

CITY OF WORTHINGTON
WORTHINGTON, MINNESOTA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2023

PREPARED BY:

FINANCE DEPARTMENT

DEBRA OLSEN
Finance Director

Member GFOA of U.S. and Canada
Published September 19, 2024

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INTRODUCTORY SECTION
CITY OF WORTHINGTON
WORTHINGTON, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2023

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FINANCE DEPARTMENT

CITY OF WORTHINGTON ■ 303 NINTH STREET, PO Box 279 ■ WORTHINGTON, MN 56187

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

September 19, 2024

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 annual comprehensive financial report of the City of Worthington for the fiscal year ended December 31, 2023.

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 Abdo, 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, 2023, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Worthington's financial statements for the fiscal year ended December 31, 2023, 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 9.28 square miles and serves a population of 13,604. 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.

This annual budget serves as the foundation for the City of Worthington's financial planning and control. All departments of the City of Worthington submit requests for appropriation to the City Administrator and Finance Director in July of each year. The City Administrator and Finance Director uses these requests as the starting point for developing a proposed budget. The City Administrator and Finance Director then provides this proposed budget to the department heads in August to suggest priorities. These budgets then are brought to council for review during work sessions scheduled in September. The Council is required to hold public hearings on the proposed budget and to adopt a final budget no later than December 31, the close of the City of Worthington's fiscal year. The appropriated budget is prepared by fund, function (e.g. general government, public safety, etc.), and department (e.g. administration, police, etc.). Budgetary control is maintained at the departmental level 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 departmental level (i.e. Mayor and council, administration, police department, fire, public works, and streets); however, the overall budget of the general fund is the responsibility of the City Administrator. Informal approval is given by the City Administrator and Finance Director. The City Administrator must obtain approval from the City Council for all budget transfers and departmental overages.

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 2023, the City issued 862 building permits (332 permits more than issued in 2022) for a cumulative total of \$16.6 million of construction work, which is 32.2% more than the construction value reported in 2022. The current economic environment has resulted in the investment of over \$156 million in building activities within the corporate limits of Worthington between January 2019 and December 2023.

Worthington, rich in culture, is southwest Minnesota's commercial, industrial and agricultural regional center. Our economy has remained strong, continuing to grow and thrive. Local option sales tax revenue, used to fund community amenities and enhancements, were relatively flat in 2023 with just a small increase over 2022 revenue. This is likely

attributed to inflation that has impacted basic household spending on necessities such as groceries, fuel, etc. causing people to cut back on discretionary expenditures. However, current local sales tax revenue continues to exceed future annual revenue bond payments by more than \$100,000.

Long-term financial planning. Unassigned fund balance in the general fund at year end was 42 percent of the total general fund budgeted expenditures. This amount is within the policy guidelines (35%-50%) set by the Council for budgetary and planning purposes. This year-end amount is just over the target percentages set by the policy guidelines (2021 and 2022 percentages were 52% and 40% respectively).

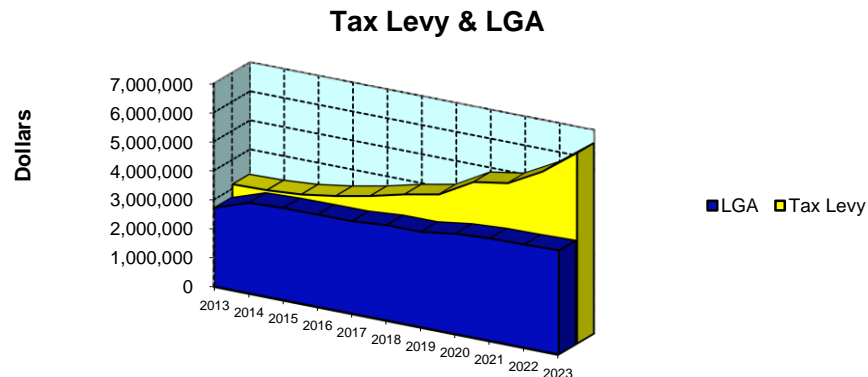
The City maintains a five-year Capital Improvement Program which serves as its planning document to ensure that its facilities and infrastructure are well maintained and operating in peak condition. Projects are identified by name, cost and funding sources (property taxes, reserves, bonding, assessments, 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.

Tax Abatements. The City, and other taxing authorities, have approved future tax abatements for residential homeowners that elect to construct a new owner occupied or rental residential housing unit. Under these agreements the homeowner is abated 100% of the City's share of the increased real estate taxes resulting in the constructed housing unit for a period of five years. This abatement encourages new construction which in turn adds to the tax capacity within the City and increased property tax collections in the future.

The City also has entered into tax abatement (Tax Increment Financing-TIF) agreements for the purpose of various housing projects (apartment complexes, single family housing development, townhomes, rental housing), hotel development, and various redevelopments. The projects that utilize TIF provide public benefits which include future increased property taxes and depending on the project, other public benefits can also include job creation/retention. Affordable housing, and improved blighted building conditions.

The City also has one remaining abatement established under Minnesota Statute 469.1812. This abatement was granted for the redevelopment of property. This abatement will be existence for a total of 15 years or until a total of \$80,000 is abated, whichever occurs first. As of December 31, 2023, the City has abated \$21,889 in property taxes and it is currently in its twelve year. This agreement also resulted in public benefits which include future increased property taxes for the redevelopment of the property.

The City raised its property tax levy 15.44% for taxes payable in 2023. Following is a graph comparing the City's tax levy and LGA received in the appropriate years.



Labor agreements with the City’s three bargaining units (Law Enforcement Labor Services #4 and #274 and Union of Operating Engineers Local #49, AFL-CIO) will terminate on December 31, 2024. The City and all three bargaining units will likely seek a three-year agreement for years 2025-2027.

Major Initiatives. The City has accomplished many things in 2023 and initiated projects that will continue through 2024 and beyond. The following are some of the major initiatives addressed during the year.

Housing. The City is currently sponsoring two Work Force Housing grant applications to Minnesota Housing for market rate multi-family rental developments. In addition, the City is collaborating with another private developer in advancing a proposed 51-unit multi-family market rate facility.

Park and Recreation Improvements. Water World, a recreational outdoor aquatic facility opened in late Spring 2023. Adding yet another resident attracting facility to the City’s growing list of amenities.

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 annual comprehensive financial report (ACFR) for the fiscal year ended December 31, 2022. This was the thirty-fourth 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 ACFR. This report satisfied both GAAP and applicable legal requirements.

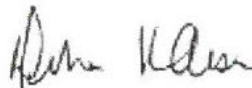
A Certificate of Achievement is valid for a period of one year only.

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



Debra K. Olsen
Finance Director

City of Worthington, Minnesota
Elected and Appointed Officials
December 31, 2023

ELECTED

Name	Title	Term Expires
Rick VonHoldt	Mayor	12/31/26
Chad Cummings	Council Member, At-Large	12/31/24
Larry Janssen	Council Member, Ward I	12/31/26
Chris Kielblock	Council Member, Ward I	12/31/24
Alaina Kolpin	Council Member, Ward II	12/31/26
Amy Ernst	Council Member, Ward II	12/31/24

APPOINTED

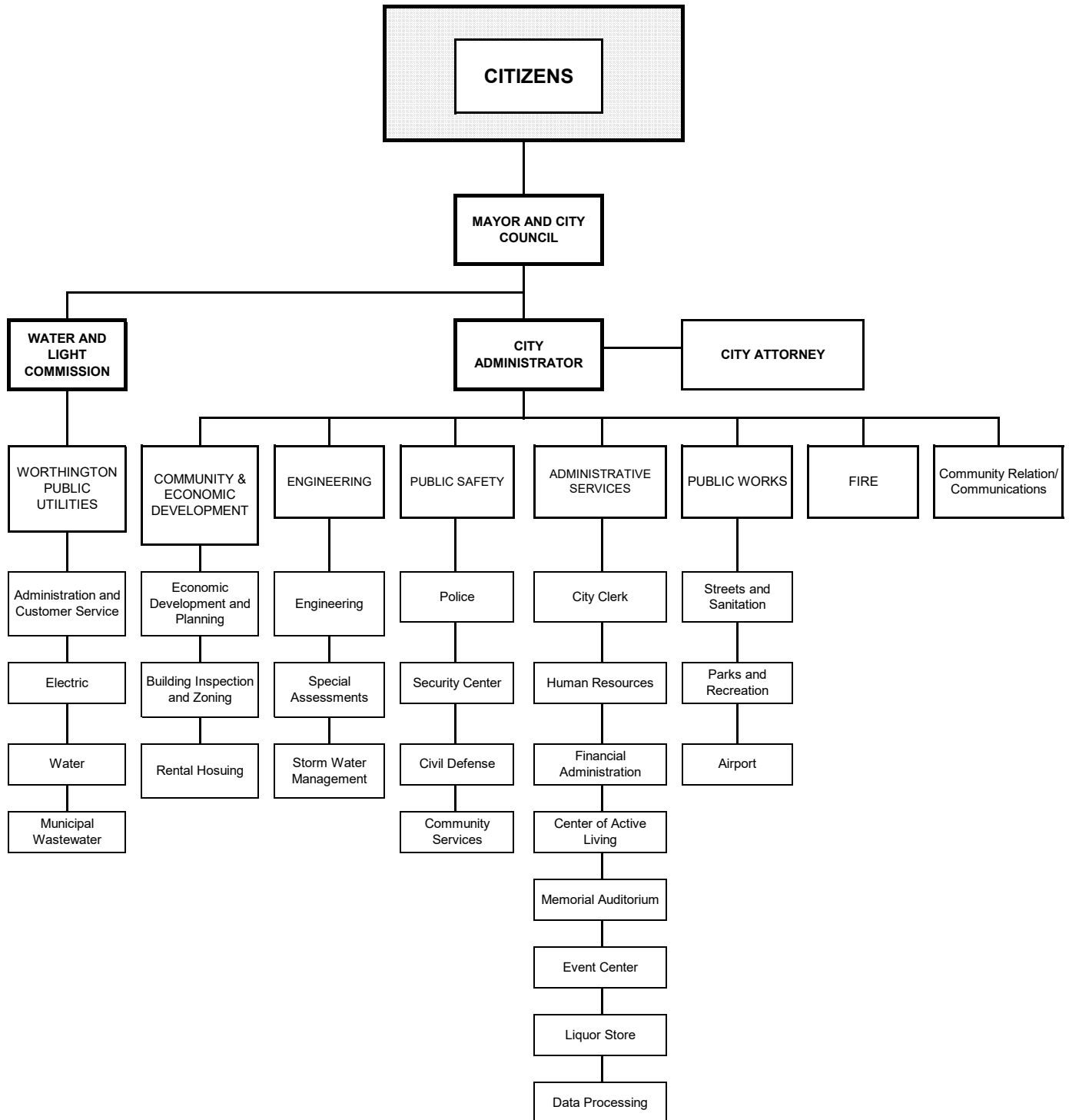
Name	Title
Steven Robinson	City Administrator
Debra Olsen	Finance Director
Mindy Eggers	City Clerk
Stephen Schnieder	City Engineer
Jesse Flynn	City Attorney

Department Heads

Name	Title
Steven Robinson	City Administrator
Mindy Eggers	City Clerk
Debra Olsen	Director of Finance
Stephen Schnieder	Director of Engineering
Matt Selof	Director of Community Service/Economic Development
Troy Appel	Director of Public Safety
Todd Wietzema	Superintendent of Public Works
Scott Hain	General Manager of Utilities

CITY OF WORTHINGTON, MINNESOTA

ADMINISTRATIVE ORGANIZATION





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Worthington
Minnesota**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2022

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION
CITY OF WORTHINGTON
WORTHINGTON, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2023

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INDEPENDENT AUDITOR'S REPORT

Mayor and City Council
City of Worthington, Minnesota

Opinions

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, (the City) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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 as of December 31, 2023, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General fund, WRH fund, Recreation fund and Economic Development Authority fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 the financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 23 and the Schedules of Employer's Share of the Net Pension Liability, the Schedule of Changes in Net Pension Liability (Asset) and Related Ratios, the Schedules of Employer's Contributions and the Schedule of Changes in the Total OPEB Liability and Related Ratios starting on page 104 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual fund financial statements and schedules and schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statement 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 fund financial statements and schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Abdo
Mankato, Minnesota
September 19, 2024



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Management's Discussion and Analysis

As management of the City of Worthington (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2023. 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 starting on page 9 of this report.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year as shown in the summary of net position on the following pages. The unrestricted amount of net position may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased as shown in the summary of changes in net assets table on the following pages. The increase this year was due to an increase in operating grants and contributions, and investment earnings.
- For the current fiscal year, the City's governmental funds fund balances are shown in the Financial Analysis of the City's Funds section of the MD&A. The total fund balance increased since the prior year due to bonds issued to recoup the City's fronted costs of various street projects and the Aquatic Center.
- Unassigned fund balance in the General fund as shown in the financial analysis of the city's funds section increased from prior year.
- The City's total bonded debt increased during the fiscal year. The increase was a result of two new bond issuances.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City’s basic financial statements. The City’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 supplemental information in addition to the basic financial statements themselves.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of combining and individual fund financial statements and schedules that further explains and supports the information in the financial statements. Figure 1 reflects how the required parts of this annual report are arranged and relate to one another. In addition to these required elements, we have included a section with combining and individual fund financial statements and schedules that provide details about nonmajor governmental funds, which are added together and presented in single columns in the basic financial statements.

Figure 1
Required Components of the
City’s Annual Financial Report

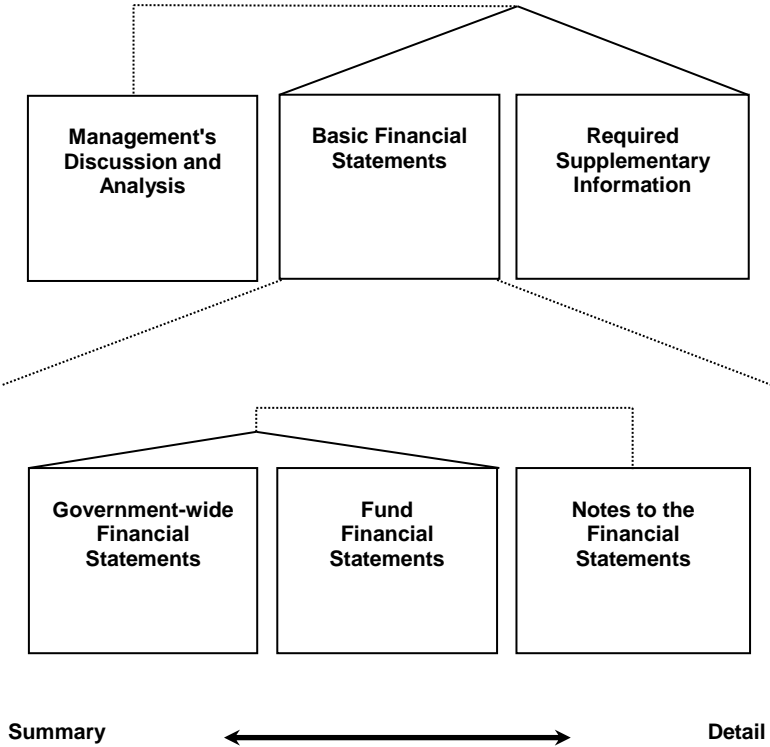


Figure 2 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Figure 2
Major Features of the Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire City government (except fiduciary funds) and the City's component units	The activities of the City that are not proprietary or fiduciary, such as police, fire and parks	Activities the City operates similar to private businesses, such as the water and sewer system	Activities of the City held in trust for others
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Revenues, Expenses and Changes in Net Position • Statement of Cash Flows 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both financial and short-term and long-term
Type of deferred outflows/inflows of resources information	All deferred outflows/inflows of resources, regardless of when cash is received or paid.	Only deferred outflows of resources expected to be used up and deferred inflows of resources that come due during the year or soon thereafter; no capital assets included	All deferred outflows/inflows of resources, regardless of when cash is received or paid	None reported
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	None reported

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

The *statement of net position* presents information on all of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources with the difference 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 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 vacation leave).

Both of the government-wide financial statements distinguish functions of the City 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 include general government, public safety, public works, culture and recreation, conservation and development, and interest and fiscal charges. The business-type activities of the City include the water, municipal wastewater, electric, industrial wastewater facility, storm water management, street lighting, liquor, airport and cable television activities.

The government-wide financial statements can be found starting on page 39 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, like other state and local government, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. These statements focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide financial statements. All of the funds of the City 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 by 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 maintains numerous individual governmental funds, many of which are Debt Service funds which are combined for reporting. 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, Recreation, Economic Development Authority and Improvement Construction, all of which are considered to be major funds. Data from the other nonmajor 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 adopts an annual appropriated budget for its General Fund and certain special revenue funds. Budgetary comparison statements have been provided for the General, WRH, Recreation, Economic Development Authority, Memorial Auditorium, Sales Tax Revenue, Event Center, Wgtn EDA, and Private Development Assistance Spending Plan funds to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found starting on page 44 of this report.

Proprietary Funds. The City 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 uses enterprise funds to account for its water, municipal wastewater, electric, industrial wastewater facility, storm water management, street lighting, liquor, airport and cable television operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its data processing, safety promotion loss control, and vacation and sick accrual. Because these services predominantly benefit 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 and electric, all of which are considered to be major funds of the City. Conversely, other internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements can be found starting on page 55 of this report.

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

The basic fiduciary fund financial statements can be found starting on page 58 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 starting on page 61 of this report.

Required Supplementary Information Other than MD&A. Governments have an option of including the budgetary comparison statements for the General fund and major special revenue funds as either part of the fund financial statements within the basic financial statements, or as required supplementary information after the footnotes. The City has chosen to present these budgetary statements as part of the basic financial statements. Additionally, this report also presents certain *required supplementary information* concerning the City's share of net pension liabilities (assets) for defined benefits plans, schedules of contributions, and progress in funding its obligation to provide pension and other postemployment benefits to its employees starting on page 104 of this report. The City has disclosed this information in Notes 4 and 7 to the financial statements and as separate required supplementary information.

Supplementary Information. The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented following the notes to the financial statements. Combining and individual fund financial statements and schedules can be found starting on page 114 of this report.

Statistical Section. Further, a statistical section has been included as part of the annual comprehensive financial report to facilitate additional analysis and can be found starting on page 162 of this report.

Government-wide Financial Analysis

The two government-wide statements report the City's net position and how they have changed. The following table presents net position which is the difference between the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position is one way to measure the City's financial health, or position, over time. Over time increases or decreases in the City's net position are an indicator of whether the financial health is improving or deteriorating respectively.

The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources as shown below at the close of the most recent fiscal year. A large portion of the City's net position reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City'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 Summary of Net Position

	Governmental Activities			Business-type Activities			Total	
	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)	2023	2022
Current and Other Assets	\$ 33,921,554	\$ 25,680,250	\$ 8,241,304	\$ 52,046,804	\$ 56,192,749	\$ (4,145,945)	\$ 85,968,358	\$ 81,872,999
Capital Assets	100,825,346	91,632,456	9,192,890	103,135,852	94,973,657	8,162,195	203,961,198	186,606,113
Total Assets	134,746,900	117,312,706	17,434,194	155,182,656	151,166,406	4,016,250	289,929,556	268,479,112
Deferred Outflows of Resources	4,958,684	6,078,717	(1,120,033)	540,345	869,029	(328,684)	5,499,029	6,947,746
Long-term Liabilities outstanding	34,083,933	31,005,365	3,078,568	27,574,925	24,492,096	3,082,829	61,658,858	55,497,461
Other Liabilities	2,517,521	2,827,807	(310,286)	2,936,348	6,348,237	(3,411,889)	5,453,869	9,176,044
Total Liabilities	36,601,454	33,833,172	2,768,282	30,511,273	30,840,333	(329,060)	67,112,727	64,673,505
Deferred Inflows of Resources	5,268,956	916,807	4,352,149	704,428	149,514	554,914	5,973,384	1,066,321
Net Position								
Net investment in capital assets	72,835,229	72,343,180	492,049	78,515,236	71,174,206	7,341,030	151,350,465	143,517,386
Restricted	7,050,000	6,141,383	908,617	-	-	-	7,050,000	6,141,383
Unrestricted	17,949,945	10,156,881	7,793,064	45,992,064	49,871,382	(3,879,318)	63,942,009	60,028,263
Total Net Position	\$ 97,835,174	\$ 88,641,444	\$ 9,193,730	\$ 124,507,300	\$ 121,045,588	\$ 3,461,712	\$ 222,342,474	\$ 209,687,032
Net Position as a Percent of Total								
Net investment in capital assets	74.5 %	81.6 %		63.1 %	58.8 %			
Restricted	7.2	6.9		-	-			
Unrestricted	18.3	11.5		36.9	41.2			
	100.0 %	100.0 %		100.0 %	100.0 %			

Additionally, a portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities.

Governmental Activities. Governmental activities increased the City's net position as shown below. Key elements of this increase are as follows:

City of Worthington's Changes in Net Position

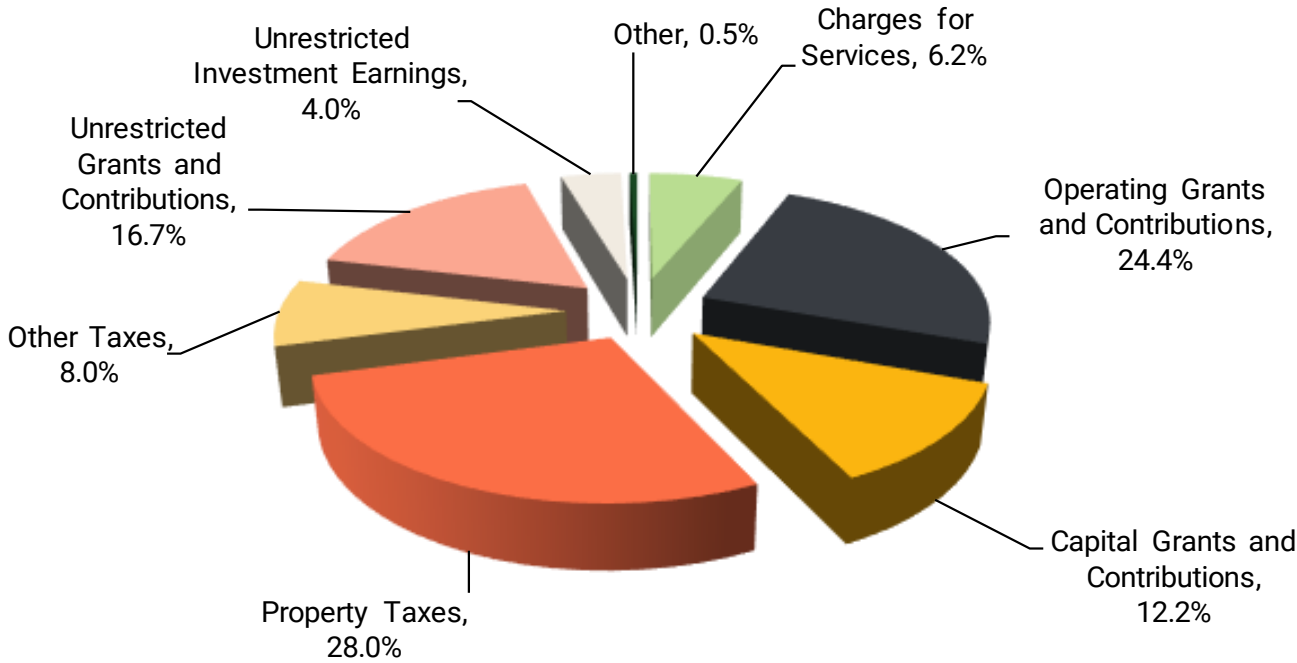
	Governmental Activities			Business-type Activities			Total	
	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)	2023	2022
Revenues								
Program Revenues								
Charges for services	\$ 1,464,810	\$ 1,106,623	\$ 358,187	\$ 38,163,804	\$ 37,994,759	\$ 169,045	\$ 39,628,614	\$ 39,101,382
Operating grants and contributions	5,747,035	1,041,377	4,705,658	247,823	100,046	147,777	5,994,858	1,141,423
Capital grants and contributions	2,874,551	1,011,161	1,863,390	242,647	241,821	826	3,117,198	1,252,982
General Revenues								
Property taxes	6,544,565	5,651,252	893,313	-	-	-	6,544,565	5,651,252
Other taxes	1,889,653	1,926,354	(36,701)	-	-	-	1,889,653	1,926,354
Grants and contributions not restricted to specific programs	3,937,083	4,077,199	(140,116)	-	-	-	3,937,083	4,077,199
Unrestricted investment earnings (loss)	931,907	(160,928)	1,092,835	1,693,844	(1,009,400)	2,703,244	2,625,751	(1,170,328)
Other	98,564	84,237	14,327	-	-	-	98,564	84,237
Gain on sale of capital assets	25,651	40,850	(15,199)	-	-	-	25,651	40,850
Total Revenues	23,513,819	14,778,125	8,735,694	40,348,118	37,327,226	3,020,892	63,861,937	52,105,351
Expenses								
General government	2,496,317	1,857,980	638,337	-	-	-	2,496,317	1,857,980
Public safety	5,497,914	5,133,978	363,936	-	-	-	5,497,914	5,133,978
Public works	1,829,704	3,722,567	(1,892,863)	-	-	-	1,829,704	3,722,567
Culture and recreation	2,806,041	2,637,543	168,498	-	-	-	2,806,041	2,637,543
Conservation and development	2,567,181	1,046,934	1,520,247	-	-	-	2,567,181	1,046,934
Interest and fiscal charges	565,417	392,592	172,825	-	-	-	565,417	392,592
Water	-	-	-	3,106,979	3,017,013	89,966	3,106,979	3,017,013
Municipal wastewater	-	-	-	2,196,132	2,210,040	(13,908)	2,196,132	2,210,040
Electric	-	-	-	21,365,083	20,273,915	1,091,168	21,365,083	20,273,915
Industrial wastewater facility	-	-	-	2,931,840	2,497,235	434,605	2,931,840	2,497,235
Storm water management	-	-	-	646,830	553,928	92,902	646,830	553,928
Street lighting	-	-	-	47,182	46,664	518	47,182	46,664
Liquor	-	-	-	4,763,475	4,802,620	(39,145)	4,763,475	4,802,620
Airport	-	-	-	747,205	918,470	(171,265)	747,205	918,470
Cable television	-	-	-	107,531	125,045	(17,514)	107,531	125,045
Total Expenses	15,762,574	14,791,594	970,980	35,912,257	34,444,930	1,467,327	51,674,831	49,236,524
Increase (decrease) in net position before transfers	7,751,245	(13,469)	7,764,714	4,435,861	2,882,296	1,553,565	12,187,106	2,868,827
Transfers	974,149	1,000,165	(26,016)	(974,149)	(1,000,165)	26,016	-	-
Change in Net Position	8,725,394	986,696	7,738,698	3,461,712	1,882,131	1,579,581	12,187,106	2,868,827
Net Position - January 1	88,641,444	87,911,883	729,561	121,045,588	119,163,457	1,882,131	209,687,032	207,075,340
Prior Period Adjustment	468,336	(257,135)	725,471	-	-	-	468,336	(257,135)
Net Position - December 31	\$ 97,835,174	\$ 88,641,444	\$ 9,193,730	\$ 124,507,300	\$ 121,045,588	\$ 3,461,712	\$ 222,342,474	\$ 209,687,032

The following graphs depict various governmental activities and show the revenue and expenses directly related to those activities.

Expenses and Program Revenues - Governmental Activities



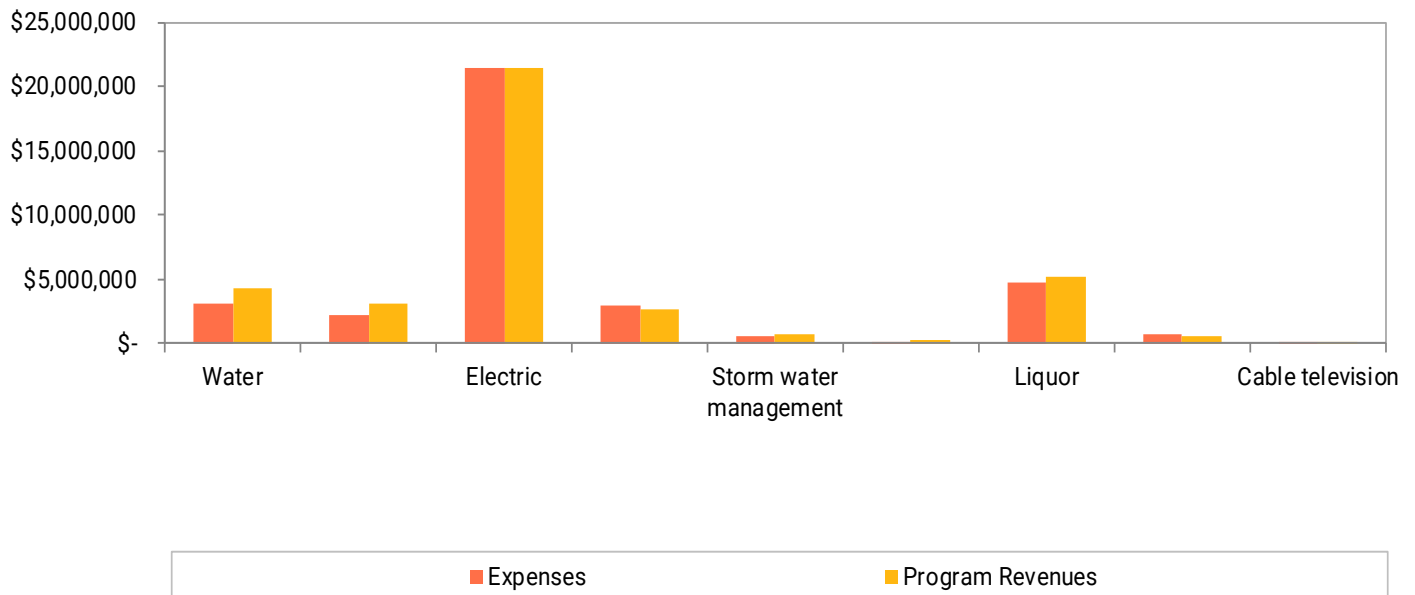
Revenues by Source - Governmental Activities



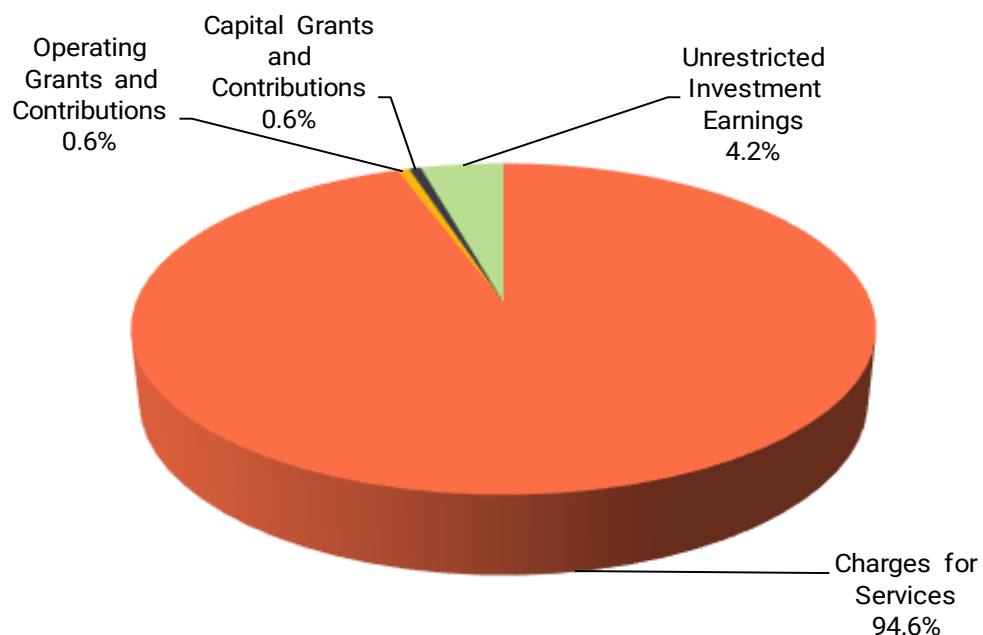
Business-type Activities. Business-type activities increased the City's net position. Key elements of this increase are as follows:

- Charges for services for business-type activities increased by \$169,045. The majority of increases occurred in water, municipal wastewater, and industrial wastewater facility, all due to increased rates in storm sewer and storm sewer rates, while water rates stayed the same.
- Investment earnings increase \$2,703,245 due to increased market values on investments.

Expenses and Program Revenues - Business - type Activities



Revenues by Source - Business - type Activities



Financial Analysis of the City's Funds

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

Governmental Funds. The focus of the City'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'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. The table below outlines the governmental fund balances for the year ending December 31, 2023

	General Fund	WRH	Recreation	Economic Development Authority	Improvement Construction	Other Governmental Funds	Total	Prior Year Total	Increase/ (Decrease)
Fund Balances									
Nonspendable	\$ 701,036	\$ -	\$ 23,473	\$ 4,840	\$ 5,923	\$ 6,964	\$ 742,236	\$ 912,032	\$ (169,796)
Restricted	606,562	-	-	55,853	-	5,043,925	5,706,340	5,742,121	(35,781)
Committed	4,100,265	10,603,675	437,393	-	-	3,725,871	18,867,204	17,889,264	977,940
Assigned for	660,008	-	-	-	4,877,097	63,652	5,600,757	3,229,595	2,371,162
Unassigned	3,980,412	-	(2,376,209)	(3,877,093)	-	(751,448)	(3,024,338)	(7,660,880)	4,636,542
	<u>\$ 10,048,283</u>	<u>\$ 10,603,675</u>	<u>\$ (1,915,343)</u>	<u>\$ (3,816,400)</u>	<u>\$ 4,883,020</u>	<u>\$ 8,088,964</u>	<u>\$ 27,892,199</u>	<u>\$ 20,112,132</u>	<u>\$ 7,780,067</u>

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances shown above. Additional information on the City's fund balances can be found in Note 1 starting on page 70 of this report.

The *General fund* is the chief operating fund of the City. At the end of the current year, the fund balance of the General fund is shown in the table above. As a measure of the General fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. The total unassigned fund balance as a percent of total fund expenditures is shown in the chart below along with total fund balance as a percent of total expenditures.

	Current Year Ending Balance	Prior Year Ending Balance	Increase/ (Decrease)
General Fund Fund Balances			
Nonspendable	\$ 701,036	\$ 884,245	\$ (183,209)
Restricted	606,562	-	606,562
Committed	4,100,265	3,330,903	769,362
Assigned	660,008	1,046,893	(386,885)
Unassigned	3,980,412	3,712,911	267,501
	<u>\$ 10,048,283</u>	<u>\$ 8,974,952</u>	<u>\$ 1,073,331</u>
General Fund expenditures	\$ 9,744,893	\$ 9,023,281	
Unassigned as a percent of expenditures	40.8%	41.1%	

The fund balance of the City's General fund increased during the current fiscal year as shown in the table above. The increase in fund balance was due to one time public safety aid.

Other major governmental fund analysis is shown below:

	December 31, 2023	December 31, 2022	Increase (Decrease)
WRH Fund	\$ 10,603,675	\$ 10,426,256	\$ 177,419
<i>The increase in fund balance during the year was due to budgeted transfers in.</i>			
Recreation Fund	\$ (1,915,343)	\$ (1,379,784)	\$ (535,559)
<i>The decrease in fund balance was caused by capital outlay purchases in excess of charges for services and tax levy revenue.</i>			
Economic Development Authority Project	\$ (3,816,400)	\$ (3,956,711)	\$ 140,311
<i>The increase in fund balance was caused by intergovernmental grants.</i>			
Improvement Construction	\$ 4,883,020	\$ 1,687,449	\$ 3,195,571
<i>The increase in fund balance is due to bonds issued but not fully spent.</i>			

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Net position of the City's proprietary funds increased or (decreased) as follows:

	Ending Net Position 2023	Ending Net Position 2022	Increase/ (Decrease)
Water	\$ 32,777,466	\$ 31,230,568	\$ 1,546,898
<i>The increase primarily is attributed to the collection of charges for services and investment income.</i>			
Municipal Wastewater	\$ 23,313,641	\$ 21,904,635	\$ 1,409,006
<i>The increase primarily is attributed to the collection of charges for services and investment income.</i>			
Electric	\$ 38,887,718	\$ 39,028,463	\$ (140,745)
<i>The decrease primarily is attributed to budgeted transfers out.</i>			

General Fund Budgetary Highlights

	Original Budgeted Amounts	Budget Amendments	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues	\$ 7,630,074	\$ -	\$ 7,630,074	\$ 9,499,006	\$ 1,868,932
Expenditures	9,378,611	660,087	10,038,698	9,744,893	293,805
Excess of Revenues Over Expenditures	(1,748,537)	(660,087)	(2,408,624)	(245,887)	2,162,737
Other Financing Sources (Uses)					
Sale of capital assets	-	-	-	25,401	25,401
Transfers in	1,459,533	-	1,459,533	1,447,899	(11,634)
Transfers out	(47,499)	-	(47,499)	(154,082)	(106,583)
Total Other Financing Sources (Uses)	1,412,034	-	1,412,034	1,319,218	(92,816)
Net Change in Fund Balances	(336,503)	(660,087)	(996,590)	1,073,331	2,069,921
Fund Balances, January 1	8,974,952	-	8,974,952	8,974,952	-
Fund Balances, December 31	\$ 8,638,449	\$ (660,087)	\$ 7,978,362	\$ 10,048,283	\$ 2,069,921

The City's General fund budget was amended during the year as shown above. The budget amendment increased expenses relating to mostly general governmental and public works capital outlay. Actual revenues were over the final budget and expenditures were under the final budget amounts as shown above.

