

**CITY OF WORTHINGTON, MINNESOTA**

Comprehensive Annual Financial Report

For the fiscal year ended December 31, 2015





**CITY OF WORTHINGTON, MINNESOTA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the fiscal year ended December 31, 2015**

**Prepared by:  
Department of Finance**



City of Worthington, Minnesota  
 Comprehensive Annual Financial Report  
 For the Fiscal Year Ended December 31, 2015

TABLE OF CONTENTS

	<u>Exhibit/ Table No.</u>	<u>Page No.</u>
I. <u>INTRODUCTORY SECTION</u>		
Letter of Transmittal		1
GFOA Certificate of Achievement		5
Organizational Chart		6
List of Elected and Appointed Officials		7
II. <u>FINANCIAL SECTION</u>		
INDEPENDENT AUDITOR'S REPORT		9
MANAGEMENT'S DISCUSSION AND ANALYSIS		13
BASIC FINANCIAL STATEMENTS:		
Government-wide Financial Statements:		
Statement of Net Position	1	23
Statement of Activities	2	24
Fund Financial Statements:		
Balance Sheet-Governmental Funds	3	26
Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds	4	28
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	5	29
Statement of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual-General Fund	6	30
Statement of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual-WRH Fund	7	31
Statement of Fund Net Position-Proprietary Funds	8	32
Statement of Revenues, Expenses and Changes in Fund Net Position-Proprietary Funds	9	34
Statement of Cash Flows-Proprietary Funds	10	38
Statement of Fiduciary Net Position-Agency Funds	11	42
Notes to the Financial Statements		43
COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES:		
Combining Balance Sheet-Nonmajor Governmental Funds	A-1	80
Combining Statement of Revenues, Expenditures and Changes in Fund Balances-Nonmajor Governmental Funds	A-2	82
Schedules of Revenues, Expenditures and Changes in Fund Balances-Budget to Actual:		
Memorial Auditorium Fund	A-3	84
Small Cities Grants Fund	A-4	85
PD Task Force Fund	A-5	86
Sales Tax Revenue Fund	A-6	87
Event Center Fund	A-7	88
Recreation Special Revenue Fund	A-8	89
Economic Development Authority Special Revenue Fund	A-9	90

	<u>Exhibit/ Table No.</u>	<u>Page No.</u>
Combining Statement of Net Position-Nonmajor Enterprise Funds	B-1	92
Combining Statement of Revenues, Expenses and Changes in Fund Net Position-Nonmajor Enterprise Funds	B-2	93
Combining Statement of Cash Flows-Nonmajor Enterprise Funds	B-3	94
Combining Statement of Net Position-Internal Service Funds	C-1	98
Combining Statement of Revenues, Expenses and Changes in Fund Net Position-Internal Service Funds	C-2	99
Combining Statement of Cash Flows-Internal Service Funds	C-3	100
Combining Statement of Net Position-Agency Funds	D-1	102
Combining Statement of Changes in Assets and Liabilities- Agency Funds	D-2	104
III.	<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
Schedule of City Contributions-Public Employees General Employees Retirement Fund	E-1	107
Schedule of City's Proportionate Share of Net Pension Liability- Public Employees General Employees Retirement Fund	E-2	108
Schedule of City Contributions-Public Employees Police and Fire Retirement Fund	E-3	109
Schedule of City's Proportionate Share of Net Pension Liability- Public Employees Police and Fire Retirement Fund	E-4	110
III.	<u>STATISTICAL SECTION (Unaudited)</u>	
Net Position by Component	I	112
Changes in Net Position	II	114
Fund Balances of Governmental Funds	III	118
Changes in Fund Balances of Governmental Funds	IV	120
Program Revenues by Function/Program	V	122
General Governmental Tax Revenues by Source	VI	124
Tax Capacity and Estimated Market Value of Taxable Property	VII	126
Property Tax Rates-Direct and Overlapping Governments	VIII	128
Principal Property Taxpayers	IX	130
Property Tax Levies and Collections	X	131
Ratios of Outstanding Debt by Type	XI	132
Ratios of General Bonded Debt Outstanding	XII	134
Direct and Overlapping Governmental Activities Debt	XIII	135
Legal Debt Margin Information	XIV	136
Pledged-Revenue Coverage	XV	138
Demographic and Economic Statistics	XVI	141
Principal Employers	XVII	142
Full-time Equivalent City Government Employees by Function	XVIII	143
Operating Indicators by Function/Program	XIX	144
Capital Asset Statistics by Function/Program	XX	148

## **INTRODUCTORY SECTION**

*City of*  
*Worthington*



June 13, 2016

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, 2015.

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, 2015, 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 unqualified opinion that the City of Worthington's financial statements for the fiscal year ended December 31, 2015, 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 12,982. 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 2015, the City issued 617 building permits (6 permits less than issued in 2014) for a cumulative total of \$17.4 million of construction work, which is 33% greater than the construction value reported in 2014. Projects that commenced in 2015 include a Bedford Technology expansion, Bedford Industries Innovation Center, New Vision Coop and Ridley Block. Projects completed in 2015 include PurNet, Prairie Holdings Pharmacy Distribution Facility, Bioverse and Rising Sun Estates. With several large projects, such as the Marthaler Chevrolet Dealership facility, Hibbits Sports and the redevelopment of the former Northland Mall site on the horizon for this year, we are optimistic 2016 will be another great year for construction activity. The current economic environment has resulted in the investment of over \$82 million in building activities within the corporate limits of Worthington between January 2011 and December 2015.

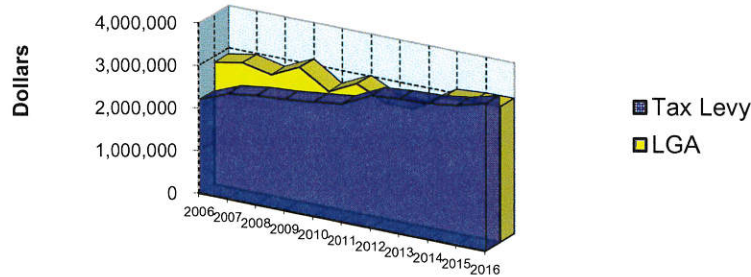
**Long-term financial planning.** Unassigned fund balance in the general fund at year end was 61 percent of the total general fund budgeted expenditures. This amount exceeds the policy guidelines (35%-50%) set by the Council for budgetary and planning purposes. This year-end amount is between the target percentages set by the policy guidelines (2014 percentage was 61% and the 2013 percentage was 27%).

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 5.50% for taxes payable in 2016. 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 second year of a three-year agreement with all three bargaining units. Cost of living adjustments agreed to are 2%, 2.50% and 2.50% for 2015, 2016 & 2017 respectively.

The January 2016 health insurance renewals saw premium increases for singles range from 0.60% to 7%, and family premium increases range from 0.50% to 7.50%, depending on the plan option selected by the employee.

**Major Initiatives.** The City has many accomplishments to report for 2015 and beyond. The following are some of the major initiatives addressed during the year.

*Nobles Home Initiative.* The City has partnered with Worthington School District #518 and Nobles County to offer 5 years of tax abatement to encourage the construction of new owner occupied and rental residential units within the City of Worthington. This partnership approved the tax abatement for 7 new residential units in 2015, bringing the total number of units approved since the inception on April 1, 2014 to December 31, 2015 to 13.

*Lewis and Clark Regional Water System Project.* City and Worthington Public Utilities staff continues to work with State Legislators to secure additional state and federal funding advances necessary to complete the Minnesota portion of the Lewis and Clark Regional Water System project. The project was authorized by Congress in 2000 and was to receive 80% of construction funding from the federal government with the remaining 20% of funding to be provided by the three participating states and the twenty member entities. The three states and the twenty members have already paid all of their project costs while the federal government, to date, has only provided approximately 54% of its funding obligation. The Minnesota Legislature provided funding advances of \$22 million in 2014 and \$19.5 million in 2015. The participating entities staffs are seeking a final advance of \$11.5 million from the State Legislature in 2016 to complete the Minnesota portion of the project.

**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, 2014. This was the twenty-seventh 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

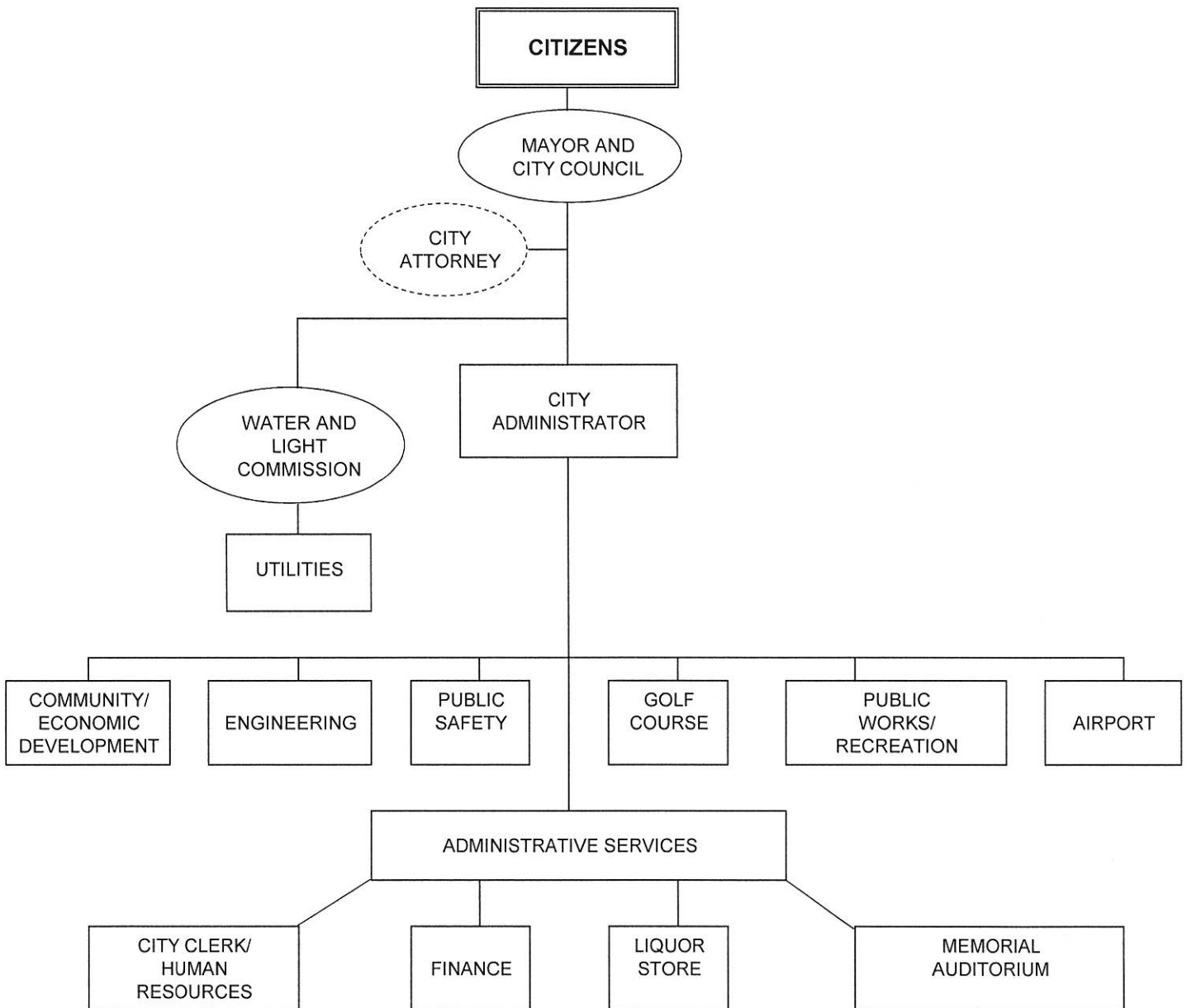
**City of Worthington  
Minnesota**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2014**

Executive Director/CEO

# CITY OF WORTHINGTON, MINNESOTA ADMINISTRATIVE ORGANIZATION



CITY OF WORTHINGTON, MINNESOTA

ELECTED AND APPOINTED OFFICIALS

For the year ended December 31, 2015

ELECTED OFFICIALS

		<u>TERM EXPIRES</u>
Mayor	Mike Kuhle	December 2018
Alderman, Ward I	Larry Janssen	December 2018
Alderman, Ward I	Rod Sankey	December 2016
Alderman, Ward II	Mike Harmon	December 2018
Alderman, Ward II	Scott Nelson	December 2016
Alderman, At Large	Diane Graber	December 2016

APPOINTED OFFICIALS

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

DEPARTMENT HEADS

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

*City of*  
*Worthington*

## **FINANCIAL SECTION**

*City of*  
*Worthington*



# DREALAN KVILHAUG HOEFKER & Co., P.A.



Member  
Division for CPA Firms AICPA

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

## CERTIFIED PUBLIC ACCOUNTANTS

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

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

## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Worthington, Minnesota, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Worthington, Minnesota as of December 31, 2015, 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.

## Emphasis of Matter

As described in Note 6 of the notes to basic financial statements, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*, during the year ended December 31, 2015. 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 13, 2016, 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 K. Shaug Hoffman & Co., P.A.*

Worthington, Minnesota  
June 13, 2016

*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, 2015. 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 \$173,113 (*net position*). Of this amount, \$49,299 (*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 \$2,676. The majority of the increase came from an increase in cash and cash equivalents/investments and an increase in due from other governments.
- As of the close of the current fiscal year, the City of Worthington's governmental funds reported combined ending fund balances of \$31,494, an increase of \$1,241 in comparison with the prior year. Approximately \$3,556 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 \$4,201, or 62 percent of total general fund expenditures.
- The City of Worthington's total debt decreased by \$3,010 during the current fiscal year.

### Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

The City of Worthington maintains twenty-four 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 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 83-89) 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, industrial wastewater facility, liquor, and airport funds, which are considered to be major funds of the City of Worthington. Data from the other three enterprise funds are combined into a single aggregated presentation. Conversely, internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the nonmajor proprietary and internal service funds is provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 32-41 of this report.

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



The basic fiduciary fund financial statements can be found on page 42 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 43-77 of this report.

**Other information.** The combining statements referred to earlier in connection with nonmajor governmental, nonmajor proprietary, internal service and agency funds are presented immediately following the notes to financial statements. Combining and individual fund statements and schedules can be found on pages 79-104 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 \$173,112 at the close of the most recent fiscal year.

By far the largest portion of the City of Worthington's net position (61.8 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	
	2015	2014	2015	2014	2015	2014
Current assets	\$ 36,965	\$ 38,576	\$ 42,283	\$ 39,176	\$ 79,248	\$ 77,752
Capital assets	54,523	55,794	58,722	58,906	113,245	114,700
Total assets	<u>\$ 91,488</u>	<u>\$ 94,370</u>	<u>\$ 101,005</u>	<u>\$ 98,082</u>	<u>\$ 192,493</u>	<u>\$ 192,452</u>
Deferred outflows	\$ 711	\$ -	\$ -	\$ -	\$ 711	\$ -
Current liabilities	\$ 1,179	\$ 1,081	\$ 2,569	\$ 2,221	\$ 3,748	\$ 3,302
Non-current liabilities	11,485	10,772	4,226	2,724	15,711	13,496
Total liabilities	<u>\$ 12,664</u>	<u>\$ 11,853</u>	<u>\$ 6,795</u>	<u>\$ 4,945</u>	<u>\$ 19,459</u>	<u>\$ 16,798</u>
Deferred inflows	\$ 632	\$ -	\$ -	\$ -	\$ 632	\$ -
Net investment in capital assets	\$ 48,492	\$ 46,964	\$ 58,444	\$ 58,409	\$ 106,936	\$ 105,373
Restricted	500	1,756	16,378	15,682	16,878	17,438
Unrestricted	29,911	33,797	19,388	19,046	49,299	52,843
Total net position	<u>\$ 78,903</u>	<u>\$ 82,517</u>	<u>\$ 94,210</u>	<u>\$ 93,137</u>	<u>\$ 173,113</u>	<u>\$ 175,654</u>

A portion of the City of Worthington's net position (9.7 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$49,299) 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 decreased by \$2,541 during the current fiscal year. The majority of the decrease came from an increase in noncurrent liabilities (due within one year and due in more than one year). A change in accounting principle reduced beginning net position by \$5,217.

### City of Worthington's Changes in Net Position

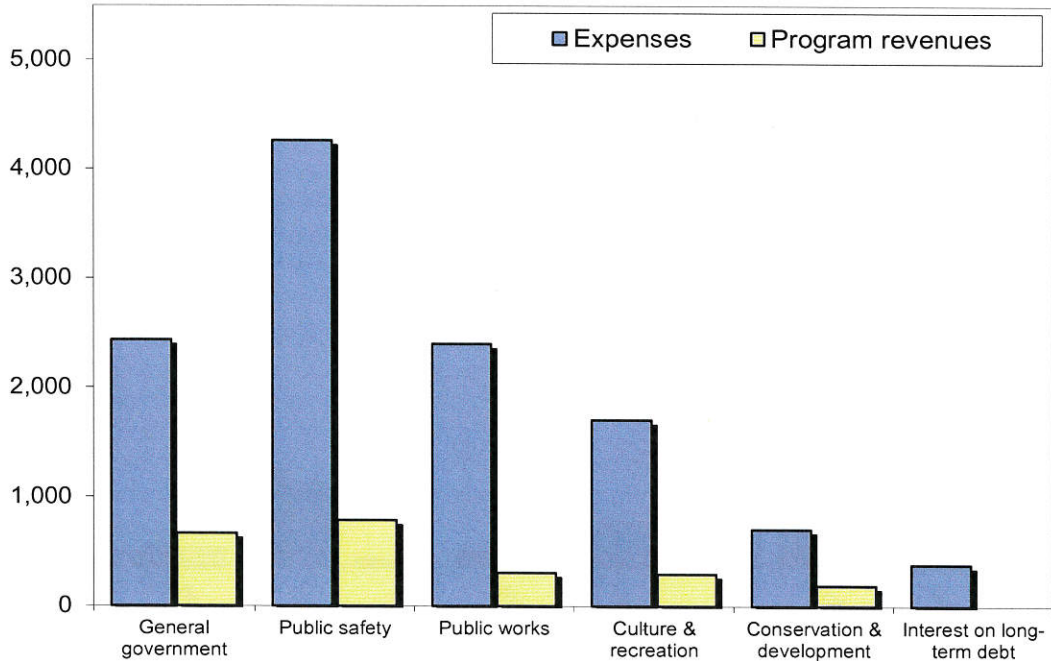
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 1,293	\$ 1,194	\$ 32,556	\$ 30,662	\$ 33,849	\$ 31,856
Operating grants and contributions	953	917	77	79	1,030	996
Capital grants and contributions	-	79	476	212	476	291
General revenues:						
Property taxes	3,195	3,153	10	-	3,195	3,153
Other taxes	1,038	945	-	-	1,038	945
Grants and contributions not restricted to specific programs	3,167	3,126	-	-	3,167	3,126
Other	1,219	1,182	305	513	1,524	1,695
Total revenues	<u>\$ 10,865</u>	<u>\$ 10,596</u>	<u>\$ 33,424</u>	<u>\$ 31,466</u>	<u>\$ 44,279</u>	<u>\$ 42,062</u>
Expenses:						
General government	\$ 2,436	\$ 1,975	\$ -	\$ -	\$ 2,436	\$ 1,975
Public safety	4,262	4,056	-	-	4,262	4,056
Public works	2,398	2,262	-	-	2,398	2,262
Culture and recreation	1,704	1,541	-	-	1,704	1,541
Conservation and development	705	616	-	-	705	616
Interest on long-term debt	382	494	-	-	382	494
Water	-	-	2,669	2,850	2,669	2,850
Municipal Wastewater	-	-	1,575	1,552	1,575	1,552
Electric	-	-	19,370	17,739	19,370	17,739
Industrial Wastewater Facility	-	-	1,645	1,675	1,645	1,675
Storm Water Management	-	-	304	274	304	274
Street Lighting	-	-	149	124	149	124
Liquor	-	-	3,164	3,003	3,164	3,003
Airport	-	-	701	695	701	695
Cable Television	-	-	149	158	149	158
Total expenses	<u>\$ 11,887</u>	<u>\$ 10,944</u>	<u>\$ 29,726</u>	<u>\$ 28,070</u>	<u>\$ 41,613</u>	<u>\$ 39,014</u>
Increase(decrease) in net position before transfers	\$ (1,022)	\$ (348)	\$ 3,698	\$ 3,396	\$ 2,666	\$ 3,048
Transfers	795	1,497	(795)	(1,497)	-	-
Increase in net position	<u>\$ (227)</u>	<u>\$ 1,149</u>	<u>\$ 2,903</u>	<u>\$ 1,899</u>	<u>\$ 2,676</u>	<u>\$ 3,048</u>
Net position-January 1	82,517	81,368	93,137	91,238	175,654	172,606
Prior period adjustment-pension	(3,387)	-	(1,830)	-	(5,217)	-
Net position-December 31	<u>\$ 78,903</u>	<u>\$ 82,517</u>	<u>\$ 94,210</u>	<u>\$ 93,137</u>	<u>\$ 173,113</u>	<u>\$ 175,654</u>

**Governmental activities.** Governmental activities decreased the City of Worthington's net position by \$227, thereby accounting for -8.5 percent of the total decrease in the net position of the City of Worthington. Key elements of this decrease are as follows:

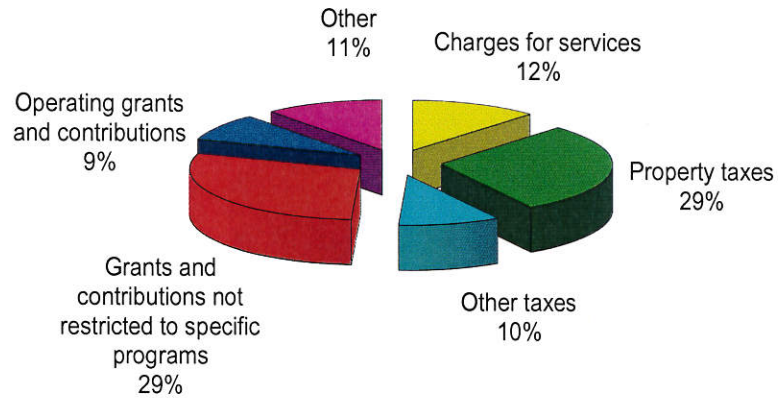
- The main reasons for the decrease relates to certain expenses increasing over 2014. The general government expenditures increased due to the K-Mart demolition costs and the public safety and public works expenditures increased due to personnel and capital outlay.



### Expenses and Program Revenues – Governmental Activities



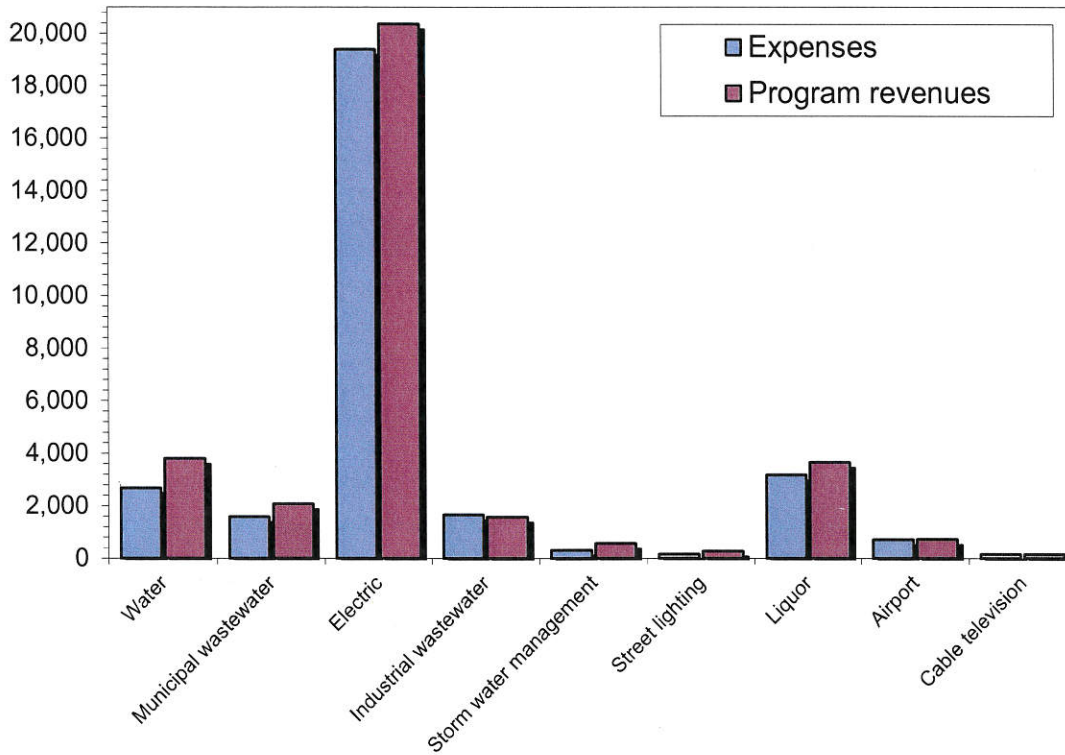
### Revenues by Source – Governmental Activities



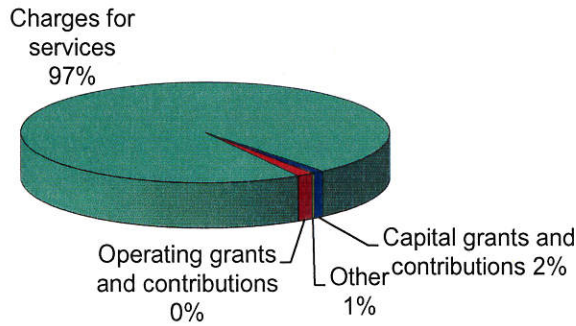
Overall, governmental activities expenses increased by \$943 in 2015 from 2014.

**Business-type activities.** Business-type activities increased the City of Worthington’s net position by \$2,903 accounting for 108.5 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 (\$666) and expenditures less than expected (\$813), mainly due to capital related expenditures. Electric expenses were less than expected due to lower amount of purchased power (\$447).

**Expenses and Program Revenues – Business-type Activities**



**Revenues by Source – Business-type Activities**



**Financial Analysis of the Government’s Funds**

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

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

At the end of the current fiscal year, the City of Worthington’s governmental funds reported combined ending fund balances of \$31,494, a decrease of \$1,240 in comparison with the prior year. *Committed, assigned and unassigned fund balance*, which is available for spending at the government’s discretion, has a balance of \$29,035 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 (\$1,903), 2) for land held for resale (\$252), 3) for Buffalo Ridge (\$151), 4) for prepaid items (\$123), and 5) for inventory (\$28) 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 \$4,201, while total fund balance was \$8,462. 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 62 percent of total general fund expenditures, while total fund balance represents 126 percent of that same amount.

The fund balance of the City of Worthington's general fund increased by \$4 during the current fiscal year. The key factors of this increase are as follows:

- Intergovernmental revenues were more than budgeted mainly due to municipal state aid for street maintenance.
- Charges for services revenues were more than budgeted for various departments.
- Public safety expenditures were less than budgeted due to fire equipment not purchased.
- There were a few capital asset sales (land and police vehicles) that were not budgeted.

The WRH fund has a fund balance of \$12,348 which decreased by \$49 due mainly to the loss on investments.

The PIR Series Bonds fund has a fund balance of \$1,873 which is a decrease of \$1,200 due to bond principal and interest payments.

The Improvement Construction fund had a fund balance of \$3,133 which is a decrease of \$395. The key factors of this decrease are as follows:

- Capital projects were completed and funded through reserves until bonding can be completed.

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

Unrestricted net position of the water, municipal wastewater, electric, industrial wastewater, liquor, and airport funds at the end of the year amounted to \$364, \$6,085, \$8,546, \$809, \$1,584, and \$496, respectively. The total growth (decrease) in net position for the water, municipal wastewater, electric, industrial wastewater, liquor, and airport were \$1,185, \$564, \$591, \$(68), \$259, and \$82 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 \$79 increase in appropriations between the original and final amended budget. Following are the main components of the increase:

- \$21 supplemental appropriation to the general government department for an expenditure related to a vehicle purchase carried over from previous year. The additional appropriation was funded through the use of existing reserves.
- \$10 supplemental appropriations to the public safety department for equipment and vehicle for the police department. The appropriations were funded by existing reserves in the equipment revolving schedule, police programs and drug forfeitures.
- \$48 supplemental appropriation to the public works department for expenditures related to the purchase of a vehicle damaged in an accident and general expenditures. The additional appropriation was funded by existing reserves in the equipment revolving schedule and use of existing reserves.

The most significant variances between the final budget and actual expenses in the general fund occurred in the general government (unfavorable - \$66), public safety (favorable - \$191) and conservation and development (favorable - \$71). The unfavorable variance in general government was largely due to reimbursement for a forgivable loan not budgeted (\$142). The favorable variance in the public safety expenditures was largely due to capital expenditures not made in the fire department (\$215). The favorable variance in conservation and development expenditures was due to capital expenditures for lake improvement not completed (\$78).

## 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, 2015, amounts to \$113,225 (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 .98 percent (a .99 percent increase for governmental activities and a 0.98 percent increase for business-type activities).

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

- Construction began but not completed on street projects (\$469), water (\$162), municipal wastewater (\$38) and stormwater projects (\$76).
- Many street construction projects were in progress but not completed by the end of 2015.

