------|--------|--------|--------|
| | 2019 | 2018 | 2017 | 2016 |
| 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 | 11 | 12 | 12 | 12 |
| Other vehicles | 11 | 9 | 10 | 10 |
| Fire | | | | |
| Stations | 1 | 1 | 1 | 1 |
| Fire vehicles | 8 | 9 | 9 | 8 |
| Animal control vehicles | 1 | 1 | 1 | 1 |
| Public works | | | | |
| Streets (miles) | 74.6 | 74.6 | 74.6 | 68.2 |
| Highway (miles) | 7.8 | 7.8 | 7.8 | 7.8 |
| Traffic signals | 4 | 3 | 3 | 3 |
| Stop signs | 252 | 244 | 240 | 235 |
| Snow removal equipment (plows, haulers) | 14 | 14 | 14 | 13 |
| Culture and recreation | | | | |
| Memorial Auditorium | | | | |
| Number of stages ² | 2 | 2 | 2 | 2 |
| Facility seating ² | 657 | 707 | 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 |
| Beaches | 3 | 3 | 3 | 3 |
| Boat landings | 4 | 4 | 4 | 4 |
| Public docks | 9 | 8 | 8 | 8 |
| Golf courses ³ | 0 | 0 | 0 | 0 |
| Bandshells for public performances | 1 | 1 | 1 | 1 |
| Campgrounds | 1 | 1 | 1 | 1 |
| Conservation and development | | | | |
| Lakes | | | | |
| City maintained lake shoreline (miles) | 4.5 | 4.5 | 4.5 | 4.5 |

TABLE XX

| 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|--------|--------|--------|--------|--------|--------|
| 4 | 3 | 3 | 3 | 3 | 3 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 12,000 | 12,000 | 12,000 | 12,000 | 12,000 | 12,000 |
| 104 | 104 | 104 | 104 | 104 | 104 |
| 12 | 12 | 11 | 15 | 11 | 11 |
| 9 | 9 | 11 | 10 | 10 | 11 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 8 | 8 | 8 | 8 | 8 | 8 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 67.4 | 67.3 | 67.3 | 67.3 | 67.3 | 67.3 |
| 7.8 | 9.1 | 9.1 | 9.1 | 9.1 | 9.1 |
| 4 | 5 | 5 | 4 | 4 | 4 |
| 235 | 229 | 229 | 229 | 229 | 229 |
| 13 | 13 | 13 | 13 | 13 | 13 |
| 2 | 2 | N/A | N/A | N/A | N/A |
| 735 | 735 | 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 |
| 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 |

(Continued)

CITY OF WORTHINGTON, MINNESOTA

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

| Function/Program | Fiscal Year | | | |
|--|-------------|--------|-------|-------|
| | 2019 | 2018 | 2017 | 2016 |
| Business-type activities: | | | | |
| Water | | | | |
| Water mains (miles) | 81.1 | 80.8 | 79.9 | 79.9 |
| Number of connections (residential, commercial, industrial & seasonal) | 4,193 | 4,164 | 4,157 | 4,155 |
| Fire hydrants | 639 | 635 | 625 | 625 |
| 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) | 56.2 | 55.9 | 55.1 | 55.1 |
| Average treatment capacity (million of gallons per day) | 2.75 | 2.75 | 2.74 | 2.25 |
| 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) | 119 | 115 | 115 | 130 |
| Service line-secondary (miles) | 182 | 143 | 143 | 175 |
| Streetlights | 2,014 | 1,957 | 1,957 | 1,958 |
| Storm Water Management | | | | |
| Storm sewers (miles) | 52.7 | 52.7 | 52.7 | 52.7 |
| Liquor | | | | |
| Buildings | 1 | 1 | 1 | 1 |
| Square footage (feet) | 1,240 | 12,400 | 6,750 | 6,750 |
| Number of coolers | 3 | 3 | 2 | 2 |
| Parking Systems ⁴ | | | | |
| Parking lots | 5 | 5 | 5 | 5 |
| Airport | | | | |
| Acreage | 512 | 512 | 512 | 512 |
| Terminals | | 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

(Continued)

| 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|-------|-------|-------|-------|-------|-------|
| 79.2 | 78.9 | 78.9 | 78.5 | 77.7 | 78.1 |
| 4,112 | 4,075 | 4,044 | 4,045 | 4,019 | 4,003 |
| 621 | 621 | 613 | 611 | 608 | 605 |
| 2,200 | 2,200 | 2,200 | 2,200 | 2,200 | 2,200 |
| 2,300 | 2,300 | 2,300 | 2,300 | 2,300 | 2,300 |
| 55.1 | 55.1 | 55.1 | 55.1 | 55.1 | 55.0 |
| 1.57 | 1.37 | 1.32 | 1.52 | 2.25 | 2.16 |
| 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 |
| 2 | 2 | 2 | 2 | 2 | 3 |
| 130 | 125 | 125 | 125 | 120 | 112 |
| 175 | 175 | 175 | 175 | 170 | 169 |
| 1,899 | 1,900 | 1,900 | 1,880 | 1,868 | 1,864 |
| 52.7 | 52.7 | 52.7 | 52.7 | 52.7 | 52.7 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 6,750 | 6,750 | 6,750 | 6,750 | 6,750 | 6,750 |
| 2 | 2 | 2 | 2 | 2 | 2 |
| 5 | 5 | 5 | 5 | 5 | 5 |
| 512 | 512 | 512 | 512 | 512 | 512 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 22 | 22 | 20 | 20 | 20 | 20 |
| 2 | 2 | 2 | 2 | 2 | 2 |
| 2 | 2 | 2 | 2 | 2 | 2 |
| 4 | 4 | 4 | 4 | 4 | 4 |
| N/A | N/A | 2 | 2 | 2 | 2 |
| N/A | N/A | 735 | 735 | 735 | 735 |

City of
Worthington