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of December 31, 2023 amounts to \$203,953,751 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, roads, highways and bridges.

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

- Purchased land \$470,136 for possible future development/road realignment.
- 2024 Ram 3500 Pickup \$73,045
- 2024 L70H Volvo Loader with 3 yard budget \$199,538
- 2022 Western Star 4700 SE \$239,029
- Mobile State \$225,116
- Construction started but not completes on street projects costing \$7,248,087
- 2022 Watermain replacement costing \$1,378,871 and parking lot \$224,397
- Municipal Wastewater treatment facility costing \$5,242,582 and sanitary sewer CIPP \$997,147
- Substation #3 equipment replacement costing 1,385,646
- Airport master plan update costing \$85,075 and airport maintenance building roof replacement \$229,331

Additional information on the City's capital assets can be found in Note 3D starting on page 76 of this report.

City of Worthington's Capital Assets (Net of Depreciation)

	Governmental Activities			Business-type Activities			Total	
	2023	2022 As Restated	Increase (Decrease)	2023	2022	Increase (Decrease)	2023	2022
Land	\$ 6,598,524	\$ 5,956,974	\$ 641,550	\$ 1,704,185	\$ 1,696,818	\$ 7,367	\$ 8,302,709	\$ 7,653,792
Intangibles	134,607	134,607	-	3,199,810	3,199,810	-	3,334,417	3,334,417
Construction in Progress	11,835,625	17,645,957	(5,810,332)	36,828,528	26,721,437	10,107,091	48,664,153	44,367,394
Buildings	33,704,256	22,556,725	11,147,531	13,119,590	13,544,283	(424,693)	46,823,846	36,101,008
Improvements	8,350,786	8,185,727	165,059	46,565,358	47,999,418	(1,434,060)	54,916,144	56,185,145
Machinery and Equipment	3,371,407	2,847,784	523,623	1,642,442	1,744,631	(102,189)	5,013,849	4,592,415
Office Equipment	25,708	32,867	(7,159)	75,939	67,260	8,679	101,647	100,127
Vehicles	84,481	55,410	29,071	-	-	-	84,481	55,410
Infrastructure	36,719,952	34,684,741	2,035,211	-	-	-	36,719,952	34,684,741
Total	<u>\$100,825,346</u>	<u>\$ 92,100,792</u>	<u>\$ 8,724,554</u>	<u>\$103,135,852</u>	<u>\$ 94,973,657</u>	<u>\$ 8,162,195</u>	<u>\$203,961,198</u>	<u>\$187,074,449</u>
Increase (decrease)			9.5%			8.6%		

Long-term Debt. At the end of the current fiscal year, the City had total debt outstanding as shown below.

City of Worthington's Outstanding Debt

	Governmental Activities			Business-type Activities			Total	
	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)	2023	2022
General Obligation Bonds	\$ 14,315,000	\$ 11,370,000	\$ 2,945,000	\$ -	\$ -	\$ -	\$ 14,315,000	\$ 11,370,000
G.O. Sales Tax Bonds	11,905,000	7,495,000	4,410,000	-	-	-	11,905,000	7,495,000
General Obligation Revenue Bonds	-	-	-	890,000	955,000	(65,000)	890,000	955,000
Notes Payable	-	-	-	24,407,064	20,506,482	3,900,582	24,407,064	20,506,482
Total	\$ 26,220,000	\$ 18,865,000	\$ 7,355,000	\$ 25,297,064	\$ 21,461,482	\$ 3,835,582	\$ 51,517,064	\$ 40,326,482
Increase (decrease)			39.0%			17.9%		

The City's total bonded debt increased during the current fiscal year due to two new bond issuances.

The City maintains an "AA-" rating. Such was reaffirmed by Standards and Poor's in 2023.

Minnesota statutes limit the amount of net general obligation debt a City may issue three percent of the total estimated market value of the City. The current debt limitation for the City is \$34,195,827, which is significantly in excess of the City's outstanding general obligation debt.

Additional information on the City's long-term debt can be found in Note 3F starting on page 80 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Nobles County as of December 31, 2023 is 2.7 percent, which is higher than a year ago (2.3). This compares favorably to the State's average unemployment rate of 2.8 percent and the national average rate of 3.6 percent.
- Inflationary trends in the region compare favorably to national indices.
- These factors were considered in preparing the City of Worthington's budget for the 2024 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, City of Worthington, 303 Ninth Street, Worthington, Minnesota 56187.

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF WORTHINGTON
WORTHINGTON, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2023

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City of Worthington, Minnesota

Statement of Net Position

December 31, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments	\$ 26,132,933	\$ 48,677,512	\$ 74,810,445
Receivables			
Accrued interest	65,167	124,096	189,263
Delinquent taxes	37,208	-	37,208
Accounts	626,884	2,758,374	3,385,258
Loans (net of allowance)	1,668,287	-	1,668,287
Leases	271,403	-	271,403
Special assessments	1,804,150	-	1,804,150
Intergovernmental	2,464,123	334,351	2,798,474
Internal balances	617,407	(617,407)	-
Inventories	68,150	628,766	696,916
Prepaid items	165,842	141,112	306,954
Capital assets			
Nondepreciable	18,568,756	41,732,523	60,301,279
Depreciable, net of accumulated depreciation	82,256,590	61,403,329	143,659,919
Total Assets	<u>134,746,900</u>	<u>155,182,656</u>	<u>289,929,556</u>
Deferred Outflows of Resources			
Deferred pension resources	4,792,490	487,494	5,279,984
Deferred other postemployment benefit resources	166,194	52,851	219,045
Total Deferred Outflows of Resources	<u>4,958,684</u>	<u>540,345</u>	<u>5,499,029</u>
Liabilities			
Accounts and contracts payable	1,647,832	2,196,072	3,843,904
Due to other governments	1,612	255,263	256,875
Accrued interest payable	180,802	94,117	274,919
Salaries payable	272,735	140,217	412,952
Customer deposits payable	24,135	206,199	230,334
Unearned revenue	390,405	44,480	434,885
Noncurrent liabilities			
Due within one year			
Long-term liabilities	2,209,105	1,718,000	3,927,105
Other postemployment benefit resources	34,571	10,994	45,565
Due in more than one year			
Long-term liabilities	26,143,754	23,579,064	49,722,818
Net pension liability	4,517,988	1,892,094	6,410,082
Other postemployment benefit resources	1,178,515	374,773	1,553,288
Total Liabilities	<u>36,601,454</u>	<u>30,511,273</u>	<u>67,112,727</u>
Deferred Inflows of Resources			
Deferred pension resources	4,812,610	644,184	5,456,794
Deferred other postemployment benefit resources	189,438	60,244	249,682
Deferred lease resources	266,908	-	266,908
Total Deferred Inflows of Resources	<u>5,268,956</u>	<u>704,428</u>	<u>5,973,384</u>
Net Position			
Net investment in capital assets	72,835,229	78,515,236	151,350,465
Restricted			
Debt service	3,728,117	-	3,728,117
Tax increment financing	350,957	-	350,957
Sales tax projects	1,802,276	-	1,802,276
Public safety	606,562	-	606,562
Housing	562,088	-	562,088
Unrestricted	17,949,945	45,992,064	63,942,009
Total Net Position	<u>\$ 97,835,174</u>	<u>\$ 124,507,300</u>	<u>\$ 222,342,474</u>

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

City of Worthington, Minnesota
Statement of Activities
For the Year Ended December 31, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 2,496,317	\$ 624,562	\$ -	\$ -
Public safety	5,497,914	87,970	4,822,674	-
Public works	1,829,704	95,283	288,669	2,874,551
Culture and recreation	2,806,041	418,403	126,034	-
Conservation and development	2,567,181	238,592	509,658	-
Interest	565,417	-	-	-
Total Governmental Activities	<u>15,762,574</u>	<u>1,464,810</u>	<u>5,747,035</u>	<u>2,874,551</u>
Business-Type Activities				
Water	3,106,979	4,352,350	53	-
Municipal wastewater	2,196,132	3,164,191	65	-
Electric	21,365,083	21,369,215	80	-
Industrial wastewater facility	2,931,840	2,710,302	-	-
Storm water management	646,830	797,161	8	-
Street lighting	47,182	270,048	-	-
Liquor	4,763,475	5,230,767	30	-
Airport	747,205	158,939	247,587	242,647
Cable television	107,531	110,831	-	-
Total Business-type Activities	<u>35,912,257</u>	<u>38,163,804</u>	<u>247,823</u>	<u>242,647</u>
Totals Primary Government	<u>\$ 51,674,831</u>	<u>\$ 39,628,614</u>	<u>\$ 5,994,858</u>	<u>\$ 3,117,198</u>
General Revenues				
Property taxes, levied for general purposes				
Property taxes, levied for specific purposes				
Property taxes, levied for debt service				
Tax increments				
Hotel-motel taxes				
City sales tax				
Other taxes				
Grants and contributions not restricted to specific programs				
Unrestricted investment earnings				
Other revenues				
Gain on sale of capital assets				
Transfers				
Total General Revenues and Transfers				
Change in Net Position				
Net Position, January 1				
Prior Period Adjustment (Note 10)				
Net Position, December 31				

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

Net (Expense) Revenue and
Changes in Net Position

Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (1,871,755)	\$ -	\$ (1,871,755)
(587,270)	-	(587,270)
1,428,799	-	1,428,799
(2,261,604)	-	(2,261,604)
(1,818,931)	-	(1,818,931)
(565,417)	-	(565,417)
<u>(5,676,178)</u>	<u>-</u>	<u>(5,676,178)</u>
-	1,245,424	1,245,424
-	968,124	968,124
-	4,212	4,212
-	(221,538)	(221,538)
-	150,339	150,339
-	222,866	222,866
-	467,322	467,322
-	(98,032)	(98,032)
-	3,300	3,300
<u>-</u>	<u>2,742,017</u>	<u>2,742,017</u>
<u>(5,676,178)</u>	<u>2,742,017</u>	<u>(2,934,161)</u>
5,290,064	-	5,290,064
272,054	-	272,054
982,447	-	982,447
356,008	-	356,008
174,251	-	174,251
1,304,165	-	1,304,165
55,229	-	55,229
3,937,083	-	3,937,083
931,907	1,693,844	2,625,751
98,564	-	98,564
25,651	-	25,651
974,149	(974,149)	-
<u>14,401,572</u>	<u>719,695</u>	<u>15,121,267</u>
8,725,394	3,461,712	12,187,106
88,641,444	121,045,588	209,687,032
468,336	-	468,336
<u>\$ 97,835,174</u>	<u>\$ 124,507,300</u>	<u>\$ 222,342,474</u>

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

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FUND FINANCIAL STATEMENTS

CITY OF WORTHINGTON
WORTHINGTON, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2023

City of Worthington, Minnesota

Balance Sheet
Governmental Funds
December 31, 2023

		211	229	231
	General	WRH	Recreation	Economic Development Authority
Assets				
Cash and investments	\$ 4,971,303	\$ 5,288,329	\$ -	\$ 417,545
Receivables				
Accrued interest	15,735	13,098	-	957
Delinquent taxes	15,805	-	10,874	1,022
Accounts	59,005	1,376	56,745	10,380
Loans (net of allowance)	-	1,053,872	-	-
Leases	-	-	187,734	83,669
Special assessments	13,896	-	-	-
Intergovernmental	2,017,596	-	20,822	635
Due from other funds	3,112,546	-	-	-
Advances to other funds	527,232	4,247,000	743,105	-
Inventories	68,150	-	-	-
Prepaid items	105,654	-	23,473	4,840
Total Assets	\$ 10,906,922	\$ 10,603,675	\$ 1,042,753	\$ 519,048
Liabilities				
Accounts payable	\$ 183,528	\$ -	\$ 301,902	\$ 6,941
Contracts payable	-	-	-	-
Due to other funds	-	-	2,432,384	-
Advance from other funds	-	-	-	4,247,000
Due to other governments	-	-	1,405	164
Salaries payable	230,870	-	24,944	-
Deposits payable	24,135	-	-	-
Unearned revenue	390,405	-	-	-
Total Liabilities	828,938	-	2,760,635	4,254,105
Deferred Inflows of Resources				
Unavailable revenue				
Special assessments	13,896	-	-	-
Property taxes	15,805	-	10,874	1,022
Deferred lease resources	-	-	186,587	80,321
Total Deferred Inflows of Resources	29,701	-	197,461	81,343
Fund Balances				
Nonspendable	701,036	-	23,473	4,840
Restricted	606,562	-	-	55,853
Committed	4,100,265	10,603,675	437,393	-
Assigned	660,008	-	-	-
Unassigned	3,980,412	-	(2,376,209)	(3,877,093)
Total Fund Balances	10,048,283	10,603,675	(1,915,343)	(3,816,400)
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 10,906,922	\$ 10,603,675	\$ 1,042,753	\$ 519,048

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

401

Improvement Construction	Other Governmental Funds	Total Governmental Funds
\$ 4,996,495	\$ 8,607,990	\$ 24,281,662
2,296	31,426	63,512
2,273	7,234	37,208
127,300	7,249	262,055
-	614,415	1,668,287
-	-	271,403
271,299	1,518,955	1,804,150
299,891	125,179	2,464,123
-	-	3,112,546
-	-	5,517,337
-	-	68,150
5,923	6,964	146,854
<u>\$ 5,705,477</u>	<u>\$ 10,919,412</u>	<u>\$ 39,697,287</u>
\$ 154,342	\$ 252,201	\$ 898,914
391,615	334,266	725,881
-	680,162	3,112,546
-	33,928	4,280,928
-	43	1,612
2,928	3,659	262,401
-	-	24,135
-	-	390,405
<u>548,885</u>	<u>1,304,259</u>	<u>9,696,822</u>
271,299	1,518,955	1,804,150
2,273	7,234	37,208
-	-	266,908
<u>273,572</u>	<u>1,526,189</u>	<u>2,108,266</u>
5,923	6,964	742,236
-	5,043,925	5,706,340
-	3,725,871	18,867,204
4,877,097	63,652	5,600,757
-	(751,448)	(3,024,338)
<u>4,883,020</u>	<u>8,088,964</u>	<u>27,892,199</u>
<u>\$ 5,705,477</u>	<u>\$ 10,919,412</u>	<u>\$ 39,697,287</u>

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

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City of Worthington, Minnesota
Reconciliation of the Balance Sheet
to the Statement of Net Position
Governmental Funds
December 31, 2023

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

Total Fund Balances - Governmental Funds	\$ 27,892,199
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the funds.	100,795,162
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	
Long-term liabilities at year-end consist of	
Bonds payable	(26,220,000)
Unamortized bond premium, net of amortization	(1,044,236)
Other postemployment benefits obligation	(1,140,226)
Net pension liability	(4,372,354)
Long-term assets are not available to pay current-period expenditures and, therefore, are unavailable in the funds.	
Delinquent property taxes	37,208
Special assessments	1,804,150
Governmental funds do not report a liability for accrued interest until due and payable.	(180,802)
Governmental funds do not report long-term amounts related to pensions and other postemployment benefits.	
Deferred outflows of pension resources	4,754,968
Deferred inflows of pension resources	(4,763,028)
Deferred outflows of other postemployment benefit resources	156,212
Deferred inflows of other postemployment benefit resources	(178,060)
Internal service funds are used by management to charge the costs of insurance and various services to individual funds. The assets and liabilities of the internal services funds are included in governmental activities in the statement of net position.	293,981
Total Net Position - Governmental Activities	<u>\$ 97,835,174</u>

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

City of Worthington, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2023

		211	229	231
	General	WRH	Recreation	Economic Development Authority
Revenues				
Taxes	\$ 2,984,530	\$ -	\$ 1,923,964	\$ 190,814
Special assessments	327	-	-	-
Licenses and permits	281,358	-	-	-
Intergovernmental	5,136,288	-	164	509,670
Charges for services	422,933	-	361,617	63,877
Fines and forfeits	47,309	-	-	-
Investment income	485,758	155,214	-	14,089
Miscellaneous	140,503	2,820	75,097	174,715
Total Revenues	<u>9,499,006</u>	<u>158,034</u>	<u>2,360,842</u>	<u>953,165</u>
Expenditures				
Current				
General government	2,204,196	233,091	-	-
Public safety	4,906,817	-	-	-
Public works	1,108,305	-	-	-
Culture and recreation	154,518	-	1,619,440	-
Conservation and development	239,753	-	187,437	690,710
Capital outlay				
General government	613,812	-	-	-
Public safety	140,689	-	-	-
Public works	335,022	-	-	-
Culture and recreation	544	-	1,089,774	-
Conservation and development	41,237	-	-	-
Debt service				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>9,744,893</u>	<u>233,091</u>	<u>2,896,651</u>	<u>690,710</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(245,887)</u>	<u>(75,057)</u>	<u>(535,809)</u>	<u>262,455</u>
Other Financing Sources (Uses)				
Sale of capital assets	25,401	-	250	-
Transfers in	1,447,899	252,476	-	-
Bonds issued	-	-	-	-
Premium on bonds issued	-	-	-	-
Transfers out	(154,082)	-	-	(122,144)
Total Other Financing Sources (Uses)	<u>1,319,218</u>	<u>252,476</u>	<u>250</u>	<u>(122,144)</u>
Net Change in Fund Balances	1,073,331	177,419	(535,559)	140,311
Fund Balances, January 1	<u>8,974,952</u>	<u>10,426,256</u>	<u>(1,379,784)</u>	<u>(3,956,711)</u>
Fund Balances, December 31	<u>\$ 10,048,283</u>	<u>\$ 10,603,675</u>	<u>\$ (1,915,343)</u>	<u>\$ (3,816,400)</u>

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

401

Improvement Construction	Other Governmental Funds	Totals
\$ 405,060	\$ 2,956,605	\$ 8,460,973
-	538,611	538,938
-	-	281,358
6,170,070	108	11,816,300
-	38,957	887,384
-	-	47,309
59,218	229,576	943,855
127,000	8,462	528,597
<u>6,761,348</u>	<u>3,772,319</u>	<u>23,504,714</u>
-	-	2,437,287
-	-	4,906,817
-	60,936	1,169,241
-	330,776	2,104,734
-	77,558	1,195,458
-	-	613,812
-	-	140,689
8,001,601	-	8,336,623
-	1,116,530	2,206,848
-	1,440,066	1,481,303
-	1,660,000	1,660,000
42,697	550,209	592,906
<u>8,044,298</u>	<u>5,236,075</u>	<u>26,845,718</u>
<u>(1,282,950)</u>	<u>(1,463,756)</u>	<u>(3,341,004)</u>
-	-	25,651
327,297	2,234,704	4,262,376
3,903,625	5,111,375	9,015,000
247,599	408,672	656,271
-	(2,562,001)	(2,838,227)
<u>4,478,521</u>	<u>5,192,750</u>	<u>11,121,071</u>
3,195,571	3,728,994	7,780,067
<u>1,687,449</u>	<u>4,359,970</u>	<u>20,112,132</u>
<u>\$ 4,883,020</u>	<u>\$ 8,088,964</u>	<u>\$ 27,892,199</u>

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

City of Worthington, Minnesota
Reconciliation of the Statement of
Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statements of Activities -
Governmental Funds
For the Year Ended December 31, 2023

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

Net Change in Fund Balances - Governmental Funds	\$ 7,780,067
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense.	
Capital outlay	12,712,381
Depreciation expense	(3,985,974)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of 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 premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
Principal repayments	1,660,000
Bonds issued	(9,015,000)
Bonds premiums issued, net of amortization	(619,960)
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental fund because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	(8,822)
Certain revenues are recognized as soon as they are earned. Under the modified accrual basis of accounting certain revenues cannot be recognized until they are available to liquidate liabilities of the current period.	
Property taxes	(26,755)
Special assessments	738,450
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.	
Other postemployment benefits cost	(37,344)
Long-term pension activity is not reported in governmental funds.	
Pension expense	(367,107)
Direct aid contributions	7,583
Internal service funds are used by management to charge the costs of various services to individual funds. The net revenues of certain activities of internal service funds is reported with governmental activities.	(112,125)
Change in Net Position - Governmental Activities	<u>\$ 8,725,394</u>

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

City of Worthington, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
General Fund
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 2,928,413	\$ 2,928,413	\$ 2,984,530	\$ 56,117
Special assessments	-	-	327	327
Licenses and permits	215,975	215,975	281,358	65,383
Intergovernmental	4,026,188	4,026,188	5,136,288	1,110,100
Charges for services	302,357	302,357	422,933	120,576
Fines and forfeits	45,000	45,000	47,309	2,309
Investment income	80,941	80,941	485,758	404,817
Miscellaneous				
Contributions and donations	-	-	43,417	43,417
Refunds	-	-	1,880	1,880
Other	31,200	31,200	95,206	64,006
Total Revenues	<u>7,630,074</u>	<u>7,630,074</u>	<u>9,499,006</u>	<u>1,868,932</u>
Expenditures				
Current				
General government	2,392,037	2,468,037	2,204,196	263,841
Public safety	5,233,445	5,233,445	4,906,817	326,628
Public works	966,418	966,418	1,108,305	(141,887)
Culture and recreation	124,165	124,165	154,518	(30,353)
Conservation and development	222,010	222,010	239,753	(17,743)
Capital outlay				
General government	238,800	613,800	613,812	(12)
Public safety	153,500	153,500	140,689	12,811
Public works	48,236	257,323	335,022	(77,699)
Culture and recreation	-	-	544	(544)
Conservation and development	-	-	41,237	(41,237)
Total Expenditures	<u>9,378,611</u>	<u>10,038,698</u>	<u>9,744,893</u>	<u>293,805</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,748,537)</u>	<u>(2,408,624)</u>	<u>(245,887)</u>	<u>2,162,737</u>
Other Financing Sources (Uses)				
Sale of capital assets	-	-	25,401	25,401
Transfers in	1,459,533	1,459,533	1,447,899	(11,634)
Transfers out	(47,499)	(47,499)	(154,082)	(106,583)
Total Other Financing Sources (Uses)	<u>1,412,034</u>	<u>1,412,034</u>	<u>1,319,218</u>	<u>(92,816)</u>
Net Change in Fund Balances	(336,503)	(996,590)	1,073,331	2,069,921
Fund Balances, January 1	<u>8,974,952</u>	<u>8,974,952</u>	<u>8,974,952</u>	-
Fund Balances, December 31	<u>\$ 8,638,449</u>	<u>\$ 7,978,362</u>	<u>\$ 10,048,283</u>	<u>\$ 2,069,921</u>

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

City of Worthington, Minnesota
WRH
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Investment income	\$ 90,686	\$ 90,686	\$ 155,214	\$ 64,528
Miscellaneous revenues				
Other	-	-	2,820	2,820
Total Revenues	90,686	90,686	158,034	67,348
Expenditures				
Current				
General government				
Other services and charges	13,092	13,092	233,091	(219,999)
Excess (Deficiency) of Revenues Over (Under) Expenditures	77,594	77,594	(75,057)	(152,651)
Other Financing Sources (Uses)				
Transfers in	23,749	23,749	252,476	228,727
Net Change in Fund Balances	101,343	101,343	177,419	76,076
Fund Balances, January 1	10,426,256	10,426,256	10,426,256	-
Fund Balances, December 31	\$ 10,527,599	\$ 10,527,599	\$ 10,603,675	\$ 76,076

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

City of Worthington, Minnesota
Recreation
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 1,915,135	\$ 1,915,135	\$ 1,923,964	\$ 8,829
Intergovernmental				
State	-	-	164	164
Local	85,000	85,000	-	(85,000)
Charges for services	387,900	387,900	361,617	(26,283)
Investment income	5,000	5,000	-	(5,000)
Miscellaneous revenues				
Contributions and donations	5,000	5,000	-	(5,000)
Other	4,400	4,400	75,097	70,697
Total Revenues	<u>2,402,435</u>	<u>2,402,435</u>	<u>2,360,842</u>	<u>(41,593)</u>
Expenditures				
Current				
Culture and recreation				
Personal services	643,401	643,401	692,948	(49,547)
Supplies	146,550	146,550	215,011	(68,461)
Other services and charges	488,463	488,463	711,481	(223,018)
Conservation and development				
Personal services	113,990	113,990	142,282	(28,292)
Supplies	18,300	18,300	22,951	(4,651)
Other services and charges	22,700	22,700	22,204	496
Capital outlay				
Culture and recreation	1,016,861	1,016,861	1,089,774	(72,913)
Total Expenditures	<u>2,450,265</u>	<u>2,450,265</u>	<u>2,896,651</u>	<u>(446,386)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(47,830)	(47,830)	(535,809)	(487,979)
Other Financing Sources (Uses)				
Sale of capital assets	-	-	250	250
Net Change in Fund Balances	(47,830)	(47,830)	(535,559)	(487,729)
Fund Balances, January 1	<u>(1,379,784)</u>	<u>(1,379,784)</u>	<u>(1,379,784)</u>	<u>-</u>
Fund Balances, December 31	<u>\$ (1,427,614)</u>	<u>\$ (1,427,614)</u>	<u>\$ (1,915,343)</u>	<u>\$ (487,729)</u>

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

City of Worthington, Minnesota
Economic Development Authority
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 188,478	\$ 188,478	\$ 190,814	\$ 2,336
Intergovernmental				
State	-	-	504,670	504,670
Local	-	-	5,000	5,000
Charges for services	55,000	55,000	63,877	8,877
Investment income	750	750	14,089	13,339
Miscellaneous revenues				
Refunds	23,000	23,000	40,111	17,111
Other	12,000	12,000	134,604	122,604
Total Revenues	<u>279,228</u>	<u>279,228</u>	<u>953,165</u>	<u>673,937</u>
Expenditures				
Current				
Economic Development				
Supplies	950	950	182	768
Other services and charges	278,278	278,278	690,528	(412,250)
Total Expenditures	<u>279,228</u>	<u>279,228</u>	<u>690,710</u>	<u>(411,482)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	262,455	262,455
Other Financing Sources (Uses)				
Transfers out	<u>-</u>	<u>-</u>	<u>(122,144)</u>	<u>(122,144)</u>
Net Change in Fund Balances	-	-	140,311	140,311
Fund Balances, January 1	<u>(3,956,711)</u>	<u>(3,956,711)</u>	<u>(3,956,711)</u>	<u>-</u>
Fund Balances, December 31	<u>\$ (3,956,711)</u>	<u>\$ (3,956,711)</u>	<u>\$ (3,816,400)</u>	<u>\$ 140,311</u>

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

City of Worthington, Minnesota
Statement of Net Position
Proprietary Funds
December 31, 2023

	Business-type Activities - Enterprise Funds					Governmental
	601	602	604			Activities- Internal Service Funds
	Water	Municipal Wastewater	Electric	Other Business-type Activities	Total	
Assets						
Current Assets						
Cash and investments	\$ 10,154,596	\$ 13,712,863	\$ 17,244,415	\$ 7,565,638	\$ 48,677,512	\$ 1,851,271
Receivables						
Accrued interest	27,111	37,313	40,990	18,682	124,096	1,655
Accounts	390,361	299,718	1,660,940	407,355	2,758,374	364,829
Intergovernmental	-	-	-	334,351	334,351	-
Inventories	-	-	-	628,766	628,766	-
Prepaid items	35,035	19,041	55,001	32,035	141,112	18,988
Total Current Assets	<u>10,607,103</u>	<u>14,068,935</u>	<u>19,001,346</u>	<u>8,986,827</u>	<u>52,664,211</u>	<u>2,236,743</u>
Noncurrent Assets						
Capital assets at cost						
Land	101,065	75,702	300,717	1,226,701	1,704,185	-
Intangibles	3,071,544	-	128,266	-	3,199,810	-
Construction in progress	2,726,348	27,133,770	5,049,491	1,918,919	36,828,528	-
Buildings and other improvements	31,063,361	24,153,077	33,904,346	44,506,195	133,626,979	-
Machinery and equipment	456,047	470,933	2,602,317	1,561,098	5,090,395	138,213
Vehicles	337,579	505,079	408,477	83,034	1,334,169	-
Less accumulated depreciation	(14,061,144)	(18,614,816)	(19,892,389)	(26,079,865)	(78,648,214)	(108,029)
Total Noncurrent Assets	<u>23,694,800</u>	<u>33,723,745</u>	<u>22,501,225</u>	<u>23,216,082</u>	<u>103,135,852</u>	<u>30,184</u>
Total Assets	<u>34,301,903</u>	<u>47,792,680</u>	<u>41,502,571</u>	<u>32,202,909</u>	<u>155,800,063</u>	<u>2,266,927</u>
Deferred Outflows of Resources						
Deferred pension resources	108,754	133,962	164,768	80,010	487,494	37,522
Deferred other postemployment benefit resources	7,878	7,017	24,883	13,073	52,851	9,982
Total Deferred Outflows of Resources	<u>116,632</u>	<u>140,979</u>	<u>189,651</u>	<u>93,083</u>	<u>540,345</u>	<u>47,504</u>
Liabilities						
Current Liabilities						
Accounts payable	102,813	62,175	1,444,510	483,022	2,092,520	23,037
Contracts payable	66,215	30,956	-	6,381	103,552	-
Advances from other funds - current portion	-	-	-	235,500	235,500	-
Due to other governments	2,621	-	55,668	196,974	255,263	-
Accrued interest payable	-	81,732	-	12,385	94,117	-
Salaries payable	29,617	34,240	50,881	25,479	140,217	10,334
Deposits payable	27,506	27,678	151,015	-	206,199	-
Unearned revenue	-	-	35,203	9,277	44,480	-
Compensated absences payable	-	-	-	-	-	659,105
G.O. revenue bonds and notes payable	210,000	1,438,000	-	70,000	1,718,000	-
Other postemployment benefits obligation	1,639	1,460	5,176	2,719	10,994	2,076
Total Current Liabilities	<u>440,411</u>	<u>1,676,241</u>	<u>1,742,453</u>	<u>1,041,737</u>	<u>4,900,842</u>	<u>694,552</u>
Noncurrent Liabilities						
Compensated absences payable	-	-	-	-	-	429,518
Advances from other funds	-	-	-	1,000,909	1,000,909	-
G.O. revenue bonds and notes payable	570,000	22,189,064	-	820,000	23,579,064	-
Net pension liability	422,104	519,940	639,508	310,542	1,892,094	145,634
Other postemployment benefits obligation	55,864	49,756	176,452	92,701	374,773	70,784
Total Noncurrent Liabilities	<u>1,047,968</u>	<u>22,758,760</u>	<u>815,960</u>	<u>2,224,152</u>	<u>26,846,840</u>	<u>645,936</u>
Total Liabilities	<u>1,488,379</u>	<u>24,435,001</u>	<u>2,558,413</u>	<u>3,265,889</u>	<u>31,747,682</u>	<u>1,340,488</u>
Deferred Inflows of Resources						
Deferred pension resources	143,710	177,019	217,727	105,728	644,184	49,582
Deferred other postemployment benefit resources	8,980	7,998	28,364	14,902	60,244	11,378
Total Deferred Inflows of Resources	<u>152,690</u>	<u>185,017</u>	<u>246,091</u>	<u>120,630</u>	<u>704,428</u>	<u>60,960</u>
Net Position						
Net investment in capital assets	23,628,585	10,065,725	22,501,225	22,319,701	78,515,236	30,184
Unrestricted	<u>9,148,881</u>	<u>13,247,916</u>	<u>16,386,493</u>	<u>6,589,772</u>	<u>45,373,062</u>	<u>882,799</u>
Total Net Position	<u>\$ 32,777,466</u>	<u>\$ 23,313,641</u>	<u>\$ 38,887,718</u>	<u>\$ 28,909,473</u>	<u>123,888,298</u>	<u>\$ 912,983</u>

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

619,002

Net Position of Business-type Activities

\$ 124,507,300

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

City of Worthington, Minnesota
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2023

	Business-type Activities - Enterprise Funds					Governmental Activities- Internal Service Funds
	601	602	604	Other Business-type Activities	Total	
	Water	Municipal Wastewater	Electric			
Operating Revenues						
Charges for services	\$ 4,273,652	\$ 3,082,445	\$ 20,072,567	\$ 9,239,807	\$ 36,668,471	\$ 1,020,943
Cost of goods sold	-	-	-	(3,920,987)	(3,920,987)	-
Miscellaneous	42,310	73,423	1,243,697	-	1,359,430	244,181
Total Operating Revenues	<u>4,315,962</u>	<u>3,155,868</u>	<u>21,316,264</u>	<u>5,318,820</u>	<u>34,106,914</u>	<u>1,265,124</u>
Operating Expenses						
Personal services	569,534	712,734	965,126	489,902	2,737,296	217,560
Employee benefits	227,593	298,539	298,533	205,149	1,029,814	101,858
Supplies	193,966	153,695	76,694	1,335,349	1,759,704	11,825
Professional services	1,175,820	493,124	17,821,788	2,196,628	21,687,360	117,652
Depreciation	965,634	400,304	1,057,185	1,213,746	3,636,869	11,273
Total Operating Expenses	<u>3,132,547</u>	<u>2,058,396</u>	<u>20,219,326</u>	<u>5,440,774</u>	<u>30,851,043</u>	<u>460,168</u>
Operating Income (Loss)	<u>1,183,415</u>	<u>1,097,472</u>	<u>1,096,938</u>	<u>(121,954)</u>	<u>3,255,871</u>	<u>804,956</u>
Nonoperating Revenues (Expenses)						
Intergovernmental						
State grants	-	-	-	247,586	247,586	-
Investment income	361,910	497,082	589,000	245,852	1,693,844	9,995
Miscellaneous	36,441	8,388	53,031	38,280	136,140	-
Gain (loss) on sale of capital assets	-	-	(1,313,964)	-	(1,313,964)	-
Interest and fiscal charges	(46,743)	(205,811)	(7,851)	(42,934)	(303,339)	-
Total Nonoperating Revenues (Expenses)	<u>351,608</u>	<u>299,659</u>	<u>(679,784)</u>	<u>488,784</u>	<u>460,267</u>	<u>9,995</u>
Income (Loss) Before Contributions and Transfers	<u>1,535,023</u>	<u>1,397,131</u>	<u>417,154</u>	<u>366,830</u>	<u>3,716,138</u>	<u>814,951</u>
Capital Grants and Contributions	-	-	-	242,647	242,647	-
Transfers In	11,875	11,875	165,000	-	188,750	-
Transfers Out	-	-	(722,899)	(440,000)	(1,162,899)	(450,000)
Change in Net Position	<u>1,546,898</u>	<u>1,409,006</u>	<u>(140,745)</u>	<u>169,477</u>	<u>2,984,636</u>	<u>364,951</u>
Net Position, January 1	<u>31,230,568</u>	<u>21,904,635</u>	<u>39,028,463</u>	<u>28,739,996</u>	<u>120,903,662</u>	<u>548,032</u>
Net Position, December 31	<u>\$ 32,777,466</u>	<u>\$ 23,313,641</u>	<u>\$ 38,887,718</u>	<u>\$ 28,909,473</u>	<u>\$ 123,888,298</u>	<u>\$ 912,983</u>
Changes in net position as shown above					\$ 2,984,636	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.					<u>477,076</u>	
Changes in net position of business-type activities					<u>\$ 3,461,712</u>	

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

City of Worthington, Minnesota
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2023

	Business-type Activities - Enterprise Funds					Governmental Activities- Internal Service Funds
	601	602	604	Other Business-type Activities	Total	
	Water	Municipal Wastewater	Electric			
Cash Flows From Operating Activities						
Receipts from customers and users	\$ 4,273,858	\$ 3,101,929	\$ 19,462,113	\$ 5,243,992	\$ 32,081,892	\$ -
Receipts from interfund services provided	-	-	-	-	-	831,588
Payments to vendors and suppliers	(1,377,072)	(645,342)	(17,901,749)	(3,506,613)	(23,430,776)	(128,316)
Payments to and on behalf of employees	(765,732)	(969,159)	(1,225,344)	(658,664)	(3,618,899)	(292,844)
Other receipts	78,751	81,811	1,296,728	38,280	1,495,570	244,181
Net Cash Provided (Used) by Operating Activities	<u>2,209,805</u>	<u>1,569,239</u>	<u>1,631,748</u>	<u>1,116,995</u>	<u>6,527,787</u>	<u>654,609</u>
Cash Flows From Noncapital Financing Activities						
Grants received	-	-	-	247,586	247,586	-
Increase (decrease) in advances to other funds	-	-	-	743,105	743,105	-
Transfers from other funds	11,875	11,875	165,000	-	188,750	-
Transfers to other funds	-	-	(722,899)	(440,000)	(1,162,899)	(450,000)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>11,875</u>	<u>11,875</u>	<u>(557,899)</u>	<u>550,691</u>	<u>16,542</u>	<u>(450,000)</u>
Cash Flows From Capital and Related Financing Activities						
Proceeds from bonds issued, net	-	5,523,582	-	-	5,523,582	-
Increase (decrease) in advances to other funds	-	-	-	(158,029)	(158,029)	-
Capital grants and contributions received	-	-	-	253,671	253,671	-
Principal paid on bonds and leases	(200,000)	(1,423,000)	-	(65,000)	(1,688,000)	-
Interest and fiscal charges paid on bonds and leases	(46,743)	(196,483)	(7,851)	(43,839)	(294,916)	-
Payments for acquisition and construction of capital assets	(2,151,628)	(6,858,607)	(5,328,747)	(1,008,463)	(15,347,445)	(9,420)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(2,398,371)</u>	<u>(2,954,508)</u>	<u>(5,336,598)</u>	<u>(1,021,660)</u>	<u>(11,711,137)</u>	<u>(9,420)</u>
Cash Flows From Investing Activities						
Interest receipts	<u>355,055</u>	<u>488,215</u>	<u>587,904</u>	<u>240,736</u>	<u>1,671,910</u>	<u>9,991</u>
Net Increase (Decrease) in Cash and Cash Equivalents	178,364	(885,179)	(3,674,845)	886,762	(3,494,898)	205,180
Cash and Cash Equivalents, January 1	<u>9,976,232</u>	<u>14,598,042</u>	<u>20,919,260</u>	<u>6,678,876</u>	<u>52,172,410</u>	<u>1,646,091</u>
Cash and Cash Equivalents, December 31	<u>\$ 10,154,596</u>	<u>\$ 13,712,863</u>	<u>\$ 17,244,415</u>	<u>\$ 7,565,638</u>	<u>\$ 48,677,512</u>	<u>\$ 1,851,271</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities						
Operating income (loss)	\$ 1,183,415	\$ 1,097,472	\$ 1,096,938	\$ (121,954)	\$ 3,255,871	\$ 804,956
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities						
Other income related to operations	36,441	8,388	53,031	38,280	136,140	-
Depreciation	965,634	400,304	1,057,185	1,213,746	3,636,869	11,273
(Increase) decrease in assets						
Accounts receivable	1,620	21,486	571,481	(74,919)	519,668	(364,829)
Inventories	-	-	-	59,422	59,422	-
Prepaid items	(939)	2,909	(17,350)	(9,753)	(25,133)	(1,035)
(Increase) decrease in deferred outflows of resources						
Deferred pension resources	73,014	83,260	114,598	48,135	319,007	23,381
Deferred other postemployment benefit resources	(586)	1,439	5,395	3,429	9,677	984
Increase (decrease) in liabilities						
Accounts payable	(6,774)	(1,432)	27,042	(15,189)	3,647	2,196
Due to other governments	427	-	(12,959)	(9,116)	(21,648)	-
Salaries payable	82	4,357	7,575	5,352	17,366	2,678
Compensated absences payable	-	-	-	-	-	175,474
Other postemployment benefits obligation	21,246	9,171	31,074	13,367	74,858	18,334
Net pension liability	(190,860)	(212,582)	(302,580)	(121,589)	(827,611)	(59,744)
Customer deposits payable	(1,414)	(2,002)	(535)	-	(3,951)	-
Unearned revenue	-	-	(1,181,400)	91	(1,181,309)	-
Increase (decrease) in deferred inflows of resources						
Deferred pension resources	129,712	160,291	196,214	95,859	582,076	44,892
Deferred other postemployment benefit resources	(1,213)	(3,822)	(13,961)	(8,166)	(27,162)	(3,951)
Net Cash Provided (Used) by Operating Activities	<u>\$ 2,209,805</u>	<u>\$ 1,569,239</u>	<u>\$ 1,631,748</u>	<u>\$ 1,116,995</u>	<u>\$ 6,527,787</u>	<u>\$ 654,609</u>
Schedule of Noncash Financing and Investing Activities						
Capital assets acquired on account	<u>\$ 66,215</u>	<u>\$ 30,956</u>	<u>\$ -</u>	<u>\$ 6,381</u>	<u>\$ 103,552</u>	<u>\$ -</u>

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

City of Worthington, Minnesota
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2023

	<u>Custodial Funds</u>
Assets	
Cash and investments	\$ 414,596
Receivables	
Accounts	<u>128,706</u>
Total Assets	<u>543,302</u>
Liabilities	
Accounts payable	351,681
Due to other governments	8,094
Due to other funds	<u>15,901</u>
Total Liabilities	<u>375,676</u>
Net Position	
Restricted	
Individuals, organizations, endowments and other governments	<u><u>\$ 167,626</u></u>

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

City of Worthington, Minnesota
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2023

	<u>Custodial Funds</u>
Additions	
Charges for services	\$ 1,319,162
Miscellaneous	<u>14,000</u>
Total Additions	1,333,162
Deductions	
Other services and charges	<u>1,314,792</u>
Net Increase (Decrease) in Fiduciary Net Position	18,370
Net Position, January 1	<u>149,256</u>
Net Position, December 31	<u><u>\$ 167,626</u></u>

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

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City of Worthington, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 1: Summary of Significant Accounting Policies

The financial statements of the City of Worthington, Minnesota (the City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The City's significant accounting policies are described below.

