

City of Winona, Minnesota

Comprehensive Annual Financial
Report for the Year Ended
December 31, 2011

*Prepared by Finance Department:
Mary B. Burrichter
Director of Finance*

The cover photograph was taken by Tom Grier, Professor of Mass Communication at Winona State University. It is an autumn view of Sugarloaf, the famous rock formation, over Lake Winona.

Cover design also by Tom Grier.

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INTRODUCTORY SECTION

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CITY OF WINONA, MINNESOTA

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CITY HALL
Finance Department
207 Lafayette Street
P.O. Box 378
Winona, MN 55987-0378
Telephone: 507/457-8262
Facsimile: 507/457-8217

May 16, 2012

Honorable Mayor Miller and
Members of the City Council of the City of Winona
Winona, MN 55987

Dear Mayor Miller and City Council Members:

The Comprehensive Annual Financial Report (CAFR) of the City of Winona, MN (the "City"), for the fiscal year ended December 31, 2011, is submitted herewith. Responsibility for the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the City. The Finance Department believes that the data presented is accurate in all material respects and is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of the various funds. All disclosures necessary for a reader to gain an understanding of the City's financial activities have been included.

An outline to guide the reader of the CAFR is as follows:

1. *Introductory Section* — Includes this letter of transmittal, a list of the City's leaders, an organization chart, and a reproduction of the City's Certificate of Achievement for Excellence in Financial Reporting.
2. *Financial Section* — Includes the report of our independent auditors, Management's Discussion and Analysis (MD&A), and the basic financial statements. The combining fund financial statements are presented after the basic financial statements.
3. *Statistical Section* — Includes selected financial, economic, and demographic information, generally presented on a 10-year historical basis.

The organization, form, and content of this report were prepared in accordance with the standards prescribed by the Governmental Accounting Standards Board (GASB), the Government Finance Officers Association of the United States and Canada (GFOA), the American Institute of Certified Public Accountants, the State Auditor's Office — State of Minnesota, and the City Charter.

Profile of the City:

This report includes all funds and departments of the City (the primary government) and the Port Authority of Winona ("Port Authority") (the component unit) according to GASB's requirements. A component unit is included in the City's reporting entity because of the significance of its operational or financial relationship with the City. Note 1 to the basic financial statements includes additional information regarding the reporting of the component unit.

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The activities of the Housing and Redevelopment Authority of Winona (HRA) are limited to operating Department of Housing and Urban Development-sponsored projects and grants. No local financing is involved; thus, the City Council is not involved in financial oversight. Additionally, other than an irrevocable appointment by the Mayor of the HRA Board (four-year term and only one out of five HRA Board Members are from the City Council), the City exercises no control in the areas of budgeting, staff appointment, or accountability for fiscal matters. Accordingly, based on GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, the HRA does not qualify as a component unit of the City's financial statements, and the related financial statements have not been included in this report. Audited financial statements for the HRA are available upon request at its business office in Winona.

The City provides the full range of municipal services requested by statute or charter. This includes public safety (police and fire), highways and streets, sanitation, parks, public improvements, planning and zoning, and general administrative services. The City also operates eight enterprises: water; sanitary sewer; inspections; airport; public transportation; recreation, library; and storm sewer.

Local Economy:

Winona, incorporated in 1857, is located in the southeastern corner of Minnesota, two hours south of the Minneapolis/Saint Paul area and one hour east of Rochester. It is positioned along the banks of the Mississippi River and is surrounded by gently sloping hills. It is known for its natural beauty throughout the year but especially during the season of autumn. The City is the headquarters for the Upper Mississippi River National Wildlife and Fish Refuge and is the county seat of Winona County.

Besides its natural beauty, the City is noted for its many strengths. Some of those strengths are listed below:

- Winona's highly diversified tax base that experienced an increase in its market value of 4.4% from 2007 to 2012;
- Stable financial operations (including financial management, cash flow dollars, and reserves for future capital needs);
- Low debt burden with rapid principal amortization (90% within 10 years) and significant nonproperty tax levy support for debt service;
- An "entrepreneurial spirit" for start-up companies;
- An independent, community-managed healthcare system, including emergency room services. The community also sponsors extensive programs for people with disabilities;
- A "regional center" for southeastern Minnesota (for education, employment, entertainment, visual arts and shopping);
- Three colleges located in the City (two universities and one technical college) — the three in total have shown growth in enrollment over the past year;

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- An arts/tourism base that continues to grow with attractions such as the Minnesota Beethoven Festival featuring baritone Thomas Hampson in July 2011, the Shakespeare Festival, and the Minnesota Marine Art Museum featuring original Impressionist and Hudson River School paintings by artists such as Vincent van Gogh, Paul Cézanne, Henri Matisse, Pablo Picasso and Thomas Moran;
- Located in the scenic Mississippi River valley.

Some of the challenges that the City faces are listed below:

- Available (and developable) land for the City to continue to grow;
- Transportation needs for improvements and maintenance;
- Infrastructure — maintenance costs (the City is 155 years old);
- City government financial dependency on state-provided local government aid;
- Substantial real estate is exempt from property tax, such as college campuses which still require City services.

Other key objectives of the City:

- To attract citizens that work for the overall good of the City (with a ‘big-picture’ vision) to serve as Board Members for the City Council, Port Authority, and other City commissions;
- To attract and retain smart, forward-thinking employees who have the overall best interests of the City in mind;
- To continue to serve as an economic engine for our region in the State of Minnesota;
- To encourage and support the expansion of existing businesses, and to cultivate the development of new businesses that want to make the City their home.

A community profile of the City’s business and industrial diversity is highlighted below:

- Electronic
Company (customers): Benchmark (original equipment manufacturer users of circuit boards);
Company (customers): Watlow Controls (construction industry)
Products: electronic design, contract manufacturer of mechanical and electronic components, and process control instruments;
Company (customers): TRW (major auto manufacturers);
- Distribution
Company: Fastenal
National and international distributor of threaded fasteners and other industrial and construction supplies (founded in 1967, Fastenal’s sales in 2011 were \$2.767 billion);

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- Composites
 - Company (customers): Fiberite Inc. (aero and computer industries)
Products: manufacturer of thermosets and molding compounds;
 - Company: RTP Company
Compounder of raw material for the composite industry;
 - Company (customers): WE-NO-NAH Canoe (Olympic teams and recreational users)
Leading worldwide manufacturer of composite canoes and kayaks and large producer of Royalex-type canoes;
 - Company: PlastiComp
Innovations in long-fiber thermoplastic molding;
 - Company (customers): Coda (Juilliard School of Music)
Maker of musical bows with graphite-fiber construction, which produce fine sound and quality performance, and will not fatigue or warp;
- Agricultural Transport
 - Commercial Harbor: Transportation network (via the barge system on the river) of regionally grown corn and soybeans from the City, and fertilizer, coal, and salt into the City. (Most of the corn and soybeans from this Harbor are exported to Asia.);
- Agricultural Products
 - Company (customers): Malteurop North America (malting facility — beer/whiskey exports)
Product: manufacturer of malt for the brewing of beer and the distilling of whiskey;
 - Company (customers): Bay State Milling Co. (commercial bakeries)
Product: maker of whole wheat, rye, and commercial bakery flour;
- Education
 - Two universities and a technical college within the City, which have a combined enrollment of approximately 10,000 students.
International Residency High School
Other private and public schools (including three charter schools in District 861);
- Healthcare
 - Company: Winona Health
Provides a general medical and surgical hospital, options for assisted living and nursing home care, and Winona Clinic which offers regional diversified healthcare services;
- Promotional Materials
 - Company: WIN CRAFT Inc.
Major supplier to the Olympics, NASCAR, NFL, and Major League Baseball
Product: manufacturer and distributor of promotional material;

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- Telecommunications
Company: Sprint
Product: a provider of communications to the hotel and university market (primary operator center in the City), plus a small business center that provides communication services to businesses;

Company: Hiawatha Broadband Communications, Inc.
Product: a provider of broadband internet, cable television, and telephone services within the Winona regional area;

Company: Charter Communications
Product: a provider of internet and cable television services;
- Music
Company: Hal Leonard Publishing
Product: largest manufacturer of printed music—internationally distributed;
- Stained Glass
More than five stained glass companies within the area
Customers include the Vatican Chapel in Jerusalem and Radio City Music Hall in New York City
Products: studios that manufacture, design, and restore stained glass;
- Equipment Manufacturer
Company: Thern, Inc.
Product: manufacturer of material handling equipment such as winches, hoists and cranes with emphasis on niche market products.

Company: Peerless Chain Company
Largest producer of welded and weld-less chain in the U.S.A.
- Rail Products
Company: Miller Felpax
Product: designer and manufacturer of rolling stock products (rail) used in over 100 countries for 50 years. They were the original inventor and OEM of traction motor lubricators and gear case seals for the companies of GE and EMD.
- Knitwear
Company: Knitcraft Corporation (located in the Winona regional area)
Product: manufacturer of knitwear (“St. Croix” brand—international).

Major Initiatives:

Current Projects — 2011 Highlights:

- City property values increased, during 2011, through the issuance of \$41,723,411 in building permits, (168 nonresidential permits for a value of \$15,533,885 and 1,358 residential permits for a value of \$26,189,526), which includes the list below:
 - Winona Senior Living – Construct 79 unit independent assisted care facility (\$5,800,000)
 - Saint Mary’s University – Construct new dormitory (\$5,580,400)
 - Winona State University – Renovations, roofs and addition (\$3,433,471)
 - Minnesota State Armory – Renovation of National Guard Armory (\$1,857,000)
 - McNally Development Corporation – Construct 16 unit riverfront condo (\$1,390,000)

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- Winona Mall Inc – Remodel space for Sprint Call Center (\$1,216,473)
- Walmart Real Estate – Remodel interior of store (\$1,084,019)
- Fastenal Company – Foundation for 46,000 sq. ft. rack supported warehouse (\$933,000)
- Gernes Construction – Construct new 13 unit apartment building (\$900,000)
- Boelter Industries – Rebuild warehouse (\$800,000)
- Plasticomp – Construct 9,010 sq ft warehouse addition (\$799,300)
- Winona Golf and Dining – Remodel pro shop, bar area and grill (\$714,483)
- Fastenal Company – Remodeling projects (\$641,500)
- SE Technical School – Remodeling projects (\$565,300)
- Kwik Trip – Construct an addition and a car wash (\$500,000)
- McDonalds Restaurant – Addition and remodeling project (\$400,000)
- HRA – Remodeling (\$340,000)
- Tower construction company – Construct new tower for Winona County (\$225,881)

Long-term Financial Planning:

The City Airport is undergoing an environmental analysis. The City's plans are to lengthen the runways, upgrade the alignment lighting and provide for a realignment of the taxiways at the Airport and will complete this study in order to do so.

An analysis of the water and sanitary sewer utility rates has been completed and the revised rates have been implemented. The purpose of the review was to provide a solid foundation for the future of the utilities (including recovering more of the fixed costs of the system) and to provide reserves for future replacement needs. The rates are to be reviewed annually to determine if the Water and Sanitary Sewer Funds are meeting their objectives.

The water and sanitary sewer utilities, of the City, are being extended to accommodate an orderly annexation of property into the City of Winona.

A fund, called Infrastructure Replacement, was established in 2007. This fund will allow for the replacement of some of the City's infrastructure over the next years.

Accounting System and Budgetary Control:

The City's accounting records are maintained on the accrual or modified accrual basis, as appropriate. Budgetary control is maintained by an encumbrance system, whereby purchase orders are reviewed by the department involved as to the availability of funds prior to their release to vendors. Purchase orders which exceed appropriation balances (or which have not had approval as required under the Minnesota Statutes or the City Charter) are not to be released until such funding or approval is made available.

Also inherent is a management philosophy that the existence of a particular item or appropriation on the approved budget does not automatically dictate that it will or must be spent. The budget process has flexibility in that transfers can be made within the department budget by the City Manager or between funds by the City Council where need has been adequately demonstrated. There is a review process — expenditures are not to be approved until it has been determined that (1) adequate funds were appropriated, (2) the expenditure is still necessary, and (3) funds are available.

In developing and evaluating the City's accounting system, consideration is given to the adequacy of the City's internal control structure. A properly designed internal control structure is designed to provide

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reasonable, but not absolute, assurance regarding (1) the safeguarding of assets against loss from unauthorized use or disposition, and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that (1) the cost of control should not exceed the benefits likely to be derived, and (2) the evaluation of costs and benefits requires estimates and judgments by management. We believe that the City's internal control structure adequately safeguards assets, and provides reasonable assurance of the proper recording of financial transactions.

Encumbrances are commitments related to unperformed contracts for goods or services and are used for budgetary control purposes. Encumbrances outstanding at the end of the year represent an estimated amount to be expended when the unperformed contracts are completed.

General Fund Functions:

Revenues:

The following table presents a comparative analysis of General Fund budgeted revenues for 2012 and actual revenues for 2011 and 2010:

Revenue/Sources	2012 Budget		2011 Actual		2010 Actual	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Property taxes	\$ 4,366,783	28.6 %	\$ 4,546,701	29.0 %	\$ 4,376,184	28.4 %
Franchise fees and other taxes	1,175,000	7.7	1,304,498	8.3	1,205,739	7.8
Licenses and permits	147,650	1.0	169,473	1.1	155,661	1.0
Fines and forfeits	216,000	1.4	211,375	1.4	222,562	1.4
Intergovernmental	8,448,399	55.4	8,676,090	55.4	8,770,042	56.9
Investment earnings and change in fair value of investments	100	0.0	30,339	0.2	39,814	0.3
Charges for services	635,440	4.2	707,147	4.5	632,202	4.1
Other	264,750	1.7	8,206	0.1	6,621	0.1
	<u>\$ 15,254,122</u>	<u>100.0 %</u>	<u>\$ 15,653,829</u>	<u>100.0 %</u>	<u>\$ 15,408,825</u>	<u>100.0 %</u>

The certified **property taxes** in the General Fund will be less in 2012 than in 2011 or 2010 due to a change in the State of Minnesota's Market Value Credit program. The decrease in property taxes for the General Fund operations was \$179,918 for 2012 from 2011.

Intergovernmental remains the largest percentage of General Fund revenues at 55.4% for both 2012 and 2011. Included in this category are the State of Minnesota's payments to the City for Local Government Aid (LGA), which were approximately \$9,160,000 (total for all funds) for 2011. Also included in 2011 were the Market Value credits of \$39,135 for all funds. Market value credits are payments to the City, from the State of Minnesota, which lower the amount of property tax liability for a homeowner. (In 2010, the market value credit program revenue for the City was reduced by \$526,368.)

Included in the 2012 budget (**other**) is \$185,050 for transfers into the General Fund from various Funds, which represent 1.2% of the total.

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Expenditures:

A comparative analysis of General Fund budgeted expenditures for 2012 and actual expenditures for 2011 and 2010 is presented in the table below:

Expenditures/Uses	2012 Budget		2011 Actual		2010 Actual	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
General government	\$ 3,217,114	21.1 %	\$ 2,587,110	18.6 %	\$ 2,582,842	18.3 %
Public safety	6,829,037	44.8	6,692,901	48.1	6,648,937	47.0
Highways and streets	2,933,995	19.2	2,800,377	20.1	2,804,913	19.8
Sanitation and waste removal	50,150	0.3	45,635	0.3	45,851	0.3
Economic development	297,599	2.0	251,799	1.8	358,718	2.5
Park maintenance	1,926,227	12.6	1,538,180	11.1	1,718,976	12.1
	<u>\$ 15,254,122</u>	<u>100.0 %</u>	<u>\$ 13,916,002</u>	<u>100.0 %</u>	<u>\$ 14,160,237</u>	<u>100.0 %</u>

General Government includes \$272,155 for contingencies in the 2012 budget (General Government), which represents 1.8% of the total. The amount incurred for contingencies for the 2011 actual and the 2010 actual was \$0.

Public safety remained the largest area of the General Fund expenditures during 2011 (at 48.1%) and includes the departments of the Police, Fire, Emergency Management, Safety and Health Coordinator, and Flood Control. It is important to note that 15.8% of the 2011 \$657,774 cost to operate the Law Enforcement Center, "LEC", (a facility shared with Winona County) is included in the City's financial reports (and 15.4% of \$687,332 for 2010). Winona County includes the LEC in its annual budget and pays the total costs for the facility. The amount the City pays to Winona County per year is based on a contractual formula.

Highways and streets (20.1% in 2011) includes the services of Engineering, Streets and Alleys (snow removal), Street Lighting, and Central Garage.

General Fund — Cash Flow needs:

A portion of the City's Fund Balance is designated for cash flow purposes. The dollars set-aside are crucial to avoid short-term borrowing to meet cash flow needs. A major portion of the General Fund revenues is from property taxes and state revenues — those payments are made to the City only twice a year (June/July and December).

Cash Management:

Cash is invested in accordance with the City's Investment Policy, which has been adopted by the City Council. All of the investments included in the City's policy are also authorized by the State of Minnesota.

The City maintains a cash and investment pool that is available for use by all funds, except the employee benefit fund. The interest earnings from the cash pool were allocated to the various funds based upon their average cash balance.

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The City's Investment Policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. The pooled deposits were either insured by federal deposit insurance or collateralized. The collateral was pledged by various banks and held in safekeeping departments of banks other than the pledging bank in the name of the City.

All of the City's pooled deposits and investments at December 31, 2011, are classified in the most secure credit risk category as defined by GASB. None of the City's investments were held by the counterparty's trust department or agent.

The City has not purchased any collateralized mortgage obligations (CMOs), derivative securities, or interest-only strip investments. GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, requires investments to be reported at fair value in the balance sheet with changes in the fair value of investments reported in the operating statement. The City's practice is to hold investments to maturity; therefore, the City does not expect the net decrease in the fair value of investments shown in the financial statements will be realized. All investments in the City's portfolio had a maturity of two years or less at December 31, 2011.

Risk Management — Health Plan:

The City's health benefit program is designed to provide for the payment of healthcare costs for employees. The City maintains a self-insurance program for employee group health coverage, which includes an individual excess coverage policy for claims exceeding \$100,000 per family per year in 2011 and 2010.

As of July 1, 2005, all of the City's health plan options are consumer-driven healthcare programs combining high deductibles with individual Health Plan Accounts (HPAs) or Health Savings Accounts (HSAs) — employer-held (HPA) or employee-held (HSA) accounts used for healthcare expenses not covered by the underlying plan. Eide Bailly administers the HPA accounts for these programs.

City Policies:

The City has a policy that the annual budget needs to be balanced. This policy resulted in the General Fund total 2012 adopted budget of \$15,254,122 being \$1,036,291 less than the 2011 adopted budget (of \$16,290,413).

A financial policy that had a significant impact on the Water Fund and the Sanitary Sewer Fund was the decision to more adequately cover depreciation costs in those funds and to recover fixed costs through a user fee. A rate analysis was completed in 2011 which included a new rate structure to commence on January 1, 2012.

The Equipment Replacement Fund, the Facilities Fund and the Infrastructure Replacement Fund have been set up for the purpose of the replacement of City equipment, the renovation of City facilities and the reconstruction of the City's infrastructure, respectively, over the long term.

Debt Management:

Bond Rating:

Moody's Investors Service of New York, the City's bond rating agency, has assigned an Aa1 rating to the City of Winona's \$1.4 million General Obligation Equipment Certificates of Indebtedness, Series 2011A.

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Moody's has also affirmed the Aa1 rating on the City's outstanding general obligation debt, affecting approximately \$11 million. In issuing the rating, the service had discussed the City's diversified tax base and its role as a regional economic center due to its significant health care, education and manufacturing presences. The service also expects the City's financial position to remain stable and healthy, and the City's favorable debt profile to continue with rapid principal amortization (with 90% of its debt to be paid back within ten years).

Debt Per Capita:

Net bonded debt per capita is a useful indicator of a city's debt position to management, citizens, and investors in city bonds. The net direct bonded debt per capita for the City was approximately \$156 in 2011. The City believes that its current low debt per capita enables it to issue debt, if needed, for specific projects that would greatly benefit the community. The City is more than \$44 million below Minnesota law's legal debt margin. Debt statistics as of December 31, 2011 and 2010, follow:

Net Direct and Overlapping Debt	2011 Amount	2010 Amount	2011 Debt per Capita	2010 Debt per Capita
Net direct bonded	\$ 4,297,613	\$ 3,683,131	\$ 156	\$ 133
Overlapping	<u>17,901,947</u>	<u>20,236,650</u>	<u>649</u>	<u>733</u>
Total	<u>\$ 22,199,560</u>	<u>\$ 23,919,781</u>	<u>\$ 805</u>	<u>\$ 866</u>

Important Economic Factors:

During 2011, the City expended approximately \$1 million in capital assets for construction in progress. Taxable market values in the City declined from 2011 to 2012 by .8%. Growth in values related to construction during 2011 were approximately \$16 million for nonresidential and \$26 million for residential.

A crucial element in the City's continued financial stability is the revenue it receives from the State of Minnesota in the form of LGA, which is approximately 51% of the City's General Fund's revenues. (A discussion and analysis of the City's overall financial condition during the fiscal year ended 2011 is included as part of the MD&A.)

Independent Audit:

The City Charter requires the City Council to provide for an annual audit of the City's accounts and transactions of its departments by independent certified public accountants, or the state department in charge of such work. This requirement has been complied with, and the independent auditors' report is included in this CAFR.

Awards and Acknowledgments:

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting ("Certificate of Achievement") to the City of Winona, Minnesota, for its CAFR for the fiscal year ended December 31, 2010. The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standards for preparation of state and local government financial reports. Approximately 15% of the cities in Minnesota received this award for the year mentioned.

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In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. This report satisfied accounting principles generally accepted in the United States of America, as well as applicable legal requirements.

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

An acknowledgement and thank you is to be given to the Finance Department staff for their dedication and overall hard work in the completion of this report. A special thank you goes to Accountant Allyn Burgmeier for his assistance and review of the Comprehensive Annual Financial Report.

A thank you is sent to the Mayor, the City Council, the Port Authority Commissioners, the City Manager and the Department Heads for their work throughout the year. The Finance Department team looks forward to continuing to support and work with all of you.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Mary B. Burrichter".

Mary B. Burrichter
Finance Director

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CITY OF WINONA, MINNESOTA

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of Winona
Minnesota

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Dandson

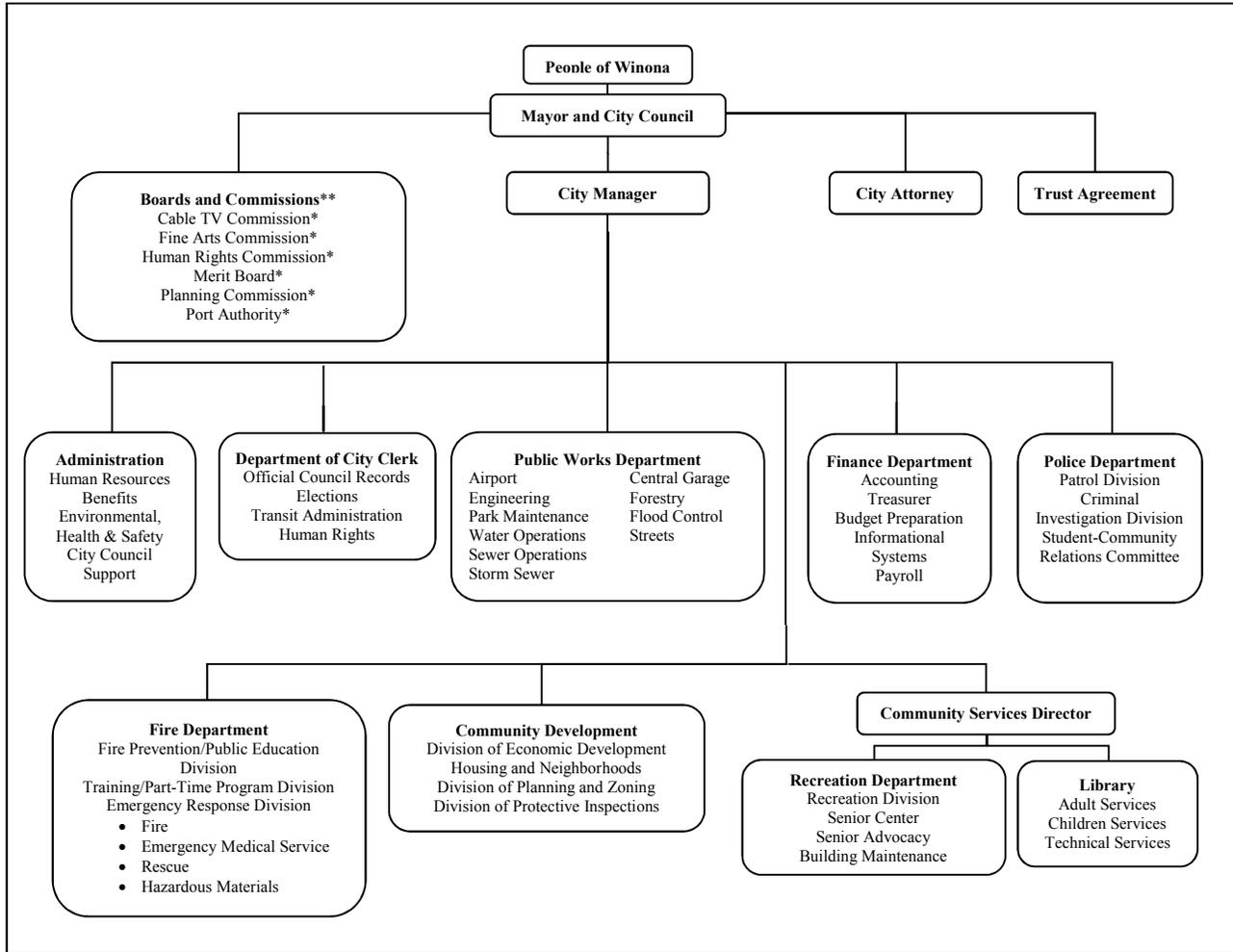
President

Jeffrey R. Emer

Executive Director

CITY OF WINONA, MINNESOTA

ORGANIZATIONAL CHART



*Financial operations of these boards and commissions are included in this financial report.

- **Additional boards and commissions:
- Aghaming Park Advisory Committee
 - Airport Board of Adjustment
 - Architectural Review Board
 - Board of Adjustments
 - Board of Gas Examiners
 - Charter Commission
 - Convention and Business Bureau
 - Citizen's Environmental Quality Commission
 - Heritage Preservation Commission
 - John Latsch Memorial Board
 - Joint Airport Zoning Board
 - Recreational Waterways Commission
 - Winona Housing and Redevelopment Authority
 - Winona Athletic Board

CITY OF WINONA, MINNESOTA

CITY LEADERS DECEMBER 31, 2011

City Council:

	Appointed/ Elected Date	Term Expires
Jerry Miller, Mayor	01/01/01	12/31/12
Allyn Thurley, 1st Ward	01/01/01	12/31/12
Gerry Krage, 2nd Ward	01/01/99	12/31/14
Deb Salyards, 3rd Ward	01/01/05	12/31/12
George Borzyskowski, 4th Ward	01/01/99	12/31/14
Michelle Alexander, At-Large	01/01/11	12/31/14
Debbie White, At-Large	11/15/04	12/31/12

City Staff:

Larry Thompson (completed 11/30/11)	City Manager
Judith Bodway (effective 11/30/11)	Interim City Manager
Chris Hood	City Attorney
Keith Nelson	Assistant City Manager for Public Works
Lucy McMartin (effective 12/1/11)	Interim Economic Development Director
Monica Hennessy Mohan	City Clerk
Mary B. Burrichter	Finance Director
Paul Bostrack	Chief of Police
Edward Krall	Fire Chief
Chad Ubl	Director of Community Services
Maynard Johnson	Recreation Director
Brian DeFrang	City Engineer
Allyn Burgmeier	Accountant
Mark Moeller	City Planner
Malia Storovich	Senior Friendship Center Director
Steven Carson	Building Official
Steve Jasnoch	Superintendent of Parks & Forestry
Arlan Runnigen	Central Garage Superintendent
Mike Biggerstaff	Street Superintendent
Jack Lipinski	Wastewater Treatment Plant Superintendent
Bob Dunn	Water Department Superintendent

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SECTION II
FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members
of the City Council
City of Winona, MN

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Winona, Minnesota (the "City"), as of and for the year ended December 31, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior-year summarized comparative information has been derived from the City's 2010 financial statements and, in our report dated May 12, 2011, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Winona, Minnesota, as of December 31, 2011, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the financial statements, effective January 1, 2011, the City adopted Statement No. 54 of the Governmental Accounting Standards Board (GASB), *Fund Balance Reporting and Governmental Fund Type Definitions*.

Management's Discussion and Analysis (MD&A) on pages 19–28 are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. This supplementary information is the responsibility of the City of Winona's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information, and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, other supplementary information on pages 105-131, and statistical section, as listed in the foregoing table of contents, are presented for purposes of additional analysis, and are not a required part of the basic financial statements. This supplementary information is the responsibility of the City of Winona's management. The combining and individual nonmajor fund financial statements and other supplementary information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

Deloitte + Touche LLP

May 16, 2012

CITY OF WINONA, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

This section of the comprehensive annual financial report (CAFR) of the City of Winona, Minnesota (the "City"), presents a discussion and analysis of the City's financial performance during the fiscal year ended December 31, 2011. Please read it in conjunction with the transmittal letter at the front of this report and the City's basic financial statements following this section.

Financial Highlights

- The assets of the City exceeded liabilities by \$114,918,360 (net assets). Of this amount, \$70,799,259 is invested in capital assets net of related debt, \$20,947,923 is restricted for specific purposes and \$23,171,178 (unrestricted net assets) may be used to meet the City's ongoing obligations to its citizens and creditors in accordance with the City's fund designations, cash flow needs and fiscal policies. The City wide financial statements include \$4.2 million of depreciation expense on its investment in capital assets and \$2.4 million of capital expenditures.
- The City's total net assets increased by \$2,067,597. A contributor to this was the increase in the net assets for business type activities of \$1,797,933. In the business type activities the non-current liabilities decreased by \$896,202. This was primarily due to a decrease in outstanding bonds payable of \$960,000 in the City's Water and Sanitary Sewer Funds.
- The City's governmental funds reported combined ending fund balances of \$15.4 million. Of this total amount, all of it is either nonspendable, restricted, committed, or assigned.
- At the end of the current fiscal year, the fund balance for the General Fund was distributed as follows: restricted of \$1,620,716, committed of \$1,058,290 and assigned of \$5,703,244.
- The City decreased total outstanding debt obligations during the current fiscal year. The total indebtedness of City bond and Equipment Certificates decreased by \$795,000. The Port Authority of Winona ("Port Authority") also decreased total outstanding debt obligations during the current fiscal year. The total Port Authority bond indebtedness decreased by \$210,000.
- The City maintained its Aaa bond rating from Moody's in October 2011. Moody's cited the City's highly diversified tax base, favorable debt profile including rapid payback of debt, stable financial operations and strong financial management.

Using the Financial Section of This Comprehensive Annual Financial Report

This annual report consists of a series of financial statements.

1. Government-wide financial statements providing information for the City as a whole. These include the Statement of Net Assets and the Statement of Activities, which provide information about the activities of the City as a whole, and present a longer-term view of the City's finances.
2. Fund financial statements are presented after the Statement of Activities and provide detailed information for the City's significant funds. Fund financial statements report the City's operations in more detail than the government-wide statements by providing information about the City's funds.

The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of organizations outside of the government.

3. The notes to the basic financial statements provide information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

This report also contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

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

An analysis of the City begins with the Statement of Net Assets and the Statement of Activities. One of the most important questions asked about the City's finances is, "Is the City, as a whole, better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities both report information about the City, as a whole, and about its activities in a way that helps answer this question. With the exception of fiduciary funds, which have been excluded because they do not represent the City's financial resources, these statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net assets and changes in them. You can think of the City's net assets — the difference between assets and liabilities — as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net assets are one indicator of whether the City's financial health is improving or deteriorating. You will also need to consider nonfinancial factors, however, to assess the overall health of the City.

The government-wide financial statements include not only the City (known as the primary government), but also a legally separate Port Authority for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government.

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. An analysis of the City's major funds begins with the funds' financial statements, and provides detailed information about the most significant funds — not the City as a whole. Some funds are required to be established by state law and by bond covenants. However, the City establishes other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (like grants received). The City's three kinds of funds — governmental, proprietary, and fiduciary — use different accounting approaches.

Governmental Funds — Governmental fund financial statements focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps the reader of the statements determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's general governmental programs. The comparison between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is shown in a reconciliation.

The basic governmental fund financial statements can be found on pages 31–35 of this report.

Proprietary Funds — When the City charges customers for the services it provides — whether to outside customers or to other units of the City — these services are generally reported in proprietary funds. The City maintains two different types of proprietary funds. Enterprise funds are used to report the same as the business-type activities reported in the government-wide statements, but provide more detail and additional information. Internal service funds are used to accumulate and allocate costs internally among the City’s various functions. Because the internal service funds predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages 36–41 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 statement can be found on page 42 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 43–80 of this report.

Other Information

The combining statements in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 81–104 of this report.

Government-Wide Financial Analysis

Net assets may serve over time as a useful indicator of the City’s financial position. For the City, the assets exceeded liabilities by \$114,918,360 at December 31, 2011.

The largest portion of the City’s net assets (62%) reflects the City’s investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related outstanding debt used to acquire those assets. 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, the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate liabilities.

A condensed version of the Statement of Net Assets at December 31, 2011, is as follows:

Table 1
 STATEMENT OF NET ASSETS (Primary Government only) at December 31, 2011, compared to
 December 31, 2010
(In thousands)

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 32,828	\$ 30,434	\$ 18,758	\$ 17,928	\$ 51,586	\$ 48,362
Capital assets	<u>44,733</u>	<u>46,501</u>	<u>34,759</u>	<u>34,800</u>	<u>79,492</u>	<u>81,301</u>
Total assets	<u>\$ 77,561</u>	<u>\$ 76,935</u>	<u>\$ 53,517</u>	<u>\$ 52,728</u>	<u>\$ 131,078</u>	<u>\$ 129,663</u>
Current and other liabilities	\$ 5,845	\$ 5,839	\$ 2,391	\$ 2,664	\$ 8,236	\$ 8,503
Long-term liabilities	<u>4,201</u>	<u>3,851</u>	<u>3,723</u>	<u>4,458</u>	<u>7,924</u>	<u>8,309</u>
Total liabilities	<u>10,046</u>	<u>9,690</u>	<u>6,114</u>	<u>7,122</u>	<u>16,160</u>	<u>16,812</u>
Net assets:						
Invested in capital assets — net of related debt	40,283	42,091	30,516	29,597	70,799	71,688
Restricted	18,389	15,884	2,559	2,634	20,948	18,518
Unrestricted	<u>8,843</u>	<u>9,270</u>	<u>14,328</u>	<u>13,375</u>	<u>23,171</u>	<u>22,645</u>
Total net assets	<u>67,515</u>	<u>67,245</u>	<u>47,403</u>	<u>45,606</u>	<u>114,918</u>	<u>112,851</u>
Total liabilities and net assets	<u>\$ 77,561</u>	<u>\$ 76,935</u>	<u>\$ 53,517</u>	<u>\$ 52,728</u>	<u>\$ 131,078</u>	<u>\$ 129,663</u>

A portion of the City's net assets are invested in capital assets, net of related debt, at \$71 million. Another portion of the net assets represents resources that are subject to external restrictions on how they may be used (approximately \$21 million). The remaining balance of unrestricted net assets (approximately \$23 million) may be used to meet the City's ongoing obligations to citizens, creditors and cash flow needs.

At both December 31, 2011 and 2010, the City is able to report positive balances in all three categories of net assets, both for the City, as a whole, as well as for its separate governmental and business-type activities.

The City's net assets in governmental activities increased by approximately \$270,000. Contributors were an increase in cash and investments in the Street Reconstruction Fund and the Municipal State Aid Fund.

The City's net assets in business activities increased by \$1.8 million. This is primarily a result of an increase in net assets in the Water Fund of \$1.1 million and an increase in the Sanitary Sewer Fund of \$.2 million. The increase in the Water Fund and the Sanitary Sewer Fund was mainly due to a decrease in the noncurrent liabilities (Revenue Bonds Payable). This was the result of the retirement of City bonds.

Governmental Activities

Governmental activities increased the City's net assets by \$269,664.