### City of Worthington's Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 3,982	\$ 3,884	\$ 523	\$ 523	\$ 4,505	\$ 4,407
Buildings and structures	21,021	21,021	29,510	29,395	50,531	50,416
Improvements	1,977	1,887	72,247	70,083	74,224	71,970
Infrastructure	46,295	45,324	-	-	46,295	45,324
Machinery and equipment	5,032	4,943	4,384	4,313	9,416	9,256
Furniture and fixtures	478	479	194	194	672	673
Other capital assets	277	181	-	-	277	181
Intangibles	135	135	3,200	3,200	3,335	3,335
Work in progress	4,889	5,188	4,166	4,161	9,055	9,349
<b>Total</b>	<b>\$ 84,086</b>	<b>\$ 83,042</b>	<b>\$ 114,224</b>	<b>\$ 111,869</b>	<b>\$ 198,310</b>	<b>\$ 194,911</b>

Additional information on the City of Worthington's capital assets can be found in note 4(C) on pages 55-56 of this report.

**Long-term debt.** At the end of the current fiscal year, the City of Worthington had total bonded debt outstanding of \$7,635. Of this amount, \$5,260 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	
	2015	2014	2015	2014	2015	2014
General obligation bonds	\$ 5,282	\$ 7,564	\$ -	\$ -	\$ 5,282	\$ 7,564
General obligation revenue bonds	2,154	2,671	-	-	2,154	2,671
Revenue bonds	-	-	231	459	231	459
Total	<u>\$ 7,436</u> *	<u>\$ 10,235</u> *	<u>\$ 231</u> *	<u>\$ 459</u> *	<u>\$ 7,667</u> *	<u>\$ 10,694</u> *

\*Includes unamortized premium(discouts)

The City of Worthington's total debt decreased by \$3,027 (28.3 percent) during the current fiscal year. The City of Worthington retained an AA- rating from Standard and Poor's for general obligation debt.

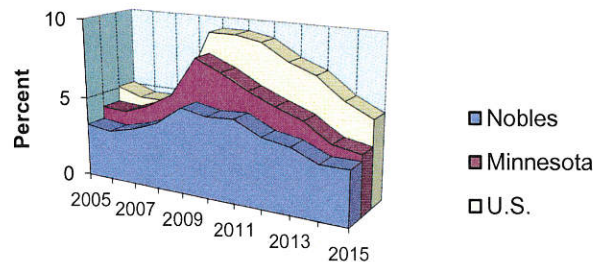
State statutes limit the amount of general obligation debt a governmental entity may issue to 3 percent of its estimated assessed value. The current debt limitation for the City of Worthington is \$17,337, which is significantly in excess of the City of Worthington's outstanding general obligation debt (see Table XIV, pages 134-135).

Additional information on the City of Worthington's long-term debt can be found in note 4(G) on pages 58-62 of this report.

**Economic Factors and Next Year's Budgets and Rates**

- The unemployment rate for Nobles County as of December 31, 2015 is 3.3 percent, which is lower than a year ago (3.4). This compares favorably to the State's average unemployment rate of 3.7 percent and the national average rate of 5.3 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 2015 fiscal year.

During the current fiscal year, unassigned fund balance in the general fund increased to \$4,201.

**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*



STATEMENT OF NET POSITION  
December 31, 2015

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 26,473,296	\$ 36,437,809	\$ 62,911,105
Investments	1,417,244	1,950,694	3,367,938
Accounts receivable	162,387	135,319	297,706
Notes receivable	2,180,542	-	2,180,542
Utilities receivable	-	2,566,489	2,566,489
Taxes receivable	70,326	82	70,408
Special assessments receivable	3,317,275	-	3,317,275
Interest receivable	101,618	65,784	167,402
Internal balances	(36,379)	36,379	-
Due from other governments	2,865,657	451,507	3,317,164
Contracts receivable	-	41,142	41,142
Inventories	28,028	479,089	507,117
Prepayments	132,306	119,406	251,712
Capital assets held for resale	252,065	-	252,065
Capital assets (Note 4C)			
Land, intangibles and work in progress	9,005,102	7,888,902	16,894,004
Other capital assets, net of depreciation	45,517,952	50,832,657	96,350,609
<b>TOTAL ASSETS</b>	<b>\$ 91,487,419</b>	<b>\$ 101,005,259</b>	<b>\$ 192,492,678</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Related to pensions	\$ 711,350	\$ -	\$ 711,350
<b>LIABILITIES</b>			
Accounts payable	\$ 410,004	\$ 2,088,326	\$ 2,498,330
Contracts and retainage payable	95,680	46,698	142,378
Accrued payroll	250,796	119,464	370,260
Due to other governments	162	95,421	95,583
Sureties/deposits	150	201,937	202,087
Accrued interest payable	160,795	-	160,795
Unearned revenue	260,901	17,820	278,721
Noncurrent liabilities:			
Due within one year	1,288,270	370,808	1,659,078
Due in more than one year	6,740,521	1,990,000	8,730,521
Net pension liability	3,456,642	1,864,715	5,321,357
<b>TOTAL LIABILITIES</b>	<b>\$ 12,663,921</b>	<b>\$ 6,795,189</b>	<b>\$ 19,459,110</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Related to pensions	\$ 632,028	\$ -	\$ 632,028
<b>NET POSITION</b>			
Net investment in capital assets	\$ 48,492,325	\$ 58,444,053	\$ 106,936,378
Restricted for:			
Capital projects	1,281	15,998,373	15,999,654
Debt service	498,231	379,500	877,731
Unrestricted	29,910,983	19,388,144	49,299,127
<b>TOTAL NET POSITION</b>	<b>\$ 78,902,820</b>	<b>\$ 94,210,070</b>	<b>\$ 173,112,890</b>

The accompanying notes are an integral part of the financial statements

CITY OF WORTHINGTON, MINNESOTA

STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2015

FUNCTION/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>GOVERNMENT ACTIVITIES</b>				
General government	\$ 2,436,264	\$ 667,173	\$ -	\$ -
Public safety	4,262,523	277,256	510,102	-
Public works	2,398,598	143,169	162,598	-
Culture and recreation	1,703,391	205,963	88,907	-
Conservation and development	704,712	-	190,973	-
Interest on long-term debt	382,164	-	-	-
<b>TOTAL GOVERNMENT ACTIVITIES</b>	<b>\$ 11,887,652</b>	<b>\$ 1,293,561</b>	<b>\$ 952,580</b>	<b>\$ -</b>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Water	\$ 2,669,252	\$ 3,795,799	\$ -	\$ -
Municipal Wastewater	1,575,148	2,064,250	-	-
Electric	19,370,140	20,351,158	-	-
Industrial Wastewater Facility	1,644,558	1,562,248	-	-
Storm Water Management	303,938	561,735	-	-
Street Lighting	148,450	267,924	-	-
Liquor	3,164,181	3,642,919	-	-
Airport	700,870	160,692	77,383	475,566
Cable Television	149,487	149,487	-	-
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>\$ 29,726,024</b>	<b>\$ 32,556,212</b>	<b>\$ 77,383</b>	<b>\$ 475,566</b>
<b>TOTAL GOVERNMENT</b>	<b>\$ 41,613,676</b>	<b>\$ 33,849,773</b>	<b>\$ 1,029,963</b>	<b>\$ 475,566</b>

General Revenues:

Taxes:

Property taxes

Sales taxes

Gambling taxes

Tax increment fees

Grants and contributions not restricted to specific programs

Unrestricted investment earnings

Other

Gain on sale of capital assets

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position, January 1

Prior Period Adjustment-Pension

Net position-January 1, restated

Net Position, December 31

The accompanying notes are an integral part of the financial statements

EXHIBIT 2

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
\$ (1,769,091)	\$ -	\$ (1,769,091)
(3,475,165)	-	(3,475,165)
(2,092,831)	-	(2,092,831)
(1,408,521)	-	(1,408,521)
(513,739)	-	(513,739)
(382,164)	-	(382,164)
<u>\$ (9,641,511)</u>	<u>\$ -</u>	<u>\$ (9,641,511)</u>
\$ -	\$ 1,126,547	\$ 1,126,547
-	489,102	489,102
-	981,018	981,018
-	(82,310)	(82,310)
-	257,797	257,797
-	119,474	119,474
-	478,738	478,738
-	12,771	12,771
-	-	-
<u>\$ -</u>	<u>\$ 3,383,137</u>	<u>\$ 3,383,137</u>
<u>\$ (9,641,511)</u>	<u>\$ 3,383,137</u>	<u>\$ (6,258,374)</u>
\$ 3,195,394	\$ 9,800	\$ 3,205,194
826,979	-	826,979
5,555	-	5,555
204,731	-	204,731
3,167,052	-	3,167,052
450,408	262,720	713,128
648,847	9,427	658,274
120,191	32,939	153,130
794,975	(794,975)	-
<u>\$ 9,414,132</u>	<u>\$ (480,089)</u>	<u>\$ 8,934,043</u>
<u>\$ (227,379)</u>	<u>\$ 2,903,048</u>	<u>\$ 2,675,669</u>
\$ 82,517,309	\$ 93,136,622	\$ 175,653,931
(3,387,110)	(1,829,600)	(5,216,710)
<u>\$ 79,130,199</u>	<u>\$ 91,307,022</u>	<u>\$ 170,437,221</u>
<u>\$ 78,902,820</u>	<u>\$ 94,210,070</u>	<u>\$ 173,112,890</u>

CITY OF WORTHINGTON, MINNESOTA

EXHIBIT 3

BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2015

	General	WRH	PIR Series Bonds	Improvement Construction	Other Governmental Funds (See Exhibit A-1)	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 5,316,018	\$ 9,187,926	\$ 1,705,380	\$ 2,934,614	\$ 5,930,741	\$ 25,074,679
Investments	284,592	491,874	91,298	157,104	317,501	1,342,369
Accounts receivable	91,272	-	14,722	6,909	48,572	161,475
Notes receivable	-	2,170,542	-	-	10,000	2,180,542
Taxes receivable	17,054	-	12,581	3,911	36,780	70,326
Special assessments receivable	4,508	-	3,312,767	-	-	3,317,275
Interest receivable	8,431	74,307	2,236	5,375	9,944	100,293
Interfund loans	298,794	423,800	-	-	-	722,594
Due from other governments	2,443,395	-	-	189,289	232,973	2,865,657
Inventories	28,028	-	-	-	-	28,028
Prepayments	96,516	-	700	4,256	21,807	123,279
Capital assets held for resale	252,065	-	-	-	-	252,065
<b>TOTAL ASSETS</b>	<b>\$ 8,840,673</b>	<b>\$ 12,348,449</b>	<b>\$ 5,139,684</b>	<b>\$ 3,301,458</b>	<b>\$ 6,608,318</b>	<b>\$ 36,238,582</b>

(Continued)

The accompanying notes are an integral part of the financial statements

CITY OF WORTHINGTON, MINNESOTA

BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2015

EXHIBIT 3  
(Continued)

	General	WRH	PIR Series Bonds	Improvement Construction	Other Governmental Funds (See Exhibit A-1)	Total Governmental Funds
<b>LIABILITIES</b>						
Accounts payable	\$ 155,896	\$ -	\$ -	\$ 77,066	\$ 175,588	\$ 408,550
Contracts and retainage payable	1,931	-	-	91,368	2,381	95,680
Accrued payroll	220,441	-	1,402	-	20,376	242,219
Interfund loans payable	-	-	-	-	722,594	722,594
Due to other governments	-	-	-	-	162	162
Sureties/deposits	150	-	-	-	-	150
<b>TOTAL LIABILITIES</b>	<b>\$ 378,418</b>	<b>\$ -</b>	<b>\$ 1,402</b>	<b>\$ 168,434</b>	<b>\$ 921,101</b>	<b>\$ 1,469,355</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue- Special assessments	\$ -	\$ -	\$ 3,265,134	\$ -	\$ 9,737	\$ 3,274,871
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,265,134</b>	<b>\$ -</b>	<b>\$ 9,737</b>	<b>\$ 3,274,871</b>
<b>FUND BALANCES</b>						
Nonspendable	\$ 376,609	\$ -	\$ 700	\$ 4,255	\$ 21,808	\$ 403,372
Restricted	1,281	-	1,872,448	-	181,751	2,055,480
Committed	2,970,656	9,348,388	-	-	1,214,155	13,533,199
Assigned	912,662	3,000,061	-	3,128,769	4,904,517	11,946,009
Unassigned	4,201,047	-	-	-	(644,751)	3,556,296
<b>TOTAL FUND BALANCES</b>	<b>\$ 8,462,255</b>	<b>\$ 12,348,449</b>	<b>\$ 1,873,148</b>	<b>\$ 3,133,024</b>	<b>\$ 5,677,480</b>	<b>\$ 31,494,356</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
	<b>\$ 8,840,673</b>	<b>\$ 12,348,449</b>	<b>\$ 5,139,684</b>	<b>\$ 3,301,458</b>	<b>\$ 6,608,318</b>	

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. 54,484,275

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. 3,013,970

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. 884,063

Deferred outflows & inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds. 79,322

Long-term liabilities, including bonds payable and pensions are not due and payable in the current period and therefore, are not reported in the governmental funds. (11,053,166)

Net position of governmental activities in the statement of net position \$ 78,902,820

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2015

	General	WRH	PIR Series Bonds	Improvement Construction	Other Governmental Funds (See Exhibit A-2)	Total Governmental Funds
<b>REVENUES</b>						
Taxes	\$ 758,567	\$ -	\$ 1,018,921	\$ 380,775	\$ 2,140,575	\$ 4,298,838
Licenses and permits	268,803	-	-	-	-	268,803
Intergovernmental revenues	3,675,411	-	125	6,959	422,737	4,105,232
Charges for services	475,375	-	-	-	315,193	790,568
Fines and forfeits	111,998	-	-	-	-	111,998
Special assessments	114	-	388,874	-	-	388,988
Investment earnings	103,474	271,806	9,836	21,399	38,542	445,057
Rents	22,999	-	-	-	80,654	103,653
Other	11,487	80,378	-	78,460	108,073	278,398
<b>TOTAL REVENUES</b>	<b>\$ 5,428,228</b>	<b>\$ 352,184</b>	<b>\$ 1,417,756</b>	<b>\$ 487,593</b>	<b>\$ 3,105,774</b>	<b>\$ 10,791,535</b>
<b>EXPENDITURES</b>						
Current						
General government	\$ 2,075,517	\$ 226,173	\$ -	\$ -	\$ -	\$ 2,301,690
Public safety	3,673,940	-	-	-	333,858	4,007,798
Public works	784,900	-	182,161	-	-	967,061
Culture and recreation	129,017	-	-	-	1,080,327	1,209,344
Conservation and development	69,968	-	-	-	551,264	621,232
Capital outlay						
Projects	-	-	-	886,357	88,932	975,289
Debt service						
Principal	-	-	2,250,000	-	535,000	2,785,000
Interest and fiscal agent fees	-	-	180,057	-	41,312	221,369
Miscellaneous	-	-	1,289	-	76,427	77,716
<b>TOTAL EXPENDITURES</b>	<b>\$ 6,733,342</b>	<b>\$ 226,173</b>	<b>\$ 2,613,507</b>	<b>\$ 886,357</b>	<b>\$ 2,707,120</b>	<b>\$ 13,166,499</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>\$ (1,305,114)</b>	<b>\$ 126,011</b>	<b>\$ (1,195,751)</b>	<b>\$ (398,764)</b>	<b>\$ 398,654</b>	<b>\$ (2,374,964)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Sale of capital asset	\$ 139,752	\$ -	\$ -	\$ -	\$ -	\$ 139,752
Transfer-in	1,183,592	7,057	-	3,699	555,363	1,749,711
Transfer-out	(14,113)	(181,561)	(3,699)	-	(555,363)	(754,736)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$ 1,309,231</b>	<b>\$ (174,504)</b>	<b>\$ (3,699)</b>	<b>\$ 3,699</b>	<b>\$ -</b>	<b>\$ 1,134,727</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ 4,117</b>	<b>\$ (48,493)</b>	<b>\$ (1,199,450)</b>	<b>\$ (395,065)</b>	<b>\$ 398,654</b>	<b>\$ (1,240,237)</b>
FUND BALANCE, January 1	8,458,138	12,396,942	3,072,598	3,528,089	5,278,826	32,734,593
<b>FUND BALANCE, December 31</b>	<b>\$ 8,462,255</b>	<b>\$ 12,348,449</b>	<b>\$ 1,873,148</b>	<b>\$ 3,133,024</b>	<b>\$ 5,677,480</b>	<b>\$ 31,494,356</b>

The accompanying notes are an integral part of the financial statements



RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2015

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

Net change in fund balances - total governmental funds (See Exhibit 4)	\$ (1,240,237)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are depreciated over their estimated useful lives.	(1,290,200)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and trade-ins) is to increase net assets.	(15,196)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(51,779)
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 repayments exceeded proceeds.	2,785,000
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(202,996)
Internal service funds are used by management to charge the costs of certain activities to individual funds.	<u>(211,971)</u>
Change in net position of governmental activities (See Exhibit 2)	<u>\$ (227,379)</u>

The accompanying notes are an integral part of the financial statements

GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended December 31, 2015

	<u>Budgeted Amounts</u>		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 755,884	\$ 755,884	\$ 758,567	\$ 2,683
Licenses and permits	245,500	245,500	268,803	23,303
Intergovernmental revenue	3,595,343	3,595,343	3,675,411	80,068
Charges for services	402,624	402,624	475,375	72,751
Fines and forfeits	115,000	115,000	111,998	(3,002)
Miscellaneous revenue	169,841	169,841	138,074	(31,767)
TOTAL REVENUES	<u>\$ 5,284,192</u>	<u>\$ 5,284,192</u>	<u>\$ 5,428,228</u>	<u>\$ 144,036</u>
EXPENDITURES				
General government	\$ 2,009,063	\$ 2,009,063	\$ 2,075,517	\$ (66,454)
Public safety	3,864,724	3,864,724	3,673,940	190,784
Public works	767,536	767,536	784,900	(17,364)
Culture and recreation	127,340	127,340	129,017	(1,677)
Conservation and development	140,972	140,972	69,968	71,004
TOTAL EXPENDITURES	<u>\$ 6,909,635</u>	<u>\$ 6,909,635</u>	<u>\$ 6,733,342</u>	<u>\$ 176,293</u>
EXCESS(DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (1,625,443)</u>	<u>\$ (1,625,443)</u>	<u>\$ (1,305,114)</u>	<u>\$ 320,329</u>
OTHER FINANCING SOURCES(USES)				
Sale of capital assets	\$ -	\$ -	\$ 139,752	\$ 139,752
Transfer-in	1,175,266	1,200,266	1,183,592	(16,674)
Transfer-out	(32,314)	(32,314)	(14,113)	18,201
TOTAL OTHER FINANCING SOURCES	<u>\$ 1,142,952</u>	<u>\$ 1,167,952</u>	<u>\$ 1,309,231</u>	<u>\$ 141,279</u>
Net changes in fund balances	<u>\$ (482,491)</u>	<u>\$ (457,491)</u>	<u>\$ 4,117</u>	<u>\$ 461,608</u>
FUND BALANCE, January 1	8,458,138	8,458,138	8,458,138	-
FUND BALANCE, December 31	<u>\$ 7,975,647</u>	<u>\$ 8,000,647</u>	<u>\$ 8,462,255</u>	<u>\$ 461,608</u>

The accompanying notes are an integral part of the financial statements

## CITY OF WORTHINGTON, MINNESOTA

EXHIBIT 7

WRH FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended December 31, 2015

	<u>Budgeted Amounts</u>		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous revenue				
Investment earnings	\$ 216,976	\$ 216,976	\$ 271,806	\$ 54,830
Other	25,000	25,000	80,378	55,378
TOTAL REVENUES	<u>\$ 241,976</u>	<u>\$ 241,976</u>	<u>\$ 352,184</u>	<u>\$ 110,208</u>
EXPENDITURES				
General government				
Other services and charges	\$ 47,094	\$ 47,094	\$ 226,173	\$ (179,079)
TOTAL EXPENDITURES	<u>\$ 47,094</u>	<u>\$ 47,094</u>	<u>\$ 226,173</u>	<u>\$ (179,079)</u>
EXCESS(DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 194,882</u>	<u>\$ 194,882</u>	<u>\$ 126,011</u>	<u>\$ (68,871)</u>
OTHER FINANCING SOURCES(USES)				
Transfer-in	\$ 16,156	\$ 16,156	\$ 7,057	\$ (9,099)
Transfer-out	(160,000)	(215,976)	(181,561)	34,415
TOTAL OTHER FINANCING SOURCES(USES)	<u>\$ (143,844)</u>	<u>\$ (199,820)</u>	<u>\$ (174,504)</u>	<u>\$ 25,316</u>
Net changes in fund balances	<u>\$ 51,038</u>	<u>\$ (4,938)</u>	<u>\$ (48,493)</u>	<u>\$ (43,555)</u>
FUND BALANCE, January 1	12,396,942	12,396,942	12,396,942	-
FUND BALANCE, December 31	<u>\$ 12,447,980</u>	<u>\$ 12,392,004</u>	<u>\$ 12,348,449</u>	<u>\$ (43,555)</u>

The accompanying notes are an integral part of the financial statements

## CITY OF WORTHINGTON, MINNESOTA

STATEMENT OF FUND NET POSITION  
PROPRIETARY FUNDS  
December 31, 2015

	Business-type Activities-Enterprise Funds			
	Water	Municipal Wastewater	Electric	Industrial Wastewater Facility
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 7,458,574	\$ 10,817,863	\$ 13,186,107	\$ 1,966,821
Investments	399,294	579,133	705,917	105,294
Accounts receivable	2,801	7,507	61,911	1,135
Taxes receivable	-	-	-	-
Utilities receivable	369,010	223,709	1,901,002	-
Interest receivable	13,330	19,548	23,543	3,649
Due from other governments	-	-	-	-
Contracts receivable	-	-	-	-
Inventories	-	-	-	-
Prepayments	55,756	13,421	28,840	2,185
Total current assets	<u>\$ 8,298,765</u>	<u>\$ 11,661,181</u>	<u>\$ 15,907,320</u>	<u>\$ 2,079,084</u>
Noncurrent assets				
Capital assets				
Land, intangibles & work in progress	\$ 5,860,456	\$ 611,916	\$ 411,401	\$ 237,280
Buildings & improvements	19,197,517	20,465,615	28,101,671	9,865,833
Equipment & furniture	612,338	839,060	1,869,439	192,979
Less accumulated depreciation	(8,004,816)	(15,720,639)	(13,869,721)	(5,075,460)
Noncurrent assets	<u>\$ 17,665,495</u>	<u>\$ 6,195,952</u>	<u>\$ 16,512,790</u>	<u>\$ 5,220,632</u>
<b>TOTAL ASSETS</b>	<u>\$ 25,964,260</u>	<u>\$ 17,857,133</u>	<u>\$ 32,420,110</u>	<u>\$ 7,299,716</u>
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	\$ 361,639	\$ 23,484	\$ 1,411,342	\$ 73,195
Contracts and retainage payable	8,327	142	-	18,273
Accrued payroll	27,948	28,673	47,842	-
Due to other governments	2,056	-	51,899	-
Sureties/deposits	25,405	28,915	147,617	-
Unearned revenue	-	-	-	-
Bonds, note and lease payable	140,000	-	230,808	-
Total current liabilities	<u>\$ 565,375</u>	<u>\$ 81,214</u>	<u>\$ 1,889,508</u>	<u>\$ 91,468</u>
Noncurrent liabilities				
General obligation revenue note payable	\$ 1,990,000	\$ -	\$ -	\$ -
Pension liability	385,436	450,886	823,457	-
Accrued vacation and sick pay	-	-	-	-
Total noncurrent liabilities	<u>\$ 2,375,436</u>	<u>\$ 450,886</u>	<u>\$ 823,457</u>	<u>\$ -</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 2,940,811</u>	<u>\$ 532,100</u>	<u>\$ 2,712,965</u>	<u>\$ 91,468</u>
<b>NET POSITION</b>				
Net investment in capital assets	\$ 17,657,168	\$ 6,195,810	\$ 16,281,982	\$ 5,202,359
Restricted for:				
Capital projects	4,751,998	5,044,223	4,750,000	1,196,973
Debt service	250,000	-	129,500	-
Unrestricted	<u>364,283</u>	<u>6,085,000</u>	<u>8,545,663</u>	<u>808,916</u>
<b>TOTAL NET POSITION</b>	<u>\$ 23,023,449</u>	<u>\$ 17,325,033</u>	<u>\$ 29,707,145</u>	<u>\$ 7,208,248</u>

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

Net position of business-type activities

The accompanying notes are an integral part of the financial statements

EXHIBIT 8

Liquor	Airport	Other Enterprise Funds (See Exhibit B-1)	Total	Governmental Activities- Internal Service Funds (See Exhibit C-1)
\$ 1,397,596	\$ 177,102	\$ 1,433,746	\$ 36,437,809	\$ 1,398,617
74,820	9,481	76,755	1,950,694	74,875
1,145	57,952	2,868	135,319	912
-	82	-	82	-
-	-	72,768	2,566,489	-
2,420	632	2,662	65,784	1,325
-	451,507	-	451,507	-
-	-	41,142	41,142	-
479,089	-	-	479,089	-
5,452	11,975	1,777	119,406	9,027
<u>\$ 1,960,522</u>	<u>\$ 708,731</u>	<u>\$ 1,631,718</u>	<u>\$ 42,247,321</u>	<u>\$ 1,484,756</u>
\$ 29,000	\$ 599,294	\$ 139,555	\$ 7,888,902	\$ -
506,218	21,840,832	1,779,801	101,757,487	-
107,359	580,928	375,697	4,577,800	98,921
(349,816)	(11,919,707)	(562,471)	(55,502,630)	(60,142)
<u>\$ 292,761</u>	<u>\$ 11,101,347</u>	<u>\$ 1,732,582</u>	<u>\$ 58,721,559</u>	<u>\$ 38,779</u>
<u>\$ 2,253,283</u>	<u>\$ 11,810,078</u>	<u>\$ 3,364,300</u>	<u>\$ 100,968,880</u>	<u>\$ 1,523,535</u>
\$ 115,236	\$ 34,904	\$ 68,526	\$ 2,088,326	\$ 1,454
-	17,219	2,737	46,698	-
13,035	1,966	-	119,464	8,577
41,466	-	-	95,421	-
-	-	-	201,937	-
1,906	15,914	-	17,820	-
-	-	-	370,808	-
<u>\$ 171,643</u>	<u>\$ 70,003</u>	<u>\$ 71,263</u>	<u>\$ 2,940,474</u>	<u>\$ 10,031</u>
\$ -	\$ -	\$ -	\$ 1,990,000	\$ -
204,936	-	-	1,864,715	46,009
-	-	-	-	593,062
<u>\$ 204,936</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,854,715</u>	<u>\$ 639,071</u>
<u>\$ 376,579</u>	<u>\$ 70,003</u>	<u>\$ 71,263</u>	<u>\$ 6,795,189</u>	<u>\$ 649,102</u>
\$ 292,761	\$ 11,084,128	\$ 1,729,845	\$ 58,444,053	\$ 38,779
-	159,821	95,358	15,998,373	31,245
-	-	-	379,500	-
1,583,943	496,126	1,467,834	19,351,765	804,409
<u>\$ 1,876,704</u>	<u>\$ 11,740,075</u>	<u>\$ 3,293,037</u>	<u>\$ 94,173,691</u>	<u>\$ 874,433</u>
			<u>36,379</u>	
			<u>\$ 94,210,070</u>	

CITY OF WORTHINGTON, MINNESOTA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
 FUND NET POSITION  
 PROPRIETARY FUNDS  
 For the Year Ended December 31, 2015

	Business-type Activities-Enterprise Funds			
	Water	Municipal Wastewater	Electric	Industrial Wastewater Facility
<b>SALES AND COST OF SALES</b>				
Sales	\$ -	\$ -	\$ -	\$ -
Cost of sales	-	-	-	-
<b>GROSS PROFIT</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>OPERATING REVENUES</b>				
Utility sales revenues	\$ 3,746,964	\$ 2,004,930	\$ 19,274,567	\$ -
Charges for facility	-	-	-	1,560,385
Charges for services	-	-	-	-
Other operating revenue	48,835	59,320	1,076,591	1,863
<b>TOTAL OPERATING REVENUES</b>	<b>\$ 3,795,799</b>	<b>\$ 2,064,250</b>	<b>\$ 20,351,158</b>	<b>\$ 1,562,248</b>
<b>OPERATING EXPENSES</b>				
Purchased power & transmission	\$ -	\$ -	\$ 16,937,648	\$ -
Personnel services	597,390	669,244	808,748	-
Supplies and materials	125,933	184,590	105,197	462,884
Other services and charges	1,279,791	378,627	610,100	933,518
Depreciation	563,138	353,607	908,397	248,426
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 2,566,252</b>	<b>\$ 1,586,068</b>	<b>\$ 19,370,090</b>	<b>\$ 1,644,828</b>
<b>OPERATING INCOME (LOSS)</b>	<b>\$ 1,229,547</b>	<b>\$ 478,182</b>	<b>\$ 981,068</b>	<b>\$ (82,580)</b>