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 activities) report information on all of the nonfiduciary activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, 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 and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. 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.

City of Worthington, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

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.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the tax is levied. Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are also recorded as unearned revenue.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

The City reports the following major governmental 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.

The *WRH fund* accounts for the activity surrounding the use of money obtained from the sale of the City-owned hospital. The revenue sources for the WRH fund are investment earnings and recapture payments from past due accounts that had previously been written off.

The *Recreation fund* accounts for the operations and maintenance of the City's recreational facilities programs including all City-owned parks, playgrounds and swimming beaches. The revenue sources for the recreation fund are general property taxes, charges for services, interest earnings, rebates and forfeited shelter deposits.

The *Economic Development Authority fund* accounts for the operations and maintenance of the City's Industrial Park. Financing is provided by general property taxes.

The *Improvement Construction fund* accounts for major capital expenditures for the street paving management program of the City.

City of Worthington, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

The City reports the following major proprietary funds:

The *Water fund* is used to account for activities related to the operation of a water distribution system.

The *Municipal Wastewater fund* is used to account for activities related to the operation of a wastewater distribution system.

The *Electric fund* is used to account for activities related to the operation of electric generation and distribution systems.

Additionally, the City reports the following fund types:

Internal service funds account for the financing of goods and services provided by one department of the City, to other departments on a cost reimbursement basis. Internal service fund activities include data processing, safety promotion loss control and vacation and sick accrual.

Fiduciary funds

Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. The City's Custodial fund accounts for activities of Olson Water, Garbage Collection and Waste Management Collection.

As a general rule the effect of interfund activity has been eliminated from government-wide financial statements. Exceptions to this general 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 revenues of the City's enterprise funds and of the City's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to 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, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position/Fund Balance

Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. The proprietary funds' portion in the government-wide cash and temporary investments pool is considered to be cash and cash equivalents for purposes of the statement of cash flows.

City of Worthington, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

Cash balances from all funds are pooled and invested, to the extent available, in certificates of deposit and other authorized investments. Earnings on investments are allocated to the individual funds based upon the average of month-end cash and investment balances.

The City may invest idle funds as authorized by Minnesota statutes, as follows:

1. Direct obligations or obligations guaranteed by the United States or its agencies.
2. Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, rated in one of the two highest rating categories by a statistical rating agency, and have a final maturity of thirteen months or less.
3. General obligations of a state or local government with taxing powers rated "A" or better; revenue obligations rated "AA" or better.
4. General obligations of the Minnesota Housing Finance Agency rated "A" or better.
5. Obligation of a school district with an original maturity not exceeding 13 months and (i) rated in the highest category by a national bond rating service or (ii) enrolled in the credit enhancement program pursuant to statute section 126C.55.
6. Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.
7. Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less.
8. Repurchase or reverse repurchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity, 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.
9. Guaranteed investment contracts (GIC's) issued or guaranteed by a United States commercial bank, a domestic branch of a foreign bank, a United States insurance company, or its Canadian subsidiary, whose similar debt obligations were rated in one of the top two rating categories by a nationally recognized rating agency.

The broker money market funds operate in accordance with appropriate state laws and regulations. The reported value of these funds is the same as the fair value of the shares.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City's recurring fair value measurements are listed in detail on page 72 and are valued using quoted market prices (Level 1 inputs).

The City has the following recurring fair value measurements as of December 31, 2023:

- U.S. Treasury notes and government agency securities of \$31,377,439 are valued using quoted market prices (Level 1 inputs)
- Negotiable certificates of deposit of \$4,208,302 are valued using a matrix pricing model (Level 2 inputs)

City of Worthington, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

Investment Policy

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.

Property Taxes

City Council adopts a proposed budget and certifies its proposed property tax levy for the following year in September. Public hearings are held and the final property tax levy is adopted. The City certifies the final adopted property taxes to the Nobles County Auditor in December.

The County spreads all levies over taxable property. Such taxes become a lien on January 1 and are recorded as receivables by the City at that date. Revenues are accrued and recognized in the year collectible, net of delinquencies.

Taxpayers in two equal installments, on May 15 and October 15, may pay real property taxes. Personal property taxes may be paid on February 28 and June 30. The County provides tax settlements to cities and other local governmental units three times annually, in January, July and December.

Delinquent taxes receivable include the past six years' uncollected taxes. Delinquent taxes have been offset by deferred inflows of resources for delinquent taxes not received within 60 days after year-end in the governmental fund financial statements.

City of Worthington, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

Accounts Receivable

Accounts receivable include amounts billed for services provided before year end. Unbilled utility enterprise fund receivables are also included for services provided in 2023.

Loans to Other Funds, Loans Receivable and Loans to Other Governments

Noncurrent portions of long-term interfund loan receivables, loans receivable and loans to other governments are equally offset by a fund balance nonspendable account in applicable governmental funds to indicate that they do not constitute available spendable resources.

Special Assessments

Special assessments are levied against benefiting properties of the cost of a portion of special assessment improvement projects in accordance with state statutes. These assessments are collectible by the City over a term of years as approved by City Council resolution. Collection of annual installments (including interest) is handled by the County Auditor same manner as property taxes. Property owners are allowed to prepay future installments without interest or prepayment penalties.

Once a special assessment roll is adopted by the City Council, the amount attributed to each parcel is a lien upon that property until full payment is made or the amount is determined to be excessive by the City Council or court action. If special assessments are allowed to go delinquent, the property is subject to tax forfeit sale and the first proceeds of the sale (after costs, penalties, and expenses of sale) are remitted to the City in payment of delinquent special assessments. Generally, the City will collect the full amount of its special assessments not adjusted by the City Council or court action. Pursuant to state statutes, a property shall be subject to a tax forfeit sale after three years unless it is homestead, agriculture, or seasonal recreation land, in which event the property is subject to sale after five years.

Special assessments receivable consist of unportioned, delinquent, and noncurrent special assessments. Special assessments are recognized as revenue when they are received in cash or within 60 days after year-end. All governmental special assessments receivable are offset by a deferred inflow of resources in the fund financial statements.

Interfund Receivables 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."

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

Inventories and Prepaid Items

Inventories held for resale are reported at the lower of cost or market on the first-in, first-out (FIFO) method and inventories of supplies which are reported at cost.

Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

City of Worthington, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

Certain payments to vendors (such as service and maintenance agreements) reflect costs applicable to future accounting periods and are recorded as prepaid items in both governmental-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Lease Receivable

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

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

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, water pipes, sewer pipes, and similar items and networks), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an estimated useful life in excess of one year. The City reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements.

In the case of initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the City chose to include items dating back to June 30, 1980. The City was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the City constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations the City values these capital assets at the acquisition value of the item at the date of its donation. For financial statement purposes only, a capitalization threshold is established for each capital asset category as follows:

	Water, Electric and Municipal Wastewater	All Other
Land	\$ 1,000	\$ 5,000
Land Improvements	1,000	5,000
Buildings and Building Improvements	1,000	5,000
Machinery, Equipment and Vehicles	1,000	5,000
Infrastructure	1,000	5,000
Other Assets	1,000	5,000
Easements	100,000	100,000

City of Worthington, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

Property, plant and equipment of the City, as well as the component units, are depreciated using the straight-line method over the following useful lives:

Assets	Years
Infrastructure	30 - 50
Improvements other than buildings	10 - 50
Buildings and structures	20 - 50
Machinery and equipment	5 - 35
Furniture and fixtures	5 - 15

Deferred Outflows of Resources

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

Compensated Absences

According to City policy, unused paid time off (PTO) is payable upon termination of employment. PTO payments are made at the employee's current wage rate. The City pays the vested extended sick leave bank (ESLB) amount per contract to an employee upon termination. Retiring employees have the option to use accrued PTO an vested hours for post-retirement benefits. Compensated absences reported in this fund are fully funded by the Vacation and Sick Accrual fund.

Postemployment Benefits Other Than Pensions

Under Minnesota statute 471.61, subdivision 2b., public employers must allow retirees and their dependents to continue coverage indefinitely in an employer-sponsored health care plan, under the following conditions: 1) Retirees must be receiving (or eligible to receive) an annuity from a Minnesota public pension plan, 2) Coverage must continue in group plan until age 65, and retirees must pay no more than the group premium, and 3) Retirees may obtain dependent coverage immediately before retirement. All premiums are funded on a pay-as-you-go basis. The liability was actuarially determined, in accordance with GASB Statement 75, at January 1, 2023. The General fund is typically used to liquidate governmental other postemployment benefits payable.

Pensions

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

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit plan administered by Worthington Fire Department Relief Association and additions to and deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. Investments are reported at fair value. The General fund is typically used to liquidate the governmental net pension liability.

City of Worthington, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

The total pension expense for the General Employee Plan (GERP), Police and Fire Plan (PEPFP), Defined Contribution Plan (DCP) and Worthington Fire Department Relief Association is as follows:

	Public Employees Retirement Association of Minnesota (PERA)			Fire Relief Association	Total All Plans
	GERP	PEPFP	DCP		
City's proportionate share	\$ 577,236	\$ 684,359	\$ 3,160	\$ (25,603)	\$ 1,239,152
Proportionate share of State's contribution	467	(6,419)	-	-	(5,952)
Total pension expense	<u>\$ 577,703</u>	<u>\$ 677,940</u>	<u>\$ 3,160</u>	<u>\$ (25,603)</u>	<u>\$ 1,233,200</u>

Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are 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 sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Inflows of Resources

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

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

City of Worthington, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

Fund Balance

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

Nonspendable - Amounts that cannot be spent because they are not in spendable form, or they are legally or contractually required to be maintained intact.

Restricted - Amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

Committed - Amounts constrained for specific purposes that are internally imposed by formal action (resolution) of the City Council which is the City's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the City Council modifies or rescinds the commitment by resolution.

Assigned - Amounts constrained for specific purposes that are internally imposed. In governmental funds other than the General fund, assigned fund balance represents all remaining amounts that are not classified as nonspendable and are neither restricted nor committed. In the General fund, assigned amounts represent intended uses established by the City Council itself or by an official to which the governing body delegates the authority. The City Council has adopted a fund balance policy which delegates the authority to assign amounts for specific purposes to the City Administrator or Finance Director.

Unassigned - The residual classification for the General fund and also negative residual amounts in other funds.

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

The City has formally adopted a fund balance policy for the General fund. The City's policy is to maintain a minimum unassigned fund balance of 35-50 percent of budgeted operating expenditures for cash-flow timing needs.

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position is displayed in three components:

- a. Net investment of capital assets - Consists of capital assets, net of accumulated depreciation reduced by any outstanding debt attributable to acquire capital assets.
- b. Restricted net position - Consists 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 balances that do not meet the definition of "restricted" or "net investment of capital assets".

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

City of Worthington, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 2: Stewardship, Compliance and Accountability

A. Budgetary Information

The City employs the following procedures in establishing the budgetary data reflected in the financial statements:

1. The City Administrator submits to the City Council a proposed operating budget for the year commencing the following January. The operating budget includes proposed expenditures and means of financing them.
2. The budget is legally enacted through the passage of a City Council Resolution.
3. The City Council may authorize the transfer of budgeted amounts between departments within any fund.
4. Formal budgetary integration is employed as a management control device during the year for the General fund and certain special revenue funds. Formal budgetary integration is not employed for the debt service funds because effective budgetary control is alternatively achieved through general obligation bond indenture provisions. Budgetary control for capital projects funds is accomplished through the use of project controls.
5. Budgetary control is maintained at the object of expenditure category level within each activity, and in compliance with City Charter requirements. Also, inherent in this controlling function is the management philosophy that the existence of a particular item or appropriation in the approved budget does not automatically infer that it will be expended. The budget process has flexibility in that, where need has been properly demonstrated, an adjustment can be made within the department budget by the City Council. Therefore, there is a constant review process and expenditures are not approved until it has been determined that (1) adequate funds were appropriated, (2) the expenditure is still necessitated, and (3) funds are available.

The City Council adopts the annual budget. During the budget year, supplemental appropriations are authorized by the City Council. These amounts, shown in the financial statements as "Original Budget", represent the originally adopted budget and that labeled "Final Budget" includes all amendments made during the year by the City Council. Budget amendments were made to various funds resulting in increases in appropriations to the General fund of \$660,087.

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.

Budgets for the General and certain special revenue funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

B. Excess of Expenditures Over Appropriations

The following budgeted special revenue fund had expenditures in excess of budget for the year ended December 31, 2023:

Fund	Budget	Actual	Excess of Expenditures Over Appropriations
Special Revenue			
WRH	\$ 13,092	\$ 233,091	\$ 219,999
Economic Development Authority	279,228	690,710	411,482
Recreation	2,450,265	2,896,651	446,386

Excess expenditures in the above fund will be funded excess revenues and available fund balance.

City of Worthington, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 2: Stewardship, Compliance and Accountability (Continued)

C. Deficit Fund Balance

The following funds had fund balance deficits at December 31, 2023:

Fund	Amount
Governmental Funds	
Major	
Recreation	\$ 1,915,343
Economic Development Authority	3,816,400
Nonmajor	
Debt service	
G.O. Sales Tax Revenue Bonds 2020A	3,350
Special revenue	
Event Center	25,152
Capital Projects	
TIF Dist #7 Redevelopment Amend 5	692,416
CCSI Redevelopment	5,026
Northland Mall TIF #16	3,079
Cemstone Redevelopment TIF #19	23,633
Internal Service Funds	
Data Processing	46,862

It is anticipated that the Recreation deficit will be eliminated through future charges for services revenues and tax levies.

It is anticipated that the Economic Development Authority deficit will be eliminated through future revenue and tax levies.

It is anticipated that the G.O. Sales Tax Revenue Bonds 2020A deficit will be eliminated through future tax revenues.

It is anticipated that the Event Center deficit will be eliminated through future revenues and possible tax levies.

It is anticipated that the TIF Dist #7 Redevelopment Amend 5, CCSI Redevelopment, Northland Mall TIF #16, and Cemstone Redevelopment TIF #19 deficits will be funded through future tax increments.

It is anticipated that the Data Processing deficit will be eliminated by future interfund charges.

Note 3: Detailed Notes on All Funds

A. Deposits and Investments

Deposits

Custodial credit risk for deposits and investments is the risk that in the event of a bank failure, the City's deposits and investments may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. In accordance with Minnesota statutes and as authorized by the City Council, the City maintains deposits at those depository banks, all of which are members of the Federal Reserve System.

Minnesota statutes require that all City deposits be protected by insurance, surety bond or collateral. The fair value of collateral pledged must equal 110 percent of the deposits not covered by insurance, bonds or irrevocable standby letters of credit from Federal Home Loan Banks. Authorized collateral in lieu of a corporate surety bond includes:

- United States government Treasury bills, Treasury notes, Treasury bonds;

City of Worthington, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 3: Detailed Notes on All Funds (Continued)

- Issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity;
- General obligation securities of any state or local government with taxing powers which is rated "A" or better by a national bond rating service, or revenue obligation securities of any state or local government with taxing powers which is rated "AA" or better by a national bond rating service;
- General obligation securities of a local government with taxing powers may be pledged as collateral against funds deposited by that same local government entity;
- Irrevocable standby letters of credit issued by Federal Home Loan Banks to a municipality accompanied by written evidence that the bank's public debt is rated "AA" or better by Moody's Investors Service, Inc., or Standard & Poor's Corporation; and
- Time deposits that are fully insured by any federal agency.

Minnesota statutes require that all collateral shall be placed in safekeeping in a restricted account at a Federal Reserve Bank, or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. The selection should be approved by the City.

At year-end, the City's carrying amount of deposits was \$24,784,733, including \$414,596 reported in fiduciary funds. The bank balance was \$25,955,583. The bank balance was covered by federal depository insurance of \$750,000 and the remaining balance was collateralized with securities held by the pledging financial institution's trust department in the City's name. The primary government and component unit's deposits and investments are pooled.

Investments

As of December 31, 2023 the City had the following investments that are insured or registered, or securities held by the City or it's agent in the City's name:

Types of Investments	Credit Quality/ Ratings (1)	Segmented Time Distribution (2)	Amount	Fair Value Measurement Using	
				Level 1	Level 2
Non-pooled Investments at Amortized Costs					
Money Market Funds	N/A	less than 1 year	\$ 14,849,567		
Non-pooled Investments at Fair Value					
Government Agency Securities	AA+	less than 1 year	1,997,698	\$ 1,997,698	\$ -
Government Agency Securities	AA+	more than 5 years	26,362,620	26,362,620	-
U.S. Treasury Notes	Aaa	less than 1 year	3,017,121	3,017,121	-
Negotiable Certificates of Deposit	Aaa	more than 5 years	4,208,302	-	4,208,302
Total Investments			\$ 50,435,308	\$ 31,377,439	\$ 4,208,302

(1) Ratings are provided by various credit rating agencies where applicable to indicate associated credit risk.

(2) Interest rate risk is disclosed using the segmented time distribution method.

There were no Level 3 investments in current year and therefore was not necessary to include.

N/A indicates not applicable or available.

City of Worthington, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 3: Detailed Notes on All Funds (Continued)

The City's investment policy follows Minnesota statutes, which reduces the City's exposure to credit, custodial credit and interest rate risk. Specific risk information for the City is as follows:

- *Credit Risk.* The credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Ratings are provided by various credit rating agencies and where applicable, indicate associated credit risk. Minnesota Statutes limit the City's investments to the list on page 78 of the notes.
- *Custodial Credit Risk.* The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City typically limits its exposure by purchasing insured or registered investments.
- *Concentration of Credit Risk.* The concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At December 31, 2023, there were no investments in one issuer (other than investments issued by or explicitly guaranteed by U.S. government, mutual funds, external investment pools, and other pooled investments) that represent 5 percent or more of the City's investment.
- *Interest Rate Risk.* The interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

Cash on Hand

Cash in the possession of the City, consisting of petty cash and change funds totals \$5,000.

Cash and Investments Summary

A reconciliation of cash and investments as shown on the statement of net position for the City follows:

	Primary Government	Fiduciary Funds	Totals
Deposits	\$ 24,370,137	\$ 414,596	\$ 24,784,733
Investments	50,435,308	-	50,435,308
Cash on Hand	5,000	-	5,000
Total	<u>\$ 74,810,445</u>	<u>\$ 414,596</u>	<u>\$ 75,225,041</u>

B. Loans Receivable

Specific special revenue funds make installment loans to promote economic development within the City. Balances of economic development loans for the year ended December 31, 2023 are as follows:

City of Worthington, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 3: Detailed Notes on All Funds (Continued)

Fund	Amount
Primary Government	
Special Revenue	
WRH	\$ 1,053,872
Small Cities Grant	300,000
Wgtn EDA	314,415
	<hr/>
Total Governmental Activities	<u>\$ 1,668,287</u>

The WRH fund has two outstanding loans receivable. The loan to Southwest Mental Health has an interest rate of 2.0% and matures March 1, 2043. The loan to MN West Housing matures February 1, 2042 and has an interest rate of 4.25%.

The Small Cities Grant fund has four outstanding loans receivable. All payments are deferred until maturity which ranges from 2040-2043. Each loan has 0% interest rate.

The City has ten outstanding loans through the Wgtn EDA. These loans are to businesses to promote economic development in the City. Each has their own amortization schedule with varying interest and maturity dates.

C. Leases Receivable

The City leases building space to Bison-Holdings, LLC. The lease has a term of 1/1/2019-12/31/2025 which includes the City's option to renew for two years. The lessee may terminate upon annual anniversary of commencement date with three month notice to the City. The monthly payments are \$3,500 and are not variable. There is no related debt secured by the lease payments.

The City leases building space to The Movie Guy, Inc. The lease has a term of 3/1/2022-2/28/2027 which does not include the operations to renew for two year terms as those could not be reasonably estimated to be exercised at the end of 2024. The monthly payments are \$5,000 and are not variable. There is no related debt secured by the lease payments.

Further information for lease activity for the year ended December 31, 2023 was as follows:

Description	Issue Date	Discount Rate	Current Year Infow of Resources	Balance at Year End
Bison-Holdings, LLC Building	01/01/19	0.38 %	\$ 42,000	\$ 83,669
The Movie Guy, Inc Building	03/01/22	0.74	60,000	187,734
				<hr/>
Total				<u>\$ 271,403</u>

Annual lease revenues to maturity for all lease agreements are as follows:

Year Ending December 31	Lease Receivable Governmental Activities		
	Principal	Interest	Total
2024	\$ 100,565	\$ 1,435	\$ 102,000
2025	101,160	840	102,000
2026	59,687	313	60,000
2027	9,991	10	10,001
	<hr/>	<hr/>	<hr/>
Total	<u>\$ 271,403</u>	<u>\$ 2,598</u>	<u>\$ 274,001</u>

City of Worthington, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 3: Detailed Notes on All Funds (Continued)

D. Capital Assets

Primary Government

Capital asset activity for the year ended December 31, 2023 was as follows:

	Beginning Balance As Restated	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets not Being Depreciated				
Land	\$ 5,956,974	\$ 641,550	\$ -	\$ 6,598,524
Intangible assets	134,607	-	-	134,607
Construction in progress	17,645,957	8,978,673	(14,789,005)	11,835,625
Total Capital Assets not Being Depreciated	<u>23,737,538</u>	<u>9,620,223</u>	<u>(14,789,005)</u>	<u>18,568,756</u>
Capital Assets Being Depreciated				
Buildings and structures	31,921,643	12,284,437	-	44,206,080
Improvements	9,922,328	481,907	(21,717)	10,382,518
Machinery and equipment	7,479,308	1,042,511	(169,409)	8,352,410
Furniture and fixtures	431,267	-	-	431,267
Other capital assets	316,648	41,238	-	357,886
Infrastructure	66,311,386	4,040,490	-	70,351,876
Total Capital Assets Being Depreciated	<u>116,382,580</u>	<u>17,890,583</u>	<u>(191,126)</u>	<u>134,082,037</u>
Less Accumulated Depreciation for				
Buildings and structures	(9,364,918)	(1,136,906)	-	(10,501,824)
Improvements	(1,736,601)	(316,848)	21,717	(2,031,732)
Machinery and equipment	(4,631,524)	(518,888)	169,409	(4,981,003)
Furniture and fixtures	(398,400)	(7,159)	-	(405,559)
Other capital assets	(261,238)	(12,167)	-	(273,405)
Infrastructure	(31,626,645)	(2,005,279)	-	(33,631,924)
Total Accumulated Depreciation	<u>(48,019,326)</u>	<u>(3,997,247)</u>	<u>191,126</u>	<u>(51,825,447)</u>
Total Capital Assets Being Depreciated, Net	<u>68,363,254</u>	<u>13,893,336</u>	<u>-</u>	<u>82,256,590</u>
Governmental Activities Capital Assets, Net	<u>\$ 92,100,792</u>	<u>\$ 23,513,559</u>	<u>\$ (14,789,005)</u>	<u>\$ 100,825,346</u>

City of Worthington, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 3: Detailed Notes on All Funds (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital Assets not Being Depreciated				
Land	\$ 1,696,818	\$ 7,367	\$ -	\$ 1,704,185
Intangible assets	3,199,810	-	-	3,199,810
Construction in progress	26,721,437	10,111,982	(4,891)	36,828,528
Total Capital Assets not Being Depreciated	<u>31,618,065</u>	<u>10,119,349</u>	<u>(4,891)</u>	<u>41,732,523</u>
Capital Assets Being Depreciated				
Buildings and structures	35,546,838	229,330	-	35,776,168
Improvements	97,430,086	2,560,118	(2,139,393)	97,850,811
Machinery and equipment	6,001,364	192,667	(10,329)	6,183,702
Furniture and fixtures	224,407	16,455	-	240,862
Total Capital Assets Being Depreciated	<u>139,202,695</u>	<u>2,998,570</u>	<u>(2,149,722)</u>	<u>140,051,543</u>
Less Accumulated Depreciation for				
Buildings and structures	(22,002,555)	(654,023)	-	(22,656,578)
Improvements	(49,430,668)	(2,680,215)	825,430	(51,285,453)
Machinery and equipment	(4,256,733)	(294,855)	10,328	(4,541,260)
Furniture and fixtures	(157,147)	(7,776)	-	(164,923)
Total Accumulated Depreciation	<u>(75,847,103)</u>	<u>(3,636,869)</u>	<u>835,758</u>	<u>(78,648,214)</u>
Total Capital Assets Being Depreciated, Net	<u>63,355,592</u>	<u>(638,299)</u>	<u>(1,313,964)</u>	<u>61,403,329</u>
Business-type Activities Capital Assets, Net	<u>\$ 94,973,657</u>	<u>\$ 9,481,050</u>	<u>\$ (1,318,855)</u>	<u>\$ 103,135,852</u>

City of Worthington, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 3: Detailed Notes on All Funds (Continued)

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

Governmental Activities

General government	\$ 45,967
Public safety	354,393
Public works	2,523,393
Culture and recreation	786,680
Conservation and development	275,541
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of assets	<u>11,273</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 3,997,247</u></u>

Business-type Activities

Water	\$ 965,634
Municipal wastewater	400,304
Electric	1,057,185
Storm water management	251,642
Liquor	109,807
Airport	591,667
Industrial wastewater facility	<u>260,630</u>
Total Depreciation Expense - Business-type Activities	<u><u>\$ 3,636,869</u></u>

Construction Commitments

The City has active construction projects as of December 31, 2023. The projects include building improvements, transportation improvements and solid waste improvements. At year end the City's commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
Oxford Street	\$ 4,797,512	\$ 301,917
Sunset Park Improvements	467,492	37,735
Shell Street Reconstruction	375,239	3,094
2nd Ave (CSAH 25) Improvements	1,175,314	59,715
Watermain Replacement	1,103,716	513,047
Water Department Parking Lot	209,442	12,583
Sanitary Sewer CIPP Lining	935,094	61,543
Wastewater Treatment Facility Improvements	<u>23,849,525</u>	<u>2,356,275</u>
Total	<u><u>\$ 32,913,334</u></u>	<u><u>\$ 3,345,909</u></u>

City of Worthington, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 3: Detailed Notes on All Funds (Continued)

E. Interfund Receivables, Payables and Transfers

The composition of interfund balances at December 31, 2023 is as follows:

Due from/to Other Funds

Receivable Fund	Primary Government	Amount
	Payable Fund	
General	Nonmajor governmental	<u>\$ 3,112,546</u>

The above interfund balances related to eliminating cash deficits.

Advances from/to Other Funds

Receivable Fund	Payable Fund	Interest Rate	Issue Date	Maturity Date	Amount
General	Nonmajor governmental	6.00 %	12/29/06	02/01/34	\$ 33,928
	Nonmajor enterprise	2.00	12/23/20	12/23/26	493,304
Recreation	Nonmajor enterprise	0.00	12/31/24	12/31/33	743,105
WRH	Economic Development Authority	0.00	02/01/20	undetermined	4,247,000
Totals					<u>\$ 5,517,337</u>

The purpose of the \$33,928 interfund advance is a result of a redevelopment project. As tax increments are collected in future, the General fund will be paid back the amount transferred for project costs.

The interfund advance for \$493,304 from the General fund to the Liquor fund (nonmajor enterprise) is due to the purchase of a building as well as remodeling the building for the new liquor store, which will be paid back over ten years.

The purpose of the \$4,247,000 interfund advance was for construction of a new theater complex. As revenues and tax levies are collected in the future, the WRH fund will be paid back the amount transferred for project costs.

The purpose of the \$743,105 interfund advance was for overflow pipes for the Field House Project, which will be paid from the storm water fund to the recreation fund.

City of Worthington, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 3: Detailed Notes on All Funds (Continued)

Interfund Transfers

The following transfers were made for the year ended December 31, 2023:

Fund	Transfers In							Total
	General	WRH	Improvement Construction	Nonmajor Governmental	Water	Municipal Wastewater	Electric	
Transfers Out								
General	\$ -	\$ 130,332	\$ -	\$ -	\$ 11,875	\$ 11,875	\$ -	\$ 154,082
Economic Development Authority	-	122,144	-	-	-	-	-	122,144
Nonmajor governmental	-	-	327,297	2,234,704	-	-	-	2,562,001
Electric	722,899	-	-	-	-	-	-	722,899
Nonmajor enterprise	275,000	-	-	-	-	-	165,000	440,000
Internal Service fund	450,000	-	-	-	-	-	-	450,000
Total	<u>\$ 1,447,899</u>	<u>\$ 252,476</u>	<u>\$ 327,297</u>	<u>\$ 2,234,704</u>	<u>\$ 11,875</u>	<u>\$ 11,875</u>	<u>\$ 165,000</u>	<u>\$ 4,451,126</u>

The majority of transfers were routine, budgeted transfers. However, there were the following one-time transfers:

- From the PIR/Trunks fund to the Improvement Construction fund to close a fund.
- From the Aquatic Center fund to the Sales Tax fund for the restructuring of an interfund loan.

F. Long-term Debt

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.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. General obligation bonds currently outstanding are as follows:

General Obligation Bonds

The following bonds were issued to provide funding for various street reconstruction projects, street improvement projects, and improvements to City facilities. Revenue to retire this bond issue comes from ad valorem tax levies.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. PIR Series 2010A	\$ 1,890,000	2.00 - 4.00 %	12/14/10	02/01/26	\$ 180,000
G.O. PIR Series 2012A	2,570,000	1.00 - 2.25	12/19/12	02/01/28	100,000
G.O. PIR Series 2016A	3,150,000	2.00 - 2.50	08/30/16	02/01/33	2,190,000
G.O. Series 2019A	9,595,000	2.25 - 4.00	10/17/19	02/01/35	7,755,000
G.O. PIR Series 2023B	4,090,000	4.00 - 5.00	12/07/23	02/01/39	4,090,000
Total G.O. Bonds					<u>\$ 14,315,000</u>

City of Worthington, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 3: Detailed Notes on All Funds (Continued)

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

Year Ending December 31	G.O. Bonds Governmental Activities		
	Principal	Interest	Total
2024	\$ 1,025,000	\$ 358,920	\$ 1,383,920
2025	1,370,000	388,058	1,758,058
2026	1,090,000	349,520	1,439,520
2027	1,055,000	314,845	1,369,845
2028	1,075,000	282,070	1,357,070
2029 - 2033	5,575,000	950,860	6,525,860
2034 - 2038	2,800,000	260,720	3,060,720
2039	325,000	6,500	331,500
Total	<u>\$ 14,315,000</u>	<u>\$ 2,911,493</u>	<u>\$ 17,226,493</u>

General Obligation Revenue Bonds

The City also issues bonds where the government pledges income derived from the charges for the services to pay debt service. Revenue bonds have been issued for governmental activities.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Sales Tax Revenue of 2020A	\$ 7,970,000	1.05 - 2.00 %	11/12/20	02/01/35	\$ 6,980,000
G.O. Sales Tax Revenue of 2023A	4,925,000	5.00	12/07/23	02/01/35	<u>4,925,000</u>
Total G.O. Bonds					<u>\$ 11,905,000</u>

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

Year Ending December 31	G.O. Sales Tax Bonds Governmental Activities		
	Principal	Interest	Total
2024	\$ 525,000	\$ 268,880	\$ 793,880
2025	850,000	336,593	1,186,593
2026	910,000	308,793	1,218,793
2027	945,000	278,993	1,223,993
2028	975,000	247,943	1,222,943
2029 - 2033	5,340,000	771,901	6,111,901
2034 - 2035	2,360,000	75,391	2,435,391
Total	<u>\$ 11,905,000</u>	<u>\$ 2,288,494</u>	<u>\$ 14,193,494</u>

City of Worthington, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 3: Detailed Notes on All Funds (Continued)

General Obligation Revenue Bonds

The City issues general obligation revenue bonds where the government pledges income derived from the charges for the services to pay debt service. Revenue bonds have been issued for business-type activities.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Storm Water Revenue Bonds of 2018A	\$ 1,140,000	3.34 %	12/06/18	02/01/34	<u>\$ 890,000</u>

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

Year Ending December 31	Revenue Bonds		
	Business-type Activities		
	Principal	Interest	Total
2024	\$ 70,000	\$ 28,557	\$ 98,557
2025	70,000	26,219	96,219
2026	75,000	23,798	98,798
2027	75,000	21,293	96,293
2028	75,000	18,788	93,788
2029 - 2033	430,000	52,605	482,605
2034	95,000	1,585	96,585
Total	<u>\$ 890,000</u>	<u>\$ 172,845</u>	<u>\$ 1,062,845</u>

General Obligation Revenue Notes

The City issues general obligation notes where the government pledges income derived from the charges for the services to pay debt service. Revenue notes have been issued for business-type activities.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Midwest Consortium Of Municipal Utilities (Water) Note	\$ 3,105,000	4.06 %	05/24/07	06/01/27	\$ 780,000
Wastewater Revenue of 2021A (1)	30,322,820	1.00	08/05/21	08/20/41	<u>23,627,064</u>
Total Notes Payable					<u>\$ 24,407,064</u>

(1) Difference in balance is due to undrawn proceeds of \$4,570,936 from the note as of December 31, 2023.