Table 2

STATEMENT OF ACTIVITIES (Primary Government only) for the year ended December 31, 2011, compared to the year ended December 31, 2010

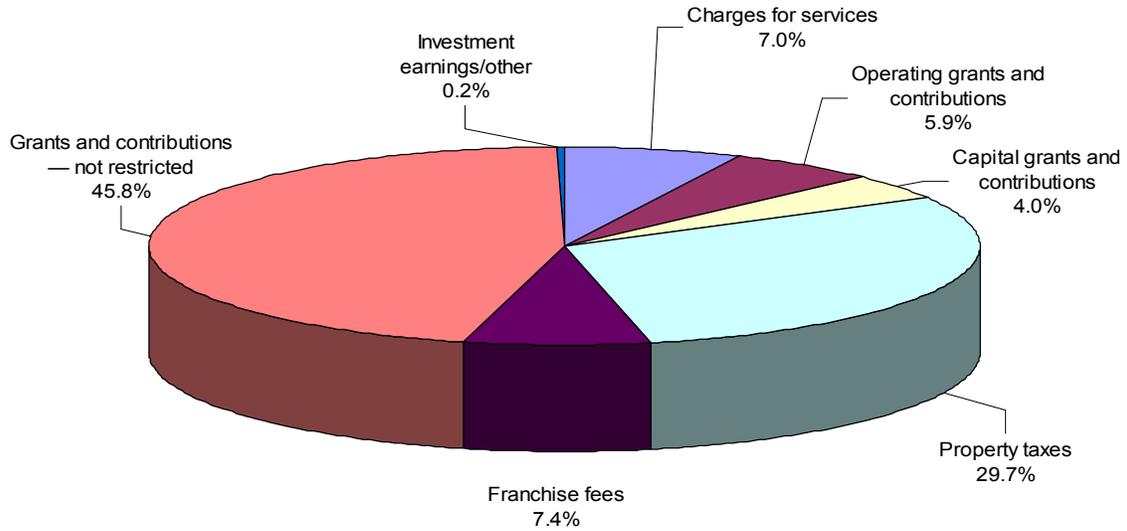
(In thousands)

	2011			2010		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
REVENUES:						
Program revenues:						
Charges for services	\$ 1,235	\$ 7,726	\$ 8,961	\$ 1,118	\$ 7,408	\$ 8,526
Operating grants and contributions	1,029	845	1,874	1,874	954	2,828
Capital grants and contributions	705	329	1,034	1,131	22	1,153
General revenues:						
Taxes (property)	5,209	658	5,867	5,016	633	5,649
Franchise fees	1,305		1,305	1,206		1,206
Grants and contributions not restricted	8,039	1,173	9,212	8,027	1,182	9,209
Investment earnings	41	15	56	52	14	66
Total revenues	<u>17,563</u>	<u>10,746</u>	<u>28,309</u>	<u>18,424</u>	<u>10,213</u>	<u>28,637</u>
EXPENSES:						
General government	2,733		2,733	2,758		2,758
Public safety	7,610		7,610	8,069		8,069
Highways and streets	4,062		4,062	3,809		3,809
Sanitation and waste removal	46		46	46		46
Economic development	852		852	764		764
Park maintenance	1,519		1,519	1,646		1,646
Interest on long-term debt	131		131	176		176
Water		2,297	2,297		2,368	2,368
Sanitary Sewer		2,695	2,695		2,433	2,433
Inspections		397	397		471	471
Airport		395	395		327	327
Public transportation		700	700		618	618
Recreation		1,660	1,660		1,505	1,505
Library		986	986		1,033	1,033
Storm sewer		159	159		199	199
Total expenses	<u>16,953</u>	<u>9,289</u>	<u>26,242</u>	<u>17,268</u>	<u>8,954</u>	<u>26,222</u>
CHANGE IN NET ASSETS BEFORE TRANSFERS	610	1,457	2,067	1,156	1,259	2,415
TRANSFERS	(340)	340		(291)	291	
CHANGE IN NET ASSETS	270	1,797	2,067	865	1,550	2,415
NET ASSETS — Beginning of year	<u>67,245</u>	<u>45,606</u>	<u>112,851</u>	<u>66,380</u>	<u>44,056</u>	<u>110,436</u>
NET ASSETS — End of year	<u>\$ 67,515</u>	<u>\$ 47,403</u>	<u>\$ 114,918</u>	<u>\$ 67,245</u>	<u>\$ 45,606</u>	<u>\$ 112,851</u>

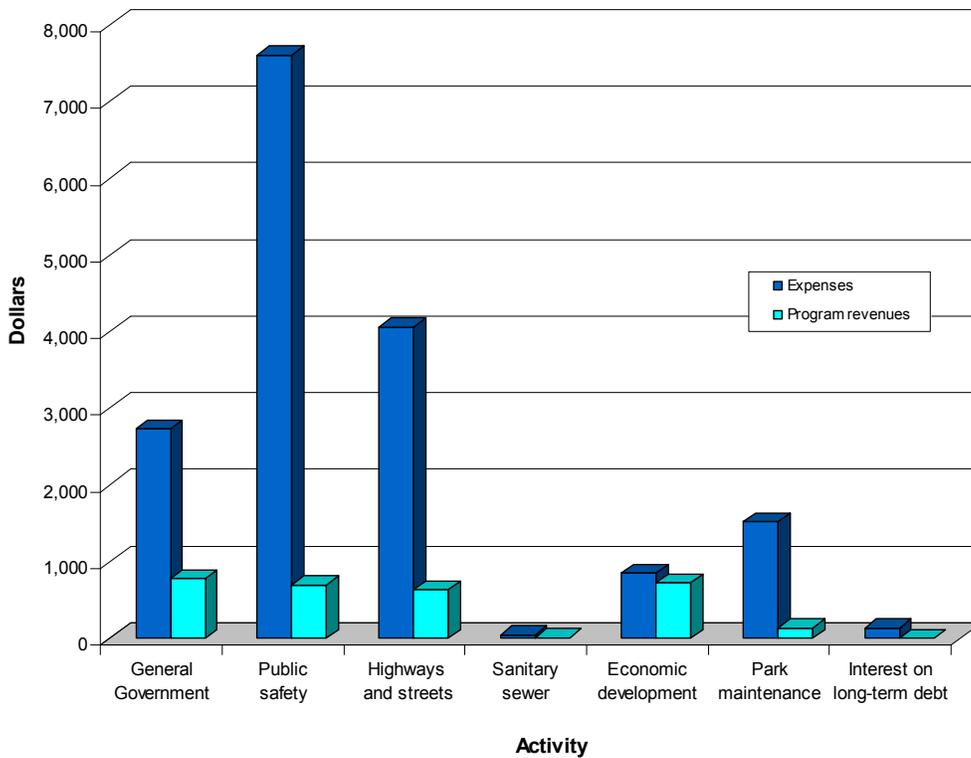
Governmental Activities (continued)

The following charts illustrate the City’s governmental activities for the year ended December 31, 2011:

Revenues by Source — Governmental Activities

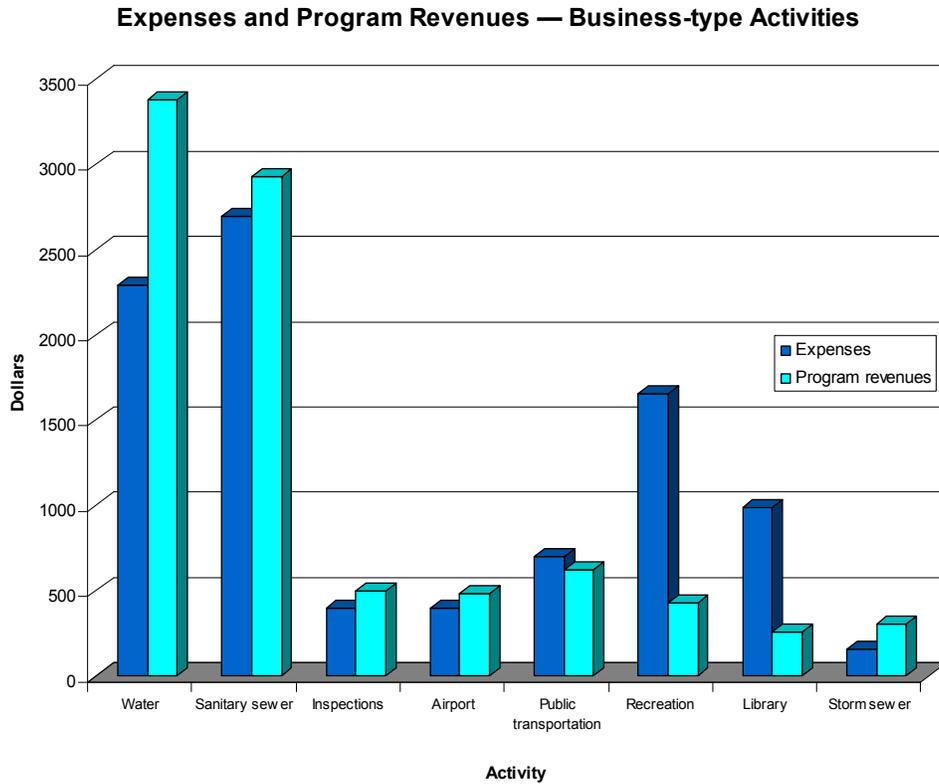


Expenses and Program Revenues — Governmental Activities



Business-Type Activities

The following charts illustrate the City's business-type activities for the year ended December 31, 2011:



Financial Analysis of the City's Funds

Governmental Funds:

This description of the City's governmental funds provides information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financial requirements.

General Fund — At December 31, 2011, the fund balance of the General Fund was composed of the following: restricted of \$1,620,716, committed of \$1,058,290 and assigned of \$5,703,244. The 2011 expenditures for the General Fund decreased by \$244,235 from 2010 mainly due to the decrease in expenditures in the departments of Park Maintenance and Streets. (The Park Maintenance Department had less salary and benefit costs in 2011 than in 2010 and the Streets Department did not have much snow to plow or ice to treat in 2011 as compared to 2010.)

Debt Service Funds — The total fund balance of the debt service funds is restricted for the payment of debt service.

Permanent Improvement Revolving Bond Fund — The fund balance for this fund has decreased by \$355,149 from 2010 to 2011 due to bond principal and interest expenditures of \$1,215,983 and revenues of \$860,834 (\$497,557 property taxes, \$362,968 special assessments and \$309 other).

Pelzer Street Construction Fund — The fund balance is \$0 at December 31, 2011 due to the completion of the project.

Proprietary Funds:

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

Water Fund — The rates for the Water utility were increased by 3% for 2011. A new water rate structure was put into place for 2012 which includes a seasonal variable rate and recovers more of the fixed costs of the system as an availability charge.

Sanitary Sewer Fund — The Sanitary Sewer rates were increased by approximately 3% for 2011. A new Sanitary Sewer utility rate structure was approved for 2012 which recovers more of the fixed costs of the system with the addition of an availability charge.

Storm Sewer Fund — This utility began in 2003 to cover the maintenance costs of handling storm water and the increased responsibilities of handling storm water due to federal requirements. During 2011, the Storm Sewer utility rates were increased an average of 3%. The Storm Sewer utility's rates were not changed for 2012.

General Fund Budgetary Highlights and Analysis

During 2011 there were increases of \$237,525 in appropriations for the General Fund from the original to the final amended budget. Following are some of the components of the increase:

- \$699,890 was added to various departments for encumbrances from December 31, 2010;
- \$38,450 was added to the Police Department for the drug forfeiture account;
- \$24,660 was added to the Police Department for the purchase of a Police car (from the Equipment Replacement Fund);
- \$400,000 was subtracted from the Fire Department and moved to the City Equipment Capital Project Fund for the purchase of portable radios;
- \$134,000 was subtracted from the Street Department and moved to the City Equipment Capital Project Fund for the purchase of a truck.

Following is a budget variance analysis:

- The Streets and Alleys Department had a favorable budget variance of approximately \$385,700 because the city experienced a very mild winter with a minimum amount of snow to plow and ice to remove.

Capital Assets

At the end of 2011, the City had \$79,492,399 invested in a broad range of capital assets (net of accumulated depreciation). The total decrease in the investment in capital assets for the current fiscal year was 2.3% (a 3.8% decrease for governmental activities and a .1% decrease for business-type activities). Major capital asset events during the current year included the following:

- Vehicle purchases (\$93,000) were made for the Police department.
- Three snow plows were purchased for the Street department (\$233,000).
- The Second Street project (\$318,000) included costs for the water main.
- In the Water Fund, \$256,000 was spent on the Parks Avenue water main project.
- The Storm Sewer Fund spent \$254,000 on the Lake Outlet Gate project and the \$57,000 on the Seventh Street project.

Refer to Note 3 of the basic financial statements for a schedule showing the City's capital asset activity.

Long-Term Debt

As of December 31, 2011, the City had \$8,690,000 in bonds and equipment certificates outstanding versus \$9,485,000 last year, a decrease of \$795,000. Also, as of December 31, 2011, the Port Authority had \$2,300,000 in bonds outstanding versus \$2,510,000 last year, a decrease of \$210,000. All debt is backed by the full faith and credit of the City. Refer to Note 5 of the basic financial statements for a schedule showing the City's long-term debt activity.

The City's general obligation bond rating carries an Aa1 bond rating from Moody's Investors Services. This rating was assigned and affirmed in October, 2011 with the issuance of the \$1.4 million General Obligation Equipment Certificates of Indebtedness, Series 2011A. (The Series 2011A were issued for the purpose of purchasing equipment for the departments of Public Safety and Public Works.)

No new debt was issued by the Port Authority during 2011.

Economic Factors and Next Year's Budget

- The City has stayed with short-term maturities and high-credit quality on investments as disclosed in Note 2 to the financial statements (weighted-average maturity of .22 years). This is due to the concern that the City wants to remain protected against a significant increase in interest rates which would create a large reduction in the fair value of any long maturity investments.
- The 2010 budget included revenues for the market value credit program (where the State of Minnesota would buy down the property taxes on lower-valued homes and reimburse the City for the amount that was not paid by the property owner). In 2010, the state continued the program to buy down the property taxes but discontinued the reimbursement to the City and reduced the aid to the City by \$526,368. This is the reason why the actual property taxes/intergovernmental revenues are less than the budgeted amount. The 2011 property tax/intergovernmental budget does not include any revenues from this program (as per page 7). Beginning in the 2012 tax collection year, the State of Minnesota Market Value Homestead Credit program was changed to a Homestead Market Value Exclusion program which resulted in a reduction to the overall taxable market values and tax capacities of Minnesota cities. The City of Winona experienced a loss of approximately \$151 million (or 9.8% of the 2011 collection year) taxable market value due to this change.
- As a labor-intensive organization, the City faces competitive pressures and rising costs relating to staff. The cost of the City's health benefits was approximately \$1.6 million in 2011 versus \$1.7 million in 2010.
- For 2011, the City offered three health plan options with consumer-driven healthcare programs that combined high deductibles with individual Health Plan Accounts or Health Savings Accounts employer-held (HPA) or employee-held (HSA) accounts used for health care expenses not covered by the underlying plan. The City will continue to pursue healthcare options that would contain costs for the City, and remain a benefit to the employees.
- City retirees have the same choice of healthcare plans that the City provides to their active employees. The City requires the former employee to pay the full group active employee cost of the plan they select. Until 2007, the benefit expired at age 65. In late 2007, the City began allowing retirees to continue their coverage beyond age 65 by continuing to pay the full group active employee cost. At this time, the seven police sergeants have elected not to participate in the City's healthcare plan. (They are entitled to review the options again in 2012.) For 2011, the City's annual other postemployment benefit cost was \$316,915 which reflects the incremental actuarial cost of employees being able to stay in the City's group healthcare plan. The actuarial accrued liability and the unfunded actuarial accrued liability is \$2,057,813. (In 2009, the City Council passed a resolution to begin funding the liability; \$703,088 was set aside in both 2009 and 2010 and \$1,361,176 was set aside in 2011. The \$2,767,352 is held in general assets and is not considered

plan assets.) Sixteen retirees and three dependent spouses are currently covered by the City's plan. For additional detail, refer to Note 13 of the basic financial statements.

- As discussed in Note 6 to the basic financial statements, the City participates in the statewide defined benefit pension plans. The City's contributions to the General Employees Retirement Fund (GERF) in 2011 were \$406,240. The City's contributions to the Public Employees Police and Fire Fund (PEPFF) in 2011 were \$545,766. As of December 31, 2011, the General Employees Retirement Fund was 75.2% funded and the Public Employees Police and Fire Fund was 82.9% funded. (As of December 31, 2010, the General Employees Retirement Fund was 76.4% funded and the Public Employees Police and Fire Fund was 87.0% funded.) Contribution rates were increased in 2009, 2010 and 2011 (from 6.5% in 2008 to 7.25% in 2011 for the GERF and from 12.9% in 2008 to 14.4% in 2011 for the PEPFF) to move the plans back to a fully funded status as required by Minnesota state law.
- The proposed Public Employees Retirement Association of Minnesota (PERA) pension increase in costs to the City for 2011 is estimated at \$25,400. The pension rate increase was approved by the 2010 Minnesota State legislature. There are no increases in rates scheduled for 2012.
- The outstanding bonds for the City and the Port Authority totaled \$10,990,000 on December 31, 2011. Amortization is rapid at 90% within ten years with all of the interest at a fixed rate. The majority of the debt is supported by special assessments and utility fund revenues.
- For 2012 the City and Port Authority's Capital Plan includes \$480,000 for a bike path overlay (which is dependent upon the receipt of a State of Minnesota grant for \$370,000), \$705,000 for the City's portion of the bituminous overlay for County State Aid Highway (CSAH) 32, \$109,000 for a highway intersection improvements along County Road (CR) 17, \$358,000 for water main improvements, \$300,000 for a slip lining for the Ninth Street Sanitary Sewer project and \$350,000 for Airport runway and taxiway design. The City does not anticipate issuing any bonds to fund these capital projects.
- The City continues to see new construction growth both in residential and in commercial construction. In 2011 the building permits totaled approximately \$41.7 million.
- The increase to the City's tax base during the past five years is at 4.4%.
- The State of Minnesota has balanced its budget for the current biennium.
- The City signed an agreement in May 2005 to annex 318 acres for residential development of an adjacent township. This agreement also includes an orderly annexation for 1,700 acres (property owners within the 1,700 acres may petition to be annexed to the City, and the township will not contest it). The City will receive, from the developers, \$17,000 per acre for platted and developed land. This payment allows access to the City utilities of water, sanitary sewer and storm sewer.
- The Mayor, the City Council, and the management of the City are currently focused on what they can do to promote continued growth.
- Mayor Jerry Miller has announced that he will not be running for reelection when his term ends on December 31, 2012. During Mayor Miller's tenure the City's property market values have increased by 260% including significant blended growth in residential, commercial and industrial values, the City has maintained strong bond ratings, strong financial management and low debt per capita. The City would like to thank the Mayor for the thousands of hours that he has dedicated over the last 16 years in helping Winona continue to grow as a great place to work and live.

Contacting the City's Financial Management

This financial report is designed to provide a general overview of the City's finances for all people with an interest in the City's finances, and to show the City's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact the City of Winona Finance Department (Finance Director) at Post Office Box 378, Winona, MN 55987.

BASIC FINANCIAL STATEMENTS

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CITY OF WINONA, MINNESOTA

**STATEMENT OF NET ASSETS
AS OF DECEMBER 31, 2011 (with comparative totals for 2010)**

	Primary Government				Component Unit— Port Authority	
	Governmental Activities	Business- Type Activities	2011	2010	2011	2010
ASSETS:						
Cash and cash equivalents	\$ 29,844,694	\$ 17,677,971	\$ 47,522,665	\$ 44,182,673	\$ 2,222,108	\$ 2,266,832
Restricted investments	315,666		315,666	316,186		
Receivables	1,106,846	1,260,489	2,367,335	2,601,314	9,100	52,966
Internal balances	674,105	(674,105)		-		
Due from component unit	21,224		21,224	23,294		
Due from other governmental units	175,202	175,504	350,706	309,659	112,972	4,998
Note receivable	588,000		588,000	588,000		
Funds held by others					100,000	100,000
Inventories		309,398	309,398	281,718		
Prepaid items	40,355	8,372	48,727	17,003	5,766	5,866
Deferred charges	61,506		61,506	41,656		
Properties held for development (Note 4)					4,187,198	4,187,198
Capital assets (Note 3):						
Nondepreciable	1,530,520	1,031,619	2,562,139	2,562,139		
Construction in progress		1,625,760	1,625,760	635,823	1,020,300	
Depreciable buildings, property, and equipment — net	3,786,356	20,576,200	24,362,556	26,031,567		
Depreciable infrastructure — net	39,416,164	11,525,780	50,941,944	52,071,324		
Capital assets — net	44,733,040	34,759,359	79,492,399	81,300,853	1,020,300	-
Total assets	<u>\$ 77,560,638</u>	<u>\$ 53,516,988</u>	<u>\$ 131,077,626</u>	<u>\$ 129,662,356</u>	<u>\$ 7,657,444</u>	<u>\$ 6,617,860</u>
LIABILITIES:						
Accounts payable	\$ 850,116	\$ 276,400	\$ 1,126,516	\$ 1,002,861	\$ 3,146	\$ 1,175
Outstanding and incurred, but not reported claims	96,039		96,039	115,246		
Accrued salaries & comp absences payable					38,333	41,833
Accrued interest payable	48,080	70,728	118,808	151,273	21,224	23,294
Due to primary government						
Deferred revenue — unearned revenue	570,483	2,514	572,997	570,686		
Noncurrent liabilities:						
Due within one year	4,280,161	2,040,818	6,320,979	6,662,045	220,000	210,000
Due in more than one year	4,200,921	3,723,006	7,923,927	8,309,482	2,080,000	2,300,000
Total liabilities	<u>10,045,800</u>	<u>6,113,466</u>	<u>16,159,266</u>	<u>16,811,593</u>	<u>2,362,703</u>	<u>2,576,302</u>
NET ASSETS:						
Invested in capital assets — net of related debt	40,283,040	30,516,219	70,799,259	71,687,158		
Restricted for:						
OPEB — Contribution & retiree subsidy health	2,767,352		2,767,352	2,828,501		
PERA contribution	1,542,260	171,361	1,713,621	1,741,900		
Capital projects	3,998,536		3,998,536	975,035		
Health insurance	891,521		891,521	665,787		
Debt service	1,377,799	872,256	2,250,055	2,850,006	397,807	378,295
PIR Construction	776,808		776,808	805,350		
Equipment	3,007,964		3,007,964	2,462,938		
Facilities	1,501,458		1,501,458	1,163,684		
Infrastructure replacement	1,527,804		1,527,804	827,026		
Lake Winona dredging project					564,644	564,114
Water projects		440,955	440,955	611,211		
Other purposes (Note 1.M.)	681,099	1,074,349	1,755,448	3,270,719	4,332,290	3,099,149
Permanent funds:						
Nonexpendable — endowment	56,000		56,000	56,000		
Expendable	260,401		260,401	260,186		
Unrestricted	8,842,796	14,328,382	23,171,178	22,645,262		
Total net assets	<u>\$ 67,514,838</u>	<u>\$ 47,403,522</u>	<u>\$ 114,918,360</u>	<u>\$ 112,850,763</u>	<u>\$ 5,294,741</u>	<u>\$ 4,041,558</u>

See notes to basic financial statements.

CITY OF WINONA, MINNESOTA

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2011 (with comparative totals for 2010)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets				Component Unit Port Authority	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		2011	2010	2011	2010
					Governmental Activities	Business-Type Activities				
GOVERNMENTAL ACTIVITIES:										
General government	\$ 2,733,573	\$ 746,878	\$ 30,494	\$ -	\$ (1,956,201)	\$ -	\$ (1,956,201)	\$ (2,035,399)		
Public safety	7,610,314	223,841	467,862		(6,918,611)		(6,918,611)	(6,585,124)		
Highways and streets	4,062,121	35,524	256,544	342,037	(3,428,016)		(3,428,016)	(2,513,089)		
Sanitation and waste removal	45,635	2,275			(43,360)		(43,360)	(44,351)		
Economic development	851,661	87,638	274,307	362,968	(126,748)		(126,748)	(234,945)		
Park maintenance	1,518,720	138,392			(1,380,328)		(1,380,328)	(1,555,860)		
Interest on long-term debt	131,150				(131,150)		(131,150)	(175,759)		
Total governmental activities	16,953,174	1,234,548	1,029,207	705,005	(13,984,414)	-	(13,984,414)	(13,144,527)		
BUSINESS-TYPE ACTIVITIES:										
Water	2,297,415	3,286,008	94,881			1,083,474	1,083,474	824,752		
Sanitary Sewer	2,694,866	2,928,524				233,658	233,658	399,150		
Inspections	396,645	499,047				102,402	102,402	(89,739)		
Airport	394,964	38,352	112,250	328,994		84,632	84,632	(44,811)		
Public transportation	699,450	239,274	385,098			(75,078)	(75,078)	25,989		
Recreation	1,659,898	384,781	41,114			(1,234,003)	(1,234,003)	(1,067,155)		
Library	985,856	43,298	211,805			(730,753)	(730,753)	(717,001)		
Storm sewer	159,406	306,532				147,126	147,126	98,447		
Total business-type activities	9,288,500	7,725,816	845,148	328,994	-	(388,542)	(388,542)	(570,368)		
Total primary government	\$26,241,674	\$ 8,960,364	\$1,874,355	\$ 1,033,999	(13,984,414)	(388,542)	(14,372,956)	(13,714,895)		
Component unit activities —										
Port Authority	\$ 392,029	\$ 343,763	\$ 2,372	\$ 814,918					\$ 769,024	\$ (246,836)
General revenues:										
Taxes:										
Property taxes levied for general purposes					5,208,768	657,790	5,866,558	5,649,697	425,642	420,529
Franchise fees					1,304,498		1,304,498	1,205,739		
Grants and contributions not restricted to specific programs					8,039,317	1,173,526	9,212,843	9,208,528	40,748	40,562
Interest and investment earnings					41,344	15,310	56,654	65,992	1,906	2,046
Sale of assets									15,863	
Transfers					(339,849)	339,849				
Total general revenues and transfers					14,254,078	2,186,475	16,440,553	16,129,956	484,159	463,137
Change in net assets					269,664	1,797,933	2,067,597	2,415,061	1,253,183	216,301
Net assets — beginning					67,245,174	45,605,589	112,850,763	110,435,702	4,041,558	3,825,257
Net assets — ending					\$ 67,514,838	\$47,403,522	\$ 114,918,360	\$ 112,850,763	\$5,294,741	\$4,041,558

See notes to basic financial statements

CITY OF WINONA, MINNESOTA

BALANCE SHEET — GOVERNMENTAL FUNDS AS OF DECEMBER 31, 2011 (with comparative totals for 2010)

ASSETS	General	Permanent	Permanent	Pelzer Street Construction	Other	Total	
		Improvement Revolving Bond	Improvement Revolving Construction		Nonmajor Governmental Funds	Governmental Funds	
						2011	2010
Cash, cash equivalents, and investments	\$ 9,634,694	\$ 902,655	\$ 776,808	\$ -	\$ 5,377,532	\$ 16,691,689	\$ 16,525,401
Restricted investments					315,666	315,666	316,186
Receivables — net:							
Taxes	99,794	9,343			2,849	111,986	137,564
Special assessments		665,141				665,141	890,432
Customers and other	301,253				1,804	303,057	271,237
Due from other funds	150,000				45,068	195,068	195,068
Due from other governmental units	88,536	12,133			74,532	175,201	258,999
Due from component unit	21,224					21,224	23,294
Prepaid items	40,355					40,355	7,360
Accrued interest on investments	5,580					5,580	23,298
TOTAL	\$ 10,341,436	\$ 1,589,272	\$ 776,808	\$ -	\$ 5,817,451	\$ 18,524,967	\$ 18,648,839
LIABILITIES AND FUND BALANCES							
LIABILITIES:							
Accounts payable	\$ 322,780	\$ 569	\$ -	\$ -	\$ 350,204	\$ 673,553	\$ 460,197
Accrued salaries and compensated absences	1,536,612				44,330	1,580,942	1,426,832
Due to other funds					45,068	45,068	45,068
Deferred revenue	99,794	674,484			21,593	795,871	1,032,419
Total liabilities	1,959,186	675,053	-	-	461,195	3,095,434	2,964,516
FUND BALANCES (DEFICITS):							
Nonspendable					56,000	56,000	56,000
Restricted	1,620,716	914,219	776,808		4,722,517	8,034,260	8,009,552
Committed	1,058,290				609,429	1,667,719	1,584,027
Assigned	5,703,244					5,703,244	6,065,050
Unassigned					(31,690)	(31,690)	(30,306)
Total fund balances	8,382,250	914,219	776,808	-	5,356,256	15,429,533	15,684,323
TOTAL	\$ 10,341,436	\$ 1,589,272	\$ 776,808	\$ -	\$ 5,817,451	\$ 18,524,967	\$ 18,648,839

See notes to basic financial statements.

CITY OF WINONA, MINNESOTA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS AS OF DECEMBER 31, 2011

FUND BALANCE — TOTAL GOVERNMENTAL FUNDS \$ 15,429,533

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

1. Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds:		
Construction in progress	\$ -	
Governmental capital assets	90,065,264	
Less accumulated depreciation	<u>(45,332,224)</u>	44,733,040
2. Deferred revenue in governmental funds is susceptible to full accrual on the government-wide statements —		
Deferred special assessments, property taxes, state grant, and service charges		795,871
3. Long-term liabilities are not payable with current financial resources and are therefore not reported in the governmental funds.		(4,450,000)
4. Long-term debt-bond issuance costs are susceptible to full accrual on the government-wide statements		111,774
5. Bond issuance costs are amortized and susceptible to full accrual on the government-wide statements		(50,268)
6. The City uses an internal service fund to charge the cost of its self-insurance activities to individual funds:		
Internal service funds net assets	10,998,863	
Cumulative portion to business-type activities	<u>(5,895)</u>	10,992,968
7. Accrued interest is not payable with current financial resources and is therefore not reported in the governmental funds.		(48,080)
8. Note receivable in governmental funds is susceptible to full accrual on the government-wide statements:		
Note receivable	588,000	
Less unearned revenue	<u>(588,000)</u>	<u>-</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES		<u>\$ 67,514,838</u>

See notes to basic financial statements.

CITY OF WINONA, MINNESOTA

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES — GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011 (with comparative totals for 2010)**

	General	Permanent Improvement Revolving Bond	Permanent Improvement Revolving Construction	Pelzer Street Construction	Other Nonmajor Governmental Funds	Total Governmental Funds	
						2011	2010
REVENUES:							
General property taxes	\$ 4,546,701	\$ 497,557	\$ -	\$ -	\$ 190,087	\$ 5,234,345	\$ 4,997,477
Franchise fees	1,304,498					1,304,498	1,205,739
Special assessments		362,968				362,968	360,876
Licenses and permits	169,473					169,473	155,661
Fines and forfeits	211,375					211,375	222,562
Intergovernmental revenues	8,676,090			13,660	899,033	9,588,783	10,906,571
Investment earnings	12,970	309	749	223	5,326	19,577	17,469
Net (decrease) increase in fair value of investments	17,369				(1,133)	16,236	28,858
Charges for services	707,147				171,006	878,153	750,177
Contributions	8,206					8,206	6,621
Refunds and reimbursements					88	88	6,786
Total revenues	15,653,829	860,834	749	13,883	1,264,407	17,793,702	18,658,797
EXPENDITURES:							
Current:							
General government	2,573,004				123,083	2,696,087	2,683,792
Public safety	6,599,905				40,756	6,640,661	7,286,443
Highways and streets	2,625,036					2,625,036	2,657,992
Sanitation and waste removal	45,635					45,635	45,851
Economic development	251,799				585,844	837,643	757,831
Park maintenance	1,387,884				2,000	1,389,884	1,498,905
Capital outlay:							
General government	14,106					14,106	20,555
Public safety	92,996					92,996	71,861
Highways and streets	175,341		15,326		789,662	980,329	844,876
Sanitation and waste removal			13,965			13,965	18,982
Economic development							
Park maintenance	150,296					150,296	222,305
Debt service:							
Bond principal		1,095,000				1,220,000	1,300,000
Interest and other expenditures		120,983			45,188	166,171	177,809
Total expenditures	13,916,002	1,215,983	29,291	-	1,711,533	16,872,809	17,587,202
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,737,827	(355,149)	(28,542)	13,883	(447,126)	920,893	1,071,595
OTHER FINANCING (USES) SOURCES:							
G.O. Equipment Certificates Issued					1,385,000	1,385,000	
Transfer to other funds	(2,836,727)			(423,339)	(268,886)	(3,528,952)	(1,444,604)
Transfers from other funds	225,003				743,266	968,269	434,619
Total other financing (uses) sources	(2,611,724)	-	-	(423,339)	1,859,380	(1,175,683)	(1,009,985)
NET CHANGE IN FUND BALANCE	(873,897)	(355,149)	(28,542)	(409,456)	1,412,254	(254,790)	61,610
FUND BALANCE — January 1, 2011	9,256,147	1,269,368	805,350	409,456	3,944,002	15,684,323	15,622,713
FUND BALANCE — December 31, 2011	\$ 8,382,250	\$ 914,219	\$ 776,808	\$ -	\$ 5,356,256	\$ 15,429,533	\$ 15,684,323

See notes to basic financial statements.

CITY OF WINONA, MINNESOTA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2011

NET CHANGE IN FUND BALANCES — TOTAL GOVERNMENTAL FUNDS \$ (254,790)

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

1. Governmental funds report capital outlays as expenditures while the government-wide statement of activities reports depreciation expense to allocate those expenditures over the life of the assets. As a result, fund balance decreases by the amount of financial resources expended, whereas net assets decrease by the amount of depreciation expense charged for the year. This is the amount by which capital outlays exceeded depreciation expense.	\$ -	
Construction in progress	449,514	
Capital outlay	(2,217,156)	(1,767,642)
Depreciation expense	<u> </u>	
2. Revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		
Taxes	(25,578)	
Special assessments	(225,291)	
Charges for services	14,322	<u>(236,547)</u>
3. Bond proceeds are reported as other financing sources in governmental funds and thus contribute to the increase in fund balance. In the government-wide statements, however, issuing debt increases long-term liabilities in the statement of net assets and does not affect the statement of activities. This is the amount received related to the issuance of debt.		
Net of issuance and repayment of the principal on long-term debt	<u>(40,000)</u>	(40,000)
4. Interest expense in the government-wide statement of activities differs from the amount reported in governmental funds because additional accrued interest was calculated for bonds payable, which are expended in the governmental fund statements.		
Accrued interest payable — December 31, 2011	(48,080)	
Accrued interest payable — December 31, 2010	63,711	<u>15,631</u>
5. Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. This amount represents the change in net assets of the internal service fund, which is reported with governmental activities.		2,533,162
6. Long-term bond issuance costs are not payable with current financial resources.		27,460
7. Bond issuance costs are amortized over the bond life and are not expended in the year of issuance.		<u>(7,610)</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES		<u>\$ 269,664</u>

See notes to basic financial statements.

CITY OF WINONA, MINNESOTA

BUDGETARY COMPARISON STATEMENT — GENERAL FUND FOR THE YEAR ENDED DECEMBER 31, 2011 (with comparative total for 2010)

	2011				
	Budgeted Amounts		Actual	Variance With Final Budget	2010 Actual
	Original	Final			
REVENUES:					
General property taxes	\$ 4,919,139	\$ 4,919,139	\$ 4,546,701	\$ (372,438)	\$ 4,376,184
Franchise fees	1,065,000	1,065,000	1,304,498	239,498	1,205,739
Licenses and permits	145,100	145,100	169,473	24,373	155,661
Fines and forfeits	216,000	216,000	211,375	(4,625)	222,562
Intergovernmental revenues	8,238,833	8,208,334	8,676,090	467,756	8,770,042
Investment earnings	30,000	30,000	12,970	(17,030)	12,747
Net decrease in fair value of investments			17,369	17,369	27,067
Charges for services	1,436,841	617,146	707,147	90,001	632,202
Contributions		8,205	8,206	1	6,621
Total revenues	<u>16,050,913</u>	<u>15,208,924</u>	<u>15,653,829</u>	<u>444,905</u>	<u>15,408,825</u>
EXPENDITURES:					
General government	3,575,095	3,096,943	2,573,004	523,939	2,562,287
Public safety	6,666,191	6,742,248	6,599,905	142,343	6,577,076
Highways and streets	2,925,377	3,216,456	2,625,036	591,420	2,657,992
Sanitation and waste removal	53,670	53,670	45,635	8,035	45,851
Economic development	300,845	301,092	251,799	49,293	358,718
Park maintenance	1,433,505	1,448,765	1,387,884	60,881	1,496,671
Capital outlay	1,244,725	593,634	432,739	160,895	461,642
Total expenditures	<u>16,199,408</u>	<u>15,452,808</u>	<u>13,916,002</u>	<u>1,536,806</u>	<u>14,160,237</u>
(DEFICIENCY) EXCESS OF REVENUES (UNDER) OVER EXPENDITURES	<u>(148,495)</u>	<u>(243,884)</u>	<u>1,737,827</u>	<u>1,981,711</u>	<u>1,248,588</u>
OTHER FINANCING SOURCES (USES):					
Operating transfers in	239,500	276,035	225,003	(51,032)	348,908
Operating transfers out	(91,005)	(759,173)	(2,836,727)	(2,077,554)	(1,416,172)
Total other financing sources (uses)	<u>148,495</u>	<u>(483,138)</u>	<u>(2,611,724)</u>	<u>(2,128,586)</u>	<u>(1,067,264)</u>
NET CHANGE IN FUND BALANCES		<u>(727,022)</u>	<u>(873,897)</u>	<u>(146,875)</u>	<u>181,324</u>
FUND BALANCE — January 1, 2011	<u>9,256,147</u>	<u>9,256,147</u>	<u>9,256,147</u>		<u>9,074,823</u>
FUND BALANCE — December 31, 2011	<u>\$ 9,256,147</u>	<u>\$ 8,529,125</u>	<u>\$ 8,382,250</u>	<u>\$ (146,875)</u>	<u>\$ 9,256,147</u>

See notes to basic financial statements.