The accompanying notes are an integral part of the financial statements



EXHIBIT 9

Liquor	Airport	Nonmajor Enterprise Funds (See Exhibit B-2)	Total	Governmental Activities- Internal Service Funds (See Exhibit C-2)
\$ 3,642,919	\$ -	\$ -	\$ 3,642,919	\$ -
2,715,975	-	-	2,715,975	-
\$ 926,944	\$ -	\$ -	\$ 926,944	\$ -
\$ -	\$ -	\$ 829,659	\$ 25,856,120	\$ -
-	-	-	1,560,385	-
-	160,692	149,487	310,179	594,143
-	-	-	1,186,609	9,807
\$ -	\$ 160,692	\$ 979,146	\$ 28,913,293	\$ 603,950
\$ -	\$ -	\$ -	\$ 16,937,648	\$ -
280,162	26,139	83,009	2,464,692	188,393
17,592	15,837	30,025	942,058	15,445
137,037	127,379	409,820	3,876,272	93,491
16,935	533,362	79,657	2,703,522	8,686
\$ 451,726	\$ 702,717	\$ 602,511	\$ 26,924,192	\$ 306,015
\$ 475,218	\$ (542,025)	\$ 376,635	\$ 2,916,045	\$ 297,935

(Continued)

CITY OF WORTHINGTON, MINNESOTA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
FUND NET POSITION  
PROPRIETARY FUNDS  
For the Year Ended December 31, 2015

	Business-type Activities-Enterprise Funds			
	Water	Municipal Wastewater	Electric	Industrial Wastewater Facility
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
General property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Investment earnings	54,187	77,992	92,853	14,215
Sale of scrap and surplus	907	-	2,202	-
Other non-operating	2,678	-	293	-
Amortized premium on bonds	-	-	3,234	-
Interest expense	(106,951)	-	(13,650)	-
Fiscal agent fees	-	-	(1,635)	-
Gain on disposal of capital assets	1,100	4,500	27,339	-
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>\$ (48,079)</b>	<b>\$ 82,492</b>	<b>\$ 110,636</b>	<b>\$ 14,215</b>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>\$ 1,181,468</b>	<b>\$ 560,674</b>	<b>\$ 1,091,704</b>	<b>\$ (68,365)</b>
Capital contributions-capital assets	-	-	-	-
Transfers-in	3,528	3,528	134,400	-
Transfers-out	-	-	(634,821)	-
<b>CHANGE IN NET POSITION</b>	<b>\$ 1,184,996</b>	<b>\$ 564,202</b>	<b>\$ 591,283</b>	<b>\$ (68,365)</b>
<b>TOTAL NET POSITION, January 1</b>	<b>22,216,631</b>	<b>17,203,228</b>	<b>29,923,814</b>	<b>7,276,613</b>
Prior Period Adjustment-Pension	(378,178)	(442,397)	(807,952)	-
<b>TOTAL NET POSITION, December 31</b>	<b><u>\$ 23,023,449</u></b>	<b><u>\$ 17,325,033</u></b>	<b><u>\$ 29,707,145</u></b>	<b><u>\$ 7,208,248</u></b>

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

The accompanying notes are an integral part of the financial statements

EXHIBIT 9

(Continued)

Liquor	Airport	Nonmajor Enterprise Funds (See Exhibit B-2)	Total	Governmental Activities- Internal Service Funds (See Exhibit C-2)
\$ -	\$ 9,800	\$ -	\$ 9,800	\$ -
-	77,383	-	77,383	-
9,286	3,977	10,210	262,720	5,351
-	-	-	3,109	-
-	-	113	3,084	-
-	-	-	3,234	-
-	-	-	(120,601)	-
-	-	-	(1,635)	-
-	-	-	32,939	-
<u>\$ 9,286</u>	<u>\$ 91,160</u>	<u>\$ 10,323</u>	<u>\$ 270,033</u>	<u>\$ 5,351</u>
\$ 484,504	\$ (450,865)	\$ 386,958	\$ 3,186,078	\$ 303,286
-	475,566	-	475,566	-
-	57,790	-	199,246	-
(225,000)	-	(134,400)	(994,221)	(200,000)
<u>\$ 259,504</u>	<u>\$ 82,491</u>	<u>\$ 252,558</u>	<u>\$ 2,866,669</u>	<u>\$ 103,286</u>
1,818,273	11,657,584	3,040,479		815,303
(201,073)	-	-		(44,156)
<u>\$ 1,876,704</u>	<u>\$ 11,740,075</u>	<u>\$ 3,293,037</u>		<u>\$ 874,433</u>
			<u>36,379</u>	
			<u>\$ 2,903,048</u>	

CITY OF WORTHINGTON, MINNESOTA

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 For the Year Ended December 31, 2015

	Business-type Activities-Enterprise Funds			
	Water	Municipal Wastewater	Electric	Industrial Wastewater Facility
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 3,808,971	\$ 1,991,959	\$ 19,282,221	\$ 1,560,385
Cash payments to suppliers for goods and services	(1,458,692)	(565,394)	(17,535,232)	(1,445,666)
Cash payments to employees for services	(588,390)	(658,082)	(788,352)	-
Customer deposits received	12,895	12,980	58,057	-
Customer deposits returned	(12,660)	(12,900)	(64,975)	-
Other operating revenue	48,835	60,815	1,131,745	7,599
Other non-operating revenue	5,171	-	2,725	-
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 1,816,130</b>	<b>\$ 829,378</b>	<b>\$ 2,086,189</b>	<b>\$ 122,318</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Property tax revenue received	\$ -	\$ -	\$ -	\$ -
State grant revenue received	-	-	-	-
Transfer-in	3,528	3,528	134,400	-
Transfer-out	-	-	(634,821)	-
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>\$ 3,528</b>	<b>\$ 3,528</b>	<b>\$ (500,421)</b>	<b>\$ -</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Federal grant revenue received	\$ -	\$ -	\$ -	\$ -
State grant revenue repaid	-	-	-	-
Acquisition and construction of capital assets	(853,880)	(186,106)	(562,318)	(33,460)
Principal payments	(135,000)	-	(225,000)	-
Interest payments	(106,951)	-	(13,650)	-
Fiscal agent fee	-	-	(1,635)	-
Proceeds from disposal of capital assets	1,100	4,500	27,339	-
Transfer-in	-	-	-	-
<b>NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>\$ (1,094,731)</b>	<b>\$ (181,606)</b>	<b>\$ (775,264)</b>	<b>\$ (33,460)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest income	\$ 47,925	\$ 69,018	\$ 81,441	\$ 12,529
Purchase of investments	(264,560)	(360,495)	(430,680)	(64,151)
Proceeds from sales of investments	230,647	331,968	395,189	60,489
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>\$ 14,012</b>	<b>\$ 40,491</b>	<b>\$ 45,950</b>	<b>\$ 8,867</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>\$ 738,939</b>	<b>\$ 691,791</b>	<b>\$ 856,454</b>	<b>\$ 97,725</b>
<b>CASH AND CASH EQUIVALENTS, January 1</b>	<b>6,719,635</b>	<b>10,126,072</b>	<b>12,329,653</b>	<b>1,869,096</b>
<b>CASH AND CASH EQUIVALENTS, December 31</b>	<b>\$ 7,458,574</b>	<b>\$ 10,817,863</b>	<b>\$ 13,186,107</b>	<b>\$ 1,966,821</b>

The accompanying notes are an integral part of the financial statements

EXHIBIT 10

Liquor	Airport	Nonmajor Enterprise Funds (See Exhibit B-3)	Totals	Governmental Activities- Internal Service Funds (See Exhibit C-3)
\$ 3,644,290	\$ 178,715	\$ 966,815	\$ 31,433,356	\$ 658,547
(2,872,251)	(144,974)	(424,952)	(24,447,161)	(108,563)
(274,975)	(25,200)	(83,746)	(2,418,745)	(185,707)
-	-	-	83,932	-
-	-	-	(90,535)	-
-	-	-	1,248,994	-
-	-	113	8,009	-
\$ 497,064	\$ 8,541	\$ 458,230	\$ 5,817,850	\$ 364,277
\$ -	\$ 9,718	\$ -	\$ 9,718	\$ -
-	61,283	-	61,283	-
-	-	-	141,456	-
(225,000)	-	(134,400)	(994,221)	(200,000)
\$ (225,000)	\$ 71,001	\$ (134,400)	\$ (781,764)	\$ (200,000)
\$ -	\$ 51,995	\$ -	\$ 51,995	\$ -
-	204,817	-	204,817	-
(26,212)	(429,024)	(82,840)	(2,173,840)	(43,087)
-	-	-	(360,000)	-
-	-	-	(120,601)	-
-	-	-	(1,635)	-
-	-	-	32,939	-
-	57,790	-	57,790	-
\$ (26,212)	\$ (114,422)	\$ (82,840)	\$ (2,308,535)	\$ (43,087)
\$ 7,978	\$ 3,504	\$ 8,881	\$ 231,276	\$ 4,748
(51,518)	(6,246)	(55,157)	(1,232,807)	(28,139)
39,542	8,005	43,413	1,109,253	22,758
\$ (3,998)	\$ 5,263	\$ (2,863)	\$ 107,722	\$ (633)
\$ 241,854	\$ (29,617)	\$ 238,127	\$ 2,835,273	\$ 120,557
1,155,742	206,719	1,195,619	33,602,536	1,278,060
\$ 1,397,596	\$ 177,102	\$ 1,433,746	\$ 36,437,809	\$ 1,398,617

(Continued)

## CITY OF WORTHINGTON, MINNESOTA

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the Year Ended December 31, 2015

	Business-type Activities-Enterprise Funds			
	Water	Municipal Wastewater	Electric	Industrial Wastewater Facility
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 1,229,457	\$ 478,112	\$ 980,947	\$ (82,580)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Depreciation	563,138	353,607	908,397	248,426
Other non-operating revenue	3,585	-	2,495	-
CHANGE IN ASSETS AND LIABILITIES				
(Increase)decrease in accounts receivable	17,947	(1,302)	68,468	5,736
(Increase)decrease in utility receivable	61,635	(10,174)	3,760	-
(Increase) in contracts receivable	-	-	-	-
Decrease in inventory	-	-	-	-
(Increase)decrease in prepaid expenses	3,719	1,368	3,335	498
Increase(decrease) in accounts payable	(72,554)	(3,545)	101,322	(49,762)
Increase(decrease) in payroll payable	1,832	2,743	5,012	-
Increase in pension payable	7,258	8,489	15,505	-
Increase(decrease) in due to other governments	(122)	-	3,866	-
Increase(decrease) in deposits	235	80	(6,918)	-
Increase in unearned revenue	-	-	-	-
Increase in long-term accrued vacation	-	-	-	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 1,816,130</u>	<u>\$ 829,378</u>	<u>\$ 2,086,189</u>	<u>\$ 122,318</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:				
Capital asset trade-ins	\$ -	\$ -	\$ 19,500	\$ -
Capital contributions-capital assets	-	-	-	-

The accompanying notes are an integral part of the financial statements



## EXHIBIT 10

(Continued)

Liquor	Airport	Nonmajor Enterprise Funds (See Exhibit B-3)	Totals	Governmental Activities- Internal Service Funds
\$ 475,211	\$ (542,025)	\$ 376,635	\$ 2,915,757	\$ 297,935
16,935	533,362	79,657	2,703,522	8,686
-	-	113	6,193	-
(311)	2,109	(2,868)	89,779	(912)
-	-	3,155	58,376	-
-	-	(15,486)	(15,486)	-
5,812	-	-	5,812	-
221	322	396	9,859	(2)
(7,680)	(2,080)	17,365	(16,934)	375
1,331	939	(737)	11,120	833
3,863	-	-	35,115	1,853
1,083	-	-	4,827	-
-	-	-	(6,603)	-
599	15,914	-	16,513	-
-	-	-	-	55,509
<u>\$ 497,064</u>	<u>\$ 8,541</u>	<u>\$ 458,230</u>	<u>\$ 5,817,850</u>	<u>\$ 364,277</u>
\$ -	\$ -	\$ -	\$ 19,500	\$ -
-	423,571	-	423,571	-

CITY OF WORTHINGTON, MINNESOTA  
STATEMENT OF FIDUCIARY NET POSITION  
AGENCY FUNDS  
December 31, 2015

EXHIBIT 11

ASSETS	
Cash assets	
Cash and cash equivalents	\$ 1,309,016
Investments	70,078
Receivables	
Utility receivable	108,964
Interest receivable	2,215
Economic revolving receivable	53,151
Economic revolving receivable L-T	<u>285,681</u>
 TOTAL ASSETS	 <u>\$ 1,829,105</u>
 LIABILITIES	
Accounts payable	\$ 87,578
Health insurance premium payable	3,625
Due to other governments	6,391
Sureties/deposits	16,640
Amounts held for others	<u>1,714,871</u>
 TOTAL LIABILITIES	 <u>\$ 1,829,105</u>

The accompanying notes are an integral part of the financial statements

## NOTES TO THE FINANCIAL STATEMENTS

*City of*  
*Worthington*

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

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, 2015

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

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

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

Additionally, the City reports the following fund types:

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

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

Olson water – used to improve lake quality in the area

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

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

Bicentennial – used for future events

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

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

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

Economic revolving – used for possible business expansions



CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

D. Assets, liabilities, and net position or equity

1. Deposits and investments

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

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

2. Receivable and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

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

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

2. Receivable and payables (Continued)

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

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

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

3. Inventories and prepaid items

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

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

4. Capital assets

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

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

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

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

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

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

5. Deferred outflows/inflows of resources

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

In addition to liabilities, statements of financial position or balance sheets will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items which qualify for reporting in this category.

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

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

6. Compensated absences

According to City policy, unused paid time off (PTO) is payable upon termination of employment. PTO payments are made at the employee's current wage rate. The City pays the vested extended sick leave bank (ESLB) amount per contract to an employee upon termination. Effective January 1, 1998, retiring employees have the option to use accrued PTO and vested ESLB hours for post-retirement benefits (see Note 5D).

7. Long-term obligations

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

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

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

8. Fund balance classifications

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

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

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

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

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

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

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

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

9. Net position

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

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

10. Estimates

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

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

11. Pensions

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

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

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

The governmental fund balance sheet includes reconciliation between fund balance-total governmental funds and net position-governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of the \$11,053,166 difference are as follows:

Bonds payable	\$ 7,405,000
Pension liability	3,456,642
Add: Unamortized premiums	31,239
Less: Unamortized discounts	(510)
Add: Accrued interest payable	<u>160,795</u>
Net adjustment to reduce fund balance-total governmental funds to arrive at net position-governmental activities	<u>\$ 11,053,166</u>

Another element of that reconciliation explains that "Internal service funds are used by management to charge the costs of data processing and various safety promotions and insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position." The details of this \$884,063 difference are as follows:

Net position of the internal service fund	\$ 874,433
Add: Internal payable representing charges in excess of cost to business-type activities-current year	<u>9,630</u>
Net adjustment to increase fund balance-total governmental funds to arrive at net position-governmental activities	<u>\$ 884,063</u>



CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

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

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

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

Capital related items

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances-total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$1,290,200 difference are as follows:

Capital outlay	\$ 1,162,377
Less: Depreciation expense	<u>(2,452,577)</u>
 Net adjustment to increase net changes in fund balances-total governmental funds to arrive at changes in net position of governmental activities.	   <u><u>\$ (1,290,200)</u></u>

Another element of that reconciliation states that "The net effect of various miscellaneous transactions involving capital assets (i.e., sales and trade-ins) is to increase net position." The details of this \$15,196 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.	\$ 12,807
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>(28,003)</u>
 Net adjustment to decrease net changes in fund balances-total governmental fund to arrive at changes in net position of governmental activities.	   <u><u>\$ (15,196)</u></u>

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

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

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

Long-term debt transactions

Another element of that reconciliation states that "the issuance of long-term debt (i.e., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this \$2,785,000 difference are as follows:

Principal repayments:	
General obligation debts	<u>\$ 2,785,000</u>
Net adjustment to increase net changes in fund balances-total governmental funds to arrive at changes in net position of governmental activities.	<u>\$ 2,785,000</u>

Another element of that reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of this \$202,996 difference are as follows:

Compensated absences	\$ (56,141)
Accrued interest payable	(160,795)
Amortization of premiums	13,979
Amortization of discounts	<u>(39)</u>
Net adjustment to decrease net changes in fund balances-total governmental funds to arrive at changes in net position of governmental activities.	<u>\$ (202,996)</u>

NOTE 3 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary information

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

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

The Council made several supplemental budgetary appropriations throughout the year. The general fund received additional appropriations for expenditures of \$23,284. This will be funded through existing reserves. The improvement construction fund received additional appropriations for expenditures of \$55,976. This will be funded with a transfer from the WRH fund.

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.



CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

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

A. Budgetary information (Continued)

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

Public hearings are conducted to obtain taxpayer comments.

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

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

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

B. Excess of expenditures over appropriations

In the General Fund the general government, public works and culture and recreation department's actual expenditures exceeded appropriations by \$66,454, \$17,364 and \$1,677 respectively. The overage in general government was due to a sales tax payment and a refund. The overage in public works was due to expenditures related to snow removal and new welcome signs. The overage in culture and recreation was due to operating supplies and capital outlay related expenditures for the Center for Active Living. All of the overages were covered by the use of reserves. In the WRH Fund the general government department's actual expenditures exceeded appropriations by \$179,079. The overage was due to unrealized losses on investments. The excess expenditures were covered by surpluses in the interest earnings account and use of reserves.

C. Deficit fund equity

The capital projects funds CCSI Redevelopment and Hotel TIF #15 had deficits fund balance of \$256,465 and \$388,286, respectively as of December 31, 2015. 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, 2015, the government had the following investments:

<u>Investment Type</u>	<u>Rating</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
U.S. Agencies	AAA	\$ 8,398,232	2.11
Certificates of deposit	N/A	480,125	0.90
Total fair value		<u>\$ 8,878,357</u>	
Portfolio weighted average maturity			1.83

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

NOTE 4 - DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and investments (Continued)

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

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

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

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

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

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

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

NOTE 4 - DETAILED NOTES ON ALL FUNDS(Continued)

B. Receivables

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

	General	WRH	PIR Series Bonds	Improvement Construction	Water	Municipal Wastewater
Receivables:						
Interest	\$ 8,431	\$ 74,307	\$ 2,236	\$ 5,375	\$ 13,330	\$ 19,548
Taxes	17,054	-	12,581	3,911	-	-
Accounts	91,272	-	14,722	6,909	2,801	7,507
Notes	-	2,170,542	-	-	-	-
Utilities	-	-	-	-	369,010	223,709
Special assessments	4,508	-	3,312,767	-	-	-
Intergovernmental	2,443,395	-	-	189,289	-	-
Total Receivables	<u>\$ 2,564,660</u>	<u>\$ 2,244,849</u>	<u>\$ 3,342,306</u>	<u>\$ 205,484</u>	<u>\$ 385,141</u>	<u>\$ 250,764</u>

	Electric	Industrial Wastewater Facility	Liquor	Airport	Nonmajor and Other Funds	Total
Receivables:						
Interest	\$ 23,543	\$ 3,649	\$ 2,420	\$ 632	\$ 16,146	\$ 169,617
Taxes	-	-	-	82	36,780	70,408
Accounts	61,911	1,135	1,145	57,952	52,352	297,706
Notes	-	-	-	-	10,000	2,180,542
Utilities	1,901,002	-	-	-	181,732	2,675,453
Special assessments	-	-	-	-	-	3,317,275
Intergovernmental	-	-	-	451,507	232,973	3,317,164
Total Receivables	<u>\$ 1,986,456</u>	<u>\$ 4,784</u>	<u>\$ 3,565</u>	<u>\$ 510,173</u>	<u>\$ 529,983</u>	<u>\$ 12,028,165</u>

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

NOTE 4 - DETAILED NOTES ON ALL FUNDS(Continued)

C. Capital assets

Capital asset activity for the year ended December 31, 2015 was as follows:

	Primary Government			Ending Balance
	Beginning Balance	Increases	Decreases	
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 3,884,536	\$ 104,821	\$ (7,525)	\$ 3,981,832
Permanent easements	134,607	-	-	134,607
Work in progress	5,187,544	767,820	(1,066,701)	4,888,663
Total capital assets not being depreciated	<u>\$ 9,206,687</u>	<u>\$ 872,641</u>	<u>\$ (1,074,226)</u>	<u>\$ 9,005,102</u>
Other capital assets:				
Buildings and structures	\$ 21,020,839	\$ 5,370	\$ (5,310)	\$ 21,020,899
Improvements	1,887,165	102,756	(12,533)	1,977,388
Machinery and equipment	4,943,274	202,199	(113,590)	5,031,883
Furniture and fixtures	479,047	27,171	(28,268)	477,950
Other capital assets	181,348	95,499	-	276,847
Infrastructure	45,323,518	972,012	-	46,295,530
Total other capital assets at historical cost	<u>\$ 73,835,191</u>	<u>\$ 1,405,007</u>	<u>\$ (159,701)</u>	<u>\$ 75,080,497</u>
Less accumulated depreciation for:				
Buildings and structures	\$ (3,656,492)	\$ (667,891)	\$ 5,234	\$ (4,319,149)
Improvements	(964,798)	(56,173)	12,533	(1,008,438)
Machinery and equipment	(3,247,163)	(267,452)	100,513	(3,414,102)
Furniture and fixtures	(268,948)	(29,846)	28,268	(270,526)
Other capital assets	(178,019)	(5,726)	-	(183,745)
Infrastructure	(18,932,408)	(1,434,177)	-	(20,366,585)
Total accumulated depreciation	<u>\$ (27,247,828)</u>	<u>\$ (2,461,265) *</u>	<u>\$ 146,548</u>	<u>\$ (29,562,545)</u>
Total other capital assets, net	<u>\$ 46,587,363</u>	<u>\$ (1,056,258)</u>	<u>\$ (13,153)</u>	<u>\$ 45,517,952</u>
Governmental activities capital assets, net	<u>\$ 55,794,050</u>	<u>\$ (183,617)</u>	<u>\$ (1,087,379)</u>	<u>\$ 54,523,054</u>

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

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	\$ 522,652	\$ -	\$ -	\$ 522,652
Intangible assets	3,199,810	-	-	3,199,810
Work in progress	4,160,752	1,720,411	(1,714,723)	4,166,440
Total capital assets not being depreciated	<u>\$ 7,883,214</u>	<u>\$ 1,720,411</u>	<u>\$ (1,714,723)</u>	<u>\$ 7,888,902</u>
Other capital assets:				
Buildings and structures	\$ 29,395,219	\$ 127,857	\$ (12,495)	\$ 29,510,581
Improvements	70,083,024	2,208,155	(44,273)	72,246,906
Machinery and equipment	4,313,253	176,208	(105,528)	4,383,933
Furniture and fixtures	194,032	1,547	(1,712)	193,867
Total other capital assets at historical cost	<u>\$ 103,985,528</u>	<u>\$ 2,513,767</u>	<u>\$ (164,008)</u>	<u>\$ 106,335,287</u>
Less accumulated depreciation for:				
Buildings and structures	\$ (17,851,676)	\$ (476,241)	\$ 12,495	\$ (18,315,422)
Improvements	(31,780,127)	(2,008,220)	44,273	(33,744,074)
Machinery and equipment	(3,181,811)	(215,523)	105,529	(3,291,805)
Furniture and fixtures	(149,502)	(3,538)	1,711	(151,329)
Total accumulated depreciation	<u>\$ (52,963,116)</u>	<u>\$ (2,703,522) *</u>	<u>\$ 164,008</u>	<u>\$ (55,502,630)</u>
Total other capital assets, net	<u>\$ 51,022,412</u>	<u>\$ (189,755)</u>	<u>\$ -</u>	<u>\$ 50,832,657</u>
Business-type activities capital assets, net	<u>\$ 58,905,626</u>	<u>\$ 1,530,656</u>	<u>\$ (1,714,723)</u>	<u>\$ 58,721,559</u>

\*Depreciation expense was charged to functions as follows:

Governmental activities:

General government	\$ 83,844
Public safety	294,060
Public works	42,324
Culture and recreation	516,010
Conservation and development	84,031
Projects	1,432,310
Depreciation on capital assets held by the City's internal service funds is charged to the various functions based on their usage of assets.	8,686
Total governmental activities depreciation expense	<u>\$ 2,461,265</u>

Business-type activities:

Water	\$ 563,138
Municipal wastewater	353,607
Electric	908,397
Industrial wastewater	248,426
Storm water management	79,657
Liquor	16,935
Airport	533,362
Total business-type activities depreciation expense	<u>\$ 2,703,522</u>

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

NOTE 4 - DETAILED NOTES ON ALL FUNDS(Continued)

D. Construction commitments

The government has active construction projects as of December 31, 2015. The projects include street and storm improvement projects and airport taxiway project. At year end the City's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
2015 Bioscience street & storm	\$ 93,875	\$ 566,125
Taxiway C	510,529	602,007
	<u>\$ 604,404</u>	<u>\$ 1,168,132</u>

The street and storm improvements are being funded with special assessments and bonding. The Taxiway C project is being funded through reserves and federal aid.

E. Interfund receivables, payables, and transfers

The composition of interfund balances as of December 31, 2015, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental fund	\$ 27,144
General	Nonmajor governmental fund	271,650
WRH	Nonmajor governmental fund	423,800
Total		<u>\$ 722,594</u>

The purpose of the \$27,144 interfund receivable was to purchase equipment for the golf course, which will be paid back over four years. The purpose of the \$271,650 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 \$423,800 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, 2015 are as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ 1,183,592	\$ 14,113
WRH fund	7,057	181,561
PIR Series Bond Fund	555,363	3,699
Improvement Construction fund	3,699	-
Nonmajor governmental funds	-	555,363
Water fund	3,528	-
Municipal wastewater fund	3,528	-
Electric fund	134,400	634,821
Liquor fund	-	225,000
Airport fund	57,790	-
Nonmajor enterprise funds	-	134,400
Internal service funds	-	200,000
	<u>\$ 1,948,957</u>	<u>\$ 1,948,957</u>

Multiple non-routine transfers occurred in various departments throughout 2015. Two non-routine transfers occurred in the general fund; (\$23,771) for the costs related to the City's new entrance signs and (\$100,000) for Equipment Revolving Schedule funding. One non-routine transfer occurred in the Airport fund (\$57,790) for the costs related to the spray pad project.

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

NOTE 4 - DETAILED NOTES ON ALL FUNDS (Continued)

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 \$159,688.

G. Long-term debt

A summary of long-term debt obligations outstanding at December 31, 2015 is as follows:

	<u>Original Amount of Debt</u>	<u>Range of Interest</u>	<u>Final Maturity</u>	<u>Balance 12/31/15</u>
General Obligation Bonds:				
GO PIR Series 2009C	\$ 2,710,000	2.00-4.15%	2025	\$ 1,930,000
GO PIR Series 2010A	1,890,000	2.00-4.00%	2026	1,130,000
GO PIR Series 2012A	2,590,000	1.00-2.25%	2028	2,200,000
General Obligation Sales Tax Revenue Bonds:				
GO Sales Tax Revenue 2010B	1,150,000	0.80-2.87%	2019	595,000
GO Sales Tax Revenue 2012B	2,700,000	1.00-1.75%	2019	1,550,000
Revenue Bonds:				
Electric Revenue Ref 2011A	1,295,000	3.00%	2016	230,000
Notes Payable				
MCMU Series 2007A	3,105,000	4.06%	2027	2,130,000
Pension liability				5,321,357
Compensated Absences				593,062
Unamortized Premiums				32,047
Unamortized Discounts				(510)
Total Long-term Debt				<u>\$ 15,710,956</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 \$11,630,000\*.

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

General obligation revenue bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	1.28-4.00%	\$5,260,000



CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

NOTE 4 - DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-term debt (Continued)

General obligation bonds (Continued)

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

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 750,000	\$ 128,352
2017	660,000	114,496
2018	675,000	99,654
2019	625,000	84,960
2020	535,000	71,560
2021	435,000	59,271
2022	440,000	46,871
2023	430,000	33,810
2014	290,000	21,460
2025	300,000	9,740
2026-2028	120,000	3,225
	<u>\$ 5,260,000</u>	<u>\$ 673,399</u>

\*This amount includes \$2,695,800 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, 2015 is \$15,292.

General obligation sales tax revenue bonds

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

General obligation revenue bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Business-type activities	1.19-2.16%	\$2,145,000

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

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 525,000	\$ 32,442
2017	530,000	25,141
2018	540,000	16,236
2019	550,000	5,681
	<u>\$ 2,145,000</u>	<u>\$ 79,500</u>

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

NOTE 4 - DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-term debt (Continued)

Revenue bonds

The City also issues bonds where the government pledges income derived from the constructed assets to pay debt service. Revenue bonds have been issued for business-type activities. The original amount of revenue bonds issued in prior years was \$1,295,000.

Revenue bonds outstanding at year end are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Business-type activities	2.6%	\$ 230,000

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

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>
<u>December 31</u>		
2016	\$ 230,000	\$ 6,900
	\$ 230,000	\$ 6,900

Advance Crossover Refundings

The City issued \$2,570,000 of general obligation bonds in 2012; of this amount \$300,000 was issued to provide funds for the construction of major capital improvements and \$865,000 was used to effect a current refunding of the General Obligation Permanent Improvement Revolving Fund Bonds, Series 2004A. The remaining \$1,405,000 was used to effect an advance crossover refunding of the City's General Obligation Permanent Improvement Revolving Fund Bonds, Series 2007A.

On May 8, 2007 the City issued \$4,370,000 in Permanent Improvement Revolving (PIR) Fund Bonds, Series 2007A with an average interest rate of 3.92%.