City of Worthington, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 3: Detailed Notes on All Funds (Continued)

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

Year Ending December 31	Notes Payable Business-type Activities		
	Principal	Interest	Total
2024	\$ 1,648,000	\$ 317,971	\$ 1,965,971
2025	1,672,000	293,569	1,965,569
2026	1,696,000	268,559	1,964,559
2027	1,601,000	242,092	1,843,092
2028	1,496,000	223,610	1,719,610
2029 - 2033	7,707,000	890,640	8,597,640
2034 - 2038	8,100,000	497,500	8,597,500
2039 - 2041	5,058,000	101,500	5,159,500
Total	<u>\$ 28,978,000</u>	<u>\$ 2,835,441</u>	<u>\$ 31,813,441</u>

The G.O. revenue bonds were issued to finance capital improvements. The bonds are payable from future revenues pledged from the Water and Wastewater funds and are backed by the full faith and credit of the City. Annual revenues from charges for services, principal and interest payments, and percentage of revenue required to cover principal and interest payments are as follows:

	Water	Wastewater	Stormwater Management
Revenues	\$ 4,315,962	\$ 3,155,868	\$ 761,920
Principal and Interest	246,743	1,619,483	95,812
Percentage of Revenues	5.7%	51.3%	12.6%

City of Worthington, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 3: Detailed Notes on All Funds (Continued)

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Bonds Payable					
General Obligation Bonds	\$ 11,370,000	\$ 4,090,000	\$ (1,145,000)	\$ 14,315,000	\$ 1,025,000
General Obligation Sales					
Tax Revenue Bonds	7,495,000	4,925,000	(515,000)	11,905,000	525,000
Unamortized Bond Premiums	424,508	656,271	(36,350)	1,044,429	-
Unamortized Bond Discounts	(232)	-	39	(193)	-
Total Bonds Payable	<u>19,289,276</u>	<u>9,671,271</u>	<u>(1,696,311)</u>	<u>27,264,236</u>	<u>1,550,000</u>
Compensated Absences Payable	<u>913,149</u>	<u>652,192</u>	<u>(476,718)</u>	<u>1,088,623</u>	<u>659,105</u>
Governmental Activity Long-term Liabilities	<u>\$ 20,202,425</u>	<u>\$ 10,323,463</u>	<u>\$ (2,173,029)</u>	<u>\$ 28,352,859</u>	<u>\$ 2,209,105</u>
	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Business-type Activities					
Bonds Payable					
General Obligation					
Revenue Bonds	\$ 955,000	\$ -	\$ (65,000)	\$ 890,000	\$ 70,000
Notes Payable	<u>20,506,482</u>	<u>5,523,582</u>	<u>(1,623,000)</u>	<u>24,407,064</u>	<u>1,648,000</u>
Business-type Activity Long-term Liabilities	<u>\$ 21,461,482</u>	<u>\$ 5,523,582</u>	<u>\$ (1,688,000)</u>	<u>\$ 25,297,064</u>	<u>\$ 1,718,000</u>

City of Worthington, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 3: Detailed Notes on All Funds (Continued)

G. Components of Fund Balance

At December 31, 2023, portions of the City's fund balance are not available for appropriation due to not being in spendable form (Nonspendable), legal restrictions (Restricted), City Council action (Committed), policy and/or intent (Assigned). The following is a summary of the components of fund balance:

	General	WRH	Recreation	Economic Development Authority	Improvement Construction	Other Governmental Funds	Total
Nonspendable							
Prepaid items	\$ 105,654	\$ -	\$ 23,473	\$ 4,840	\$ 5,923	\$ 6,964	\$ 146,854
Inventories	68,150	-	-	-	-	-	68,150
Advance to other funds	527,232	-	-	-	-	-	527,232
Total Nonspendable	\$ 701,036	\$ -	\$ 23,473	\$ 4,840	\$ 5,923	\$ 6,964	\$ 742,236
Restricted							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,384,457	\$ 2,384,457
Public safety	606,562	-	-	-	-	-	606,562
Sales tax projects	-	-	-	-	-	1,802,276	1,802,276
Aquatic center facility	-	-	-	-	-	263,176	263,176
Tax increment financing	-	-	-	-	-	87,781	87,781
Housing	-	-	-	55,853	-	506,235	562,088
Total Restricted	\$ 606,562	\$ -	\$ -	\$ 55,853	\$ -	\$ 5,043,925	\$ 5,706,340
Committed							
Equipment revolving	\$ 3,900,265	\$ -	\$ 377,236	\$ -	\$ -	\$ -	\$ 4,277,501
Emergency disaster	200,000	-	-	-	-	-	200,000
Economic development	-	-	-	-	-	3,680,870	3,680,870
Memorial auditorium	-	-	-	-	-	45,001	45,001
Community development	-	10,603,675	-	-	-	-	10,603,675
Olson Park	-	-	8,695	-	-	-	8,695
PV development	-	-	51,462	-	-	-	51,462
	\$ 4,100,265	\$ 10,603,675	\$ 437,393	\$ -	\$ -	\$ 3,725,871	\$ 18,867,204
Assigned							
Police programs	\$ 187,364	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 187,364
Capital projects	34,431	-	-	-	4,877,097	63,652	4,975,180
Union Pacific Railroad	12,000	-	-	-	-	-	12,000
Parking lot	3,000	-	-	-	-	-	3,000
Redevelopment	34,904	-	-	-	-	-	34,904
Lake improvement	367,457	-	-	-	-	-	367,457
Senior dining	12,706	-	-	-	-	-	12,706
Education (building official)	8,146	-	-	-	-	-	8,146
Total Assigned	\$ 660,008	\$ -	\$ -	\$ -	\$ 4,877,097	\$ 63,652	\$ 5,600,757
Unassigned	\$ 3,980,412	\$ -	\$ (2,376,209)	\$ (3,877,093)	\$ -	\$ (751,448)	\$ (3,024,338)

City of Worthington, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 4: Defined Benefit Pension Plans - Statewide

A. Plan Description

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

General Employees Retirement Plan

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

Public Employees Police and Fire Plan

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

B. Benefits Provided

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

General Employee Plan Benefits

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

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. In 2023, legislation repealed the statute delaying increases for members retiring before full retirement age.

City of Worthington, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

Police and Fire Plan Benefits

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

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

C. Contributions

Minnesota statutes, chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2023 and the City was required to contribute 7.50 percent for Coordinated Plan members. The City's contributions to the General Employees Fund for the years ending December 31, 2023, 2022 and 2021 were \$419,546, \$387,993 and \$381,160, respectively. The City's contributions were equal to the required contributions for each year as set by state statute.

Police and Fire Fund Contributions

Police and Fire Plan members were required to contribute 11.80 percent of their annual covered salary in fiscal year 2023 and the City was required to contribute 17.70 percent for Police and Fire Plan members. The City's contributions to the Police and Fire Fund for the years ending December 31, 2023, 2022 and 2021 were \$361,127, \$346,233 and \$349,061, respectively. The City's contributions were equal to the required contributions for each year as set by state statute.

City of Worthington, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

D. Pension Costs

General Employees Fund Pension Costs

At December 31, 2023, the City reported a liability of \$3,763,341 for its proportionate share of the General Employees Fund's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$103,809. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2022 through June 30, 2023 relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0673 percent at the end of the measurement period and 0.0681 percent for the beginning of the period.

City Proportionate Share of the Net Pension Liability	\$ 3,763,341
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the City	<u>103,809</u>
Total	<u><u>\$ 3,867,150</u></u>

For the year ended December 31, 2023, the City recognized pension expense of \$577,236 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized \$467 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

At December 31, 2023, the City reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Economic Experience	\$ 123,942	\$ 26,927
Changes in Actuarial Assumptions	632,118	1,031,500
Net Difference Between Projected and Actual Investment Earnings	-	171,944
Changes in Proportion	-	50,897
Contributions Paid to PERA Subsequent to the Measurement Date	<u>213,556</u>	<u>-</u>
Total	<u><u>\$ 969,616</u></u>	<u><u>\$ 1,281,268</u></u>

The \$213,556 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, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2024	\$ 62,885
2025	(600,048)
2026	93,595
2027	(81,640)

City of Worthington, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

Police and Fire Fund Pension Costs

At December 31, 2023, the City reported a liability of \$2,645,565 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2022 through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.1532 percent at the end of the measurement period and 0.16 percent for the beginning of the period.

The State of Minnesota contributed \$18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2023. The contribution consisted of \$9 million in direct state aid that does meet the definition of a special funding situation and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. The \$9 million direct state was paid on October 1, 2022. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90 percent funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later.

The State of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$9 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the State of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2023, the City recognized pension expense of \$684,359 for its proportionate share of the Police and Fire Plan's pension expense. In addition, the City recognized an additional -\$6,419 as pension expense (grant revenue) for its proportionate share of the State of Minnesota's contribution of \$9 million to the Police and Fire Fund.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in supplemental state aid. The City recognized \$13,788 for the year ended December 31, 2023 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

At December 31, 2023, the City reported its proportionate share of the Police and Fire Plan's deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 744,086	\$ -
Changes in Actuarial Assumptions	3,212,354	3,720,908
Net Difference Between Projected and Actual Investment Earnings	-	126,662
Changes in Proportion	27,748	277,069
Contributions Paid to PERA Subsequent to the Measurement Date	183,685	-
Total	<u>\$ 4,167,873</u>	<u>\$ 4,124,639</u>

City of Worthington, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

The \$183,685 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, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2024	\$ 87,233
2025	(25,331)
2026	655,467
2027	(201,439)
2028	(656,381)

E. Long-term Expected Return on Investment

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	33.5 %	5.10 %
International Equity	16.5	5.30
Fixed Income	25.0	0.75
Private Markets	25.0	5.90
Total	<u>100.0 %</u>	

F. Actuarial Assumptions

The total pension liability in the June 30, 2023, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 7.0 percent. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 7.0 percent was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25 percent for the General Employees Plan and 2.25 percent for the Police and Fire Plan. Benefit increases after retirement are assumed to be 1.25 percent for the General Employees Plan and 1.00 percent for the the Police and Fire Plan.

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

City of Worthington, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

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

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2022. The assumption changes were adopted by the Board and became effective with the July 1, 2023 actuarial valuation. The most recent four-year experience study for the Police and Fire Plan was adopted by the Board and became effective with the July 1, 2021 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2023:

General Employees Fund

Changes in Actuarial Assumptions

- The investment return assumption and single discount rate were changed from 6.5 percent to 7.0 percent.

Changes in Plan Provisions

- An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, non-compounding benefit increase of 2.5 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

Police and Fire Fund

Changes in Actuarial Assumptions

- The investment return assumption was changed from 6.5 percent to 7.0 percent.
- The single discount rate changed from 5.4 percent to 7.0 percent.

Changes in Plan Provisions

- An additional one-time direct state aid contribution of \$19.4 million will be contributed to the Plan on October 1, 2023.
- The vesting requirement for new hires after June 30, 2014 was changed from a graded 20-year vesting schedule to a graded 10-year vesting schedule, with 50 percent vesting after five years increasing incrementally to 100 percent after 10 years.
- A one-time, non-compounding benefit increase of 3.0 percent will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- Psychological treatment is required effective July 1, 2023 prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation.
- The total and permanent duty disability benefit was increased, effective July 1, 2023.

City of Worthington, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

G. Discount Rate

The discount rate used to measure the total pension liability in 2023 was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota statutes. Based on these assumptions, the fiduciary net position of the General Employees and Police and Fire Funds were 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.

H. Pension Liability Sensitivity

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

	1 Percent Decrease (6.0%)	Current (7.0%)	1 Percent Increase (8.0%)
General Employees Fund	\$ 6,657,652	\$ 3,763,341	\$ 1,382,660
Police and Fire Fund	5,249,116	2,645,565	505,097

I. Pension Plan Fiduciary Net Position

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

City of Worthington, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 5: Public Employees Defined Contribution Plan

The mayor and five council members of the City of Worthington are covered by the Defined Contribution Plan (DCP), a multiple-employer deferred compensation plan administered by PERA. The DCP 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 five percent of salary which is matched by the elected official's employer. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2.0 percent of employer contributions and twenty-five hundredths of 1.0 percent (0.25 percent) of the assets in each member's account annually.

Total contributions made by the City during the fiscal year 2023 were:

Contribution Amount		Percentage of Covered Payroll		Required Rate
Employee	Employer	Employee	Employer	
\$ 3,160	\$ 3,160	5.00%	5.00%	5.00%

The City and council member's contributions to the DCP plan for the years ending December 31, 2023, 2022 and 2021 were \$3,160, \$2,559, and \$2,422, respectively.

Note 6: Defined Benefit Pension Plans - Fire Relief Association

A. Plan Description

All Fire Relief Association members of the Worthington Fire Department (the Department) are covered by a defined benefit plan administered by the Worthington Fire Department Relief Association (the Association). As of December 31, 2023, the plan covered 31 active firefighters, 11 retired participants and 3 vested terminated fire fighters whose pension benefits are deferred. The plan is a single employer retirement plan and is established and administered in accordance with Minnesota statute, chapter 69 and 424.

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

City of Worthington, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 6: Defined Benefit Pension Plans - Fire Relief Association (Continued)

B. Benefits Provided

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

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

C. Contributions

Minnesota statutes, chapters 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 \$49,566 in fire state aid to the plan on behalf of the City Fire Department for the year ended December 31, 2023. 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, 2023 were \$49,566. The City made voluntary contributions to the plan of \$35,974. The firefighter has no obligation to contribute to the plan.

D. Pension Costs

At December 31, 2023, the City reported a net pension liability (asset) of \$1,176 for the plan. The net pension liability (asset) was measured as of December 31, 2022. The total pension liability used to calculate the net pension liability (asset) in accordance with GASB 68 was determined by PERA, Inc. applying an actuarial formula to specific census data certified by the Department. The following table presents the changes in net pension liability (asset) during the year:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a-b)
Beginning Balance January 1, 2023	\$ 1,017,514	\$ 946,906	\$ 70,608
Changes for the Year			
Service cost	40,991	-	40,991
Interest cost	48,948	-	48,948
Plan changes	18,304	-	18,304
Actuarial experience (gains)/losses	(6,377)	-	(6,377)
Nonemployer contributions	-	95,929	(95,929)
Net investment income	-	75,369	(75,369)
Benefit payments	(159,074)	(159,074)	-
Total Net Changes	(57,208)	12,224	(69,432)
Ending Balance December 31, 2023	\$ 960,306	\$ 959,130	\$ 1,176

For the year ended December 31, 2023, the City recognized negative pension expense of \$25,603 for the plan.

City of Worthington, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 6: Defined Benefit Pension Plans - Fire Relief Association (Continued)

At December 31, 2023, the City reported deferred inflows of resources and deferred outflows of resources and 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	\$ 27,344	\$ 10,344
Changes in Actuarial Assumptions	2,902	1,958
Net Difference Between Projected and Actual Earnings on Plan Investments	112,249	38,585
Total	<u>\$ 142,495</u>	<u>\$ 50,887</u>

Note 6: Defined Benefit Pension Plans - Fire Relief Association (Continued)

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

2024	\$ 30,781
2025	31,967
2026	32,570
2027	(3,892)
2028	2,305
Thereafter	(2,123)

E. Actuarial Assumptions

The total pension liability at December 31, 2023 was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

Retirement Eligibility at Age 50 With 20 Years of Service	N/A
Salary Increases	2.50% per year
Inflation	5.00%
Investment Rate of Return	N/A
20 Year Municipal Bond Yield	N/A

The following changes in assumptions occurred in 2023:

- No changes in assumptions since the prior year report.

The following changes in benefit terms occurred in 2023:

- No changes in benefit terms since the prior year report.

The 5.00 percent 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.

City of Worthington, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 6: Defined Benefit Pension Plans - Fire Relief Association (Continued)

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	35.0 %	5.07 %
International Equity	20.0	5.17
Domestic Fixed Income	10.0	0.98
Commodities	5.0	2.05
Alternative	5.0	2.73
Cash	25.0	(0.25)
Total	<u>100.0 %</u>	

F. Discount Rate

The discount rate used to measure the total pension liability was 5.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Professional judgment on future contributions has been applied in those cases where contribution patterns deviate from the actuarially determined rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. Pension Liability Sensitivity

The following presents the City's net pension liability (asset) for the plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate one percent lower or one percent higher than the current discount rate:

	1 Percent Decrease (4.00%)	Current (5.00%)	1 Percent Increase (6.00%)
Defined Benefit Plan	\$ 52,053	\$ 1,176	\$ (46,395)

H. Pension Plan Fiduciary Net Position

The Association issues a publicly available financial report. The report may be obtained by writing to the Worthington Fire Department Relief Association, 830 2nd Ave, Worthington, MN 56187.

City of Worthington, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 7: Post-Employment Benefits Other Than Pensions

A. Plan Description

The City administers a single-employer defined benefit healthcare plan ("the Retiree Health Plan"). The plan provides lifetime healthcare insurance for eligible retirees and their spouses through the City's group health insurance plan, which covers both active and retired members. Benefit provisions are established through negotiations between the City and the union representing employees and are renegotiated each bargaining period. The component unit is included in the City's plan. The Retiree Health Plan does not issue a publicly available financial report.

At December 31, 2023, the following employees were covered by the benefit terms:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	1
Active Plan Members	97
	<hr/>
Total Plan Members	98
	<hr/> <hr/>

B. Funding Policy

Contribution requirements also are negotiated between the City and union representatives. The City does not contribute to the cost of current-year premiums for eligible retired plan members and their spouses. For the year ended December 31, 2023, the City had no direct contributions to the Plan.

C. Actuarial Methods and Assumptions

The City's total OPEB liability of \$1,598,853 was measured as of December 31, 2023, and was determined by an actuarial valuation as of January 1, 2023. Roll forward procedures were used to roll forward the total OPEB liability to the measurement date.

The total OPEB liability in the January 1, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	4.00%
20-Year Municipal Bond Yield	4.00%
Dental Rate	N/A
Inflation Rate	2.25%
Salary Increases	N/A
Medical Trend Rate	8.00% grading to 4.50% over 7 years

The discount rate used to measure the total OPEB liability was 4.00 percent. Assets were projected using expected benefit payments and expected asset returns. Expected benefit payments by year were discounted using the expected asset return assumption for years in which the assets were sufficient to pay all benefit payments. Any remaining benefit payments after the trust fund is exhausted are discounted at the 20-year municipal bond rate. The equivalent single rate is the discount rate.

Mortality rates were based on the SOA-2010 Headcount Weighted Mortality Tables with MP-2023 Generational Improvement Scale.

The actuarial assumptions used in the December 31, 2023 valuation were based on input from a variety of published sources of historical and projected future financial data. Each assumption was reviewed for reasonableness with the source information as well as for consistency with the other economic assumptions.

City of Worthington, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 7: Post-Employment Benefits Other Than Pensions (Continued)

D. Changes in the Total OPEB Liability

	Total OPEB Liability
Beginning Balance January 1, 2023	<u>\$ 1,406,836</u>
Changes for the Year	
Service cost	90,774
Interest	63,803
Assumption changes	127,888
Differences between expected and actual experience	(55,570)
Benefit payments	<u>(34,878)</u>
Total Net Changes	<u>192,017</u>
Ending Balance December 31, 2023	<u><u>\$ 1,598,853</u></u>

Since the prior measurement date, the following assumptions changed:

- The discount rate as of the Measurement Date has been updated based on a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). The current full valuation uses a discount rate of 4.31% as of January 1, 2023 and 4.00% as of December 31, 2023. This change caused a significant decrease in the City's liabilities. The discount rate will be updated annually to reflect market conditions as of the Measurement Date.
- Termination, disability, retirement, and salary increase rates have been set to follow the most recent PERA of Minnesota Actuarial Valuations for General employees and Police as of July 1, 2022. This change in aggregate caused a slight increase in liabilities.
- The mortality improvement scale applied to all mortality tables has been updated from MP-2020 to MP-2021. This change caused a slight increase in liabilities.
- Health care trend rates have been set to an initial rate of 8.0% for fiscal 2023 decreasing by 0.5% annually to an ultimate rate of 4.5%. This change caused an increase in liabilities.

In addition, claims costs and premiums were updated for 2023, which caused a significant increase in liabilities. The main driver of the increase is using the new employee plus one coverage tier instead of family coverage to determine spouse contribution rates. Updated census data caused a decrease in liabilities.

Since the prior measurement date, there were no changes in benefit terms.

City of Worthington, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 7: Post-Employment Benefits Other Than Pensions (Continued)

E. Sensitivity of the Total OPEB Liability

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.00 percent) or one percentage-point higher (5.00 percent) than the current discount rate:

1 Percent Decrease (3.00%)	Current (4.00%)	1 Percent Increase (5.00%)
\$ 1,751,098	\$ 1,598,853	\$ 1,459,336

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a Healthcare Cost Trend Rates that is one percentage point lower (7.00 percent decreasing to 3.50 percent) or one percentage-point higher (9.00 percent increasing to 5.50 percent) than the current cost trend rate:

1 Percent Decrease (7% Decreasing to 3.5%)	Healthcare Cost Trend Rates (8% Decreasing to 4.5%)	1 Percent Increase (9% Decreasing to 5.5%)
\$ 1,391,774	\$ 1,598,853	\$ 1,845,806

F. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2023, the City recognized OPEB expense of \$110,083. At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 22,593
Changes in Actuarial Assumptions	219,045	227,089
Total	<u>\$ 219,045</u>	<u>\$ 249,682</u>

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

Year ended December 31	
2024	\$ (9,615)
2025	(9,615)
2026	(9,612)
2027	(1,203)
2028	(5,334)
Thereafter	4,742

City of Worthington, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 8: Other Information

A. Risk Management

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

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

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

Due to a couple high health insurance claim years, the City opted out of being partially self-funded and joined in a State of Minnesota Health Insurance Plan known as Public Employees Insurance Program (PEIP). The City renews on a calendar year basis, which allows for better timing when budgeting subsequent year's premium changes. The City offers employees three plans, including a high-deductible plan, which results in lower overall costs to the City. For 2023, the City had modest premium increases (4.0%) overall to all three plans.

B. Contingent Liabilities

Commitments for current and future capital projects have been assigned in their respective funds as of December 31, 2023. Financial resources are available to fund the total amount of unexpended authorizations.

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

C. Joint Ventures

Cable 3 Television

The City and Independent School District (ISD) 518, Worthington, entered into a joint powers agreement for the purpose of operating Worthington Cable 3 Television Public Access Channel. The City shall remit to the Board all franchise fees and subscriber payments which are collected by two local cable companies pursuant to the franchise agreement between the City and respective cable companies. The amount remitted approximates the amount budgeted by the Board and no material surplus or deficits exists or is anticipated. Audited financial state were not available for Cable 3 television for the year ending December 31, 2023. 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 the Financial Statements
December 31, 2023

Note 8: Other Information (Continued)

Public Transportation

The City and Nobles County entered into a joint powers' agreement for purposes of jointly and cooperatively operating, administering, promoting and managing public transportation within Nobles County, including the City of Worthington. The governing body shall consist of two Council members and the Administrator of the City of Worthington, and two Commissions and the Administrator of Nobles County. In addition, one additional at-large member will be appointed by the aforesaid members. The City retains no equity position in the joint venture. There were no audited financial statement available for the year ended December 31, 2023.

D. Post-Employment Benefits

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

The City allows employees to stay on its group health insurance after retirement until they reach Medicare age. The retired employees are responsible for paying 100% of their premiums. The City had one retiree on its plan at the end of 2023. 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 City does not have any liabilities for health insurance premiums as of December 31, 2023.

Note 9: Tax Abatements

As of December 31, 2023, the City has eight agreements entered into by the City listed below that abate City property taxes. Below is information specific to each agreement:

TIF District No. 11 was established in 2005 for the purpose of administration and site preparation costs for a twenty-four unit apartment complex. Under the agreement, up to \$539,600 of development costs will be reimbursed through tax increment over a 25 year period. During the year ended December 31, 2023, the City generated \$28,801 of tax increment revenue and made payments on the pay-as-you-go note of \$9,368. The note's balance at year end was \$229,406.

TIF District No. 12 was established in 2006 for the purpose of administration and site preparation costs for a twenty-one lot single family housing development. Under the agreement, up to \$1,100,000 of development costs will be reimbursed through tax increment over a 25 year period. During the year ended December 31, 2023, the City generated \$48,095 of tax increment revenue and made payments on the pay-as-you-go note of \$34,156. The note's balance at year end was \$33,928.

TIF District No. 14 was established in 2010 for the purpose of constructing a 30 townhome housing project. Under the agreement, up to \$600,496 of development costs will be reimbursed through tax increment over a 25 year period. During the year ended December 31, 2023, the City generated \$4,419 of tax increment revenue and made payments on the pay-as-you-go note of \$3,091. The note's balance at year end was \$450,833.

TIF District No. 15 was established in 2012 for the purpose of constructing a 76 unit hotel. Under the agreement, up to \$609,438 of development costs will be reimbursed through tax increment over an 8 year period. During the year ended December 31, 2023, the City generated \$0 of tax increment revenue and made payments on the pay-as-you-go note of \$26,357. The note's balance at year end was \$0.

TIF District No. 16 was established in 2016 to account for the activity related to the redevelopment of the former Northland Mall site and development of a mixed-use project in the City. Under the agreement, up to \$8,278,201 of development costs will be reimbursed through tax increment over a 26 year period. During the year ended December 31, 2023, the City generated \$231,323 of tax increment revenue and made payments on the pay-as-you-go note of \$212,852. The note's balance at year end was \$414,199.

City of Worthington, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 9: Tax Abatements (Continued)

TIF District No. 17 was established in 2018 for the purpose of construction approximately 48 units of rental housing in the City of Worthington. Under the agreement, up to \$1,371,774 of development costs will be reimbursed through tax increment over a 25 year period. During the year ended December 31, 2023, the City generated \$0 of tax increment revenue and made payments on the pay-as-you-go note of \$0. The note's balance at year end was \$436,250.

TIF District No. 18 was established in 2020 for the purpose of redeveloping and renovating the former Thompson Hotel building for 39 units of rental housing and commercial space in the basement and on the first level. Under the agreement, up to \$2,582,662 of development costs will be reimbursed through tax increment over a 25 year period. During the year ended December 31, 2023, the City generated \$43,370 of tax increment revenue and made payments on the pay-as-you-go note of \$0. The note's balance at year end was \$479,223.

TIF District No. 19 was established in 2022 for the purpose of acquiring property to facilitate the redevelopment of the former Cemstone site and assist with development of a commercial/industrial development in the City and to acquire land, demolish buildings and clean-up of a former gas station. Under the agreement, up to \$2,681,164 of development costs will be reimbursed through tax increment over a 26 year period. During the year ended December 31, 2023, the City generated \$0 of tax increment revenue.

The City also entered in to a tax abatement agreement with Nobles County and Independent School District (ISD) #518, through a program initiated by the Nobles Home Initiative, under Minnesota State Statute 469.1813 Subdivision 8. The program is intended to encourage the construction on new owner occupied and rental residential housing units. Eligible projects are eligible to receive 100% tax abatement of the City's share of the increased real estate taxes resulting from the newly constructed housing unit, for a period of five years. During 2023, taxes abated for thirty-two eligible projects within the City corporate limits was \$37,317. The County and ISD #518 abated \$42,120 and \$18,433, respectively, for the eligible projects.

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

- A Tax Abatement agreement was awarded by the City Council on May 24, 2010. The abatement is for eligible expenditures related to the redevelopment of 511 10th Street and was awarded in compliance with the guidelines of the City's Tax Abatement Guidelines. The abatement is for \$80,000 or 15 years, whichever occurs first. As of December 31, 2023, the entity has been given/awarded \$21,889, of which \$3,751 was abated in 2023.

Note 10: Prior Period Adjustment

Prior period adjustments were required to properly state beginning balances.

The following schedule reconciles the previously reported December 31, 2022 balances to the January 1, 2023 financial statement balances:

Fund	Net Position December 31, 2022 as Previously Reported	Prior Period Adjustment (1)	Net Position January 1, 2023 as Restated
Governmental Activities	\$ 88,641,444	\$ 468,336	\$ 89,109,780

(1) To correct prior year construction in progress balances.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WORTHINGTON
WORTHINGTON, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2023

City of Worthington, Minnesota
Required Supplementary Information
For the Year Ended December 31, 2023

Schedule of Employer's Share of PERA Net Pension Liability - General Employees Fund

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/23	0.0673 %	\$ 3,763,341	\$ 103,809	\$ 3,867,150	\$ 5,355,398	70.3 %	83.1 %
06/30/22	0.0681	5,393,542	158,130	5,551,672	5,100,639	105.7	76.7
06/30/21	0.0699	2,985,043	91,113	3,076,156	5,032,227	59.3	87.0
06/30/20	0.0701	4,202,815	129,489	4,332,304	4,995,971	84.1	79.1
06/30/19	0.0666	3,654,421	113,495	3,767,916	4,676,883	78.1	80.2
06/30/18	0.0655	3,633,671	119,282	3,752,953	4,406,374	82.5	79.5
06/30/17	0.0693	4,424,066	55,627	4,479,693	4,400,521	100.5	75.9
06/30/16	0.0670	5,400,068	70,971	5,471,039	4,155,119	130.0	68.9
06/30/15	0.0676	3,503,383	-	3,503,383	3,976,365	88.1	78.2

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

Schedule of Employer's PERA Contributions - General Employees Fund

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/23	\$ 419,546	\$ 419,546	\$ -	\$ 5,593,943	7.5 %
12/31/22	387,993	387,993	-	5,173,236	7.5
12/31/21	381,160	381,160	-	5,082,138	7.5
12/31/20	376,935	376,935	-	5,025,795	7.5
12/31/19	364,465	364,465	-	4,589,527	7.9
12/31/18	340,129	340,129	-	4,535,051	7.5
12/31/17	323,530	323,530	-	4,313,435	7.5
12/31/16	330,039	330,039	-	4,400,521	7.5
12/31/15	302,420	302,420	-	4,032,258	7.5

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

City of Worthington, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2023

Notes to the Required Supplementary Information - General Employee Retirement Fund

Changes in Actuarial Assumptions

2023 – The investment return assumption and single discount rate were changed from 6.5 percent to 7.0 percent.

2022 - The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

2021 - The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes. The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

2020 - The price inflation assumption was decreased from 2.50% to 2.25%. The payroll growth assumption was decreased from 3.25% to 3.00%. Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates. Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements. Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter. Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females. The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments. The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019. The assumed spouse age difference was changed from two years older for females to one year older. The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

2019 - The mortality projection scale was changed from MP-2017 to MP-2018.

2018 - The mortality projection scale was changed from MP-2015 to MP-2017. The assumed benefit increase was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

2017 - The Combined Service Annuity (CSA) loads were changed from 0.8 percent for active members and 60 percent for vested and non-vested deferred members. The revised CSA loads are now 0.0 percent for active member liability, 15.0 percent for vested deferred member liability and 3.0 percent for non-vested deferred member liability. The assumed post-retirement benefit increase rate was changed from 1.0 percent per year for all years to 1.0 percent per year through 2044 and 2.5 percent per year thereafter.

2016 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2035 and 2.5 percent per year thereafter to 1.0 percent per year for all future years. The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 7.5 percent. Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

2015 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2030 and 2.5 percent per year thereafter to 1.0 percent per year through 2035 and 2.5 percent per year thereafter.

City of Worthington, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2023

Notes to the Required Supplementary Information - General Employee Retirement Fund (Continued)

Changes in Plan Provisions

2023 – An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023. The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service. The benefit increase delay for early retirements on or after January 1, 2024, was eliminated. A one-time, non-compounding benefit increase of 2.5 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

2022 - There was no changes in plan provisions since the previous valuation.

2021 - There was no changes in plan provisions since the previous valuation.

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

2019 - The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The state's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

2018 - The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024. Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018. Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply. Contribution stabilizer provisions were repealed. Postretirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio to 50.00 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019. For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors. Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 - The State's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter. The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The state's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031.

2016 - There were no changes in plan provisions since the previous valuation.

2015 - On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised.

City of Worthington, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2023

Schedule of Employer's Share of PERA Net Pension Liability - Police and Fire Fund

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/23	0.1532 %	\$ 2,645,565	\$ 106,585	\$ 2,752,150	\$ 2,011,554	131.5 %	86.5 %
06/30/22	0.1600	6,962,568	304,182	7,266,750	1,943,774	358.2	70.5
06/30/21	0.1610	1,241,977	55,825	1,297,802	1,901,750	65.3	93.7
06/30/20	0.1600	2,106,335	49,632	2,155,967	1,804,056	116.8	87.2
06/30/19	0.1730	1,844,954	-	1,844,954	1,827,833	100.9	89.3
06/30/18	0.1650	1,760,862	-	1,760,862	1,741,482	101.1	88.8
06/30/17	0.1670	2,254,699	-	2,254,699	1,703,290	132.4	85.4
06/30/16	0.1660	6,661,869	-	6,661,869	1,598,535	416.7	63.9
06/30/15	0.1600	1,817,974	-	1,817,974	1,466,563	124.0	86.6

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

Schedule of Employer's PERA Contributions - Police and Fire Fund

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/23	\$ 361,127	\$ 361,127	\$ -	\$ 2,040,265	17.7 %
12/31/22	346,233	346,233	-	1,956,119	17.7
12/31/21	349,062	349,062	-	1,972,099	17.7
12/31/20	320,557	320,557	-	1,811,054	17.7
12/31/19	312,700	312,700	-	1,844,839	16.9
12/31/18	287,398	287,398	-	1,774,064	16.2
12/31/17	273,295	273,295	-	1,687,005	16.2
12/31/16	275,933	275,933	-	1,703,290	16.2
12/31/15	252,712	252,712	-	1,559,947	16.2

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

City of Worthington, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2023

Notes to the Required Supplementary Information - Public Employees Police and Fire Fund

Changes in Actuarial Assumptions

2023 – The investment return assumption was changed from 6.50 percent to 7.00 percent. The single discount rate changed from 5.40 percent to 7.00 percent.

2022 - The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021. The single discount rate changed from 6.50 percent to 5.40 percent.

2021 - The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes. The inflation assumption was changed from 2.50 percent to 2.25 percent. The payroll growth assumption was changed from 3.25 percent to 3.00 percent. The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020). Assumed rates of salary increase were modified as recommended in the July 14, 2020 experience study. The overall impact is a decrease in gross salary increase rates. Assumed rates of retirement were changed as recommended in the July 14, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements. Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations. Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities. Assumed percent married for active female members was changed from 60 percent to 70 percent. Minor changes to form of payment assumptions were applied.

2020 - The mortality projection scale was changed from MP-2018 to MP-2019.

2019 - The mortality projection scale was changed from MP-2017 to MP-2018.

2018 - The mortality projection scale was changed from MP-2016 to MP-2017. As set by statute, the assumed post-retirement benefit increase was changed from 1.0 percent per year through 2064 and 2.5 percent per year, thereafter, to 1.0 percent for all years, with no trigger.

2017 - Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates. Assumed rates of retirement were changed, resulting in fewer retirements. The Combined Service Annuity (CSA) load was 30 percent for vested and non-vested deferred members. The CSA has been changed to 33 percent for vested members and 2 percent for non-vested members. The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees. Assumed termination rates were decreased to 3.0 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall. Assumed percentage of married female members was decreased from 65 percent to 60 percent. Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females. The assumed percentage of female members electing joint and survivor annuities was increased. The assumed post-retirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter. The single discount rate was changed from 5.6 percent to 7.5 percent.

2016 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2037 and 2.5 percent per year thereafter to 1.0 percent per year for all future years. The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 5.6 percent. The assumed future salary increases, payroll growth and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

City of Worthington, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2023

Notes to the Required Supplementary Information - Public Employees Police and Fire Fund (Continued)

2015 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2030 and 2.5 percent per year thereafter to 1.0 percent per year through 2037 and 2.5 percent per year thereafter.