CITY OF WINONA, MINNESOTA

**STATEMENT OF NET ASSETS — PROPRIETARY FUNDS
AS OF DECEMBER 31, 2011 (with comparative totals for 2010)**

ASSETS	Water	Sanitary Sewer	Inspections	Airport
CURRENT ASSETS:				
Cash and cash equivalents	\$ 6,127,949	\$ 8,489,875	\$ 273,651	\$ 649,612
Receivables — net:				
Billed	117,413	63,058		
Unbilled	498,510	303,880		
Other	1,565	232,203	11,121	2,074
Due from other funds				
Due from other governmental units				165,300
Prepaid items		2,110	110	1,983
Accrued interest on investments				
Inventories	309,398			
Total current assets	<u>7,054,835</u>	<u>9,091,126</u>	<u>284,882</u>	<u>818,969</u>
PROPERTY AND EQUIPMENT — CAPITAL ASSETS (Note 3):				
Nondepreciable:				
Land	16,600	11,900		458,840
Collections				
Construction in progress	149,369	900,596		575,795
Depreciable:				
Buildings	7,877,257	5,277,641		1,475,549
Improvements other than buildings	9,825,133	13,578,280		950,119
Machinery and equipment	2,759,674	897,888	48,611	80,712
Infrastructure	5,280,856	6,572,901		
Books				
Accumulated depreciation	(10,298,019)	(14,276,909)	(47,818)	(2,117,389)
Total capital assets	<u>15,610,870</u>	<u>12,962,297</u>	<u>793</u>	<u>1,423,626</u>
TOTAL ASSETS	<u>22,665,705</u>	<u>22,053,423</u>	<u>285,675</u>	<u>2,242,595</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES:				
Accounts payable	105,046	39,721	7,653	32,688
Accrued salaries and compensated absences	311,393	486,965	125,546	36,911
Bonds payable	669,550	65,450		
Accrued interest payable	66,480	4,248		
Due to other funds				530,000
Deferred revenue	1,871			558
Outstanding and incurred, but not reported claims				
Total current liabilities	<u>1,154,340</u>	<u>596,384</u>	<u>133,199</u>	<u>600,157</u>
NONCURRENT LIABILITIES:				
Revenue bonds payable	3,362,549	142,451		
Unamortized bond premium	17,848			
Unamortized bond discount	(13,300)	(1,408)		
Total noncurrent liabilities	<u>3,367,097</u>	<u>141,043</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>4,521,437</u>	<u>737,427</u>	<u>133,199</u>	<u>600,157</u>
NET ASSETS:				
Invested in capital assets — net of related debt	11,574,223	12,755,804	793	1,423,626
Restricted (Note 8)	1,315,295	727,445	19,040	218,812
Unrestricted	5,254,750	7,832,747	132,643	
TOTAL NET ASSETS	<u>\$ 18,144,268</u>	<u>\$ 21,315,996</u>	<u>\$ 152,476</u>	<u>\$ 1,642,438</u>

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds
Net assets of business-type activities.

See notes to basic financial statements.

Public Transportation	Recreation	Library	Storm Sewer	Total		Governmental Activities — Internal Service Funds	
				2011	2010	2011	2010
\$ 575,074	\$ 580,027	\$ 352,819	\$ 628,964	\$ 17,677,971	\$ 16,987,827	\$ 13,153,005	\$ 10,669,445
			8,164	188,635	195,285		
21,796	346	359		802,390	786,778		
				269,464	291,238	21,083	5,483
						530,000	530,000
1,735	5,229	3,240		175,504	50,660		
	310	3,740	119	8,372	8,242		1,402
				309,398	281,718		
<u>598,605</u>	<u>585,912</u>	<u>360,158</u>	<u>637,247</u>	<u>19,431,734</u>	<u>18,601,748</u>	<u>13,704,088</u>	<u>11,206,330</u>
		5,286	363,193	855,819	855,819		
		175,800		175,800	175,800		
				1,625,760	635,823		
58,140	1,705,842	327,622		16,722,051	16,722,052		
62,746	1,667,205			26,083,483	26,083,483		
610,023	106,351	102,447		4,605,706	4,593,983		
			3,541,840	15,395,597	14,750,936		
		870,380		870,380	826,517		
(354,574)	(2,328,053)	(1,090,632)	(1,061,843)	(31,575,237)	(29,844,242)		
<u>376,335</u>	<u>1,151,345</u>	<u>390,903</u>	<u>2,843,190</u>	<u>34,759,359</u>	<u>34,800,171</u>	<u>-</u>	<u>-</u>
<u>974,940</u>	<u>1,737,257</u>	<u>751,061</u>	<u>3,480,437</u>	<u>54,191,093</u>	<u>53,401,919</u>	<u>13,704,088</u>	<u>11,206,330</u>
36,080	21,386	7,614	26,212	276,400	372,913	157,399	150,588
69	286,112	263,865	9,823	1,520,684	1,456,331	2,450,140	2,474,669
				735,000	960,000		
				70,728	87,562		
		150,000		680,000	680,000		
	85			2,514	1,724	1,647	126
						96,039	115,246
<u>36,149</u>	<u>307,583</u>	<u>421,479</u>	<u>36,035</u>	<u>3,285,326</u>	<u>3,558,530</u>	<u>2,705,225</u>	<u>2,740,629</u>
				3,505,000	4,240,000		
				17,848	22,310		
				(14,708)	(18,615)		
-	-	-	-	3,508,140	4,243,695	-	-
<u>36,149</u>	<u>307,583</u>	<u>421,479</u>	<u>36,035</u>	<u>6,793,466</u>	<u>7,802,225</u>	<u>2,705,225</u>	<u>2,740,629</u>
376,335	1,151,345	390,903	2,843,190	30,516,219	29,596,476		
	278,329			2,558,921	2,634,330	10,298,742	7,832,731
562,456		(61,321)	601,212	14,322,487	13,368,888	700,121	632,970
<u>\$ 938,791</u>	<u>\$ 1,429,674</u>	<u>\$ 329,582</u>	<u>\$ 3,444,402</u>	<u>47,397,627</u>	<u>45,599,694</u>	<u>\$ 10,998,863</u>	<u>\$ 8,465,701</u>
				5,895	5,895		
				<u>\$ 47,403,522</u>	<u>\$ 45,605,589</u>		

CITY OF WINONA, MINNESOTA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS — PROPRIETARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2011 (with comparative totals for 2010)

	Water	Sanitary Sewer	Inspections	Airport	Public Transportation
OPERATING REVENUES:					
Water sales	\$ 3,216,983	\$ -	\$ -	\$ -	\$ -
Sewer and storm sewer charges		2,900,380			
Permits and licenses			484,191		
Athletic fees and memberships					
Fares and passes					117,017
Rents				35,505	
Charges to city departments					
Other charges and services	64,563	28,144	14,856		122,257
Tap fees					
Library sales					
Refunds and reimbursements					
Contributions					
Other				2,847	
Total operating revenues	<u>3,281,546</u>	<u>2,928,524</u>	<u>499,047</u>	<u>38,352</u>	<u>239,274</u>
OPERATING EXPENSES:					
Salaries and employee benefits	688,957	943,924	292,566	69,727	6,664
Health insurance stop-loss premium					
Health insurance claims and fees					
Contractual services	369,220	244,646	95,553	250,236	378,325
Supplies	259,605	283,774	5,695	11,376	122,004
Maintenance of equipment	27,083	236,751			91,925
Utilities	204,900	218,183		7,961	368
Depreciation	580,527	754,941	2,830	55,664	98,424
Other expense	13				1,740
Total operating expenses	<u>2,130,305</u>	<u>2,682,219</u>	<u>396,644</u>	<u>394,964</u>	<u>699,450</u>
OPERATING INCOME (LOSS)	1,151,241	246,305	102,403	(356,612)	(460,176)
NONOPERATING REVENUES (EXPENSES):					
General property taxes				66,807	
Contributions					
Investment earnings	4,988	8,054	146	456	532
Intergovernmental revenues:					
Federal grants				328,994	94,500
State market value credits and LGA				116,503	
State grants	94,881			112,250	290,598
County					
Interest expense	(161,549)	(11,565)			
(Loss) gain on sale of capital asset					
Other revenue	4,462				
Other expense	(5,561)	(1,082)			
Nonoperating (expenses) revenues	<u>(62,779)</u>	<u>(4,593)</u>	<u>146</u>	<u>625,010</u>	<u>385,630</u>
INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	1,088,462	241,712	102,549	268,398	(74,546)
TRANSFERS IN				40,317	
TRANSFERS OUT					
INCREASE (DECREASE) IN NET ASSETS	1,088,462	241,712	102,549	308,715	(74,546)
NET ASSETS — Beginning of year	<u>17,055,806</u>	<u>21,074,284</u>	<u>49,927</u>	<u>1,333,723</u>	<u>1,013,337</u>
NET ASSETS — End of year	<u>\$ 18,144,268</u>	<u>\$ 21,315,996</u>	<u>\$ 152,476</u>	<u>\$ 1,642,438</u>	<u>\$ 938,791</u>

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

Change in net assets-business-type activities

See notes to basic financial statements.

Recreation	Library	Storm Sewer	Total		Governmental Activities — Internal Service Fund	
			2011	2010	2011	2010
\$ -	\$ -	\$ -	\$ 3,216,983	\$ 3,107,551	\$ -	\$ -
		306,532	3,206,912	3,086,569		
			484,191	362,289		
384,804			384,804	375,990		
			117,017	108,120		
			35,505	29,875		
					1,541,245	1,540,431
	7,286		237,106	266,531	476,413	499,356
				19,352		
	33,808		33,808	34,327		
(24)	2,204		2,180	7,398	133,351	149,545
				79,780		
			2,847	5,042		
<u>384,780</u>	<u>43,298</u>	<u>306,532</u>	<u>7,721,353</u>	<u>7,482,824</u>	<u>2,151,009</u>	<u>2,189,332</u>
956,918	651,040	31,361	3,641,157	3,762,031	(24,529)	8,543
					352,813	1,400,365
					1,288,786	311,188
172,864	183,617	60,252	1,754,713	1,804,564	227,142	214,469
181,154	56,214	3,960	923,782	847,854		
160,644	5,168		521,571	114,697		
81,199	23,525		536,136	475,756		
107,079	66,292	63,833	1,729,590	1,727,091		
39			1,792	1,715		
<u>1,659,897</u>	<u>985,856</u>	<u>159,406</u>	<u>9,108,741</u>	<u>8,733,708</u>	<u>1,844,212</u>	<u>1,934,565</u>
(1,275,117)	(942,558)	147,126	(1,387,388)	(1,250,884)	306,797	254,767
364,868	226,115		657,790	633,313		
28,614	16,303		44,917			
287	183	664	15,310	14,141	5,531	5,525
			423,494	313,937		
657,442	399,581		1,173,526	1,181,629		
	1,300		499,029	341,867		
12,500	194,201		206,701	219,012		
			(173,114)	(213,270)		
				21,765		
			4,462	4,462		
			(6,643)	(7,257)		
<u>1,063,711</u>	<u>837,683</u>	<u>664</u>	<u>2,845,472</u>	<u>2,509,599</u>	<u>5,531</u>	<u>5,525</u>
(211,406)	(104,875)	147,790	1,458,084	1,258,715	312,328	260,292
253,363	112,569		406,249	351,973	2,758,346	1,313,088
(5,400)		(61,000)	(66,400)	(61,000)	(537,512)	(594,076)
36,557	7,694	86,790	1,797,933	1,549,688	2,533,162	979,304
<u>1,393,117</u>	<u>321,888</u>	<u>3,357,612</u>			<u>8,465,701</u>	<u>7,486,397</u>
<u>\$ 1,429,674</u>	<u>\$ 329,582</u>	<u>\$ 3,444,402</u>			<u>\$ 10,998,863</u>	<u>\$ 8,465,701</u>
			<u>\$ 1,797,933</u>	<u>\$ 1,549,688</u>		

CITY OF WINONA, MINNESOTA

STATEMENT OF CASH FLOWS — PROPRIETARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2011 (with comparative totals for 2010)

	Water	Sanitary Sewer	Inspections	Airport	Public Transportation
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers	\$ 3,285,360	\$ 2,905,248	\$ 509,608	\$ (110,303)	\$ 247,617
Payments to employees	(629,094)	(917,282)	(303,828)	(69,136)	(6,611)
Payments to other funds	(67,865)		(66,771)		
Payments to suppliers	(966,056)	(975,008)	(31,602)	(248,640)	(588,284)
Service charges	(13)				
Net cash provided by (used in) operating activities	<u>1,622,332</u>	<u>1,012,958</u>	<u>107,407</u>	<u>(428,079)</u>	<u>(347,278)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
County grants					
Deferred revenue-increase				558	
Deferred revenue-decrease					
Due from other funds					25,360
Due to other funds					
Federal grants				328,994	94,500
State grants	94,881			112,250	290,599
State LGA and market value credits				116,503	
Taxes				66,807	
Contributions					
Transfers from other funds				40,317	
Transfers to other funds					
Unamortized bond (premium) discount	3,585	469			
Net cash (used in) provided by noncapital financing activities	<u>98,466</u>	<u>469</u>	<u>-</u>	<u>665,429</u>	<u>410,459</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition of capital assets	(482,279)	(822,293)		(28,592)	
Interest paid on capital debt	(171,533)	(18,415)			
Other fiscal agent charges	(5,561)	(1,082)			
Payments on capital debt	(643,400)	(316,600)			
Net cash used in capital and related financing activities	<u>(1,302,773)</u>	<u>(1,158,390)</u>	<u>-</u>	<u>(28,592)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES — Interest received	<u>4,988</u>	<u>8,054</u>	<u>146</u>	<u>456</u>	<u>532</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	423,013	(136,909)	107,553	209,214	63,713
CASH AND CASH EQUIVALENTS — Beginning of year	<u>5,704,936</u>	<u>8,626,784</u>	<u>166,098</u>	<u>440,398</u>	<u>511,361</u>
CASH AND CASH EQUIVALENTS — End of year	<u>\$ 6,127,949</u>	<u>\$ 8,489,875</u>	<u>\$ 273,651</u>	<u>\$ 649,612</u>	<u>\$ 575,074</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:					
Operating income (loss)	\$ 1,151,241	\$ 246,305	\$ 102,403	\$ (356,612)	\$ (460,176)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	580,527	754,941	2,830	55,664	98,424
Changes in assets and liabilities:					
Accounts payable	(145,433)	8,346	2,876	20,933	6,078
Compensated absences	48,503	10,578	(15,253)	(714)	
Customer receivables	3,814	(23,276)	10,561	(148,655)	8,343
Inventory	(27,680)				
Other accrued liabilities					
Salaries and benefits payable	11,360	16,064	3,990	1,305	53
Net cash provided by (used in) operating activities	<u>\$ 1,622,332</u>	<u>\$ 1,012,958</u>	<u>\$ 107,407</u>	<u>\$ (428,079)</u>	<u>\$ (347,278)</u>

See notes to basic financial statements.

Recreation	Library	Storm Sewer	Total		Governmental Activities — Internal Service Funds	
			2011	2010	2011	2010
\$ 394,506 (954,384)	\$ 44,981 (665,811)	\$ 306,817 (30,659)	\$ 7,583,834 (3,576,805)	\$ 7,680,180 (3,656,071)	\$ 2,136,809	\$ 2,182,564
(593,115)	(277,188)	(47,648)	(134,636) (3,727,541)	(139,956) (3,249,254)	(1,862,545)	(1,931,584)
<u>(1,152,993)</u>	<u>(898,018)</u>	<u>228,510</u>	<u>(13)</u> <u>144,839</u>	<u>2</u> <u>634,901</u>	<u>(24,529)</u> <u>249,735</u>	<u>(1,931,584)</u> <u>250,980</u>
12,500 85	194,201		206,701 643	219,012		
			25,360	(7,500)	7,460	(53,729)
			-	266,044		
			423,494	289,898		
	1,300		499,030	341,867		
657,442	399,581		1,173,526	1,181,630		
364,868	226,115		657,790	633,313		
28,614	16,304		44,918	-		
253,363	112,569		406,249	351,973	2,758,346	1,313,088
(5,400)		(61,000)	(66,400)	(61,000)	(537,512)	(594,076)
<u>1,311,472</u>	<u>950,070</u>	<u>(61,000)</u>	<u>4,054</u> <u>3,375,365</u>	<u>1,043</u> <u>3,216,280</u>	<u>(537,512)</u> <u>2,228,294</u>	<u>(594,076)</u> <u>665,283</u>
	(43,864)	(311,751)	(1,688,779)	(1,229,033)		
			(189,948)	(228,866)		
			(6,643)	(7,257)		
			(960,000)	(915,000)		
<u>-</u>	<u>(43,864)</u>	<u>(311,751)</u>	<u>(2,845,370)</u>	<u>(2,380,156)</u>	<u>-</u>	<u>-</u>
287	183	664	15,310	53,909	5,531	21,152
158,766	8,371	(143,577)	690,144	1,524,934	2,483,560	937,415
421,261	344,448	772,541	16,987,827	15,462,893	10,669,445	9,732,030
<u>\$ 580,027</u>	<u>\$ 352,819</u>	<u>\$ 628,964</u>	<u>\$ 17,677,971</u>	<u>\$ 16,987,827</u>	<u>\$ 13,153,005</u>	<u>\$ 10,669,445</u>
\$ (1,275,117)	\$ (942,558)	\$ 147,126	\$ (1,387,388)	\$ (1,250,884)	\$ 306,797	\$ 254,767
107,079	66,292	63,833	1,729,590	1,727,091		
2,785	(8,664)	16,564	(96,515)	(88,201)	(18,335)	4,051
(8,599)	(6,783)	626	28,358	(18,183)		
9,726	1,683	285	(137,519)	192,895	(14,198)	(6,768)
			(27,680)	(56,379)		
				4,462	(24,529)	(1,070)
<u>11,133</u>	<u>(7,988)</u>	<u>76</u>	<u>35,993</u>	<u>124,100</u>	<u>(24,529)</u>	<u>(1,070)</u>
<u>\$ (1,152,993)</u>	<u>\$ (898,018)</u>	<u>\$ 228,510</u>	<u>\$ 144,839</u>	<u>\$ 634,901</u>	<u>\$ 249,735</u>	<u>\$ 250,980</u>

CITY OF WINONA, MINNESOTA

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES — TOURISM PROMOTION
AGENCY FUND**

AS OF DECEMBER 31, 2011 (with comparative totals for 2010)

	2011	2010
ASSETS:		
Cash	\$ -	\$
Accounts receivable — total assets	<u>16,053</u>	<u>14,013</u>
Total assets	<u>\$ 16,053</u>	<u>\$ 14,013</u>
LIABILITIES —		
Accounts payable — total liabilities	<u>\$ 16,053</u>	<u>\$ 14,013</u>

See notes to basic financial statements.

CITY OF WINONA, MINNESOTA

NOTES TO BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Winona, Minnesota (the “City”), was incorporated on March 6, 1857, by the Minnesota territorial legislature. On October 1, 1968, the City adopted the home rule charter and operates under a Council-Manager form of government. The City provides the following services, as authorized by its charter: public safety (police and fire); highways and streets; sanitation; public transportation; culture-recreation; public improvements; planning and zoning; water and sewer; and general administrative services.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (“generally accepted accounting principles” or GAAP) as applied to governmental units by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant accounting policies:

A. Financial Reporting Entity of the City

In accordance with GASB Statement No. 14, *The Financial Reporting Entity*, amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, the City’s financial statements include all funds, organizations, institutions, agencies, departments, and offices of the City and the City’s component unit. The component unit discussed below is included in the City’s reporting entity because of the significance of its operational or financial relationship with the City.

The City is considered financially accountable for a component unit if it appoints a voting majority of the organization’s governing body, and it is able to impose its will on the organization by significantly influencing the programs, projects, activities, or level of services performed or provided by the organization, or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the City.

As a result of applying the component unit definition criteria above, certain organizations have been defined in accordance with GASB Statement No. 14 as amended by GASB Statement No. 39 and are presented in this report as listed below:

- *Blended Component Units* — Reported as if they were part of the City
- *Discretely Presented Component Units* — Entails reporting the component unit financial data in a column separate from the financial data of the City
- *Related Organizations* — The relationship of the City with the entity is disclosed
- *Joint Ventures and Jointly Governed Organizations* — The relationship of the City with the entity is disclosed

For each of the categories above, the specific entities are identified as stated below:

Blended Component Units:

The City has no blended component units.

Discretely Presented Component Units:

Port Authority of Winona:

The Port Authority of Winona (“Port Authority”) was established by the City Council in 1968 to maintain and operate the river-port of the City. In the late 1970s, the Port Authority commenced an active role as a facilitator for land acquisitions and improvements and as a promoter of community economic development. The Port Authority is governed by commission members who are directly appointed by the Mayor and confirmed by the City Council. Subject to the approval of the City Council, the Port Authority may issue bonds for public improvements and land development. The Port Authority’s principal activity is financing building activity exclusively for the City, and it is considered a component unit of the City.

Related Organizations:

Housing and Redevelopment Authority of Winona:

Housing and Redevelopment Authority of Winona (HRA) activities are limited to operating Department of Housing and Urban Development-sponsored projects and grants. No local financing is involved; thus, the City Council is not involved in financial oversight. Additionally, other than an irrevocable appointment by the Mayor of the HRA Board (four-year term and only one out of five HRA Board Members are from the City Council), the City exercises no control in the areas of budgeting, staff appointment, or accountability for fiscal matters. Accordingly, the HRA does not qualify as a component unit of the City’s basic financial statements, and the related financial statements have not been included in this report.

Complete financial statements for the individual component unit and the related organization may be obtained at the following addresses:

Port Authority of Winona
c/o City of Winona, City Hall
207 Lafayette Street, P.O. Box 378
Winona, MN 55987

Housing and Redevelopment
Authority of Winona
1756 Kraemer Drive, Suite 100
Winona, MN 55987

Joint Ventures and Jointly Governed Organizations:

The City was not part of any joint venture or jointly governed organization during 2011.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the City and its component unit, the Port Authority. 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. Interfund services provided and used are not eliminated in the process of consolidation.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, 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 financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. (The accrual basis of accounting is used for the agency fund, the agency fund has no measurement focus.) 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 for the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting; however, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Major governmental funds — The City reports the following major governmental funds:

- *General Fund* — The General Fund is the primary operating fund of the City. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

- *Permanent Improvement Revolving (P.I.R.) Bond Fund* — The PIR Bond Fund is established to account for the collection of assessments from benefited properties for the retirement of debt. The property owners are assessed their share of the costs of the benefit, according to City policy. Interest is charged on the unpaid assessments.
- *P.I.R. Construction Fund* — The P.I.R. Construction Fund is established to finance public improvements. Expenditures made from this fund are for improvements, the obligation for which is payable wholly or partially from the proceeds of special assessments levied upon property specifically benefited by the improvements.
- *Pelzer Street Construction Fund* — The Pelzer Street Construction Fund is established to account for the revenues and the expenditures relating to the reconstruction of Pelzer Street.

Major proprietary funds — The City reports the following major proprietary funds:

- *Water Fund* — The Water Fund is established to account for the provision of water services to the residents and to commercial and industrial establishments of the City. All activities necessary to provide this service are accounted for in this fund, including, but not limited to, administrative, operations, maintenance, financing, and related debt service.
- *Sanitary Sewer Fund* — The Sanitary Sewer Fund is established to account for the provision of sewage disposal services to the residents and to commercial and industrial establishments of the City. All activities necessary to provide this service are accounted for in this fund, including, but not limited to, administrative, operations, maintenance, financing, and related debt service.
- *Inspections Fund* — The Inspections Fund is established to account for the revenues and expenses associated with the enforcement of State of Minnesota Codes (building, plumbing, and mechanical), the City's ordinances, and other specific laws.
- *Airport Fund* — The Airport Fund is established to account for the revenues and the expenses of the Winona Municipal Airport.
- *Public Transportation Fund* — The Public Transportation Fund is established to account for the revenues and the expenses of the Winona Transit Service.
- *Recreation Fund* — The Recreation Fund is established to account for the revenues and the expenses of the City's recreation programs, the Winona Senior Friendship Center, the Aquatic Center, park administration, and the Winona Municipal Band.
- *Library Fund* — The Library Fund is established to account for the revenues and the expenses relating to the City-owned library.
- *Storm Sewer Fund* — The Storm Sewer Fund is established to account for the revenues and the expenses of the City's storm sewer system.

Other funds—The City reports the following fund types:

- *Permanent Funds* — The permanent funds (included in other nonmajor governmental funds) are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the City’s programs. These funds include the following: Bell Art Endowment; Laird and Bell Endowment; C. M. Youman Memorial; H.C. Garvin Winona Civic; Dr. C. A. Rohrer; Leonhard Fried Educational; and the Mielimonka Library.
- *Internal Service Funds* — The internal service funds account for the services of insurance, benefits, risk management, equipment, and facilities provided to other departments of the City on a cost reimbursement basis. These funds include the following: Health Insurance; Law Enforcement Labor Services (LELS); Employee Benefit; Risk Management; Equipment Replacement; Facilities and Infrastructure Replacement.
- *Tourism Promotion Agency Fund* — The Tourism Promotion Fund accounts for the lodging tax paid to the City, and the amount of lodging tax paid out.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of GASB. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide basic financial statements. Interfund services provided and used are not eliminated in the process of consolidation.

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 are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of 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 government’s policy to use restricted resources first, then unrestricted resources as they are needed.

D. Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the General Fund and certain Special Revenue Funds (Senior Advocacy Program Fund for the primary government), and Capital Project Funds (Municipal State Aid Fund, Dike Construction Fund, and the Permanent Improvement Revolving Construction Fund, all of which are part of the primary government). All annual appropriations lapse at fiscal year-end.

The City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.

The budget is legally enacted through passage of a resolution.

The original adopted budgets may be amended by the City Council. Budget amounts are as originally adopted, as revised by approved transfers, or as amended by the City Council. (A proposed amendment to the budget is presented to the City Council as an agenda item. The agenda item is to include the amendment amount, the reason for the amendment, and the source of the money to fund the amendment.)

The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

The City Council has given authority to the following: the City Manager may authorize transfers of budgeted amounts between departments (of the same Director/Department Head) within any funds, and only the City Council may authorize the transfers of budgeted amounts between departments (which are not under the same Director/Department Head) within any fund, transfers of budgeted amounts between funds, and budget amendments.

During the year there were increases of \$237,525 in appropriations between the General Fund original and final amended budget. Following are some of the components of the increase:

- \$699,890 was added to various departments for encumbrances from December 31, 2010;
- \$38,450 was added to the Police Department for the drug forfeiture account;
- \$24,660 was added to the Police Department for the purchase of a Police car (from the Equipment Replacement Fund);
- \$400,000 was subtracted from the Fire Department and moved to the City Equipment Capital Project Fund for the purchase of portable radios;
- \$134,000 was subtracted from the Street Department and moved to the City Equipment Capital Project Fund for the purchase of a truck.

Spending control is established by the amount of expenditures budgeted for the fund, but management control is exercised at the departmental level.

Encumbrance accounting is employed at the fund level. Encumbrances, which consist of purchase orders outstanding at year-end, are reported as reservation of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent fiscal year.

E. Cash, Cash Equivalents, and Investments

Cash balances from all funds are combined and invested to the extent available in certificates of deposit, commercial paper, and similar investments (see Note 2).

Investment earnings are allocated to the respective funds on the basis of applicable cash balance participation by each fund. Investments are stated at fair value, based upon quoted market prices at the reporting date (see Note 2).

The City conforms with GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*. For purposes of the statement of cash flows, the proprietary funds consider all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. All of the cash and investments allocated to the proprietary funds have original maturities of 90 days or less; therefore, the entire balance in such fund types is considered cash or cash equivalents.

The City has adopted GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Under this statement, investments are carried at fair value. Changes in fair value of securities in the City's investment portfolio are recorded as a change in fair value of investments in the City's fund financial statements and within general revenues in the government-wide financial statements.

F. Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds (see Note 7).

G. Inventories and Prepaid Items

Inventories are stated at cost, on a first-in, first-out basis. The cost of inventory is recorded as an expense when consumed (i.e., consumption method).

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The consumption method is the treatment accorded prepaid items in the governmental funds.

H. Funds Held by Others

The Port Authority enrolled in a Minnesota Community Capital Fund (MCCF), which will operate as a self-sustaining development loan program. The \$100,000 that the Port Authority paid into the MCCF on September 30, 2002, will remain the asset of the Port Authority and can be refunded three years after the deposit was made.

I. Restricted Assets

Restricted net assets result from contributions whose use is limited by donor-imposed stipulations that either expire by passage of time, or can be fulfilled and removed by actions of the City pursuant to these stipulations. Net assets may also be restricted for use in future periods or used for specified purposes, such as capital projects in the case of proceeds from enterprise fund revenue bonds. Additionally, certain contributions whose use is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by the City's actions, have been reported as restricted net assets of permanent funds. Investment earnings on the net assets to be maintained in perpetuity are included as restricted net assets, and are included in Note 8 as expendable permanent funds in the restricted net assets.

J. Capital Assets

Capital assets, which include land, buildings, machinery and equipment, and infrastructure, are reported in the applicable governmental or business-type activity columns in the government-wide statements. The capitalization threshold for individual capital assets is \$5,000. The capitalization threshold for the City's infrastructure is \$50,000. Library books are capitalized on an annual group basis when the total purchase of books is \$5,000 or greater.

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

Capital outlays are recorded as expenditures in the City's fund financial statements, which use the modified accrual basis of accounting. Capital outlays are capitalized in the City's government-wide statement of net assets, which uses the full accrual basis of accounting. All capital assets are recorded at historical cost or estimated historical cost if actual cost was not available. Donated capital assets are valued at the fair market value as of the date received.

Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Asset	Years
Buildings	20–75
Building improvements	20
Improvements	10–100
Public domain infrastructure	15–40
Water mains	50
Sanitary sewer mains	50
Storm sewer mains	50
Furniture	10
Machinery and equipment	3–25
Books (library)	5

K. Compensated Absences Benefits

It is the City’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation and the portion of sick pay allowable as separation pay is accrued when incurred in the government-wide and proprietary fund financial statements. The amounts are calculated based on hours actually earned at the current rate of pay.

L. Long-Term Obligations

Long-term obligations are recorded in the City’s government-wide statement of net assets when they become a liability of the City. Long-term obligations are recognized as a liability of a governmental fund when due. Long-term obligations expected to be financed from proprietary funds are accounted for in those funds.

M. Fund Equity

In the government-wide financial statements, governmental funds report restrictions of fund balance generally when constraints are placed on the use of resources that are either externally imposed, or imposed by law or regulations. (Also see Note 8).

Included in the Statement of Net Assets – Net Assets section – Restricted for Other Purposes are the items as listed below:

Governmental Activities	Amount
General Fund	\$ 78,456
Risk Management	602,381
LELS Program	<u>262</u>
Total Governmental	<u>\$ 681,099</u>
 Business-Type Activities	
Projects	<u>\$ 1,074,349</u>
 Component Unit	
Port Authority projects	<u>\$ 4,332,290</u>

The majority of the commitments are externally imposed.

N. Bond Discounts/Issuance Costs

In governmental fund types, bond discounts and issuance costs are recognized as expenditures in the current period. Bond discounts and issuance costs for proprietary fund types are deferred and amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method. In proprietary fund types, bond discounts are presented as a reduction of the face amount of bonds payable, and issuance costs are recorded as deferred charges.

O. Interfund Transactions

Interfund services provided are accounted for as revenues and expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. Other interfund transactions are reported as transfers in (out).

Interfund transactions within the respective categories of governmental activities and business-type activities in the government-wide statement of activities are eliminated. The internal balances caption on the government-wide statement of net assets represents interfund receivables or payables between the two types of activities, governmental and business-type.

P. Property Taxes

Property tax levies are set by the City Council in December of each year, and are certified to Winona County (the "County") for collection in the following year. In Minnesota, counties act as collection agents for all property taxes.

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. Within the fund financial statements, property taxes are accrued and recognized as revenue, excluding delinquent taxes received over 60 days after year-end.

Real property taxes may be paid by taxpayers in two equal installments on May 15 and October 15 (November 15 for agricultural property). The County provides tax settlements to cities and other taxing districts three times a year, in July, December, and January.

In the fund financial statements, taxes that remain unpaid at December 31 are classified as delinquent taxes receivable and are fully offset by deferred revenue, because they are not known to be available to finance current expenditures. No allowance for uncollectible taxes has been provided because such amounts are not expected to be material.

Q. New Accounting Pronouncements

In February 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). The fund balance classification approach in the statement requires governments to classify amounts consistently, regardless of the fund type or column in which they are presented. The provisions of this statement are effective for the City in 2011. The implementation of this standard did not have a significant effect on the City's basic financial statements. The December 31, 2010 governmental fund balances have been restated to reflect the implementation of GASB 54.

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

A. Deposits

In accordance with Minnesota Statutes, the City maintains deposits at those depository banks authorized by the City’s Investment Policy, all of which are members of the Federal Reserve System. A portion of the City’s investments is in certificates of deposit, as authorized by Minnesota Statutes. In accordance with GASB Statement No. 3, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, as amended by GASB Statement No. 40, *Deposit and Investment Risk Disclosures — an Amendment of GASB Statement No. 3*, such investments are to be classified as deposits.

Minnesota Statutes require that all of the City’s deposits be protected by insurance, surety bonds, or collateral. The fair value of collateral pledged must equal 110% of the deposits not covered by insurance or bonds. Minnesota Statutes require that securities pledged as collateral can only be safely kept in either a restricted account at the Federal Reserve or at a financial institution not owned or controlled by the financial institution furnishing the collateral.

Deposit balances at December 31, 2011, for the City and its component unit are as follows:

Deposit Type	Bank Balances	Carrying Amount
Insured or collateralized with securities held by the City or its agent in the City's name	<u>\$ 7,385,537</u>	<u>\$ 6,968,529</u>
Primary government	<u>\$ 7,090,116</u>	<u>\$ 6,689,788</u>
Component unit	<u>\$ 295,421</u>	<u>\$ 278,741</u>

B. Investments

Both the Minnesota Statutes and the City’s Investment Policy approve of the following investment instruments for the City and its component unit:

- Governmental bonds, notes, bills, and other federal government instruments
- State bonds and state agencies (General Obligations or Revenue) — limited investment instruments
- Local government bonds (General Obligations or Revenue) — limited investment instruments
- Repurchase agreements — limited investment instruments
- Bankers’ acceptances of United States banks eligible for purchase by the Federal Reserve System

- Commercial paper issued by United States corporations or their Canadian subsidiaries that was rated in the highest quality category by at least two nationally recognized rating agencies and matures in 270 days or less
- Money market mutual funds regulated by the Securities and Exchange Commission and whose portfolios consist only of domestic securities

Primary Government

The City's balances at December 31, 2011, are as follows:

Investment Type	Carrying/ Fair Value
U.S. treasury securities	\$ 3,006,915
Money market mutual funds	<u>38,141,628</u>
Total investments, restricted cash, and escrow deposits	41,148,543
Total deposits (Note 2.A.)	<u>6,689,788</u>
Total deposits, investments, restricted cash, and escrow accounts	<u><u>\$ 47,838,331</u></u>

A reconciliation to the basic financial statements at December 31, 2011, is as follows:

Governmental activities:	
Governmental funds — cash and cash equivalents	\$ 16,691,689
Governmental funds — restricted investments	315,666
Internal service funds — cash and cash equivalents	<u>13,153,005</u>
Total governmental activities	<u>30,160,360</u>
Business-type activities:	
Enterprise funds — cash and cash equivalents	<u>17,677,971</u>
Total business-type activities	<u>17,677,971</u>
Total	<u><u>\$ 47,838,331</u></u>

As of December 31, 2011, the City had the following investments and weighted-average maturity in number of years:

Investment Type	Fair Value	Weighted-Average Maturity (Years)
U.S. Treasury Securities (excluding escrow account)	<u>\$ 3,006,915</u>	0.22
Total fair value	<u>\$ 3,006,915</u>	
Portfolio weighted average maturity		0.22

Interest Rate Risk — The City does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City’s investment policy states that the interest rate risk may be minimized or eliminated by 1) structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity (the City’s policy is to hold the investments to maturity), and 2) by investing operating funds primarily in shorter-term securities or money market funds.

Credit Risk — Minnesota state law limits investments in commercial paper to that which is issued by a U.S. corporation rated in the highest quality category by at least two nationally recognized rating agencies, and matures in 270 days or less. (The City does not hold any commercial paper as of December 31, 2011.) Also, as of December 31, 2011, the primary government and the component unit has \$39,313,149 invested in a money market fund with a rating of AAAM/Aaa and \$738,868 is invested in a money market fund that is not rated for the fund itself, but the underlying investments are all rated or insured/collateralized as per Minnesota Statutes.

Concentration of Credit Risk — The City’s investment policy states that it is the City’s preference to limit to no more than 20% of total City investments in any one company for the commercial paper that is purchased. At December 31, 2011, the City does not hold any commercial paper as part of its investment portfolio.