The city advance refunded a portion of the 2007 PIR Bonds to reduce its total debt service payments over the last eleven years by \$109,235 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$101,668.

The city is responsible for the debt service of the refunded bonds and the debt service of the refunding bonds after the crossover date. The debt service of the refunding bonds before the crossover date is payable from the escrow account. Assets held with the escrow agent total \$0 at December 31, 2015.

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%	\$2,130,000

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

NOTE 4 - DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-term debt (Continued)

General obligation revenue notes (Continued)

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

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 140,000	\$ 100,472
2017	150,000	93,745
2018	155,000	86,676
2019	165,000	79,250
2020	170,000	71,356
2021	180,000	63,216
2022	190,000	54,614
2023	200,000	45,537
2024	210,000	35,991
2025	220,000	25,969
2026-2027	350,000	19,151
	<u>\$ 2,130,000</u>	<u>\$ 675,977</u>

In May 2007, the City issued a \$3,105,000 General Obligation Revenue Note, Series 2007A. The proceeds are from a \$50,000,000 Revenue Bond issued by the Midwest Consortium of Municipal Utilities originally issued in 2005. This note has been issued pursuant to and in full conformity with the Constitution and laws of the State of Minnesota for the purpose of providing money to finance the City's share of the costs of construction and installation of a water treatment plant (together with related work, improvements and equipment), that will be located approximately three miles north of Vermillion, South Dakota, and that will serve as part of a multi-state water system providing safe, reliable drinking water to the residents of the City and the surrounding area and is payable out of the debt service account of the water fund of the City, to which account have been pledged net revenues of the City's municipal water utility system. This note and interest coming due thereon shall be payable from the net revenues of the water utility system; however, the Series 2007A note shall not constitute a lien on the property comprising the water utility system. If net revenues of the water utility system are insufficient to provide for the obligations hereunder, this note shall constitute a general obligation of the City, and to provide moneys for the prompt and full payment of said principal installments and interest when the same become due, the full faith and credit and unlimited taxing powers of the City have been and are hereby irrevocably pledged. The water fund has recorded a \$2,130,000 liability for long-term debt (\$140,000 current, \$1,990,000 non-current).

## CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

## NOTE 4 - DETAILED NOTES ON ALL FUNDS (Continued)

## G. Long-term debt (Continued)

Long-term liability activity for the year ended December 31, 2015 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<b>GOVERNMENTAL ACTIVITIES</b>					
Bonds payable					
General obligation debt					
Tax Increment Series 2003B	\$ 20,000	\$ -	\$ (20,000)	\$ -	\$ -
GO PIR Series 2007A	1,765,000	-	(1,765,000)	-	-
GO PIR Series 2009C	2,100,000	-	(170,000)	1,930,000	170,000
GO PIR Series 2010A	1,320,000	-	(190,000)	1,130,000	190,000
GO PIR Series 2012A	2,325,000	-	(125,000)	2,200,000	390,000
Sales Tax Revenue, Series 2010B	735,000	-	(140,000)	595,000	145,000
Sales Tax Revenue, Series 2012B	1,925,000	-	(375,000)	1,550,000	380,000
	<u>\$ 8,265,000</u>	<u>\$ -</u>	<u>\$ (2,410,000)</u>	<u>\$ 7,405,000</u>	<u>\$ 895,000</u>
Premium	45,218	-	(13,979)	31,239	4,402
Discount	(549)	-	39	(510)	(39)
Total bonds payable	<u>\$ 8,309,669</u>	<u>\$ -</u>	<u>\$ (2,423,940)</u>	<u>\$ 7,435,729</u>	<u>\$ 899,363</u>
Other liabilities:					
Pension liability:					
GERF	\$ 1,595,906 *	\$ 42,762	\$ -	\$ 1,638,668	\$ -
PEPFF	1,791,204 *	26,770	-	1,817,974	-
Compensated absences	537,553	549,388	(493,879)	593,062	21,232
Total other liabilities	<u>\$ 3,924,663</u>	<u>\$ 618,920</u>	<u>\$ (493,879)</u>	<u>\$ 4,049,704</u>	<u>\$ 21,232</u>
Governmental activities long-term liabilities	<u>\$ 12,234,332</u>	<u>\$ 618,920</u>	<u>\$ (2,917,819)</u>	<u>\$ 11,485,433</u>	<u>\$ 920,595</u>
	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<b>BUSINESS-TYPE ACTIVITIES</b>					
Bonds payable					
Revenue bonds					
Electric Revenue Ref 2011A	\$ 455,000	\$ -	\$ (225,000)	\$ 230,000	\$ 230,000
Premium	4,042	-	(3,234)	808	808
Total bonds payable	<u>\$ 459,042</u>	<u>\$ -</u>	<u>\$ (228,234)</u>	<u>\$ 230,808</u>	<u>\$ 230,808</u>
Other liabilities:					
Note-MCMU Series 2007A	\$ 2,265,000	\$ -	\$ (135,000)	\$ 2,130,000	\$ 140,000
Pension liability: GERF	1,829,600 *	35,115	-	1,864,715	-
Business-type activities long-term liabilities	<u>\$ 4,553,642</u>	<u>\$ 35,115</u>	<u>\$ (363,234)</u>	<u>\$ 4,225,523</u>	<u>\$ 370,808</u>

\* Includes January 1, 2015 pension liability balance related to GASB Statement No. 68 implementation. See Note 5 (E) for further details.

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

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

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, 2015, the City had not utilized \$17,336,892.

H. Fund Balance/Net Position

At December 31, 2015, a summary of the governmental fund balance classifications are as follows:

CLASSIFICATIONS	General	WRH	PIR Series Bonds	Improvement Construction	Other	Total
<b>Nonspendable:</b>						
Prepaid items	\$ 96,516	\$ -	\$ 700	\$ 4,255	\$ 21,808	\$ 123,279
Inventory	28,028	-	-	-	-	28,028
Land held for resale	252,065	-	-	-	-	252,065
<b>Total nonspendable</b>	<b>\$ 376,609</b>	<b>\$ -</b>	<b>\$ 700</b>	<b>\$ 4,255</b>	<b>\$ 21,808</b>	<b>\$ 403,372</b>
<b>Restricted for:</b>						
Capital projects	\$ 1,281	\$ -	\$ -	\$ -	\$ -	\$ 1,281
Debt service	-	-	1,872,448	-	30,783	1,903,231
Buffalo Ridge	-	-	-	-	150,968	150,968
<b>Total restricted</b>	<b>\$ 1,281</b>	<b>\$ -</b>	<b>\$ 1,872,448</b>	<b>\$ -</b>	<b>\$ 181,751</b>	<b>\$ 2,055,480</b>
<b>Committed to:</b>						
Equipment revolving	\$ 2,660,120	\$ -	\$ -	\$ -	\$ 216,320	\$ 2,876,440
Parking lot	15,000	-	-	-	-	15,000
Emergency disaster	191,976	-	-	-	-	191,976
Housing	103,560	-	-	-	71,887	175,447
Economic development	-	3,102,476	-	-	-	3,102,476
Capital projects	-	41,297	-	-	31,451	72,748
Capital equipment	-	2,283,062	-	-	-	2,283,062
Technology	-	653,688	-	-	-	653,688
Housing development	-	1,492,771	-	-	-	1,492,771
Community development	-	1,775,094	-	-	-	1,775,094
Memorial auditorium	-	-	-	-	33,445	33,445
Swimming pool-capital	-	-	-	-	831,052	831,052
Olson Park	-	-	-	-	30,000	30,000
<b>Total committed</b>	<b>\$ 2,970,656</b>	<b>\$ 9,348,388</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,214,155</b>	<b>\$ 13,533,199</b>
<b>Assigned to:</b>						
Police programs	\$ 172,769	\$ -	\$ -	\$ -	\$ -	\$ 172,769
Capital projects	33,149	3,000,061	-	3,128,769	4,587,060	10,749,039
Union Pacific Railroad	12,000	-	-	-	-	12,000
Redevelopment	166,729	-	-	-	-	166,729
Lake improvement	504,012	-	-	-	-	504,012
Event Center	-	-	-	-	63,106	63,106
Education	3,151	-	-	-	-	3,151
Senior center programs	20,852	-	-	-	-	20,852
Building improvements	-	-	-	-	186,568	186,568
Improv/maint revolving	-	-	-	-	67,783	67,783
<b>Total assigned</b>	<b>\$ 912,662</b>	<b>\$ 3,000,061</b>	<b>\$ -</b>	<b>\$ 3,128,769</b>	<b>\$ 4,904,517</b>	<b>\$ 11,946,009</b>
<b>Unassigned</b>	<b>\$ 4,201,047</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (644,751)</b>	<b>\$ 3,556,296</b>
<b>Total Fund Balance</b>	<b>\$ 8,462,255</b>	<b>\$ 12,348,449</b>	<b>\$ 1,873,148</b>	<b>\$ 3,133,024</b>	<b>\$ 5,677,480</b>	<b>\$ 31,494,356</b>

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

NOTE 4 - DETAILED NOTES ON ALL FUNDS (Continued)

H. Fund Balance/Net Position (Continued)

At December 31, 2015, the City reported \$2,055,480 of restricted fund balance on the governmental funds balance sheet as follows:

Restricted for:	
Capital projects	\$ 1,281
Debt service	1,903,231
Buffalo Ridge	150,968
Total	<u>\$ 2,055,480</u>

Minimum Unassigned Fund Balance Policy

The City Council has formally adopted a fund balance police 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, 2015, the unassigned fund balance for the General Fund was 61% of the subsequent year's budgeted expenditures.

I. Restricted assets

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

Customer deposits - Center for Active Living	\$ 150
Customer deposits - water	25,405
Customer deposits - municipal wastewater	28,915
Customer deposits - electric	147,617
Customer deposits - total	<u>\$ 202,087</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, 2015, 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 2015. The following claims were actual amounts paid in each respective year, and represent amounts which were less than the City's deductibles.

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Claims Paid	\$ 9,354	\$ 6,138	\$75,686



CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

NOTE 5 – OTHER INFORMATION (Continued)

A. Risk management (Continued)

During 1990, the City established an internal service fund called safety promotion/loss control. This fund was set up to account for and finance the City's uninsured risk of loss. This risk of loss is as follows:

- The amount of the deductible.
- Specific property items, which are of low risk for damage, that are uninsured. (This property list is included in the insurance manual).

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.

Since 1990, additional purposes for this fund were established. They are as follows:

- This fund will absorb the annual fluctuations in the cost of workers compensation.
- This fund is to be used to promote health, safety and fitness. Since 1993, ten percent of insurance refunds, which are receipted into this fund, are set aside to promote health and safety.
- This fund is to be used for purchases of security-type equipment for City buildings.

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 joined PEIP on March 1, 2014. The first year was considered a short year, through December 31, 2014. Since then, the City renews on a calendar year basis, which allows for better timing when budgeting subsequent year's premium changes. The City now offers employees three plans, including a high-deductible plan, which results in lower overall costs to the City. For 2015, the City has slight premium increases to the two lower deductible plans, and actually saw premium decreases in the high deductible plan option.

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, 2015. Financial resources are available to fund the total amount of unexpended authorizations.

Litigation

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

C. Joint ventures

Cable 3 television

The City and Independent School District (ISD) 518, Worthington, entered into a joint powers agreement for the purpose of operating Worthington Cable 3 Television Public Access Channel on January 1, 1998. Effective March 1, 2002 Minnesota West Community & Technical College joined the City and ISD 518 in this joint powers agreement. 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, 2015. 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, 2015

NOTE 5 – OTHER INFORMATION (Continued)

C. Joint ventures (Continued)

Public transportation

On January 8, 1999, the City and Nobles County entered into a joint powers agreement for purposes of jointly and cooperatively operating, administering, promoting and managing public transportation within Nobles County, including the City of Worthington. The governing body shall consist of two Council members and the Administrator of the City of Worthington, and two Commissioners and the Administrator of Nobles County. In addition, one additional at-large member will be appointed by the aforesaid members. The City's financial contribution to the joint powers board was \$40,180 per year, which approximates the amount the City has subsidized the previous taxi service in recent years. This contribution was used for operating costs. However, beginning in 2004, taxi fares will replace the City's obligation. The City retains no equity position in the joint venture. There were no audited financial statements available for the year ending December 31, 2015.

D. Post-employment benefits

Effective January 1, 2004, 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 two retirees on its plan at the end of 2015. 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>2015</u>	<u>2014</u>	<u>2013</u>
Liability balance, beginning of year	\$ 3,625	\$ 3,625	\$ 3,625
Health insurance premiums paid	-	-	-
Liability balance, end of year	<u>\$ 3,625</u>	<u>\$ 3,625</u>	<u>\$ 3,625</u>

E. Employee retirement systems and pension plans

1. Defined benefit pension plans-statewide

A. Plan description

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

1. General Employees Retirement Fund (GERF)

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

2. Public Employees Police and Fire Fund (PEPFF)

The PEPFF, 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 PEPFF also covers police officers and firefighters belonging to a local relief association that elected to merge with and transfer assets and administration to PERA.

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

NOTE 5 – OTHER INFORMATION (Continued)

E. Employee retirement systems and pension plans (Continued)

1. Defined benefit pension plans-statewide (Continued)

A. Plan description (Continued)

Benefits provided

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

Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Members in plans that are at least 90% funded for two consecutive years are given 2.5% increases. Members in plans that have not exceeded 90% funded, or have fallen below 80%, are given 1% increases.

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

1. GERF Benefits

Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2% of average salary for each of the first 10 years of service and 2.7% for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2% of average salary for each of the first 10 years and 1.7% for each remaining year. Under Method 2, the annuity accrual rate is 2.7% of average salary for Basic Plan members and 1.7% for Coordinated Plan members for each year of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

2. PEPFF Benefits

Benefits for the PEPFF members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50% after five years up to 100% after ten years of credited service. Benefits for PEPFF members first hired after June 30, 2014, vest on a prorated basis from 50% after ten years up to 100% after twenty years of credited service. The annuity accrual rate is 3.0% of average salary for each year of service. For PEPFF who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

B. Contributions

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

1. GERF Contributions

Basic Plan members and Coordinated Plan members were required to contribute 9.1% and 6.5%, respectively, of their annual covered salary in 2015. The City was required to contribute 11.78% of pay for Basic Plan members and 7.5% for Coordinated Plan members in calendar year 2015. The City's contributions to the GERF for the year ended December 31, 2015 were \$302,420. The City's contributions were equal to the required contributions as set by state statute.

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

NOTE 5 – OTHER INFORMATION (Continued)

E. Employee retirement systems and pension plans (Continued)

1. Defined benefit pension plans-statewide (Continued)

B. Contributions (Continued)

2. PEPFF Contributions

Plan members were required to contribute 10.8% of their annual covered salary in calendar year 2015. The City was required to contribute 16.2% of pay for PEPFF members in calendar year 2015. The City's contributions to the PEPFF for the year ended December 31, 2015, were \$252,712. The City's contributions were equal to the required contribution as set by state statute.

C. Pension costs

1. GERF Pension Costs

At December 31, 2015, the City reported a liability of \$3,503,383 for its proportionate share of the GERF's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll dates from July 1, 2014, through June 30, 2015, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2015 the City's proportion was 0.0676% which was a decrease of 0.0073% from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the City recognized pension expense of \$466,992 for its proportionate share of the GERF's pension expense.

At December 31, 2015, the City reported its proportionate share of the GERF'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	\$ -	\$ 176,630
Differences between projected and actual investment earnings	330,560	-
Changes in proportion	-	257,188
Contributions paid to PERA subsequent to the measurement date	153,782	-
Totals	<u>\$ 484,342</u>	<u>\$ 433,818</u>

\$153,782 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, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

NOTE 5 – OTHER INFORMATION (Continued)

E. Employee retirement systems and pension plans (Continued)

1. Defined benefit pension plans-statewide (Continued)

C. Pension costs (Continued)

Year Ended December 31:	Pension Expense Amount
2016	\$ (61,773)
2017	(61,773)
2018	(61,772)
2019	82,640
2020	-
Thereafter	-
Total	<u>\$ (102,678)</u>

2. PEPFF Pension Costs

At December 31, 2015, the City reported a liability of \$1,817,974 for its proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll dates from July 1, 2014, through June 30, 2015, relative to the total employer contributions received from all PERA's participating employers. At June 30, 2015, the City's proportion was 0.160% which was a decrease of 0.011% from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the City recognized pension expense of \$313,280 for its proportionate share of the PEPFF's pension expense. The City also recognized \$14,400 for the year ended December 31, 2015, as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's on-behalf contributions to the PEPFF. Legislation passed in 2013 requires the State of Minnesota to begin contributing \$9 million to the PEPFF each year, starting in fiscal year 2014.

At December 31, 2015, the City reported its proportionate share of the PEPFF'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	\$ -	\$ 294,816
Changes in actuarial assumptions	-	-
Differences between projected and actual investment earnings	316,751	-
Changes in proportion	-	99,004
Contributions paid to PERA subsequent to the measurement date	128,049	-
Totals	<u>\$ 444,800</u>	<u>\$ 393,820</u>

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

NOTE 5 – OTHER INFORMATION (Continued)

E. Employee retirement systems and pension plans (Continued)

1. Defined benefit pension plans-statewide (Continued)

C. Pension costs (Continued):

\$128,049 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, 2016. 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
2016	\$ 424
2017	424
2018	424
2019	423
2020	(78,764)
Thereafter	-
Total	<u>\$ (77,069)</u>

D. Actuarial assumptions

The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.75% per year
Active Member Payroll Growth	3.50% per year
Investment Rate of Return	7.90%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants were based on RP-2000 tables for males or females, as appropriate, with slight adjustments. Cost of living benefit increases for retirees are assumed to be: 1% effective every January 1<sup>st</sup> through 2034, and 2.5% for thereafter.

Actuarial assumptions used in the June 30, 2015, valuation were based on the results of actuarial experience studies. The experience study in the GERP was for the period July 1, 2004, through June 30, 2008, with an update of economic assumptions in 2014. Experience studies have not been prepared for PERA's other plans, but assumptions are reviewed annually.

There were no changes in actuarial assumptions in 2015.

The long-term expected rate of return on pension plan investments is 7.9%. The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis 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 arithmetic real rates of return for each major asset class are summarized in the following table:

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

NOTE 5 – OTHER INFORMATION (Continued)

E. Employee retirement systems and pension plans (Continued)

2. Defined benefit pension plans-statewide (Continued)

D. Actuarial assumptions (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic Stocks	45.00%	5.50%
International Stocks	15.00%	6.00%
Bonds	18.00%	1.45%
Alternative Assets	20.00%	6.40%
Cash	2.00%	0.50%
	<u>100.00%</u>	

E. Discount rate

The discount rate used to measure the total pension liability was 7.9%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. 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.

F. 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 1 percentage point lower or 1 percentage point higher than the current rate:

<u>City's Proportionate Share of the Net Pension Liability</u>	<u>1% Decrease in Discount Rate 6.90%</u>	<u>Discount Rate 7.90%</u>	<u>1% Increase in Discount Rate 8.90%</u>
GERF	\$ 5,508,563	\$ 3,503,383	\$ 1,847,412
PEPFF	3,543,251	1,817,974	392,595
Total	<u>\$ 9,051,814</u>	<u>\$ 5,321,357</u>	<u>\$ 2,240,007</u>



CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

NOTE 5 – OTHER INFORMATION (Continued)

E. Employee retirement systems and pension plans (Continued)

1. Defined benefit pension plans-statewide (Continued)

G. Pension plan fiduciary net position

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

2. Defined contribution plan

The mayor and five council members of the City of Worthington are covered by the Public Employees Defined Contribution Plan (PEDCP), a multiple-employer deferred compensation plan administered by the Public Employees Retirement Association of Minnesota (PERA). The PEDCP 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% 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% of employer contributions and twenty-five hundredths of 1% (.0025) of the assets in each member’s account annually.

Total contributions made by the City of Worthington during fiscal year 2015 were:

<u>Contribution Amount</u>		<u>Percentage of Covered Payroll</u>		<u>Required</u>
<u>Employees</u>	<u>Employer</u>	<u>Employees</u>	<u>Employer</u>	<u>Rate</u>
\$1,613	\$1,613	5.00%	5.00%	5.00%

3. Defined benefit pension plans-volunteer fire relief association

Plan description

All members of the City of Worthington Fire Department are covered by a defined benefit plan administered by the City of Worthington Fire Department Relief Association (the Association). As of December 31, 2015, the plan covered 34 active firefighters, 12 retired participants and 2 vested terminated fire fighters whose pension benefits are deferred. The plan is a single employer retirement plan and is established and administered in accordance with Minnesota statute, chapter 69.

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

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.



CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

NOTE 5 – OTHER INFORMATION (Continued)

E. Employee retirement systems and pension plans (Continued)

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

Benefits provided (Continued)

The bylaws of the Association also provide for an early vested service pension for a retiring member who has completed fewer than 20 years of service. The reduced pension, available to members with 10 years of service, shall be equal to 60 percent of the pension as prescribed by the bylaws. This percentage increases 4 percent per year so that at 20 years of service, the full amount prescribed is paid. Members who retire with less than 20 years of service and have reached the age of 50 years and have completed at least 10 years of active membership are entitled to a reduced service pension not to exceed the amount calculated by multiplying the member's service pension for the completed years of service times the applicable non-forfeitable percentage of pension.

Contributions

Minnesota statutes, chapter 424 and 424A authorize pension benefits for volunteer fire relief associations. The plan is funded by fire state aid, investment earnings and, if necessary, employer contributions as specified in Minnesota statutes and voluntary City contributions (if applicable). The State of Minnesota contributed \$68,654 in fire state aid to the plan on behalf of the Department for the year ended December 31, 2015, 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, 2015 were \$19,890. The City's contributions were equal to the required contributions as set by state statute. The City made no voluntary contributions to the plan. Furthermore, the firefighter has no obligation to contribute to the plan.

Pension costs

At December 31, 2015 the City reported a net pension liability (asset) of \$105,676 for the plan. The net pension liability (asset) was measured as of December 31, 2015. The total pension liability used to calculate the net pension liability (asset) in accordance with GASB 68 was determined by Nyhart, applying an actuarial formula to specific census data certified by the Department as of December 31, 2015.

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

NOTE 5 – OTHER INFORMATION (Continued)

E. Employee retirement systems and pension plans (Continued)

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

Pension costs (Continued)

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

	Total Pension Liability (a)	Plan Fiduciary Net Pension (b)	Net Pension Liability (Asset) (a-b)
Beginning balance January 1, 2015	<u>\$ 1,269,568</u>	<u>\$ 1,168,551</u>	<u>\$ 101,017</u>
Changes for the year			
Service cost	\$ 43,045	\$ -	\$ 43,045
Interest on pension liability (asset)	62,200	-	62,200
Change in benefit terms	11,452	-	11,452
Differences between expected and actual experience	(75,375)	-	(75,375)
Benefit payments, including refunds of member contributions	(137,221)	(137,221)	-
Contributions (employer)	-	19,890	(19,890)
Contributions (State)	-	68,654	(68,654)
Net investment income	-	(36,971)	36,971
Administrative costs	-	(14,910)	14,910
Total net changes	<u>\$ (95,899)</u>	<u>\$ (100,558)</u>	<u>\$ 4,659</u>
Ending balance December 31, 2015	<u>\$ 1,173,669</u>	<u>\$ 1,067,993</u>	<u>\$ 105,676</u>

For the year ended December 31, 2015 the City recognized pension revenue of \$68,654 and pension expense of \$84,109.

At December 31, 2015, the City reported deferred inflows of resources and deferred outflows of resources, its contributions subsequent to the measurement date, related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (65,953)
Net difference between projected and actual earnings on plan investments	<u>75,047</u>	<u>-</u>
Total	<u>\$ 75,047</u>	<u>\$ (65,953)</u>

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

NOTE 5 – OTHER INFORMATION (Continued)

E. Employee retirement systems and pension plans (Continued)

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

Pension costs (Continued)

Deferred outflows of resources totaling \$75,047 related to pensions resulting from the City's differences between expected and actual experience will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Deferred inflows of resources totaling \$65,953 related to the net difference between projected and actual earnings on pension plan investments will be recognized for its impact on the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows and inflows of resources related to the plan will be recognized in pension expense as follows:

2016	\$	9,340
2017		9,340
2018		9,340
2019		9,339
2020		(9,422)
Thereafter		(18,843)

Actuarial assumptions

The total pension liability at December 31, 2015 was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

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

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

There are no changes in actuarial assumptions in 2015.

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

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

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

NOTE 5 – OTHER INFORMATION (Continued)

E. Employee retirement systems and pension plans (Continued)

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

Actuarial assumptions (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic Equity	35.00%	5.14%
International Equity	20.00%	5.00%
Domestic Fixed Income	10.00%	0.13%
Multi-Class	5.00%	3.65%
Alternative Investment	5.00%	1.90%
Cash	25.00%	0.00%
	100.00%	

Discount rate

The discount rate used to measure the total pension liability was 5.0%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension liability sensitivity

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

	1% Decrease in Discount Rate 4.0%	Discount Rate 5.0%	1% Increase in Discount Rate 6.0%
Net pension liability	\$ 152,623	\$ 105,676	\$ 60,535

NOTE 6 – RESTATEMENT FOR A CHANGE IN ACCOUNTING PRINCIPLE

During the year ended December 31, 2015, the City implemented Governmental Accounting Standards (GASB) No. 68, *Accounting and Financial Reporting for Pensions* and Governmental Accounting Standards Board (GASB) Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* – an amendment of GASB Statement No. 68. Restatement of all prior periods presented is not practical, therefore the cumulative effect of applying this statement is reported as a restatement of beginning net position for the current period.

CITY OF WORTHINGTON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

NOTE 6 – RESTATEMENT FOR A CHANGE IN ACCOUNTING PRINCIPLE (Continued)

Following is a reconciliation of the previously reported December 31, 2014 balances with the amounts

Activities/Fund	Net Position December 31, 2014 as Previously Reported	Restatement for Net Pension Liability	Net Position December 31, 2014 as Restated
Governmental Activities	\$ 82,517,309	\$ (3,387,110)	\$ 79,130,199
Business-type Activities	\$ 93,136,622	\$ (1,829,600)	\$ 91,307,022
Proprietary Funds:			
Water Fund	\$ 22,216,631	\$ (378,178)	\$ 21,838,453
Municipal Wastewater Fund	17,203,228	(442,397)	16,760,831
Electric Fund	29,923,814	(807,952)	29,115,862
Industrial Wastewater Fund	7,276,613	-	7,276,613
Storm Water Management Fund	3,003,009	-	3,003,009
Street Lighting Fund	35,970	-	35,970
Liquor Fund	1,818,273	(201,073)	1,617,200
Airport Fund	11,657,584	-	11,657,584
Cable Television Fund	1,500	-	1,500
Total Proprietary Funds	\$ 93,136,622	\$ (1,829,600)	\$ 91,307,022

*City of*  
*Worthington*

## NONMAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

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

#### Memorial Auditorium Fund

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

#### Small Cities Grant Fund

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

#### PD Task Force Fund

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

#### Sales Tax Revenue Fund

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

#### Event Center Fund

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

#### Recreation Fund

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

#### Economic Development Authority Fund

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

### DEBT SERVICE FUNDS

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

The following debt service funds are presently established:

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

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



## NONMAJOR GOVERNMENTAL FUNDS (Continued)

### CAPITAL PROJECTS FUNDS

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

#### Municipal Buildings Fund

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

#### Prairie View Limited Fund

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

#### TI Dist #7, Redevelopment, Amendment 5 Fund

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

#### Prairie Expo Improvement Fund

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

#### C&J Housing Project Fund

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

#### Okabena Estates Fund

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

#### CCSI Redevelopment Fund

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

#### Bedford Technologies Project Fund

This fund accounts for administration and infrastructure improvements to accommodate the company's 27<sup>th</sup> 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.