Changes in Plan Provisions

2023 - An additional one-time direct state aid contribution of \$19.4 million will be contributed to the Plan on October 1, 2023. The vesting requirement for new hires after June 30, 2014 was changed from a graded 20-year vesting schedule to a graded 10-year vesting schedule, with 50 percent vesting after five years increasing incrementally to 100 percent after 10 years. A one-time, non-compounding benefit increase of 3.0 percent will be payable in a lump sum for calendar year 2024 by March 31, 2024. Psychological treatment is required effective July 1, 2023 prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation. The total and permanent duty disability benefit was increased, effective July 1, 2023.

2022 - There were no changes in plan provisions since the previous valuation.

2021 - There were no changes in plan provisions since the previous valuation.

2020 - There were no changes in plan provisions since the previous valuation.

2019 - There were no changes in plan provisions since the previous valuation.

2018 - As set by statute, the assumed post-retirement benefit increase was changed from 1.0 percent per year through 2064 and 2.5 percent per year, thereafter, to 1.0 percent for all years, with no trigger. An end date of July 1, 2048 was added to the existing \$9.0 million state contribution. New annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter until the plan reaches 100 percent funding, or July 1, 2048, if earlier. Member contributions were changed from 10.80 percent to 11.30 percent of pay, effective January 1, 2019 and 11.80 percent of pay, effective January 1, 2020. Employer contributions were changed from 16.20 percent to 16.95 percent of pay, effective January 1, 2019 and 17.70 percent of pay, effective January 1, 2020. Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018. Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply. Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 - Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates. Assumed rates of retirement were changed, resulting in fewer retirements. The combined service annuity (CSA) load was 30.00 percent for vested and non-vested, deferred members. The CSA has been changed to 33.00 percent for vested members and 2.00 percent for non-vested members. The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees. Assumed termination rates were decreased to 3.00 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall. Assumed percentage of married female members was decreased from 65.00 percent to 60.00 percent. Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females. The assumed percentage of female members electing joint and survivor annuities was increased. The assumed postretirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter. The single discount rate was changed from 5.60 percent per annum to 7.50 percent per annum.

2016 - There were no changes in plan provisions since the previous valuation.

2015 - The post-retirement benefit increase to be paid after attainment of the 90 percent funding threshold was changed, from inflation up to 2.5 percent, to a fixed rate of 2.5 percent.

City of Worthington, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2023

Schedule of Changes in the Fire Relief Association's Net Pension Liability (Asset) and Related Ratios

	2023 (Fire Relief Report Date 2022)	2022 (Fire Relief Report Date 2021)	2021 (Fire Relief Report Date 2020)	2020 (Fire Relief Report Date 2019)	2019 (Fire Relief Report Date 2018)	2018 (Fire Relief Report Date 2017)	2017 (Fire Relief Report Date 2016)	2016 (Fire Relief Report Date 2015)
Total Pension Liability								
Service cost	\$ 40,991	\$ 40,991	\$ 43,647	\$ 42,763	\$ 51,485	\$ 51,485	\$ 40,709	\$ 40,709
Interest	48,948	50,992	52,058	58,270	61,583	58,521	56,846	58,681
Assumption changes	-	-	828	(2,224)	6,361	(1,787)	(1,135)	34,548
Changes of benefit terms	18,304	-	-	27,733	25,248	-	22,390	-
Differences between expected and actual experience	(6,377)	-	23,305	-	(12,476)	-	57,501	-
Benefit payments	(159,074)	(106,620)	(170,405)	(332,924)	(46,560)	(47,388)	(259,774)	(81,516)
Net Change in Total Pension Liability	(57,208)	(14,637)	(50,567)	(206,382)	85,641	60,831	(83,463)	52,422
Total Pension Liability - January 1	1,017,514	1,032,151	1,082,718	1,289,100	1,203,459	1,142,628	1,226,091	1,173,669
Total Pension Liability - December 31 (A)	\$ 960,306	\$ 1,017,514	\$ 1,032,151	\$ 1,082,718	\$ 1,289,100	\$ 1,203,459	\$ 1,142,628	\$ 1,226,091
Plan Fiduciary Net Position								
Municipal contributions	-	-	-	-	1,838	698	2,698	5,817
Nonemployer contributions	95,929	85,540	76,407	77,866	70,080	68,221	70,095	66,101
Net investment income	75,369	(132,582)	87,307	64,443	191,331	(58,563)	202,698	107,910
Benefit payments, including refunds of employee contributions	(159,074)	(106,620)	(170,405)	(332,924)	(46,560)	(47,388)	(259,774)	(81,516)
Administrative expenses	-	-	-	-	(15,796)	(15,845)	(16,587)	(15,577)
Net Change in Plan Fiduciary Net Position	12,224	(153,662)	(6,691)	(190,615)	200,893	(52,877)	(870)	82,735
Plan Fiduciary Net Position - January 1	946,906	1,100,568	1,107,259	1,297,874	1,096,981	1,149,858	1,150,728	1,067,993
Plan Fiduciary Net Position - December 31 (B)	\$ 959,130	\$ 946,906	\$ 1,100,568	\$ 1,107,259	\$ 1,297,874	\$ 1,096,981	\$ 1,149,858	\$ 1,150,728
Fire Relief's Net Pension Liability (Asset) - December 31 (A-B)	\$ 1,176	\$ 70,608	\$ (68,417)	\$ (24,541)	\$ (8,774)	\$ 106,478	\$ (7,230)	\$ 75,363
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (B/A)	99.88%	93.06%	106.63%	102.27%	100.68%	91.15%	100.63%	93.85%
Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fire Relief's Net Pension Liability (Asset) as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

Notes to the Required Supplementary Information - Fire Relief Association's Net Pension Liability (Asset)

Changes in Plan Provisions

2023 - There were no changes in plan provisions since the previous valuation.

2022 - The lump sum and monthly benefits have been updated to \$2,979 and \$361.

City of Worthington, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2023

Schedule of Changes in the Fire Relief Association's Net Pension Liability (Asset) and Related Ratios (Continued)

Changes in Assumptions

2023 - There were no changes in assumptions since the previous valuation.

2022 - The mortality table used to measure funding liability has been changed from PubS-2010 Mortality with generational improvements projected beginning in 2010 based on SOA Scale MP-2019 to PubS-2010 Mortality with generational improvements projected beginning in 2010 based on SOA Scale MP-2021.

Schedule of Changes in the City's Total OPEB Liability and Related Ratios

	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service cost	\$ 90,774	\$ 94,778	\$ 95,685	\$ 84,842	\$ 73,927	\$ 80,180
Interest	63,803	32,877	29,733	42,980	48,613	40,360
Assumption changes	127,888	(244,681)	(17,347)	111,984	97,096	(75,651)
Differences between expected and actual experience	(55,570)	173,628	(14,727)	(129,160)	(60,001)	-
Benefit payments	(34,878)	(32,237)	(35,158)	(39,526)	(30,379)	(27,871)
Net Change in Total OPEB Liability	192,017	24,365	58,186	71,120	129,256	17,018
Total OPEB Liability - January 1	1,406,836	1,382,471	1,324,285	1,253,165	1,123,909	1,106,891
Total OPEB Liability - December 31	\$ 1,598,853	\$ 1,406,836	\$ 1,382,471	\$ 1,324,285	\$ 1,253,165	\$ 1,123,909
Covered-Employee Payroll	\$ 7,282,584	\$ 7,050,121	\$ 6,641,775	\$ 6,704,225	\$ 6,368,314	\$ 11,803,086
City's Total OPEB Liability as a Percentage of Covered-Employee Payroll	21.95%	19.95%	20.81%	19.75%	19.68%	9.52%

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available. There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the pension/OPEB plan.

City of Worthington, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2023

Notes to the Required Supplementary Information - Total OPEB Liability

Changes in Actuarial Assumptions

2023 - The discount rate as of the Measurement Date has been updated based on a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). The current full valuation uses a discount rate of 4.31% as of January 1, 2023 and 4.00% as of December 31, 2023. This change caused a significant decrease in the City's liabilities. The discount rate will be updated annually to reflect market conditions as of the Measurement Date. Termination, disability, retirement, and salary increase rates have been set to follow the most recent PERA of Minnesota Actuarial Valuations for General employees and Police as of July 1, 2022. This change in aggregate caused a slight increase in liabilities. The mortality improvement scale applied to all mortality tables has been updated from MP-2020 to MP-2021. This change caused a slight increase in liabilities. Health care trend rates have been set to an initial rate of 8.0% for fiscal 2023 decreasing by 0.5% annually to an ultimate rate of 4.5%. This change caused an increase in liabilities.

2022 - The health care trend, termination, disability, retirement, and salary increase rates were updated. The mortality improvement scale was updated. The discount rate was changed from 2.25% to 4.31%.

2021 - The health care trend rates and salary increase rates were updated. The discount rate was changed from 2.12% to 2.25%.

2020 - The health care trend rates, mortality tables, and salary increase rates were updated. The discount rate was changed from 3.26% to 2.12%.

2019 - The discount rate was changed from 4.11% to 3.26%.

2018 - The retirement and turnover tables for all employees were updated. The discount rate changed from 3.44% to 4.11%.

Changes in Benefit Terms

2023 - None noted.

2022 - None noted.

2021 - None noted.

2020 - None noted.

2019 - None noted.

2018 - None noted.

COMBINING AND INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES

CITY OF WORTHINGTON
WORTHINGTON, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2023

City of Worthington, Minnesota
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2023

	Nonmajor Special Revenue	Nonmajor Capital Projects	Nonmajor Debt Service	Total
Assets				
Cash and investments	\$ 5,295,140	\$ 931,748	\$ 2,381,102	\$ 8,607,990
Receivables				
Accrued interest	26,409	449	4,568	31,426
Delinquent taxes	1,544	183	5,507	7,234
Accounts	7,249	-	-	7,249
Loans (net of allowance)	614,415	-	-	614,415
Special assessments	-	-	1,518,955	1,518,955
Intergovernmental	121,783	108	3,288	125,179
Prepaid items	6,943	21	-	6,964
Total Assets	\$ 6,073,483	\$ 932,509	\$ 3,913,420	\$ 10,919,412
Liabilities				
Accounts payable	\$ 43,517	\$ 208,684	\$ -	\$ 252,201
Contracts payable	-	334,266	-	334,266
Due to other funds	10,689	664,972	4,501	680,162
Advance from other funds	-	33,928	-	33,928
Due to other governments	43	-	-	43
Salaries payable	3,659	-	-	3,659
Total Liabilities	57,908	1,241,850	4,501	1,304,259
Deferred Inflows of Resources				
Unavailable revenue				
Special assessments	-	-	1,518,955	1,518,955
Property taxes	1,544	183	5,507	7,234
Total Deferred Inflows of Resources	1,544	183	1,524,462	1,526,189
Fund Balances				
Nonspendable	6,943	21	-	6,964
Restricted	2,308,511	350,957	2,384,457	5,043,925
Committed	3,725,871	-	-	3,725,871
Assigned	-	63,652	-	63,652
Unassigned	(27,294)	(724,154)	-	(751,448)
Total Fund Balances	6,014,031	(309,524)	2,384,457	8,088,964
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 6,073,483	\$ 932,509	\$ 3,913,420	\$ 10,919,412

City of Worthington, Minnesota
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2023

	Nonmajor Special Revenue	Nonmajor Capital Projects	Nonmajor Debt Service	Total
Revenues				
Taxes	\$ 1,577,424	\$ 389,169	\$ 990,012	\$ 2,956,605
Special assessments	-	-	538,611	538,611
Intergovernmental	23	3	82	108
Charges for services	38,957	-	-	38,957
Investment income	154,393	14,475	60,708	229,576
Miscellaneous	172	8,290	-	8,462
Total Revenues	<u>1,770,969</u>	<u>411,937</u>	<u>1,589,413</u>	<u>3,772,319</u>
Expenditures				
Current				
Public works	-	-	60,936	60,936
Culture and recreation	330,776	-	-	330,776
Conservation and development	77,558	-	-	77,558
Capital outlay				
Culture and recreation	-	1,116,530	-	1,116,530
Conservation and development	-	1,440,066	-	1,440,066
Debt service				
Principal retirement	-	-	1,660,000	1,660,000
Interest and fiscal charges	-	41,848	508,361	550,209
Total Expenditures	<u>408,334</u>	<u>2,598,444</u>	<u>2,229,297</u>	<u>5,236,075</u>
Excess (Deficiency) of Revenues Over (Under)	<u>1,362,635</u>	<u>(2,186,507)</u>	<u>(639,884)</u>	<u>(1,463,756)</u>
Other Financing Sources (Uses)				
Transfers in	-	1,600,000	634,704	2,234,704
Bonds issued	-	4,871,075	240,300	5,111,375
Premium on bonds issued	-	408,672	-	408,672
Transfers out	(2,234,693)	-	(327,308)	(2,562,001)
Total Other Financing Sources (Uses)	<u>(2,234,693)</u>	<u>6,879,747</u>	<u>547,696</u>	<u>5,192,750</u>
Net Change in Fund Balances	(872,058)	4,693,240	(92,188)	3,728,994
Fund Balances, January 1	<u>6,886,089</u>	<u>(5,002,764)</u>	<u>2,476,645</u>	<u>4,359,970</u>
Fund Balances, December 31	<u>\$ 6,014,031</u>	<u>\$ (309,524)</u>	<u>\$ 2,384,457</u>	<u>\$ 8,088,964</u>

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NONMAJOR SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

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

Small Cities Grant – 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.

Sales Tax Revenue – 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 – Established to account for the operation and maintenance of the City's Event Center.

Wgtn EDA – Established to account for the operations and maintenance of the City's Economic Development and special programs administered by the community development project.

Private Development Assistance Spending Plan – Established to provide assistance to private development consisting of the development of a variety of housing to address the City's needs, including, but not limited to, market and workforce housing along with a combination of owner occupied and rental housing. As well as providing assistance to projects in they City's downtown which would rehabilitate the buildings of businesses and meet the City's goals of creating a vibrant downtown.

City of Worthington, Minnesota
Nonmajor Special Revenue Funds
Combining Balance Sheet
December 31, 2023

	202	204	213	214	232	233	
	Memorial Auditorium	Small Cities Grant	Sales Tax Revenue	Event Center	Wgtn EDA	Private Development Assistance Spending Plan	Total
Assets							
Cash and investments	\$ 59,136	\$ 190,593	\$ 1,681,407	\$ -	\$ 1,038,458	\$ 2,325,546	\$ 5,295,140
Receivables							
Accrued interest	-	15,642	-	-	2,066	8,701	26,409
Delinquent taxes	995	-	-	-	549	-	1,544
Accounts	5,890	-	-	-	1,359	-	7,249
Loans (net of allowance)	-	300,000	-	-	314,415	-	614,415
Intergovernmental	589	-	120,869	-	325	-	121,783
Prepaid items	4,801	-	-	2,142	-	-	6,943
Total Assets	\$ 71,411	\$ 506,235	\$ 1,802,276	\$ 2,142	\$ 1,357,172	\$ 2,334,247	\$ 6,073,483
Liabilities							
Accounts payable	\$ 16,912	\$ -	\$ -	\$ 16,605	\$ 10,000	\$ -	43,517
Due to other funds	-	-	-	10,689	-	-	10,689
Due to other governments	43	-	-	-	-	-	43
Salaries payable	3,659	-	-	-	-	-	3,659
Total Liabilities	20,614	-	-	27,294	10,000	-	57,908
Deferred Inflows of Resources							
Unavailable revenue - taxes	995	-	-	-	549	-	1,544
Fund Balances							
Nonspendable	4,801	-	-	2,142	-	-	6,943
Restricted	-	506,235	1,802,276	-	-	-	2,308,511
Committed	45,001	-	-	-	1,346,623	2,334,247	3,725,871
Unassigned	-	-	-	(27,294)	-	-	(27,294)
Total Fund Balances	49,802	506,235	1,802,276	(25,152)	1,346,623	2,334,247	6,014,031
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 71,411	\$ 506,235	\$ 1,802,276	\$ 2,142	\$ 1,357,172	\$ 2,334,247	\$ 6,073,483

City of Worthington, Minnesota
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2023

	202	204	213	214	232	233 Private Development Assistance Spending Plan	Total
	Memorial Auditorium	Small Cities Grant	Sales Tax Revenue	Event Center	Wgtn EDA		
Revenues							
Taxes							
Property	\$ 176,772	\$ -	\$ -	\$ -	\$ 96,487	-	\$ 273,259
City sales tax	-	-	1,304,165	-	-	-	1,304,165
Intergovernmental							
State	15	-	-	-	8	-	23
Charges for services							
Culture and recreation	38,957	-	-	-	-	-	38,957
Investment income	1,089	7,303	42,799	-	37,970	65,232	154,393
Miscellaneous							
Other	172	-	-	-	-	-	172
Total Revenues	<u>217,005</u>	<u>7,303</u>	<u>1,346,964</u>	<u>-</u>	<u>134,465</u>	<u>65,232</u>	<u>1,770,969</u>
Expenditures							
Current							
Culture and recreation	288,890	-	-	41,886	-	-	330,776
Conservation and development	-	-	-	-	77,558	-	77,558
Total Expenditures	<u>288,890</u>	<u>-</u>	<u>-</u>	<u>41,886</u>	<u>77,558</u>	<u>-</u>	<u>408,334</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(71,885)	7,303	1,346,964	(41,886)	56,907	65,232	1,362,635
Other Financing Sources (Uses)							
Transfers out	-	-	(2,234,693)	-	-	-	(2,234,693)
Net Change in Fund Balances	(71,885)	7,303	(887,729)	(41,886)	56,907	65,232	(872,058)
Fund Balances, January 1	<u>121,687</u>	<u>498,932</u>	<u>2,690,005</u>	<u>16,734</u>	<u>1,289,716</u>	<u>2,269,015</u>	<u>6,886,089</u>
Fund Balances, December 31	<u>\$ 49,802</u>	<u>\$ 506,235</u>	<u>\$ 1,802,276</u>	<u>\$ (25,152)</u>	<u>\$ 1,346,623</u>	<u>\$ 2,334,247</u>	<u>\$ 6,014,031</u>

City of Worthington, Minnesota
Memorial Auditorium
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended December 31, 2023
(With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023				2022
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Taxes	\$ 174,773	\$ 174,773	\$ 176,772	\$ 1,999	\$ 166,017
Intergovernmental					
State	-	-	15	15	18
Charges for services	66,964	66,964	38,957	(28,007)	51,276
Investment income (loss)	500	500	1,089	589	(2,974)
Other	-	-	172	172	116
Total Revenues	<u>242,237</u>	<u>242,237</u>	<u>217,005</u>	<u>(25,232)</u>	<u>214,453</u>
Expenditures					
Current					
Culture and recreation					
Personal services	110,603	110,603	114,007	(3,404)	107,114
Supplies	11,800	11,800	14,230	(2,430)	20,631
Other services and charges	119,834	119,834	160,653	(40,819)	133,061
Capital outlay	<u>100,000</u>	<u>100,000</u>	-	100,000	12,000
Total Expenditures	<u>342,237</u>	<u>342,237</u>	<u>288,890</u>	<u>53,347</u>	<u>272,806</u>
Net Change in Fund Balances	(100,000)	(100,000)	(71,885)	28,115	(58,353)
Fund Balances, January 1	<u>121,687</u>	<u>121,687</u>	<u>121,687</u>	-	<u>180,040</u>
Fund Balances, December 31	<u>\$ 21,687</u>	<u>\$ 21,687</u>	<u>\$ 49,802</u>	<u>\$ 28,115</u>	<u>\$ 121,687</u>

City of Worthington, Minnesota
Sales Tax Revenue
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended December 31, 2023
(With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023				2022
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
City sales tax	\$ 1,100,000	\$ 1,100,000	\$ 1,304,165	\$ 204,165	\$ 1,294,258
Investment income	10,000	10,000	42,799	32,799	(16,367)
Total Revenues	<u>1,110,000</u>	<u>1,110,000</u>	<u>1,346,964</u>	<u>236,964</u>	<u>1,277,891</u>
Other Financing Sources (Uses)					
Transfers out	<u>(634,693)</u>	<u>(634,693)</u>	<u>(2,234,693)</u>	<u>(1,600,000)</u>	<u>(604,593)</u>
Net Change in Fund Balances	475,307	475,307	(887,729)	(1,363,036)	673,298
Fund Balances, January 1	<u>2,690,005</u>	<u>2,690,005</u>	<u>2,690,005</u>	-	<u>2,016,707</u>
Fund Balances, December 31	<u>\$ 3,165,312</u>	<u>\$ 3,165,312</u>	<u>\$ 1,802,276</u>	<u>\$ (1,363,036)</u>	<u>\$ 2,690,005</u>

City of Worthington, Minnesota
Event Center
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended December 31, 2023
(With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023				2022
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Intergovernmental					
Federal	\$ -	\$ -	\$ -	\$ -	\$ 21,654
Investment income	200	200	-	(200)	270
Total Revenues	<u>200</u>	<u>200</u>	<u>-</u>	<u>(200)</u>	<u>21,924</u>
Expenditures					
Current					
Culture and recreation					
Supplies	1,000	1,000	-	1,000	-
Other services and charges	57,824	57,824	41,886	15,938	62,019
Capital outlay	-	-	-	-	21,654
Total Expenditures	<u>58,824</u>	<u>58,824</u>	<u>41,886</u>	<u>16,938</u>	<u>83,673</u>
Net Change in Fund Balances	(58,624)	(58,624)	(41,886)	16,738	(61,749)
Fund Balances, January 1	<u>16,734</u>	<u>16,734</u>	<u>16,734</u>	<u>-</u>	<u>78,483</u>
Fund Balances, December 31	<u>\$ (41,890)</u>	<u>\$ (41,890)</u>	<u>\$ (25,152)</u>	<u>\$ 16,738</u>	<u>\$ 16,734</u>

City of Worthington, Minnesota
Wgtn EDA
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended December 31, 2023
(With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023				2022
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Taxes	\$ 96,500	\$ 96,500	\$ 96,487	\$ (13)	\$ 32,757
Intergovernmental					
State	-	-	8	8	-
Investment income	5,500	5,500	37,970	32,470	(9,576)
Miscellaneous revenues					
Refunds	1,000	1,000	-	(1,000)	-
Total Revenues	<u>103,000</u>	<u>103,000</u>	<u>134,465</u>	<u>31,465</u>	<u>23,181</u>
Expenditures					
Current					
Conservation and development					
Personal services	-	-	110	(110)	-
Other services and charges	103,000	103,000	77,448	25,552	66,930
Total Expenditures	<u>103,000</u>	<u>103,000</u>	<u>77,558</u>	<u>25,442</u>	<u>66,930</u>
Net Change in Fund Balances	-	-	56,907	56,907	(43,749)
Fund Balances, January 1	<u>1,289,716</u>	<u>1,289,716</u>	<u>1,289,716</u>	-	<u>1,333,465</u>
Fund Balances, December 31	<u>\$ 1,289,716</u>	<u>\$ 1,289,716</u>	<u>\$ 1,346,623</u>	<u>\$ 56,907</u>	<u>\$ 1,289,716</u>

City of Worthington, Minnesota
Private Development Assistance Spending Plan
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended December 31, 2023
(With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023				2022
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Investment income	\$ -	\$ -	\$ 65,232	\$ 65,232	\$ (60,463)
Other Financing Sources (Uses)					
Transfers out	(1,540,000)	(1,540,000)	-	1,540,000	-
Net Change in Fund Balances	(1,540,000)	(1,540,000)	65,232	1,605,232	2,269,015
Fund Balances, January 1	2,269,015	2,269,015	2,269,015	-	-
Fund Balances, December 31	<u>\$ 729,015</u>	<u>\$ 729,015</u>	<u>\$ 2,334,247</u>	<u>\$ 1,605,232</u>	<u>\$ 2,269,015</u>

NONMAJOR CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

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

TIF Dist #7 Redevelopment Amend 5 – This fund accounts for street, sewer, storm sewer and water main improvements and site preparation costs within Darling's Third Tac Increment District.

C&J Housing Project - This fund accounts for site preparation costs for a 25 unit assisted living senior citizen housing complex.

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

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

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

Aquatic Center Facility – This fund accounts for the activity for the existing aquatic center as well as the construction of the new aquatic center.

Hotel TIF #15 – This fund accounts for the activity related to the Hotel Tax Increment Financing District.

Northland Mall TIF #16 - This fund accounts for the activity related to the redevelopment of the former Northland Mall site and development of a mixed-use project in the City.

Grand Terrace Apt TIF #17 - This fund accounts for the facilitation of the construction of approximately 48 units of rental housing in the City of Worthington.

Thompson Hotel TIF #18 - This fund accounts for the facilitation of the reconditioning and remodeling of the historic Thompson Hotel for rental housing in the City of Worthington.

Cemstone Redevelopment TIF #19 - This fund accounts for the redevelopment of the former Cemstone property.

City of Worthington, Minnesota
Nonmajor Capital Projects Funds
Combining Balance Sheet
(Continued on the Following Pages)
December 31, 2023

	409	419	424	425	426	428
	Municipal Buildings	TI Dist #7 Redevelopment Amend 5	C&J Housing Project	Okabena Estates	CCSI Redevelopment	Newcastle Townhomes
Assets						
Cash and investments	\$ 41,998	\$ -	\$ 21,491	\$ 32,976	\$ 28,871	\$ 3,929
Receivables						
Accrued interest	108	-	55	56	31	6
Delinquent taxes	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Prepaid items	-	-	-	21	-	-
Total Assets	<u>\$ 42,106</u>	<u>\$ -</u>	<u>\$ 21,546</u>	<u>\$ 33,053</u>	<u>\$ 28,902</u>	<u>\$ 3,935</u>
Liabilities						
Accounts payable	\$ -	\$ 51,077	\$ -	\$ 12,960	\$ -	\$ -
Contracts payable	-	-	-	-	-	-
Due to other funds	-	641,339	-	-	-	-
Advance from other funds	-	-	-	-	33,928	-
Total Liabilities	<u>-</u>	<u>692,416</u>	<u>-</u>	<u>12,960</u>	<u>33,928</u>	<u>-</u>
Deferred Inflows of Resources						
Unavailable revenue - property taxes	-	-	-	-	-	-
Fund Balances						
Nonspendable	-	-	-	21	-	-
Restricted	-	-	-	20,072	-	3,935
Assigned	42,106	-	21,546	-	-	-
Unassigned	-	(692,416)	-	-	(5,026)	-
Total Fund Balances	<u>42,106</u>	<u>(692,416)</u>	<u>21,546</u>	<u>20,093</u>	<u>(5,026)</u>	<u>3,935</u>
Total Liabilities and Fund Balances	<u>\$ 42,106</u>	<u>\$ -</u>	<u>\$ 21,546</u>	<u>\$ 33,053</u>	<u>\$ 28,902</u>	<u>\$ 3,935</u>

431	433	434	435	436	437	
Aquatic Center Facility	Hotel TIF #15	Northland Mall TIF #16	Grand Terrace Apt TIF #17	Thompson Hotel TIF #18	Cemstone Redevelopment TIF #19	Total
\$ 609,585	\$ 45,418	\$ 114,068	\$ 485	\$ 32,927	\$ -	931,748
-	121	33	1	38	-	449
183	-	-	-	-	-	183
108	-	-	-	-	-	108
-	-	-	-	-	-	21
<u>\$ 609,876</u>	<u>\$ 45,539</u>	<u>\$ 114,101</u>	<u>\$ 486</u>	<u>\$ 32,965</u>	<u>\$ -</u>	<u>\$ 932,509</u>
\$ 12,251	\$ -	\$ 117,180	\$ -	\$ 15,216	\$ -	\$ 208,684
334,266	-	-	-	-	-	334,266
-	-	-	-	-	23,633	664,972
-	-	-	-	-	-	33,928
<u>346,517</u>	<u>-</u>	<u>117,180</u>	<u>-</u>	<u>15,216</u>	<u>23,633</u>	<u>1,241,850</u>
<u>183</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>183</u>
-	-	-	-	-	-	21
263,176	45,539	-	486	17,749	-	350,957
-	-	-	-	-	-	63,652
-	-	(3,079)	-	-	(23,633)	(724,154)
<u>263,176</u>	<u>45,539</u>	<u>(3,079)</u>	<u>486</u>	<u>17,749</u>	<u>(23,633)</u>	<u>(309,524)</u>
<u>\$ 609,876</u>	<u>\$ 45,539</u>	<u>\$ 114,101</u>	<u>\$ 486</u>	<u>\$ 32,965</u>	<u>\$ -</u>	<u>\$ 932,509</u>

City of Worthington, Minnesota
Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
(Continued on the Following Pages)
For the Year Ended December 31, 2023

	409	419	424	425	426	428
	Municipal Buildings	TI Dist #7 Redevelopment Amend 5	C&J Housing Project	Okabena Estates	CCSI Redevelopment	Newcastle Townhomes
Revenues						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tax increment	-	-	-	28,801	48,095	4,419
Intergovernmental						
State	-	-	-	-	-	-
Investment income	1,399	8,959	705	708	407	33
Miscellaneous						
Other	-	-	-	-	-	-
Total Revenues	<u>1,399</u>	<u>8,959</u>	<u>705</u>	<u>29,509</u>	<u>48,502</u>	<u>4,452</u>
Expenditures						
Capital outlay						
Culture and recreation	-	-	-	-	-	-
Conservation and development	-	1,122,482	648	29,673	9,047	4,233
Debt service						
Interest and fiscal charges	-	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>1,122,482</u>	<u>648</u>	<u>29,673</u>	<u>9,047</u>	<u>4,233</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,399</u>	<u>(1,113,523)</u>	<u>57</u>	<u>(164)</u>	<u>39,455</u>	<u>219</u>
Other Financing Sources (Uses)						
Transfers in	-	-	-	-	-	-
Bonds issued	-	-	-	-	-	-
Premiums on bonds issued	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	1,399	(1,113,523)	57	(164)	39,455	219
Fund Balances, January 1	<u>40,707</u>	<u>421,107</u>	<u>21,489</u>	<u>20,257</u>	<u>(44,481)</u>	<u>3,716</u>
Fund Balances, December 31	<u>\$ 42,106</u>	<u>\$ (692,416)</u>	<u>\$ 21,546</u>	<u>\$ 20,093</u>	<u>\$ (5,026)</u>	<u>\$ 3,935</u>

431	433	434	435	436	437	
Aquatic Center Facility	Hotel TIF #15	Northland Mall TIF #16	Grand Terrace Apt TIF #17	Thompson Hotel TIF #18	Cemstone Redevelopment TIF #19	Total
\$ 33,161	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,161
-	-	231,323	-	43,370	-	356,008
3	-	-	-	-	-	3
-	1,405	337	11	511	-	14,475
8,290	-	-	-	-	-	8,290
<u>41,454</u>	<u>1,405</u>	<u>231,660</u>	<u>11</u>	<u>43,881</u>	<u>-</u>	<u>411,937</u>
1,116,530	-	-	-	-	-	1,116,530
-	6,227	231,323	2,350	26,170	7,913	1,440,066
41,848	-	-	-	-	-	41,848
<u>1,158,378</u>	<u>6,227</u>	<u>231,323</u>	<u>2,350</u>	<u>26,170</u>	<u>7,913</u>	<u>2,598,444</u>
<u>(1,116,924)</u>	<u>(4,822)</u>	<u>337</u>	<u>(2,339)</u>	<u>17,711</u>	<u>(7,913)</u>	<u>(2,186,507)</u>
1,600,000	-	-	-	-	-	1,600,000
4,871,075	-	-	-	-	-	4,871,075
408,672	-	-	-	-	-	408,672
<u>6,879,747</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,879,747</u>
5,762,823	(4,822)	337	(2,339)	17,711	(7,913)	4,693,240
<u>(5,499,647)</u>	<u>50,361</u>	<u>(3,416)</u>	<u>2,825</u>	<u>38</u>	<u>(15,720)</u>	<u>(5,002,764)</u>
<u>\$ 263,176</u>	<u>\$ 45,539</u>	<u>\$ (3,079)</u>	<u>\$ 486</u>	<u>\$ 17,749</u>	<u>\$ (23,633)</u>	<u>\$ (309,524)</u>

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NONMAJOR PROPRIETARY FUNDS

Industrial Wastewater Facility - This fund was established to account for the operations of the sewer lagoon.

Storm Water Management – This fund was established to account for the operation of the storm drains and storm lift stations.

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

Liquor – This fund was established to account for activities related to the operation of the municipal owned liquor store.

Airport – This fund was established to account for activities related to the operation of an airport.