Custodial Credit Risk — Deposits — Minnesota state law requires that to the extent that City funds deposited are in excess of available federal deposit insurance, the City shall require the financial institution to furnish collateral security or a corporate surety bond executed by a company authorized to do business in the State of Minnesota. The total amount of the collateral computed at its market value shall be at least 10% more than the amount on deposit, plus accrued interest at the close of the business. The financial institutions may furnish both a surety bond and collateral aggregating the required amount.

Custodial Credit Risk — Investments — For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City invests in U.S. Treasury Notes, which are backed by the U.S. government.

Maturity dates for securities held in investment and escrow accounts at December 31, 2011, are listed below:

Maturity Year	Fair Value
2012	\$ <u>41,148,543</u>
Total	\$ <u>41,148,543</u>

Component Unit

The component unit's balances at December 31, 2011, are as follows:

Investment Type	Carrying/ Fair Value
Money market mutual funds	\$ 1,943,367
Total deposits (Note 2.A.)	<u>278,741</u>
Total deposits and investments	<u>\$ 2,222,108</u>

The maturity date for securities held in investment accounts at December 31, 2011, is listed below:

Maturity Year	Fair Value
2012	\$ <u>1,943,367</u>

3. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2011, was as follows:

	Primary Government			Ending Balance
	Beginning Balance	Increases	Decreases	
Governmental activities:				
Nondepreciable:				
Land	\$ 7,074,361	\$ -	\$ -	\$ 7,074,361
Depreciable:				
Buildings and improvements	5,667,084	25,296		5,692,380
Machinery and equipment	7,176,822	376,997	(270,962)	7,282,857
Infrastructure:				
Flood control	33,000,000			33,000,000
Street system	36,419,483	318,183		36,737,666
Park	278,000			278,000
Total at historical cost	<u>89,615,750</u>	<u>720,476</u>	<u>(270,962)</u>	<u>90,065,264</u>
Less accumulated depreciation:				
Buildings and improvements	(3,452,051)	(200,775)		(3,652,826)
Machinery and equipment	(5,315,589)	(491,428)	270,962	(5,536,055)
Infrastructure:				
Flood control	(22,261,363)	(715,909)		(22,977,272)
Street system	(11,964,354)	(1,070,562)		(13,034,916)
Park	(121,711)	(9,444)		(131,155)
Total accumulated depreciation	<u>(43,115,068)</u>	<u>(2,488,118)</u>	<u>270,962</u>	<u>(45,332,224)</u>
Governmental activities capital assets — net	<u>\$ 46,500,682</u>	<u>\$ (1,767,642)</u>	<u>\$ -</u>	<u>\$ 44,733,040</u>
Business-type activities:				
Nondepreciable:				
Land	\$ 855,819	\$ -	\$ -	\$ 855,819
Collections	175,800			175,800
Construction in progress	635,823	989,937		1,625,760
Depreciable:				
Buildings and improvements	42,805,534			42,805,534
Machinery and equipment	4,593,985	24,710	(12,989)	4,605,706
Books	826,516	43,864		870,380
Infrastructure:				
Water	4,947,946	332,910		5,280,856
Sanitary Sewer	6,572,901			6,572,901
Storm sewer	3,230,089	311,751		3,541,840
Total at historical cost	<u>64,644,413</u>	<u>1,703,172</u>	<u>(12,989)</u>	<u>66,334,596</u>
Less accumulated depreciation:				
Buildings and improvements	(22,048,859)	(1,179,597)		(23,228,456)
Machinery and equipment	(3,516,818)	(221,401)	12,989	(3,725,230)
Books	(705,057)	(46,677)		(751,734)
Infrastructure:				
Water	(1,109,896)	(102,428)		(1,212,324)
Sanitary Sewer	(1,465,601)	(130,048)		(1,595,649)
Storm sewer	(998,011)	(63,833)		(1,061,844)
Total accumulated depreciation	<u>(29,844,242)</u>	<u>(1,743,984)</u>	<u>12,989</u>	<u>(31,575,237)</u>
Business-type activities capital assets — net	<u>\$ 34,800,171</u>	<u>\$ (40,812)</u>	<u>\$ -</u>	<u>\$ 34,759,359</u>

Depreciation expense for governmental activities is charged to functions in 2011, as follows:

General government	\$ 138,399
Public safety	904,082
Highways and streets	1,289,867
Park maintenance	<u>155,770</u>
 Total depreciation expense for governmental activities	 <u>\$ 2,488,118</u>

The Governmental activities accumulated depreciation “Increases” column, on the previous page, of \$2,488,118, does not include any capital asset transfers between the general fund and the business-type funds.

The capitalized capital outlay amount incurred for 2011 is \$449,514.

Depreciation expense for business-type activities charged in 2011, as follows:

Water	\$ 580,527
Sanitary Sewer	754,941
Inspections	2,830
Airport	55,664
Public transportation	98,424
Recreation	107,079
Library	66,292
Storm sewer	<u>63,833</u>
 Total depreciation expense for business-type activities	 <u>\$ 1,729,590</u>

The Business-type activities accumulated depreciation “Increases” column, on the previous page, of \$1,743,984, includes \$14,394 of capital asset transfers between the General Fund and the Water Fund.

Construction in Progress

There are no projects included in the capital assets — construction in progress (in the governmental activities) at December 31, 2011.

Governmental activities — construction in progress	<u>\$ -</u>
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There are three projects included in the capital assets — construction in progress (in the business-type activities) at December 31, 2011. They are as follows:

Water — Pinecrest development utilities	\$ 149,369
Sanitary Sewer — Pinecrest development utilities	152,014
Sanitary Sewer — Digester cover	748,582
Airport — Hangar building	<u>575,795</u>
 Total	 <u>\$ 1,625,760</u>

Component Unit

There is one project included in the capital assets — construction in progress (Port Authority) at December 31, 2011 called Commercial Harbor for \$1,020,300.

4. PROPERTIES HELD FOR DEVELOPMENT

The component unit includes an asset called Properties Held for Development. These properties are held for development purposes and are reported at acquisition cost, plus preparation for resale costs not to exceed their net realizable value. The component unit is involved in the acquisition of real property for the purpose of improvement and, after improvement, the resale of real property to local industries.

During 2011, there were no sales in the properties held for development of land category. There are 43.06 developable acres as of December 31, 2011.

5. LONG-TERM DEBT

Primary Government

A summary of bonds outstanding at year-end follows:

Bonds	Maturities	Rates	December 31, 2011
Governmental activities:			
G.O. bonds — supported by taxes	2012–2015	2.25–4.38%	\$ 1,209,000
G.O. bonds — supported by special assessments	2012–2015	2.25–5.10	<u>1,591,000</u>
Total			<u>2,800,000</u>
Business-type activities:			
Bonds	2012–2019	2.25–5.65	4,240,000
Add unamortized premium			17,848
Less unamortized discounts			<u>(14,708)</u>
			<u>4,243,140</u>
Total bonds outstanding			<u>\$ 7,043,140</u>

A summary of changes in bonds payable (at par) during 2011 is as follows:

Bonds	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Governmental activities:					
G.O. bonds — supported by taxes	\$ 1,605,500	\$ -	\$ (396,500)	\$ 1,209,000	\$ 396,500
G.O. bonds — supported by special assessments	<u>2,289,500</u>	<u> </u>	<u>(698,500)</u>	<u>1,591,000</u>	<u>508,500</u>
Total governmental activities	3,895,000	-	(1,095,000)	2,800,000	905,000
Business-type activities	<u>5,200,000</u>	<u> </u>	<u>(960,000)</u>	<u>4,240,000</u>	<u>735,000</u>
Total	<u>\$ 9,095,000</u>	<u>\$ -</u>	<u>\$ (2,055,000)</u>	<u>\$ 7,040,000</u>	<u>\$ 1,640,000</u>

Debt service requirements to maturity as of December 31, 2011, including interest of \$734,605, are as follows:

Year Ending December 31	General Obligation (G.O.) Bonds			
	Supported by Property Taxes	Supported by Special Assessments	Supported by Water and Sewer Utilities	Total Bonds
2012	\$ 432,857	\$ 556,159	\$ 890,357	\$ 1,879,373
2013	420,524	540,335	846,731	1,807,590
2014	216,471	298,936	842,491	1,357,898
2015	211,486	292,053	739,318	1,242,857
2016			369,750	369,750
2017-2019			1,117,137	1,117,137
Total	<u>\$ 1,281,338</u>	<u>\$ 1,687,483</u>	<u>\$ 4,805,784</u>	<u>\$ 7,774,605</u>

Year Ending December 31	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2012	\$ 905,000	\$ 84,016	\$ 989,016	\$ 735,000	\$ 155,357	\$ 890,357
2013	910,000	50,859	960,859	720,000	126,731	846,731
2014	490,000	25,407	515,407	745,000	97,491	842,491
2015	495,000	8,539	503,539	670,000	69,318	739,318
2016				320,000	49,750	369,750
2017-2019	-	-	-	1,050,000	67,137	1,117,137
Total	<u>\$ 2,800,000</u>	<u>\$ 168,821</u>	<u>\$ 2,968,821</u>	<u>\$ 4,240,000</u>	<u>\$ 565,784</u>	<u>\$ 4,805,784</u>

The long-term debt of the primary government is described as follows:

Supported by Property Taxes — The City issues general obligation (G.O.) bonds to provide funds for the construction of major capital improvements having a relatively long life. General obligation bonds have been issued for both governmental and business-type activities. These G.O. bonds are supported by property taxes.

Supported by Special Assessments — These G.O. bonds are payable from special assessments levied and collected on local improvements to property and are backed by the full faith, credit, and taxing authority of the City.

Supported by Water and Sanitary Sewer Utilities — All of the bonds in this category are G.O. Water and Sewer Revenue and are recorded as a liability in the appropriate Enterprise Fund. These bonds are intended to be paid first from the revenues of the appropriate Enterprise Fund, and are also backed by the full faith, credit, and taxing authority of the City.

There are limitations and restrictions contained in the bond indentures.

In addition to bond obligations, other debt outstanding at year-end is summarized below:

Other Debt	Maturities	Interest Rates	December 31, 2011
Governmental funds —			
G.O. Equipment Certificates	2012	0.5-3.50 %	\$ 130,000
	2013	0.5-3.55 %	350,000
	2014	0.70 %	290,000
	2015	1.10 %	290,000
	2016	1.35 %	295,000
	2017	1.60 %	<u>295,000</u>
	Total		<u>\$ 1,650,000</u>

Debt service requirements to maturity as of December 31, 2011, including interest of \$67,447, listed below for other debt are summarized as follows:

Year Ending December 31	G.O. Equipment Certificates		
	Principal	Interest	Total
2012	\$ 130,000	\$ 18,315	\$ 148,315
2013	350,000	16,856	366,856
2014	290,000	12,908	302,908
2015	290,000	10,297	300,297
2016	295,000	6,711	301,711
2017	<u>295,000</u>	<u>2,360</u>	<u>297,360</u>
	<u>\$ 1,650,000</u>	<u>\$ 67,447</u>	<u>\$ 1,717,447</u>

The City issued General Obligation Equipment Certificates of Indebtedness, Series 2011A, dated November 1, 2011, for \$1,385,000. The 2011 Certificates were sold to the bidder at a true interest rate of 1.36% and will be repaid with ad valorem property taxes. The proceeds of the Certificates were used to finance the acquisition of various public safety and public works radios, vehicles and equipment. The Certificates are secured by the City's full faith, credit, and taxing authority of the City.

During 2008, the City signed a note payable to purchase land over a three year time period. The amount of \$125,000 was paid for each of the years of 2009–2011.

A summary of changes in the governmental activities long-term debt (Primary Government) follows:

Debt	Beginning Balance	Issued	Retired	Ending Balance
Bonds payable	\$ 3,895,000	\$ -	\$ (1,095,000)	\$ 2,800,000
Note payable — land	125,000		(125,000)	
Other debt	<u>390,000</u>	<u>1,385,000</u>	<u>(125,000)</u>	<u>1,650,000</u>
Total	<u>\$ 4,410,000</u>	<u>\$ 1,385,000</u>	<u>\$ (1,345,000)</u>	<u>\$ 4,450,000</u>

A review of improvement bonds for the years 1995–2011 is as follows:

Bonds Issued	Assessed per Document	Total Project Costs	Assessed per Actual-to-Date
G.O. Improvement, 1995C:			
1996 Projects	\$ 480,508	\$ 1,850,882	\$ 480,508
1997 Projects	827,356	1,194,396	827,356
1998 Projects	<u>387,136</u>	<u>525,507</u>	<u>387,136</u>
Total	<u>\$ 1,695,000</u>	<u>\$ 3,570,785</u>	<u>\$ 1,695,000</u>
G.O. Improvement, 1998B:			
1998 Projects	\$ 207,284	\$ 282,966	\$ 207,284
1999 Projects	1,138,550	1,992,705	1,138,550
2000 Projects	<u>134,743</u>	<u>180,507</u>	<u>134,743</u>
Total	<u>\$ 1,480,577</u>	<u>\$ 2,456,178</u>	<u>\$ 1,480,577</u>
G.O. Improvement, 2001A:			
2001 Projects	\$ 34,605	\$ 61,612	\$ 34,605
2002 Projects	929,940	1,397,713	718,432
2003 Projects	550,888	683,617	418,090
2004 Projects	<u>1,069,752</u>	<u>1,684,814</u>	<u>1,069,752</u>
Total	<u>\$ 2,585,185</u>	<u>\$ 3,827,756</u>	<u>\$ 2,240,879</u>
G.O. Improvement, 2004A:			
2004 Projects	\$ 245,552	\$ 532,768	\$ 245,552
2005 Projects	1,766,923	5,783,908	1,766,923
2006 Projects	31,729	79,538	31,729
2007 Projects	43,932	43,932	43,932
2008 Projects	21,026	21,026	21,026
2009 Projects	12,296	12,296	12,296
2010 Projects	-	-	-
2011 Projects	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 2,121,458</u>	<u>\$ 6,473,468</u>	<u>\$ 2,121,458</u>

Component Unit

A summary of bonds outstanding at year-end is as follows:

Bonds	Maturities	Rates	December 31, 2011
Long-term debt — G.O.	2012–2020	4.00%	<u>\$ 2,300,000</u>

A summary of changes in bonds payable (at par) during 2011 is as follows:

Bonds	Beginning Balance	Issued	Retired	Ending Balance
Long-term (G.O.) — Bonds payable	<u>\$ 2,510,000</u>	<u>\$ -</u>	<u>\$ (210,000)</u>	<u>\$ 2,300,000</u>

Debt service requirements to maturity as of December 31, 2011, including interest of \$437,200, are listed below for general long-term debt (bonds):

Year Ending December 31	General Obligation		
	Principal	Interest	Total
2012	\$ 220,000	\$ 87,600	\$ 307,600
2013	225,000	78,700	303,700
2014	235,000	69,500	304,500
2015	245,000	59,900	304,900
2016	255,000	49,900	304,900
2017-2020	<u>1,120,000</u>	<u>91,600</u>	<u>1,211,600</u>
Total	<u>\$ 2,300,000</u>	<u>\$ 437,200</u>	<u>\$ 2,737,200</u>

General Obligation Bonds — The G.O. bonds are backed by the full faith, credit, and taxing authority of the City.

There are limitations and restrictions contained in the bond indentures. There are no authorized and unissued bonds for the component unit.

The Component Unit didn't issue any bonds or certificates during 2011.

Long-Term Liability Activity

Long-term liability activity for the year ended December 31, 2011, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Governmental activities:					
Bonds and certificates payable	\$ 4,285,000	\$ 1,385,000	\$ (1,220,000)	\$ 4,450,000	\$ 1,035,000
Note payable — land	125,000		(125,000)		
Compensated absences	<u>3,901,501</u>	<u>190,000</u>	<u>(60,419)</u>	<u>4,031,082</u>	<u>3,245,161</u>
Total governmental activities	8,311,501	1,575,000	(1,405,419)	8,481,082	4,280,161
Business-type activities:					
Bonds and certificates payable	5,200,000		(960,000)	4,240,000	735,000
Compensated absences	1,456,331	80,000	(15,647)	1,520,684	1,305,818
Other	<u>3,695</u>		<u>(555)</u>	<u>3,140</u>	
Total business-type activities	<u>6,660,026</u>	<u>80,000</u>	<u>(976,202)</u>	<u>5,763,824</u>	<u>2,040,818</u>
	<u>\$ 14,971,527</u>	<u>\$ 1,655,000</u>	<u>\$ (2,381,621)</u>	<u>\$ 14,244,906</u>	<u>\$ 6,320,979</u>

Compensated absences classified as long-term liabilities include unused vacation, compensated time, and sick leave estimated to be paid or used by employees for periods ending after December 31, 2011. For the governmental activities, compensated absences are generally liquidated by the general fund.

6. PENSION PLANS

A. Defined Benefit Pension Plans — Statewide Public Employees Retirement Association

1. Plan Description

All full-time and certain part-time employees of the City participate in a statewide defined benefit pension plan administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Fund (GERF) and the Public Employees Police and Fire Fund (PEPFF), which are cost-sharing, multiple-employer retirement plans. These plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356.

GERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan. All police officers, fire fighters, and peace officers who qualify for membership by statute are covered by PEPFF.

PERA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by state statute and vest after three years of credited service. The defined retirement 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 and Basic Plan members. The retiring member receives the higher of step-rate benefit accrual formula ("Method 1") or a level accrual formula ("Method 2"). Under Method 1, Coordinated Plan members accrue 1.2% of their average salary for each of the first 10 years, and 1.7% for each remaining year. The annuity accrual rate for a Basic Plan member is 2.2% of average salary for each of the first 10 years of service, and 2.7% for each remaining year. Under Method 2, Coordinated Plan members earn 1.7% of their average salary for every year of service and Basic Plan members earn 2.7% of their average salary for each year of service. For PEPFF members, the annuity accrual rate is 3.0% for each year of service.

For all PEPFF members and GERF members hired prior to July 1, 1989, whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Normal retirement age is 55 for PEPFF and 65 for Basic and Coordinated members hired prior to July 1, 1989. Normal retirement age is the age for unreduced Social Security benefits capped at 66 for Coordinated Plan members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement.

There are different types of annuities available to members upon retirement. A single-life annuity is a lifetime annuity that ceases upon the death of the retiree — no survivor annuity is payable. There are also various types of joint and survivor annuity options available which will be payable over joint lives. Members may also leave their contributions in the fund upon termination of public service in order to qualify for a deferred annuity at retirement age. Refunds of contributions are available at any time to members who leave public service before retirement benefits begin.

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

PERA issues a publicly available financial report that includes financial statements and required supplementary information for GERP and PEPFF. That report may be obtained on the Internet at www.mnpera.org, by writing to PERA, 60 Empire Drive #200, Saint Paul, MN 55103-2088, or by calling (651) 296-7460 or 1-800-652-9026.

2. Funding Policy

Minnesota Statutes, Chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the state legislature. The City makes annual contributions to the pension plans equal to the amount required by state statutes. GERP Coordinated Plan members were required to contribute 6.25% of their annual covered salary in 2011. The member contribution rates for the Coordinated Plan for 2012 will be at 6.25%. PEPFF members were required to contribute 9.6% of their annual covered salary in 2011, that rate will not increase in 2012. For 2011, the City was required to contribute the following percentages of annual covered payroll: 7.25% for Coordinated Plan GERP members; and 14.4% for PEPFF members. Employer contribution rates for the Coordinated Plan and PEPFF will remain the same for 2012. The City's contributions to the GERP for the years ended December 31, 2011, 2010, and 2009, were \$406,240, \$415,002, and \$428,154, respectively. The City's contributions to the PEPFF for the years ended December 31, 2011, 2010, and 2009, were \$545,766, \$524,234, and \$561,293, respectively. The City's contributions were equal to the contractually required contributions for each year as set by state statute.

3. Funding Status and Progress

Current Funding Ratios

The primary funding objectives of PERA are (1) to establish contribution rates which, when expressed as a percentage of active members' payroll, will remain level from generation to generation, and (2) to meet the required deadlines for full funding. PERA's progress toward meeting the full funding objective is displayed on the Schedule of Funding Progress. This report shows the funding levels using the entry age normal actuarial cost method. At the end of fiscal year 2011, the ratio of assets to liabilities of GERF was 75.2% and 82.9% for PEPFF. At the end of fiscal year 2010, the ratio of assets to liabilities of GERF was 76.4% and 87.0% for PEPFF.

Schedule of Funding Progress for GERF (last ten years, in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
June 30, 2002	\$ 11,017,414	\$ 12,958,105	\$ 1,940,691	85.0 %	\$ 3,809,864	50.9 %
June 30, 2003	11,195,902	13,776,198	2,580,296	81.3	4,387,649	58.8
June 30, 2004	11,477,961	14,959,465	3,481,504	76.7	3,968,034	87.7
June 30, 2005	11,843,936	15,892,555	4,048,619	74.5	4,096,138	98.8
June 30, 2006	12,495,207	16,737,757	4,242,550	74.7	4,247,109	99.9
June 30, 2007	12,985,324	17,705,627	4,720,303	73.3	4,448,954	106.1
June 30, 2008	13,048,970	17,729,847	4,680,877	73.6	4,722,432	99.1
June 30, 2009	13,158,490	18,799,416	5,640,926	70.0	4,778,708	118.0
June 30, 2010	13,126,993	17,180,956	4,053,963	76.4	4,804,627	84.4
June 30, 2011	13,455,753	17,898,949	4,443,096	75.2	5,079,429	87.5

Schedule of Funding Progress for PEPFF (last ten years, in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
June 30, 2002	\$ 4,707,255	\$ 3,886,311	\$ (820,944)	121.1 %	\$ 522,153	(157.2)%
June 30, 2003	4,713,606	4,390,953	(322,653)	107.3	560,503	(57.6)
June 30, 2004	4,746,834	4,692,190	(54,644)	101.2	551,266	(9.9)
June 30, 2005	4,814,961	4,956,340	141,379	97.2	580,723	24.4
June 30, 2006	5,017,951	5,260,564	242,613	95.4	618,435	39.2
June 30, 2007	5,198,922	5,669,347	470,425	91.7	648,342	72.6
June 30, 2008	5,233,015	5,918,061	685,046	88.4	703,701	97.3
June 30, 2009	5,239,855	6,296,274	1,056,419	83.2	733,164	144.1
June 30, 2010	5,188,339	5,963,672	775,333	87.0	740,101	104.8
June 30, 2011	5,274,602	6,363,546	1,088,944	82.9	775,806	140.4

B. Defined Contribution Plan — Statewide

The City provides pension benefits for elected local government officials through a defined contribution plan administered by PERA. The Public Employees Defined Contribution Plan (PEDCP) is a multiple-employer deferred compensation plan. PEDCP is a tax-qualified plan under Section 401(a) of the Internal Revenue Code, and all contributions by or on behalf of employees are tax deferred until time of withdrawal. The plan is established and administered in accordance with Minnesota Statutes, Chapter 353D. An eligible elected official who decides to participate contributes 5% of salary, which is matched by the employer. There is no vesting period required to receive benefits in the PEDCP.

The City’s contributions to the PEDCP were \$1,529, \$1,223, and \$1,299 for the years ended December 31, 2011, 2010, and 2009, respectively. The employee contributions to the PEDCP were \$1,529, \$1,223, and \$1,299 for the years ended December 31, 2011, 2010, and 2009, respectively. The City’s contributions were equal to the contractually required contributions for each year as set by state statutes.

7. INTERFUND RECEIVABLES, PAYABLES, AND TRANSACTIONS

Interfund receivables and payables at December 31, 2011, are listed below for the primary government and the component unit.

Receivable Fund	Payable Fund	Amount	Purpose
Due to/due from Other Funds (Primary Government):			
General	Library	\$ 150,000	[1]
Internal service	Airport	530,000	[2]
Downtown 1990 CD Loan	Central City Rehab	43,068	[3]
Downtown 1994 CD Loan	Central City Rehab	<u>2,000</u>	[4]
Total		<u>\$ 725,068</u>	

[1] The Library Fund will repay the General Fund when it accumulates sufficient funds. The City expects the repayment to occur in 2012 or 2013.

[2] The Airport Fund will repay the Equipment and Facilities Funds after it receives money from the state and federal governments for project reimbursement. The City expects the repayment to occur in 2012 or 2013.

[3] The Central City Rehab Fund will repay the Downtown 1990 CD Loan Fund after it receives money from the state government for project reimbursement. The City expects the repayment to occur in 2012.

[4] The Central City Rehab Fund will repay the Downtown 1994 CD Loan Fund after it receives money from the state government for project reimbursement. The City expects the repayment to occur in 2012.

Transfers during 2011 were as follows for the primary government. (A brief summary of the transfer activity is at the end of this note.)

	Transfers In	Transfers Out
Primary Government		
Governmental activities:		
General (1)	\$ 61,000	\$ 56,005
General (2)	24,669	7,500
General (3)	11,866	5,054
General (4)	81,000	2,800
General (5)	11,468	658,088
General (6)	35,000	552
General		2,721
General		2,007
General		2,000
General		700,000
General		700,000
General		700,000
Pelzer Street Construction Fund		423,339
Nonmajor Governmental Funds:		
Senior Advocacy Program (7)	56,005	
Senior Advocacy Program (8)	552	
Library Memorial		25,262
Equipment Cert (2011A & 2006A) (9)	3,461	
Municipal State Aid		239,838
Engineering Dept. Project (10)	7,500	
Radio Project (11)	5,054	
Radio Project (12)	2,000	
City Equipment		3,461
Street Reconstruction (13)	239,838	
Street Reconstruction (14)	423,339	
Bambenek Field #1		325
Softball Field Development (15)	5,400	
Softball Field Development (16)	117	
Total governmental funds	<u>968,269</u>	<u>3,528,952</u>
Internal Service Funds:		
Employee Benefit Fund (17)	658,088	
Equipment Replacement (18)	700,000	24,669
Equipment Replacement (19)	25	81,000
Equipment Replacement		11,468
Equipment Replacement		11,866
Equipment Replacement		35,000
Equipment Replacement		10,317
Facilities (20)	700,000	247,842
Facilities (21)	208	85,300
Facilities (22)	25	30,000
Risk Management		25
Risk Management		25
Infrastructure Replacement (23)	700,000	
Total internal service funds	<u>2,758,346</u>	<u>537,512</u>
Total governmental activities	<u>3,726,615</u>	<u>4,066,464</u>

	Transfers In	Transfers Out
Business-type activities:		
Storm Sewer Fund	\$ -	\$ 61,000
Airport Fund (24)	10,317	
Airport Fund (25)	30,000	
Library Fund (26)	85,300	
Library Fund (27)	25,262	
Library Fund (28)	2,007	
Recreation Fund (29)	2,800	5,400
Recreation Fund (30)	247,842	
Recreation Fund (31)	2,721	
	<u>406,249</u>	<u>66,400</u>
Total business-type activities		
Total Primary Government	<u>\$ 4,132,864</u>	<u>\$ 4,132,864</u>

PURPOSE OF TRANSFERS IN:

- (1) From the Storm Sewer Fund for reimbursements
- (2) From the Equipment Replacement Fund for police car
- (3) From the Equipment Replacement Fund for street department dump truck
- (4) From the Equipment Replacement Fund for police cars
- (5) From the Equipment Replacement Fund for an engineering department vehicle
- (6) From the Equipment Replacement Fund for street department dump truck
- (7) From the General Fund — provide subsidy to cover portion of the Senior Advocacy's operation
- (8) From the General Fund — health insurance increase
- (9) From the Equipment Certificates (2011A & 2006A) for discount
- (10) From the General Fund for SHIP grant
- (11) From the General Fund for Radio project
- (12) From the General Fund for Radio project
- (13) From the Municipal State Aid Fund for 2nd Street Construction
- (14) From the Pelzer Street Construction Fund for closeout
- (15) From the Recreation Fund to transfer Field Development Fees
- (16) From the Bambenek Field #1 Fund for closeout
- (17) From the General Fund for OPEB funding
- (18) From the General Fund per Financial Management Policy
- (19) From the Risk Management Fund per Financial Management Policy
- (20) From the General Fund per Financial Management Policy
- (21) From the Bambenek Field #1 Fund for closeout
- (22) From the Risk Management Fund per Financial Management Policy
- (23) From the General Fund per Financial Management Policy
- (24) From the Equipment Replacement Fund for a mower
- (25) From the Facilities Fund for runway & taxiway design
- (26) From the Facilities Fund for Library roofing project
- (27) From the Library Memorial Fund to fund budget reductions
- (28) From the General Fund — health insurance increase
- (29) From the General Fund for Bud King Ice Arena study
- (30) From the Facilities Fund for pool resurfacing at Bob Welch Aquatic Center
- (31) From the General Fund — health insurance increase

8. FUND EQUITY

Nonspendable, Restricted, Committed, Assigned or Unassigned —

The fund balance classifications are defined by GASB 54 as follows:

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

Restricted: Externally-imposed constraints that apply to the use of the funds.

Committed: Internally-imposed constraints that apply to use of the funds. (The City Council approves the committed items.)

Assigned: The intended use is expressed, but neither restricted nor committed. (The delegation of the authority to assign the fund balance is given to the Finance Director by approval of the City Council.)

Unassigned: Not constrained in any way.

Net assets, fund balances, and retained earnings in the various funds at December 31, 2011, have been set up as nonspendable, restricted, committed, assigned or unassigned for the following purposes:

PRIMARY GOVERNMENT

RESTRICTED — Government-Wide Financial Statements

Major Governmental Funds:

General Fund:

Drug seizure and DWI penalty assessment (Police)	\$	38,456
CMH property transfer		35,000
Japanese Garden		5,000
PERA Contribution		1,542,260
P.I.R. Bond Fund — for debt payments		914,219
P.I.R. Construction Fund — for P.I.R. projects		776,808
Other Funds (Internal Service Funds):		
Health Insurance Fund:		
Health plan account		31,031
Contributed to start the fund		199,654
Health insurance		660,836
LELS Health Fund — health insurance		262
Employee Benefit Fund:		
OPEB — retiree subsidy health plan		2,767,352
Risk Management Fund:		
Property self-insurance		202,729
Workers' compensation maximum		299,652
Emergency issues		100,000
Equipment Replacement Fund:		
Equipment replacement		2,748,294
Commitments		259,670
Facilities Fund:		
Commitments		17,450
Facilities		1,484,008
Infrastructure Replacement Fund		1,527,804

RESTRICTED — Continued

Nonmajor Governmental Funds:

Debt Service Funds:

1999B Sales Tax Revenue Bond — for Riverbend Industrial Park infrastructure/sales tax issues	\$ 132,426
Equipment Certificates — for debt payments	331,154

Capital Projects Funds:

Municipal State Aid — projects	101,645
Dike construction	202,858
Park Site-parks for subdivisions	104,398
Engineering projects	282,086
Radio project	278
City building improvements	2,527
City equipment	1,010,274
Infrastructure Revolving	1,601,229
Street reconstruction projects	425,664
High Wagon Bridge reconstruction	146,975
Aghaghming Park construction	1,835
Softball field development — improvements	118,767

Permanent Funds:

Expendable	<u>260,401</u>
------------	----------------

Total governmental activities 18,333,002

Major Proprietary Funds:

Water Fund:

Commitments	440,955
Bond requirements	798,180
PERA Contribution	76,160

Sanitary Sewer Fund:

Commitments	558,168
Bond requirements	74,076
PERA Contribution	95,201

Inspections Fund — commitments

19,040

Airport Fund — commitments

218,812

Recreation Fund — commitments

278,329

Total business-type activities 2,558,921

Total Restricted (Primary Government) Excluding Nonspendable \$ 20,891,923

RESTRICTED, NONSPENDABLE — Fund Financial Statements

Nonmajor Governmental Funds:

Permanent Funds:

Endowment (original contributions)	\$ <u>56,000</u>
Total Nonspendable	<u>56,000</u>

Total Restricted (Primary Government) Including Nonspendable \$ 20,947,923

COMMITTED — Fund Financial Statements

Major Governmental Fund:

General Fund:

Encumbrances and commitments	\$ 795,787
Snow removal	84,789
Boat harbor	177,214
Trail maintenance	500

COMMITTED — Continued

Nonmajor Governmental Funds:

Special Revenue Funds:

Emergency	\$ 13,084
Athletic	12,170
Library Memorials	265,088
1990 Downtown Redevelopment Grant	43,068
1994 Downtown Redevelopment Grant	153,232
Metro Plains	57
West Central Revitalization	36,894
Central City Rehab	<u>85,836</u>

Total Committed (Primary Government) \$ 1,667,719

ASSIGNED — Fund Financial Statements

Major Governmental Fund:

General Fund:

Cash flow	\$ 5,703,244
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Total Assigned (Primary Government) \$ 5,703,244

UNASSIGNED — Fund Financial Statements

Nonmajor Governmental Fund:

Special Revenue Fund:

Senior Advocacy Program	\$ (31,690)
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Total Unassigned (Primary Government) \$ (31,690)

COMPONENT UNIT — Government-Wide Financial Statements

Nonspendable	\$ 1,675,502
Restricted- Port Debt Service and projects	3,004,172
Committed-Port Authority programs	<u>615,067</u>

Total Component Unit \$ 5,294,741

9. NET ASSETS DEFICITS, FUND EQUITY DEFICITS, AND INDIVIDUAL FUND DISCLOSURES

Primary Government

Fund Equity Deficits — At December 31, 2011, the Senior Advocacy Program Fund, a special revenue fund, had a deficit fund balance of \$31,690. This fund had a carryover deficit of fund balance from 2010. (The deficit fund balance at December 31, 2010 was \$30,306.) The deficit fund balance should be eliminated in 2012 or 2013.

Individual Fund Disclosures — For the year ended December 31, 2011; actual expenditures exceeded the budget in the following General Fund departments:

General Fund	Budgeted	Actual	Final Variance
City manager	\$ 289,431	\$ 365,799	\$ (76,368)
Legal	283,200	285,068	(1,868)
Human resources	98,162	99,952	(1,790)
Fire	2,300,515	2,319,017	(18,502)
Emergency management	60,000	64,943	(4,943)
Flood control	36,804	64,555	(27,751)

Expenditures were less than appropriations for other departments within the General Fund; therefore, the actual amounts that exceeded the budget (listed above) had no significant impact on the financial results of the General Fund.

Component Unit

Fund Equity Deficits — At December 31, 2011, the Component Unit had no fund equity deficits.

10. FUND CHANGES

Funds opened during 2011:

City — No funds were opened during 2011

Component Unit — No funds were opened during 2011

Funds closed during 2011:

City — No funds were closed during 2011

Component Unit — No funds were closed during 2011

11. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

At December 31, 2011, the City reported eight Enterprise Funds. These funds provide water, sanitary sewer, inspections, airport, public transportation, recreation, library, and storm sewer. There are no revenue bonds where investors rely solely on the revenue generated by the individual segments or other individual activities for repayment.

12. CONTINGENCIES

There are several pending lawsuits, claims, and disputes in which the City is involved. The City does not expect that the potential claims against the City not covered by insurance and resulting from such litigation, claims, and disputes would materially affect the financial statements.

13. RISK MANAGEMENT

City's Programs:

The City highlights the following risk management programs: (1) health benefit; (2) other post-employment benefits; and (3) property and casualty insurance. For the health benefit risk management program, premiums are paid into the Health Insurance Fund by user departments, employees, and other funds. Such premiums are available to pay claims and administrative costs, and to fund claim reserves. For the other post-employment benefits, the premiums for the employees' pensions are paid partially by the City and partially by the employee. The retirees that are part of the City's health insurance plan pay the premium that is the full group rate of an active employee. For the property and casualty insurance risk management program, premiums are paid from the user department based on use.

For 2011, there were no significant reductions in insurance coverage from 2010 in either of the health benefit or the property and casualty insurance program.

Health Benefit Program:

The health benefit program is designed to provide for the payment of healthcare costs for employees. The City maintains a self-insurance program for employee group health coverage, which includes an individual excess coverage policy for claims exceeding \$100,000 per family, per year in 2011 (\$100,000 per family in 2010). Also included in the program is an aggregate excess coverage policy; for 2011, the attachment point for this policy was set at \$1,787,445. The aggregate excess coverage attachment point is 125% of the expected claims for the plan year. This amount is calculated by BlueCross BlueShield of Minnesota.

For 2011, the City offered four health plan options with consumer-driven healthcare programs that combined high deductibles with individual Health Plan Accounts (HPAs) or Health Savings Accounts (HSAs) — employer-held (HPA) or employee-held (HSA) accounts used for healthcare expenses not covered by the underlying plan. Eide Bailly administers the HPA accounts for these programs.

During 2011, net claims were \$1,209,803 (total claims of \$1,224,311 less pharmaceutical rebates of \$14,508 paid back to the City). Other 2011 costs are listed as follows: administrative costs of \$78,983; HPA reimbursements of \$3,320; and a reduction in incurred but not reported claims (over December 31, 2010) of \$33,408, reflecting the depletion of unused funds in employees' HPAs and a decrease in overall incurred, but not reported claims. The stop-loss premium was \$352,813; premiums are based on the option chosen, the number of covered employees, prior years' costs, and the projected increase in healthcare cost for the coming year. Premiums are budgeted in each fund/department and are, with the exception of premiums paid by employees, reported as department charges or quasi-external interfund transactions, as appropriate.