*City of*  
*Worthington*

CITY OF WORTHINGTON, MINNESOTA

NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
December 31, 2015

	Special Revenue						Debt Service		
	Memorial Auditorium	Small Cities Grant	PD Task Force	Sales Tax Revenue	Event Center	Recreation	Economic Development Authority	TI Series Bonds	Other Bonds
<b>ASSETS</b>									
<b>Current assets</b>									
<b>Cash assets</b>									
Cash and cash equivalents	\$ 57,905	\$ 58,652	\$ 161,700	\$ 1,283,591	\$ 58,604	\$ 431,231	\$ 232,103	\$ 29,210	\$ -
Investments	3,100	3,140	8,657	68,717	3,137	23,086	12,425	1,564	-
<b>Receivables</b>									
Accounts receivable	7,200	9,737	35	4,234	1,268	551	25,547	-	-
Notes receivable	-	10,000	-	-	-	-	-	-	-
Taxes receivable	571	-	-	-	-	9,604	25,930	-	-
Interest receivable	108	95	309	2,052	97	434	372	9	-
<b>Other current assets</b>									
Due from other governments	-	92,210	50,000	65,763	-	25,000	-	-	-
Prepayments	1,869	-	1,050	-	464	17,918	504	-	-
<b>TOTAL ASSETS</b>	<b>\$ 70,753</b>	<b>\$ 173,834</b>	<b>\$ 221,751</b>	<b>\$ 1,424,357</b>	<b>\$ 63,570</b>	<b>\$ 507,824</b>	<b>\$ 296,881</b>	<b>\$ 30,783</b>	<b>\$ -</b>
<b>LIABILITIES</b>									
<b>Current liabilities</b>									
Accounts payable	\$ 1,918	\$ 92,210	\$ 69,733	\$ -	\$ -	\$ 9,025	\$ 2,702	\$ -	\$ -
Accrued payroll	2,064	-	-	-	-	18,312	-	-	-
Contracts payable	-	-	-	-	-	2,381	-	-	-
Interfund loans payable	-	-	-	-	-	27,144	-	-	-
Due to other governments	6	-	-	-	-	156	-	-	-
<b>TOTAL LIABILITIES</b>	<b>\$ 3,988</b>	<b>\$ 92,210</b>	<b>\$ 69,733</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 57,018</b>	<b>\$ 2,702</b>	<b>\$ -</b>	<b>\$ -</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>									
<b>Unavailable revenue-</b>									
Special assessments	\$ -	\$ 9,737	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>\$ -</b>	<b>\$ 9,737</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>FUND BALANCES</b>									
Nonspendable	\$ 1,869	\$ -	\$ 1,050	\$ -	\$ 464	\$ 17,918	\$ 504	\$ -	\$ -
Restricted	-	-	150,968	-	-	-	-	30,783	-
Committed	64,896	71,887	-	-	-	246,320	-	-	-
Assigned	-	-	-	1,424,357	63,106	186,568	293,675	-	-
Unassigned	-	-	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>\$ 66,765</b>	<b>\$ 71,887</b>	<b>\$ 152,018</b>	<b>\$ 1,424,357</b>	<b>\$ 63,570</b>	<b>\$ 450,806</b>	<b>\$ 294,179</b>	<b>\$ 30,783</b>	<b>\$ -</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 70,753</b>	<b>\$ 173,834</b>	<b>\$ 221,751</b>	<b>\$ 1,424,357</b>	<b>\$ 63,570</b>	<b>\$ 507,824</b>	<b>\$ 296,881</b>	<b>\$ 30,783</b>	<b>\$ -</b>

Capital Projects

Municipal Buildings	Prairie View Limited	TI Dist #7, Redevel, Amend 5	Prairie Expo Improvement	C & J Housing Project	Okabena Estates	CCSI Redevelopment	Bedford Technologies Project	Newcastle Townhomes	Aquatic Center Facility	Hotel TIF #15	Total Nonmajor Governmental Funds
\$ 64,228 3,438	\$ 4,495 241	\$ 2,650,797 141,910	\$ 3,292 176	\$ 19,247 1,030	\$ 20,151 1,079	\$ 14,405 771	\$ 9,597 514	\$ 10,988 588	\$ 786,856 42,124	\$ 33,689 1,804	\$ 5,930,741 317,501
-	-	-	-	-	-	-	-	-	-	-	48,572
-	-	-	-	-	-	-	-	-	-	-	10,000
-	-	-	-	-	-	-	-	-	675	-	36,780
117	3	4,830	6	35	37	9	5	8	1,397	21	9,944
-	-	-	-	-	-	-	-	-	-	-	232,973
-	2	-	-	-	-	-	-	-	-	-	21,807
<u>\$ 67,783</u>	<u>\$ 4,741</u>	<u>\$ 2,797,537</u>	<u>\$ 3,474</u>	<u>\$ 20,312</u>	<u>\$ 21,267</u>	<u>\$ 15,185</u>	<u>\$ 10,116</u>	<u>\$ 11,584</u>	<u>\$ 831,052</u>	<u>\$ 35,514</u>	<u>\$ 6,608,318</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 175,588
-	-	-	-	-	-	-	-	-	-	-	20,376
-	-	-	-	-	-	-	-	-	-	-	2,381
-	-	-	-	-	-	271,650	-	-	-	423,800	722,594
-	-	-	-	-	-	-	-	-	-	-	162
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 271,650</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 423,800</u>	<u>\$ 921,101</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,737
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,737
\$ -	\$ 3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,808
-	-	-	-	-	-	-	-	-	-	-	181,751
-	-	-	-	-	-	-	-	-	831,052	-	1,214,155
67,783	4,738	2,797,537	3,474	20,312	21,267	-	10,116	11,584	-	-	4,904,517
-	-	-	-	-	-	(256,465)	-	-	-	(388,286)	(644,751)
<u>\$ 67,783</u>	<u>\$ 4,741</u>	<u>\$ 2,797,537</u>	<u>\$ 3,474</u>	<u>\$ 20,312</u>	<u>\$ 21,267</u>	<u>\$ (256,465)</u>	<u>\$ 10,116</u>	<u>\$ 11,584</u>	<u>\$ 831,052</u>	<u>\$ (388,286)</u>	<u>\$ 5,677,480</u>
<u>\$ 67,783</u>	<u>\$ 4,741</u>	<u>\$ 2,797,537</u>	<u>\$ 3,474</u>	<u>\$ 20,312</u>	<u>\$ 21,267</u>	<u>\$ 15,185</u>	<u>\$ 10,116</u>	<u>\$ 11,584</u>	<u>\$ 831,052</u>	<u>\$ 35,514</u>	<u>\$ 6,608,318</u>

CITY OF WORTHINGTON, MINNESOTA  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
For the Year Ended December 31, 2015

	Special Revenue						Debt Service		
	Memorial Auditorium	Small Cities Grant	PD Task Force	Sales Tax Revenue	Event Center	Recreation	Economic Development Authority	TI Series Bonds	Other Bonds
<b>REVENUES</b>									
Taxes	\$ 46,741	\$ -	\$ -	\$ 826,979	\$ -	\$ 904,799	\$ 106,943	\$ 40,351	\$ -
Intergovernmental revenues	6	190,973	200,000	-	-	31,752	-	-	-
Charges for services	32,966	-	119,097	-	25,890	137,210	-	-	-
Investment earnings	495	392	1,363	7,227	366	1,730	1,453	168	-
Rents	-	-	-	-	-	-	80,654	-	-
Other	12,649	21,808	13,296	-	-	5,573	54,747	-	-
<b>TOTAL REVENUES</b>	<b>\$ 92,887</b>	<b>\$ 213,173</b>	<b>\$ 333,756</b>	<b>\$ 834,206</b>	<b>\$ 26,256</b>	<b>\$ 1,081,064</b>	<b>\$ 243,797</b>	<b>\$ 40,519</b>	<b>\$ -</b>
<b>EXPENDITURES</b>									
Current									
Public safety	\$ -	\$ -	\$ 333,858	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Culture and recreation	173,151	-	-	-	1,872	860,247	-	-	-
Conservation and development	-	190,973	-	-	-	121,678	198,299	-	-
Capital outlay									
Projects	-	-	-	-	-	-	-	-	-
Debt service									
Principal	-	-	-	-	-	-	-	20,000	515,000
Interest and fiscal agent fees	-	-	-	-	-	-	-	949	40,363
Miscellaneous	-	-	-	-	-	-	-	76,427	-
<b>TOTAL EXPENDITURES</b>	<b>\$ 173,151</b>	<b>\$ 190,973</b>	<b>\$ 333,858</b>	<b>\$ -</b>	<b>\$ 1,872</b>	<b>\$ 981,925</b>	<b>\$ 198,299</b>	<b>\$ 97,376</b>	<b>\$ 555,363</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>\$ (80,264)</b>	<b>\$ 22,200</b>	<b>\$ (102)</b>	<b>\$ 834,206</b>	<b>\$ 24,384</b>	<b>\$ 99,139</b>	<b>\$ 45,498</b>	<b>\$ (56,857)</b>	<b>\$ (555,363)</b>
<b>OTHER FINANCING SOURCES (USES)</b>									
Transfers-in:									
Special revenue fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 155,478
Debt service fund	-	-	-	-	-	-	-	-	399,885
Transfers-out:									
Special revenue fund	-	-	-	(155,478)	-	-	-	-	-
Debt service fund	-	-	-	(399,885)	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (555,363)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 555,363</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ (80,264)</b>	<b>\$ 22,200</b>	<b>\$ (102)</b>	<b>\$ 278,843</b>	<b>\$ 24,384</b>	<b>\$ 99,139</b>	<b>\$ 45,498</b>	<b>\$ (56,857)</b>	<b>\$ -</b>
<b>FUND BALANCE, January 1</b>	<b>147,029</b>	<b>49,687</b>	<b>152,120</b>	<b>1,145,514</b>	<b>39,186</b>	<b>351,667</b>	<b>248,681</b>	<b>87,640</b>	<b>-</b>
<b>FUND BALANCE, December 31</b>	<b>\$ 66,765</b>	<b>\$ 71,887</b>	<b>\$ 152,018</b>	<b>\$ 1,424,357</b>	<b>\$ 63,570</b>	<b>\$ 450,806</b>	<b>\$ 294,179</b>	<b>\$ 30,783</b>	<b>\$ -</b>

Capital Projects

Municipal Buildings	Prairie View Limited	TI Dist #7, Redevel, Amend 5	Prairie Expo Improvement	C&J Housing Project	Okabena Estates	CCSI Redevelopmen	Bedford Technologies Project	Newcastle Townhomes	Aquatic Center Facility	Hotel TIF #15	Total Nonmajor Governmental Funds
\$ -	\$ 7,452	\$ -	\$ -	\$ -	\$ 20,687	\$ 30,101	\$ 18,219	\$ 17,128	\$ 50,382	\$ 70,793	\$ 2,140,575
-	-	-	-	-	-	-	-	-	6	-	422,737
-	-	-	-	-	-	-	-	-	-	-	315,193
458	10	18,921	24	137	144	35	18	31	5,464	106	38,542
-	-	-	-	-	-	-	-	-	-	-	80,654
-	-	-	-	-	-	-	-	-	-	-	108,073
<u>\$ 458</u>	<u>\$ 7,462</u>	<u>\$ 18,921</u>	<u>\$ 24</u>	<u>\$ 137</u>	<u>\$ 20,831</u>	<u>\$ 30,136</u>	<u>\$ 18,237</u>	<u>\$ 17,159</u>	<u>\$ 55,852</u>	<u>\$ 70,899</u>	<u>\$ 3,105,774</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 333,858
-	8	-	-	-	12,542	17,750	8,274	1,740	3,229	41,828	1,080,327
-	7,580	47,408	-	-	8,156	-	10,122	15,666	-	-	551,264
-	-	-	-	-	-	-	-	-	-	-	88,932
-	-	-	-	-	-	-	-	-	-	-	535,000
-	-	-	-	-	-	-	-	-	-	-	41,312
-	-	-	-	-	-	-	-	-	-	-	76,427
<u>\$ -</u>	<u>\$ 7,588</u>	<u>\$ 47,408</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,698</u>	<u>\$ 17,750</u>	<u>\$ 18,396</u>	<u>\$ 17,406</u>	<u>\$ 3,229</u>	<u>\$ 41,828</u>	<u>\$ 2,707,120</u>
<u>\$ 458</u>	<u>\$ (126)</u>	<u>\$ (28,487)</u>	<u>\$ 24</u>	<u>\$ 137</u>	<u>\$ 133</u>	<u>\$ 12,386</u>	<u>\$ (159)</u>	<u>\$ (247)</u>	<u>\$ 52,623</u>	<u>\$ 29,071</u>	<u>\$ 398,654</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 155,478
-	-	-	-	-	-	-	-	-	-	-	399,885
-	-	-	-	-	-	-	-	-	-	-	(155,478)
-	-	-	-	-	-	-	-	-	-	-	(399,885)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 458</u>	<u>\$ (126)</u>	<u>\$ (28,487)</u>	<u>\$ 24</u>	<u>\$ 137</u>	<u>\$ 133</u>	<u>\$ 12,386</u>	<u>\$ (159)</u>	<u>\$ (247)</u>	<u>\$ 52,623</u>	<u>\$ 29,071</u>	<u>\$ 398,654</u>
67,325	4,867	2,826,024	3,450	20,175	21,134	(268,851)	10,275	11,831	778,429	(417,357)	5,278,826
<u>\$ 67,783</u>	<u>\$ 4,741</u>	<u>\$ 2,797,537</u>	<u>\$ 3,474</u>	<u>\$ 20,312</u>	<u>\$ 21,267</u>	<u>\$ (256,465)</u>	<u>\$ 10,116</u>	<u>\$ 11,584</u>	<u>\$ 831,052</u>	<u>\$ (388,286)</u>	<u>\$ 5,677,480</u>

## CITY OF WORTHINGTON, MINNESOTA

EXHIBIT A-3

MEMORIAL AUDITORIUM FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 For the Year Ended December 31, 2015

	<u>Budgeted Amounts</u>		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 46,484	\$ 46,484	\$ 46,741	\$ 257
Intergovernmental revenues				
State grants	-	-	6	6
Charges for services	80,000	80,000	32,996	(47,004)
Miscellaneous revenue				
Investment earnings	500	500	495	(5)
Other	9,000	9,000	12,649	3,649
<b>TOTAL REVENUES</b>	<b>\$ 135,984</b>	<b>\$ 135,984</b>	<b>\$ 92,887</b>	<b>\$ (43,097)</b>
EXPENDITURES				
Culture and recreation				
Personnel services	\$ 57,259	\$ 57,259	\$ 43,234	\$ 14,025
Supplies	7,600	7,600	5,499	2,101
Other services and charges	71,125	71,125	120,108	(48,983)
Capital outlay	35,000	35,000	4,310	30,690
<b>TOTAL EXPENDITURES</b>	<b>\$ 170,984</b>	<b>\$ 170,984</b>	<b>\$ 173,151</b>	<b>\$ (2,167)</b>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>\$ (35,000)</u>	<u>\$ (35,000)</u>	<u>\$ (80,264)</u>	<u>\$ (45,264)</u>
OTHER FINANCING SOURCES				
Transfer-in	\$ 35,000	\$ 35,000	\$ -	\$ (35,000)
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>\$ 35,000</b>	<b>\$ 35,000</b>	<b>\$ -</b>	<b>\$ (35,000)</b>
Net changes in fund balances	\$ -	\$ -	\$ (80,264)	\$ (80,264)
FUND BALANCE, January 1	147,029	147,029	147,029	-
<b>FUND BALANCE, December 31</b>	<b><u>\$ 147,029</u></b>	<b><u>\$ 147,029</u></b>	<b><u>\$ 66,765</u></b>	<b><u>\$ (80,264)</u></b>



CITY OF WORTHINGTON, MINNESOTA

EXHIBIT A-4

SMALL CITIES GRANTS FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental revenues				
Federal grants	\$ 190,000	\$ 190,000	\$ 190,973	\$ 973
Miscellaneous				
Investment earnings	-	-	392	392
Other revenue	-	-	21,808	21,808
TOTAL REVENUES	<u>\$ 190,000</u>	<u>\$ 190,000</u>	<u>\$ 213,173</u>	<u>\$ 23,173</u>
EXPENDITURES				
Conservation and development				
Other services and charges	\$ 190,000	\$ 190,000	\$ 190,973	\$ (973)
TOTAL EXPENDITURES	<u>\$ 190,000</u>	<u>\$ 190,000</u>	<u>\$ 190,973</u>	<u>\$ (973)</u>
EXCESS OF REVENUES OVER EXPENDITURES	\$ -	\$ -	\$ 22,200	\$ 22,200
FUND BALANCE, January 1	49,687	49,687	49,687	-
FUND BALANCE, December 31	<u>\$ 49,687</u>	<u>\$ 49,687</u>	<u>\$ 71,887</u>	<u>\$ 22,200</u>

CITY OF WORTHINGTON, MINNESOTA

EXHIBIT A-5

PD TASK FORCE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental revenues				
Federal grants	\$ 200,000	\$ 200,000	\$ 200,000	\$ -
Charges for services				
Public safety	119,097	119,097	119,097	-
Fines and forfeits	30,000	30,000	2,007	(27,993)
Miscellaneous				
Investment earnings	500	500	1,363	863
Other revenue	30,000	30,000	11,289	(18,711)
<b>TOTAL REVENUES</b>	<b>\$ 379,597</b>	<b>\$ 379,597</b>	<b>\$ 333,756</b>	<b>\$ (45,841)</b>
<b>EXPENDITURES</b>				
Public safety				
Supplies	\$ 12,500	\$ 12,500	\$ 13,131	\$ (631)
Other services and charges	311,000	311,000	320,727	(9,727)
Capital outlay	15,000	15,000	-	15,000
<b>TOTAL EXPENDITURES</b>	<b>\$ 338,500</b>	<b>\$ 338,500</b>	<b>\$ 333,858</b>	<b>\$ 4,642</b>
<b>EXCESS(DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>\$ 41,097</b>	<b>\$ 41,097</b>	<b>\$ (102)</b>	<b>\$ (41,199)</b>
FUND BALANCE, January 1	152,120	152,120	152,120	-
<b>FUND BALANCE, December 31</b>	<b>\$ 193,217</b>	<b>\$ 193,217</b>	<b>\$ 152,018</b>	<b>\$ (41,199)</b>

CITY OF WORTHINGTON, MINNESOTA

EXHIBIT A-6

SALES TAX REVENUE  
 SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Sales tax revenue	\$ 700,000	\$ 700,000	\$ 826,979	\$ 126,979
Miscellaneous				
Investment earnings	-	-	7,227	7,227
TOTAL REVENUES	<u>\$ 700,000</u>	<u>\$ 700,000</u>	<u>\$ 834,206</u>	<u>\$ 134,206</u>
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ 700,000</u>	<u>\$ 700,000</u>	<u>\$ 834,206</u>	<u>\$ 134,206</u>
OTHER FINANCING USES				
Transfer-out	\$ (554,178)	\$ (554,178)	\$ (555,363)	\$ (1,185)
TOTAL OTHER FINANCING USES	<u>\$ (554,178)</u>	<u>\$ (554,178)</u>	<u>\$ (555,363)</u>	<u>\$ (1,185)</u>
Net changes in fund balances	<u>\$ 145,822</u>	<u>\$ 145,822</u>	<u>\$ 278,843</u>	<u>\$ 133,021</u>
FUND BALANCE, January 1	1,145,514	1,145,514	1,145,514	-
FUND BALANCE, December 31	<u>\$ 1,291,336</u>	<u>\$ 1,291,336</u>	<u>\$ 1,424,357</u>	<u>\$ 133,021</u>

CITY OF WORTHINGTON, MINNESOTA

EXHIBIT A-7

EVENT CENTER FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for services				
Culture and recreation	\$ 18,000	\$ 18,000	\$ 25,890	\$ 7,890
Miscellaneous				
Investment earnings	-	-	366	366
TOTAL REVENUES	\$ 18,000	\$ 18,000	\$ 26,256	\$ 8,256
EXPENDITURES				
Culture and recreation				
Other services and charges	\$ 4,600	\$ 4,600	\$ 1,872	\$ 2,728
TOTAL EXPENDITURES	\$ 4,600	\$ 4,600	\$ 1,872	\$ 2,728
EXCESS OF REVENUES OVER EXPENDITURES	\$ 13,400	\$ 13,400	\$ 24,384	\$ 10,984
FUND BALANCE, January 1	39,186	39,186	39,186	-
FUND BALANCE, December 31	\$ 52,586	\$ 52,586	\$ 63,570	\$ 10,984

## CITY OF WORTHINGTON, MINNESOTA

EXHIBIT A-8

RECREATION FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 For the Year Ended December 31, 2015

	<u>Budgeted Amounts</u>		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
General property taxes	\$ 901,902	\$ 901,902	\$ 904,799	\$ 2,897
Intergovernmental revenues				
State grants	-	-	31,752	31,752
Charges for services				
Culture and recreation	149,185	149,185	137,210	(11,975)
Miscellaneous				
Investment earnings	1,500	1,500	1,730	230
Other revenue	2,750	2,750	5,573	2,823
<b>TOTAL REVENUES</b>	<u>\$ 1,055,337</u>	<u>\$ 1,055,337</u>	<u>\$ 1,081,064</u>	<u>\$ 25,727</u>
<b>EXPENDITURES</b>				
Culture and recreation				
Personnel services	\$ 445,556	\$ 445,556	\$ 450,516	\$ (4,960)
Supplies	156,875	156,875	128,225	28,650
Other services and charges	248,566	248,566	254,608	(6,042)
Capital outlay	63,700	63,700	26,898	36,802
Conservation and development				
Personnel services	69,306	69,306	87,093	(17,787)
Supplies	12,350	12,350	4,994	7,356
Other services and charges	31,600	31,600	29,591	2,009
<b>TOTAL EXPENDITURES</b>	<u>\$ 1,027,953</u>	<u>\$ 1,027,953</u>	<u>\$ 981,925</u>	<u>\$ 46,028</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>\$ 27,384</u>	<u>\$ 27,384</u>	<u>\$ 99,139</u>	<u>\$ 71,755</u>
<b>FUND BALANCE, January 1</b>	351,667	351,667	351,667	-
<b>FUND BALANCE, December 31</b>	<u>\$ 379,051</u>	<u>\$ 379,051</u>	<u>\$ 450,806</u>	<u>\$ 71,755</u>

CITY OF WORTHINGTON, MINNESOTA

EXHIBIT A-9

ECONOMIC DEVELOPMENT AUTHORITY FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 110,000	\$ 110,000	\$ 106,943	\$ (3,057)
Miscellaneous				
Investment earnings	1,200	1,200	1,453	253
Other revenue	93,800	93,800	135,401	41,601
TOTAL REVENUES	<u>\$ 205,000</u>	<u>\$ 205,000</u>	<u>\$ 243,797</u>	<u>\$ 38,797</u>
EXPENDITURES				
Conservation & development				
Supplies	\$ -	\$ -	\$ 646	\$ (646)
Other services and charges	196,270	196,270	197,653	(1,383)
TOTAL EXPENDITURES	<u>\$ 196,270</u>	<u>\$ 196,270</u>	<u>\$ 198,299</u>	<u>\$ (2,029)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ 8,730</u>	<u>\$ 8,730</u>	<u>\$ 45,498</u>	<u>\$ 36,768</u>
FUND BALANCE, January 1	248,681	248,681	248,681	-
FUND BALANCE, December 31	<u>\$ 257,411</u>	<u>\$ 257,411</u>	<u>\$ 294,179</u>	<u>\$ 36,768</u>

## **NONMAJOR ENTERPRISE FUNDS**

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

### Storm Water Management Fund

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

### Street Lighting Fund

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

### Cable Television Fund

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



*City of*  
*Worthington*

*City of*  
*Worthington*

## CITY OF WORTHINGTON, MINNESOTA

EXHIBIT B-1

NONMAJOR ENTERPRISE FUNDS  
COMBINING STATEMENT OF NET POSITION  
December 31, 2015

	Storm Water Management	Street Lighting	Cable Television	Total Nonmajor Enterprise Funds
<b>ASSETS</b>				
Current assets				
Cash assets				
Cash and cash equivalents	\$ 1,418,393	\$ 13,929	\$ 1,424	\$ 1,433,746
Investments	75,933	746	76	76,755
Receivables				
Accounts receivable	2,868	-	-	2,868
Utilities receivable	49,177	23,591	-	72,768
Interest receivable	2,488	174	-	2,662
Contracts receivable	-	-	41,142	41,142
Other current assets				
Prepayments	1,777	-	-	1,777
Total current assets	<u>\$ 1,550,636</u>	<u>\$ 38,440</u>	<u>\$ 42,642</u>	<u>\$ 1,631,718</u>
Noncurrent assets				
Capital assets				
Land & work in progress	\$ 139,555	\$ -	\$ -	\$ 139,555
Buildings & improvements	1,779,801	-	-	1,779,801
Equipment & furniture	375,697	-	-	375,697
Less accumulated depreciation	(562,471)	-	-	(562,471)
Net capital assets	<u>\$ 1,732,582</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,732,582</u>
<b>TOTAL ASSETS</b>	<u>\$ 3,283,218</u>	<u>\$ 38,440</u>	<u>\$ 42,642</u>	<u>\$ 3,364,300</u>
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	\$ 10,529	\$ 16,855	\$ 41,142	\$ 68,526
Contracts and retainage payable	2,737	-	-	2,737
Total current liabilities	<u>\$ 13,266</u>	<u>\$ 16,855</u>	<u>\$ 41,142</u>	<u>\$ 71,263</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 13,266</u>	<u>\$ 16,855</u>	<u>\$ 41,142</u>	<u>\$ 71,263</u>
<b>NET POSITION</b>				
Net investment in capital assets	\$ 1,729,845	\$ -	\$ -	\$ 1,729,845
Restricted for:				
Capital projects	95,358	-	-	95,358
Unrestricted	1,444,749	21,585	1,500	1,467,834
<b>TOTAL NET POSITION</b>	<u>\$ 3,269,952</u>	<u>\$ 21,585</u>	<u>\$ 1,500</u>	<u>\$ 3,293,037</u>

## CITY OF WORTHINGTON, MINNESOTA

EXHIBIT B-2

NONMAJOR ENTERPRISE FUNDS  
 COMBINING STATEMENTS OF REVENUES, EXPENSES  
 AND CHANGES IN NET POSITION  
 For the Year Ended December 31, 2015

	Storm Water Management	Street Lighting	Cable Television	Total Nonmajor Enterprise Funds
OPERATING REVENUES				
Utility sales revenues	\$ 561,735	\$ 267,924	\$ -	\$ 829,659
Charges for services	-	-	149,487	149,487
TOTAL OPERATING REVENUES	<u>\$ 561,735</u>	<u>\$ 267,924</u>	<u>\$ 149,487</u>	<u>\$ 979,146</u>
OPERATING EXPENSES				
Personnel services	\$ 83,009	\$ -	\$ -	\$ 83,009
Supplies and materials	30,025	-	-	30,025
Other services and charges	111,883	148,450	149,487	409,820
Depreciation	79,657	-	-	79,657
TOTAL OPERATING EXPENSES	<u>\$ 304,574</u>	<u>\$ 148,450</u>	<u>\$ 149,487</u>	<u>\$ 602,511</u>
OPERATING INCOME	<u>\$ 257,161</u>	<u>\$ 119,474</u>	<u>\$ -</u>	<u>\$ 376,635</u>
NON-OPERATING REVENUE				
Investment earnings	\$ 9,669	\$ 541	\$ -	\$ 10,210
Other non-operating	113	-	-	113
TOTAL NON-OPERATING REVENUE	<u>\$ 9,782</u>	<u>\$ 541</u>	<u>\$ -</u>	<u>\$ 10,323</u>
NET INCOME BEFORE OPERATING TRANSFERS	<u>\$ 266,943</u>	<u>\$ 120,015</u>	<u>\$ -</u>	<u>\$ 386,958</u>
Transfers-out	-	(134,400)	-	(134,400)
CHANGE IN NET POSITION	<u>\$ 266,943</u>	<u>\$ (14,385)</u>	<u>\$ -</u>	<u>\$ 252,558</u>
TOTAL NET POSITION, January 1	3,003,009	35,970	1,500	3,040,479
TOTAL NET POSITION, December 31	<u>\$ 3,269,952</u>	<u>\$ 21,585</u>	<u>\$ 1,500</u>	<u>\$ 3,293,037</u>

## CITY OF WORTHINGTON, MINNESOTA

EXHIBIT B-3

NONMAJOR ENTERPRISE FUNDS  
 COMBINING STATEMENT OF CASH FLOWS  
 For the Year Ended December 31, 2015

	Storm Water Management	Street Lighting	Cable Television	Total Nonmajor Enterprise Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 565,738	\$ 267,076	\$ 134,001	\$ 966,815
Cash payments to suppliers for goods and services	(144,733)	(146,218)	(134,001)	(424,952)
Cash payments to employees for services	(83,746)	-	-	(83,746)
Other non-operating revenue	113	-	-	113
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 337,372</b>	<b>\$ 120,858</b>	<b>\$ -</b>	<b>\$ 458,230</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfer-out	\$ -	\$ (134,400)	\$ -	\$ (134,400)
<b>NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>\$ -</b>	<b>\$ (134,400)</b>	<b>\$ -</b>	<b>\$ (134,400)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	\$ (82,840)	\$ -	\$ -	\$ (82,840)
<b>NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>\$ (82,840)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (82,840)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest income	\$ 8,403	\$ 478	\$ -	\$ 8,881
Purchase of investments	(53,564)	(1,593)	-	(55,157)
Proceeds from sales of investments	41,135	2,277	1	43,413
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>\$ (4,026)</b>	<b>\$ 1,162</b>	<b>\$ 1</b>	<b>\$ (2,863)</b>
<b>NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>\$ 250,506</b>	<b>\$ (12,380)</b>	<b>\$ 1</b>	<b>\$ 238,127</b>
CASH AND CASH EQUIVALENTS, January 1	1,167,887	26,309	1,423	1,195,619
CASH AND CASH EQUIVALENTS, December 31	<u>\$ 1,418,393</u>	<u>\$ 13,929</u>	<u>\$ 1,424</u>	<u>\$ 1,433,746</u>

(Continued)

## CITY OF WORTHINGTON, MINNESOTA

(Continued)

NONMAJOR ENTERPRISE FUNDS  
 COMBINING STATEMENT OF CASH FLOWS  
 For the Year Ended December 31, 2015