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

City of Worthington, Minnesota
Statement of Net Position
Nonmajor Proprietary Funds
December 31, 2023

	605 Industrial Wastewater Facility	606 Storm Water Management	607 Street Lighting	609 Liquor	612 Airport	872 Cable Television	Total
Assets							
Current Assets							
Cash and investments	\$ 2,263,450	\$ 3,375,671	\$ 518,705	\$ 906,731	\$ 499,581	\$ 1,500	\$ 7,565,638
Receivables							
Accrued interest	5,698	7,363	1,580	2,545	1,496	-	18,682
Accounts	286,150	65,114	23,082	393	13,793	18,823	407,355
Intergovernmental	-	-	-	-	334,351	-	334,351
Inventories	-	-	-	628,766	-	-	628,766
Prepaid items	9,549	3,251	-	10,259	8,976	-	32,035
Total Current Assets	2,564,847	3,451,399	543,367	1,548,694	858,197	20,323	8,986,827
Noncurrent Assets							
Capital assets at cost							
Land	64,522	642,114	-	431,300	88,765	-	1,226,701
Construction in progress	559,071	240,656	-	-	1,119,192	-	1,918,919
Buildings and other improvements	10,339,421	6,763,361	-	3,139,850	24,263,563	-	44,506,195
Machinery and equipment	237,469	501,841	-	217,875	603,913	-	1,561,098
Vehicles	-	29,208	-	-	53,826	-	83,034
Less accumulated depreciation	(7,110,725)	(1,554,426)	-	(904,082)	(16,510,632)	-	(26,079,865)
Total Capital Assets	4,089,758	6,622,754	-	2,884,943	9,618,627	-	23,216,082
Total Noncurrent Assets	4,089,758	6,622,754	-	2,884,943	9,618,627	-	23,216,082
Total Assets	6,654,605	10,074,153	543,367	4,433,637	10,476,824	20,323	32,202,909
Deferred Outflows of Resources							
Deferred pension resources	-	15,562	-	62,572	1,876	-	80,010
Deferred other postemployment benefit resources	-	-	-	13,073	-	-	13,073
Total Deferred Outflows of Resources	-	15,562	-	75,645	1,876	-	93,083
Liabilities							
Current Liabilities							
Accounts payable	236,397	31,315	4,691	169,370	22,331	18,918	483,022
Contracts payable	-	2,328	-	-	4,053	-	6,381
Advances from other funds - current portion	-	74,311	-	161,189	-	-	235,500
Due to other governments	-	-	-	61,768	135,206	-	196,974
Accrued interest payable	-	12,385	-	-	-	-	12,385
Salaries payable	-	6,022	-	19,286	171	-	25,479
Unearned revenue	-	-	-	9,277	-	-	9,277
G.O. revenue bonds payable	-	70,000	-	-	-	-	70,000
Other postemployment benefits obligation	-	-	-	2,719	-	-	2,719
Total Current Liabilities	236,397	196,361	4,691	423,609	161,761	18,918	1,041,737
Noncurrent Liabilities							
G.O. revenue bonds payable	-	820,000	-	-	-	-	820,000
Other postemployment benefits obligation	-	-	-	92,701	-	-	92,701
Advances from other funds	-	668,794	-	332,115	-	-	1,000,909
Net pension liability	-	60,399	-	242,860	7,283	-	310,542
Total Noncurrent Liabilities	-	1,549,193	-	667,676	7,283	-	2,224,152
Total Liabilities	236,397	1,745,554	4,691	1,091,285	169,044	18,918	3,265,889
Deferred Inflows of Resources							
Deferred pension resources	-	20,564	-	82,684	2,480	-	105,728
Deferred other postemployment benefit resources	-	-	-	14,902	-	-	14,902
Total Deferred Inflows of Resources	-	20,564	-	97,586	2,480	-	120,630
Net Position							
Net investment in capital assets	4,089,758	5,730,426	-	2,884,943	9,614,574	-	22,319,701
Unrestricted	2,328,450	2,593,171	538,676	435,468	692,602	1,405	6,589,772
Total Net Position	\$ 6,418,208	\$ 8,323,597	\$ 538,676	\$ 3,320,411	\$ 10,307,176	\$ 1,405	\$ 28,909,473

City of Worthington, Minnesota
Statement of Revenues, Expenses and Changes in Net Position
Nonmajor Proprietary Funds
For the Year Ended December 31, 2023

	605 Industrial Wastewater Facility	606 Storm Water Management	607 Street Lighting	609 Liquor	612 Airport	872 Cable Television	Total
Operating Revenues							
Charges for services	\$ 2,710,302	\$ 761,920	\$ 267,048	\$ 5,230,767	\$ 158,939	\$ 110,831	\$ 9,239,807
Cost of goods sold	-	-	-	(3,920,987)	-	-	(3,920,987)
Total Operating Revenues	<u>2,710,302</u>	<u>761,920</u>	<u>267,048</u>	<u>1,309,780</u>	<u>158,939</u>	<u>110,831</u>	<u>5,318,820</u>
Operating Expenses							
Personal services	-	115,426	-	355,308	19,168	-	489,902
Employee benefits	-	74,732	-	138,521	(8,104)	-	205,149
Supplies	1,238,121	39,232	-	29,865	28,131	-	1,335,349
Professional services	1,487,298	141,669	47,182	224,562	188,386	107,531	2,196,628
Depreciation	260,630	251,642	-	109,807	591,667	-	1,213,746
Total Operating Expenses	<u>2,986,049</u>	<u>622,701</u>	<u>47,182</u>	<u>858,063</u>	<u>819,248</u>	<u>107,531</u>	<u>5,440,774</u>
Operating Income (Loss)	<u>(275,747)</u>	<u>139,219</u>	<u>219,866</u>	<u>451,717</u>	<u>(660,309)</u>	<u>3,300</u>	<u>(121,954)</u>
Nonoperating Revenues (Expenses)							
Intergovernmental							
State grant	-	-	-	-	247,586	-	247,586
Investment income	80,921	92,542	19,998	31,851	20,540	-	245,852
Miscellaneous	-	35,249	3,000	30	1	-	38,280
Interest and fiscal charges	-	(29,907)	-	(13,027)	-	-	(42,934)
Total Nonoperating Revenues (Expenses)	<u>80,921</u>	<u>97,884</u>	<u>22,998</u>	<u>18,854</u>	<u>268,127</u>	<u>-</u>	<u>488,784</u>
Income (Loss) Before Contributions and Transfers	<u>(194,826)</u>	<u>237,103</u>	<u>242,864</u>	<u>470,571</u>	<u>(392,182)</u>	<u>3,300</u>	<u>366,830</u>
Capital Grants and Contributions	-	-	-	-	242,647	-	242,647
Transfers Out	-	-	(165,000)	(275,000)	-	-	(440,000)
Change in Net Position	<u>(194,826)</u>	<u>237,103</u>	<u>77,864</u>	<u>195,571</u>	<u>(149,535)</u>	<u>3,300</u>	<u>169,477</u>
Net Position, January 1	<u>6,613,034</u>	<u>8,086,494</u>	<u>460,812</u>	<u>3,124,840</u>	<u>10,456,711</u>	<u>(1,895)</u>	<u>28,739,996</u>
Net Position, December 31	<u>\$ 6,418,208</u>	<u>\$ 8,323,597</u>	<u>\$ 538,676</u>	<u>\$ 3,320,411</u>	<u>\$ 10,307,176</u>	<u>\$ 1,405</u>	<u>\$ 28,909,473</u>

City of Worthington, Minnesota
Statement of Cash Flows
Nonmajor Proprietary Funds
For the Year Ended December 31, 2023

	605 Industrial Wastewater Facility	606 Storm Water Management	607 Street Lighting	609 Liquor	612 Airport	872 Cable Television	Total
Cash Flows From Operating Activities							
Receipts from customers and users	\$ 2,644,348	\$ 757,596	\$ 265,920	\$ 1,309,686	\$ 150,885	\$ 115,557	\$ 5,243,992
Payments to vendors and suppliers	(2,791,580)	(175,172)	(47,874)	(137,042)	(239,388)	(115,557)	(3,506,613)
Payments to and on behalf of employees	-	(149,183)	-	(481,137)	(28,344)	-	(658,664)
Other receipts	-	35,249	3,000	30	1	-	38,280
Net Cash Provided (Used) by Operating Activities	<u>(147,232)</u>	<u>468,490</u>	<u>221,046</u>	<u>691,537</u>	<u>(116,846)</u>	<u>-</u>	<u>1,116,995</u>
Cash Flows From Noncapital Financing Activities							
Increase (decrease) in advances to other funds	-	743,105	-	-	-	-	743,105
Transfers to other funds	-	-	(165,000)	(275,000)	-	-	(440,000)
Grant receipts	-	-	-	-	247,586	-	247,586
Net Cash Provided (Used) by Noncapital Financing Activities	<u>-</u>	<u>743,105</u>	<u>(165,000)</u>	<u>(275,000)</u>	<u>247,586</u>	<u>-</u>	<u>550,691</u>
Cash Flows From Capital and Related Financing Activities							
Increase (decrease) in advances to other funds	-	-	-	(158,029)	-	-	(158,029)
Capital grants received	-	-	-	-	253,671	-	253,671
Principal paid on bonds	-	(65,000)	-	-	-	-	(65,000)
Interest and fiscal charges paid on bonds	-	(30,812)	-	(13,027)	-	-	(43,839)
Payments for acquisition and construction of capital assets	(27,649)	(231,344)	-	(263,866)	(485,604)	-	(1,008,463)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(27,649)</u>	<u>(327,156)</u>	<u>-</u>	<u>(434,922)</u>	<u>(231,933)</u>	<u>-</u>	<u>(1,021,660)</u>
Cash Flows From Investing Activities							
Interest receipts	80,002	89,717	19,417	31,221	20,379	-	240,736
Net Increase (Decrease) in Cash and Cash Equivalents	(94,879)	974,156	75,463	12,836	(80,814)	-	886,762
Cash and Cash Equivalents, January 1	2,358,329	2,401,515	443,242	893,895	580,395	1,500	6,678,876
Cash and Cash Equivalents, December 31	<u>\$ 2,263,450</u>	<u>\$ 3,375,671</u>	<u>\$ 518,705</u>	<u>\$ 906,731</u>	<u>\$ 499,581</u>	<u>\$ 1,500</u>	<u>\$ 7,565,638</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities							
Operating income (loss)	\$ (275,747)	\$ 139,219	\$ 219,866	\$ 451,717	\$ (660,309)	\$ 3,300	\$ (121,954)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities							
Other income related to operations	-	35,249	3,000	30	1	-	38,280
Depreciation	260,630	251,642	-	109,807	591,667	-	1,213,746
(Increase) decrease in assets							
Accounts receivable	(65,954)	(4,324)	(1,128)	(185)	(8,054)	4,726	(74,919)
Inventories	-	-	-	59,422	-	-	59,422
Prepaid items	(3,563)	(1,308)	-	(2,573)	(2,309)	-	(9,753)
(Increase) decrease in deferred outflows of resources							
Deferred pension resources	-	(3,267)	-	44,114	7,288	-	48,135
Deferred other postemployment benefit resources	-	-	-	3,429	-	-	3,429
Increase (decrease) in liabilities							
Accounts payable	(62,598)	7,037	(692)	58,612	(9,522)	(8,026)	(15,189)
Due to other governments	-	-	-	1,924	(11,040)	-	(9,116)
Salaries payable	-	5,687	-	2,388	(2,723)	-	5,352
Other postemployment benefits obligation	-	-	-	13,367	-	-	13,367
Net pension liability	-	18,938	-	(116,908)	(23,619)	-	(121,589)
Unearned revenue	-	-	-	91	-	-	91
Increase (decrease) in deferred inflows of resources							
Deferred pension resources	-	19,617	-	74,468	1,774	-	95,859
Deferred other postemployment benefit resources	-	-	-	(8,166)	-	-	(8,166)
Net Cash Provided (Used) by Operating Activities	<u>\$ (147,232)</u>	<u>\$ 468,490</u>	<u>\$ 221,046</u>	<u>\$ 691,537</u>	<u>\$ (116,846)</u>	<u>\$ -</u>	<u>\$ 1,116,995</u>
Schedule of Noncash Financing and Investing Activities							
Capital assets acquired on account	<u>\$ -</u>	<u>\$ 2,328</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,053</u>	<u>\$ -</u>	<u>\$ 6,381</u>

GENERAL FUND

General Fund - This fund is used to account for all financial resources except those required to be accounted for in another fund.

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City of Worthington, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Continued on the Following Pages)
For the Year Ended December 31, 2023
(With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023				2022
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Taxes					
Property taxes	\$ 2,775,913	\$ 2,775,913	\$ 2,805,523	\$ 29,610	\$ 2,635,750
Franchise taxes	150,000	150,000	174,251	24,251	182,333
Other taxes	2,500	2,500	4,756	2,256	4,820
Total taxes	2,928,413	2,928,413	2,984,530	56,117	2,822,903
Special assessments	-	-	327	327	489
Licenses and permits					
Business	41,000	41,000	51,990	10,990	55,327
Nonbusiness	174,975	174,975	229,368	54,393	157,330
Total licenses and permits	215,975	215,975	281,358	65,383	212,657
Intergovernmental					
Federal					
Highway safety grant	40,000	40,000	43,019	3,019	37,469
American Rescue Plan Act	-	-	323,785	323,785	378,785
Other	-	-	51,001	51,001	127,357
Total Federal	40,000	40,000	417,805	377,805	543,611
State					
Local government aid	3,576,960	3,576,960	3,576,960	-	3,540,880
Property tax credits	-	-	237	237	292
Police aid	200,000	200,000	241,382	41,382	202,833
Fire aid	61,228	61,228	94,929	33,701	84,540
Other	123,000	123,000	736,764	613,764	123,198
Total state	3,961,188	3,961,188	4,650,272	689,084	3,951,743
County					
Other County aids	25,000	25,000	32,642	7,642	58,455
Local					
Other local aid	-	-	35,569	35,569	-
Total intergovernmental	4,026,188	4,026,188	5,136,288	1,110,100	4,553,809
Charges for services					
General government	200,577	200,577	269,422	68,845	145,515
Public safety	29,200	29,200	37,373	8,173	30,377
Public works	15,120	15,120	17,472	2,352	12,893
Culture and recreation	8,250	8,250	9,303	1,053	10,649
Conservation and development	47,500	47,500	87,653	40,153	78,508
Rents	1,710	1,710	1,710	-	1,710
Total charges for services	302,357	302,357	422,933	120,576	279,652
Fines and forfeits	45,000	45,000	47,309	2,309	46,212
Investment income (loss)	80,941	80,941	485,758	404,817	(67,845)
Miscellaneous					
Contributions and donations	-	-	43,417	43,417	7,500
Refunds	-	-	1,880	1,880	15,058
Other	31,200	31,200	95,206	64,006	170,651
Total miscellaneous	31,200	31,200	140,503	109,303	193,209
Total Revenues	7,630,074	7,630,074	9,499,006	1,868,932	8,041,086

City of Worthington, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Continued)
For the Year Ended December 31, 2023
(With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023				2022
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Expenditures					
Current					
General government					
Mayor and Council					
Personal services	\$ 88,190	\$ 88,190	\$ 91,947	\$ (3,757)	\$ 68,737
Supplies	200	200	147	53	23
Other services and charges	12,965	12,965	9,826	3,139	26,478
Total Mayor and Council	101,355	101,355	101,920	(565)	95,238
Administration					
Personal services	286,093	286,093	327,690	(41,597)	204,083
Supplies	1,000	1,000	1,599	(599)	2,262
Other services and charges	88,550	88,550	33,871	54,679	6,660
Total Administration	375,643	375,643	363,160	12,483	213,005
Clerk's office and election					
Personal services	197,399	197,399	212,482	(15,083)	222,978
Supplies	4,100	4,100	5,155	(1,055)	2,502
Other services and charges	25,275	25,275	19,448	5,827	24,189
Total clerk's office and election	226,774	226,774	237,085	(10,311)	249,669
Finance					
Personal services	187,232	187,232	182,196	5,036	172,703
Supplies	1,800	1,800	692	1,108	1,054
Other services and charges	144,183	144,183	142,018	2,165	124,421
Total finance	333,215	333,215	324,906	8,309	298,178
Legal					
Other services and charges	35,000	35,000	33,702	1,298	35,892
Engineering administration					
Personal services	292,895	292,895	304,831	(11,936)	316,602
Supplies	15,190	15,190	4,914	10,276	14,840
Other services and charges	175,600	175,600	114,614	60,986	137,786
Total engineering administration	483,685	483,685	424,359	59,326	469,228
General government (continued)					
Community and economic development					
Personal services	356,834	356,834	348,764	8,070	234,125
Supplies	6,500	6,500	3,667	2,833	18,465
Other services and charges	280,556	356,556	132,159	224,397	111,434
Total community and economic development	643,890	719,890	484,590	235,300	364,024
General government buildings					
Personal services	-	-	1,879	(1,879)	1,654
Supplies	3,300	3,300	4,115	(815)	2,768
Other services and charges	79,100	79,100	110,573	(31,473)	95,001
Total general government buildings	82,400	82,400	116,567	(34,167)	99,423
Other general government					
Personal services	-	-	-	-	2,232
Supplies	-	-	671	(671)	151
Other services and charges	110,075	110,075	117,236	(7,161)	112,950
Total other general government	110,075	110,075	117,907	(7,832)	115,333
Total general government	2,392,037	2,468,037	2,204,196	263,841	1,939,990

City of Worthington, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Continued)
For the Year Ended December 31, 2023
(With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023				2022
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (continued)					
Public safety					
Police					
Personal services	\$ 3,601,169	\$ 3,601,169	\$ 3,460,424	\$ 140,745	3,190,753
Supplies	149,900	149,900	145,935	3,965	173,813
Other services and charges	955,449	955,449	804,583	150,866	894,428
Total police	<u>4,706,518</u>	<u>4,706,518</u>	<u>4,410,942</u>	<u>295,576</u>	<u>4,258,994</u>
Fire					
Personal services	190,422	190,422	232,678	(42,256)	206,652
Supplies	25,700	25,700	11,418	14,282	32,852
Other services and charges	109,400	109,400	107,300	2,100	83,779
Total fire	<u>325,522</u>	<u>325,522</u>	<u>351,396</u>	<u>(25,874)</u>	<u>323,283</u>
Civil defense					
Other services and charges	<u>1,300</u>	<u>1,300</u>	<u>1,136</u>	<u>164</u>	<u>310</u>
Animal control					
Personal services	22,790	22,790	10,836	11,954	13,125
Supplies	3,000	3,000	620	2,380	1,141
Other services and charges	3,900	3,900	2,954	946	2,763
Total animal control	<u>29,690</u>	<u>29,690</u>	<u>14,410</u>	<u>15,280</u>	<u>17,029</u>
Code enforcement					
Personal services	158,195	158,195	120,487	37,708	102,048
Supplies	2,150	2,150	4,036	(1,886)	2,622
Other services and charges	10,070	10,070	4,410	5,660	5,229
Total code enforcement	<u>170,415</u>	<u>170,415</u>	<u>128,933</u>	<u>41,482</u>	<u>109,899</u>
Total public safety	<u>5,233,445</u>	<u>5,233,445</u>	<u>4,906,817</u>	<u>326,628</u>	<u>4,709,515</u>
Public works					
Streets					
Personal services	194,293	194,293	260,210	(65,917)	287,261
Supplies	87,100	87,100	94,853	(7,753)	70,937
Other services and charges	101,425	101,425	102,917	(1,492)	85,267
Total streets	<u>382,818</u>	<u>382,818</u>	<u>457,980</u>	<u>(75,162)</u>	<u>443,465</u>
Street maintenance					
Personal services	<u>205,043</u>	<u>205,043</u>	<u>255,310</u>	<u>(50,267)</u>	<u>192,948</u>
Ice and Snow Removal					
Personal services	121,231	121,231	129,757	(8,526)	101,195
Supplies	83,000	83,000	75,468	7,532	136,015
Other services and charges	58,600	58,600	78,944	(20,344)	32,213
Total ice and snow removal	<u>262,831</u>	<u>262,831</u>	<u>284,169</u>	<u>(21,338)</u>	<u>269,423</u>
Signs and signals					
Personal services	12,873	12,873	5,935	6,938	3,761
Supplies	19,500	19,500	17,625	1,875	18,685
Other services and charges	13,250	13,250	14,618	(1,368)	12,317
Total signs and signals	<u>45,623</u>	<u>45,623</u>	<u>38,178</u>	<u>7,445</u>	<u>34,763</u>

City of Worthington, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Continued)
For the Year Ended December 31, 2023
(With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023				2022
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (continued)					
Sanitation					
Composting					
Personal services	\$ 12,513	\$ 12,513	\$ 18,796	\$ (6,283)	\$ 15,227
Supplies	1,500	1,500	1,170	330	990
Other services and charges	56,090	56,090	52,702	3,388	49,099
Total composting	<u>70,103</u>	<u>70,103</u>	<u>72,668</u>	<u>(2,565)</u>	<u>65,316</u>
Total public works	<u>966,418</u>	<u>966,418</u>	<u>1,108,305</u>	<u>(141,887)</u>	<u>1,005,915</u>
Public Arts/Band					
Supplies	900	900	-	900	1,134
Other services and charges	9,855	9,855	3,968	5,887	6,891
Total public arts/band	<u>10,755</u>	<u>10,755</u>	<u>3,968</u>	<u>6,787</u>	<u>8,025</u>
Center for Active Living					
Supplies	11,700	11,700	6,024	5,676	15,257
Other services and charges	101,710	101,710	144,526	(42,816)	188,753
Total Center for Active Living	<u>113,410</u>	<u>113,410</u>	<u>150,550</u>	<u>(37,140)</u>	<u>204,010</u>
Total culture and recreation	<u>124,165</u>	<u>124,165</u>	<u>154,518</u>	<u>(30,353)</u>	<u>212,035</u>
Conservation and Development					
Clean water partnership project					
Other services and charges	<u>15,000</u>	<u>15,000</u>	<u>9,711</u>	<u>5,289</u>	<u>42,675</u>
Lake improvement					
Personal services	9,261	9,261	5,566	3,695	8,150
Supplies	3,100	3,100	2,475	625	1,856
Other services and charges	5,805	5,805	5,181	624	1,230
Total lake improvement	<u>18,166</u>	<u>18,166</u>	<u>13,222</u>	<u>4,944</u>	<u>11,236</u>
Promotional Services					
Other services and charges	<u>18,450</u>	<u>18,450</u>	<u>21,065</u>	<u>(2,615)</u>	<u>22,408</u>
Lodging Tax/Tourism					
Other services and charges	<u>150,000</u>	<u>150,000</u>	<u>172,914</u>	<u>(22,914)</u>	<u>181,748</u>
ADI Development					
Other services and charges	<u>830</u>	<u>830</u>	<u>786</u>	<u>44</u>	<u>1,320</u>
Special Days and Events					
Personal services	14,289	14,289	19,136	(4,847)	14,895
Supplies	4,000	4,000	1,860	2,140	5,273
Other services and charges	1,275	1,275	1,059	216	999
Total special days and events	<u>19,564</u>	<u>19,564</u>	<u>22,055</u>	<u>(2,491)</u>	<u>21,167</u>
Total Conservation and Development	<u>222,010</u>	<u>222,010</u>	<u>239,753</u>	<u>(17,743)</u>	<u>280,554</u>
Total current	<u>8,938,075</u>	<u>9,014,075</u>	<u>8,613,589</u>	<u>400,486</u>	<u>8,148,009</u>

City of Worthington, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Continued)
For the Year Ended December 31, 2023
(With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023				2022
	Budgeted Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
Capital outlay					
General government	\$ 238,800	\$ 613,800	\$ 613,812	\$ (12)	\$ 460,963
Public safety - police	113,500	113,500	87,638	25,862	235,783
Public safety - fire	40,000	40,000	53,051	(13,051)	11,108
Public works	48,236	257,323	335,022	(77,699)	147,103
Culture and recreation	-	-	544	(544)	-
Conservation and Development	-	-	41,237	(41,237)	20,315
Total capital outlay	<u>440,536</u>	<u>1,024,623</u>	<u>1,131,304</u>	<u>(106,681)</u>	<u>875,272</u>
Total Expenditures	<u>9,378,611</u>	<u>10,038,698</u>	<u>9,744,893</u>	<u>293,805</u>	<u>9,023,281</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,748,537)</u>	<u>(2,408,624)</u>	<u>(245,887)</u>	<u>2,162,737</u>	<u>(982,195)</u>
Other Financing Sources (Uses)					
Sale of capital assets	-	-	25,401	25,401	15,581
Transfers in	1,459,533	1,459,533	1,447,899	(11,634)	1,245,137
Transfers out	<u>(47,499)</u>	<u>(47,499)</u>	<u>(154,082)</u>	<u>(106,583)</u>	<u>(46,908)</u>
Total Other Financing Sources (Uses)	<u>1,412,034</u>	<u>1,412,034</u>	<u>1,319,218</u>	<u>(92,816)</u>	<u>1,213,810</u>
Net Change in Fund Balances	<u>(336,503)</u>	<u>(996,590)</u>	<u>1,073,331</u>	<u>2,069,921</u>	<u>231,615</u>
Fund Balances, January 1	<u>8,974,952</u>	<u>8,974,952</u>	<u>8,974,952</u>	<u>-</u>	<u>8,743,337</u>
Fund Balances, December 31	<u><u>\$ 8,638,449</u></u>	<u><u>\$ 7,978,362</u></u>	<u><u>\$ 10,048,283</u></u>	<u><u>\$ 2,069,921</u></u>	<u><u>\$ 8,974,952</u></u>

City of Worthington, Minnesota

Debt Service Funds
Combining Balance Sheet
December 31, 2023

	321	335	336	346	347
	PIR/Trunks	G.O. Sales Tax Revenue Bonds 2020A	G.O. Sales Tax Revenue Bonds 2023A	PIR Series 2009C	PIR Series 2010A
Assets					
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ 27,494
Receivables					
Accrued interest	-	1,151	-	-	11
Delinquent taxes	-	-	-	-	207
Special assessments	-	-	-	-	37,020
Intergovernmental	-	-	-	-	123
Total Assets	<u>\$ -</u>	<u>\$ 1,151</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,855</u>
Liabilities					
Due to other funds	\$ -	\$ 4,501	\$ -	\$ -	\$ -
Deferred Inflows of Resources					
Unavailable revenue					
Property taxes	-	-	-	-	207
Special assessments	-	-	-	-	37,020
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,227</u>
Fund Balances					
Restricted					
Debt service	-	(3,350)	-	-	27,628
Total Deferred Inflows of Resources and Fund Balances	<u>\$ -</u>	<u>\$ 1,151</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,855</u>

348	350	351	352	
PIR Series 2012A	PIR Series 2016A	G.O. Series 2019A	G.O. Series 2013A	Total
\$ 32,469	\$ 600,484	\$ 1,525,348	\$ 195,307	\$ 2,381,102
42	1,174	2,190	-	4,568
132	809	4,359	-	5,507
19,818	312,566	761,160	388,391	1,518,955
79	483	2,603	-	3,288
<u>\$ 52,540</u>	<u>\$ 915,516</u>	<u>\$ 2,295,660</u>	<u>\$ 583,698</u>	<u>\$ 3,913,420</u>
\$ -	\$ -	\$ -	\$ -	\$ 4,501
132	809	4,359	-	5,507
19,818	312,566	761,160	388,391	1,518,955
<u>19,950</u>	<u>313,375</u>	<u>765,519</u>	<u>388,391</u>	<u>1,524,462</u>
<u>32,590</u>	<u>602,141</u>	<u>1,530,141</u>	<u>195,307</u>	<u>2,384,457</u>
<u>\$ 52,540</u>	<u>\$ 915,516</u>	<u>\$ 2,295,660</u>	<u>\$ 583,698</u>	<u>\$ 3,913,420</u>

City of Worthington, Minnesota
Debt Service Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2023

	321	335	335	346	347
	PIR/Trunks	G.O. Sales Tax Revenue Bonds 2020A	G.O. Sales Tax Revenue Bonds 2023A	PIR Series 2009C	PIR Series 2010A
Revenues					
Taxes					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 37,020
Special assessments	53,172	-	-	-	15,587
Intergovernmental	-	-	-	-	3
Investment income	13,475	1,151	-	-	131
Total Revenues	<u>66,647</u>	<u>1,151</u>	<u>-</u>	<u>-</u>	<u>52,741</u>
Expenditures					
Public works	60,936	-	-	-	-
Debt service					
Principal retirement	-	515,000	-	-	60,000
Interest and fiscal charges	-	119,693	53,925	-	9,900
Total Expenditures	<u>60,936</u>	<u>634,693</u>	<u>53,925</u>	<u>-</u>	<u>69,900</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>5,711</u>	<u>(633,542)</u>	<u>(53,925)</u>	<u>-</u>	<u>(17,159)</u>
Other Financing Sources (Uses)					
Transfers in	-	634,693	-	-	11
Bonds issued	-	-	53,925	-	-
Transfers out	<u>(327,297)</u>	<u>-</u>	<u>-</u>	<u>(11)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(327,297)</u>	<u>634,693</u>	<u>53,925</u>	<u>(11)</u>	<u>11</u>
Net Change in Fund Balances	(321,586)	1,151	-	(11)	(17,148)
Fund Balances, January 1	<u>321,586</u>	<u>(4,501)</u>	<u>-</u>	<u>11</u>	<u>44,776</u>
Fund Balances, December 31	<u>\$ -</u>	<u>\$ (3,350)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,628</u>

348	350	351	352	
PIR Series 2012A	PIR Series 2016A	G.O. Series 2019A	G.O. Series 2023A	Total
\$ 25,811	\$ 145,050	\$ 782,131	\$ -	\$ 990,012
6,311	45,168	350,639	67,734	538,611
2	12	65	-	82
405	16,052	28,670	824	60,708
<u>32,529</u>	<u>206,282</u>	<u>1,161,505</u>	<u>68,558</u>	<u>1,589,413</u>
-	-	-	-	60,936
165,000	195,000	725,000	-	1,660,000
4,971	51,038	209,208	59,626	508,361
<u>169,971</u>	<u>246,038</u>	<u>934,208</u>	<u>59,626</u>	<u>2,229,297</u>
<u>(137,442)</u>	<u>(39,756)</u>	<u>227,297</u>	<u>8,932</u>	<u>(639,884)</u>
-	-	-	-	634,704
-	-	-	186,375	240,300
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(327,308)</u>
-	-	-	186,375	547,696
(137,442)	(39,756)	227,297	195,307	(92,188)
170,032	641,897	1,302,844	-	2,476,645
<u>\$ 32,590</u>	<u>\$ 602,141</u>	<u>\$ 1,530,141</u>	<u>\$ 195,307</u>	<u>\$ 2,384,457</u>

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INTERNAL SERVICE FUNDS

Internal Service funds are used to account for the financing of goods of services provided by one department or agency to other departments or agencies of the City and to other government units, on a cost reimbursement basis.

Data Processing - This fund is used to account for the data processing activities of the City which are charged to the various operating funds of the City.

Safety Promotion/Loss Control - This fund is used to account for and finance the City's uninsured risk of loss.

Vacation and Sick Accrual - This fund is used to account for funding compensated absences payable of governmental funds.

City of Worthington, Minnesota
Internal Service Funds
Combining Statement of Net Position
December 31, 2023

	702 Data Processing	703 Safety Promotion Loss Control	704 Vacation and Sick Accrual	Total
Assets				
Current Assets				
Cash and investments	\$ 168,112	\$ 594,536	\$ 1,088,623	\$ 1,851,271
Receivables				
Accrued interest	582	1,073	-	1,655
Accounts	-	364,829	-	364,829
Prepaid items	18,988	-	-	18,988
Total Current Assets	<u>187,682</u>	<u>960,438</u>	<u>1,088,623</u>	<u>2,236,743</u>
Capital Assets				
Machinery and equipment	138,213	-	-	138,213
Less accumulated depreciation	(108,029)	-	-	(108,029)
Net Capital Assets	<u>30,184</u>	<u>-</u>	<u>-</u>	<u>30,184</u>
Total Assets	<u>217,866</u>	<u>960,438</u>	<u>1,088,623</u>	<u>2,266,927</u>
Deferred Outflows of Resources				
Deferred pension resources	37,522	-	-	37,522
Deferred other postemployment benefit resources	9,982	-	-	9,982
Total Deferred Outflows of Resources	<u>47,504</u>	<u>-</u>	<u>-</u>	<u>47,504</u>
Liabilities				
Current Liabilities				
Accounts payable	22,444	593	-	23,037
Salaries payable	10,334	-	-	10,334
Compensated absences payable	-	-	659,105	659,105
Other postemployment benefits obligation	2,076	-	-	2,076
Total Current Liabilities	<u>34,854</u>	<u>593</u>	<u>659,105</u>	<u>694,552</u>
Noncurrent Liabilities				
Compensated absences payable	-	-	429,518	429,518
Net pension liability	145,634	-	-	145,634
Other postemployment benefits obligation	70,784	-	-	70,784
Total Noncurrent Liabilities	<u>216,418</u>	<u>-</u>	<u>429,518</u>	<u>645,936</u>
Total Liabilities	<u>251,272</u>	<u>593</u>	<u>1,088,623</u>	<u>1,340,488</u>
Deferred Inflows of Resources				
Deferred pension resources	49,582	-	-	49,582
Deferred other postemployment benefit resources	11,378	-	-	11,378
Total Deferred Inflows of Resources	<u>60,960</u>	<u>-</u>	<u>-</u>	<u>60,960</u>
Net Position				
Investment in capital assets	30,184	-	-	30,184
Unrestricted	(77,046)	959,845	-	882,799
Total Net Position	<u>\$ (46,862)</u>	<u>\$ 959,845</u>	<u>\$ -</u>	<u>\$ 912,983</u>

City of Worthington, Minnesota
Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2023

	702 Data Processing	703 Safety Promotion Loss Control	704 Vacation and Sick Accrual	Total
Operating Revenues				
Charges for services	\$ 361,386	\$ 659,557	\$ -	\$ 1,020,943
Miscellaneous	18	244,163	-	244,181
Total Operating Revenues	<u>361,404</u>	<u>903,720</u>	<u>-</u>	<u>1,265,124</u>
Operating Expenses				
Personal services	217,560	-	-	217,560
Employee benefits	101,858	-	-	101,858
Supplies	11,825	-	-	11,825
Professional services	70,310	47,342	-	117,652
Depreciation	11,273	-	-	11,273
Total Operating Expenses	<u>412,826</u>	<u>47,342</u>	<u>-</u>	<u>460,168</u>
Operating Income (Loss)	(51,422)	856,378	-	804,956
Nonoperating Revenues (Expenses)				
Investment income	<u>2,851</u>	<u>7,144</u>	<u>-</u>	<u>9,995</u>
Income (Loss) Before Transfers	(48,571)	863,522	-	814,951
Transfers Out	<u>-</u>	<u>(450,000)</u>	<u>-</u>	<u>(450,000)</u>
Change in Net Position	(48,571)	413,522	-	364,951
Net Position, January 1	<u>1,709</u>	<u>546,323</u>	<u>-</u>	<u>548,032</u>
Net Position, December 31	<u><u>\$ (46,862)</u></u>	<u><u>\$ 959,845</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 912,983</u></u>

City of Worthington, Minnesota
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended December 31, 2023
(With Comparative Totals for the Year Ended December 31, 2022)

	702 Data Processing	703 Safety Promotion Loss Control	704 Vacation and Sick Accrual	Total
Cash Flows from Operating Activities				
Receipts from interfund services provided	\$ 361,386	\$ 294,728	\$ 175,474	\$ 831,588
Payments to vendors and suppliers	(81,567)	(46,749)	-	(128,316)
Payments to and on behalf of employees	(292,844)	-	-	(292,844)
Other receipts	18	244,163	-	244,181
Net Cash Provided (Used) by Operating Activities	<u>(13,007)</u>	<u>492,142</u>	<u>175,474</u>	<u>654,609</u>
Cash Flows from Noncapital Financing Activities				
Transfers to other funds	<u>-</u>	<u>(450,000)</u>	<u>-</u>	<u>(450,000)</u>
Cash Flows from Capital and Related Financing Activities				
Payments for acquisition and construction of capital assets	<u>(9,420)</u>	<u>-</u>	<u>-</u>	<u>(9,420)</u>
Cash Flows From Investing Activities				
Interest receipts	<u>2,569</u>	<u>7,422</u>	<u>-</u>	<u>9,991</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(19,858)	49,564	175,474	205,180
Cash and Cash Equivalents, January 1	<u>187,970</u>	<u>544,972</u>	<u>913,149</u>	<u>1,646,091</u>
Cash and Cash Equivalents, December 31	<u><u>\$ 168,112</u></u>	<u><u>\$ 594,536</u></u>	<u><u>\$ 1,088,623</u></u>	<u><u>\$ 1,851,271</u></u>
Reconciliation of Operating Income (Loss) to Net				
Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ (51,422)	\$ 856,378	\$ -	\$ 804,956
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation	11,273	-	-	11,273
(Increase) decrease in assets				
Accounts receivable	-	(364,829)	-	(364,829)
Prepaid items	(1,035)	-	-	(1,035)
(Increase) decrease in deferred outflows of resources				
Deferred pension resources	23,381	-	-	23,381
Deferred other postemployment benefit resources	984	-	-	984
Increase (decrease) in liabilities				
Accounts payable	1,603	593	-	2,196
Salaries payable	2,678	-	-	2,678
Compensated absences payable	-	-	175,474	175,474
Net pension liability	(59,744)	-	-	(59,744)
Other postemployment benefits obligation	18,334	-	-	18,334
Increase (decrease) in deferred inflows of resources				
Deferred pension resources	44,892	-	-	44,892
Deferred other postemployment benefit resources	(3,951)	-	-	(3,951)
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (13,007)</u></u>	<u><u>\$ 492,142</u></u>	<u><u>\$ 175,474</u></u>	<u><u>\$ 654,609</u></u>

CUSTODIAL FUNDS

Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds.

Olson Water - This fund is used to improve lake quality in the area.

Garbage Collection - This fund is used to account for the collection of garbage, paid to Schaap Sanitation.

Waste Management Collection - This fund is used to account for the landfill fee, paid to Nobles County.