An estimate of incurred but not reported claims and administration fees and claims reported, but not settled at year-end of \$96,039 has been accrued as a liability in the Health Insurance Fund at December 31, 2011. In addition, a reserved fund balance of \$31,031 has been established for future HPA claims. For the past three years, there have been no settlements paid for more than the insurance coverage.

Changes in the health insurance liability for claims and administration fees for the Internal Service Fund during the past two years are as follows:

	2011	2010
Beginning of year liability	\$ 155,523	\$ 180,951
Current year claims, administration fees, and changes to estimates	1,612,466	1,699,138
Payments for claims and administration fees	<u>(1,640,919)</u>	<u>(1,724,566)</u>
End of year liability and HPA reserves	<u>\$ 127,070</u>	<u>\$ 155,523</u>

Also, effective January 1, 2003, the police officers and police sergeants left the City-sponsored health plan to enroll in a non-City-sponsored health plan. At that time, these two groups represented approximately 20% of the City's health plan. Effective January 1, 2010, the police officers' group returned to the City's health plan.

Other Post-Employment Benefits — Pensions:

State law requires that all full-time and certain part-time employees of the City participate in a statewide defined benefit pension plan administered by PERA. PERA administers GERF and PEPFF. As of December 31, 2011, GERF was 75.2% funded and PEPFF was 82.9% funded. As of December 31, 2010, GERF was 76.4% funded and PEPFF was 87.0% funded. (See Note 6.)

Other Post-Employment Benefits — Other Than Pensions:

Plan Description — The City of Winona administers a single-employer defined benefit healthcare plan, as part of the City of Winona Medical Benefit Plan. Retirees have the same choice of healthcare plans that the City provides to their active employees. The City's retiree healthcare plan does not issue a standalone financial report; retiree healthcare financial information is included in the City's overall financial report.

Funding Policy — The City requires the former employee to pay the full group active employee cost of the plan they select. Until 2007, the benefit expired at age 65. In late 2007, the City began allowing retirees to continue their coverage beyond age 65 by continuing to pay the full group active employee cost. At this time, police sergeants have elected not to participate in the City's health plan. Police officers rejoined the City's health plan, effective January 1, 2010.

Annual Other Post-employment Benefit (OPEB) Cost — For 2011, the City’s annual OPEB cost (expense) of \$316,915 was equal to the Annual Required Contribution (ARC), plus one year’s interest on the net OPEB obligation and an adjustment to the ARC to amortize the Contribution Deficiency over 10 years. Sixteen retirees and three dependent spouses are currently covered by the City’s plan. They paid \$127,382 in premiums at the group rate. (Claims and fees of \$166,971 were paid on their behalf.) The components of the OPEB expense are as follows:

Contribution Rates:		
City		Pay As You Go
Plan Members		N/A
Annual required contribution		\$ 466,599
Interest on net OPEB obligation		74,013
Adjustment to annual required contribution		<u>(223,697)</u>
Increase in net OPEB obligation		316,915
Net OPEB obligation, Beginning of year		1,850,317
Contribution		<u>(18,119)</u>
Net OPEB obligation, End of year		<u>\$ 2,149,113</u>

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for each of the last five years is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2011	\$ 316,915	5.7%	\$ 2,149,113
December 31, 2010	552,273	0.0%	1,850,317
December 31, 2009	353,597	0.0%	1,298,044
December 31, 2008	417,739	3.3%	944,447
December 31, 2007	350,807	7.1%	540,290

Funded Status and Funding Progress — The liability that has been accrued by the City is the value of the subsidy that retirees receive for their participation in the City’s group health plan. Since retirees pay the same rates as active employees, this liability is considered to be an implicit rate subsidy.

Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress for each of the last five years is as follows:

Actuarial Valuation Date	Actuarial Value of Asset (1) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as of Covered Payroll [(b-a)/c]
December 31, 2011	\$ -	\$ 2,057,813	\$ 2,057,813	0%	\$ 9,093,756	22.6%
December 31, 2010		2,702,180	2,702,180	0%	9,128,667	29.6%
December 31, 2009		3,700,179	3,700,179	0%	9,698,098	38.2%
December 31, 2008		2,451,382	2,451,382	0%	9,530,739	25.7%
December 31, 2007		2,495,955	2,495,955	0%	9,299,927	26.8%

(1) The City has set aside the following amounts for its retiree health care liability: \$703,088 in 2009, \$703,088 in 2010, and \$1,361,176 in 2011. These assets (\$2,767,352) are held in general assets (not plan assets) and are therefore not used to offset the AAL.

The required schedule of funding progress presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions — Projections of benefits for financial reporting purposes are based on the substantive plan, and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The December 31, 2011, actuarial valuation used the entry age actuarial cost method. Relevant actuarial assumptions included a 4.0% discount rate, an initial medical trend rate of 8.0%, and a reduction schedule of 0.5% per year (beginning in 2014) with an ultimate rate of 5.0%. There have not been any factors significantly affecting trends. The amortization of unfunded liabilities as a level dollar amount over 10 years was selected by the City to comply with GASB Statement No. 45 requirements. The amortization period used is open.

Property and Casualty Insurance Program:

The City participates in the self-insurance program of the League of Minnesota Cities Insurance Trust (LMCIT) to provide the City’s property and casualty coverage. During 2011, costs of premiums associated with the program were \$228,221 (2010 premium costs were \$246,852). There were no changes in the program for 2011 as compared to 2010.

City property is insured on a blanket basis with a limit of \$80,269,772 and \$75,108,611 for 2011 and 2010, respectively. The City also carried a \$50,000 deductible, per occurrence, for property losses for 2011 and a \$50,000 deductible, per occurrence, for property losses for 2010.

The liability policy is on a claims-made basis, and is retroactive to January 1, 1987. The deductibles included within the policy are \$50,000 per occurrence and \$200,000 annual aggregate. The policy includes a \$1,500,000 liability limit per Minnesota Statutes in 2011 and a \$1,500,000 liability limit per

Minnesota Statutes in 2010. During 2011 and 2010, costs of premiums associated with the municipal liability program were \$76,074 and \$78,870, respectively.

For 2011, the boiler and equipment breakdown policy continued with comprehensive protection of \$5,000,000 for all the City's locations with a \$50,000 deductible for 2011 (\$50,000 deductible for 2010). The 2011 premium for this option was \$6,582, and for 2010 it was \$6,159. For 2011 and 2010, the premium for mobile property was \$6,889 and \$6,777, respectively, which included comprehensive protection for equipment and replacement cost.

The LMCIT provided airport insurance for the City in 2011 and 2010. This policy provided both a \$1,000,000 coverage for each occurrence and in aggregate. In this policy, the Airport Hangarkeeper's Liability is unlimited. The 2011 cost was \$702 and 2010 cost was \$709.

Premiums are charged to the funds/departments based on a formula of usage and expenditures. For the past three years, there have been no settlements paid more than the insurance coverage. The amounts paid that are less than the deductible are as follows: \$28,408 for 2011; \$19,959 for 2010; and \$96,739 for 2009.

The City participates in the LMCIT for its workers' compensation plan, which is administered by Berkley Administrators. Under the plan, all claims are paid from the insurance trust. The net deposit premium paid by the City in 2011 totaled \$241,058 (in 2010, it totaled \$242,151). The City's premiums are adjusted in future years based upon the cost of claims with the minimum cost of \$80,295 and the maximum cost of \$540,710.

Risk Management Fund:

A City Internal Service Fund was established during 1996 to account for receipts of dividends from property/casualty and workers' compensation refunds as revenues. These receipts may be used to finance property losses for items less than any applicable insurance deductible or for specific low-risk items which are uninsured. These receipts may also be applied toward the payment of the annual cost of the property/casualty insurance premium (prior to the distribution of the costs by fund and department), may pay for items which would be considered those to reduce the City's risk, may absorb the annual fluctuation of workers' compensation premiums, and may contribute toward the maximum premium payment for workers' compensation. At December 31, 2011, \$299,652 has been restricted within fund balance to pay the 2011 maximum, if needed.

14. CONDUIT DEBT OBLIGATIONS

In prior years, the City has issued certain debt (bonds or notes) bearing its name to lower the cost of borrowing for specific nongovernmental third-parties for which the purpose of the debt is deemed to be in the public interest. These conduit or no-commitment debt obligations are serviceable from payments derived pursuant to a Loan Agreement and from the property which secures payment of the debt. The City is not obligated in any manner for repayment of the bonds or notes; thus, the debt is not reported as a liability in the accompanying financial statements.

The principal amount payable for the bonds and notes could not be determined. The original issue amounts of the conduit debt are listed below (the * denotes the conduit debt for the component unit — the Port Authority):

Company, Series, Project, Issue Date	Maturity	Original Amount
Medical Facilities Revenue Note, Series 2000B, Winona Community Memorial Hospital Obligated Group Project August 1, 2000	August 1, 2020	\$ 4,000,000
Housing Revenue Note, Series 2000, Home and Community Options, Inc. Project — December 28, 2000	January 1, 2021	135,000
Housing Facilities Revenue Bond Home and Community Options, Inc. Project — September 27, 2001	August 27, 2012	739,400
Student Housing Facilities Revenue Note, Series 2002, Winona State University Foundation Project — September 1, 2002	September 1, 2027	9,816,000
*Housing Revenue Note, Series 2004, Home and Community Options Project — June 1, 2004	June 1, 2024	920,000
*Housing Revenue Refunding Note, Series 2004, Saint Anne of Winona Project — July 10, 2004	June 10, 2027	6,600,000
Health Care Facilities Revenue Bonds, Series 2004A, Winona Health Obligated Group — July 1, 2004	July 1, 2034	19,075,000
Health Care Facilities Revenue Bonds, Series 2004B, Winona Health Obligated Group — July 1, 2004	July 1, 2014	4,974,200
Educational Facilities Revenue Bond, Series 2005, Minnesota State College — Southeast Technical Foundation Acquisition of Land and Training Project — February 28, 2005	February 28, 2015	951,595
Health Care Facilities Revenue Refunding Note, Series 2005 Sauer Memorial Home Project — March 7, 2005	May 14, 2014	1,090,000
*Lease Revenue Bonds, Series 2007A & 2007B, Bluffview Montessori School Project — November 1, 2007 (Refunded the Lease Revenue Bonds, Series 1999A & 1999B, which had been issued for \$3,095,000)	December 1, 2037	5,055,000
Housing Revenue Note, Series 2009, Home and Community Options, Inc. Project — August 1, 2009	August 20, 2029	300,000
*Housing Revenue Note, Series 2010, Home and Community Options, Inc. Project — August 23, 2010	August 23, 2025	180,000
*Minnesota Recovery Zone Facility Revenue Bond, Series 2010, Bay State Milling Company Project — August 30, 2010	September 1, 2022	5,200,000
*Housing Facility Revenue Note, Series 2010, Saint Anne of Winona Project — October 18, 2010	October 18, 2035	2,500,000
*Senior Housing Revenue Bonds, Series 2010, The Waters at Winona Project — December 29, 2010	December 1, 2050	10,750,000

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OTHER SUPPLEMENTARY INFORMATION

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NONMAJOR FUNDS

Special Revenue Funds

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Emergency Fund — Established to account for residential rehabilitation projects funded by repayments of previous rental rehabilitation projects.

Athletic Fund — Established pursuant to an agreement which creates a board to control, administer, and care for certain properties within the City.

Senior Advocacy Program Fund — Established to record the receipt of federal revenues used for various support services for senior citizens.

Library Memorials Fund — Established to account for the proceeds of estates donated to the City to be used for the public library.

Downtown - 1990 Community Development (C.D.) Loan Fund — Established to account for the repayment of loans from the 1990 Downtown Redevelopment Grant.

Downtown - 1994 Community Development (C.D.) Loan Fund — Established to account for the repayment of loans from the 1994 Downtown Redevelopment Grant.

Metro Plains Housing Fund — Established to facilitate the development of rental housing for low- and moderate-income people in the former Winona Middle School building.

West Central Revitalization Fund — Established to account for the rehabilitation of single family properties in the neighborhood surrounding the Habitat Jimmy Carter project.

Center City Rehab Fund — Established to assist in a commercial and housing rehabilitation loan program for the core area of the City.

Debt Service Funds

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

1999B G.O. Sales Tax Revenue Bond Fund — Established to account for revenues primarily from Winona sales and use tax and motor vehicle excise tax proceeds to pay for the debt service of the 1999B G.O. Sales Tax Revenue Bond. The proceeds of the bond were used to finance the costs associated with dredging Lake Winona and relocating the dredge material to the Riverbend Industrial Park.

Equipment Certificates of Indebtedness (2011A/2006A) Fund — Established to account for property tax proceeds and debt service on the 2011A and the 2006A G.O. Equipment Certificates.

Capital Projects Funds

Capital Projects Funds are used to account for the acquisition, construction, or improvement of major capital facilities or sites other than those financed by proprietary funds and trust funds.

Municipal State Aid Fund — Established to account for both the revenues received for State Aid road construction projects and the expenditures of related State Aid road construction projects.

Dike Construction Fund — Established to account for the revenues and the expenditures related to the City's flood control project (expenditures are mostly for City dike improvements).

Park Site Fund — Established to account for revenues from subdivision development for the purpose of park acquisition and park improvements.

Engineering Department Projects Fund — Established to account for property tax and other revenues to finance Engineering Department capital improvement projects that are not included in an individual fund.

Radio Project Fund — Established to account for revenues and expenditures relating to the Federal Grant for the 800 MHz Radio system.

City Building Improvements Fund — Established to account for revenues and expenditures relating to the improvements of City buildings.

City Equipment Fund — Established to account for the proceeds of the 2011A and the 2006A G.O. Equipment Certificates used to purchase equipment and vehicles for the police, fire, emergency management, streets, and park maintenance departments.

Infrastructure Revolving Fund — Established to front capital improvement projects (with reimbursement to be made back to this fund) or finance capital projects (with no reimbursement back to this fund). These are projects that are included in the Capital Improvement Plan (CIP). The project must appear in the CIP for at least two years, and no more than 50% of the project costs would be contributed by this fund.

Street Reconstruction Fund — Established to account for property tax and other revenues to finance the annual street reconstruction project within the City.

High Wagon Bridge Reconstruction Fund — Established to account for revenues and expenditures for the reconstruction of the High Wagon Bridge project.

Aghaghming Park Construction Funds — Established to account for Aghaghming Park projects.

Softball Field Development Fund — Established to account for revenues from softball fees that are to be used for softball field development.

Bambenek Field #1 Fund — Established to account for upgrades and improvements to the softball field by the lake known as Bambenek Field #1.

Permanent Funds

Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the City's programs.

Bell Art Endowment Fund — Created pursuant to the bequest by Frederick Somers Bell, a \$5,000 gift was given to the Winona Public Library. The principal is to be kept intact, and only the interest of the fund may be used for the purchase of books in the general field of art, including architecture, music, and the like.

Laird and Bell Endowment Fund — Established pursuant to the bequests of William H. Laird and Francis Laird Bell, the \$10,000 of principal is to be kept intact. The interest may only be used for the maintenance, repair, decoration, and redecoration of the Laird Library building.

C. M. Youman Memorial Fund — Created pursuant to a bequest of \$2,000 by C. M. Youman, the principal is to be kept intact. The interest may only be used for general park purposes, which may include acquiring new park ground.

H. C. Garvin Winona Civic Fund — Established pursuant to H. C. Garvin's bequest of \$35,000 to the City, the principal is to be kept intact. The interest may only be used for certain areas on Garvin Heights and for the care and maintenance of Windom Square Park.

Dr. C. A. Rohrer Fund — Established pursuant to a \$2,000 bequest by Dr. C. A. Rohrer, the principal is to be kept intact. The interest may only be used for the betterment of the Lake Winona gardens and park.

Leonhard Fried Educational Fund — Created pursuant to the bequest made by Leonhard Fried, the Winona National Bank is the trustee of the estate. The net income derived from the trust is to be an annual gift to the Winona Public Library for the purchase of books and other educational materials.

Mielimonka Library Fund — Created pursuant to a \$2,000 gift to the Winona Public Library from Dieter and Denise Mielimonka. The principal is kept intact, and only the interest of the fund may be used for the purchase of library materials.

CITY OF WINONA, MINNESOTA

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS AS OF DECEMBER 31, 2011 (with comparative totals for 2010)

ASSETS	Special Revenue				
	Emergency	Athletic	Senior Advocacy Program	Library Memorials	Downtown 1990 C.D. Loan
Cash and cash equivalents	\$ 13,084	\$ 12,170	\$ 28,628	\$ 265,088	\$ -
Restricted investments					
Receivables — Net:					
Taxes					
Customers and other			158		
Due from other governmental units					
Due from other funds					43,068
Accrued interest on investments					
TOTAL	<u>\$ 13,084</u>	<u>\$ 12,170</u>	<u>\$ 28,786</u>	<u>\$ 265,088</u>	<u>\$ 43,068</u>
LIABILITIES AND FUND BALANCES (DEFICITS)					
LIABILITIES:					
Accounts payable	\$ -	\$ -	\$ 1,646	\$ -	\$ -
Due to other funds					
Accrued salaries and compensated absences			44,330		
Deferred revenue			14,500		
Total liabilities			<u>60,476</u>		
FUND BALANCES (DEFICITS):					
Nonspendable					
Restricted					
Committed	13,084	12,170		265,088	43,068
Assigned					
Unassigned			(31,690)		
Total fund balances (deficits)	<u>13,084</u>	<u>12,170</u>	<u>(31,690)</u>	<u>265,088</u>	<u>43,068</u>
TOTAL	<u>\$ 13,084</u>	<u>\$ 12,170</u>	<u>\$ 28,786</u>	<u>\$ 265,088</u>	<u>\$ 43,068</u>

					Debt Service		
Downtown 1994 C.D. Loan	Metro Plains Housing	West Central Revitalization	Central City Rehab	Special Revenue Total	1999B G.O. Sales Tax Revenue Bond	Equipment Certificates (2011A&2006A)	Debt Service Total
\$ 150,321	\$ 57	\$ 36,894	\$ 60,571	\$ 566,813	\$ 132,426	\$ 329,861	\$ 462,287
						2,849	2,849
911				1,069			
			71,889	71,889		2,201	2,201
2,000				45,068			
<u>\$ 153,232</u>	<u>\$ 57</u>	<u>\$ 36,894</u>	<u>\$ 132,460</u>	<u>\$ 684,839</u>	<u>\$ 132,426</u>	<u>\$ 334,911</u>	<u>\$ 467,337</u>
\$ -	\$ -	\$ -	\$ 1,521	\$ 3,167	\$ -	\$ 909	\$ 909
			45,068	45,068			
				44,330			
			35	14,535		2,848	2,848
			46,624	107,100		3,757	3,757
153,232	57	36,894	85,836	609,429	132,426	331,154	463,580
				(31,690)			
<u>153,232</u>	<u>57</u>	<u>36,894</u>	<u>85,836</u>	<u>577,739</u>	<u>132,426</u>	<u>331,154</u>	<u>463,580</u>
<u>\$ 153,232</u>	<u>\$ 57</u>	<u>\$ 36,894</u>	<u>\$ 132,460</u>	<u>\$ 684,839</u>	<u>\$ 132,426</u>	<u>\$ 334,911</u>	<u>\$ 467,337</u>

CITY OF WINONA, MINNESOTA

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS AS OF DECEMBER 31, 2011 (with comparative totals for 2010)

	Municipal State Aid	Dike Construction	Park Site	Engineering Department Projects	Radio Project	City Building Improve- ments
ASSETS						
Cash and cash equivalents	\$ 101,645	\$ 202,858	\$ 104,398	\$ 281,644	\$ 278	\$ 2,527
Restricted investments						
Receivables — Net:						
Taxes						
Customers and other						
Due from other governmental units				442		
Due from other funds						
Accrued interest on investments						
TOTAL	<u>\$ 101,645</u>	<u>\$ 202,858</u>	<u>\$ 104,398</u>	<u>\$ 282,086</u>	<u>\$ 278</u>	<u>\$ 2,527</u>
LIABILITIES AND FUND BALANCES (DEFICITS)						
LIABILITIES:						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds						
Accrued salaries and compensated absences						
Deferred revenue						
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS):						
Nonspendable						
Restricted	101,645	202,858	104,398	282,086	278	2,527
Committed						
Assigned						
Unassigned						
Total fund balances (deficits)	<u>101,645</u>	<u>202,858</u>	<u>104,398</u>	<u>282,086</u>	<u>278</u>	<u>2,527</u>
TOTAL	<u>\$ 101,645</u>	<u>\$ 202,858</u>	<u>\$ 104,398</u>	<u>\$ 282,086</u>	<u>\$ 278</u>	<u>\$ 2,527</u>

Capital Projects

City Equipment	Infra- structure Revolving	Street Recon- struction	High Wagon Bridge Recon- struction	Aghaghming Park Construction	Softball Field Development	Bambenek Field #1	Capital Projects Total
\$ 1,355,303	\$ 1,601,229	\$ 425,664	\$ 152,284	\$ 1,835	\$ 118,767	\$ -	\$ 4,348,432
							442
<u>\$ 1,355,303</u>	<u>\$ 1,601,229</u>	<u>\$ 425,664</u>	<u>\$ 152,284</u>	<u>\$ 1,835</u>	<u>\$ 118,767</u>	<u>\$ -</u>	<u>\$ 4,348,874</u>
\$ 345,029	\$ -	\$ -	\$ 1,099	\$ -	\$ -	\$ -	\$ 346,128
			4,210				4,210
<u>345,029</u>	<u>-</u>	<u>-</u>	<u>5,309</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>350,338</u>
1,010,274	1,601,229	425,664	146,975	1,835	118,767		3,998,536
<u>1,010,274</u>	<u>1,601,229</u>	<u>425,664</u>	<u>146,975</u>	<u>1,835</u>	<u>118,767</u>		<u>3,998,536</u>
<u>\$ 1,355,303</u>	<u>\$ 1,601,229</u>	<u>\$ 425,664</u>	<u>\$ 152,284</u>	<u>\$ 1,835</u>	<u>\$ 118,767</u>	<u>\$ -</u>	<u>\$ 4,348,874</u>

CITY OF WINONA, MINNESOTA

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS

AS OF DECEMBER 31, 2011 (with comparative totals for 2010)

	Permanent Funds				
	Bell Art Endow- ment	Laird and Bell Endowment	C.M. Youman Memorial	H.C. Garvin Winona Civic	Dr. C. A. Rohrer
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted investments	5,498	12,356	11,567	229,957	17,419
Receivables — Net:					
Taxes					
Customers and other					
Due from other governmental units					
Due from other funds					
Accrued interest on investments					
TOTAL	<u>\$ 5,498</u>	<u>\$ 12,356</u>	<u>\$ 11,567</u>	<u>\$ 229,957</u>	<u>\$ 17,419</u>
LIABILITIES AND FUND BALANCES (DEFICITS)					
LIABILITIES:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds					
Accrued salaries and compensated absences					
Deferred revenue					
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS):					
Nonspendable	5,000	10,000	2,000	35,000	2,000
Restricted	498	2,356	9,567	194,957	15,419
Committed					
Assigned					
Unassigned					
Total fund balances (deficits)	<u>5,498</u>	<u>12,356</u>	<u>11,567</u>	<u>229,957</u>	<u>17,419</u>
TOTAL	<u>\$ 5,498</u>	<u>\$ 12,356</u>	<u>\$ 11,567</u>	<u>\$ 229,957</u>	<u>\$ 17,419</u>

Leonhard Fried Educational	Mielimodka Library	Permanent Funds Total	Total Nonmajor Governmental Funds	
			2011	2010
\$ - 36,690	\$ - 2,179	\$ - 315,666	\$ 5,377,532 315,666	\$ 3,543,716 316,186
735		735	2,849 1,804 74,532 45,068	3,404 1,371 138,598 45,068
<u>\$ 37,425</u>	<u>\$ 2,179</u>	<u>\$ 316,401</u>	<u>\$ 5,817,451</u>	<u>\$ 4,048,343</u>
\$ -	\$ -	\$ -	\$ 350,204 45,068 44,330 21,593	\$ 9,500 45,068 41,946 7,827
-	-	-	461,195	104,341
37,425	2,000 179	56,000 260,401	56,000 4,722,517 609,429 (31,690)	56,000 3,282,397 635,911 (30,306)
<u>37,425</u>	<u>2,179</u>	<u>316,401</u>	<u>5,356,256</u>	<u>3,944,002</u>
<u>\$ 37,425</u>	<u>\$ 2,179</u>	<u>\$ 316,401</u>	<u>\$ 5,817,451</u>	<u>\$ 4,048,343</u>

CITY OF WINONA, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2011 (with comparative totals for 2010)

	Special Revenue					
	Emergency	Athletic	Senior Advocacy Program	Library Memorials	Downtown 1990 C.D. Loan	Downtown 1994 C.D. Loan
REVENUES:						
General property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues			22,288			
Investment earnings		11	44	263		
Net increase (decrease) in fair value of investments						
Refunds and reimbursements						
Contributions						
Charges for services	6,351	1,000	30,289			7,011
Total revenues	6,351	1,011	52,621	263	-	7,011
EXPENDITURES:						
General government			110,562			
Public safety						
Economic development	14,566					
Park maintenance		2,000				
Capital outlay						
Debt service:						
Bond principal						
Interest and other expenditures						
Total expenditures	14,566	2,000	110,562	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(8,215)	(989)	(57,941)	263		7,011
OTHER FINANCING SOURCES (USES):						
G.O. Equipment Certificates Issued						
Transfers to other funds				(25,262)		
Transfers from other funds			56,557			
Total other financing sources (uses)	-	-	56,557	(25,262)	-	-
NET CHANGE IN FUND BALANCES	(8,215)	(989)	(1,384)	(24,999)		7,011
FUND BALANCES (DEFICITS) — January 1, 2010	21,299	13,159	(30,306)	290,087	43,068	146,221
FUND BALANCES (DEFICITS) — December 31, 2011	<u>\$ 13,084</u>	<u>\$ 12,170</u>	<u>\$ (31,690)</u>	<u>\$ 265,088</u>	<u>\$ 43,068</u>	<u>\$ 153,232</u>

				Debt Service		
Metro Plains Housing	West Central Revitalization	Central City Rehab	Special Revenue Total	1999B G.O. Sales Tax Revenue Bond	Equipment Certificates (2011A&2006A)	Debt Service Total
\$ 11,162	\$ -	\$ -	\$ 11,162	\$ -	\$ 148,091	\$ 148,091
		460,734	483,022	126	206	332
			318			
		112,591	157,242			
<u>11,162</u>	<u>-</u>	<u>573,325</u>	<u>651,744</u>	<u>126</u>	<u>148,297</u>	<u>148,423</u>
	12,499		123,061			
11,162		560,116	585,844			
			2,000			
					125,000	125,000
					12,183	12,183
<u>11,162</u>	<u>12,499</u>	<u>560,116</u>	<u>710,905</u>	<u>-</u>	<u>137,183</u>	<u>137,183</u>
	(12,499)	13,209	(59,161)	126	11,114	11,240
			(25,262)			
			56,557		3,461	3,461
<u>-</u>	<u>-</u>	<u>-</u>	<u>31,295</u>	<u>-</u>	<u>3,461</u>	<u>3,461</u>
	(12,499)	13,209	(27,866)	126	14,575	14,701
<u>57</u>	<u>49,393</u>	<u>72,627</u>	<u>605,605</u>	<u>132,300</u>	<u>316,579</u>	<u>448,879</u>
<u>\$ 57</u>	<u>\$ 36,894</u>	<u>\$ 85,836</u>	<u>\$ 577,739</u>	<u>\$ 132,426</u>	<u>\$ 331,154</u>	<u>\$ 463,580</u>

CITY OF WINONA, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2011 (with comparative totals for 2010)

	Municipal State Aid	Dike Construction	Park Site	Engineering Department Projects	Radio Project	City Building Improve- ments
REVENUES:						
General property taxes	\$ -	\$ -	\$ -	\$ 30,834	\$ -	\$ -
Intergovernmental revenues	328,377			53,742	33,892	
Investment earnings	90	190	98	219		3
Net increase (decrease) in fair value of investments						
Refunds and reimbursements					88	
Contributions						
Charges for services						
Total revenues	<u>328,467</u>	<u>190</u>	<u>98</u>	<u>84,795</u>	<u>33,980</u>	<u>3</u>
EXPENDITURES:						
General government						
Public safety					40,756	
Economic development						
Park maintenance						
Capital outlay	77,299			30,797		
Debt service:						
Bond principal						
Interest and other expenditures						
Total expenditures	<u>77,299</u>	<u>-</u>	<u>-</u>	<u>30,797</u>	<u>40,756</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>251,168</u>	<u>190</u>	<u>98</u>	<u>53,998</u>	<u>(6,776)</u>	<u>3</u>
OTHER FINANCING SOURCES (USES):						
G.O. Equipment Certificates Issued						
Transfers to other funds	(239,838)					
Transfers from other funds				7,500	7,054	
Total other financing sources (uses)	<u>(239,838)</u>	<u>-</u>	<u>-</u>	<u>7,500</u>	<u>7,054</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	11,330	190	98	61,498	278	3
FUND BALANCES (DEFICITS) — January 1, 2010	<u>90,315</u>	<u>202,668</u>	<u>104,300</u>	<u>220,588</u>		<u>2,524</u>
FUND BALANCES (DEFICITS) — December 31, 2011	<u>\$ 101,645</u>	<u>\$ 202,858</u>	<u>\$ 104,398</u>	<u>\$ 282,086</u>	<u>\$ 278</u>	<u>\$ 2,527</u>

Capital Projects

City Equipment	Infra-structure Revolving	Street Recon-struction	High Wagon Bridge Recon-struction	Aghaghming Park Construction	Softball Field Development	Bambenek Field #1	Capital Projects Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,834
773	1,503	206	140	2	104		416,011
							3,328
							88
	1,429		4,210		8,125		13,764
773	2,932	206	4,350	2	8,229	-	464,025
22							22
							40,756
439,582		240,884	1,100				789,662
33,005							33,005
472,609	-	240,884	1,100	-	-	-	863,445
(471,836)	2,932	(240,678)	3,250	2	8,229		(399,420)
1,385,000 (3,461)		663,177			5,517	(325)	1,385,000 (243,624)
1,381,539	-	663,177	-	-	5,517	(325)	683,248
909,703	2,932	422,499	3,250	2	13,746	(325)	1,824,624
100,571	1,598,297	3,165	143,725	1,833	105,021	325	1,425,204
<u>\$ 1,010,274</u>	<u>\$ 1,601,229</u>	<u>\$ 425,664</u>	<u>\$ 146,975</u>	<u>\$ 1,835</u>	<u>\$ 118,767</u>	<u>\$ -</u>	<u>\$ 3,998,536</u>

CITY OF WINONA, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2011 (with comparative totals for 2010)

	Permanent Funds			
	Bell Art Endow- ment	Laird and Bell Endowment	C.M. Youman Memorial	H.C. Garvin Winona Civic
REVENUES:				
General property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues				
Investment earnings	6	10	9	215
Net increase (decrease) in fair value of investments				
Refunds and reimbursements				
Contributions				
Charges for services				
Total revenues	<u>6</u>	<u>10</u>	<u>9</u>	<u>215</u>
EXPENDITURES:				
General government				
Public safety				
Economic development				
Park maintenance				
Capital outlay				
Debt service:				
Bond principal				
Interest and other expenditures				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>6</u>	<u>10</u>	<u>9</u>	<u>215</u>
OTHER FINANCING SOURCES (USES):				
G.O. Equipment Certificates Issued				
Transfers to other funds				
Transfers from other funds				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	6	10	9	215
FUND BALANCES (DEFICITS) — January 1, 2010	<u>5,492</u>	<u>12,346</u>	<u>11,558</u>	<u>229,742</u>
FUND BALANCES (DEFICITS) — December 31, 2011	<u>\$ 5,498</u>	<u>\$ 12,356</u>	<u>\$ 11,567</u>	<u>\$ 229,957</u>

Dr. C. A. Rohrer	Leonhard Fried Educational	Mielimonka Library	Permanent Funds Total	Total Nonmajor Governmental Funds	
				2011	2010
\$ -	\$ -	\$ -	\$ -	\$ 190,087	\$ 168,387
				899,033	1,738,483
17	1,089	2	1,348	5,326	3,205
	(1,133)		(1,133)	(1,133)	1,791
				88	6,786
				171,006	117,975
17	(44)	2	215	1,264,407	2,036,627
				123,083	121,505
				40,756	709,367
				585,844	399,113
				2,000	2,234
				789,662	632,729
				125,000	120,000
				45,188	16,095
-	-	-	-	1,711,533	2,001,043
17	(44)	2	215	(447,126)	35,584
				1,385,000	
				(268,886)	(28,432)
				743,266	85,711
-	-	-	-	1,859,380	57,279
17	(44)	2	215	1,412,254	92,863
17,402	37,469	2,177	316,186	3,944,002	3,851,139
<u>\$ 17,419</u>	<u>\$ 37,425</u>	<u>\$ 2,179</u>	<u>\$ 316,401</u>	<u>\$ 5,356,256</u>	<u>\$ 3,944,002</u>

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INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods or services provided by one city department to other city departments on a cost-reimbursement basis.

Health Insurance Fund — Established to account for the City's health self-insurance activities.

Law Enforcement Labor Services (LELS) Fund — Established to account for the police officers' and the police sergeants' health insurance activities. Also includes the prepaid amounts for health insurance for specific retirees.

Employee Benefit Fund — Established to accrue all unused employee vacation, sick leave, and compensation time for the governmental funds of the City. The Employee Benefit Fund's revenues are derived from direct charges to the City's governmental funds.

Risk Management Fund — Established to account for the revenues from dividends of property/casualty and workers' compensation insurance programs. For the property program, it may finance the uninsured items and pay out the annual premium cost prior to department distribution. For the workers' compensation program, it may absorb the annual fluctuations in this cost.

Equipment Replacement Fund — Established to begin an Equipment Revolving Schedule. In the future, this fund is to account for the acquisition of machinery and equipment, and user charges will be billed to various City departments.

Facilities Fund — Established to begin a Facilities Schedule that will account for the replacement, development, and large-type maintenance of the City's buildings and structures.

Infrastructure Replacement Fund — Established to begin a schedule to replace the City's infrastructure.