	Storm Water Management	Street Lighting	Cable Television	Total Nonmajor Enterprise Funds
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income	\$ 257,161	\$ 119,474	\$ -	\$ 376,635
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Depreciation	79,657	-	-	79,657
Other non-operating revenue	113	-	-	113
CHANGE IN ASSETS AND LIABILITIES:				
(Increase) in accounts receivable	(2,868)	-	-	(2,868)
(Increase)decrease in utility receivable	4,003	(848)	-	3,155
(Increase) in contracts receivable	-	-	(15,486)	(15,486)
Decrease in prepaid expense	396	-	-	396
Increase(decrease) in accounts payable	(353)	2,232	15,486	17,365
(Decrease) in payroll payable	(737)	-	-	(737)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 337,372</u>	<u>\$ 120,858</u>	<u>\$ -</u>	<u>\$ 458,230</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:				
Capital asset trade-ins	\$ -	\$ -	\$ -	\$ -
Capital contributions-capital assets	-	-	-	-

*City of*  
*Worthington*

## **INTERNAL SERVICE FUNDS**

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

These funds are as follows:

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



*City of*  
*Worthington*

*City of*  
*Worthington*

## CITY OF WORTHINGTON, MINNESOTA

EXHIBIT C-1

INTERNAL SERVICE FUNDS  
 COMBINING STATEMENT OF NET POSITION  
 December 31, 2015

	Data Processing	Safety Promotion/ Loss Control	Vacation and Sick Accrual	Health Insurance Plan	Total Internal Service Funds
<b>ASSETS</b>					
Current assets					
Cash assets					
Cash and cash equivalents	\$ 95,487	\$ 661,356	\$ 562,926	\$ 78,848	\$ 1,398,617
Investments	5,112	35,406	30,136	4,221	74,875
Accounts receivable	-	912	-	-	912
Interest receivable	183	1,142	-	-	1,325
Prepayments	9,027	-	-	-	9,027
Total current assets	<u>\$ 109,809</u>	<u>\$ 698,816</u>	<u>\$ 593,062</u>	<u>\$ 83,069</u>	<u>\$ 1,484,756</u>
Noncurrent assets					
Capital assets					
Machinery and equipment	\$ 59,695	\$ -	\$ -	\$ -	\$ 59,695
Furniture and fixtures	39,226	-	-	-	39,226
Less accumulated depreciation	(60,142)	-	-	-	(60,142)
Net capital assets	<u>\$ 38,779</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,779</u>
<b>TOTAL ASSETS</b>	<u>\$ 148,588</u>	<u>\$ 698,816</u>	<u>\$ 593,062</u>	<u>\$ 83,069</u>	<u>\$ 1,523,535</u>
<b>LIABILITIES</b>					
Current liabilities					
Accounts payable	\$ 302	\$ 1,152	\$ -	\$ -	\$ 1,454
Accrued payroll	8,577	-	-	-	8,577
Total current liabilities	<u>\$ 8,879</u>	<u>\$ 1,152</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,031</u>
Noncurrent liabilities					
Accrued vacation and sick pay	\$ -	\$ -	\$ 593,062	\$ -	\$ 593,062
Pension liability	46,009	-	-	-	46,009
Total other liabilities	<u>\$ 46,009</u>	<u>\$ -</u>	<u>\$ 593,062</u>	<u>\$ -</u>	<u>\$ 639,071</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 54,888</u>	<u>\$ 1,152</u>	<u>\$ 593,062</u>	<u>\$ -</u>	<u>\$ 649,102</u>
<b>NET POSITION</b>					
Net investment in capital assets	\$ 38,779	\$ -	\$ -	\$ -	\$ 38,779
Restricted for:					
Capital projects	31,245	-	-	-	31,245
Unrestricted	23,676	697,664	-	83,069	804,409
<b>TOTAL NET POSITION</b>	<u>\$ 93,700</u>	<u>\$ 697,664</u>	<u>\$ -</u>	<u>\$ 83,069</u>	<u>\$ 874,433</u>

## CITY OF WORTHINGTON, MINNESOTA

EXHIBIT C-2

INTERNAL SERVICE FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
 For the Year Ended December 31, 2015

	Data Processing	Safety Promotion/ Loss Control	Vacation and Sick Accrual	Health Insurance Plan	Total Internal Service Funds
OPERATING REVENUES					
Charges for services-internal	\$ 255,563	\$ 338,580	\$ -	\$ -	\$ 594,143
Other operating revenues	3,235	6,572	-	-	9,807
<b>TOTAL OPERATING REVENUES</b>	<b>\$ 258,798</b>	<b>\$ 345,152</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 603,950</b>
OPERATING EXPENSES					
Personnel services	\$ 188,393	\$ -	\$ -	\$ -	\$ 188,393
Supplies and materials	15,445	-	-	-	15,445
Other services and charges	23,676	69,747	-	68	93,491
Depreciation	8,686	-	-	-	8,686
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 236,200</b>	<b>\$ 69,747</b>	<b>\$ -</b>	<b>\$ 68</b>	<b>\$ 306,015</b>
<b>OPERATING INCOME</b>	<b>\$ 22,598</b>	<b>\$ 275,405</b>	<b>\$ -</b>	<b>\$ (68)</b>	<b>\$ 297,935</b>
NON-OPERATING REVENUE					
Investment earnings	\$ 704	\$ 4,628	\$ -	\$ 19	\$ 5,351
<b>TOTAL NON-OPERATING REVENUE</b>	<b>\$ 704</b>	<b>\$ 4,628</b>	<b>\$ -</b>	<b>\$ 19</b>	<b>\$ 5,351</b>
<b>NET INCOME BEFORE TRANSFERS</b>	<b>\$ 23,302</b>	<b>\$ 280,033</b>	<b>\$ -</b>	<b>\$ (49)</b>	<b>\$ 303,286</b>
Transfers-out	-	(200,000)	-	-	(200,000)
<b>CHANGE IN NET POSITION</b>	<b>\$ 23,302</b>	<b>\$ 80,033</b>	<b>\$ -</b>	<b>\$ (49)</b>	<b>\$ 103,286</b>
<b>TOTAL NET POSITION, January 1</b>	<b>114,554</b>	<b>617,631</b>	<b>-</b>	<b>83,118</b>	<b>815,303</b>
Prior Period Adjustment-Pension	(44,156)	-	-	-	(44,156)
<b>TOTAL NET POSITION, December 31</b>	<b>\$ 93,700</b>	<b>\$ 697,664</b>	<b>\$ -</b>	<b>\$ 83,069</b>	<b>\$ 874,433</b>

## CITY OF WORTHINGTON, MINNESOTA

EXHIBIT C-3

INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
For the Year Ended December 31, 2015

	Data Processing	Safety Promotion/ Loss Control	Vacation and Sick Accrual	Health Insurance Plan	Total Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from customers	\$ 258,798	\$ 344,240	\$ 55,509	\$ -	\$ 658,547
Cash payments to suppliers for goods and services	(39,769)	(68,726)	-	(68)	(108,563)
Cash payments to employees for services	(185,707)	-	-	-	(185,707)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ 33,322</b>	<b>\$ 275,514</b>	<b>\$ 55,509</b>	<b>\$ (68)</b>	<b>\$ 364,277</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfer-out	\$ -	\$ (200,000)	\$ -	\$ -	\$ (200,000)
<b>NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>\$ -</b>	<b>\$ (200,000)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (200,000)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition and construction of capital assets	\$ (43,087)	\$ -	\$ -	\$ -	\$ (43,087)
<b>NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>\$ (43,087)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (43,087)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest income	\$ 633	\$ 4,096	\$ -	\$ 19	\$ 4,748
Purchase of investments	(2,413)	(23,312)	(2,414)	-	(28,139)
Proceeds from sales of investments	2,960	19,733	-	65	22,758
<b>NET CASH PROVIDED (USED) INVESTING ACTIVITIES</b>	<b>\$ 1,180</b>	<b>\$ 517</b>	<b>\$ (2,414)</b>	<b>\$ 84</b>	<b>\$ (633)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>\$ (8,585)</b>	<b>\$ 76,031</b>	<b>\$ 53,095</b>	<b>\$ 16</b>	<b>\$ 120,557</b>
CASH AND CASH EQUIVALENTS, January 1	104,072	585,325	509,831	78,832	1,278,060
<b>CASH AND CASH EQUIVALENTS, December 31</b>	<b>\$ 95,487</b>	<b>\$ 661,356</b>	<b>\$ 562,926</b>	<b>\$ 78,848</b>	<b>\$ 1,398,617</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>					
Operating income(loss)	\$ 22,598	\$ 275,405	\$ -	\$ (68)	\$ 297,935
<b>ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>					
Depreciation	8,686	-	-	-	8,686
<b>CHANGE IN ASSETS AND LIABILITIES:</b>					
(Increase) in accounts receivable	-	(912)	-	-	(912)
(Increase) in prepaid expenses	(2)	-	-	-	(2)
Increase(decrease) in accounts payable	(646)	1,021	-	-	375
Increase in payroll payable	833	-	-	-	833
Increase in pension payable	1,853	-	-	-	1,853
Increase in accrued vacation and sick	-	-	55,509	-	55,509
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ 33,322</b>	<b>\$ 275,514</b>	<b>\$ 55,509</b>	<b>\$ (68)</b>	<b>\$ 364,277</b>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>					
Capital asset trade-ins	\$ -	\$ -	\$ -	\$ -	\$ -
Capital contributions-capital assets	-	-	-	-	-

## **AGENCY FUNDS**

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

Agency Funds presently established are as follows:

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

*City of*  
*Worthington*

*City of*  
*Worthington*



CITY OF WORTHINGTON, MINNESOTA

COMBINING STATEMENT OF NET POSITION  
 AGENCY FUNDS  
 December 31, 2015

	Olson Water	Retirees Health Insurance	Garbage Collection
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>			
Cash assets			
Cash and cash equivalents	\$ 71,144	\$ 3,441	\$ -
Investments	3,809	184	-
Receivables			
Utility receivable	-	-	108,964
Interest receivable	-	-	-
Economic revolving receivable	-	-	-
Economic revolving receivable L-T	-	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>TOTAL ASSETS</b>	<u>\$ 74,953</u>	<u>\$ 3,625</u>	<u>\$ 108,964</u>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ -	\$ 80,408
Health insurance premium payable	-	3,625	-
Due to other governments	-	-	6,391
Sureties/deposits	-	-	16,640
Amounts held for others	74,953	-	5,525
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>TOTAL LIABILITIES</b>	<u>\$ 74,953</u>	<u>\$ 3,625</u>	<u>\$ 108,964</u>

EXHIBIT D-1

Bicen- ten- nial	Waste Manage- ment	Salstrom Bequest	Tourism Promotion	Economic Revolving	Totals
\$ 8,316 445	\$ 6,972 373	\$ 11,711 627	\$ - -	\$ 1,207,432 64,640	\$ 1,309,016 70,078
- 15	- -	- 21	- -	- 2,179	108,964 2,215
- -	- -	- -	- -	53,151 285,681	53,151 285,681
<u>\$ 8,776</u>	<u>\$ 7,345</u>	<u>\$ 12,359</u>	<u>\$ -</u>	<u>\$ 1,613,083</u>	<u>\$ 1,829,105</u>
\$ - - - -	\$ 7,170 - - -	\$ - - - -	\$ - - - -	\$ - - - -	\$ 87,578 3,625 6,391 16,640
<u>8,776</u>	<u>175</u>	<u>12,359</u>	<u>-</u>	<u>1,613,083</u>	<u>1,714,871</u>
<u>\$ 8,776</u>	<u>\$ 7,345</u>	<u>\$ 12,359</u>	<u>\$ -</u>	<u>\$ 1,613,083</u>	<u>\$ 1,829,105</u>

## CITY OF WORTHINGTON, MINNESOTA

EXHIBIT D-2

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS  
For the Year Ended December 31, 2015

	Balance January 1, 2015	Additions	Deductions	Balance December 31, 2015
<u>OLSON WATER</u>				
Assets				
Cash and cash equivalents	\$ 58,654	\$ 21,040	\$ 8,550	\$ 71,144
Investments	3,189	1,070	450	3,809
Total assets	<u>\$ 61,843</u>	<u>\$ 22,110</u>	<u>\$ 9,000</u>	<u>\$ 74,953</u>
Liabilities				
Accounts payable	\$ -	\$ 9,000	\$ 9,000	\$ -
Amounts held for others	61,843	22,110	9,000	74,953
Total liabilities	<u>\$ 61,843</u>	<u>\$ 31,110</u>	<u>\$ 18,000</u>	<u>\$ 74,953</u>
<u>RETIREES HEALTH INSURANCE</u>				
Assets				
Cash and cash equivalents	\$ 3,438	\$ 3	\$ -	\$ 3,441
Investments	187	-	3	184
Total assets	<u>\$ 3,625</u>	<u>\$ 3</u>	<u>\$ 3</u>	<u>\$ 3,625</u>
Liabilities				
Health insurance premium payable	\$ 3,625	\$ -	\$ -	\$ 3,625
Total liabilities	<u>\$ 3,625</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,625</u>
<u>GARBAGE COLLECTION FUND</u>				
Assets				
Cash and cash equivalents	\$ -	\$ 1,091,454	\$ 1,091,454	\$ -
Utility receivable	47,971	1,142,229	1,081,236	108,964
Total assets	<u>\$ 47,971</u>	<u>\$ 2,233,683</u>	<u>\$ 2,172,690</u>	<u>\$ 108,964</u>
Liabilities				
Accounts payable	\$ 24,127	\$ 1,019,340	\$ 963,059	\$ 80,408
Due to other governments	6,349	77,301	77,259	6,391
Sureties/deposits	17,495	6,725	7,580	16,640
Amounts held for others	-	1,047,719	1,042,194	5,525
Total liabilities	<u>\$ 47,971</u>	<u>\$ 2,151,085</u>	<u>\$ 2,090,092</u>	<u>\$ 108,964</u>
<u>BICENTENNIAL FUND</u>				
Assets				
Cash and cash equivalents	\$ 8,260	\$ 56	\$ -	\$ 8,316
Investments	449	-	4	445
Interest receivable	9	7	1	15
Total assets	<u>\$ 8,718</u>	<u>\$ 63</u>	<u>\$ 5</u>	<u>\$ 8,776</u>
Liabilities				
Amounts held for others	\$ 8,718	\$ 58	\$ -	\$ 8,776
Total liabilities	<u>\$ 8,718</u>	<u>\$ 58</u>	<u>\$ -</u>	<u>\$ 8,776</u>

## CITY OF WORTHINGTON, MINNESOTA

(Continued)

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS

For the Year Ended December 31, 2015

	Balance January 1, 2015	Additions	Deductions	Balance December 31, 2015
<u>WASTE MANAGEMENT COLLECTION</u>				
Assets				
Cash and cash equivalents	\$ 6,944	\$ 81,642	\$ 81,614	\$ 6,972
Investments	377	4,368	4,372	373
Utility receivable	-	86,010	86,010	-
Total assets	<u>\$ 7,321</u>	<u>\$ 172,020</u>	<u>\$ 171,996</u>	<u>\$ 7,345</u>
Liabilities				
Accounts payable	\$ 7,142	\$ 86,014	\$ 85,986	\$ 7,170
Amounts held for others	179	86,010	86,014	175
Total liabilities	<u>\$ 7,321</u>	<u>\$ 172,024</u>	<u>\$ 172,000</u>	<u>\$ 7,345</u>
<u>SALSTROM BEQUEST</u>				
Assets				
Cash and cash equivalents	\$ 11,631	\$ 80	\$ -	\$ 11,711
Investments	633	-	6	627
Interest receivable	12	10	1	21
Total assets	<u>\$ 12,276</u>	<u>\$ 90</u>	<u>\$ 7</u>	<u>\$ 12,359</u>
Liabilities				
Amounts held for others	\$ 12,276	\$ 83	\$ -	\$ 12,359
Total liabilities	<u>\$ 12,276</u>	<u>\$ 83</u>	<u>\$ -</u>	<u>\$ 12,359</u>
<u>TOURISM PROMOTION</u>				
Assets				
Cash and cash equivalents	\$ 838	\$ 195,576	\$ 196,414	\$ -
Investments	45	-	45	-
Accounts receivable	9,106	9,183	18,289	-
Total assets	<u>\$ 9,989</u>	<u>\$ 204,759</u>	<u>\$ 214,748</u>	<u>\$ -</u>
Liabilities				
Accounts payable	\$ 9,989	\$ 204,974	\$ 214,963	\$ -
Amounts held for others	-	194,807	194,807	-
Total liabilities	<u>\$ 9,989</u>	<u>\$ 399,781</u>	<u>\$ 409,770</u>	<u>\$ -</u>

## CITY OF WORTHINGTON, MINNESOTA

(Continued)

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 For the Year Ended December 31, 2015

	Balance January 1, 2015	Additions	Deductions	Balance December 31, 2015
<u>ECONOMIC REVOLVING LOAN</u>				
Assets				
Cash and cash equivalents	\$ 1,133,387	\$ 87,787	\$ 13,742	\$ 1,207,432
Investments	61,628	4,620	1,608	64,640
Accounts receivable	9,058	53,513	62,571	-
Interest receivable	1,169	1,099	89	2,179
Economic revolving receivable	63,590	72,782	83,221	53,151
Economic revolving receivable L-T	329,602	20,892	64,813	285,681
Total assets	<u>\$ 1,598,434</u>	<u>\$ 240,693</u>	<u>\$ 226,044</u>	<u>\$ 1,613,083</u>
Liabilities				
Amounts held for others	\$ 1,598,434	\$ 15,753	\$ 1,104	\$ 1,613,083
Total liabilities	<u>\$ 1,598,434</u>	<u>\$ 15,753</u>	<u>\$ 1,104</u>	<u>\$ 1,613,083</u>
<u>TOTAL ALL AGENCY FUNDS</u>				
Assets				
Cash and cash equivalents	\$ 1,223,152	\$ 1,477,638	\$ 1,391,774	\$ 1,309,016
Investments	66,508	10,058	6,488	70,078
Accounts receivable	18,164	62,696	80,860	-
Utility receivable	47,971	1,228,239	1,167,246	108,964
Interest receivable	1,190	1,116	91	2,215
Economic revolving receivable	63,590	72,782	83,221	53,151
Economic revolving receivable L-T	329,602	20,892	64,813	285,681
Total assets	<u>\$ 1,750,177</u>	<u>\$ 2,873,421</u>	<u>\$ 2,794,493</u>	<u>\$ 1,829,105</u>
Liabilities				
Accounts payable	\$ 41,258	\$ 1,319,328	\$ 1,273,008	\$ 87,578
Health insurance premium payable	3,625	-	-	3,625
Due to other governments	6,349	77,301	77,259	6,391
Sureties/deposits	17,495	6,725	7,580	16,640
Amounts held for others	1,681,450	1,366,540	1,333,119	1,714,871
Total liabilities	<u>\$ 1,750,177</u>	<u>\$ 2,769,894</u>	<u>\$ 2,690,966</u>	<u>\$ 1,829,105</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

*City of*  
*Worthington*

CITY OF WORHTINGTON, MINNESOTA

Exhibit E-1

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

<b>Fiscal Year Ending</b>	<b>Statutorily Required Contributions (a)</b>	<b>Contributions in Relation to the Statutorily Required Contributions (b)</b>	<b>Contribution Deficiency (Excess) (a-b)</b>	<b>Covered Payroll** (d)</b>	<b>Contributions as a Percentage of Covered Payroll (b/d)</b>
December 31, 2015	\$ 302,420	\$ 302,420	\$ -	\$ 4,032,258	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 E-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%

\* 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 E-3

SCHEDULE OF CITY CONTRIBUTIONS  
 PUBLIC EMPLOYEES POLICE AND FIRE 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	\$ 252,712	\$ 252,712	\$ -	\$ 1,559,947	16.20%

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

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

CITY OF WORHTINGTON, MINNESOTA

Exhibit E-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%

\* 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."

# 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			
	2015	2014	2013	2012
Governmental activities				
Net investment in capital assets	\$ 48,492,325	\$ 46,964,381	\$ 45,162,900	\$ 38,057,000
Restricted	499,512	1,755,879	1,902,920	4,247,531
Unrestricted	29,910,983	33,810,768	32,834,830	37,076,263
Total governmental activities net position	<u>\$ 78,902,820</u>	<u>\$ 82,531,028</u>	<u>\$ 79,900,650</u>	<u>\$ 79,380,794</u>
Business-type activities				
Net investment in capital assets	\$ 58,444,053	\$ 58,409,545	\$ 59,044,651	\$ 58,627,468
Restricted	16,377,873	15,681,813	15,245,084	14,806,763
Unrestricted	19,388,144	19,010,682	18,493,561	15,817,256
Total business-type activities net position	<u>\$ 94,210,070</u>	<u>\$ 93,102,040</u>	<u>\$ 92,783,296</u>	<u>\$ 89,251,487</u>
Primary government				
Net investment in capital assets	\$ 106,936,378	\$ 105,373,926	\$ 104,207,551	\$ 96,684,468
Restricted	16,877,385	17,437,692	17,148,004	19,054,294
Unrestricted	49,299,127	52,821,450	51,328,391	52,893,519
Total primary government net position	<u>\$ 173,112,890</u>	<u>\$ 175,633,068</u>	<u>\$ 172,683,946</u>	<u>\$ 168,632,281</u>

TABLE I

2011	2010	2009	2008	2007	2006
\$ 35,414,757	\$ 31,708,983	\$ 31,657,220	\$ 27,618,040	\$ 24,275,243	\$ 23,274,192
4,939,220	6,104,522	8,131,864	2,441,907	4,736,676	4,407,115
<u>38,397,518</u>	<u>39,675,278</u>	<u>36,505,774</u>	<u>43,135,374</u>	<u>16,748,378</u>	<u>14,983,894</u>
<u>\$ 78,751,495</u>	<u>\$ 77,488,783</u>	<u>\$ 76,294,858</u>	<u>\$ 73,195,321</u>	<u>\$ 45,760,297</u>	<u>\$ 42,665,201</u>
\$ 53,648,644	\$ 53,251,656	\$ 51,646,552	\$ 46,622,205	\$ 42,675,452	\$ 42,354,602
13,877,814	14,965,433	12,633,815	13,043,967	14,804,662	11,183,868
<u>17,977,748</u>	<u>14,277,965</u>	<u>14,942,627</u>	<u>15,116,961</u>	<u>14,663,917</u>	<u>15,723,687</u>
<u>\$ 85,504,206</u>	<u>\$ 82,495,054</u>	<u>\$ 79,222,994</u>	<u>\$ 74,783,133</u>	<u>\$ 72,144,031</u>	<u>\$ 69,262,157</u>
\$ 89,063,401	\$ 84,960,639	\$ 83,303,772	\$ 74,240,245	\$ 66,950,695	\$ 65,628,794
18,817,034	21,069,955	20,765,679	15,485,874	19,541,338	15,590,983
<u>56,375,266</u>	<u>53,953,243</u>	<u>51,448,401</u>	<u>58,252,335</u>	<u>31,412,295</u>	<u>30,707,581</u>
<u>\$ 164,255,701</u>	<u>\$ 159,983,837</u>	<u>\$ 155,517,852</u>	<u>\$ 147,978,454</u>	<u>\$ 117,904,328</u>	<u>\$ 111,927,358</u>



## CITY OF WORTHINGTON, MINNESOTA

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

	Fiscal Year			
	2015	2014	2013	2012
<b>EXPENSES</b>				
Governmental activities:				
General government	\$ 2,436,264	\$ 1,975,297	\$ 1,914,185	\$ 1,976,096
Public safety	4,262,523	4,056,319	3,902,531	4,020,994
Public works	2,398,598	2,261,725	4,966,535	851,334
Culture and recreation	1,703,391	1,540,770	1,342,048	2,067,753
Conservation and development	704,712	615,851	819,208	551,663
Interest on long-term debt	382,164	494,122	543,567	606,216
Total governmental activities expenses	<u>\$ 11,887,652</u>	<u>\$ 10,944,084</u>	<u>\$ 13,488,074</u>	<u>\$ 10,074,056</u>
Business-type activities:				
Water	\$ 2,669,252	\$ 2,849,765	\$ 2,246,012	\$ 1,841,521
Municipal Wastewater	1,575,148	1,552,144	1,574,900	1,508,029
Electric	19,370,140	17,738,999	16,624,300	16,836,791
Industrial Wastewater Facility	1,644,558	1,675,000	1,643,566	1,714,697
Storm Water Management	303,938	273,418	229,320	224,288
Street Lighting	148,450	124,409	110,096	112,906
Liquor	3,164,181	3,003,084	2,813,698	2,677,525
Parking Systems <sup>1</sup>	-	-	-	-
Airport	700,870	695,305	584,484	730,376
Memorial Auditorium <sup>2</sup>	-	-	250,718	214,584
Cable Television	149,487	157,876	154,328	152,698
Total business-type activities expenses	<u>\$ 29,726,024</u>	<u>\$ 28,070,000</u>	<u>\$ 26,231,422</u>	<u>\$ 26,013,415</u>
Total primary government expenses	<u>\$ 41,613,676</u>	<u>\$ 39,014,084</u>	<u>\$ 39,719,496</u>	<u>\$ 36,087,471</u>
<b>PROGRAM REVENUES</b>				
Governmental activities:				
Charges for services:				
General government	\$ 667,173	\$ 537,195	\$ 646,428	\$ 584,874
Public safety	277,256	293,387	307,022	294,135
Public works	143,169	115,690	120,586	142,724
Culture and recreation	205,963	247,482	176,252	172,291
Operating grants and contributions	952,580	917,054	3,470,885	677,220
Capital grants and contributions	-	78,932	2,051,302	2,107,363
Total governmental activities program revenues	<u>\$ 2,246,141</u>	<u>\$ 2,189,740</u>	<u>\$ 6,772,475</u>	<u>\$ 3,978,607</u>
Business-type activities:				
Charges for services:				
Water	\$ 3,795,799	\$ 3,625,569	\$ 3,312,719	\$ 2,971,815
Municipal Wastewater	2,064,250	1,960,337	2,045,198	2,156,267
Electric	20,351,158	18,882,006	18,086,277	17,820,190
Industrial Wastewater Facility	1,562,248	1,577,378	1,656,235	1,749,232
Storm Water Management	561,735	559,478	556,675	532,718
Street Lighting	267,924	256,645	255,674	254,460
Liquor	3,642,919	3,449,343	3,261,540	3,093,924
Parking Systems <sup>1</sup>	-	-	-	-
Airport	160,692	193,477	189,432	173,748
Memorial Auditorium <sup>2</sup>	-	-	52,849	56,617
Cable Television	149,487	157,876	154,328	152,698
Operating grants and contributions	77,383	78,608	60,469	76,437
Capital grants and contributions	475,566	211,971	553,266	266,867
Total business-type activities program revenues	<u>\$ 33,109,161</u>	<u>\$ 30,952,688</u>	<u>\$ 30,184,662</u>	<u>\$ 29,304,973</u>
Total primary government program revenues	<u>\$ 35,355,302</u>	<u>\$ 33,142,428</u>	<u>\$ 36,957,137</u>	<u>\$ 33,283,580</u>
<b>NET (EXPENSE)/REVENUE</b>				
Governmental activities	\$ (9,641,511)	\$ (8,754,344)	\$ (6,715,599)	\$ (6,095,449)
Business-type activities	<u>3,383,137</u>	<u>2,882,688</u>	<u>3,953,240</u>	<u>3,291,558</u>
Total primary government net expense	<u>\$ (6,258,374)</u>	<u>\$ (5,871,656)</u>	<u>\$ (2,762,359)</u>	<u>\$ (2,803,891)</u>