City of Worthington, Minnesota
Combining Statement of Fiduciary Net Position
Custodial Funds
December 31, 2023

	801	873	878	
	Olson Water	Garbage Collection	Waste Management Collection	Total
Assets				
Current Assets				
Cash and temporary investments	\$ 122,497	\$ 292,099	\$ -	\$ 414,596
Receivables				
Accounts	-	97,290	31,416	128,706
Total Assets	<u>122,497</u>	<u>389,389</u>	<u>31,416</u>	<u>543,302</u>
Liabilities				
Current Liabilities				
Accounts payable	-	305,516	46,165	351,681
Due to other governments	-	8,094	-	8,094
Deposits payable	-	15,901	-	15,901
Total Current Liabilities	<u>-</u>	<u>329,511</u>	<u>46,165</u>	<u>375,676</u>
Net Position				
Restricted				
Individuals, Organizations, Endowments and Other Governments	<u>\$ 122,497</u>	<u>\$ 59,878</u>	<u>\$ (14,749)</u>	<u>\$ 167,626</u>

City of Worthington, Minnesota
Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
For the Year Ended December 31, 2023

	801	873	878	
	Olson Water	Garbage Collection	Waste Management Collection	Total
Additions				
Charges for services	\$ -	\$ 1,226,362	\$ 92,800	\$ 1,319,162
Miscellaneous	14,000	-	-	14,000
Total Additions	<u>14,000</u>	<u>1,226,362</u>	<u>92,800</u>	<u>1,333,162</u>
Deductions				
Other services and charges	-	1,225,394	89,398	1,314,792
Net Increase (Decrease) in Fiduciary Net Position	14,000	968	3,402	18,370
Net Position, January 1	<u>108,497</u>	<u>58,910</u>	<u>(18,151)</u>	<u>149,256</u>
Net Position, December 31	<u>\$ 122,497</u>	<u>\$ 59,878</u>	<u>\$ (14,749)</u>	<u>\$ 167,626</u>

Worthington Public Utilities
 City of Worthington, Minnesota
 Electric
 Statement of Net Position
 December 31, 2023
 (With Comparative Amounts for December 31, 2022)

	2023	2022
Assets		
Current Assets		
Cash and investments	\$ 17,244,415	\$ 20,919,260
Accrued interest	40,990	39,894
Utilities receivable	1,614,928	2,162,977
Accounts receivable	46,012	69,444
Prepaid items	55,001	37,651
Total Current Assets	19,001,346	23,229,226
Noncurrent Assets		
Capital assets at cost		
Land	300,717	300,717
Buildings and structures	6,770,071	6,770,071
Improvements		
Production	473,370	473,370
Transmission	3,160,228	3,091,185
Distribution	23,283,797	23,296,378
General	216,880	216,880
Machinery and equipment	2,890,847	2,833,261
Furniture and fixtures	119,947	103,492
Intangibles	128,266	128,266
Work in progress	5,049,491	3,662,657
Less accumulated depreciation	(19,892,389)	(19,670,962)
Total Noncurrent Assets	22,501,225	21,205,315
Total Assets	41,502,571	44,434,541
Deferred Outflows of Resources		
Deferred pension resources	164,768	279,366
Deferred other postemployment benefit resources	24,883	30,278
Total Deferred Outflows of Resources	189,651	309,644
Liabilities		
Current Liabilities		
Accounts payable	1,444,510	3,079,156
Due to other governments	55,668	68,627
Salaries payable	50,881	43,306
Deposits payable	151,015	151,550
Unearned revenue	35,203	1,216,603
Other postemployment benefits obligation	5,176	-
Total Current Liabilities	1,742,453	4,559,242
Noncurrent Liabilities		
Net pension liability	639,508	942,088
Other postemployment benefits obligation	176,452	150,554
Total Noncurrent Liabilities	815,960	1,092,642
Total Liabilities	2,558,413	5,651,884
Deferred Inflows of Resources		
Deferred pension resources	217,727	21,513
Deferred other postemployment benefit resources	28,364	42,325
Total Deferred Inflows of Resources	246,091	63,838
Net Position		
Net investment in capital assets	22,501,225	19,543,627
Unrestricted	16,386,493	19,484,836
Total Net Position	\$ 38,887,718	\$ 39,028,463

Worthington Public Utilities
City of Worthington, Minnesota
Electric
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2023
(With Comparative Amounts for December 31, 2022)

	2023	2022
Operating Revenues		
Utility sales revenues		
Residential	\$ 4,082,510	\$ 4,282,614
Commercial	6,167,940	6,409,588
Industrial	9,293,578	9,898,995
Public street & highway lighting	45,920	47,207
Sales for resale	441,301	452,954
Interdepartmental (station power)	41,318	46,755
Other operating revenue	188,803	201,745
Miscellaneous utility operations	1,054,894	890,594
Total Operating Revenues	<u>21,316,264</u>	<u>22,230,452</u>
Operating Expenses		
Purchased power		
Western Area Power Association	1,595,426	1,370,801
Missouri Basin Municipal Power Agency	9,799,954	9,897,605
Transmission by others	5,672,941	6,200,952
Production:		
Operations	61,033	131,994
Maintenance	76,851	43,309
Transmission:		
Operations	1,519	827
Maintenance	-	50
Distribution:		
Operations	460,212	464,796
Maintenance	330,125	268,271
Administrative and general	688,910	440,207
Customer accounts	376,852	348,440
Customer service and information	98,318	93,830
Operating expenses before depreciation	<u>19,162,141</u>	<u>19,261,082</u>
Depreciation	1,057,185	1,044,091
Total Operating Expenses	<u>20,219,326</u>	<u>20,305,173</u>
Operating Income	<u>1,096,938</u>	<u>1,925,279</u>
Nonoperating Revenues (Expenses)		
Investment income	262,886	165,270
Market value gain (loss) on investments	326,114	(578,149)
Sale of scrap and surplus	50,851	3,831
Other nonoperating	2,180	4,320
Loss on disposal of assets	(1,313,964)	-
Interest and fiscal charges	(7,851)	(438)
Total Nonoperating Revenues (Expenses)	<u>(679,784)</u>	<u>(405,166)</u>
Income (Loss) Before Contributions and Transfers	417,154	1,520,113
Transfers In	165,000	165,000
Transfers Out	<u>(722,899)</u>	<u>(748,619)</u>
Change in Net Position	(140,745)	936,494
Net Position, January 1	<u>39,028,463</u>	<u>38,091,969</u>
Net Position, December 31	<u>\$ 38,887,718</u>	<u>\$ 39,028,463</u>

Worthington Public Utilities
City of Worthington, Minnesota
Schedule of Property, Plant and Equipment
For the Year Ended December 31, 2023

	Cost		
	Balance January 1, 2023	Increases	Balance December 31, 2023
Electric Utility			
Production System			
Building and Structures	\$ 5,306,612	-	\$ 5,306,612
Improvements	473,370	-	473,370
Machinery and Equipment	481,360	-	481,360
Total Production System	<u>6,261,342</u>	<u>-</u>	<u>6,261,342</u>
Transmission System			
Intangibles	58,266	-	58,266
Improvements	3,091,185	69,043	3,160,228
Total Transmission System	<u>3,149,451</u>	<u>69,043</u>	<u>3,218,494</u>
Distribution System			
Land	280,872	-	280,872
Intangibles	70,000	-	70,000
Construction in Progress	3,470,071	1,385,647	4,855,718
Building and Structures	1,463,459	-	1,463,459
Improvements	23,296,378	2,126,813	23,283,797
Machinery and Equipment	1,187,041	-	1,187,041
Total Distribution System	<u>29,767,821</u>	<u>3,512,460</u>	<u>31,140,887</u>
General Plant			
Land	19,845	-	19,845
Construction in Progress	192,586	1,187	193,773
Improvements	216,880	-	216,880
Machinery and Equipment	1,164,860	67,914	1,222,446
Furniture and Fixtures	103,492	16,455	119,947
Total Production System	<u>1,697,663</u>	<u>85,556</u>	<u>1,772,891</u>
Total Electric Utility	<u>40,876,277</u>	<u>3,667,059</u>	<u>42,393,614</u>
Water Utility			
Land	101,065	-	101,065
Intangibles	3,071,544	-	3,071,544
Construction in Progress	626,011	2,100,337	2,726,348
Building and Structures	9,751,714	-	9,751,714
Improvements	21,311,647	-	21,311,647
Machinery and Equipment	744,645	45,200	789,845
Furniture and Fixtures	3,781	-	3,781
Total Production System	<u>35,610,407</u>	<u>2,145,537</u>	<u>37,755,944</u>
Municipal Wastewater			
Land	75,702	-	75,702
Construction in Progress	20,861,340	6,272,430	27,133,770
Building and Structures	12,455,854	-	12,455,854
Improvements	11,697,223	-	11,697,223
Machinery and Equipment	945,963	13,158	959,121
Furniture and Fixtures	16,891	-	16,891
Total Production System	<u>46,052,973</u>	<u>6,285,588</u>	<u>52,338,561</u>
Totals	<u>\$ 122,539,657</u>	<u>\$ 12,098,184</u>	<u>\$ (2,149,722)</u>
			<u>\$ 132,488,119</u>

Accumulated Depreciation				
Balance January 1, 2023	Increases	Decreases	Balance December 31, 2023	Net Book Value
\$ (2,727,912)	(139,005)	-	\$ (2,866,917)	\$ 2,439,695
(334,748)	(15,779)	-	(350,527)	122,843
(166,876)	(15,953)	-	(182,829)	298,531
(3,229,536)	(170,737)	-	(3,400,273)	2,861,069
-	-	-	-	58,266
(1,310,003)	(103,040)	-	(1,413,043)	1,747,185
(1,310,003)	(103,040)	-	(1,413,043)	1,805,451
-	-	-	-	280,872
-	-	-	-	70,000
-	-	-	-	4,855,718
(339,833)	(6,728)	-	(346,561)	1,116,898
(13,251,778)	(593,481)	825,429	(13,019,830)	10,263,967
(303,404)	-	-	(303,404)	883,637
(13,895,015)	(600,209)	825,429	(13,669,795)	17,471,092
-	-	-	-	19,845
-	-	-	-	193,773
(72,852)	(7,229)	-	(80,081)	136,799
(1,062,859)	(173,205)	10,328	(1,225,736)	(3,290)
(100,697)	(2,764)	-	(103,461)	16,486
(1,236,408)	(183,198)	10,328	(1,409,278)	363,613
(19,670,962)	(1,057,184)	835,757	(19,892,389)	22,501,225
-	-	-	-	101,065
-	-	-	-	3,071,544
-	-	-	-	2,726,348
(4,812,603)	(269,826)	-	(5,082,429)	4,669,285
(7,629,750)	(667,709)	-	(8,297,459)	13,014,188
(649,376)	(28,099)	-	(677,475)	112,370
(3,781)	-	-	(3,781)	-
(13,095,510)	(965,634)	-	(14,061,144)	23,694,800
-	-	-	-	75,702
-	-	-	-	27,133,770
(10,378,405)	(113,766)	-	(10,492,171)	1,963,683
(6,948,501)	(265,821)	-	(7,214,322)	4,482,901
(870,715)	(20,717)	-	(891,432)	67,689
(16,891)	-	-	(16,891)	-
(18,214,512)	(400,304)	-	(18,614,816)	33,723,745
\$ (50,980,984)	\$ (2,423,122)	\$ 835,757	\$ (52,568,349)	\$ 79,919,770

City of Worthington, Minnesota
Summary Financial Report
Revenues and Expenditures For General Operations
Governmental Funds
For the Years Ended December 31, 2023 and 2022

	Totals		Percent Increase (Decrease)
	2023	2022	
Revenues			
Taxes	\$ 8,460,973	\$ 7,556,534	11.97 %
Special assessments	538,938	271,450	98.54
Licenses and permits	281,358	212,657	32.31
Intergovernmental	11,816,300	5,751,554	105.45
Charges for services	887,384	713,251	24.41
Fines and forfeits	47,309	46,212	2.37
Investment earnings (loss)	943,855	(160,928)	N/A
Miscellaneous	528,597	314,659	67.99
Total Revenues	<u>\$ 23,504,714</u>	<u>\$ 14,705,389</u>	59.84 %
Per Capita	<u>\$ 1,728</u>	<u>\$ 1,061</u>	62.86 %
Expenditures			
Current			
General government	\$ 2,437,287	\$ 1,955,318	24.65 %
Public safety	4,906,817	4,709,515	4.19
Public works	1,169,241	1,093,049	6.97
Culture and recreation	2,104,734	1,883,157	11.77
Conservation and development	1,195,458	785,732	52.15
Capital outlay			
General government	613,812	460,963	33.16
Public safety	140,689	246,891	(43.02)
Public works	8,336,623	4,513,187	84.72
Culture and recreation	2,206,848	5,501,227	(59.88)
Conservation and development	1,481,303	447,780	230.81
Debt service			
Principal	1,660,000	1,515,000	9.57
Interest and fiscal charges	592,906	444,520	33.38
Total Expenditures	<u>\$ 26,845,718</u>	<u>\$ 23,556,339</u>	13.96 %
Per Capita	<u>\$ 1,973</u>	<u>\$ 1,699</u>	16.12 %
Total Long-term Indebtedness	\$ 26,220,000	\$ 18,865,000	38.99 %
Per Capita	1,927	1,361	41.61
General Fund Balance - December 31	\$ 10,048,283	\$ 8,974,952	11.96 %
Per Capita	739	648	14.07

The purpose of this report is to provide a summary of financial information concerning the City of Worthington to interested citizens. The complete financial statements may be examined at City Hall, 303 9th Street, Worthington, MN 56187. Questions about this report should be directed to Debra Olsen at (507)372-8600.

STATISTICAL SECTION (UNAUDITED)

CITY OF WORTHINGTON
WORTHINGTON, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2023

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STATISTICAL SECTION (UNAUDITED)

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

City of Worthington, Minnesota
Net Position By Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year				
	2023	2022	2021	2020	2019
Governmental Activities					
Net investment in capital assets	\$ 72,835,229	\$ 72,343,180	\$ 63,978,934	\$ 53,739,879	\$ 51,947,851
Restricted	7,050,000	6,141,383	2,107,112	1,734,331	1,306,039
Unrestricted	17,949,945	10,156,881	21,825,837	30,393,078	29,413,218
Total Governmental Activities Net Position	<u>\$ 97,835,174</u>	<u>\$ 88,641,444</u>	<u>\$ 87,911,883</u>	<u>\$ 85,867,288</u>	<u>\$ 82,667,108</u>
Business-type Activities					
Net investment in capital assets	\$ 78,515,236	\$ 71,174,206	\$ 69,154,954	\$ 70,090,450	\$ 67,178,537
Restricted	-	-	19,273,795	18,826,853	17,656,257
Unrestricted	45,992,064	49,871,382	30,734,708	27,656,689	26,832,627
Total Business-type Activities Net Position	<u>\$ 124,507,300</u>	<u>\$ 121,045,588</u>	<u>\$ 119,163,457</u>	<u>\$ 116,573,992</u>	<u>\$ 111,667,421</u>
Primary Government					
Net investment in capital assets	\$ 151,350,465	\$ 143,517,386	\$ 133,133,888	\$ 123,830,329	\$ 119,126,388
Restricted	7,050,000	6,141,383	21,380,907	20,561,184	18,962,296
Unrestricted	63,942,009	60,028,263	52,560,545	58,049,767	56,245,845
Total Primary Government Net Position	<u>\$ 222,342,474</u>	<u>\$ 209,687,032</u>	<u>\$ 207,075,340</u>	<u>\$ 202,441,280</u>	<u>\$ 194,334,529</u>

Table 1

Fiscal Year				
2018	2017	2016	2015	2014
\$ 53,325,463	\$ 50,860,906	\$ 48,666,336	\$ 48,492,325	\$ 46,964,381
1,338,780	1,011,716	837,812	499,512	1,755,879
25,663,143	31,168,137	28,621,645	28,700,040	33,810,768
<u>\$ 80,327,386</u>	<u>\$ 83,040,759</u>	<u>\$ 78,125,793</u>	<u>\$ 77,691,877</u>	<u>\$ 82,531,028</u>
\$ 66,823,983	\$ 61,335,680	\$ 60,565,819	\$ 58,444,053	\$ 58,409,545
18,059,220	17,467,132	17,112,566	16,377,873	15,681,813
23,332,449	24,153,301	20,459,563	19,343,981	19,010,682
<u>\$ 108,215,652</u>	<u>\$ 102,956,113</u>	<u>\$ 98,137,948</u>	<u>\$ 94,165,907</u>	<u>\$ 93,102,040</u>
\$ 120,149,446	\$ 112,196,586	\$ 109,232,155	\$ 106,936,378	\$ 105,373,926
19,398,000	18,478,848	17,950,378	16,877,385	17,437,692
48,995,592	55,321,438	49,081,208	48,044,021	52,821,450
<u>\$ 188,543,038</u>	<u>\$ 185,996,872</u>	<u>\$ 176,263,741</u>	<u>\$ 171,857,784</u>	<u>\$ 175,633,068</u>

City of Worthington, Minnesota
Changes in Net Position (Continued on the Following Pages)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year			
	2023	2022	2021	2020
Expenses				
Governmental Activities				
General government	\$ 2,496,317	\$ 1,857,980	\$ 1,687,668	\$ 2,487,531
Public safety	5,497,914	5,133,978	5,180,463	5,112,660
Public works	1,829,704	3,722,567	2,883,974	2,804,802
Culture and recreation	2,806,041	2,637,543	2,279,248	1,910,435
Conservation and development	2,567,181	1,046,934	899,717	3,126,641
Interest and fiscal charges	565,417	392,592	879,625	740,278
Total Governmental Activities Expenses	<u>15,762,574</u>	<u>14,791,594</u>	<u>13,810,695</u>	<u>16,182,347</u>
Business-Type Activities				
Water	3,106,979	3,017,013	2,746,360	2,671,871
Municipal wastewater	2,196,132	2,210,040	1,788,150	1,657,939
Electric	21,365,083	20,273,915	19,944,174	18,451,483
Industrial wastewater facility	2,931,840	2,497,235	2,056,566	1,996,310
Storm water management	646,830	553,928	450,122	332,841
Street lighting	47,182	46,664	48,387	49,610
Liquor	4,763,475	4,802,620	4,613,057	4,530,341
Airport	747,205	918,470	844,685	859,492
Cable television	107,531	125,045	122,410	124,256
Total Business-type Activities Expenses	<u>35,912,257</u>	<u>34,444,930</u>	<u>32,613,911</u>	<u>30,674,143</u>
Total Primary Government Expenses	<u>\$ 51,674,831</u>	<u>\$ 49,236,524</u>	<u>\$ 46,424,606</u>	<u>\$ 46,856,490</u>
Program Revenue				
Governmental Activities				
Charges for services				
General government	\$ 624,562	\$ 417,300	\$ 646,020	\$ 523,736
Public safety	87,970	53,837	92,115	103,883
Public works	95,283	87,655	82,687	87,720
Culture and recreation	418,403	367,852	179,323	97,720
Conservation and development	238,592	179,979	-	-
Operating grants and contributions	5,747,035	1,041,377	531,349	772,295
Capital grants and contributions	2,874,551	1,011,161	742,257	1,037,897
Total Governmental Activities Program Revenues	<u>10,086,396</u>	<u>3,159,161</u>	<u>2,273,751</u>	<u>2,623,251</u>
Business-type Activities				
Charges for services				
Water	4,352,350	4,201,679	4,010,810	3,839,553
Municipal wastewater	3,164,191	2,717,506	2,552,051	2,342,440
Electric	21,369,215	22,234,476	21,275,396	20,477,193
Industrial wastewater facility	2,710,302	2,324,897	1,849,590	1,809,292
Storm water management	797,161	728,140	707,151	701,926
Street lighting	270,048	269,268	265,831	264,791
Liquor	5,230,767	5,221,880	5,161,533	5,035,805
Airport	158,939	175,263	165,970	137,464
Memorial auditorium (1)	-	-	-	-
Cable television	110,831	121,650	122,410	124,256
Operating grants and contributions	247,823	100,046	(12,202)	86,802
Capital grants and contributions	242,647	241,821	135,850	599,583
Total Business-type Activities Program Revenues	<u>38,654,274</u>	<u>38,336,626</u>	<u>36,234,390</u>	<u>35,419,105</u>
Total Primary Government Program Revenues	<u>\$ 48,740,670</u>	<u>\$ 41,495,787</u>	<u>\$ 38,508,141</u>	<u>\$ 38,042,356</u>
Net (Expense) Revenue				
Governmental Activities	\$ (5,676,178)	\$ (11,632,433)	\$ (11,536,944)	\$ (13,559,096)
Business-type Activities	<u>2,742,017</u>	<u>3,891,696</u>	<u>3,620,479</u>	<u>4,744,962</u>
Total Primary Government Net Expense	<u>\$ (2,934,161)</u>	<u>\$ (7,740,737)</u>	<u>\$ (7,916,465)</u>	<u>\$ (8,814,134)</u>

Table 2

Fiscal Year					
2019	2018	2017	2016	2015	2014
\$ 1,556,521	\$ 1,567,638	\$ 1,774,849	\$ 2,015,986	\$ 2,436,264	\$ 1,975,297
4,792,198	4,827,514	3,904,169	5,324,523	4,262,523	4,056,319
2,814,259	2,500,047	2,514,522	2,399,382	2,398,598	2,261,725
1,452,770	1,471,973	1,570,691	1,675,764	1,703,391	1,540,770
674,845	530,297	472,180	682,774	704,712	615,851
472,552	368,554	389,415	366,482	382,164	494,122
11,763,145	11,266,023	10,625,826	12,464,911	11,887,652	10,944,084
2,635,308	2,828,102	2,642,004	2,699,733	2,669,252	2,849,765
1,780,122	1,777,982	1,516,610	1,700,461	1,575,148	1,552,144
18,786,279	19,177,873	18,662,026	19,025,873	19,370,140	17,738,999
1,776,696	1,748,704	1,713,977	1,654,849	1,644,558	1,675,000
337,918	331,170	273,000	313,449	303,938	273,418
50,984	55,762	84,648	123,443	148,450	124,409
4,097,626	3,869,019	3,303,920	3,282,401	3,164,181	3,003,084
768,503	745,099	735,318	712,703	700,870	695,305
127,788	127,788	131,680	143,274	149,487	157,876
30,361,224	30,661,499	29,063,183	29,656,186	29,726,024	28,070,000
\$ 42,124,369	\$ 41,927,522	\$ 39,689,009	\$ 42,121,097	\$ 41,613,676	\$ 39,014,084
\$ 829,590	\$ 772,544	\$ 844,482	\$ 483,600	\$ 667,173	\$ 537,195
277,956	284,190	247,223	257,870	277,256	293,387
106,914	96,370	90,791	92,722	143,169	115,690
176,876	167,454	162,831	169,374	205,963	247,482
-	-	-	-	-	-
757,745	689,018	723,096	881,775	952,580	917,054
398,790	50,000	1,881,962	1,352,727	-	78,932
2,547,871	2,059,576	3,950,385	3,238,068	2,246,141	2,189,740
3,575,846	3,855,574	3,840,879	3,762,729	3,795,799	3,625,569
2,325,513	2,247,113	2,210,851	2,103,485	2,064,250	1,960,337
20,397,941	20,613,652	21,264,674	20,779,517	20,351,158	18,882,006
1,822,341	1,723,607	1,595,874	1,638,371	1,562,248	1,577,378
664,978	628,386	592,605	577,718	561,735	559,478
263,641	285,611	285,245	284,610	267,924	256,645
4,403,405	4,135,970	3,774,433	3,735,141	3,642,919	3,449,343
141,030	177,333	220,049	187,189	160,692	193,477
-	-	-	-	-	-
127,788	127,788	131,680	143,274	149,487	157,876
73,231	83,967	84,459	74,352	77,383	78,608
843,518	2,508,904	273,973	810,215	475,566	211,971
34,639,232	36,387,905	34,274,722	34,096,601	33,109,161	30,952,688
\$ 37,187,103	\$ 38,447,481	\$ 38,225,107	\$ 37,334,669	\$ 35,355,302	\$ 33,142,428
\$ (9,215,274)	\$ (9,206,447)	\$ (6,675,441)	\$ (9,226,843)	\$ (9,641,511)	\$ (8,754,344)
4,278,008	5,726,406	5,211,539	4,440,415	3,383,137	2,882,688
\$ (4,937,266)	\$ (3,480,041)	\$ (1,463,902)	\$ (4,786,428)	\$ (6,258,374)	\$ (5,871,656)

City of Worthington, Minnesota
Changes in Net Position (Continued)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year			
	2023	2022	2021	2020
General Revenues and Other Changes in Net Position				
Governmental Activities				
Taxes				
Property taxes	\$ 6,544,565	\$ 5,651,252	\$ 5,022,276	\$ 4,829,770
Property taxes, levied for specific purposes	272,054	198,031	-	-
Tax increments	356,008	394,471	302,268	303,021
Hotel-motel taxes	174,251	182,333	182,508	134,869
Other taxes	1,359,394	1,349,550	1,196,188	911,471
Grants and contributions not restricted to specific programs	3,937,083	4,077,199	4,236,780	4,462,425
Unrestricted investment earnings (loss)	931,907	(160,928)	(258,262)	789,971
Other revenues	98,564	84,237	514,290	3,517,964
Gain on sale of capital assets	25,651	40,850	184,435	44,269
Transfers	974,149	1,000,165	1,822,575	1,199,384
Total Governmental Activities	<u>14,673,626</u>	<u>12,817,160</u>	<u>13,203,058</u>	<u>16,193,144</u>
Business-type Activities				
Property taxes, levied for specific purposes	-	-	-	-
Unrestricted investment earnings (loss)	1,693,844	(1,009,400)	300,623	409,254
Other revenues	-	-	517,968	1,059,646
Gain on sale of capital assets	-	-	13,251	30,804
Transfers	(974,149)	(1,000,165)	(1,822,575)	(1,199,384)
Total Business-type Activities	<u>719,695</u>	<u>(2,009,565)</u>	<u>(990,733)</u>	<u>300,320</u>
Total Primary Government	<u>\$ 15,393,321</u>	<u>\$ 10,807,595</u>	<u>\$ 12,212,325</u>	<u>\$ 16,493,464</u>
Changes in Net Position				
Governmental Activities	\$ 8,997,448	\$ 1,184,727	\$ 1,666,114	\$ 2,634,048
Business-type Activities	<u>3,461,712</u>	<u>1,882,131</u>	<u>2,629,746</u>	<u>5,045,282</u>
Total Primary Government	<u>\$ 12,459,160</u>	<u>\$ 3,066,858</u>	<u>\$ 4,295,860</u>	<u>\$ 7,679,330</u>

Table 2 (Continued)

Fiscal Year					
2019	2018	2017	2016	2015	2014
\$ 4,180,869	\$ 3,912,661	\$ 3,645,694	\$ 3,428,878	\$ 3,195,394	\$ 3,153,050
-	-	-	-	-	-
201,416	256,150	181,911	182,963	204,731	154,260
-	-	-	-	-	-
195,915	863,361	1,552,175	894,485	832,534	791,417
3,295,262	3,290,319	3,194,810	3,187,772	3,167,052	3,126,305
1,322,748	451,958	269,240	196,140	450,408	393,033
771,931	658,272	555,006	839,489	648,847	636,901
46,345	21,486	-	27,125	120,191	151,808
1,328,276	861,246	842,172	824,585	794,975	1,496,836
<u>11,342,762</u>	<u>10,315,453</u>	<u>10,241,008</u>	<u>9,581,437</u>	<u>9,414,132</u>	<u>9,903,610</u>
5	3	9	31	9,800	11
694,667	575,122	408,528	256,303	262,720	214,562
92,282	34,298	75,970	99,877	9,427	290,655
7,954	22,943	31,943	-	32,939	7,787
(1,328,276)	(861,246)	(842,172)	(824,585)	(794,975)	(1,496,836)
<u>(533,368)</u>	<u>(228,880)</u>	<u>(325,722)</u>	<u>(468,374)</u>	<u>(480,089)</u>	<u>(983,821)</u>
<u>\$ 10,809,394</u>	<u>\$ 10,086,573</u>	<u>\$ 9,915,286</u>	<u>\$ 9,113,063</u>	<u>\$ 8,934,043</u>	<u>\$ 8,919,789</u>
\$ 2,127,488	\$ 1,109,006	\$ 3,565,567	\$ 354,594	\$ (227,379)	\$ 1,149,266
<u>3,744,640</u>	<u>5,497,526</u>	<u>4,885,817</u>	<u>3,972,041</u>	<u>2,903,048</u>	<u>1,898,867</u>
<u>\$ 5,872,128</u>	<u>\$ 6,606,532</u>	<u>\$ 8,451,384</u>	<u>\$ 4,326,635</u>	<u>\$ 2,675,669</u>	<u>\$ 3,048,133</u>

City of Worthington, Minnesota
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year				
	2023	2022	2021	2020	2019
General Fund					
Nonspendable	\$ 701,036	\$ 884,245	\$ 462,925	\$ 392,543	\$ 362,765
Restricted	606,562	-	1,281	1,281	1,281
Committed	4,100,265	3,330,903	3,104,743	3,353,893	3,213,621
Assigned	660,008	1,046,893	1,208,544	700,815	905,310
Unassigned	3,980,412	3,712,911	4,923,242	4,922,865	4,702,472
Total General Fund	<u>\$ 10,048,283</u>	<u>\$ 8,974,952</u>	<u>\$ 9,700,735</u>	<u>\$ 9,371,397</u>	<u>\$ 9,185,449</u>
All Other Governmental Funds					
Nonspendable	\$ 41,200	\$ 27,787	\$ 25,994	\$ 24,608	\$ 25,785
Restricted	5,099,778	5,742,121	2,415,831	2,208,050	2,149,548
Committed	14,766,939	14,558,361	2,718,471	2,675,253	2,766,513
Assigned	4,940,749	2,182,702	20,578,369	27,119,551	22,812,632
Unassigned	(7,004,750)	(11,373,791)	(7,177,724)	(4,466,924)	(1,687,320)
Total All Other Governmental Funds	<u>\$ 17,843,916</u>	<u>\$ 11,137,180</u>	<u>\$ 18,560,941</u>	<u>\$ 27,560,538</u>	<u>\$ 26,067,158</u>

Table 3

Fiscal Year				
2018	2017	2016	2015	2014
\$ 403,597	\$ 360,405	\$ 362,813	\$ 376,609	\$ 382,782
1,281	1,281	1,281	1,281	1,281
3,046,572	3,104,734	3,248,058	2,970,656	2,782,328
798,871	735,741	890,151	912,662	1,075,652
2,437,683	3,934,230	4,048,626	4,201,047	4,216,095
<u>\$ 6,688,004</u>	<u>\$ 8,136,391</u>	<u>\$ 8,550,929</u>	<u>\$ 8,462,255</u>	<u>\$ 8,458,138</u>
\$ 28,613	\$ 26,632	\$ 27,338	\$ 26,763	\$ 27,704
2,323,730	2,129,623	2,122,518	2,054,199	3,310,668
11,727,740	11,749,137	11,110,591	10,562,543	10,227,310
11,466,143	11,960,606	12,763,471	11,033,347	11,396,981
(436,526)	(346,370)	(1,682,546)	(644,751)	(686,208)
<u>\$ 25,109,700</u>	<u>\$ 25,519,628</u>	<u>\$ 24,341,372</u>	<u>\$ 23,032,101</u>	<u>\$ 24,276,455</u>

City of Worthington, Minnesota
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year				
	2023	2022	2021	2020	2019
Revenues					
Taxes	\$ 8,460,973	\$ 7,556,534	\$ 6,766,258	\$ 6,223,878	\$ 4,609,505
Special assessments	538,938	271,450	250,206	421,719	303,957
Intergovernmental revenue	11,816,300	5,751,554	43,182	43,015	62,108
Licenses and permits	281,358	212,657	489,415	475,214	772,980
Charges for services	887,384	713,251	467,548	294,830	556,248
Fines and forfeits	47,309	46,212	5,489,834	6,252,168	4,423,687
Interest income (loss)	943,855	(160,928)	273,334	350,997	556,686
Miscellaneous	528,597	314,659	(346,841)	3,501,421	1,212,302
Total Revenues	<u>23,504,714</u>	<u>14,705,389</u>	<u>13,432,936</u>	<u>17,563,242</u>	<u>12,497,473</u>
Expenditures					
General government	2,437,287	1,955,318	1,947,520	2,230,508	2,311,236
Public safety	4,906,817	4,709,515	4,807,846	5,259,453	5,056,465
Public works	1,169,241	1,093,049	1,517,365	1,020,645	3,607,953
Culture and recreation	2,104,734	1,883,157	6,515,560	4,921,484	2,754,210
Conservation and development	1,195,458	785,732	2,485,531	6,372,852	3,468,328
Capital outlay	12,779,275	11,170,048	5,641,802	4,680,166	2,028,627
Debt service					
Principal	1,660,000	1,515,000	935,000	720,000	2,380,000
Interest and fiscal charges	592,906	444,520	465,976	308,197	170,646
Bond issuance costs	-	-	475	68,700	83,380
Total Expenditures	<u>26,845,718</u>	<u>23,556,339</u>	<u>24,317,075</u>	<u>25,582,005</u>	<u>21,860,845</u>
Excess of Revenues Over (Under) Expenditures	<u>(3,341,004)</u>	<u>(8,850,950)</u>	<u>(10,884,139)</u>	<u>(8,018,763)</u>	<u>(9,363,372)</u>
Other Financing Sources (Uses)					
Sale of capital assets	25,651	217,752	141,301	83,176	62,861
Transfers in	4,262,376	4,433,315	4,076,126	2,458,194	4,646,473
Bonds issued	9,015,000	-	-	7,970,000	8,815,258
Refunding bond proceeds	-	-	-	207,855	1,039,969
Premium on bonds issued	656,271	-	-	-	-
Transfers out	(2,838,227)	(3,183,150)	(2,003,551)	(1,021,134)	(3,068,197)
Total Other Financing Sources (Uses)	<u>11,121,071</u>	<u>1,467,917</u>	<u>2,213,876</u>	<u>9,698,091</u>	<u>11,496,364</u>
Net Change in Fund Balance	<u>\$ 7,780,067</u>	<u>\$ (7,383,033)</u>	<u>\$ (8,670,263)</u>	<u>\$ 1,679,328</u>	<u>\$ 2,132,992</u>
Debt service as a percentage of noncapital expenditures	15.94%	15.17%	12.11%	7.88%	19.77%
Debt service as a percentage of total expenditures	8.39%	8.32%	5.76%	4.02%	11.67%

Table 4

Fiscal Year				
2018	2017	2016	2015	2014
\$ 5,070,490	\$ 5,409,886	\$ 4,538,765	\$ 4,298,838	\$ 4,124,664
241,077	289,298	271,807	268,803	248,953
85,569	53,111	77,955	111,998	122,973
721,628	818,300	709,419	790,568	787,952
513,361	473,916	213,401	388,988	282,747
3,999,802	5,783,951	5,395,518	4,105,232	4,122,291
501,425	432,255	404,748	445,057	388,563
359,492	94,032	356,314	382,051	388,030
11,492,844	13,354,749	11,967,927	10,791,535	10,466,173
1,966,170	1,822,013	1,817,413	2,301,690	1,883,574
4,649,502	4,703,445	4,118,678	4,007,798	4,012,697
2,411,618	1,167,872	952,890	967,061	769,468
1,890,014	1,299,260	2,518,827	1,209,344	1,240,707
515,691	555,003	603,643	621,232	533,539
1,618,884	2,801,912	3,251,562	975,289	1,213,879
1,240,000	1,190,000	1,275,000	2,785,000	1,530,000
190,646	206,886	211,565	221,369	279,213
-	-	41,598	77,716	59,930
14,482,525	13,746,391	14,791,176	13,166,499	11,523,007
(2,989,681)	(391,642)	(2,823,249)	(2,374,964)	(1,056,834)
19,486	63,188	-	139,752	186,859
2,071,111	2,891,875	1,740,142	1,749,711	3,607,807
-	-	3,150,000	-	-
-	-	-	-	-
-	-	46,609	-	-
(959,231)	(1,799,703)	(715,557)	(754,736)	(1,910,971)
1,131,366	1,155,360	4,221,194	1,134,727	1,883,695
\$ (1,858,315)	\$ 763,718	\$ 1,397,945	\$ (1,240,237)	\$ 826,861
13.81%	14.08%	14.74%	25.04%	18.12%
9.88%	10.16%	10.05%	22.83%	15.70%

City of Worthington, Minnesota
Governmental Activities Tax Revenues By Source
Last Ten Fiscal Years
(Accrual Basis of Accounting)

Table 5

Fiscal Year	Property Taxes		Tax Increments	Franchise Tax	Hotel-Motel Tax	Other Tax	Total
	Levied for General Purposes	Levied for Debt Service					
2023	\$ 5,562,118	\$ 982,447	\$ 356,008	\$ -	\$ 174,251	\$ 1,359,394	\$ 8,706,272
2022	4,551,708	1,099,544	394,471	-	182,333	1,349,550	7,775,637
2021	3,924,656	1,097,620	302,268	-	182,508	1,196,188	6,703,240
2020	3,733,099	1,096,671	303,021	-	134,869	911,471	6,179,131
2019	3,609,282	571,587	201,416	-	193,635	2,280	4,578,200
2018	3,246,941	665,720	256,150	-	-	863,361	5,032,172
2017	3,026,006	619,688	181,911	-	-	1,552,175	5,379,780
2016	2,730,465	698,413	182,963	-	-	894,485	4,506,326
2015	2,180,784	1,014,610	204,731	-	-	832,534	4,232,659
2014	2,244,502	908,548	154,260	-	-	791,417	4,098,727

City of Worthington, Minnesota
General Governmental Tax Revenues By Source
Last Ten Fiscal Years
(modified accrual basis of accounting)

Table 6

Fiscal Year	Property Tax	Tax Increments	Hotel-Motel Tax	Other Tax	Total
2023	\$ 8,007,273	\$ 274,693	\$ 174,251	\$ 4,756	\$ 8,460,973
2022	7,050,923	318,458	182,333	4,820	7,556,534
2021	5,085,294	302,268	182,508	1,196,188	6,766,258
2020	4,874,517	303,021	134,869	911,471	6,223,878
2019	4,212,174	201,416	193,635	2,280	4,609,505
2018	3,950,979	256,150	-	863,361	5,070,490
2017	3,675,800	181,911	-	1,552,175	5,409,886
2016	3,461,317	182,963	-	894,485	4,538,765
2015	3,261,573	204,731	-	832,534	4,298,838
2014	3,178,987	154,260	-	791,417	4,124,664

City of Worthington, Minnesota
Net Tax Capacity and Estimated Market Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended December 31	Class of Property				
	Residential Property	Commercial/ Industrial Property	Public Utility Property	Agricultural Property	Less Tax Exempt Real Property
2023	\$ 802,323,475	\$ 187,240,500	\$ 77,460,500	\$ 6,735,863	\$ 43,756,562
2022	656,620,511	193,963,000	72,149,000	7,321,774	53,069,315
2021	510,052,699	170,568,400	50,036,300	6,497,552	60,725,049
2020	488,654,346	166,644,100	43,028,900	7,729,356	61,545,698
2019	485,106,522	161,136,100	41,552,200	7,570,293	61,890,685
2018	477,576,927	149,793,700	37,036,000	7,200,082	61,180,391
2017	439,251,897	135,373,800	34,745,800	5,905,981	63,942,922
2016	430,625,274	130,329,200	32,299,600	5,098,578	63,794,600
2015	349,803,500	114,904,100	32,090,500	3,474,400	65,243,900
2014	346,642,400	115,176,063	32,378,200	3,669,700	129,915,800

Source: Department of Assessor, Nobles County

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

¹Includes tax-exempt property.