CITY OF WINONA, MINNESOTA

INTERNAL SERVICE FUNDS COMBINING STATEMENT OF NET ASSETS AS OF DECEMBER 31, 2011 (with comparative totals for 2010)

	Health Insurance	LELS Health	Employee Benefit	Risk Manage- ment
ASSETS				
Cash and cash equivalents	\$ 971,384	\$ 149,810	\$ 5,217,492	\$ 1,307,093
Receivables — Net — Customers and other	21,083			
Due from other funds				
Prepaid items				
Total assets	<u>992,467</u>	<u>149,810</u>	<u>5,217,492</u>	<u>1,307,093</u>
LIABILITIES AND NET ASSETS				
LIABILITIES:				
Accounts payable	\$ 3,260	\$ 149,548	\$ -	\$ 4,591
Accrued salaries and compensation			2,450,140	
Deferred revenue	1,647			
Outstanding and incurred, but not reported claims	<u>96,039</u>			
Total liabilities	<u>100,946</u>	<u>149,548</u>	<u>2,450,140</u>	<u>4,591</u>
NET ASSETS				
Restricted	891,521	262	2,767,352	602,381
Unrestricted — Internal Service Fund				<u>700,121</u>
Total net assets	<u>\$ 891,521</u>	<u>\$ 262</u>	<u>\$ 2,767,352</u>	<u>\$ 1,302,502</u>

Equipment Replace- ment	Facilities	Infrastructure Replace- ment	Total	
			2011	2010
\$ 2,777,964	\$ 1,201,458	\$ 1,527,804	\$ 13,153,005	\$ 10,669,445
			21,083	5,483
230,000	300,000		530,000	530,000
			-	1,402
<u>3,007,964</u>	<u>1,501,458</u>	<u>1,527,804</u>	<u>13,704,088</u>	<u>11,206,330</u>
\$ -	\$ -	\$ -	\$ 157,399	\$ 150,588
			2,450,140	2,474,669
			1,647	126
			<u>96,039</u>	<u>115,246</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>2,705,225</u>	<u>2,740,629</u>
3,007,964	1,501,458	1,527,804	10,298,742	7,832,731
			<u>700,121</u>	<u>632,970</u>
<u>\$ 3,007,964</u>	<u>\$ 1,501,458</u>	<u>\$ 1,527,804</u>	<u>\$ 10,998,863</u>	<u>\$ 8,465,701</u>

CITY OF WINONA, MINNESOTA

INTERNAL SERVICE FUNDS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2011 (with comparative totals for 2010)

	Health Insurance	LELS Health	Employee Benefit	Risk Manage- ment
OPERATING REVENUES:				
Charges to city departments	\$ 1,541,245	\$ -	\$ -	\$ -
Other charges and services	500,942		(24,529)	
Refunds and reimbursements	23,088			93,034
Total operating revenues	<u>2,065,275</u>	<u>-</u>	<u>(24,529)</u>	<u>93,034</u>
OPERATING EXPENSES:				
Salaries and employee benefits			(24,529)	
Health insurance claims and fees	1,288,786			
Health insurance stop-loss premium	352,813			
Contractual services	198,733			28,409
Total operating expenses	<u>1,840,332</u>	<u>-</u>	<u>(24,529)</u>	<u>28,409</u>
OPERATING INCOME	224,943	-	-	64,625
NONOPERATING REVENUES —				
Investment earnings	791			1,187
Total nonoperating revenues	<u>791</u>	<u>-</u>	<u>-</u>	<u>1,187</u>
INCOME BEFORE TRANSFERS	225,734	-	-	65,812
TRANSFERS IN			658,088	
TRANSFERS OUT				(50)
INCREASE (DECREASE) IN NET ASSETS	225,734	-	658,088	65,762
NET ASSETS — Beginning of year	665,787	262	2,109,264	1,236,740
NET ASSETS — End of year	<u>\$ 891,521</u>	<u>\$ 262</u>	<u>\$ 2,767,352</u>	<u>\$ 1,302,502</u>

Equipment Replace- ment	Facilities	Infrastructure Replace- ment	Totals	
			2011	2010
\$ -	\$ -	\$ -	\$ 1,541,245	\$ 1,540,431
			476,413	499,356
<u>17,229</u>			<u>133,351</u>	<u>149,545</u>
<u>17,229</u>	<u>-</u>	<u>-</u>	<u>2,151,009</u>	<u>2,189,332</u>
			(24,529)	8,543
			1,288,786	1,400,365
			352,813	311,188
			<u>227,142</u>	<u>214,469</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,844,212</u>	<u>1,934,565</u>
17,229	-	-	306,797	254,767
<u>2,092</u>	<u>683</u>	<u>778</u>	<u>5,531</u>	<u>5,525</u>
<u>2,092</u>	<u>683</u>	<u>778</u>	<u>5,531</u>	<u>5,525</u>
19,321	683	778	312,328	260,292
700,025	700,233	700,000	2,758,346	1,313,088
<u>(174,320)</u>	<u>(363,142)</u>		<u>(537,512)</u>	<u>(594,076)</u>
545,026	337,774	700,778	2,533,162	979,304
<u>2,462,938</u>	<u>1,163,684</u>	<u>827,026</u>	<u>8,465,701</u>	<u>7,486,397</u>
<u>\$ 3,007,964</u>	<u>\$ 1,501,458</u>	<u>\$ 1,527,804</u>	<u>\$ 10,998,863</u>	<u>\$ 8,465,701</u>

CITY OF WINONA, MINNESOTA

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2011 (with comparative totals for 2010)

	Health Insurance	LELS Health	Employee Benefit	Risk Manage- ment
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	\$ 2,051,076	\$ -	\$ (24,529)	\$ 93,033
Service charges			(24,529)	
Payments to suppliers	<u>(1,859,028)</u>	<u> </u>	<u>24,529</u>	<u>(28,046)</u>
Net cash (used in) provided by operating activities	<u>192,048</u>	<u>-</u>	<u>(24,529)</u>	<u>64,987</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Deferred revenue — decrease	1,521	5,939		
Transfers to other funds				(50)
Transfers from other funds	<u> </u>	<u> </u>	<u>658,088</u>	<u> </u>
Net cash provided by (used in) noncapital financing activities	<u>1,521</u>	<u>5,939</u>	<u>658,088</u>	<u>(50)</u>
CASH FLOWS FROM INVESTING ACTIVITIES —				
Interest received	<u>791</u>	<u> </u>	<u> </u>	<u>1,187</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
	194,360	5,939	633,559	66,124
CASH AND CASH EQUIVALENTS — Beginning of year	<u>777,024</u>	<u>143,871</u>	<u>4,583,933</u>	<u>1,240,969</u>
CASH AND CASH EQUIVALENTS — End of year	<u>\$ 971,384</u>	<u>\$ 149,810</u>	<u>\$ 5,217,492</u>	<u>\$ 1,307,093</u>
RECONCILIATION OF OPERATING (LOSS) INCOME TO NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES:				
Operating income	\$ 224,943	\$ -	\$ -	\$ 64,625
Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities —				
Changes in assets and liabilities:				
Customer receivables	(14,198)			
Accounts payable	(18,697)			362
Other accrued liabilities	<u> </u>	<u> </u>	<u>(24,529)</u>	<u> </u>
Net cash (used in) provided by operating activities	<u>\$ 192,048</u>	<u>\$ -</u>	<u>\$ (24,529)</u>	<u>\$ 64,987</u>

Equipment Replace- ment	Facilities	Infrastructure Replace- ment	Total	
			2011	2010
\$ 17,229	\$ -	\$ -	\$ 2,136,809	\$ 2,182,564
			(24,529)	
			<u>(1,862,545)</u>	<u>(1,931,584)</u>
<u>17,229</u>	<u>-</u>	<u>-</u>	<u>249,735</u>	<u>250,980</u>
			7,460	(53,729)
(174,320)	(363,142)		(537,512)	(594,076)
<u>700,025</u>	<u>700,233</u>	<u>700,000</u>	<u>2,758,346</u>	<u>1,313,088</u>
<u>525,705</u>	<u>337,091</u>	<u>700,000</u>	<u>2,228,294</u>	<u>665,283</u>
<u>2,092</u>	<u>683</u>	<u>778</u>	<u>5,531</u>	<u>21,152</u>
545,026	337,774	700,778	2,483,560	937,415
<u>2,232,938</u>	<u>863,684</u>	<u>827,026</u>	<u>10,669,445</u>	<u>9,732,030</u>
<u>\$ 2,777,964</u>	<u>\$ 1,201,458</u>	<u>\$ 1,527,804</u>	<u>\$ 13,153,005</u>	<u>\$ 10,669,445</u>
\$ 17,229	\$ -	\$ -	\$ 306,797	\$ 254,767
			(14,198)	(6,768)
			(18,335)	4,051
			<u>(24,529)</u>	<u>(1,070)</u>
<u>\$ 17,229</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 249,735</u>	<u>\$ 250,980</u>

CITY OF WINONA, MINNESOTA

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES — TOURISM PROMOTION AGENCY FUND FOR THE YEAR ENDED DECEMBER 31, 2011

	Beginning Balance	Increases	Decreases	Ending Balance
ASSETS:				
Cash and cash equivalents	\$ -	\$ 328,631	\$ 328,631	\$ -
Accounts receivable	<u>14,013</u>	<u>19,107</u>	<u>17,067</u>	<u>16,053</u>
Total assets	<u>\$ 14,013</u>	<u>\$ 347,738</u>	<u>\$ 345,698</u>	<u>\$ 16,053</u>
LIABILITIES —				
Accounts payable — total liabilities	<u>\$ 14,013</u>	<u>\$ 327,617</u>	<u>\$ 325,577</u>	<u>\$ 16,053</u>

CITY OF WINONA, MINNESOTA

GENERAL FUND SCHEDULE OF REVENUES — BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2011 (with comparative totals for 2010)

	2011			2010 Actual
	Final Budget	Actual	Variance	
GENERAL PROPERTY TAX:				
Ad valorem	\$ 4,919,139	\$ 4,450,359	\$ (468,780)	\$ 4,307,074
Delinquent ad valorem taxes		80,534	80,534	61,273
Penalties and interest		15,808	15,808	7,837
Total general property taxes	4,919,139	4,546,701	(372,438)	4,376,184
FRANCHISE FEES:				
Cable TV	280,000	352,542	72,542	273,768
Electric	785,000	951,956	166,956	931,971
Total franchise fees	1,065,000	1,304,498	239,498	1,205,739
LICENSES AND PERMITS:				
Business	123,200	128,512	5,312	120,895
Nonbusiness	21,900	40,961	19,061	34,766
Total licenses and permits	145,100	169,473	24,373	155,661
FINES AND FORFEITS — Other fines and forfeits	216,000	211,375	(4,625)	222,562
INTERGOVERNMENTAL REVENUES:				
Shared taxes:				
State aid maintenance	218,000	235,087	17,087	218,444
Payment in lieu of tax	17,000	23,455	6,455	19,080
State grants:				
Local government aid	7,932,732	7,934,735	2,003	7,933,176
Police training	13,000	14,392	1,392	13,264
Fire/police aid				
Insurance aid	250,000	331,401	81,401	342,756
Market value credits	(407,497)	81	407,578	122
State grants restricted to programs	9,600	29,141	19,541	5,715
State grants not restricted to programs	27,304	27,304		27,304
Local — County road and bridge maintenance	17,000	21,457	4,457	17,170
Local — Other county grants				6,223
Federal grants	131,195	59,037	(72,158)	186,788
Total intergovernmental revenues	8,208,334	8,676,090	467,756	8,770,042
INVESTMENT EARNINGS	30,000	12,970	(17,030)	12,747
NET INCREASE IN FAIR VALUE OF INVESTMENTS		17,369	17,369	27,067

(Continued)

CITY OF WINONA, MINNESOTA

**GENERAL FUND
SCHEDULE OF REVENUES — BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2011 (with comparative totals for 2010)**

	2011			2010 Actual
	Final Budget	Actual	Variance	
CHARGES FOR SERVICES:				
General government	\$ 10,550	\$ 4,453	\$ (6,097)	\$ 2,936
Public safety	100	1,977	1,877	3,107
Public works	500	660	160	1,660
Inspections	66,771	66,771		72,091
Investment fee	2,000		(2,000)	
Administrative fee — Lodging tax	10,000	20,741	10,741	14,108
Recreation	91,200	129,267	38,067	83,969
Water and sewer	135,730	135,730		135,730
Port Authority	238,658	219,123	(19,535)	234,824
Rents	38,100	44,849	6,749	43,746
Commissions on sales	3,000	7,404	4,404	7,715
Refunds and reimbursements	20,537	35,045	14,508	30,462
Other		41,127	41,127	1,854
Total charges for services	<u>617,146</u>	<u>707,147</u>	<u>90,001</u>	<u>632,202</u>
CONTRIBUTIONS — Contributions	<u>8,205</u>	<u>8,206</u>	<u>1</u>	<u>6,621</u>
Total revenues	<u>\$ 15,208,924</u>	<u>\$ 15,653,829</u>	<u>\$ 444,905</u>	<u>\$ 15,408,825</u>

(Concluded)

CITY OF WINONA, MINNESOTA

GENERAL FUND SCHEDULE OF EXPENDITURES — BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2011 (with comparative totals for 2010)

	2011			2010 Actual
	Final Budget	Actual	Variance	
GENERAL GOVERNMENT:				
Mayor — council:				
Salaries and employee benefits	\$ 110,698	\$ 93,938	\$ 16,760	\$ 109,382
Supplies	6,279	5,170	1,109	24,576
Other services and charges	170,639	127,705	42,934	177,762
Total mayor — council	<u>287,616</u>	<u>226,813</u>	<u>60,803</u>	<u>311,720</u>
City clerk:				
Salaries and employee benefits	107,126	108,388	(1,262)	114,295
Supplies	1,460	1,400	60	6,170
Other services and charges	8,928	5,843	3,085	6,674
Total city clerk	<u>117,514</u>	<u>115,631</u>	<u>1,883</u>	<u>127,139</u>
City manager:				
Salaries and employee benefits	266,308	345,578	(79,270)	237,190
Supplies	4,500	4,386	114	3,457
Other services and charges	18,623	15,835	2,788	5,772
Total city manager	<u>289,431</u>	<u>365,799</u>	<u>(76,368)</u>	<u>246,419</u>
Elections and voter registration:				
Salaries and employee benefits		(681)	681	18,879
Supplies				4,545
Other services and charges	5,800	5,484	316	8,461
Total elections and voter registration	<u>5,800</u>	<u>4,803</u>	<u>997</u>	<u>31,885</u>
Finance:				
Salaries and employee benefits	528,164	536,803	(8,639)	540,243
Supplies	43,850	30,706	13,144	46,324
Other services and charges	520,886	245,877	275,009	223,265
Capital outlay	81,225	14,106	67,119	20,555
Total finance	<u>1,174,125</u>	<u>827,492</u>	<u>346,633</u>	<u>830,387</u>
Independent audit —				
Other services and charges	98,000	90,942	7,058	90,829
Assessing —				
Other services and charges	102,000	101,000	1,000	101,000
Legal:				
Supplies				4,515
Other services and charges	283,200	285,068	(1,868)	270,523
Total legal	<u>283,200</u>	<u>285,068</u>	<u>(1,868)</u>	<u>275,038</u>
Charter commission —				
Supplies	80		80	

(Continued)

CITY OF WINONA, MINNESOTA

**GENERAL FUND
SCHEDULE OF EXPENDITURES — BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2011 (with comparative totals for 2010)**

	2011			2010 Actual
	Final Budget	Actual	Variance	
GENERAL GOVERNMENT (continued):				
Merit board —				
Other services and charges	\$ 3,700	\$ 457	\$ 3,243	\$ 1,796
Human rights commission —				
Other services and charges	1,550	190	1,360	67
Cable television commission —				
Other services and charges	400	220	180	568
Fine arts commission:				
Supplies	500		500	700
Other services and charges	1,000	709	291	1,698
Total fine arts commission	1,500	709	791	2,398
Human resources:				
Salaries and employee benefits	89,802	93,807	(4,005)	92,415
Supplies	300	1,336	(1,036)	1,300
Other services and charges	8,060	4,809	3,251	5,408
Total human resources	98,162	99,952	(1,790)	99,123
Planning:				
Salaries and employee benefits	181,195	183,362	(2,167)	180,168
Supplies	3,100	409	2,691	1,360
Other services and charges	67,207	43,645	23,562	13,541
Total planning	251,502	227,416	24,086	195,069
Building maintenance:				
Salaries and employee benefits	129,714	130,887	(1,173)	151,202
Supplies	62,450	49,150	13,300	43,409
Other services and charges	29,389	28,255	1,134	24,590
Total building maintenance	221,553	208,292	13,261	219,201
Central communications:				
Supplies	7,900	5,201	2,699	5,032
Other services and charges	31,760	27,125	4,635	45,171
Total central communications	39,660	32,326	7,334	50,203
Contingency —				
Other services and charges	202,375		202,375	
Total general government	3,178,168	2,587,110	591,058	2,582,842

(Continued)

CITY OF WINONA, MINNESOTA

**GENERAL FUND
SCHEDULE OF EXPENDITURES — BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2011 (with comparative totals for 2010)**

	2011			2010 Actual
	Final Budget	Actual	Variance	
PUBLIC SAFETY:				
Police:				
Salaries and employee benefits	\$ 3,683,970	\$ 3,592,999	\$ 90,971	\$ 3,540,111
Supplies	240,120	186,375	53,745	218,286
Other services and charges	340,786	292,775	48,011	345,027
Capital outlay	111,876	92,996	18,880	50,366
Total police	<u>4,376,752</u>	<u>4,165,145</u>	<u>211,607</u>	<u>4,153,790</u>
Fire:				
Salaries and employee benefits	2,073,633	2,085,899	(12,266)	2,035,547
Supplies	112,873	115,625	(2,752)	130,384
Other services and charges	114,009	117,493	(3,484)	118,556
Capital outlay				21,495
Total fire	<u>2,300,515</u>	<u>2,319,017</u>	<u>(18,502)</u>	<u>2,305,982</u>
Emergency management:				
Other services and charges	60,000	64,943	(4,943)	52,124
Total emergency management	<u>60,000</u>	<u>64,943</u>	<u>(4,943)</u>	<u>52,124</u>
Safety and health coordinator:				
Salaries and employee benefits	61,814	67,428	(5,614)	62,811
Supplies	4,525	2,968	1,557	4,726
Other services and charges	13,714	8,845	4,869	11,598
Total safety and health coordinator	<u>80,053</u>	<u>79,241</u>	<u>812</u>	<u>79,135</u>
Flood control:				
Supplies	27,000	49,616	(22,616)	33,401
Other services and charges	9,804	14,939	(5,135)	24,505
Total flood control	<u>36,804</u>	<u>64,555</u>	<u>(27,751)</u>	<u>57,906</u>
Total public safety	<u>6,854,124</u>	<u>6,692,901</u>	<u>161,223</u>	<u>6,648,937</u>
HIGHWAYS AND STREETS:				
Engineering:				
Salaries and employee benefits	297,266	290,234	7,032	296,923
Supplies	19,100	11,626	7,474	6,110
Other services and charges	136,754	87,293	49,461	
Capital outlay	12,500	11,468	1,032	69,426
Total engineering	<u>465,620</u>	<u>400,621</u>	<u>64,999</u>	<u>372,459</u>
Streets and alleys:				
Salaries and employee benefits	889,574	827,613	61,961	858,483
Supplies	554,905	284,610	270,295	358,090
Other services and charges	524,711	459,527	65,184	411,680
Capital outlay	136,644	148,336	(11,692)	146,921
Total streets and alleys	<u>2,105,834</u>	<u>1,720,086</u>	<u>385,748</u>	<u>1,775,174</u>

(Continued)

CITY OF WINONA, MINNESOTA

**GENERAL FUND
SCHEDULE OF EXPENDITURES — BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2011 (with comparative totals for 2010)**

	2011			2010 Actual
	Final Budget	Actual	Variance	
HIGHWAYS AND STREETS (continued):				
Highways and street lighting:				
Supplies	\$ 265,000	\$ 232,994	\$ 32,006	\$ 217,107
Other services and charges	36,000	15,279	20,721	12,011
Total highways and street lighting	<u>301,000</u>	<u>248,273</u>	<u>52,727</u>	<u>229,118</u>
Central garage:				
Salaries and employee benefits	284,552	293,323	(8,771)	311,674
Supplies	103,490	46,965	56,525	50,421
Other services and charges	59,398	30,123	29,275	20,323
Capital outlay	15,552	15,537	15	
Total central garage	<u>462,992</u>	<u>385,948</u>	<u>77,044</u>	<u>382,418</u>
Public works:				
Salaries and employee benefits	43,806	44,516	(710)	44,596
Supplies	600	541	59	29
Other services and charges	1,300	392	908	1,119
Total public works	<u>45,706</u>	<u>45,449</u>	<u>257</u>	<u>45,744</u>
Total highways and streets	<u>3,381,152</u>	<u>2,800,377</u>	<u>580,775</u>	<u>2,804,913</u>
SANITATION AND WASTE REMOVAL —				
Compost site:				
Supplies	150	66	84	71
Other services and charges	53,520	45,569	7,951	45,780
Capital outlay				
Total compost site	<u>53,670</u>	<u>45,635</u>	<u>8,035</u>	<u>45,851</u>
ECONOMIC DEVELOPMENT:				
Community development:				
Salaries and employee benefits	227,791	184,317	43,474	231,526
Supplies	4,500	2,424	2,076	2,876
Other services and charges	18,288	8,560	9,728	69,512
Total community development	<u>250,579</u>	<u>195,301</u>	<u>55,278</u>	<u>303,914</u>
Community Development Matching:				
Salaries and employee benefits	45,313	51,995	(6,682)	52,883
Supplies	400	1,130	(730)	76
Other services and charges	4,800	3,373	1,427	1,845
Total community development matching	<u>50,513</u>	<u>56,498</u>	<u>(5,985)</u>	<u>54,804</u>
Total economic development	<u>301,092</u>	<u>251,799</u>	<u>49,293</u>	<u>358,718</u>
PARK MAINTENANCE —				
Park maintenance:				
Salaries and employee benefits	982,351	1,005,566	(23,215)	1,116,196
Supplies	232,966	178,950	54,016	172,712
Other services and charges	233,448	203,368	30,080	207,763
Capital outlay	235,837	150,296	85,541	222,305
Total park maintenance	<u>1,684,602</u>	<u>1,538,180</u>	<u>146,422</u>	<u>1,718,976</u>
Total park maintenance	<u>1,684,602</u>	<u>1,538,180</u>	<u>146,422</u>	<u>1,718,976</u>
Total expenditures	<u>\$ 15,452,808</u>	<u>\$ 13,916,002</u>	<u>\$ 1,536,806</u>	<u>\$ 14,160,237</u>

(Concluded)

CITY OF WINONA, MINNESOTA

SENIOR ADVOCACY PROGRAM SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE — BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2011 (with comparative totals for 2010)

	2011			Variance With Final Budget	2010 Actual
	Budgeted Amounts				
	Original	Final	Actual		
REVENUES:					
Intergovernmental — Federal	\$ 22,288	\$ 22,288	\$ 22,288	\$ -	\$ 22,288
Investment earnings	150	150	44	(106)	10
Charges for services	<u>30,150</u>	<u>30,150</u>	<u>30,289</u>	<u>139</u>	<u>30,428</u>
Total revenues	<u>52,588</u>	<u>52,588</u>	<u>52,621</u>	<u>33</u>	<u>52,726</u>
EXPENDITURES —					
Current:					
Salaries and employee benefits	106,136	106,688	108,039	(1,351)	110,821
Contractual services	1,957	1,957	1,060	897	7,927
Supplies	<u>500</u>	<u>500</u>	<u>1,463</u>	<u>(963)</u>	<u>2,757</u>
Total expenditures	<u>108,593</u>	<u>109,145</u>	<u>110,562</u>	<u>(1,417)</u>	<u>121,505</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(56,005)	(56,557)	(57,941)	(1,384)	(68,779)
OTHER FINANCING SOURCES —					
Operating transfers in	<u>56,005</u>	<u>56,557</u>	<u>56,557</u>	<u>-</u>	<u>57,135</u>
DEFICIENCY OF REVENUES AND OTHER FINANCING SOURCES (UNDER) OVER EXPENDITURES	-	-	(1,384)	(1,384)	(11,644)
FUND DEFICIT — Beginning of year	<u>(30,306)</u>	<u>(30,306)</u>	<u>(30,306)</u>	<u>-</u>	<u>(18,662)</u>
FUND DEFICIT — End of year	<u>\$ (30,306)</u>	<u>\$ (30,306)</u>	<u>\$ (31,690)</u>	<u>\$ (1,384)</u>	<u>\$ (30,306)</u>

CITY OF WINONA, MINNESOTA

**MUNICIPAL STATE AID FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE — BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2011 (with comparative totals for 2010)**

	2011			2010 Actual
	Original and Final Budget	Actual	Variance With Final Budget	
REVENUES:				
Intergovernmental —				
State of Minnesota grant	\$ 655,333	\$ 328,377	\$ (326,956)	\$ 631,268
Investment earnings		90	90	105
Total revenues	<u>655,333</u>	<u>328,467</u>	<u>(326,866)</u>	<u>631,373</u>
EXPENDITURES —				
Capital outlay		<u>77,299</u>	<u>(77,299)</u>	<u>594,272</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>655,333</u>	<u>251,168</u>	<u>(404,165)</u>	<u>37,101</u>
OTHER FINANCING USES —				
Transfers to other funds	<u>(655,333)</u>	<u>(239,838)</u>	<u>415,495</u>	<u>(28,432)</u>
EXCESS OF REVENUES AND OTHER FINANCING USES OVER EXPENDITURES		11,330	11,330	8,669
FUND BALANCE — Beginning of year	<u>90,315</u>	<u>90,315</u>	<u>-</u>	<u>81,646</u>
FUND BALANCE — End of year	<u>\$ 90,315</u>	<u>\$ 101,645</u>	<u>\$ 11,330</u>	<u>\$ 90,315</u>

CITY OF WINONA, MINNESOTA

DIKE CONSTRUCTION FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE — BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2011 (with comparative totals for 2010)

	2011			2010 Actual
	Original and Final Budget	Actual	Variance With Final Budget	
REVENUES —				
Investment earnings	\$ 4,000	\$ 190	\$ (3,810)	\$ 191
Total revenues	4,000	190	(3,810)	191
EXPENDITURES —				
Capital outlay	5,000		5,000	
(DEFICIENCY) EXCESS OF REVENUES (UNDER) OVER EXPENDITURES	(1,000)	190	1,190	191
FUND BALANCE — Beginning of year	202,668	202,668	6,191	202,477
FUND BALANCE — End of year	\$ 201,668	\$ 202,858	\$ 7,381	\$ 202,668

CITY OF WINONA, MINNESOTA

PERMANENT IMPROVEMENT REVOLVING CONSTRUCTION FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE — BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2011 (with comparative totals for 2010)

	2011			2010 Actual
	Original and Final Budget	Actual	Variance With Final Budget	
REVENUES:				
Special assessments	\$ 20,000	\$ -	\$ (20,000)	\$ -
Investment earnings	<u>1,000</u>	<u>749</u>	<u>(251)</u>	<u>787</u>
Total revenues	21,000	749	(20,251)	787
EXPENDITURES — Capital outlay	<u>130,000</u>	<u>29,291</u>	<u>100,709</u>	<u>32,939</u>
(DEFICIENCY) EXCESS OF REVENUES (UNDER) OVER EXPENDITURES	(109,000)	(28,542)	80,458	(32,152)
FUND BALANCE — Beginning of year	<u>805,350</u>	<u>805,350</u>	<u>76,848</u>	<u>837,502</u>
FUND BALANCE — End of year	<u>\$ 696,350</u>	<u>\$ 776,808</u>	<u>\$ 157,306</u>	<u>\$ 805,350</u>

CITY OF WINONA, MINNESOTA

SCHEDULE OF LONG-TERM OBLIGATIONS — PRIMARY GOVERNMENT AS OF DECEMBER 31, 2011

	True Interest Rate	Authorized	Outstanding
BONDED INDEBTEDNESS:			
City — G.O. Bonds supported by taxes:			
G.O. Permanent Improvement Revolving Bonds of 2001A (G.O. Portion)	4.03 %	\$ 1,872,200	\$ 379,500
G.O. Permanent Improvement Revolving Bonds of 2004A (G.O. Portion)	2.86	<u>2,091,600</u>	<u>829,500</u>
Total G.O. Bonds supported by taxes		<u>3,963,800</u>	<u>1,209,000</u>
G.O. Special Assessment Bonds:			
G.O. Improvement Bonds of 1998B	4.52	2,760,000	
G.O. Permanent Improvement Revolving Bonds of 2001A (Special Assessment Portion)	4.03	2,197,800	445,500
G.O. Permanent Improvement Revolving Bonds of 2004A (Special Assessment Portion)	2.86	<u>2,888,400</u>	<u>1,145,500</u>
Total G.O. Special Assessment Bonds		<u>7,846,200</u>	<u>1,591,000</u>
G.O. Enterprise Fund Bonds:			
G.O. Water and Sewer Revenue Bonds of 1995 (Sanitary Sewer Portion)	4.88	2,460,000	
G.O. Water and Sewer Revenue Bonds of 1998C (Water Portion)	4.78	230,000	62,100
G.O. Water and Sewer Revenue Bonds of 1998C (Sanitary Sewer Portion)	4.78	770,000	207,900
G.O. Water Revenue Bonds of 2001B	3.99	420,000	50,000
G.O. Water Revenue Bonds of 2003B	3.68	4,250,000	2,535,000
G.O. Water Revenue Refunding Bonds of 2006B	3.63	<u>2,295,000</u>	<u>1,385,000</u>
Total G.O. Enterprise Fund Bonds		<u>10,425,000</u>	<u>4,240,000</u>
OTHER INDEBTEDNESS:			
G.O. Equipment Certificates of 2006A	3.59	845,000	265,000
G.O. Equipment Certificates of 2011A	1.36	<u>1,385,000</u>	<u>1,385,000</u>
Total other indebtedness		<u>2,230,000</u>	<u>1,650,000</u>
		<u>\$ 24,465,000</u>	<u>\$ 8,690,000</u>

CITY OF WINONA, MINNESOTA

SCHEDULE OF BONDS PAYABLE — PRIMARY GOVERNMENT AS OF DECEMBER 31, 2011

General Obligation Bonds	Interest Rates and Maturity Dates	Issue Date	Final Maturity Date
GENERAL OBLIGATION BONDS SUPPORTED BY TAXES:			
G.O. Permanent Improvement Revolving Bonds of 2001A (G.O. Portion)	4.200 % (2012) 4.375 (2013)	December 1, 2001	February 1, 2013
G.O. Permanent Improvement Revolving Bonds of 2004A (G.O. Portion)	3.000 (2012) 3.250 (2013) 3.400 (2014) 3.450 (2015)	February 1, 2004	February 1, 2015
Total G.O. Bonds Supported by Taxes			
GENERAL OBLIGATION SPECIAL ASSESSMENT BONDS:			
G.O. Improvement Bonds of 1998B		June 1, 1998	February 1, 2011
G.O. Permanent Improvement Revolving Bonds of 2001A (Special Assessment Portion)	4.200 (2012) 4.375 (2013)	December 1, 2001	February 1, 2013
G.O. Permanent Improvement Revolving Bonds of 2004A (Special Assessment Portion)	3.000 (2012) 3.250 (2013) 3.400 (2014)	February 1, 2004	February 1, 2015
Total G.O. Special Assessment Bonds			
GENERAL OBLIGATION ENTERPRISE FUND BONDS			
G.O. Water and Sewer Revenue Bonds of 1995 (Sanitary Sewer Portion)		December 1, 1995	February 1, 2011
G.O. Water and Sewer Revenue Bonds of 1998C (Water Portion)	4.800 (2012) 4.900 (2013) 5.000 (2014)	June 1, 1998	February 1, 2014

Annual Payment		Authorized and Issued	Retired	Outstanding
\$ 188,600	(2012)	\$ 1,872,200	\$ 1,492,700	\$ 379,500
190,900	(2013)			
207,900	(2012-13)	2,091,600	1,262,100	829,500
205,800	(2014)			
207,900	(2015)			
		<u>3,963,800</u>	<u>2,754,800</u>	<u>1,209,000</u>
		2,760,000	2,760,000	
221,400	(2012)	2,197,800	1,752,300	445,500
224,100	(2013)			
287,100	(2012-13)	2,888,400	1,742,900	1,145,500
284,200	(2014)			
287,100	(2015)			
		<u>7,846,200</u>	<u>6,255,200</u>	<u>1,591,000</u>
		2,460,000	2,460,000	
19,550	(2012)	230,000	167,900	62,100
20,700	(2013)			
21,850	(2014)			

CITY OF WINONA, MINNESOTA

SCHEDULE OF BONDS PAYABLE — PRIMARY GOVERNMENT AS OF DECEMBER 31, 2011

General Obligation Bonds	Interest Rates and Maturity Dates	Issue Date	Final Maturity Date
G.O. Water and Sewer Revenue Bonds of 1998C (Sanitary Sewer Portion)	4.800 % (2012) 5.000 (2014) 5.000 (2014)	June 1, 1998	February 1, 2014
G.O. Water Revenue Bonds of 2001B	4.150 (2012)	December 1, 2001	February 1, 2012
G.O. Water Revenue Bonds of 2003B	3.500 (2012) 3.600 (2013) 3.750 (2014) 3.850 (2015) 4.000 (2016-17) 4.125 (2018) 4.250 (2019) 4.250 (2019)	October 1, 2003	February 1, 2019
G.O. Water Revenue Refunding Bonds of 2006B	4.000 (2012-15)	December 15, 2006	February 1, 2015
Total G.O. Enterprise Fund Bonds			
Total G.O. bonds payable			

Annual Payment		Authorized and Issued	Retired	Outstanding
\$ 65,450	(2012)	\$ 770,000	\$ 562,100	\$ 207,900
69,300	(2013)			
73,150	(2014)			
50,000	(2012)	420,000	370,000	50,000
275,000	(2012)	4,250,000	1,715,000	2,535,000
285,000	(2013)			
295,000	(2014)			
310,000	(2015)			
320,000	(2016)			
335,000	(2017)			
350,000	(2018)			
365,000	(2019)			
325,000	(2012)	2,295,000	910,000	1,385,000
345,000	(2013)			
355,000	(2014)			
360,000	(2015)			
		<u>10,425,000</u>	<u>6,185,000</u>	<u>4,240,000</u>
		<u>\$ 22,235,000</u>	<u>\$ 15,195,000</u>	<u>\$ 7,040,000</u>

CITY OF WINONA, MINNESOTA

SCHEDULE OF OTHER DEBT — PRIMARY GOVERNMENT AS OF DECEMBER 31, 2011

Other Debt	Interest Rates and Maturity Dates	Issue Date	Final Maturity Date
G.O. Equipment Certificates of 2006A	3.500 % (2012) 3.550 (2013)	March 15, 2006	February 1, 2013
G.O. Equipment Certificates of 2011A	0.500 (2012-13) 0.700 (2014) 1.100 (2015) 1.350 (2016) 1.600 (2017)	November 1, 2011	February 1, 2017
Total other debt			
Total G.O. bonds payable			
Total long-term obligations			

Annual Payment		Authorized and Issued	Retired	Outstanding
\$ 130,000	(2012)	\$ 845,000	\$ 580,000	\$ 265,000
135,000	(2013)			
215,000	(2013)	<u>1,385,000</u>	<u>-</u>	<u>1,385,000</u>
290,000	(2014-15)			
295,000	(2016-17)			
		<u>\$ 2,230,000</u>	<u>\$ 580,000</u>	<u>\$ 1,650,000</u>
		<u>\$ 22,235,000</u>	<u>\$ 15,195,000</u>	<u>\$ 7,040,000</u>
		<u>\$ 24,465,000</u>	<u>\$ 15,775,000</u>	<u>\$ 8,690,000</u>

PORT AUTHORITY OF WINONA, MINNESOTA

SCHEDULE OF LONG-TERM OBLIGATIONS

AS OF DECEMBER 31, 2011

	True Interest Rate	Authorized	Outstanding
BONDED INDEBTEDNESS —			
G.O. Bonds:			
General Obligation Bonds of 2005 (Pelzer Street)	3.890 %	\$ 3,570,000	\$ 2,300,000
Total G.O. Bonds		<u>3,570,000</u>	<u>2,300,000</u>
Total Bonded Indebtedness		<u>\$ 3,570,000</u>	<u>\$ 2,300,000</u>

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PORT AUTHORITY OF WINONA, MINNESOTA

SCHEDULE OF BONDS PAYABLE AS OF DECEMBER 31, 2011

General Obligation Bonds	Interest Rates and Maturity Dates	Issue Date	Final Maturity Date
G.O. Bonds of 2005 (Pelzer Street)	4.000 % (2011-20)	December 1, 2005	February 1, 2020

Total G.O. Bonds

Total Bonded Indebtedness

Annual Payment		Authorized and Issued	Retired	Outstanding
\$ 220,000	(2012)	\$ 3,570,000	\$ 1,270,000	\$ 2,300,000
225,000	(2013)			
235,000	(2014)			
245,000	(2015)			
255,000	(2016)			
265,000	(2017)			
275,000	(2018)			
285,000	(2019)			
295,000	(2020)			
		3,570,000	1,270,000	2,300,000
		\$ 3,570,000	\$ 1,270,000	\$ 2,300,000

CITY OF WINONA, MINNESOTA

**SCHEDULE OF SALARIES, EMPLOYEE BENEFITS, AND CLOTHING ALLOWANCE
FOR THE YEAR ENDED DECEMBER 31, 2011 (with comparative totals for 2010)**

	Number of Employees*		Salaries and Wages	Pensions**	Clothing/ Tuition Allowance***	Medicare/ Unemployment Compensation
	Full Time	All Other				
GOVERNMENTAL FUNDS:						
General government	25.200	9.00	\$ 1,752,003	\$ 103,593	\$ 6,734	\$ 22,483
Police	41.500	3.00	2,622,360	450,589	46,172	34,681
Fire	22.000	19.00	1,517,686	195,520	56,479	14,018
Safety and health coordinator	1.000		53,213	4,963	200	758
Highways and streets/Public Works	12.400		599,720	64,371	3,604	8,093
Park maintenance	15.000		720,419	87,948	4,824	9,762
Senior advocacy program		2.00	75,857	7,526		945
Rehabilitation Projects			14,572	1,056		197
Total governmental funds	<u>117.100</u>	<u>33.00</u>	<u>7,355,830</u>	<u>915,566</u>	<u>118,013</u>	<u>90,937</u>
ENTERPRISE FUNDS:						
Water utility	9.100		464,705	93,510	3,349	6,420
Sanitary Sewer utility/Storm Sewer	13.300		681,176	77,729	6,732	9,200
Inspections	2.500	1.00	204,406	4,716	135	9,880
Airport	1.000		47,297	4,020	200	569
Public transportation			5,128	372		66
Library	7.250	13.00	505,707	35,808		6,910
Recreation programs	<u>8.750</u>	<u>65.00</u>	<u>747,567</u>	<u>44,405</u>	<u>860</u>	<u>10,710</u>
Total enterprise funds	<u>41.900</u>	<u>79.00</u>	<u>2,655,986</u>	<u>260,560</u>	<u>11,276</u>	<u>43,755</u>
	<u>159.000</u>	<u>112.00</u>	<u>\$ 10,011,816</u>	<u>\$ 1,176,126</u>	<u>\$ 129,289</u>	<u>\$ 134,692</u>

* Reflects the employment of the City of Winona on December 31, 2011. Numbers from the Finance Department.

**Pensions include the following: PERA (\$953,535), Fire—other (\$11,850), Benefit adjustment (\$3,245), and Retiree health insurance subsidy (\$207,496).

***Clothing/Tuition allowance include the following: Clothing (\$90,295), Car (\$3,825), Incentive (\$30,069), Phone (\$600), and Tuition (\$4,500). (Incentive pay is per union contract and includes paramedic certification, more-than-required license for water and sanitary sewer operators, additional monthly payment for the Police-Community Liaison officer and employees hired prior to a date in 1999 that took educational classes.)