TABLE II

	2011	2010	2009	2008	2007	2006
\$	1,745,298	\$ 1,674,832	\$ 1,892,713	\$ 2,261,590	\$ 1,710,846	\$ 1,482,519
	4,107,495	3,647,508	3,831,705	3,530,668	3,451,539	3,062,824
	2,229,452	2,407,031	2,365,662	2,300,309	1,987,104	2,334,377
	1,205,574	997,279	1,212,834	1,174,547	1,024,237	1,004,838
	819,347	1,065,831	684,397	417,781	564,786	518,849
	357,449	355,472	300,192	362,350	271,581	295,104
\$	<u>10,464,615</u>	<u>\$ 10,147,953</u>	<u>\$ 10,287,503</u>	<u>\$ 10,047,245</u>	<u>\$ 9,010,093</u>	<u>\$ 8,698,511</u>
\$	1,860,466	\$ 1,702,662	\$ 1,654,522	\$ 1,647,977	\$ 1,521,390	\$ 1,459,158
	2,186,438	1,940,717	1,935,773	1,857,269	1,754,812	1,683,831
	16,248,417	15,544,676	13,509,070	11,909,442	11,339,236	10,318,207
	1,985,155	1,944,166	2,314,086	2,068,749	1,937,269	1,829,470
	230,326	238,121	236,413	213,548	189,099	183,483
	246,017	75,141	-	-	-	-
	2,513,699	2,240,024	2,156,194	2,052,909	1,876,898	1,665,351
	-	-	-	-	-	4,630
	748,282	718,246	716,211	710,469	667,783	614,184
	168,205	102,290	97,283	119,606	110,593	112,869
	129,904	132,304	130,701	128,088	120,101	106,069
\$	<u>26,316,909</u>	<u>\$ 24,638,347</u>	<u>\$ 22,750,253</u>	<u>\$ 20,708,057</u>	<u>\$ 19,517,181</u>	<u>\$ 17,977,252</u>
\$	<u>36,781,524</u>	<u>\$ 34,786,300</u>	<u>\$ 33,037,756</u>	<u>\$ 30,755,302</u>	<u>\$ 28,527,274</u>	<u>\$ 26,675,763</u>
\$	833,647	\$ 780,941	\$ 709,382	\$ 755,472	\$ 735,919	\$ 753,385
	267,157	275,459	309,564	236,922	228,043	171,333
	163,874	155,453	143,447	146,051	139,434	143,530
	191,537	310,379	330,032	331,394	321,742	334,763
	726,488	1,026,464	887,580	581,875	800,229	764,758
	1,963,644	1,561,025	1,038,066	950,586	935,622	1,956,234
\$	<u>4,146,347</u>	<u>\$ 4,109,721</u>	<u>\$ 3,418,071</u>	<u>\$ 3,002,300</u>	<u>\$ 3,160,989</u>	<u>\$ 4,124,003</u>
\$	2,921,207	\$ 2,758,328	\$ 2,736,111	\$ 2,620,829	\$ 2,511,375	\$ 2,377,562
	2,193,413	2,089,166	2,090,424	1,967,024	1,982,921	1,884,130
	17,620,269	16,342,512	14,121,035	12,840,296	12,665,265	11,675,991
	1,776,205	1,896,879	2,789,298	2,249,751	2,249,211	2,154,564
	510,434	488,379	469,259	444,196	407,296	385,438
	254,236	63,347	-	-	-	-
	2,833,232	2,596,519	2,403,857	2,292,461	2,106,727	1,864,264
	-	-	-	-	-	4,700
	99,063	102,236	105,641	96,902	76,008	61,248
	46,590	16,240	33,234	32,765	29,441	31,903
	129,904	132,304	130,701	128,088	120,101	106,069
	329,421	62,263	66,519	82,513	71,442	90,056
	59,076	684,477	2,696,475	187,719	12,703	1,987,737
\$	<u>28,773,050</u>	<u>\$ 27,232,650</u>	<u>\$ 27,642,554</u>	<u>\$ 22,942,544</u>	<u>\$ 22,232,490</u>	<u>\$ 22,623,662</u>
\$	<u>32,919,397</u>	<u>\$ 31,342,371</u>	<u>\$ 31,060,625</u>	<u>\$ 25,944,844</u>	<u>\$ 25,393,479</u>	<u>\$ 26,747,665</u>
\$	(6,318,268)	\$ (6,038,232)	\$ (6,869,432)	\$ (7,044,945)	\$ (5,849,104)	\$ (4,574,508)
	2,456,141	2,594,303	4,892,301	2,234,487	2,715,309	4,646,410
\$	<u>(3,862,127)</u>	<u>\$ (3,443,929)</u>	<u>\$ (1,977,131)</u>	<u>\$ (4,810,458)</u>	<u>\$ (3,133,795)</u>	<u>\$ 71,902</u>

CITY OF WORTHINGTON, MINNESOTA

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

	Fiscal Year			
	2015	2014	2013	2012
<b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</b>				
Governmental activities:				
Taxes				
Property taxes	\$ 3,195,394	\$ 3,153,050	\$ 3,060,826	\$ 2,995,073
Sales taxes	826,979	786,320	770,201	763,967
Gambling taxes	5,555	5,097	3,960	4,423
Tax increment fees	204,731	154,260	109,958	111,347
Unrestricted grants and contributions	3,167,052	3,126,305	2,721,740	2,721,725
Investment earnings	450,408	393,033	423,560	294,788
Other	648,847	636,901	400,027	486,323
Proceeds from sale of capital assets	120,191	151,808	104,343	5,215
Transfers	794,975	1,496,836	665,789	(87,100)
<b>Total governmental activities</b>	<b>\$ 9,414,132</b>	<b>\$ 9,903,610</b>	<b>\$ 8,260,404</b>	<b>\$ 7,295,761</b>
Business-type activities:				
Taxes				
Property taxes	\$ 9,800	\$ 11	\$ 66,544	\$ 66,337
Unrestricted grants and contributions	-	-	-	-
Investment earnings	262,720	214,562	131,404	82,313
Other	9,427	290,655	174,411	232,280
Proceeds from sale of capital assets	32,939	7,787	26,500	9,000
Transfers	(794,975)	(1,496,836)	(665,789)	87,100
<b>Total business-type activities</b>	<b>\$ (480,089)</b>	<b>\$ (983,821)</b>	<b>\$ (266,930)</b>	<b>\$ 477,030</b>
<b>Total primary government</b>	<b>\$ 8,934,043</b>	<b>\$ 8,919,789</b>	<b>\$ 7,993,474</b>	<b>\$ 7,772,791</b>
<b>CHANGES IN NET POSITION</b>				
Governmental activities	\$ (227,379)	\$ 1,149,266	\$ 1,544,805	\$ 1,200,312
Business-type activities	2,903,048	1,898,867	3,686,310	3,768,588
<b>Total primary government</b>	<b>\$ 2,675,669</b>	<b>\$ 3,048,133</b>	<b>\$ 5,231,115</b>	<b>\$ 4,968,900</b>

<sup>1</sup>Starting in 2007 the parking systems activity is accounted for in the general fund.

<sup>2</sup>Starting in 2014 the Memorial Auditorium activity is accounted for in the general fund.

TABLE II

	2011	2010	2009	2008	2007	2006
\$	2,416,355	\$ 2,266,448	\$ 2,285,040	\$ 2,193,251	\$ 2,136,937	\$ 2,234,147
	740,382	681,830	417,110	-	-	-
	5,604	4,741	4,184	5,628	6,725	6,305
	670,833	645,056	591,277	554,856	578,353	507,332
	2,789,924	2,789,765	3,220,434	3,132,132	3,242,919	2,871,207
	578,896	446,893	610,922	919,195	725,867	578,110
	496,586	641,694	1,816,309	567,262	363,259	452,845
	3,600	2,795	8,400	45,693	11,555	-
	127,090	(393,718)	757,264	667,211	621,342	672,583
\$	<u>7,829,270</u>	<u>\$ 7,085,504</u>	<u>\$ 9,710,940</u>	<u>\$ 8,085,228</u>	<u>\$ 7,686,957</u>	<u>\$ 7,322,529</u>
\$	50,133	\$ 49,272	\$ 53,407	\$ 94,373	\$ 49,344	\$ 51,251
	1,501	1,658	6,002	10,545	5,734	-
	216,205	151,351	172,283	764,189	1,345,856	1,054,369
	515,750	61,269	48,228	254,736	48,333	118,038
	-	44,143	2,500	10,659	14,307	18,233
	(127,090)	393,718	(757,264)	(667,211)	(621,342)	(672,583)
\$	<u>656,499</u>	<u>\$ 701,411</u>	<u>\$ (474,844)</u>	<u>\$ 467,291</u>	<u>\$ 842,232</u>	<u>\$ 569,308</u>
\$	<u>8,485,769</u>	<u>\$ 7,786,915</u>	<u>\$ 9,236,096</u>	<u>\$ 8,552,519</u>	<u>\$ 8,529,189</u>	<u>\$ 7,891,837</u>
\$	1,511,002	\$ 1,047,272	\$ 2,841,508	\$ 1,040,283	\$ 1,837,853	\$ 2,748,021
	3,112,640	3,295,714	4,417,457	2,701,778	3,557,541	5,215,718
\$	<u>4,623,642</u>	<u>\$ 4,342,986</u>	<u>\$ 7,258,965</u>	<u>\$ 3,742,061</u>	<u>\$ 5,395,394</u>	<u>\$ 7,963,739</u>

CITY OF WORTHINGTON, MINNESOTA

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

	Fiscal Year			
	2015*	2014*	2013*	2012*
General Fund				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-
Nonspendable	376,609	382,782	330,728	462,137
Restricted	1,281	1,281	1,281	1,281
Committed	2,970,656	2,782,328	2,661,776	2,643,033
Assigned	912,662	1,075,652	1,115,799	983,590
Unassigned	4,201,047	4,216,095	1,934,032	1,536,217
Total general fund	\$ 8,462,255	\$ 8,458,138	\$ 6,043,616	\$ 5,626,258
All Other Governmental Funds				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:				
Special revenue funds	-	-	-	-
Debt service funds	-	-	-	-
Capital projects funds	-	-	-	-
Nonspendable	26,763	27,704	26,723	32,835
Restricted	2,054,199	3,310,668	3,460,960	4,416,890
Committed	10,562,543	10,227,310	10,990,300	14,395,156
Assigned	11,033,347	11,396,981	11,524,446	11,570,049
Unassigned	(644,751)	(686,208)	(280,069)	(291,267)
Total all other governmental funds	\$ 23,032,101	\$ 24,276,455	\$ 25,722,360	\$ 30,123,663
Total Governmental Funds				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-
Nonspendable	403,372	410,486	357,451	494,972
Restricted	2,055,480	3,311,949	3,462,241	4,418,171
Committed	13,533,199	13,009,638	13,652,076	17,038,189
Assigned	11,946,009	12,472,633	12,640,245	12,553,639
Unassigned	3,556,296	3,529,887	1,653,963	1,244,950
Total governmental funds	\$ 31,494,356	\$ 32,734,593	\$ 31,765,976	\$ 35,749,921
All governmental funds percentage change	-3.79%	3.05%	-11.14%	-3.02%

\* 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

2011*	2010	2009	2008	2007	2006
\$ -	\$ 2,926,586	\$ 2,951,222	\$ 2,653,486	\$ 3,324,683	\$ 3,145,212
-	1,575,108	1,416,767	1,675,271	1,584,793	1,710,848
474,266	-	-	-	-	-
1,281	-	-	-	-	-
2,326,622	-	-	-	-	-
916,624	-	-	-	-	-
1,171,686	-	-	-	-	-
<u>\$ 4,890,479</u>	<u>\$ 4,501,694</u>	<u>\$ 4,367,989</u>	<u>\$ 4,328,757</u>	<u>\$ 4,909,476</u>	<u>\$ 4,856,060</u>
\$ -	\$ 16,953,126	\$ 16,862,686	\$ 3,566,711	\$ 5,743,188	\$ 5,363,536
-	9,053,518	9,404,977	25,519,013	(333,003)	180,976
-	4,142,714	2,868,309	2,906,956	7,839	(6,771)
-	4,303,468	4,377,343	2,644,667	4,872,095	3,603,625
32,409	-	-	-	-	-
4,937,939	-	-	-	-	-
13,911,915	-	-	-	-	-
13,421,906	-	-	-	-	-
(332,835)	-	-	-	-	-
<u>\$ 31,971,334</u>	<u>\$ 34,452,826</u>	<u>\$ 33,513,315</u>	<u>\$ 34,637,347</u>	<u>\$ 10,290,119</u>	<u>\$ 9,141,366</u>
\$ -	\$ 19,879,712	\$ 19,813,908	\$ 6,220,197	\$ 9,067,871	\$ 8,508,748
-	19,074,808	18,067,396	32,745,907	6,131,724	5,488,678
506,675	-	-	-	-	-
4,939,220	-	-	-	-	-
16,238,537	-	-	-	-	-
14,338,530	-	-	-	-	-
838,851	-	-	-	-	-
<u>\$ 36,861,813</u>	<u>\$ 38,954,520</u>	<u>\$ 37,881,304</u>	<u>\$ 38,966,104</u>	<u>\$ 15,199,595</u>	<u>\$ 13,997,426</u>
-5.37%	2.83%	-2.78%	156.36%	8.59%	-15.42%

CITY OF WORTHINGTON, MINNESOTA

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

	Fiscal Year			
	2015	2014	2013	2012
<b>REVENUES</b>				
Taxes (see Table VI)	\$ 4,298,838	\$ 4,124,664	\$ 3,977,376	\$ 3,914,244
Licenses, fees and permits	268,803	248,953	207,094	287,790
Fines and penalties	111,998	122,973	122,693	111,241
Charges for services	790,568	787,952	747,617	751,772
Special assessments	388,988	282,747	379,978	331,011
Intergovernmental	4,105,232	4,122,291	8,243,927	5,506,308
Investment earnings	445,057	388,563	420,769	292,960
Other revenues	382,051	388,030	192,933	198,533
<b>Total revenues</b>	<b>\$ 10,791,535</b>	<b>\$ 10,466,173</b>	<b>\$ 14,292,387</b>	<b>\$ 11,393,859</b>
<b>EXPENDITURES</b>				
General government	\$ 2,301,690	\$ 1,883,574	\$ 1,912,412	\$ 1,837,852
Public safety	4,007,798	4,012,697	3,963,496	6,329,730
Public works	967,061	769,468	3,403,318	606,923
Culture and recreation	1,209,344	1,240,707	3,745,753	2,806,145
Conservation and development	621,232	533,539	788,651	770,097
Capital outlay	975,289	1,213,879	2,970,908	3,042,381
Debt service				
Principal	2,785,000	1,530,000	2,220,000	2,055,000
Interest	221,369	279,213	286,201	322,215
Miscellaneous	77,716	59,930	56,613	138,110
<b>Total expenditures</b>	<b>\$ 13,166,499</b>	<b>\$ 11,523,007</b>	<b>\$ 19,347,352</b>	<b>\$ 17,908,453</b>
<b>Excess of revenues under expenditures</b>	<b>\$ (2,374,964)</b>	<b>\$ (1,056,834)</b>	<b>\$ (5,054,965)</b>	<b>\$ (6,514,594)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond proceeds	\$ -	\$ -	\$ -	\$ 2,995,049
Refunding bond proceeds	-	-	-	2,274,951
Premium on refunding bonds	-	-	-	15,918
Payments on refunded bonds	-	-	-	(1,331)
Sale of capital asset	139,752	186,859	205,231	5,215
Transfers in	1,749,711	3,607,807	4,922,536	4,666,250
Transfers out	(754,736)	(1,910,971)	(4,056,747)	(4,553,350)
<b>Total other financing sources (uses)</b>	<b>\$ 1,134,727</b>	<b>\$ 1,883,695</b>	<b>\$ 1,071,020</b>	<b>\$ 5,402,702</b>
<b>Net change in fund balance</b>	<b>\$ (1,240,237)</b>	<b>\$ 826,861</b>	<b>\$ (3,983,945)</b>	<b>\$ (1,111,892)</b>
Debt service as a percentage of noncapital expenditures	25.04%	18.12%	18.16%	23.35%

TABLE IV

2011	2010	2009	2008	2007	2006
\$ 3,859,969	\$ 3,634,866	\$ 3,298,987	\$ 2,773,810	\$ 2,743,175	\$ 2,784,597
230,171	253,126	206,291	283,058	208,510	223,459
99,912	117,772	143,403	164,010	159,414	154,550
804,124	909,643	890,997	868,737	828,990	762,315
551,226	478,472	435,096	435,130	434,167	484,302
5,481,009	5,216,561	5,146,080	4,664,595	4,978,770	5,601,323
574,133	444,283	607,693	899,144	685,047	537,585
266,415	388,568	1,603,568	284,204	154,749	227,387
<u>\$ 11,866,959</u>	<u>\$ 11,443,291</u>	<u>\$ 12,332,115</u>	<u>\$ 10,372,688</u>	<u>\$ 10,192,822</u>	<u>\$ 10,775,518</u>
\$ 1,590,218	\$ 1,619,147	\$ 1,724,634	\$ 2,190,517	\$ 1,590,915	\$ 1,460,546
5,833,843	3,954,150	3,630,920	3,791,054	3,352,806	3,058,151
738,945	1,023,849	1,284,781	1,256,277	1,216,150	1,122,066
1,658,566	970,707	1,178,042	1,212,251	1,065,140	981,567
1,912,003	884,365	1,499,763	333,010	1,685,260	527,254
1,094,539	2,367,026	6,532,406	3,433,870	2,214,272	3,414,172
995,000	810,000	805,000	640,000	645,000	640,000
357,449	355,472	299,497	365,654	274,058	302,847
59,504	100,827	84,444	45,376	96,297	47,851
<u>\$ 14,240,067</u>	<u>\$ 12,085,543</u>	<u>\$ 17,039,487</u>	<u>\$ 13,268,009</u>	<u>\$ 12,139,898</u>	<u>\$ 11,554,454</u>
<u>\$ (2,373,108)</u>	<u>\$ (642,252)</u>	<u>\$ (4,707,372)</u>	<u>\$ (2,895,321)</u>	<u>\$ (1,947,076)</u>	<u>\$ (778,936)</u>
\$ -	\$ 814,195	\$ 2,710,000	\$ -	\$ 2,220,000	\$ -
-	1,075,805	-	-	2,150,000	-
-	15,236	20,408	-	18,687	-
-	-	-	-	(2,150,000)	-
3,600	3,950	14,900	4,650	11,555	6,750
4,984,797	3,664,835	6,986,591	1,034,534	989,037	1,437,646
(4,707,996)	(3,858,553)	(6,109,327)	(213,823)	(167,695)	(417,355)
<u>\$ 280,401</u>	<u>\$ 1,715,468</u>	<u>\$ 3,622,572</u>	<u>\$ 825,361</u>	<u>\$ 3,071,584</u>	<u>\$ 1,027,041</u>
<u>\$ (2,092,707)</u>	<u>\$ 1,073,216</u>	<u>\$ (1,084,800)</u>	<u>\$ (2,069,960)</u>	<u>\$ 1,124,508</u>	<u>\$ 248,105</u>
13.86%	12.40%	11.82%	10.76%	10.79%	11.34%



CITY OF WORTHINGTON, MINNESOTA

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

FUNCTION/PROGRAM	Program Revenues			
	2015	2014	2013	2012
Governmental activities:				
General government	\$ 667,173	\$ 537,195	\$ 646,428	\$ 584,874
Public Safety	787,358	832,239	816,688	761,964
Public works	305,767	396,650	4,715,247	1,842,990
Culture and recreation	294,870	266,242	211,915	230,042
Conservation and development	190,973	157,414	382,197	558,737
Subtotal governmental activities	<u>\$ 2,246,141</u>	<u>\$ 2,189,740</u>	<u>\$ 6,772,475</u>	<u>\$ 3,978,607</u>
Business-type activities:				
Water	\$ 3,795,799	\$ 3,625,569	\$ 3,312,719	\$ 2,971,815
Municipal Wastewater	2,064,250	1,960,337	2,045,198	2,168,165
Electric	20,351,158	18,882,006	18,086,277	17,820,190
Industrial Wastewater Facility	1,562,248	1,577,378	1,656,235	1,749,232
Storm Water Management	561,735	564,646	556,675	532,718
Street Lighting	267,924	256,645	255,674	254,460
Liquor	3,642,919	3,449,343	3,261,540	3,093,924
Parking Systems <sup>1</sup>	-	-	-	-
Airport	713,641	478,888	803,163	505,154
Memorial Auditorium <sup>2</sup>	-	-	52,853	56,617
Cable Television	149,487	157,876	154,328	152,698
Subtotal business-type activities	<u>\$ 33,109,161</u>	<u>\$ 30,952,688</u>	<u>\$ 30,184,662</u>	<u>\$ 29,304,973</u>
Total primary government	<u>\$ 35,355,302</u>	<u>\$ 33,142,428</u>	<u>\$ 36,957,137</u>	<u>\$ 33,283,580</u>

<sup>1</sup>Starting in 2007 the parking systems activity is accounted for in general fund.

<sup>2</sup>Starting in 2014 the Memorial Auditorium activity is accounted for in the general fund.

TABLE V

2011	2010	2009	2008	2007	2006
\$ 833,647	\$ 780,941	\$ 709,382	\$ 755,472	\$ 735,919	\$ 753,385
1,206,617	759,146	743,851	712,207	687,932	507,541
430,512	1,795,097	1,263,360	1,173,978	1,148,073	2,176,504
248,880	343,712	330,032	335,118	326,567	359,588
1,426,691	430,825	371,446	25,525	262,498	326,985
<u>\$ 4,146,347</u>	<u>\$ 4,109,721</u>	<u>\$ 3,418,071</u>	<u>\$ 3,002,300</u>	<u>\$ 3,160,989</u>	<u>\$ 4,124,003</u>
\$ 2,921,207	\$ 2,808,413	\$ 2,736,111	\$ 2,620,829	\$ 2,511,375	\$ 2,377,562
2,193,413	2,139,251	2,097,479	1,967,024	1,982,921	1,884,130
17,886,531	16,392,597	14,121,035	12,840,296	12,665,265	11,675,991
1,776,205	1,896,879	2,789,298	2,249,751	2,249,211	2,154,564
510,434	488,379	469,259	444,196	407,296	385,438
254,236	63,347	-	-	-	-
2,833,232	2,596,519	2,403,857	2,292,461	2,106,727	1,864,264
-	-	-	-	-	4,700
221,298	593,411	2,861,580	367,134	160,153	2,139,041
46,590	121,550	33,234	32,765	29,441	31,903
129,904	132,304	130,701	128,088	120,101	106,069
<u>\$ 28,773,050</u>	<u>\$ 27,232,650</u>	<u>\$ 27,642,554</u>	<u>\$ 22,942,544</u>	<u>\$ 22,232,490</u>	<u>\$ 22,623,662</u>
<u>\$ 32,919,397</u>	<u>\$ 31,342,371</u>	<u>\$ 31,060,625</u>	<u>\$ 25,944,844</u>	<u>\$ 25,393,479</u>	<u>\$ 26,747,665</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<sup>1</sup></u>	<u>Gambling</u>	<u>Tax Increment Fees</u>	<u>Total</u>
2006	\$ 2,270,960	\$ -	\$ 6,305	\$ 507,332	\$ 2,784,597
2007	2,158,097	-	6,725	578,353	2,743,175
2008	2,213,326	-	5,628	554,856	2,773,810
2009	2,286,416	417,110	4,184	591,277	3,298,987
2010	2,303,239	681,830	4,741	645,056	3,634,866
2011	2,443,150	740,382	5,604	670,833	3,859,969
2012	3,034,507	763,967	4,423	111,347	3,914,244
2013	3,093,257	770,201	3,960	109,958	3,977,376
2014	3,178,987	786,320	5,097	154,260	4,124,664
2015	3,261,573	826,979	5,555	204,731	4,298,838
Percentage of Change 2006-2015	43.62%	-	-11.90%	-59.65%	54.38%

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

*City of*  
*Worthington*

CITY OF WORTHINGTON, MINNESOTA

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

<u>Fiscal Year</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Industrial Property</u>	<u>Agricultural Property</u>
2006	\$ 306,245,600	\$ 80,449,600	\$ 29,948,700	\$ 2,533,400
2007	335,554,500	89,746,100	24,438,200	3,502,600
2008	364,599,800	97,219,200	25,557,100	3,678,800
2009	363,623,800	91,887,600	26,831,400	3,049,400
2010	369,085,600	96,022,500	36,048,400	4,883,300
2011	396,185,400	104,235,700	31,213,000	4,441,800
2012	397,757,400	104,750,600	32,488,000	4,406,300
2013	399,506,700	119,312,500	32,203,200	4,964,700
2014	346,642,400	115,176,063	32,378,200	3,669,700
2015	349,803,500	114,904,100	32,090,500	3,474,400

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.

<sup>1</sup>Includes 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 Capacity<sup>1</sup> as a Percentage of Estimated Market Value</u>
\$ 109,212,700	\$ 309,964,600	50.263 %	\$ 426,496,800	98.284 %
109,212,700	344,028,700	52.117	453,241,400	100.000
109,212,700	381,842,200	51.429	491,054,900	100.000
103,212,700	382,179,500	48.866	488,129,000	99.439
129,915,800	376,124,000	49.880	495,080,000	102.214
129,915,800	406,160,100	50.951	459,745,500	116.603
129,915,800	409,486,500	55.211	463,760,000	116.311
129,915,800	426,071,300	55.796	546,946,000	101.653
129,915,800	367,950,563	52.775	556,125,000	89.524
65,243,900	435,028,600	52.991	577,896,400	86.568

CITY OF WORTHINGTON, MINNESOTA

PROPERTY TAX RATES  
 DIRECT AND OVERLAPPING<sup>1</sup> GOVERNMENTS  
 LAST TEN YEARS  
 (Unaudited)

Fiscal Year	City of Worthington			Overlapping Rates <sup>1</sup> 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
2006	35.606 %	14.657 %	50.263 %	46.796 %	9.454 %	1.275 %	54.975 %
2007	37.268	14.849	52.117	46.926	8.407	1.255	54.078
2008	37.030	14.399	51.429	46.480	7.415	1.189	52.706
2009	36.028	12.838	48.866	43.850	6.683	1.111	49.422
2010	33.450	16.430	49.880	33.450	5.904	1.107	38.247
2011	33.238	17.713	50.951	37.039	5.514	1.096	41.457
2012	37.998	17.213	55.211	36.461	5.086	1.117	40.430
2013	40.567	15.229	55.796	31.961	4.420	1.116	35.265
2014	37.654	15.091	52.745	31.010	0.677	-	31.687
2015	36.589	16.402	52.991	26.638	3.124	1.010	28.752

Source: Department of Assessor, Nobles County

<sup>1</sup>Overlapping 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
6.621 %	19.580 %	1.601 %	24.600 %	3.797 %	133.635 %
10.281	18.070	1.575	26.776	3.870	136.841
9.326	16.309	1.492	24.143	4.041	132.319
9.191	13.729	1.395	21.525	4.159	123.972
7.666	18.113	1.385	24.394	4.081	116.602
4.462	14.399	1.369	17.492	4.081	113.981
5.849	17.507	1.395	21.961	4.221	121.823
8.378	13.787	1.395	20.770	4.128	115.959
14.389	11.268	-	25.657	2.262	112.351
5.273	10.572	1.262	14.583	4.042	100.368



## CITY OF WORTHINGTON, MINNESOTA

TABLE IX

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

Taxpayer	2015			2006		
	Tax Capacity	Rank	Percentage of Total Tax Capacity	Tax Capacity	Rank	Percentage of Total Tax Capacity
Swift & Company	\$ 278,990	1	4.37 %	\$ 257,702	1	5.15 %
Avera McKennan	271,550	2	4.26	-		-
Wal-Mart Stores Inc	127,316	3	2.00	111,464	2	2.23
Hurd Worthington LLC	85,900	4	1.35	-		-
Bedford Industries	84,992	5	1.33	-		-
Merck & Co. <sup>1</sup>	83,528	6	1.31	84,382	3	1.69
Meadows of Worthington, LLC	76,308	7	1.20	42,589	5	0.85
Worthington Hotel Group, LLC	70,496	8	1.10	-		-
Newport Laboratories, Inc	62,969	9	0.99	35,958	10	0.72
Prairie Holdings Group Real	61,689	10	0.97	-		-
Utilicorp United, Inc.	-		-	37,458	8	0.75
Developers Diversified	-		-	74,688	4	1.49
First State Bank of Rushmore	-		-	37,768	7	0.75
Worthington Ventures, LLC	-		-	37,196	9	0.74
Sioux Valley Hospitals & Health Care Systems	-		-	40,142	6	0.80
Totals	<u>\$ 1,203,738</u>		<u>18.87 %</u>	<u>\$ 759,347</u>		<u>15.17 %</u>

<sup>1</sup>This business was formerly called Intervet, Inc.

Source: Department of Assessor, Nobles County

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

TABLE X

YEAR	TAXES <sup>1</sup> LEVIED	COLLECTED WITHIN THE YEAR OF THE LEVY		COLLECTIONS IN SUBSEQUENT YEARS	TOTAL COLLECTIONS TO DATE	
		AMOUNT	PERCENT OF LEVY		AMOUNT	PERCENT OF LEVY
2006	\$ 2,316,559	\$ 2,296,506	99.13 %	\$ 20,053	\$ 2,316,559	100.00 %
2007	2,203,285	2,180,984	98.99	22,301	2,203,285	100.00
2008	2,296,330	2,290,200	99.73	6,130	2,296,330	100.00
2009	2,341,582	2,297,200	98.10	40,002	2,337,202	99.81
2010	2,402,542	2,368,752	98.59	24,938	2,393,690	99.63
2011	2,482,911	2,421,906	97.54	37,647	2,459,553	99.06
2012	3,085,427	3,046,768	98.75	38,659	3,085,427	100.00
2013	3,147,136	3,095,324	98.35	48,563	3,143,887	99.90
2014	3,175,460	3,132,956	98.66	38,157	3,171,113	99.86
2015	3,262,150	3,235,927	99.20	-	3,235,927	99.20

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

SOURCE: Finance Department, City of Worthington

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

YEAR	GOVERNMENTAL ACTIVITIES				BUSINESS-TYPE ACTIVITIES			
	GENERAL OBLIGATION BONDS	TAX INCREMENT BONDS	PUBLIC FACILITY LEASE BONDS	SALES TAX REVENUE BONDS	GENERAL OBLIGATION BONDS <sup>1</sup>	ELECTRIC REVENUE BONDS	CAPITAL LEASES	GENERAL OBLIGATION REVENUE NOTE
2006	\$ 5,865,000	\$ 85,000	\$ 975,000	\$ -	\$ 5,080,000	\$ 1,910,000	\$ 603,102	\$ -
2007	7,495,000	80,000	925,000	-	4,240,000	1,760,000	2,067,554	3,060,000
2008	6,915,000	75,000	870,000	-	3,365,000	1,600,000	144,988	2,960,000
2009	8,880,000	70,000	815,000	-	2,460,000	1,435,000	118,827	2,860,000
2010	10,030,000	60,000	755,000	-	2,660,000	1,260,000	91,319	2,750,000
2011	9,105,000	50,000	695,000	-	1,795,000	1,085,000	62,394	2,640,000
2012	10,325,000	40,000	-	2,700,000	1,015,000	880,000	31,980	2,520,000
2013	8,552,338	30,000	-	2,312,862	875,000	677,276	-	2,395,000
2014	7,543,982	20,000	-	2,670,688	-	** 459,042	-	2,265,000
2015	5,282,215	-	-	2,153,514	-	** 230,808	-	2,130,000

Sources: Department of Assessor, Nobles County<sup>2</sup> and the Finance Department, City of Worthington.