Table 7

Total Real Estate Tax Capacity	Total Net Tax Capacity	Total Direct Tax Rate	Fully Taxable Market Value	Tax Capacity ¹ as a Percentage of Fully Market Value
\$ 1,030,003,776	\$ 1,030,003,776	55.225	\$ 1,139,860,900	94.20 %
876,984,970	876,984,970	55.854	1,006,049,900	92.45
676,429,902	676,429,902	61.222	819,002,600	90.01
644,511,004	644,511,004	56.634	789,173,900	89.47
633,474,430	633,474,430	55.612	778,090,400	89.37
610,426,318	610,426,318	50.628	745,240,800	90.12
551,334,556	551,334,556	52.378	694,980,300	88.53
534,558,052	534,558,052	55.494	676,091,000	88.50
435,028,600	435,028,600	52.991	577,896,400	86.57
367,950,563	367,950,563	52.745	556,125,000	89.52

City of Worthington, Minnesota
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years

Fiscal Year	City of Worthington			Overlapping Rates ¹ Nobles County			
	Basic Rate	General Obligation Debt Service	Total Direct Rate	Basic Rate	General Obligation Debt Service	Disparity Aid Reduction	Total County Direct Rate
2023	47.720	7.505	55.225	25.226	0.547	(0.087)	25.686
2022	47.544	8.310	55.854	32.904	0.683	(0.118)	33.469
2021	49.373	11.849	61.222	35.653	0.847	(0.135)	36.365
2020	44.331	12.303	56.634	33.530	2.110	(0.138)	35.502
2019	43.058	12.554	55.612	33.549	2.136	(0.140)	35.545
2018	43.743	6.885	50.628	32.294	2.489	(0.751)	34.032
2017	43.579	8.799	52.378	31.779	3.149	(0.821)	34.107
2016	44.285	11.209	55.494	32.230	3.251	(1.010)	34.471
2015	36.589	16.402	52.991	26.638	3.124	(1.010)	28.752
2014	37.654	15.091	52.745	31.010	0.677	-	31.687

Source: Department of Assessor, Nobles County

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

Table 8

Independent School District #518					
Basic Rate	General Obligation Debt Service	Disparity Aid Reduction	Total School Direct Rate	Special Districts	Total Direct & Overlapping Rates
10.154	6.036	(0.133)	16.057	3.192	100.160
21.003	4.700	(1.567)	24.136	3.441	116.900
14.373	13.091	(0.241)	27.223	4.139	128.949
12.806	13.539	(0.242)	26.103	4.231	122.470
16.027	13.518	(0.242)	29.303	4.242	124.702
10.305	8.169	(0.943)	17.531	4.247	106.438
7.170	10.080	(1.030)	16.220	4.534	107.239
9.483	10.104	(1.265)	18.322	4.240	112.527
5.273	10.572	(1.262)	14.583	4.042	100.368
14.389	11.268	-	25.657	2.262	112.351

City of Worthington, Minnesota
Principal Property Taxpayers
Current Year and Nine Years Ago

Table 9

Taxpayer	2023			2014		
	Net Tax Capacity	Rank	Percentage of Total Net Tax Capacity	Net Tax Capacity	Rank	Percentage of Total Net Tax Capacity
Swift & Company	\$ 751,132	1	8.1 %	\$ 280,074	1	4.9 %
Avera Mckennan	304,506	2	3.3	274,428	2	4.8
Bedford Industries	230,394	3	2.5	85,346	6	1.5
WCDJR Dealer Properties LLC	170,128	4	1.8	-		-
Intervet INC	135,688	5	1.5	-		-
Minnesota Energy*	125,126	6	1.3	49,965	10	0.9
Wal-Mart Real Estate	121,812	7	1.3	129,146	3	2.3
Meadows of Worthington, LLC	113,186	8	1.2	77,239	7	1.4
Newport Laboratories Inc	100,784	9	1.1	63,695	6	1.1
Kwik Trip Inc	91,812	10	1.0	-		-
LHV Worthington, LLC	-		-	87,642	4	1.5
Merck & Co	-		-	85,792	5	1.5
Worthington Hotel Group, LLC	-		-	71,232	8	1.3
	<u>\$ 2,144,568</u>		<u>23.1 %</u>	<u>\$ 1,204,559</u>		<u>21.2 %</u>
Total All Property	<u>\$ 1,030,003,776</u>			<u>\$ 367,950,563</u>		

Source: Department of Assessor, Nobles County

*Formerly named Utilicorp United, Inc.

City of Worthington, Minnesota
Property Tax Levies and Collections
Last Ten Fiscal Years

Table 10

Fiscal Year Ended December 31,	Total Net Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2023	\$ 6,558,607	\$ 6,499,295	99.1 %	\$ -	\$ 6,499,295	99.1 %
2022	5,681,256	5,617,667	98.9	63,589	5,681,256	100.0
2021	5,052,541	5,009,651	99.2	42,890	5,052,541	100.0
2020	4,858,144	4,795,126	98.7	63,018	4,858,144	100.0
2019	4,198,687	4,156,548	99.0	42,139	4,198,687	100.0
2018	3,965,721	3,931,808	99.1	33,913	3,965,721	100.0
2017	3,675,697	3,662,597	99.6	13,100	3,675,697	100.0
2016	3,441,568	3,424,132	99.5	17,436	3,441,568	100.0
2015	3,262,150	3,235,927	99.2	26,223	3,262,150	100.0
2014	3,175,460	3,132,956	98.7	42,504	3,175,460	100.0

SOURCE: Finance Department, City of Worthington

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

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City of Worthington, Minnesota
Ratios of Outstanding Debt By Type
Last Ten Fiscal Years

Table 11

Fiscal Year	Governmental Activities			Business-Type Activities		Total Primary Government	Percentage of Personal Income ²	Bonded Debt Per Capita ²
	General Obligation Bonds	General Obligation Tax Increment	Sales Tax Revenue Bonds	Revenue Bonds	General Obligation Revenue Note			
2023	\$ 14,783,426	\$ -	\$ 12,480,810	\$ 890,000	\$ 24,407,064	\$ 52,561,300	* %	\$ 3,748
2022	11,614,147	-	7,675,129	955,000	20,506,482	40,750,758	3.31	2,899
2021	12,675,341	-	8,163,120	1,020,000	4,647,249	26,505,710	2.21	1,957
2020	13,631,535	-	8,176,111	1,085,000	1,350,000	24,242,646	2.10	1,790
2019	14,372,729	-	-	1,140,000	1,520,000	17,032,729	1.74	1,260
2018	6,355,862	-	551,993	1,140,000	1,685,000	9,732,855	1.02	721
2017	7,060,793	-	1,094,167	-	1,840,000	9,994,960	1.07	742
2016	7,725,724	-	1,626,340	-	1,990,000	11,342,064	1.27	863
2015	5,282,216	-	2,153,514	230,808	2,130,000	9,796,538	1.02	754
2014	7,543,982	20,000	2,670,688	459,042	2,265,000	12,958,712	1.40	998

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

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

²See Table 16 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

* Information not available

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

City of Worthington, Minnesota
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Bonded Debt Outstanding			
	General Obligation Bonds	General Obligation Tax Increment	General Obligation Sales Tax Revenue	Total
2023	\$ 14,783,426	\$ -	\$ 12,480,810	\$ 27,264,236
2022	11,614,147	-	7,675,129	19,289,276
2021	12,675,341	-	8,163,120	20,838,461
2020	13,631,535	-	8,176,111	21,807,646
2019	14,372,729	-	-	14,372,729
2018	6,355,862	-	551,993	6,907,855
2017	7,060,793	-	1,094,167	8,154,960
2016	7,725,724	-	1,626,340	9,352,064
2015	5,282,216	-	2,153,514	7,435,730
2014	7,543,982	20,000	2,670,688	10,234,670

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

Table 12

Resources Restricted in Debt Service for Repayment	Net General Bonded Debt	Percentage of Fully Taxable Market Value	Per Capita
\$ 3,728,117	\$ 23,536,119	2.06 %	\$ 1,730
3,374,193	15,915,083	1.58	1,132
2,105,831	18,732,630	2.29	1,343
2,208,174	19,599,472	2.48	1,447
1,304,758	13,067,971	1.68	966
1,337,499	5,570,356	0.75	413
1,010,435	7,144,525	1.03	530
836,531	8,515,533	1.26	648
498,231	6,937,499	1.20	534
1,754,598	8,480,072	1.52	653

City of Worthington, Minnesota
Direct and Overlapping Governmental Activities Debt
December 31, 2023

Table 13

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ¹	Estimated Share of Overlapping Debt
Direct Debt ²			
City of Worthington	\$ 27,264,236	100.00 %	\$ 27,264,236
Overlapping Debt			
Independent School District #518	52,275,000	45.81	23,947,178
Nobles County	31,020,000	23.91	7,416,882
Total Overlapping Debt	<u>83,295,000</u>		<u>31,364,060</u>
Total Direct and Overlapping Debt	<u>\$ 110,559,236</u>		<u>\$ 58,628,296</u>

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

²Excludes debt payable from enterprise revenue.

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

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

City of Worthington, Minnesota
Legal Debt Margin Information
Last Ten Fiscal Years

Table 14

Fiscal Year	Debt Limit	Net Debt Applicable to Limit	Legal Debt Margin	Amount of Debt Applicable to Debt Limit
2023	\$ 34,195,827	\$ 13,740,299	\$ 20,455,528	40.18 %
2022	30,181,497	8,163,423	22,018,074	27.05
2021	24,570,078	8,693,802	15,876,276	35.38
2020	23,675,217	8,749,181	14,926,036	36.96
2019	23,342,712	3,260,000	20,082,712	13.97
2018	22,357,224	-	22,357,224	-
2017	20,849,409	-	20,849,409	-
2016	20,282,730	-	20,282,730	-
2015	17,336,892	-	17,336,892	-
2014	16,683,750	-	16,683,750	-

Sources: Springsted Inc. and Office of the State Auditor.

Legal Debt Margin Calculation for Fiscal Year 2022

Market Value	\$ 1,139,860,900
Debt Limit (3% of Market Value)	<u>34,195,827</u>
Debt Applicable to Limit	
General obligation bonds	27,264,236
Less amount set aside for repayment of general obligation debt	<u>13,523,937</u>
Total Net Debt Applicable to Limit	<u>13,740,299</u>
Legal Debt Margin	<u><u>\$ 20,455,528</u></u>

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.

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City of Worthington, Minnesota
Pledged-Revenue Coverage
Last Ten Fiscal Years

Table 15

Water Revenue Bonds							
Fiscal Year	Operating Revenue	Operating Expenses ⁽¹⁾	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2023	\$ 4,315,962	\$ 2,166,913	\$ 2,149,049	\$ 200,000	\$ 46,743	\$ 246,743	8.71
2022	4,194,577	2,100,366	2,094,211	190,000	54,667	244,667	8.56
2021	4,010,810	1,846,790	2,164,020	180,000	63,216	243,216	8.90
2020	3,839,553	1,782,735	2,056,818	170,000	71,356	241,356	8.52
2019	3,575,846	1,775,280	1,800,566	165,000	79,250	244,250	7.37
2018	3,855,574	2,074,303	1,781,271	155,000	86,676	241,676	7.37
2017	3,840,879	1,901,001	1,939,878	150,000	93,745	243,745	7.96
2016	3,762,729	1,988,540	1,774,189	140,000	100,472	240,472	7.38
2015	3,795,799	1,955,946	1,839,853	135,000	106,951	241,951	7.60
2014	3,625,569	2,206,292	1,419,277	130,000	113,081	243,081	5.84

Municipal Wastewater Revenue Bonds							
Fiscal Year	Operating Revenues	Operating Expenses ⁽¹⁾	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2023	\$ 3,155,868	\$ 1,658,092	\$ 1,497,776	\$ 1,423,000	\$ 196,483	\$ 1,619,483	0.92
2022	2,714,972	1,715,261	999,711	701,821	47,424	749,245	1.33
2021	2,552,051	1,454,138	1,097,913	-	-	-	N/A
2020	2,342,440	1,301,933	1,040,507	-	-	-	N/A
2019	2,325,513	1,407,346	918,167	-	-	-	N/A
2018	2,247,113	1,449,346	797,767	-	-	-	N/A
2017	2,210,851	1,165,309	1,045,542	-	-	-	N/A
2016	2,103,485	1,356,722	746,763	-	-	-	N/A
2015	2,064,250	1,224,042	840,208	-	-	-	N/A
2014	1,960,337	1,199,917	760,420	-	-	-	N/A

Electric Revenue Bonds							
Fiscal Year	Operating Revenues	Operating Expenses ⁽¹⁾	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2023	\$ 21,316,264	\$ 19,162,141	\$ 2,154,123	\$ -	\$ -	\$ -	-
2022	22,230,452	19,261,082	2,969,370	-	-	-	-
2021	21,275,396	18,965,504	2,309,892	-	-	-	-
2020	20,477,193	17,484,214	2,992,979	-	-	-	-
2019	20,397,941	17,915,673	2,482,268	-	-	-	-
2018	20,613,652	18,384,490	2,229,162	-	-	-	-
2017	21,264,674	17,772,035	3,492,639	-	-	-	-
2016	20,779,517	18,132,243	2,647,274	230,000	6,900	236,900	11.17
2015	20,351,158	18,446,309	1,904,849	225,000	13,650	238,650	7.98
2014	18,882,006	16,830,443	2,051,563	215,000	20,100	235,100	8.73

Industrial Wastewater Revenue Bonds							
Fiscal Year	Operating Revenues	Operating Expenses ⁽¹⁾	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2023	\$ 2,710,302	\$ 2,725,419	\$ (15,117)	\$ -	\$ -	\$ -	N/A
2022	2,324,897	2,240,888	84,009	-	-	-	N/A
2021	1,849,590	1,805,735	43,855	-	-	-	N/A
2020	1,809,292	1,742,924	66,368	-	-	-	N/A
2019	1,822,341	1,522,929	299,412	-	-	-	N/A
2018	1,723,607	1,497,103	226,504	-	-	-	N/A
2017	1,595,874	1,459,503	136,371	-	-	-	N/A
2016	1,638,371	1,402,139	236,232	-	-	-	N/A
2015	1,562,248	1,396,402	165,846	-	-	-	N/A
2014	1,577,378	1,430,528	146,850	-	-	-	N/A

(1) Operating expenses do not include depreciation.

Source: City Administrative Business Department.

City of Worthington, Minnesota
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	(1) Population	(2) Personal Income	(3) Per Capita Personal Income	(4) Graduation Rates
2023	13,604	\$ - *	\$ - *	- *
2022	14,055	1,231,465,000	56,111	79.1
2021	13,947	1,198,038,000	55,816	79.1
2020	13,546	1,155,582,000	53,549	78.7
2019	13,522	980,503,000	49,682	84.7
2018	13,497	954,815,000	49,682	90.2
2017	13,478	931,075,000	48,888	87.5
2016	13,145	891,410,000	48,427	87.9
2015	12,995	960,256,000	47,005	84.0
2014	12,982	923,156,000	44,149	90.0

(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: Minnesota Employment and Economic Development, Local Area Unemployment Statistics (LAUS)

* Information not available.

Table 16

(5) School Enrollment	(6) Local Unemployment Rate	(6) Minnesota Unemployment Rate	(6) United States Unemployment Rate
3,295	2.74	2.82	3.63
3,329	2.25	2.52	3.65
3,361	3.01	3.41	5.36
3,241	3.98	6.18	8.10
3,409	3.05	3.24	3.67
3,269	2.63	2.91	3.90
3,209	3.35	3.46	4.35
3,133	3.80	3.94	4.87
3,077	3.25	3.71	5.30
2,979	3.35	4.09	6.17

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City of Worthington, Minnesota
Principal Employers
Current Year and Nine Years Ago

Table 17

	2023			2014		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Bedford Industries Inc.						
JBS	2,100	1	19.47 %	2,200	1	20.14 %
Independent School District #518	900	2	8.34	470	2	4.30
Bedford Industries Inc.	365	3	3.38	262	4	2.40
Hy-Vee Food Stores	301	4	2.79	-		-
Sanford Health	227	5	2.10	360	3	3.30
City of Worthington	185	6	1.71	-		-
Nobles County	184	7	1.71	157	9	1.44
Highland Manufacturing	180	8	1.67	-		-
Wal-Mart Super Center	178	9	1.65	220	6	2.01
Prairie Holdings	135	10	1.25	250	5	2.29
Southwest Minnesota Opportunity Council	-		-	169	7	1.55
Client Community Services, Inc	-		-	160	8	1.46
Atchison Enterprises Inc.	-		-	145	10	1.33
Total	<u>4,755</u>		<u>44.07 %</u>	<u>4,393</u>		<u>40.22 %</u>
Total City Employment	<u>10,788</u>			<u>10,923</u>		

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

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

City of Worthington, Minnesota
Full-Time Equivalent City Government Employees By Function/Program
Last Ten Fiscal Years

Function/Program	Full-Time Equivalent Employees as of December 31			
	2023	2022	2021	2020
Governmental Activities				
General Government				
Executive	4	3	3	3
City Clerk	2	2	2	3
Financial administration	5	4	4	4
Community development	8	8	10	11
Public Safety				
Police	3	35	35	34
Fire	37	2	2	2
Animal Control	-	1	1	-
Code enforcement ¹	1	1	2	2
Public works				
Streets	9	8	8	8
Culture and recreation				
Recreation ²	7	5	2	1
Parks	10	8	8	8
Business-type Activities				
Water	7	7	7	7
Municipal Wastewater	8	8	8	8
Electric	16	16	14	14
Liquor	7	7	7	7
Total	<u>124</u>	<u>115</u>	<u>113</u>	<u>112</u>

Source: Finance Department, City of Worthington

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

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

Table 18

Full-Time Equivalent Employees as of December 31						
2019	2018	2017	2016	2015	2014	
3	3	3	3	3	3	
3	3	2	3	2	2	
4	4	4	4	4	4	
10	9	10	10	9	10	
36	35	36	38	35	35	
2	2	1	1	2	1	
-	1	1	1	1	1	
2	1	1	1	1	1	
8	8	8	6	5	6	
2	2	2	2	3	4	
8	8	7	8	8	7	
7	7	7	7	7	7	
8	8	8	9	8	8	
13	13	14	14	14	14	
7	7	6	6	6	6	
113	111	110	113	108	109	

City of Worthington, Minnesota
Operating Indicators By Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year			
	2023	2022	2021	2020
General government				
Business licenses issued	81	79	66	64
Building permits issued	862	530	460	559
Estimated value of building permits issued	\$16,595,928	\$12,555,680	\$21,749,259	\$72,396,380
Other permits issued (sanitary sewer, excavation, plumbing, etc.)	226	241	236	206
Public safety				
Physical arrests	521	507	302	214
Citations (parking, etc.)	1,622	1,282	1,008	1,028
Alarms requiring response	212	218	196	219
Street value of drugs seized in searches	\$576,470	\$304,673	\$990,922	\$869,827
Ambulance calls	536	519	513	773
911 calls	1,571	1,468	1,488	1,589
Fire calls	42	37	35	28
Animals impounded	153	83	72	30
Animals adopted out or returned to owners	153	12	49	29
City nuisance code violations investigated ²	203	285	349	8,831
Junked/abandoned vehicles removed ²	124	172	78	N/A
Notices served for weed/grass complaints ²	48	67	208	938
Hours spent monitoring parking	520	520	141	265
Public works				
Sidewalk repaired at city cost (feet)	200	575	100	100
Asphalt hot patch (tons)	652	602	400	400
Concrete patch materials (yards)	68	75	55	50
Snowfall received (inches)	46.5	81.0	28.2	38.2
Cost of snow removal (per inch)	\$5,652	\$4,323	\$9,788	\$4,117
Personnel hours spent plowing/sanding	3,202	4,333	1,729	1,556
Faded stop/yield signs replaced	9	10	12	11
Personnel hours (full-time/part-time) for city-wide clean-up	335/194	250/150	251/76	296/27
Appliances hauled away at city-wide clean-up ¹	177	179	176	276
Culture and recreation				
Auditorium rental (days) ³	118	114	20	29
Days utilized ³	298	294	32	39
Annual audience ³	29,468	28,365	2,500	3,000
Number of registrants in various recreation programs ⁴	490	275	322	181
Paid golf memberships ⁴	N/A	N/A	N/A	N/A
Shelter house reservations at parks	143	147	129	98
Camping units served at Olson Park Campground	2,136	2,196	2,001	1,378
Conservation and development				
Trees planted				
Street boulevards	62	143	67	60
Parks	18	21	43	10
Trees removed				
Street boulevards	72	211	163	207
Parks	103	14	20	38

Table 19

Fiscal Year					
2019	2018	2017	2016	2015	2014
78	81	83	85	82	62
480	464	567	599	617	623
\$33,361,303	\$19,084,512	\$28,618,611	\$20,751,921	\$17,407,919	\$13,075,162
254	177	204	161	144	143
409	374	321	362	407	649
1,236	1,477	1,320	1,518	1,884	2,138
219	247	184	181	214	209
\$803,591	\$2,781,330	\$1,304,362	\$379,596	\$256,000	\$181,600
528	548	608	608	589	537
1,487	1,360	1,422	1,420	1,454	1,395
26	31	39	36	57	39
124	94	58	84	68	62
116	93	58	84	68	59
8,551	8,422	8,329	8,301	8,112	8,086
N/A	N/A	N/A	N/A	4	2
908	953	893	771	583	489
280	205	220	210	240	388
110	100	100	150	295	301
400	400	400	400	413	219
50	45	40	45	36	157
77.50	79.6	26.6	41.4	41.8	44.8
\$3,021	\$2,709	\$3,610	\$2,483	\$2,697	\$1,908
2,838	2,816	958	1,623	1,587	1,382
9	10	7	8	12	9
275/24	244/40	193/173	283/0	196/20	248/214
450	512	581	577	154	33
128	114	74	53	48	36
344	330	224	209	142	135
35,440	32,350	27,400	25,530	24,600	22,500
401	411	418	377	379	415
N/A	N/A	N/A	N/A	N/A	136
102	107	124	133	106	108
2,051	2,157	2,307	2,224	2,689	2,249
11	N/A	39	45	250	N/A
47	19	11	10	N/A	N/A
55	65	40	42	40	47
39	20	25	13	14	4

City of Worthington, Minnesota
Operating Indicators By Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year			
	2023	2022	2021	2020
Business-type activities:				
Water				
Average daily consumption (gallons)				
Commercial	442,407	443,499	447,347	438,397
Residential	658,445	637,299	653,191	679,547
Industrial	1,722,008	1,699,549	1,761,366	1,693,694
Municipal Wastewater				
Average sewage treated (million gallons per day)	1.75	1.70	1.68	2.01
Electric				
Average daily consumption (KWH)				
Residential	99,283	99,955	99,075	100,938
Commercial	173,938	174,136	168,394	168,236
Industrial	336,178	332,980	338,819	322,575
Industrial Wastewater Facility				
Average gallons treated (million gallons per day)	1.85	1.89	1.63	1.63
Storm Water Management ⁵				
Debris/leaves collected sweeping (yards)	N/A	N/A	N/A	N/A
Average cost per lane mile of street sweeping	N/A	N/A	N/A	N/A
Liquor				
Customers served	167,193	168,111	170,213	170,577
Average daily sales	\$14,489	\$14,648	\$14,342	\$14,027
Airport				
Hangars rented	18	18	10	18
Fuel pumped (gallons)	53,275	44,282	42,002	43,070

Sources: Various city departments

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

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

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

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

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

Not Indicators are not available for the cable television function.

Table 19 (Continued)

Fiscal Year					
2019	2018	2017	2016	2015	2014
428,000	441,769	458,067	463,953	475,377	442,688
656,525	652,050	640,869	647,466	622,734	633,918
1,689,939	1,639,416	1,635,422	1,624,405	1,627,945	1,461,566
2.62	2.36	1.94	2.25	1.56	1.37
99,969	101,231	92,965	99,490	94,029	96,864
183,581	186,033	178,255	182,360	182,705	183,468
322,703	309,338	312,230	308,575	303,011	277,541
2.00	1.77	1.70	1.74	1.58	1.44
N/A	N/A	N/A	1,785	1,972	1,604
N/A	N/A	N/A	\$30.99	\$32.09	\$34.16
166,694	162,456	151,051	151,337	150,707	147,325
\$12,265	\$11,650	\$11,472	\$12,088	\$11,866	\$11,235
19	19	19	20	20	19
36,712	60,303	70,826	70,252	74,804	70,027

City of Worthington, Minnesota
Capital Asset Statistics By Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year			
	2023	2022	2021	2020
General government				
Engineering/Community development				
Vehicles	4	4	4	4
Public safety				
Police				
Buildings ¹	1	1	1	1
Square footage of holding/booking area ¹	12,000	12,000	12,000	12,000
Capacity of jail cells (individuals) ¹	104	104	104	104
Patrol units	12	12	12	12
Other vehicles	15	11	12	11
Fire				
Stations	1	1	1	1
Fire vehicles	8	8	9	9
Animal control vehicles	1	1	1	1
Public works				
Streets (miles)	75.5	75.5	75.5	74.6
Highway (miles)	7.8	7.8	7.8	7.8
Traffic signals	3	3	3	4
Stop signs	262	262	256	256
Snow removal equipment (plows, haulers)	14	14	14	14
Culture and recreation				
Memorial Auditorium				
Number of stages ²	2	2	2	2
Facility seating ²	657	657	657	657
Parks and recreation				
Acreage	167	167	167	167
Playgrounds with play structures	18	18	18	18
Softball diamonds	2	2	2	2
Soccer fields	3	3	3	3
Tennis courts	3	3	3	3
Beaches	3	3	3	3
Boat landings	4	4	4	4
Public docks	10	10	9	9
Golf courses ³	0	0	0	0
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 20

Fiscal Year					
2019	2018	2017	2016	2015	2014
4	4	4	4	4	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	12	12	12	12	12
11	9	10	10	9	9
1	1	1	1	1	1
8	9	9	8	8	8
1	1	1	1	1	1
74.6	74.6	74.6	68.2	67.4	67.3
7.8	7.8	7.8	7.8	7.8	9.1
4	3	3	3	4	5
252	244	240	235	235	229
14	14	14	13	13	13
2	2	2	2	2	2
657	707	735	735	735	735
167	167	167	167	167	167
18	18	18	18	18	18
2	2	2	2	2	2
3	3	3	3	3	3
3	3	3	3	3	3
3	3	3	3	3	3
4	4	4	4	4	4
9	8	8	8	8	8
0	0	0	0	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 Fiscal Years

Function/Program	Fiscal Year			
	2023	2022	2021	2020
Business-type activities:				
Water				
Water mains (miles)	91.6	91.6	82.9	81.2
Number of connections (residential, commercial, industrial & seasonal)	4,221	4,221	4,214	4,203
Fire hydrants	674	674	670	649
Storage capacity				
Ground level (thousands of gallons)	2,200	2,200	2,200	2,200
Elevated (thousands of gallons)	2,000	2,000	2,300	2,300
Municipal Wastewater				
Sanitary sewers (miles)	57.0	57.0	57.0	56.2
Average treatment capacity (million of gallons per day)	2.78	2.78	2.78	2.75
Maximum daily treatment capacity (million gallons per day)	4.0	4.0	4.0	4.0
Electric				
Number of distribution stations	3	3	2	2
Service lines-primary (miles)	135	130	120	120
Service line-secondary (miles)	189	185	185	185
Streetlights	2,261	2,082	2,045	2,045
Storm Water Management				
Storm sewers (miles)	52.7	52.7	52.7	52.7
Liquor				
Buildings	1	1	1	1
Square footage (feet)	1,240	1,240	1,240	1,240
Number of coolers	3	3	3	3
Parking Systems ⁴				
Parking lots	5	5	5	5
Airport				
Acreage	512	512	512	512
Terminals	1	1	1	1
Individual hangars	22	22	22	22
Commercial hangars	2	2	2	2
Runways	2	2	2	2
Runway approaches	4	4	4	4
Memorial Auditorium ²				
Number of stages	N/A	N/A	N/A	N/A
Facility seating	N/A	N/A	N/A	N/A

Sources: Various city departments

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

²Starting in 2014 the Memorial Auditorium activity is accounted for under culture and recreation programs.

³Starting in 2004 the golf course is accounted for in the recreation program.

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

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

Table 20 (Continued)

Fiscal Year					
2019	2018	2017	2016	2015	2014
81.1	80.8	79.9	79.9	79.2	78.9
4,193	4,164	4,157	4,155	4,112	4,075
639	635	625	625	621	621
2,200	2,200	2,200	2,200	2,200	2,200
2,300	2,300	2,300	2,300	2,300	2,300
56.2	55.9	55.1	55.1	55.1	55.1
2.75	2.75	2.74	2.25	1.57	1.37
4.0	4.0	4.0	4.0	4.0	4.0
2	2	2	2	2	2
119	115	115	130	130	125
182	143	143	175	175	175
2,014	1,957	1,957	1,958	1,899	1,900
52.7	52.7	52.7	52.7	52.7	52.7
1	1	1	1	1	1
1,240	1,240	6,750	6,750	6,750	6,750
3	3	2	2	2	2
5	5	5	5	5	5
512	512	512	512	512	512
1	1	1	1	1	1
22	22	22	22	22	22
2	2	2	2	2	2
2	2	2	2	2	2
4	4	4	4	4	4
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A

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SINGLE AUDIT AND OTHER REQUIRED REPORTS

CITY OF WORTHINGTON
WORTHINGTON, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2023

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INDEPENDENT AUDITOR'S REPORT ON MINNESOTA LEGAL COMPLIANCE

Honorable Mayor and City Council
City of Worthington, Minnesota

We have audited, 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, the 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 (the City) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated September 19, 2024.

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

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



Abdo
Mankato, Minnesota
September 19, 2024

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

Honorable Mayor and City Council
City of Worthington, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Worthington, Minnesota (the City), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated September 19, 2024.

Report on Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, Responses and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings, Responses and Questioned Costs as item 2023-001 to be a significant deficiency.

Report on Compliance and Other Matters

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

Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's responses to the findings identified in our audit and described in the accompanying schedule of findings and responses. The City's responses was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

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



Abdo
Mankato, Minnesota
September 19, 2024



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

Honorable Mayor and City Council
City of Worthington, Minnesota

Opinion on Each Major Federal Program

We have audited the City of Worthington's, Worthington, Minnesota (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2023. The City's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-001 to be a significant deficiency.

Government Auditing Standards requires the auditor to perform limited procedures on City's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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



Abdo
Mankato, Minnesota
September 19, 2024



City of Worthington, Minnesota
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

Federal Funding Source	Administering Department	Program Name	Federal Domestic Assistance Number	Pass-Through Entity Identifying Number	Federal Program Clusters	Total Federal Expenditures
U.S. Department of Transportation	Minnesota Department of Transportation	State and Community Highway Safety Safe and Sober	20.600	F-ENFRC22-2022-WORTHIPD-5504/5672	\$ 15,777	
U.S. Department of Transportation	Minnesota Department of Transportation	National Priority Safety Programs	20.616	F-ENFRC22-2022-WORTHIPD-5504/5672	<u>7,492</u>	
			Total Highway Safety Cluster			\$ 23,269
U.S. Environmental Protection Agency	Minnesota Public Facilities Authority	Capitalization Grants for Clean Water State Revolving Funds	66.458	CWRF-L-008-FY22	<u>5,523,582</u>	
			Total Clean Water State Revolving Fund Cluster			5,523,582
U.S. Department of Health and Human Services	Direct	Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	N/A	<u>51,001</u>	
			Total Aging Cluster			51,001
U.S. Department of Transportation	Minnesota Department of Transportation	Airport Improvement Program	20.106	N/A		242,647
U.S. Department of Treasury	Minnesota Department of Revenue	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027C	N/A		323,785
U.S. Department of Transportation	Minnesota Department of Transportation	Highway Planning and Construction	20.205	N/A		3,834,423
U.S. Department of Transportation	Nobles County	Highway Planning and Construction	20.205	N/A		383,451
U.S. Department of Transportation	Minnesota Department of Transportation	Minimum Penalties for Repeat Ofeenders for Driving While Intoxicated	20.608	F-ENFRC22-2022-WORTHIPD-5672		<u>19,750</u>
	Total Federal Expenditures					<u>\$10,401,908</u>

City of Worthington, Minnesota
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Worthington, Minnesota (the City) under programs of the federal government for the year ended December 31, 2023. The City's reporting entity is defined in Note 1A to the City's financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

2. Summary of Significant Accounting Policies for Expenditures

Expenditures reported on this schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-122, Cost Principles for Non-Profit-Organizations, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Pass-through Entity Identifying Numbers

Pass-through entity identifying numbers are presented where available.

4. Subrecipients

There were no expenditures in the current year provided to subrecipients.

5. Indirect Cost Rate

During the year ended December 31, 2023 the City did not elect to use the 10 percent de minimis indirect cost rate.

City of Worthington, Minnesota
Schedule of Findings, Responses and Questioned Costs
For the Year Ended December 31, 2023

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2CFR section 200.516(a) of the Uniform Guidance.	No

Identification of Major Programs/Clusters

	<u>CFDA No.</u>
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027C
Highway Planning and Construction	20.205
Dollar threshold used to distinguish between Type A and Type B Programs	\$ 750,000
Auditee qualified as low-risk auditee?	No

Section II - Financial Statement Findings

None

Section III - Major Federal Award Findings and Questioned Costs

There are no significant deficiencies, material weaknesses or instances of noncompliance including questioned costs that are required to be reported in accordance with the Uniform Guidance.

Section IV - Schedule of Prior Year Audit Findings

There were prior year audit findings and they are included in the Schedule of Prior Audit Findings

City of Worthington, Minnesota
Schedule of Findings, Responses and Questioned Costs (Continued)
For the Year Ended December 31, 2023

<u>Finding</u>	<u>Description</u>
2023-001	U.S. Department of Treasury Passed through State of Minnesota Coronavirus State and Local Fiscal Recovery Funds Reporting Deficiency in Internal Control over Compliance
<i>Condition:</i>	During the course of our engagement, we noted that the City did not perform control procedures over the reporting process. The Finance Director prepared and submitted required reports.
<i>Criteria:</i>	Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) requires internal control procedures to be performed over reporting.
<i>Cause:</i>	The City did not have processes in place to ensure reports were reviewed by someone other than the preparer.
<i>Effect:</i>	The reports submitted had an increased risk of not being accurate.
<i>Recommendation:</i>	We recommend the City establish a specific procedure to have someone review federally required reports other than the preparer.
<i>Management Response:</i>	
The City will establish procedures to ensure future reports are reviewed.	



FINANCE DEPARTMENT

CITY OF WORTHINGTON # 303 NINTH STREET, PO BOX 279 # WORTHINGTON, MN 56187
TELEPHONE: (507) 372-8600 # FAX: (507) 372-8630 # www.ci.worthington.mn.us

2023-001 **U.S. Department of Treasury**
Passed through State of Minnesota
Coronavirus State and Local Fiscal Recovery Funds
Reporting Deficiency in Internal Control over Compliance

Corrective Action Plan (CAP):

1. Explanation of Disagreements with Audit Finding:

There is no disagreement with the audit finding.

2. Actions Planned in Response to Finding:

The finance department will establish policies and procedures to ensure reports are reviewed appropriately.

3. Official Responsible for Ensuring CAP:

Debra Olsen, Finance Director, is the official responsible for ensuring corrective action of the deficiency.

4. Planned Completion Date for CAP:

December 31, 2024.

5. Plan to Monitor Completion of CAP:

The Council will be monitoring this corrective action plan.

Sincerely,

Debra Olsen
Finance Director

City of Worthington, Minnesota
Schedule of Prior Year Findings
For the Year Ended December 31, 2023

<u>Finding</u>	<u>Description</u>
2022-001	Material Audit Adjustments
<i>Condition:</i>	During our audit, prior period adjustments were needed to record accumulated depreciation on projects capitalized in current year but placed into service in prior years, adjust beginning accrued interest amounts, adjust special assessments receivables, and to move unspent grant revenues that were incorrectly recognized in the prior year to unearned revenue.
<i>Criteria:</i>	The financial statements are the responsibility of the City's management.
<i>Cause:</i>	City staff did not capitalize projects in years past as they were placed into service. Accrued interest was incorrectly calculated, and unspent grant revenues were recognized in the prior year, but should have been put into unearned revenue.
<i>Effect:</i>	It is likely that if a misstatement were to occur, it would not be detected by the City's system of internal control. The audit firm cannot serve as a compensating control over this deficiency.
<i>Recommendation:</i>	We recommend that management review each open project at year-end and determine if any are complete and need to be capitalized and that grants are reviewed closely to determine the most appropriate fund to record them in.
<i>Management Response:</i>	
	Management will review grants, debt and construction in progress accounts thoroughly in the future.
<i>Update:</i>	
	This finding was resolved in the current year.
2022-002	Unauthorized Interfund Transfers
<i>Condition:</i>	During our audit, we noted not all interfund transfers were authorized by the Council.
<i>Criteria:</i>	Interfund transfers are to be authorized by Council by resolution.
<i>Cause:</i>	Interfund transfers were made that Council did not authorize by resolution.
<i>Effect:</i>	It is likely that if unauthorized transactions were to occur, it would not be detected by the City's system of internal control. The audit firm cannot serve as a compensating control over this deficiency.
<i>Recommendation:</i>	We recommend that management review authorization of interfund transfers before they are made.
<i>Management Response:</i>	
	Management will ensure interfund transfers are authorized by Council by resolution in the future.
<i>Update:</i>	
	This finding was resolved in the current year.