Social Security	Health Insurance	Life and Disability Insurance	Dental Insurance	Workers' Compensation	Total	
					2011	2010
\$ 93,969	\$ 309,976	\$ 6,009	\$	\$ 15,439	\$ 2,310,206	\$ 2,336,782
10,499	350,220	6,247		72,232	3,593,000	3,540,113
6,803	217,529	3,074	9,581	58,308	2,078,998	2,035,549
3,242	4,694	138		220	67,428	62,810
34,603	129,098	1,469		31,172	872,130	903,080
41,742	120,750	1,749		18,372	1,005,566	1,116,194
4,041	18,876	211		584	108,040	110,819
844	3,944	38		76	20,727	19,036
<u>195,743</u>	<u>1,155,087</u>	<u>18,935</u>	<u>9,581</u>	<u>196,403</u>	<u>10,056,095</u>	<u>10,124,383</u>
27,453	79,160	1,124		13,236	688,957	672,497
39,338	144,455	1,704		14,950	975,284	991,128
11,217	60,708	495		1,008	292,565	345,989
2,432	13,656	113		1,440	69,727	85,248
282	773	14		28	6,663	6,290
29,543	68,373	1,035		3,664	651,040	707,269
<u>48,823</u>	<u>96,365</u>	<u>1,264</u>		<u>11,924</u>	<u>961,918</u>	<u>953,563</u>
<u>159,088</u>	<u>463,490</u>	<u>5,749</u>		<u>46,250</u>	<u>3,646,154</u>	<u>3,761,984</u>
<u>\$ 354,831</u>	<u>\$ 1,618,577</u>	<u>\$ 24,684</u>	<u>\$ 9,581</u>	<u>\$ 242,653</u>	<u>\$ 13,702,249</u>	<u>\$ 13,886,367</u>

CITY OF WINONA, MINNESOTA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2011

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	2011 Expenditures
U.S. DEPARTMENT OF TRANSPORTATION —		
Passed through the MN Department of Transportation:		
Formula Grants for Other than Urbanized Areas-Operating Office of Aeronautics:	20.509	\$ 94,500
Obstruction Removal — Trees SP 8501-53	20.106	
EA and Obstruction Removal SP 8501-54	20.106	152,856
Pavement Maintenance SP 8501-55	20.106	119,967
Update airport layout plan; Improve runway SP 8501-58	20.106	<u>56,171</u>
Total U.S. Department of Transportation		<u>423,494</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT —		
Passed through the MN Department of Employment and Economic Development —		
Small Cities Development Block Grant	14.228	410,734
Passed through the MN Department of Health-		
Lead Hazard Control	14.900	<u>12,500</u>
Total U.S. Department of Transportation		<u>423,234</u>
U.S. DEPARTMENT OF COMMERCE —		
Passed through Blandin Foundation		
Minnesota Intelligent Rural Communities Program-ARRA	11.557	47,758
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES —		
Passed through S.E. MN Area Agency on Aging —		
Special Programs for the Aging — Title III, Part B Grants for Supportive Services and Senior Centers	93.044	22,288
U.S. DEPARTMENT OF JUSTICE:		
Office of Community Oriented Policing Services (COPS)	16.710	4,098
State & Community Highway Safety Act (DWI Enforcement Grant Program)	20.608	1,057
Bulletproof Vest Partnership Program	16.607	2,149
Passed through MN Department of Public Health —		
Alcohol Compliance Check and Alternate Underage Drinking Enforcement Grant	16.727	<u>562</u>
Total U.S. Department of Justice		<u>7,866</u>
U.S. DEPARTMENT OF HOMELAND SECURITY:		
Assistance to Firefighters Program	97.044	3,413
Assistance to Firefighters Program	97.044	<u>32,130</u>
Total U.S. Department of Homeland Security		<u>35,543</u>
Total expenditures of federal awards		<u>\$ 960,183</u>

CITY OF WINONA, MINNESOTA

RECONCILIATION OF SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS TO COMPREHENSIVE ANNUAL FINANCIAL REPORT

TOTAL EXPENDITURES OF FEDERAL AWARDS	\$ 960,183
Total federal grant revenue — 2011	<u>960,183</u>
Other intergovernmental revenues:	
Shared taxes	258,542
State sources	10,429,228
Local sources	<u>243,580</u>
Total other intergovernmental revenues	<u>10,931,350</u>
TOTAL INTERGOVERNMENTAL REVENUES —	
Governmental and proprietary funds (Primary Government)	<u>\$ 11,891,533</u>

CITY OF WINONA, MINNESOTA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2010

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	2010 Expenditures
U.S. DEPARTMENT OF TRANSPORTATION —		
Passed through the MN Department of Transportation:		
Formula Grants for Other than Urbanized Areas-Operating	20.509	\$ 19,768
Formula Grants for Other than Urbanized Areas-Capital-ARRA	20.509	889
Formula Grants for Other than Urbanized Areas	20.509	109,741
Minnesota 2004-2006 State Transportation Improvement Program (Federal Project #STPX 8505(029)	20.205	34,097
Office of Aeronautics:		
Obstruction Removal — Trees SP 8501-53	20.106	10,000
EA and Obstruction Removal SP 8501-54	20.106	38,233
Pavement Maintenance SP 8501-55	20.106	<u>115,994</u>
Total U.S. Department of Transportation		<u>328,722</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT —		
Passed through the MN Department of Employment and Economic Development —		
Small Cities Development Block Grant	14.228	102,471
Small Cities Development Block Grant	14.228	177,571
Passed through the MN Department of Health-		
Lead Hazard Control	14.990	<u>33,274</u>
Total U.S. Department of Transportation		<u>313,316</u>
U.S. DEPARTMENT OF COMMERCE —		
Passed through Blandin Foundation		
Minnesota Intelligent Rural Communities Program-ARRA	11.557	52,242
U.S. DEPARTMENT OF ENERGY -		
Passed through Minnesota Department of Commerce-		
Energy Efficiency & Conservation Block Grant Program-		
Bud King Ice Arena Lighting ARRA	81.128	19,312
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES —		
Passed through S.E. MN Area Agency on Aging —		
Special Programs for the Aging — Title III, Part B Grants for Supportive Services and Senior Centers	93.044	22,288
U.S. DEPARTMENT OF JUSTICE:		
Office of Community Oriented Policing Services (COPS)	16.710	63,480
Justice Assistance Grant (JAG)-East Rec Center Cameras-ARRA	16.804	18,613
Passed through MN Institute of Public Health:		
Zap Grant (EUDL)	16.727	3,140
Passed through MN Department of Public Safety —		
Office of Juvenile Justice and Delinquency Prevention —		
Enforcing Underage Drinking Law Programs	16.727	5,000
State & Community Highway Safety Act (Operation Nightcap)	20.608	<u>2,051</u>
Total U.S. Department of Justice		<u>92,284</u>
U.S. DEPARTMENT OF HOMELAND SECURITY:		
Assistance to Firefighters Program	97.044	42,262
Assistance to Firefighters Program	97.044	<u>638,430</u>
Total U.S. Department of Homeland Security		<u>680,692</u>
Total expenditures of federal awards		<u>\$ 1,508,856</u>

CITY OF WINONA, MINNESOTA

RECONCILIATION OF SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS TO COMPREHENSIVE ANNUAL FINANCIAL REPORT

TOTAL EXPENDITURES OF FEDERAL AWARDS	\$ 1,508,856
Total federal grant revenue — 2010	<u>1,508,856</u>
Other intergovernmental revenues:	
Shared taxes	237,524
State sources	10,925,767
Local sources	<u>290,869</u>
Total other intergovernmental revenues	<u>11,454,160</u>
TOTAL INTERGOVERNMENTAL REVENUES —	
Governmental and proprietary funds (Primary Government)	<u>\$ 12,963,016</u>

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SECTION III
STATISTICAL SECTION

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CITY OF WINONA, MINNESOTA

STATISTICAL SECTION

(Unaudited)

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding this year's financial statements, note disclosures, and supplementary information. This information is unaudited. This section includes only information for the primary government, and excludes the information for discretely presented component unit, with the exception of Tables XII, XIII, XIV, XVIII and XIX.

Contents	Table
FINANCIAL TRENDS These tables contain trend information that may assist the reader in assessing the City's current financial performance by placing it in a historical perspective.	I–XI
REVENUE CAPACITY These tables contain information that may assist the reader in assessing the viability of the City's most significant own-source revenue source, which is property taxes.	XII–XV
DEBT CAPACITY These tables contain information that may assist the reader in analyzing the affordability of the City's current levels of outstanding debt, and the City's ability to issue additional debt in the future.	XVI–XXI
DEMOGRAPHIC AND ECONOMIC INFORMATION These tables present demographic and economic information intended (1) to assist users in understanding the socioeconomic environment within which the City operates and (2) to provide information that facilitates comparisons of financial statement information over time and among cities.	XXII–XXIV
OPERATING INFORMATION These tables contain service and infrastructure indicators that can inform one's understanding of how the information in the City's financial statements relates to the services the City provides, and the activities it performs.	XXV–XXVII
DATA SOURCE Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial report for the applicable year. The City implemented GASB Statement No. 34 in 2003; therefore, tables presenting government-wide financial data include only nine years of information. The City implemented GASB Statement No. 54 in 2011 (retrospective to 2010); therefore, tables presenting governmental fund financial information only reflect the adoption of GASB Statement No. 54 in 2011 and 2010.	

CITY OF WINONA, MINNESOTA

GOVERNMENT-WIDE NET ASSETS BY COMPONENT (Unaudited) (1) LAST NINE CALENDAR YEARS (2) (accrual basis of accounting)

	2003	2004	2005	2006
GOVERNMENTAL ACTIVITIES:				
Invested in capital assets — net of related debt (3)	\$ 17,416,196	\$ 20,085,618	\$ 25,317,387	\$ 37,952,203
Restricted (4)	17,061,541	16,172,459	24,235,683	18,239,282
Unrestricted	<u>6,538,249</u>	<u>10,603,254</u>	<u>10,152,997</u>	<u>9,427,363</u>
Total	<u>\$ 41,015,986</u>	<u>\$ 46,861,331</u>	<u>\$ 59,706,067</u>	<u>\$ 65,618,848</u>
BUSINESS-TYPE ACTIVITIES:				
Invested in capital assets — net of related debt	\$ 21,116,517	\$ 19,631,381	\$ 22,079,905	\$ 21,074,836
Restricted	2,490,738	6,363,206	4,424,311	4,738,144
Unrestricted	<u>8,860,071</u>	<u>9,655,037</u>	<u>9,811,019</u>	<u>12,437,654</u>
Total	<u>\$ 32,467,326</u>	<u>\$ 35,649,624</u>	<u>\$ 36,315,235</u>	<u>\$ 38,250,634</u>
TOTAL PRIMARY GOVERNMENT:				
Invested in capital assets — net of related debt (3)	\$ 38,532,713	\$ 39,716,999	\$ 47,397,292	\$ 59,027,039
Restricted (4)	19,552,279	22,535,665	28,659,994	22,977,426
Unrestricted	<u>15,398,320</u>	<u>20,258,291</u>	<u>19,964,016</u>	<u>21,865,017</u>
Total	<u>\$ 73,483,312</u>	<u>\$ 82,510,955</u>	<u>\$ 96,021,302</u>	<u>\$ 103,869,482</u>

Notes:

- (1) Accounting standards require that net assets be reported in three components in the financial statements: invested in capital assets, net of related debt; restricted; and unrestricted. Net assets are considered restricted only when (1) an external party, such as the State of Minnesota or the federal government, places a restriction on how the resources may be used, or (2) enabling legislation is enacted by the City.
- (2) The City implemented GASB Statement No. 34 in calendar year 2003; therefore, only nine years of government-wide financial data is presented.
- (3) The significant increase in the invested in capital assets, net of related debt amount from 2004 to 2007 relates to construction in progress for various capital projects.
- (4) The significant increase in the restricted net assets amount from 2004 to 2005 relates to assets restricted for the Pelzer Street construction.

Data Source —

Applicable years' comprehensive annual financial report.

TABLE I

December 31				
2007	2008	2009	2010	2011
\$ 41,611,501	\$ 42,438,214	\$ 42,023,094	\$ 42,090,682	\$ 40,283,040
16,736,009	14,575,890	15,422,892	15,884,013	18,389,002
<u>8,488,228</u>	<u>9,149,796</u>	<u>8,933,815</u>	<u>9,270,479</u>	<u>8,842,796</u>
<u>\$ 66,835,738</u>	<u>\$ 66,163,900</u>	<u>\$ 66,379,801</u>	<u>\$ 67,245,174</u>	<u>\$ 67,514,838</u>
\$ 21,899,448	\$ 27,238,820	\$ 29,157,211	\$ 29,596,476	\$ 30,516,219
4,508,086	4,337,253	3,188,585	2,634,330	2,558,921
<u>14,290,300</u>	<u>10,749,862</u>	<u>11,710,105</u>	<u>13,374,783</u>	<u>14,328,382</u>
<u>\$ 40,697,834</u>	<u>\$ 42,325,935</u>	<u>\$ 44,055,901</u>	<u>\$ 45,605,589</u>	<u>\$ 47,403,522</u>
\$ 63,510,949	\$ 69,677,034	\$ 71,180,305	\$ 71,687,158	\$ 70,799,259
21,244,095	18,913,143	18,611,477	18,518,343	20,947,923
<u>22,778,528</u>	<u>19,899,658</u>	<u>20,643,920</u>	<u>22,645,262</u>	<u>23,171,178</u>
<u>\$ 107,533,572</u>	<u>\$ 108,489,835</u>	<u>\$ 110,435,702</u>	<u>\$ 112,850,763</u>	<u>\$ 114,918,360</u>

CITY OF WINONA, MINNESOTA

CHANGES IN NET ASSETS — GOVERNMENTAL ACTIVITIES (Unaudited)

LAST NINE CALENDAR YEARS (1)

(accrual basis of accounting)

	For The Calendar Year Ended December 31,			
	2003	2004	2005	2006
EXPENSES:				
General government	\$ 2,464,193	\$ 2,928,510	\$ 2,815,325	\$ 3,362,463
Public safety	6,954,628	7,474,585	7,213,936	8,927,248
Highways and streets (2)	3,031,506	3,599,557	3,515,176	929,145
Sanitation and waste removal	27,396	27,957	29,256	30,166
Economic development (3)		3,728,279	626,615	2,722,709
Park maintenance	1,426,189	1,389,190	1,568,822	1,754,272
Other	1,333,374	1,636,884	1,863,530	2,014,229
Interest and fiscal charges	318,590	397,676	381,434	348,838
Total expenses	<u>15,555,876</u>	<u>21,182,638</u>	<u>18,014,094</u>	<u>20,089,070</u>
PROGRAM REVENUES:				
Charges for services:				
General government	514,233	694,441	685,888	773,290
Public safety (4)	304,495	326,407	344,744	382,717
Highways and streets	226,630	134,357	139,565	30,766
Economic development		1,918,892	1,132,279	54,323
Other	1,242,725	2,263,799	81,772	2,182,070
Operating grants and contributions (4)	1,162,981	1,492,215	1,533,822	1,585,976
Capital grants and contributions (5)	2,084,166	7,969,171	12,511,166	5,678,612
Total program revenues	<u>5,535,230</u>	<u>14,799,282</u>	<u>16,429,236</u>	<u>10,687,754</u>
NET EXPENSE	<u>(10,020,646)</u>	<u>(6,383,356)</u>	<u>(1,584,858)</u>	<u>(9,401,316)</u>
GENERAL REVENUES:				
Taxes:				
Property	2,912,562	3,152,749	3,807,566	4,212,753
Sales	153,567			
Franchise	855,270	891,865	1,030,866	1,143,200
Unrestricted grants and contributions	8,713,858	8,072,545	8,340,598	8,877,334
Gain on sale of capital assets		2,526	7,621	
Investment earnings	183,501	143,079	676,916	1,168,228
Miscellaneous		8,051		
Total general revenues	<u>12,818,758</u>	<u>12,270,815</u>	<u>13,863,567</u>	<u>15,401,515</u>
NET TRANSFERS IN (OUT)	<u>388,479</u>	<u>(42,114)</u>	<u>566,027</u>	<u>(87,418)</u>
TOTAL NET TRANSFERS AND GENERAL REVENUES	<u>13,207,237</u>	<u>12,228,701</u>	<u>14,429,594</u>	<u>15,314,097</u>
CHANGE IN NET ASSETS	<u>\$ 3,186,591</u>	<u>\$ 5,845,345</u>	<u>\$12,844,736</u>	<u>\$ 5,912,781</u>

Notes:

- (1) The City implemented GASB Statement No. 34 in calendar year 2003; therefore, only nine years of government-wide financial data is presented.
 - (2) The 2004 increase in the highways and streets expenses relates primarily to engineering costs for the Pelzer Street Construction Project.
 - (3) Prior to 2004, the economic development costs were reported in the general government function. The 2004 expenses include \$2 million for the East Garvin Heights project and \$1.2 million for the West Burns Valley project.
 - (4) In 2003, \$1,121,000 of state grants was reclassified from public safety charges for services to operating grants and contributions for consistency.
 - (5) In 2005, capital grants and contributions revenue included over \$6 million for the Pelzer Street Construction Project
- Data Source —
Applicable years' comprehensive annual financial report.

TABLE II

2007	2008	2009	2010	2011
\$ 3,758,765	\$ 3,736,373	\$ 3,121,449	\$ 2,758,302	\$ 2,733,573
9,123,908	9,589,140	7,358,480	8,069,508	7,610,314
3,986,125	4,586,202	3,750,342	3,808,737	4,062,121
63,532	50,981	54,198	45,851	45,635
353,074	755,172	803,547	763,675	851,661
2,094,671	2,765,600	1,969,496	1,646,308	1,518,720
<u>318,089</u>	<u>269,367</u>	<u>222,065</u>	<u>175,759</u>	<u>131,150</u>
<u>19,698,164</u>	<u>21,752,835</u>	<u>17,279,577</u>	<u>17,268,140</u>	<u>16,953,174</u>
1,352,315	1,430,071	702,919	693,994	746,878
1,398,639	1,417,066	231,591	242,744	223,841
644,359	565,644	30,949	30,720	35,524
(485,882)	(369,718)	56,789	58,300	87,638
373,016	366,702	114,079	91,948	140,667
1,306,458	1,696,519	1,111,357	1,874,459	1,029,207
766,018	1,158,495	903,340	1,131,448	705,005
<u>5,354,923</u>	<u>6,264,779</u>	<u>3,151,024</u>	<u>4,123,613</u>	<u>2,968,760</u>
<u>(14,343,241)</u>	<u>(15,488,056)</u>	<u>(14,128,553)</u>	<u>(13,144,527)</u>	<u>(13,984,414)</u>
4,334,907	4,558,328	4,711,442	5,016,384	5,208,768
1,193,201	1,263,465	1,066,901	1,205,739	1,304,498
9,062,208	8,411,657	8,737,980	8,026,899	8,039,317
1,083,303	603,023	129,573	51,851	41,344
<u>15,673,619</u>	<u>14,836,473</u>	<u>14,645,896</u>	<u>14,300,873</u>	<u>14,593,927</u>
<u>(113,488)</u>	<u>(20,255)</u>	<u>(301,442)</u>	<u>(290,973)</u>	<u>(339,849)</u>
<u>15,560,131</u>	<u>14,816,218</u>	<u>14,344,454</u>	<u>14,009,900</u>	<u>14,254,078</u>
<u>\$ 1,216,890</u>	<u>\$ (671,838)</u>	<u>\$ 215,901</u>	<u>\$ 865,373</u>	<u>\$ 269,664</u>

CITY OF WINONA, MINNESOTA

CHANGES IN NET ASSETS — GOVERNMENTAL ACTIVITIES — PERCENTAGE OF TOTAL (Unaudited) LAST NINE CALENDAR YEARS (1) (accrual basis of accounting)

	2003	2004	2005	2006
EXPENSES:				
General government	15.8 %	13.8 %	15.6 %	16.7 %
Public safety	44.7	35.3	40.1	44.4
Highways and streets (2)	19.5	17.0	19.5	4.6
Sanitation and waste removal	0.2	0.1	0.2	0.2
Economic development (3)	0.0	17.6	3.5	13.6
Park maintenance	9.2	6.6	8.7	8.8
Other	8.6	7.7	10.3	10.0
Interest and fiscal charges	2.0	1.9	2.1	1.7
Total expenses	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
PROGRAM REVENUES:				
Charges for services:				
General government	9.3 %	4.7 %	4.2 %	7.2 %
Public safety (4)	5.5	2.2	2.1	3.6
Highways and streets	4.1	0.9	0.8	0.3
Economic development	0.0	13.0	6.9	0.5
Other	22.5	15.3	0.5	20.4
Operating grants and contributions (4)	21.0	10.1	9.3	14.8
Capital grants and contributions (5)	<u>37.6</u>	<u>53.8</u>	<u>76.2</u>	<u>53.2</u>
Total program revenues	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
GENERAL REVENUES:				
Taxes:				
Property	22.7 %	25.7 %	27.5 %	27.4 %
Sales	1.2			
Franchise	6.7	7.3	7.4	7.4
Grants and contributions not restricted	68.0	65.7	60.1	57.6
Gain on sale of capital assets			0.1	
Investment earnings	1.4	1.2	4.9	7.6
Miscellaneous		0.1		
Total general revenues	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>

Notes:

- (1) The City implemented GASB Statement No. 34 in calendar year 2003; therefore, only nine years of government-wide financial data is presented.
- (2) The 2004 increase in the highways and streets expenses relates primarily to engineering costs for the Pelzer Street Construction Project.
- (3) Prior to 2004, the economic development costs were reported in the general government function. These expenses include \$2 million for the East Garvin Heights project and \$1.2 million for the West Burns Valley Project.
- (4) In 2003, \$1,121,000 of state grants was reclassified from public safety charges for services operating grants and contributions for consistency.
- (5) In 2005, capital grants and contributions revenue included over \$6 million for the Pelzer Street Construction Project.

Data Source — Table II.

TABLE III

For the Calendar Year Ended December 31,				
2007	2008	2009	2010	2011
19.1 %	17.2 %	18.1 %	16.0 %	16.1 %
46.3	44.1	42.6	46.7	44.9
20.2	21.1	21.7	22.1	24.0
0.3	0.2	0.3	0.3	0.3
1.8	3.5	4.6	4.4	5.0
10.7	12.7	11.4	9.5	8.9
<u>1.6</u>	<u>1.2</u>	<u>1.3</u>	<u>1.0</u>	<u>0.8</u>
<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
25.3 %	22.8 %	22.3 %	16.8 %	25.2 %
26.1	22.6	7.3	5.9	7.5
12.0	9.0	1.0	0.7	1.2
(9.1)	(5.9)	1.8	1.4	3.0
7.0	5.9	3.6	2.2	4.7
24.4	27.1	35.3	45.5	34.7
<u>14.3</u>	<u>18.5</u>	<u>28.7</u>	<u>27.5</u>	<u>23.7</u>
<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
27.7 %	30.7 %	32.2 %	35.1 %	35.7 %
7.6	8.5	7.3	8.4	8.9
57.8	56.7	59.6	56.1	55.1
6.9	4.1	0.9	0.4	0.3
<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>

CITY OF WINONA, MINNESOTA

CHANGES IN NET ASSETS — BUSINESS-TYPE ACTIVITIES (Unaudited) LAST NINE CALENDAR YEARS (1) (accrual basis of accounting)

	For the Calendar Year Ended December 31,			
	2003	2004	2005	2006
EXPENSES:				
Water	\$ 1,873,199	\$ 2,184,640	\$ 2,469,034	\$ 2,338,414
Sanitary Sewer	2,082,895	2,119,371	2,390,545	2,459,257
Inspections	397,879	416,959	514,352	527,428
Airport	273,166	295,407	226,535	152,002
Public Transportation	488,472	516,748	545,599	592,790
Recreation	1,129,413	1,205,966	1,315,569	1,403,468
Library	996,691	1,031,824	1,065,143	1,123,011
Storm Sewer	47,736	66,159	115,761	128,323
Total expenses	<u>7,289,451</u>	<u>7,837,074</u>	<u>8,642,538</u>	<u>8,724,693</u>
PROGRAM REVENUES:				
Charges for services:				
Water	2,523,901	2,670,148	3,118,317	3,246,470
Sanitary Sewer	2,807,080	2,829,411	2,807,382	2,956,748
Inspections	413,584	456,653	484,546	369,732
Airport	18,916	38,638	37,547	28,444
Public Transportation	94,968	115,190	126,694	157,904
Recreation	264,199	256,537	268,580	267,910
Library	17,886	18,030	19,912	23,240
Storm Sewer	207,145	208,570	258,721	271,003
Operating grants and contributions	549,908	572,671	597,728	815,498
Capital grants and contributions	759,000	2,053,942	79,074	122,109
Total program revenues	<u>7,656,587</u>	<u>9,219,790</u>	<u>7,798,501</u>	<u>8,259,058</u>
NET REVENUE (EXPENSE)	<u>367,136</u>	<u>1,382,716</u>	<u>(844,037)</u>	<u>(465,635)</u>
GENERAL REVENUES:				
Property taxes	337,570	399,823	469,150	505,504
Unrestricted grants	1,236,551	1,198,394	1,288,082	1,243,131
Investment earnings	142,105	159,251	318,443	564,981
Total general revenues	<u>1,716,226</u>	<u>1,757,468</u>	<u>2,075,675</u>	<u>2,313,616</u>
NET TRANSFERS (OUT) IN	<u>(388,479)</u>	<u>42,114</u>	<u>(566,027)</u>	<u>87,418</u>
Total net transfers and general revenues	<u>1,327,747</u>	<u>1,799,582</u>	<u>1,509,648</u>	<u>2,401,034</u>
CHANGE IN NET ASSETS	<u>\$ 1,694,883</u>	<u>\$ 3,182,298</u>	<u>\$ 665,611</u>	<u>\$ 1,935,399</u>

Notes —

(1) The City implemented GASB Statement No. 34 in calendar year 2003; therefore, only nine years of government-wide financial data is presented.

Data Source —

Applicable years' comprehensive annual financial report.

TABLE IV

2007	2008	2009	2010	2011
\$ 2,572,331	\$ 2,436,411	\$ 3,108,385	\$ 2,367,557	\$ 2,297,415
2,312,959	2,373,000	2,493,370	2,433,420	2,694,866
524,880	474,242	474,607	471,289	396,645
194,493	182,393	441,095	326,625	394,964
599,160	727,352	545,624	617,609	699,450
1,686,896	1,840,605	1,665,488	1,505,246	1,659,898
1,193,005	1,313,732	1,064,813	1,033,555	985,856
<u>70,558</u>	<u>135,739</u>	<u>124,704</u>	<u>198,936</u>	<u>159,406</u>
<u>9,154,282</u>	<u>9,483,474</u>	<u>9,918,086</u>	<u>8,954,237</u>	<u>9,288,500</u>
3,323,052	3,425,888	3,323,698	3,192,309	3,286,008
2,936,907	2,856,741	2,913,380	2,822,274	2,928,524
388,919	381,204	543,769	381,550	499,047
32,180	31,321	31,701	34,917	38,352
206,962	231,732	200,234	244,483	239,274
333,883	396,577	354,471	383,389	384,781
25,686	23,955	16,598	51,202	43,298
280,443	289,016	297,169	297,383	306,532
913,286	780,795	1,314,516	954,596	845,148
<u>133,340</u>	<u>13,560</u>	<u>99,960</u>	<u>21,766</u>	<u>328,994</u>
<u>8,574,658</u>	<u>8,430,789</u>	<u>9,095,496</u>	<u>8,383,869</u>	<u>8,899,958</u>
<u>(579,624)</u>	<u>(1,052,685)</u>	<u>(822,590)</u>	<u>(570,368)</u>	<u>(388,542)</u>
615,105	676,892	688,289	633,313	657,790
1,569,793	1,434,092	1,450,222	1,181,629	1,173,526
<u>728,438</u>	<u>549,547</u>	<u>112,603</u>	<u>14,141</u>	<u>15,310</u>
<u>2,913,336</u>	<u>2,660,531</u>	<u>2,251,114</u>	<u>1,829,083</u>	<u>1,846,626</u>
<u>113,488</u>	<u>20,255</u>	<u>301,442</u>	<u>290,973</u>	<u>339,849</u>
<u>3,026,824</u>	<u>2,680,786</u>	<u>2,552,556</u>	<u>2,120,056</u>	<u>2,186,475</u>
<u>\$ 2,447,200</u>	<u>\$ 1,628,101</u>	<u>\$ 1,729,966</u>	<u>\$ 1,549,688</u>	<u>\$ 1,797,933</u>

CITY OF WINONA, MINNESOTA

CHANGES IN NET ASSETS — TOTAL (Unaudited) LAST NINE CALENDAR YEARS (1) (accrual basis of accounting)

	For the Calendar Year Ended December 31,			
	2003	2004	2005	2006
EXPENSES:				
Governmental activities (2)	\$ 15,555,876	\$ 21,182,638	\$ 18,014,094	\$ 20,089,070
Business-type activities (3)	<u>7,289,451</u>	<u>7,837,074</u>	<u>8,642,538</u>	<u>8,724,693</u>
Total expenses	<u>22,845,327</u>	<u>29,019,712</u>	<u>26,656,632</u>	<u>28,813,763</u>
PROGRAM REVENUES:				
Governmental activities (2)	5,535,230	14,799,282	16,429,236	10,687,754
Business-type activities (3)	<u>7,656,587</u>	<u>9,219,790</u>	<u>7,798,501</u>	<u>8,259,058</u>
Total program revenues	<u>13,191,817</u>	<u>24,019,072</u>	<u>24,227,737</u>	<u>18,946,812</u>
NET EXPENSE	<u>(9,653,510)</u>	<u>(5,000,640)</u>	<u>(2,428,895)</u>	<u>(9,866,951)</u>
GENERAL REVENUES AND TRANSFERS:				
Governmental activities (2)	13,207,237	12,228,701	14,429,594	15,314,097
Business-type activities (3)	<u>1,327,747</u>	<u>1,799,582</u>	<u>1,509,648</u>	<u>2,401,034</u>
Total general revenues and transfers	<u>14,534,984</u>	<u>14,028,283</u>	<u>15,939,242</u>	<u>17,715,131</u>
CHANGE IN NET ASSETS	<u>\$ 4,881,474</u>	<u>\$ 9,027,643</u>	<u>\$ 13,510,347</u>	<u>\$ 7,848,180</u>

Notes —

(1) The City implemented GASB Statement No. 34 in calendar year 2003; therefore, only nine years of government-wide data is presented.

Data Source:

- (2) See Table II.
- (3) See Table IV.

TABLE V

2007	2008	2009	2010	2011
\$19,698,164	\$21,752,835	\$17,279,577	\$17,268,140	\$16,953,174
<u>9,154,282</u>	<u>9,483,474</u>	<u>9,918,086</u>	<u>8,954,237</u>	<u>9,288,500</u>
<u>28,852,446</u>	<u>31,236,309</u>	<u>27,197,663</u>	<u>26,222,377</u>	<u>26,241,674</u>
5,354,923	6,264,779	3,151,024	4,123,613	2,968,760
<u>8,574,658</u>	<u>8,430,789</u>	<u>9,095,496</u>	<u>8,383,869</u>	<u>8,899,958</u>
<u>13,929,581</u>	<u>14,695,568</u>	<u>12,246,520</u>	<u>12,507,482</u>	<u>11,868,718</u>
<u>(14,922,865)</u>	<u>(16,540,741)</u>	<u>(14,951,143)</u>	<u>(13,714,895)</u>	<u>(14,372,956)</u>
15,560,131	14,816,218	14,344,454	14,009,900	14,254,078
<u>3,026,824</u>	<u>2,680,786</u>	<u>2,552,556</u>	<u>2,120,056</u>	<u>2,186,475</u>
<u>18,586,955</u>	<u>17,497,004</u>	<u>16,897,010</u>	<u>16,129,956</u>	<u>16,440,553</u>
<u>\$ 3,664,090</u>	<u>\$ 956,263</u>	<u>\$ 1,945,867</u>	<u>\$ 2,415,061</u>	<u>\$ 2,067,597</u>

CITY OF WINONA, MINNESOTA

**FUND BALANCES — GOVERNMENTAL FUNDS (Unaudited)
LAST TEN CALENDAR YEARS
(modified accrual basis of accounting)**

	2002	2003	2004	2005
GENERAL FUND:				
Reserved	\$ 4,149,610	\$ 3,556,465	\$ 2,966,412	\$ 2,447,048
Unreserved	2,987,208	3,273,042	4,270,740	5,584,406
Restricted (1)				
Committed (1)				
Assigned (1)				
Subtotal general fund	<u>7,136,818</u>	<u>6,829,507</u>	<u>7,237,152</u>	<u>8,031,454</u>
GENERAL FUND PERCENTAGE CHANGE FROM PRIOR YEAR	<u>(1.9)%</u>	<u>(4.3)%</u>	<u>6.0 %</u>	<u>11.0 %</u>
ALL OTHER GOVERNMENTAL FUNDS:				
Reserved (2)(3)	9,509,356	6,671,750	6,204,660	15,958,462
Unreserved:				
Special Revenue Funds			(1,777)	(8,149)
Debt Service Funds				
Capital Projects Funds	913,425	1,089,336	85,911	1,396,469
Nonspendable				
Restricted				
Committed				
Assigned				
Unassigned				
Subtotal all other Governmental Funds	<u>10,422,781</u>	<u>7,761,086</u>	<u>6,288,794</u>	<u>17,346,782</u>
ALL OTHER GOVERNMENTAL FUNDS PERCENTAGE CHANGE FROM PRIOR YEAR	<u>(25.1)%</u>	<u>(25.5)%</u>	<u>(19.0)%</u>	<u>175.8 %</u>
TOTAL GOVERNMENTAL FUNDS:				
Reserved (2)(3)	13,658,966	10,228,215	9,171,072	18,405,510
Unreserved	3,900,633	4,362,378	4,354,874	6,972,726
Nonspendable				
Restricted				
Committed				
Assigned				
Unassigned				
TOTAL GOVERNMENTAL FUNDS	<u>\$17,559,599</u>	<u>\$14,590,593</u>	<u>\$13,525,946</u>	<u>\$25,378,236</u>
ALL GOVERNMENTAL FUNDS PERCENTAGE CHANGE FROM PRIOR YEAR	<u>(17.1)%</u>	<u>(16.9)%</u>	<u>(7.3)%</u>	<u>87.6 %</u>

Notes:

- (1) The Fund Balance classifications changed for 2011 from Reserved, Designated and Undesignated to five new categories called Nonspendable, Restricted, Unrestricted-Committed, Unrestricted-Assigned and Unrestricted-Unassigned per GASB Statement No. 54 (retrospective to 2010).
- (2) The increase in reserved fund balance from 2004 to 2005 relates to resources held for the Pelzer Street Construction.
- (3) For the year 2002, the nonexpendable trust funds have been reclassified as permanent funds, for consistency. Also, both the principal and the earnings in these funds have been reclassified as reserved, consistent with GASB Statement No. 34 reporting.

Data Source — Applicable years' comprehensive annual financial report.

TABLE VI

At December 31,					
2006	2007	2008	2009	2010	2011
\$ 2,588,629	\$ 2,367,809	\$ 1,674,277	\$ 3,477,338		
5,393,400	5,996,783	6,726,060	5,597,485		
				\$ 2,242,981	\$ 1,620,716
				948,116	1,058,290
				<u>6,065,050</u>	<u>5,703,244</u>
<u>7,982,029</u>	<u>8,364,592</u>	<u>8,400,337</u>	<u>9,074,823</u>	<u>9,256,147</u>	<u>8,382,250</u>
<u>(0.6)%</u>	<u>4.8 %</u>	<u>0.4 %</u>	<u>8.0 %</u>	<u>2.0 %</u>	<u>(9.4)%</u>
8,312,408	5,992,197	5,512,035	4,971,246		
(7,963)	(12,662)	(11,870)	(18,662)		
1,458,642	354,933	983,290	1,595,306		
				56,000	56,000
				5,766,571	6,413,544
				635,911	609,429
				<u>(30,306)</u>	<u>(31,690)</u>
<u>9,763,087</u>	<u>6,334,468</u>	<u>6,483,455</u>	<u>6,547,890</u>	<u>6,428,176</u>	<u>7,047,283</u>
<u>(43.7)%</u>	<u>(35.1)%</u>	<u>2.4 %</u>	<u>1.0 %</u>	<u>(1.8)%</u>	<u>9.6 %</u>
10,901,037	8,360,006	7,186,312	8,448,584		
6,844,079	6,339,054	7,697,480	7,174,129		
				56,000	56,000
				8,009,552	8,034,260
				1,584,027	1,667,719
				6,065,050	5,703,244
				<u>(30,306)</u>	<u>(31,690)</u>
<u>\$17,745,116</u>	<u>\$14,699,060</u>	<u>\$14,883,792</u>	<u>\$15,622,713</u>	<u>\$15,684,323</u>	<u>\$ 15,429,533</u>
<u>(30.1)%</u>	<u>(17.2)%</u>	<u>1.3 %</u>	<u>5.0 %</u>	<u>0.4 %</u>	<u>(1.6)%</u>

CITY OF WINONA, MINNESOTA

GENERAL GOVERNMENTAL REVENUES BY SOURCE (Unaudited) (1) LAST TEN CALENDAR YEARS (Modified accrual basis of accounting)

	2002	2003	2004	2005
	Amount			
REVENUE SOURCE:				
Taxes (2)	\$ 4,675,056	\$ 3,863,765	\$ 4,022,767	\$ 4,767,055
Special assessments	722,462	704,292	849,338	1,584,851
Intergovernmental (3)	11,565,303	10,082,154	10,267,873	18,575,068
Licenses and permits	138,688	143,657	149,070	150,529
Fines and forfeitures	241,842	227,502	257,688	275,810
Charges for services	419,354	438,002	873,461	952,724
Contributions (4)		525,739	4,135,315	911,487
Investment earnings (5)	315,657	118,415	80,852	630,775
Miscellaneous (5)	663,621	982,170	722	
Total revenues	<u>\$ 18,741,983</u>	<u>\$ 17,085,696</u>	<u>\$ 20,637,086</u>	<u>\$ 27,848,299</u>
PERCENTAGE CHANGE FROM PRIOR YEAR	<u>4.1 %</u>	<u>(8.8)%</u>	<u>20.8 %</u>	<u>34.9 %</u>
Taxes (2)	24.9 %	22.6 %	19.5 %	17.1 %
Special assessments	3.9	4.1	4.1	5.7
Intergovernmental (3)	61.8	59.0	49.8	66.7
Licenses and permits	0.7	0.8	0.7	0.5
Fines and forfeitures	1.3	1.3	1.2	1.0
Charges for services	2.2	2.6	4.2	3.4
Contributions (4)		3.1	20.0	3.3
Investment earnings (5)	1.7	0.7	0.4	2.3
Miscellaneous (5)	3.5	5.8	0.1	
Total revenues	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>

Notes:

- (1) Includes all governmental fund types.
- (2) For explanations of significant changes in tax revenues, see Table VIII.
- (3) In 2005, intergovernmental revenue included over \$6 million for the Pelzer Street construction project.
- (4) In 2004, the City received \$4 million from the Port Authority West-end (Riverfront) Tax Increment District for the construction of Pelzer Street.
- (5) For the year 2002, the nonexpendable trust funds have been reclassified as permanent funds, for consistency and their revenues are included in this table.