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

<sup>3</sup>See 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<sup>2</sup></u>	<u>PERCENTAGE OF PERSONAL INCOME<sup>3</sup></u>	<u>PER CAPITA<sup>2</sup></u>
\$	14,518,102	3.55 %	2.22 %	1,245
	19,627,554	4.62	2.80	1,685
	15,929,988	3.51	2.13	1,366
	16,638,827	3.39	2.33	1,411
	17,606,319	3.63	2.31	1,379
	15,432,394	3.05	1.84	1,206
	17,511,980	3.27	2.03	1,368
	14,842,476	2.75	1.70	1,157
	12,958,712	2.33	1.47	998
	9,796,537	1.97	- *	754

## CITY OF WORTHINGTON, MINNESOTA

TABLE XII

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

YEAR	GENERAL BONDED DEBT OUTSTANDING				LESS: AMOUNT AVAILABLE IN DEBT SERVICE FUNDS		PERCENTAGE OF TAX CAPACITY	PER CAPITA <sup>2</sup>
	GENERAL OBLIGATION BONDS	TAX INCREMENT BONDS	GENERAL OBLIGATION REVENUE BONDS	TOTAL	TOTAL	TOTAL		
2006	\$ 5,864,153	\$ 85,000	\$ 5,116,272	\$ 11,065,425	\$ 4,547,825	\$ 6,517,600	1.528 %	\$ 559
2007	7,514,194	80,000	4,269,381	11,863,575	4,859,339	7,004,236	1.545	601
2008	6,935,314	75,000	3,387,490	10,397,804	5,444,431	4,953,373	1.009	425
2009	8,921,418	70,000	2,461,599	11,453,017	5,757,752	5,695,265	1.167	483
2010	10,086,419	60,000	2,668,711	12,815,130	7,024,176	5,790,954	1.170	454
2011	9,179,334	50,000	1,797,179	11,026,513	4,746,146	6,280,367	1.366	491
2012	10,404,398	40,000	3,730,036	14,174,434	4,246,250	9,928,184	2.141	775
2013	8,552,338	30,000	3,187,862	11,770,200	3,306,640	8,463,560	1.547	660
2014	7,543,982	20,000	2,670,688	10,234,670	3,159,598	7,075,072	1.272	545
2015	5,282,216	-	2,153,514	7,435,730	1,903,232	5,532,498	0.957	426

<sup>1</sup>See Table VII for property value data.

<sup>2</sup>Population 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, 2015  
(Unaudited)

<u>GOVERNMENTAL UNIT</u>	<u>DEBT OUTSTANDING</u>	<u>ESTIMATED PERCENTAGE APPLICABLE<sup>1</sup></u>	<u>ESTIMATED SHARE OF OVERLAPPING DEBT</u>
Debt repaid with property taxes			
Independent School District #518	\$ 21,305,000	32.61 %	\$ 6,947,561
Nobles County	7,555,000	15.46	1,168,003
Southwest Regional Development Commission <sup>2</sup>	-	15.46	-
Subtotal, overlapping debt			<u>\$ 8,115,564</u>
City of Worthington's direct debt <sup>3</sup>			<u>7,435,729</u>
Total direct and overlapping debt			<u>\$ 15,551,293</u>

<sup>1</sup>For 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.

<sup>2</sup>Southwest 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.

<sup>3</sup>Excludes debt payable from enterprise revenue.

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

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

CITY OF WORTHINGTON, MINNESOTA

LEGAL DEBT MARGIN INFORMATION  
LAST TEN YEARS  
(Unaudited)

Legal Debt Margin Calculation for Fiscal Year 2015:

Assessed value	<u>\$ 577,896,400</u>
Debt limit (3% of assessed value)	<u>\$ 17,336,892</u>
Debt applicable to limit:	
Total bonded debt	\$ 7,666,537
Less: Amount set aside for repayment of general obligation debt	<u>(7,666,537)</u>
Total net debt applicable to limit	<u>\$ -</u>
Legal debt margin	<u>\$ 17,336,892</u>

	Fiscal Year			
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Debt limit	\$ 17,336,892 *	\$ 16,683,750 *	\$ 16,408,380 *	\$ 13,912,800 *
Total net debt applicable to limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin	<u>\$ 17,336,892</u>	<u>\$ 16,683,750</u>	<u>\$ 16,408,380</u>	<u>\$ 13,912,800</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%

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

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

TABLE XIV

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 13,792,365 *	\$ 14,852,400 *	\$ 14,643,870 *	\$ 14,731,647 *	\$ 8,383,546	\$ 8,174,872
<u>695,000</u>	<u>755,000</u>	<u>814,439</u>	<u>869,439</u>	<u>924,439</u>	<u>974,439</u>
<u>\$ 13,097,365</u>	<u>\$ 14,097,400</u>	<u>\$ 13,829,431</u>	<u>\$ 13,862,208</u>	<u>\$ 7,459,107</u>	<u>\$ 7,200,433</u>
5.04%	5.08%	5.56%	5.90%	11.03%	11.92%



## 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		
2006	\$ 2,377,562	\$ 1,150,928	\$ 1,226,634	\$ 216,768	\$ 40,647	4.77	
2007	2,511,375	1,105,146	1,406,229	268,377 <sup>1</sup>	110,993 <sup>1</sup>	3.71	
2008	2,620,829	1,069,165	1,551,664	330,010 <sup>1</sup>	171,422 <sup>1</sup>	3.09	
2009	2,736,111	1,103,288	1,632,823	336,635 <sup>1</sup>	158,566 <sup>1</sup>	3.30	
2010	2,758,328	1,126,803	1,631,525	354,800 <sup>1</sup>	146,727 <sup>1</sup>	3.25	
2011	2,921,207	1,163,963	1,757,244	355,000 <sup>1</sup>	134,342 <sup>1</sup>	3.59	
2012	2,971,815	1,218,325	1,753,490	120,000 <sup>1</sup>	124,755 <sup>1</sup>	7.16	
2013	3,312,719	1,667,281	1,645,438	125,000 <sup>1</sup>	119,087 <sup>1</sup>	6.74	
2014	3,625,569	2,206,292	1,419,277	130,000 <sup>1</sup>	113,081 <sup>1</sup>	5.84	
2015	3,795,799	1,995,946	1,799,853	135,000 <sup>1</sup>	106,951 <sup>1</sup>	7.44	

FISCAL YEAR	MUNICIPAL WASTEWATER REVENUE BONDS						COVERAGE
	UTILITY SERVICE CHARGES	LESS: OPERATING EXPENSES	NET AVAILABLE REVENUE	DEBT SERVICE			
				PRINCIPAL	INTEREST		
2006	\$ 1,884,130	\$ 1,004,098	\$ 880,032	\$ 103,232	\$ 19,378	7.18	
2007	1,982,921	1,058,606	924,315	106,623	16,255	7.52	
2008	1,967,024	1,072,634	894,390	109,990	12,748	7.29	
2009	2,090,424	1,163,967	926,457	113,365	8,803	7.58	
2010	2,089,166	1,182,728	906,438	115,199	3,388	7.64	
2011	2,193,413	1,355,467	837,946	-	-	-	
2012	2,156,267	1,190,714	965,553	-	-	-	
2013	2,045,198	1,277,276	767,922	-	-	-	
2014	1,960,337	1,199,917	760,420	-	-	-	
2015	2,064,250	1,224,042	840,208	-	-	-	

(Continued)

CITY OF WORTHINGTON, MINNESOTA

TABLE XV

(Continued)

PLEDGED-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		
2006	\$ 11,675,991	\$ 9,599,266	\$ 2,076,725	\$ 145,000	\$ 91,723	8.77	
2007	12,665,265	10,553,687	2,111,578	150,000	86,721	8.92	
2008	12,840,296	11,100,057	1,740,239	160,000	81,095	7.22	
2009	14,121,035	12,738,496	1,382,539	165,000	72,302	5.83	
2010	16,342,512	14,709,117	1,633,395	175,000	65,455	6.79	
2011	17,620,269	15,339,220	2,281,049	1,470,000 <sup>2</sup>	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	

FISCAL YEAR	INDUSTRIAL WASTEWATER REVENUE BONDS						COVERAGE
	UTILITY SERVICE CHARGES	LESS: OPERATING EXPENSES	NET AVAILABLE REVENUE	DEBT SERVICE			
				PRINCIPAL	INTEREST		
2006	\$ 2,154,564	\$ 1,371,134	\$ 783,430	\$ 490,000	\$ 178,200	1.17	
2007	2,249,211	1,460,878	788,333	510,000	158,600	1.18	
2008	2,249,751	1,572,001	677,750	535,000	138,200	1.01	
2009	2,789,298	1,836,518	952,780	555,000	114,125	1.42	
2010	1,896,879	1,489,818	407,061	590,000	89,150	0.60	
2011	1,776,205	1,553,093	223,112	620,000	62,010	0.33	
2012	1,749,232	1,435,262	313,970	645,000	32,250	0.46	
2013	1,656,235	1,401,001	255,234	-	-	-	
2014	1,577,378	1,430,528	146,850	-	-	-	
2015	1,562,248	1,396,402	165,846	-	-	-	

(Continued)

CITY OF WORTHINGTON, MINNESOTA

TABLE XV

(Continued)

PLEDGED-REVENUE COVERAGE  
LAST TEN FISCAL YEARS  
(Unaudited)

YEAR	SPECIAL ASSESSMENT BONDS*				COVERAGE
	SPECIAL ASSESSMENT COLLECTIONS	DEBT SERVICE			
		PRINCIPAL	INTEREST		
2006	\$ 484,113	\$ 640,000	\$ 292,816		0.52
2007	433,880	2,795,000	270,227		0.14
2008	434,718	640,000	361,230		0.43
2009	435,014	805,000	296,047		0.40
2010	478,472	810,000	351,740		0.41
2011	551,226	995,000	355,268		0.41
2012	330,425	2,055,000	305,210		0.14
2013	379,275	2,220,000	284,001		0.15
2014	282,055	1,530,000	257,366		0.16
2015	388,874	2,785,000	175,152		0.13

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.

<sup>1</sup>Includes principal and interest for the general obligation revenue note.

<sup>2</sup>Includes \$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 38.69%.

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
2006	11,657	\$ 652,610,000	\$ 31,668	85.71 %	2,173	3.10 %	4.00 %	4.60 %
2007	11,651	700,094,000	33,783	78.57	2,246	3.50	4.60	4.60
2008	11,662	748,490,000	35,430	84.80	2,320	4.14	5.45	5.78
2009	11,796	714,988,000	33,539	82.00	2,404	5.26	7.97	9.27
2010	12,764	761,038,000	35,572	76.40	2,512	4.95	7.33	9.27
2011	12,800	840,265,000	38,959	79.20	2,599	5.08	6.41	8.95
2012	12,803	860,845,000	39,718	80.60	2,694	4.33	5.65	8.07
2013	12,827	874,944,000	40,285	80.56	2,823	3.98	5.08	7.38
2014	12,982	880,079,000	40,763	90.00	2,979	3.35	4.09	6.17
2015	12,995	- *	- *	84.00	3,077	3.25	3.71	5.30

(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	2015			2006		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Swift Independent Packing Company	2,200	1	19.42 %	2,142	1	19.73 %
Independent School District #518	545	2	4.81	450	2	4.14
Sanford Regional Hospital	475	3	4.19	238	4	2.19
Hy-Vee Food Stores	301	4	2.66	140	10	1.29
Bedford Industries Inc.	262	5	2.31	218	5	2.01
Prairie Holdings	250	6	2.21	-	-	-
Wal-Mart Super Center	220	7	1.94	270	3	2.49
Highland Manufacturing	180	8	1.59	141	9	1.30
Nobles County	157	9	1.39	195	6	1.80
Atchison Enterprises Inc.	145	10	1.28	-	-	-
Client Community Services	-	-	-	175 *	7	1.61
MRCI (The Achievement Center-TAC)	-	-	-	150	8	1.38
Totals	<u>4,735</u>		<u>41.80 %</u>	<u>4,119</u>		<u>37.94 %</u>

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

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

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

Function/Program	Full-time Equivalent Employees									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Governmental activities:</b>										
General government										
Executive	2.75	2.86	2.74	2.75	2.75	2.75	2.13	1.45	1.08	0.86
City Clerk	2.02	2.02	2.00	2.00	2.00	2.00	2.00	2.02	2.07	2.04
Financial administration	4.05	4.16	4.10	4.13	4.15	4.17	4.17	4.19	5.10	5.00
Community development <sup>1</sup>	9.34	9.94	9.01	8.76	8.76	8.92	9.29	8.05	7.70	7.98
Other general government	0.41	0.41	0.41	0.43	0.43	0.41	0.38	0.31	0.28	0.27
Public safety										
Police	35.42	34.54	35.23	35.19	34.75	35.25	35.47	36.58	36.31	35.20
Fire	1.89	1.28	1.55	1.43	1.78	1.03	1.43	1.08	0.92	0.89
Animal control	0.54	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.51	0.52
Code enforcement <sup>3</sup>	1.04	1.04	1.10	1.00	1.02	1.03	0.00	0.00	0.00	0.00
Public works										
Streets <sup>2</sup>	5.35	6.00	6.01	5.85	5.48	7.23	7.45	6.38	6.44	6.16
Sanitation <sup>3</sup>	0.00	0.02	0.03	0.00	0.02	0.04	1.02	2.29	2.00	1.97
Special assessments <sup>1</sup>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.22	0.17	0.17
Culture and recreation										
Recreation <sup>4</sup>	3.31	3.64	2.54	2.40	3.37	5.84	7.20	7.57	7.86	8.24
Parks	8.04	6.88	7.38	6.44	6.45	6.53	5.89	5.44	5.14	4.81
Conservation and development										
Natural resources <sup>2</sup>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.38	1.47	1.52
Economic development and assistance <sup>2</sup>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.10	0.11	0.13
<b>Total governmental activities employees</b>	<b>74.16</b>	<b>73.29</b>	<b>72.60</b>	<b>70.88</b>	<b>71.46</b>	<b>75.70</b>	<b>76.93</b>	<b>77.56</b>	<b>77.16</b>	<b>75.76</b>
<b>Business-type activities:</b>										
Water	6.63	6.75	6.68	6.68	7.82	6.64	6.63	8.34	8.33	8.22
Municipal Wastewater	8.34	8.42	8.43	8.15	8.39	8.44	8.36	9.06	9.03	9.04
Electric	13.61	13.67	13.88	13.46	13.66	13.21	13.26	11.29	10.79	10.58
Industrial Wastewater Facility	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.08	0.01
Storm Water Management <sup>2</sup>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.35	0.27	0.22
Liquor	5.53	5.63	5.89	5.36	5.45	4.91	5.27	4.90	4.89	4.52
Parking Systems	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01
Airport	0.12	0.11	0.11	0.13	0.13	0.04	0.13	0.45	0.35	0.34
Memorial Auditorium <sup>4</sup>	0.00	0.00	1.46	1.69	1.60	0.74	0.89	1.09	1.14	1.15
<b>Total business-type activities employees</b>	<b>34.23</b>	<b>34.58</b>	<b>36.45</b>	<b>35.47</b>	<b>37.05</b>	<b>33.98</b>	<b>34.54</b>	<b>35.48</b>	<b>34.88</b>	<b>34.09</b>
<b>Total city full-time equivalent employees</b>	<b>108.39</b>	<b>107.87</b>	<b>109.05</b>	<b>106.35</b>	<b>108.51</b>	<b>109.68</b>	<b>111.47</b>	<b>113.04</b>	<b>112.04</b>	<b>109.85</b>

Source: Finance Department, City of Worthington

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

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

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

<sup>4</sup>Starting in 2014 Memorial Auditorium is included under Recreation under Culture and recreation.

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

CITY OF WORTHINGTON, MINNESOTA

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

Function/Program	Fiscal Year			
	2015	2014	2013	2012
<b>General government</b>				
Business licenses issued	82	62	64	64
Building permits issued	617	623	592	670
Estimated value of building permits issued	\$17,407,919	\$13,075,162	\$8,651,931	\$30,507,538
Other permits issued (sanitary sewer, excavation, plumbing, etc.)	144	143	122	166
<b>Public safety</b>				
Physical arrests	407	649	762	433
Citations (parking, etc.)	1,884	2,138	2,008	2,283
Alarms requiring response	214	209	186	245
Street value of drugs seized in searches	\$256,000	\$181,600	\$252,725	\$640,000
Ambulance calls	589	537	522	802
911 calls	1,454	1,395	1,745	1,172
Fire calls	57	39	61	62
Animals impounded	68	62	82	79
Animals adopted out or returned to owners	68	59	80	79
City nuisance code violations investigated <sup>2</sup>	8,112	8,086	8,021	7,401
Junked/abandoned vehicles removed <sup>2</sup>	4	2	3	6
Notices served for weed/grass complaints <sup>2</sup>	583	489	741	690
Hours spent monitoring parking	240	388	200	550
<b>Public works</b>				
Sidewalk repaired at city cost (feet)	295	301	156	612
Asphalt hot patch (tons)	413	219	240	208
Concrete patch materials (yards)	36	157	190	216
Snowfall received (inches)	41.8	44.8	56	45.6
Cost of snow removal (per inch)	\$2,697	\$1,908	\$2,097	\$2,826
Personnel hours spent plowing/sanding	1,587	1,382	1,390	2,220
Faded stop/yield signs replaced	12	9	10	14
Truck loads for city-wide clean-up (various sizes)	N/A	N/A	N/A	N/A
Personnel hours (full-time/part-time) for city-wide clean-up	196/20	248/214	190/126	216/264
Appliances hauled away at city-wide clean-up <sup>1</sup>	154	33	138	189
City nuisance code violations investigated <sup>2</sup>	N/A	N/A	N/A	N/A
Junked/abandoned vehicles removed <sup>2</sup>	N/A	N/A	N/A	N/A
Notices served for weed/grass complaints <sup>2</sup>	N/A	N/A	N/A	N/A
<b>Culture and recreation</b>				
Auditorium rental (days) <sup>3</sup>	48	36	N/A	N/A
Days utilized <sup>3</sup>	142	135	N/A	N/A
Annual audience <sup>3</sup>	24,600	22,500	N/A	N/A
Number of registrants in various recreation programs <sup>4</sup>	379	415	402	380
Attendance of various recreation programs	N/A	N/A	N/A	N/A
Annual attendance at municipal swimming pool	N/A	N/A	N/A	N/A
Days swimming pool was open (78 day season)	N/A	N/A	N/A	N/A
Paid golf memberships <sup>4</sup>	N/A	136	167	158
Shelter house reservations at parks	106	108	102	91
Camping units served at Olson Park Campground	2,689	2,249	N/A	N/A
<b>Conservation and development</b>				
<b>Trees planted</b>				
Street boulevards	250	0	0	0
Parks	0	0	1	0
<b>Trees removed</b>				
Street boulevards	40	47	725	51
Parks	14	4	225	5

TABLE XIX

2011	2010	2009	2008	2007	2006
63	64	68	67	84	80
700	731	702	641	713	672
\$13,165,143	\$20,598,997	\$21,483,025	\$15,301,224	\$7,667,113	\$14,161,337
155	135	134	142	157	173
766	450	926	931	738	782
2,280	3,024	2,044	2,980	2,882	2,701
260	288	156	222	193	254
\$114,410	\$440,750	\$384,280	\$417,470	\$447,420	\$130,500
772	631	712	726	660	589
1,493	1,680	2,090	1,965	1,787	1,446
88	70	116	92	74	71
79	104	101	134	69	113
26	23	36	52	29	59
7,217	7,128	N/A	N/A	N/A	N/A
3	11	N/A	N/A	N/A	N/A
681	629	N/A	N/A	N/A	N/A
510	N/A	N/A	N/A	N/A	N/A
85	120	295	451	75	75
261	226	441	289	334	215
49	132	173	188	142	215
71.5	58.0	35.0	25.0	34.5	33.0
\$2,881	\$2,939	\$2,600	\$3,365	\$2,592	\$2,288
2,332	2,776	2,088	2,196	2,193	1,519
12	46	14	12	9	5
N/A	N/A	N/A	N/A	105.5	112
200/248	414/387	414/154	624/122	531/66	561/80
235	777	802	422	459	844
N/A	N/A	6,941	6,899	5,375	5,100
N/A	N/A	18	23	45	40
N/A	N/A	49	35	40	31
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
365	360	387	424	418	470
N/A	N/A	3,893	3,637	4,639	4,879
N/A	N/A	6,021	7,901	10,790	11,262
N/A	N/A	55	72	74	76
157	152	118	132	138	144
91	84	85	75	89	98
N/A	N/A	609	723	616	889
0	0	32	43	141	134
0	0	10	62	9	16
37	121	37	48	85	80
25	23	4	10	6	8



CITY OF WORTHINGTON, MINNESOTA

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

Function/Program	Fiscal Year			
	2015	2014	2013	2012
<b>Business-type activities:</b>				
<b>Water</b>				
Average daily consumption (gallons)				
Commercial	475,377	442,688	456,050	489,757
Residential	622,734	633,918	661,643	725,939
Industrial	1,627,945	1,461,566	1,484,727	1,567,133
<b>Municipal Wastewater</b>				
Average daily sewage treated	1,560,000	1,373,123	1,383,063	1,524,301
<b>Electric</b>				
Average daily consumption (KWH)				
Residential	94,029	96,864	100,361	99,840
Commercial	182,705	183,468	181,011	182,483
Industrial	303,011	277,541	293,345	307,355
<b>Industrial Wastewater Facility</b>				
Total gallons treated	576,700	524,540	550,000	547,000
<b>Storm Water Management</b>				
Debris/leaves collected sweeping (yards)	1,972	1,604	3,850	2,350
Average cost per lane mile of street sweeping	\$32.09	\$34.16	\$27.43	\$26.63
<b>Liquor</b>				
Customers served	150,707	147,325	144,514	143,281
Average daily sales	\$11,866	\$11,235	\$10,624	\$10,078
<b>Parking Systems</b>				
Tickets issued for violating time limits	N/A *	N/A *	N/A *	N/A *
Hours spent monitoring	N/A *	N/A *	N/A *	N/A *
<b>Airport</b>				
Hangars rented	20	19	16	16
Fuel pumped (gallons)	74,804	70,027	72,052	50,994
<b>Memorial Auditorium<sup>3</sup></b>				
Auditorium rental (days)	N/A	N/A	34	32
Days utilized	N/A	N/A	169	178
Annual audience	N/A	N/A	19,886	21,363

Sources: Various city departments

<sup>1</sup>The 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.

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

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

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

\* The parking monitor also serves as the Neighborhood Service Officer (NSO), which is very time consuming and dominates the hours worked by the NSO. The city abandoned the DPAD district in 2006, starting in 2006 the parking systems activity is accounted for in the general fund.

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

TABLE XIX

2011	2010	2009	2008	2007	2006
474,683	423,546	406,521	404,406	432,154	435,001
671,182	698,994	728,679	733,105	738,318	749,064
1,566,825	1,559,812	1,473,592	1,457,409	1,405,780	1,421,216
2,245,822	2,157,644	1,901,096	1,892,466	2,071,721	2,014,521
102,391	101,101	98,227	97,394	99,298	97,902
182,814	176,547	169,643	169,264	171,158	164,489
283,276	269,579	266,512	263,564	254,074	251,052
643,000	606,800	595,170	584,650	562,730	556,610
2,250	2,048	2,425	1,925	1,191	1,825
\$25.57	\$24.72	\$27.18	\$23.08	\$27.50	\$19.75
139,637	132,884	127,003	120,906	115,174	105,978
\$9,229	\$8,458	\$7,830	\$7,262	\$6,868	\$6,078
N/A	N/A *	N/A *	N/A **	N/A **	N/A
N/A	N/A *	N/A *	N/A **	N/A **	N/A
16	16	16	16	16	21
76,586	72,543	75,714	77,743	103,143	94,471
30	14	28	32	20	31
169	87	208	221	165	173
18,856	11,143	18,446	21,000	20,839	20,325

CITY OF WORTHINGTON, MINNESOTA

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

Function/Program	Fiscal Year			
	2015	2014	2013	2012
General government				
Community development				
Vehicles	4	3	3	3
Public safety				
Police				
Buildings <sup>1</sup>	1	1	1	1
Square footage of holding/booking area <sup>1</sup>	12,000	12000	12,000	12,000
Capacity of jail cells (individuals) <sup>1</sup>	104	104	104	104
Patrol units	12	12	11	15
Other vehicles	9	9	11	10
Fire				
Stations	1	1	1	1
Fire vehicles	8	8	8	8
Animal control vehicles	1	1	1	1
Public works				
Streets (miles)	67.4	67.3	67.3	67.3
Highway (miles)	7.8	9.1	9.1	9.1
Traffic signals	4	5	5	4
Stop signs	235	229	229	229
Snow removal equipment (plows, haulers)	13	13	13	13
Culture and recreation				
Parks and recreation				
Acreage	167	167	167	167
Playgrounds with play structures	18	18	18	18
Softball diamonds	2	2	2	2
Soccer fields	3	3	3	3
Tennis courts	3	3	3	3
Swimming pools	0	0	0	0
Beaches	3	3	3	3
Boat landings	4	4	4	4
Public docks	8	8	8	8
Golf courses <sup>2</sup>	1	1	1	1
Bandshells for public performances	1	1	1	1
Campgrounds	1	1	1	1
Conservation and development				
Lakes	1	1	1	1
City maintained lake shoreline (miles)	4.5	4.5	4.5	4.5

TABLE XX

2011	2010	2009	2008	2007	2006
3	3	3	3	3	3
1	1	1	1	1	1
12,000	12,000	12,000	12,000	12,000	12,000
104	104	104	104	104	104
11	11	14	14	15	15
10	11	7	6	6	6
1	1	1	1	1	1
8	8	8	9	8	8
1	1	1	1	1	1
67.3	67.3	66.5	66.2	65.8	65.8
9.1	9.1	9.1	9.1	9.1	9.1
4	4	3	3	3	3
229	229	218	216	216	216
13	13	13	14	14	12
167	167	167	167	167	167
18	18	18	18	18	18
2	2	2	2	2	2
3	3	3	3	3	3
3	3	3	3	3	3
0	0	1	1	1	1
3	3	3	3	3	3
4	4	4	4	4	4
8	8	8	8	8	8
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
4.5	4.5	4.5	4.5	4.5	4.5

CITY OF WORTHINGTON, MINNESOTA

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

Function/Program	Fiscal Year			
	2015	2014	2013	2012
Business-type activities:				
Water				
Water mains (miles)	79.2	78.9	78.9	78.5
Number of connections (residential, commercial, industrial & seasonal)	4,112	4,075	4,044	4,045
Fire hydrants	621	621	613	611
Storage capacity				
Ground level (thousands of gallons)	2,200	2,200	2,200	2,200
Elevated (thousands of gallons)	2,300	2,300	2,300	2,300
Municipal Wastewater				
Sanitary sewers (miles)	55.1	55.1	55.1	55.1
Annual treatment capacity (thousands of gallons)	571,680	501,190	480,750	556,370
Maximum daily treatment capacity (thousands of gallons)	4,000	4,000	4,000	4,000
Electric				
Number of distribution stations	2	2	2	2
Service lines-primary (miles)	130	125	125	125
Service line-secondary (miles)	175	175	175	175
Streetlights	1,899	1,900	1,900	1,880
Storm Water Management				
Storm sewers (miles)	52.7	52.7	52.7	52.7
Liquor				
Buildings	1	1	1	1
Square footage (feet)	6,750	6,750	6,750	6,750
Number of coolers	2	2	2	2
Parking Systems <sup>4</sup>				
Parking lots	5	5	5	5
Airport				
Acreage	512	512	512	512
Terminals	1	1	1	1
Individual hangars	22	22	20	20
Commercial hangars	2	2	2	2
Runways	2	2	2	2
Runway approaches	4	4	4	4
Memorial Auditorium				
Number of stages	2	2	2	2
Facility seating	735	735	735	735

Sources: Various city departments

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

<sup>2</sup>Starting in 2004 the golf course is accounted for in the recreation program.

<sup>3</sup>The city generates electricity for Missouri Basin and in turn is billed for usage.

<sup>4</sup>Starting 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

2011	2010	2009	2008	2007	2006
77.7	78.1	77.6	72.1	71.4	71.4
4,019	4,003	4,046	4,037	4,057	4,018
608	605	599	586	579	587
2,200	2,200	6,200	6,200	6,200	6,200
2,300	2,300	2,300	800	800	800
55.1	55.0	54.8	54.5	53.6	53.6
820,460	787,540	643,490	688,510	758,250	683,000
4,000	4,000	4,000	4,000	4,000	4,000
2	3	3	3	3	3
120	112	125	110	110	109
170	169	175	160	160	160
1,868	1,864	1,779	1,800	1,800	1,796
52.7	52.7	52.6	52.4	52.1	52.1
1	1	1	1	1	1
6,750	6,750	6,750	6,750	6,750	6,750
2	2	2	2	2	2
5	5	5	5	5	5
512	512	512	512	512	512
1	1	1	1	1	1
20	20	20	20	19	20
2	2	2	2	2	1
2	2	2	2	2	2
4	4	4	4	4	4
2	2	2	2	2	2
735	735	735	735	735	735

*City of*  
*Worthington*