Data Source —

Applicable years' comprehensive annual financial report.

TABLE VII

For The Calendar Year Ended December 31,

2006	2007	2008	2009	2010	2011
\$ 5,358,613	\$ 5,532,317	\$ 5,833,891	\$ 5,733,942	\$ 6,203,216	\$ 6,538,843
894,270	766,018	554,465	427,672	360,876	362,968
14,608,555	10,328,659	10,690,005	10,595,394	10,906,571	9,588,783
149,753	161,329	171,860	163,149	155,661	169,473
313,581	253,614	254,135	219,823	222,562	211,375
880,358	838,500	917,413	741,755	750,177	878,153
349,772	40,006	22,199	14,141	6,621	8,206
1,075,531	957,663	390,434	83,009	46,327	35,813
446	363,713	273,000		6,786	88
<u>\$ 23,630,879</u>	<u>\$ 19,241,819</u>	<u>\$ 19,107,402</u>	<u>\$ 17,978,885</u>	<u>\$ 18,658,797</u>	<u>\$ 17,793,702</u>
<u>(15.1)%</u>	<u>(18.6)%</u>	<u>(0.7)%</u>	<u>(5.9)%</u>	<u>3.8 %</u>	<u>(4.6)%</u>

Percentage of Total

22.7 %	28.7 %	30.5 %	31.9 %	33.2 %	36.7 %
3.8	4.0	2.9	2.4	1.9	2.0
61.8	53.7	56.0	58.9	58.5	53.9
0.6	0.8	0.9	0.9	0.8	1.0
1.3	1.3	1.3	1.2	1.2	1.2
3.7	4.4	4.8	4.1	4.0	4.9
1.5	0.2	0.1	0.1	0.1	0.1
4.6	5.0	2.1	0.5	0.2	0.2
	1.9	1.4	0.0	0.1	0.0
<u>100.0 %</u>					

TABLE VIII

CITY OF WINONA, MINNESOTA

**TAX REVENUES BY SOURCE — GOVERNMENTAL FUNDS (Unaudited) (1)
FOR THE LAST TEN CALENDAR YEARS ENDED DECEMBER 31
(modified accrual basis of accounting)**

	Amounts			
	Property	Franchise	Sales (2)	Total
2002 (3)	\$ 2,409,616	\$ 860,568	\$ 1,404,872	\$ 4,675,056
2003	2,854,928	855,270	153,567	3,863,765
2004	3,130,902	891,865		4,022,767
2005	3,736,189	1,030,866		4,767,055
2006	4,215,412	1,143,201		5,358,613
2007	4,339,116	1,193,201		5,532,317
2008	4,570,426	1,263,465		5,833,891
2009	4,667,041	1,066,901		5,733,942
2010	4,997,477	1,205,739		6,203,216
2011	5,234,345	1,304,498		6,538,843

	Percentage of Total			
	Property	Franchise	Sales (2)	Total
2002 (3)	51.5 %	18.4 %	30.1 %	100.0 %
2003	73.9	22.1	4.0	100.0
2004	77.8	22.2		100.0
2005	78.4	21.6		100.0
2006	78.7	21.3		100.0
2007	78.4	21.6		100.0
2008	78.3	21.7		100.0
2009	81.4	18.6		100.0
2010	80.6	19.4		100.0
2011	80.1	19.9		100.0

Notes:

- (1) Includes all governmental fund types.
(2) Beginning in 1999, the voters approved a sales tax referendum to dredge East Lake Winona and used the sand from the dredging to build an industrial park. The sales tax collections ended in January 2003.
(3) Property taxes decreased as a result of an increase in state funding through the local government aid program, which reduces the local property tax burden.

Data Source —

Applicable years' comprehensive annual financial report.

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CITY OF WINONA, MINNESOTA

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (Unaudited) (1) FOR THE LAST TEN CALENDAR YEARS ENDED DECEMBER 31 (modified accrual basis of accounting)

Function	2002 (2)	2003 (3)	2004	2005
CURRENT:				
General government (9)	\$ 2,353,665	\$ 2,419,287	\$ 2,756,961	\$ 2,712,375
Public safety (5)	5,984,521	6,019,664	6,624,222	6,336,382
Highways and streets (6)	2,430,688	2,235,562	2,974,591	2,788,973
Economic development (7)			909,194	446,122
Park maintenance	1,586,799	1,352,133	1,317,640	1,507,681
Other	<u>261,292</u>	<u>502,926</u>	<u>924,957</u>	<u>29,256</u>
Total current	<u>12,616,965</u>	<u>12,529,572</u>	<u>15,507,565</u>	<u>13,820,789</u>
PERCENTAGE CHANGE FROM PRIOR YEAR	<u>(4.3)%</u>	<u>(0.7)%</u>	<u>23.8 %</u>	<u>(10.9)%</u>
CAPITAL OUTLAY (8)	<u>4,182,955</u>	<u>6,599,814</u>	<u>1,382,109</u>	<u>480,984</u>
PERCENTAGE CHANGE FROM PRIOR YEAR	<u>284.4 %</u>	<u>57.8 %</u>	<u>(79.1)%</u>	<u>(65.2)%</u>
DEBT SERVICE:				
Principal	1,550,000	833,000	1,386,000	1,157,500
Interest and fees	430,539	330,845	362,544	400,827
Other (4)	<u>2,368,261</u>			
Total debt service	<u>4,348,800</u>	<u>1,163,845</u>	<u>1,748,544</u>	<u>1,558,327</u>
PERCENTAGE CHANGE FROM PRIOR YEAR	<u>144.2 %</u>	<u>(73.2)%</u>	<u>50.2 %</u>	<u>(10.9)%</u>
Total expenditures (10)	<u>\$ 21,148,720</u>	<u>\$ 20,293,231</u>	<u>\$ 18,638,218</u>	<u>\$ 15,860,100</u>
PERCENTAGE CHANGE FROM PRIOR YEAR	<u>31.7 %</u>	<u>(4.0)%</u>	<u>(8.2)%</u>	<u>(14.9)%</u>
DEBT SERVICES AS A PERCENT OF NONCAPITAL EXPENDITURES				
	<u>11.7 %</u>	<u>8.5 %</u>	<u>10.1 %</u>	<u>10.1 %</u>

Notes:

- (1) Includes all governmental fund types.
- (2) In 2002, the City established a library enterprise fund.
- (3) In 2003, the City established a storm sewer enterprise fund.
- (4) In 2002, the City refunded debt with a payment made to a bond refunding escrow agent.
- (5) In 2004, the public safety function increased 10%, primarily due to a change in policy for reimbursement for sick pay from 33% vested to 100% vested.
- (6) In 2004, the highways and streets function increased 33.1% as a result of engineering costs for Pelzer Street.
- (7) Prior to 2004, the economic development costs were reported in the general government function.
- (8) The significant increase from 2002 to 2003 related to the High Wagon Bridge Reconstruction and special assessment projects. The significant increase from 2003 to 2004 related to the Pelzer Street Construction. The significant increase 2010 is due to the Pelzer Street project being finalized and the reduction in construction in progress being added to 2010 capital outlay. Capitalized capital outlay used 2010 and on.
- (9) For the year 2002, the nonexpendable trust funds have been reclassified as permanent funds, for consistency.
- (10) Total expenditures are those from the governmental statements with the change to capital outlay to reflect the Gov't Wide capitalized capital outlay (2010 and on).

Data Source —

Applicable years' comprehensive annual financial report.

TABLE IX

2006	2007	2008	2009	2010	2011
\$ 3,327,563	\$ 3,073,892	\$ 2,983,688	\$ 3,010,960	\$ 2,683,792	\$ 2,696,087
6,813,091	7,221,380	7,584,452	6,512,463	7,286,443	6,640,661
2,606,047	2,774,581	3,306,623	2,865,359	2,657,992	2,625,036
346,931	365,911	754,102	773,027	757,831	837,643
1,720,125	1,729,743	2,362,062	1,778,571	1,498,905	1,389,884
<u>30,166</u>	<u>43,532</u>	<u>43,169</u>	<u>54,198</u>	<u>45,851</u>	<u>45,635</u>
<u>14,843,923</u>	<u>15,209,039</u>	<u>17,034,096</u>	<u>14,994,578</u>	<u>14,930,814</u>	<u>14,234,946</u>
<u>7.4 %</u>	<u>2.5 %</u>	<u>12.0 %</u>	<u>(11.9)%</u>	<u>(0.4)%</u>	<u>(4.7)%</u>
<u>5,136,903</u>	<u>382,443</u>	<u>571,871</u>	<u>345,914</u>	<u>729,594</u>	<u>449,514</u>
<u>968.0 %</u>	<u>(92.6)%</u>	<u>49.5 %</u>	<u>(39.7)%</u>	<u>110.9 %</u>	<u>(38.4)%</u>
1,575,000	1,495,000	1,420,000	1,360,000	1,300,000	1,220,000
350,963	321,256	274,117	224,533	177,809	166,171
<u>1,925,963</u>	<u>1,816,256</u>	<u>1,694,117</u>	<u>1,584,533</u>	<u>1,477,809</u>	<u>1,386,171</u>
<u>23.6 %</u>	<u>(5.7)%</u>	<u>(6.7)%</u>	<u>(6.5)%</u>	<u>(6.7)%</u>	<u>(6.2)%</u>
<u>\$ 21,906,789</u>	<u>\$ 17,407,738</u>	<u>\$ 19,300,084</u>	<u>\$ 16,925,025</u>	<u>\$ 17,138,217</u>	<u>\$ 16,070,631</u>
<u>38.1 %</u>	<u>(20.5)%</u>	<u>10.9 %</u>	<u>(12.3)%</u>	<u>1.3 %</u>	<u>(6.2)%</u>
<u>11.5 %</u>	<u>10.7 %</u>	<u>9.0 %</u>	<u>10.6 %</u>	<u>9.9 %</u>	<u>9.7 %</u>

CITY OF WINONA, MINNESOTA

GENERAL GOVERNMENTAL CURRENT EXPENDITURES BY FUNCTION (Unaudited) (1) FOR THE LAST TEN CALENDAR YEARS ENDED DECEMBER 31 (modified accrual basis of accounting)

Function	2002 (2)	2003 (3)	2004	2005
CURRENT:				
General government (7)	\$ 2,353,665	\$ 2,419,287	\$ 2,756,961	\$ 2,712,375
Public safety (4)	5,984,521	6,019,664	6,624,222	6,336,382
Highways and streets (5)	2,430,688	2,235,562	2,974,591	2,788,973
Economic development (6)			909,194	446,122
Park maintenance	1,586,799	1,352,133	1,317,640	1,507,681
Other	261,292	502,926	924,957	29,256
Total current	<u>\$ 12,616,965</u>	<u>\$ 12,529,572</u>	<u>\$ 15,507,565</u>	<u>\$ 13,820,789</u>

	2002	2003	2004	2005
CURRENT:				
General government (7)	18.6 %	19.3 %	17.8 %	19.6 %
Public safety (4)	47.4	48.1	42.7	45.9
Highways and streets (5)	19.3	17.8	19.2	20.2
Economic development (6)	0.0		5.8	3.2
Park maintenance	12.6	10.8	8.5	10.9
Other	2.1	4.0	6.0	0.2
Total current	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>

Notes:

- (1) Includes all governmental fund types.
 - (2) In 2002, the City established a library enterprise fund. Previously, these costs were charged to the culture and recreation function.
 - (3) In 2003, the City established a storm sewer enterprise fund. Previously, these costs were charged to the highways and streets function.
 - (4) In 2004, the public safety function increased 10% primarily due to a change in policy for reimbursement for sick pay from 33% vested to 100% vested.
 - (5) In 2004, the highways and streets function increased 33.1% as a result of engineering costs for Pelzer Street.
 - (6) Prior to 2004, the economic development costs were reported in the general government function.
 - (7) For the year 2002, the nonexpendable trust funds have been reclassified permanent funds, for consistency.
- Data Source — Table IX.

TABLE X

Amounts					
2006	2007	2008	2009	2010	2011
\$ 3,327,563	\$ 3,073,892	\$ 2,983,688	\$ 3,010,960	\$ 2,683,792	\$ 2,696,087
6,813,091	7,221,380	7,584,452	6,512,463	7,286,443	6,640,661
2,606,047	2,774,581	3,306,623	2,865,359	2,657,992	2,625,036
346,931	365,911	754,102	773,027	757,831	837,643
1,720,125	1,729,743	2,362,062	1,778,571	1,498,905	1,389,884
<u>30,166</u>	<u>43,532</u>	<u>43,169</u>	<u>54,198</u>	<u>45,851</u>	<u>45,635</u>
<u>\$ 14,843,923</u>	<u>\$ 15,209,039</u>	<u>\$ 17,034,096</u>	<u>\$ 14,994,578</u>	<u>\$ 14,930,814</u>	<u>\$ 14,234,946</u>
Percentage of Total					
2006	2007	2008	2009	2010	2011
22.4 %	20.2 %	17.5 %	20.1 %	18.0 %	18.9 %
45.9	47.5	44.5	44.5	48.8	46.7
17.6	18.2	19.4	19.1	17.8	18.4
2.3	2.4	4.4	5.2	5.1	5.9
11.6	11.4	13.9	11.9	10.0	9.8
<u>0.2</u>	<u>0.3</u>	<u>0.3</u>	<u>0.4</u>	<u>0.3</u>	<u>0.3</u>
<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>

CITY OF WINONA, MINNESOTA

SUMMARY OF CHANGES IN FUND BALANCES — GOVERNMENTAL FUNDS (Unaudited) (1) (2) FOR THE LAST TEN CALENDAR YEARS ENDED DECEMBER 31 (modified accrual basis of accounting)

Source	2002	2003	2004	2005
TOTAL REVENUES (3)	\$ 18,741,983	\$ 17,085,696	\$ 20,637,086	\$ 27,848,299
TOTAL EXPENDITURES (4)	<u>21,148,720</u>	<u>20,293,231</u>	<u>26,790,486</u>	<u>21,428,151</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,406,737)</u>	<u>(3,207,535)</u>	<u>(6,153,400)</u>	<u>6,420,148</u>
OTHER FINANCING (USES) SOURCES:				
Sale of capital assets			2,526	7,621
Debt proceeds		614,188	4,988,090	3,595,585
Transfers in	467,460	1,856,075	704,863	5,939,945
Transfers out	<u>(1,691,258)</u>	<u>(2,231,734)</u>	<u>(606,726)</u>	<u>(4,111,009)</u>
Total other financing (uses) sources	<u>(1,223,798)</u>	<u>238,529</u>	<u>5,088,753</u>	<u>5,432,142</u>
NET CHANGE IN FUND BALANCES	(3,630,535)	(2,969,006)	(1,064,647)	11,852,290
FUND BALANCES — Beginning of year	<u>21,190,134</u>	<u>17,559,599</u>	<u>14,590,593</u>	<u>13,525,946</u>
FUND BALANCES — End of year	<u>\$ 17,559,599</u>	<u>\$ 14,590,593</u>	<u>\$ 13,525,946</u>	<u>\$ 25,378,236</u>

Notes:

(1) Includes all governmental fund types.

(2) Beginning in 2003, the City's nonexpendable trust funds were reclassified as permanent funds, and their data is included in all years presented.

(3) Table VII

(4) Table IX

Data Source:

Applicable years' comprehensive annual financial report.

TABLE XI

2006	2007	2008	2009	2010	2011
\$ 23,630,879	\$ 19,241,819	\$ 19,107,402	\$ 17,978,885	\$ 18,658,797	\$ 17,793,702
<u>30,607,030</u>	<u>21,315,396</u>	<u>19,937,403</u>	<u>17,300,454</u>	<u>17,587,202</u>	<u>16,872,809</u>
<u>(6,976,151)</u>	<u>(2,073,577)</u>	<u>(830,001)</u>	<u>678,431</u>	<u>1,071,595</u>	<u>920,893</u>
845,000					1,385,000
1,061,683	1,258,053	2,141,305	1,755,890	434,619	968,269
<u>(2,563,652)</u>	<u>(2,230,532)</u>	<u>(1,126,572)</u>	<u>(1,695,400)</u>	<u>(1,444,604)</u>	<u>(3,528,952)</u>
<u>(656,969)</u>	<u>(972,479)</u>	<u>1,014,733</u>	<u>60,490</u>	<u>(1,009,985)</u>	<u>(1,175,683)</u>
(7,633,120)	(3,046,056)	184,732	738,921	61,610	(254,790)
<u>25,378,236</u>	<u>17,745,116</u>	<u>14,699,060</u>	<u>14,883,792</u>	<u>15,622,713</u>	<u>15,684,323</u>
<u>\$ 17,745,116</u>	<u>\$ 14,699,060</u>	<u>\$ 14,883,792</u>	<u>\$ 15,622,713</u>	<u>\$ 15,684,323</u>	<u>\$ 15,429,533</u>

CITY OF WINONA, MINNESOTA

ESTIMATED ACTUAL VALUE OF PROPERTY AND TAX CAPACITY (1) BY PROPERTY TYPE (Unaudited) LAST TEN CALENDAR YEARS

Tax Collection Year*	Real Property		Personal Property	
	Tax Capacity (1)	Estimated Market Value	Tax Capacity (1)	Estimated Market Value
2003	\$ 13,021,844	\$ 1,100,481,800	\$ 277,376	\$ 14,257,100
2004	13,924,786	1,177,599,700	311,517	16,036,300
2005	15,343,606	1,303,483,200	320,174	16,398,700
2006	16,904,090	1,406,070,400	316,606	16,306,600
2007	17,709,035	1,470,440,000	324,604	16,626,000
2008	18,368,606	1,521,383,800	304,177	15,543,900
2009	18,590,745	1,531,838,200	302,529	15,490,200
2010	19,249,222	1,578,442,900	303,421	15,533,300
2011	18,673,533	1,547,504,300	322,219	16,525,400
2012 (4)	16,926,347	1,534,908,400	334,620	17,116,300

Notes:

* The levy of the property taxes was done the year prior to the year of collection.

(1) Tax capacity is determined by multiplying a property's market value by its applicable classification rate. Each property is assigned a classification rate depending upon its use. This table includes the primary government and the discretely presented component unit, the Port Authority of Winona.

(2) The tax rate is presented as \$1,000 of tax capacity. (This is the City Tax Rate.)

(3) Beginning in the 2002 tax collection year, the State of Minnesota compressed the tax capacity rates with the result of a lower tax capacity.

(4) Beginning in the 2012 tax collection year, the State of Minnesota Market Value Homestead Credit program was changed to a Homestead Market Value Exclusion program which resulted in a reduction to the overall taxable market values and tax capacities of Minnesota cities.

(Loss of approximately \$151 million taxable market value due to this change.)

Data Source:

Winona County Assessor (2003-2012)

TABLE XII

Total Estimated Tax Capacity (1)	Total Direct Tax Rate (2)	Total Estimated Market Value	Ratio of Total Tax Capacity to Total Estimated Market Value	Annual Percentage Change In Total Estimated Market Value
\$ 13,299,220	27.30	\$ 1,114,738,900	1.19 %	11.3 %
14,236,303	28.82	1,193,636,000	1.19	7.1
15,663,780	29.95	1,319,881,900	1.19	10.6
17,220,696	30.95	1,422,377,000	1.21	7.8
18,033,639	30.77	1,487,066,000	1.21	4.5
18,672,783	30.44	1,536,927,700	1.21	3.4
18,893,274	30.83	1,547,328,400	1.22	0.7
19,552,643	31.22	1,593,976,200	1.23	3.0
18,995,752	31.81	1,564,029,700	1.21	(1.9)
17,260,967	33.64	1,552,024,700	1.11	(0.8)

CITY OF WINONA, MINNESOTA

DIRECT AND OVERLAPPING PROPERTY TAX RATES (Unaudited)
LAST TEN CALENDAR YEARS
(rate per \$1,000 of tax capacity)

Year Collected (1)	Direct		Overlapping Rates		Total
	City Rate	Port Authority	School District (2)	Winona County	
2002	27.30 %	0.47 %	17.71 %	54.81 %	100.29 %
2003	28.82	0.43	17.29	49.82	96.36
2004	29.95	-	14.84	48.78	93.57
2005	30.95	2.08	16.27	47.19	96.49
2006	30.77	1.93	13.08	44.52	90.30
2007	30.44	1.87	16.26	43.51	92.08
2008	30.83	1.78	16.57	43.14	92.32
2009	31.22	2.46	17.62	43.79	95.09
2010	31.81	2.36	16.68	42.03	92.88
2011	33.64	2.42	17.35	42.22	95.63

Notes:

- (1) For the City, net of homestead and agriculture credit aid, but not net of Minnesota market value (MV) credits, for 2002–2008. For payable 2002, the school district tax capacity tax rate is 17.705% and the market value tax rate is .19729%.
- (2) For the school district, the MV tax rate is not included in the total tax rate above.

Data Source —

Winona County Auditor

TABLE XIV

CITY OF WINONA, MINNESOTA

PROPERTY TAX LEVIES AND COLLECTIONS (Unaudited) (1)
LAST TEN CALENDAR YEARS

For The Year Collected	Total Taxes Levied	Collected Within the Year of The Levy		Delinquent Collections (2)	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2002 (3) (12)	\$ 2,816,487	\$ 2,743,880	97.42 %	\$ 44,964	\$ 2,788,844	99.02 %
2003 (4) (12)	3,285,756	3,207,952	97.63	47,593	3,255,545	99.08
2004 (5)	3,574,935	3,502,915	97.99	67,374	3,570,289	99.87
2005 (6) (12)	4,497,685	4,430,685	98.51	66,793	4,497,478	100.00
2006 (7)	5,003,460	4,940,533	98.74	59,244	4,999,777	99.93
2007 (8)	5,238,625	5,165,212	98.60	65,464	5,230,676	99.85
2008 (9)	5,530,485	5,479,274	99.07	50,473	5,529,747	99.99
2009 (10)	5,790,110	5,690,480	98.28	69,500	5,759,980	99.48
2010 (11)	6,590,943	5,969,463	90.57	71,840	6,041,303	91.66
2011 (11)	6,816,772	6,205,360	91.03		6,205,360	91.03

Notes:

- (1) This table includes the primary government and the discretely presented component unit, the Port Authority.
- (2) The amounts reported from 2002-2003 included the amount of taxes collected in the year, not in the year to which they apply. The 2004-2009 amounts reported in the total uncollected taxes column are the uncollected taxes for each tax levy.
- (3) Net of HACA and State of Minnesota MV credits (HACA was zero and MV credits were \$457,555).
- (4) Net of HACA and State of Minnesota MV credits (HACA was zero and MV credits were \$503,781).
- (5) Net of HACA and State of Minnesota MV credits (HACA was zero and MV credits were \$527,596 excluding MV TI credits).
- (6) Net of HACA and State of Minnesota MV credits (HACA was zero and MV credits were \$552,858 excluding MV TI credits).
- (7) Net of HACA and State of Minnesota MV credits (HACA was zero and MV credits were \$577,887 excluding MV TI credits).
- (8) Net of HACA and State of Minnesota MV credits (HACA was zero and MV credits were \$557,383 excluding MV TI credits).
- (9) Net of HACA and State of Minnesota MV credits (HACA was zero and MV credits were \$555,945 excluding MV TI credits).
- (10) Net of HACA and State of Minnesota MV credits (HACA was zero and MV credits were \$549,700 excluding MV TI credits).
- (11) In 2010 and 2011, the market value credit revenues paid to the City was short by \$467,000 because the State of Minnesota discontinued the reimbursement program (due to budget reductions). This is the reason that there is a large drop in the percentage of levy collections.
- (12) In 2002, 2003 and 2005, market value tax credits used in Winona County's calculation of net taxes levied were less than actual market value credits received by the City from the State of Minnesota, which resulted in percentage of levy calculations over 100%. These years have been adjusted to reflect the market value tax credit.

Data Source:

Winona County Auditor
City Finance Department

TABLE XV

CITY OF WINONA, MINNESOTA

**PRINCIPAL PROPERTY TAXPAYERS (Unaudited)
FOR THE CALENDAR YEARS ENDED DECEMBER 31, 2011 AND 2002**

Principal Taxpayer	Type of Business	2011 (For Taxes Payable in 2012)		
		Tax Capacity (1)	Rank	Percentage of Total Tax Capacity
Northern States Power Co.	Utility	\$ 355,929	1	2.05 %
Rivers Development	Commercial	250,149	2	1.44
Wal-Mart	Commercial	247,008	3	1.42
Menards, Inc.	Commercial	222,026	4	1.28
Fastenal Company	Commercial/Industrial	207,951	5	1.20
Miller Waste Mills	Industrial/Commercial	146,753	6	0.84
Sarnia Realty Investors (Winona Mall)	Commercial	137,648	7	0.79
Mikrut Properties	Commercial/Industrial	132,128	8	0.76
Innovation Partners LLC (Hal Leonard-Tech Park)*	Industrial/Commercial	124,370	9	0.71
Mills Properties	Commercial	<u>120,956</u>	10	<u>0.69</u>
Total Principal Taxpayers		1,944,918		11.18
All Other Taxpayers		<u>15,449,218</u>		<u>88.82</u>
Total		<u>\$ 17,394,136</u>		<u>100.00 %</u>

Principal Taxpayer	Type of Business	2002 (For Taxes Payable in 2003)		
		Tax Capacity (1)	Rank	Percentage of Total Tax Capacity
Northern State Power Co.	Utility	\$ 226,917	1	1.71 %
Fastenal Company	Commercial	178,843	2	1.34
Rivers Hotel Company, Inc.	Commercial	131,940	3	0.99
Winona Mall	Commercial	103,524	4	0.78
International Malting Company	Industrial	98,926	5	0.74
Mills Properties (Mills Fleet Farm)	Commercial	90,026	7	0.68
Pennwinn Associates	Commercial	88,568	6	0.67
Kelsey-Hayes Company (Lake Center/Lucas Industries)	Industrial	87,078	8	0.65
Watlow Winona, Inc.	Industrial	86,442	9	0.65
Target Corporation	Commercial	<u>83,776</u>	10	<u>0.63</u>
Total Principal Taxpayers		1,176,040		8.84
All Other Taxpayers		<u>12,129,564</u>		<u>91.16</u>
Total		<u>\$ 13,305,604</u>		<u>100.00 %</u>

Notes:

(1) Tax capacity is determined by multiplying a property's market value by its applicable classification rate.

Each property is assigned a classification rate depending upon its use.

* In JobZ (lower property tax zone)

Data Source — Winona County Auditor

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CITY OF WINONA, MINNESOTA

RATIOS OF TOTAL DEBT OUTSTANDING BY TYPE (Unaudited) (4) LAST TEN CALENDAR YEARS

Calendar Year	Governmental Activities				
	General Obligation Bonds			General Obligation Equipment Certificates	Total
	Supported by				
	Taxes (1)	Other Revenues	Special Assessments (2)		
2002	\$ 1,902,200	\$ -	\$ 6,154,300	\$ 315,000	
2003	1,872,200		5,506,300	775,000	8,153,500
2004	3,768,300		7,564,200	415,000	11,747,500
2005	3,584,300		6,795,700	210,000	10,590,000
2006	3,194,500		5,820,500	845,000	9,860,000
2007	2,794,200		4,835,800	735,000	8,365,000
2008	2,398,100		3,921,900	625,000	6,945,000
2009	2,001,800		3,073,200	510,000	5,585,000
2010	1,605,500		2,289,500	390,000	4,285,000
2011	1,209,000		1,591,000	1,650,000	4,450,000

Notes:

- (1) These bonds are issued for construction of major capital improvements and are backed by the full faith, credit, and taxing authority of the City.
- (2) These bonds are issued for local improvements of privately owned property, and are payable from special assessments levied on these improvements. However, the bonds are backed by the full faith, credit, and taxing authority of the City.
- (3) These bonds are G.O. water and sewer revenue bonds, and are being repaid from revenues from the appropriate enterprise fund. However, the bonds are backed by the full faith, credit, and taxing authority of the City.

Data Source:

- (4) Applicable years' comprehensive annual financial report.
- (5) See Table XXII.

TABLE XVI

Business-type Activities				Total Debt Per Capita
General Obligation Bonds (3)	Total	Percentage of Personal Income (5)	Estimated Population (5)	
\$ 9,883,500	\$ 18,255,000	0.014	26,902	\$ 679
12,951,500	21,105,000	0.016	27,018	781
11,892,500	23,640,000	0.017	27,221	868
10,565,000	21,155,000	0.015	27,295	775
11,520,000	21,380,000	0.015	27,324	783
10,135,000	18,500,000	0.012	27,458	674
7,015,000	13,960,000	0.009	27,582	506
6,115,000	11,700,000	0.007	27,474	426
5,200,000	9,485,000	0.006	27,592	344
4,240,000	8,690,000	0.005	27,592	315

CITY OF WINONA, MINNESOTA

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING (Unaudited) (6) LAST TEN CALENDAR YEARS

Calendar Year	Governmental Activities			Business-type Activities General Obligation Bonds (3)	Total
	General Obligation Bonds Supported by				
	Taxes (1)	Other Revenues	Special Assessments (2)		
2002	\$ 1,902,200	\$ -	\$ 6,154,300	\$ 9,883,500	\$ 17,940,000
2003	1,872,200		5,506,300	12,951,500	20,330,000
2004 (4)	3,768,300		7,564,200	11,892,500	23,225,000
2005	3,584,300		6,795,700	10,565,000	20,945,000
2006	3,194,500		5,820,500	11,520,000	20,535,000
2007	2,794,200		4,835,800	10,135,000	17,765,000
2008	2,398,100		3,921,900	7,015,000	13,335,000
2009	2,001,800		3,073,200	6,115,000	11,190,000
2010	1,605,500		2,289,500	5,200,000	9,095,000
2011	1,209,000		1,591,000	4,240,000	7,040,000

Notes:

- (1) These bonds are issued for construction of major capital improvements, and are backed by the full faith, credit, and taxing authority of the City.
- (2) These bonds are issued for local improvements of privately owned property, and are payable from special assessments levied on these improvements.
- (3) These bonds are general obligation water and sewer revenue bonds, and are being repaid from revenues from the appropriate enterprise fund. However, the bonds are backed by the full faith, credit, and taxing authority of the City.
- (4) Issued \$4,980,000 general obligation bonds secured by property taxes and special assessments.
- (5) Includes the fund balance of the permanent improvement bond revolving fund and the restricted assets for both the water and sewer funds.

Data Source:

- (6) Applicable years' comprehensive annual financial report.
- (7) Table XII.
- (8) Table XXII.

TABLE XVII

Less Restricted Assets To Repay Debt Principal (5)	Net General Obligation Bonds	Percentage of Actual Taxable Value of Property (7)	Estimated Population (8)	Total General Obligation Debt Per Capita
\$ 4,041,775	\$ 13,898,225	1.25 %	26,902	\$ 517
4,119,104	16,210,896	1.36	27,018	600
4,221,278	19,003,722	1.44	27,221	698
5,006,176	15,938,824	1.12	27,295	584
4,774,810	15,760,190	1.06	27,324	577
3,847,754	13,917,246	0.91	27,458	507
3,407,480	9,927,520	0.64	27,582	360
2,897,230	8,292,770	0.54	27,474	302
2,401,127	6,693,873	0.42	27,592	243
1,786,475	5,253,525	0.34	27,592	190

CITY OF WINONA, MINNESOTA

RATIOS OF NET GENERAL BONDED DEBT TO MARKET VALUE AND NET BONDED DEBT PER CAPITA (Unaudited) (1) (8) (BASED UPON G.O. DEBT THAT ACTUALLY IS PAID FROM PROPERTY TAXES) LAST TEN CALENDAR YEARS

Tax Year Collected	Estimated Population (6)	Market Value (7) (in \$1,000)	Gross Bonded Debt (1)	Less Debt Service Monies Available	Less Debt Payable From Port and Enterprise Revenues (2)(3)	Less Debt Payable From Tax Increments
2002	26,902	\$ 1,001,126	\$ 19,496,000	\$ 756,115	\$ 9,728,500	\$ 70,000
2003	27,018	1,114,739	22,867,869	501,613	13,939,500	
2004	27,221	1,193,636	24,060,000	324,277	12,312,500	
2005	27,295	1,319,882	25,120,000	662,721	10,960,000	
2006	27,324	1,422,377	25,050,000	571,941	11,890,000	
2007	27,458	1,487,066	21,955,000	611,562	10,480,000	
2008	27,582	1,536,928	17,195,000	780,847	7,335,000	
2009	27,474	1,547,328	14,710,000	808,454	6,410,000	
2010	27,592	1,593,976	11,995,000	822,369	5,200,000	
2011	27,592	1,564,030	10,990,000	861,387	4,240,000	

This table includes the primary government and the component unit.

Notes:

- (1) G.O. certificates are included in this schedule beginning in 2002.
- (2) In 2002 - includes enterprise fund bonds, less the G.O. swimming pool refunding bonds of 1993.
- (3) Excludes Port Authority G.O. bonds of 2005 (Pelzer Street), which will be retired with property taxes.
- (4) A City referendum passed on November 3, 1998. On July 1, 1999, the City issued G.O. sales tax revenue bonds. On October 30, 2002, the City defeased the G.O. sales tax revenue bonds.
- (5) Net bonded debt is property tax supported debt. As compared to table XVII, this is the amount of debt that the City is actually retiring from property taxes.

Data Source:

- (6) Table XXII
- (7) Winona County Assessor (2002-2011)
- (8) City's Planning Department
City's Finance Department

TABLE XVIII

Less Debt Payable From Special Assessments	Less Debt Payable From Leased Properties	Less Debt Payable From Sales Taxes (4)	Net Bonded Debt (5)	Ratio of Net Bonded Debt To Market Value	Net Bonded Debt Per Capita
\$ 6,154,300	\$ 701,000	\$ -	\$ 2,086,085	0.0021	\$ 78
5,506,300	543,000		2,377,456	0.0021	88
7,564,200			3,859,023	0.0032	142
6,795,700			6,701,579	0.0051	246
5,820,500			6,767,559	0.0048	248
4,835,800			6,027,638	0.0041	220
3,921,900			5,157,253	0.0034	187
3,073,200			4,418,346	0.0029	161
2,289,500			3,683,131	0.0023	133
1,591,000			4,297,613	0.0027	156

TABLE XIX

CITY OF WINONA, MINNESOTA

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT (Unaudited)
DECEMBER 31, 2011**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
CITY DIRECT DEBT:			
General obligation bonds supported by property taxes	\$ 1,209,000	100.0 %	\$ 1,209,000
General obligation bonds supported by Port Authority	2,300,000	100.0	2,300,000
General obligation bonds supported by special assessments	1,591,000	100.0	1,591,000
General obligation equipment certificates	1,650,000	100.0	<u>1,650,000</u>
Total city direct debt			<u>6,750,000</u>
OVERLAPPING DEBT: (2)			
Debt repaid with property taxes:			
Independent School District No. 861 — G.O. bonds	22,507,903	63.3	14,247,503
Winona County — General obligation bonds	7,927,210	46.1	<u>3,654,444</u>
Total overlapping debt			<u>17,901,947</u>
Total direct and overlapping debt			<u>\$ 24,651,947</u>

This table includes the primary government and the component unit.

Notes:

- (1) Applicable percentages were estimated by determining the portion of another government unit's tax capacity that is within the City's geographic boundaries, and dividing it by each government's total tax capacity.
- (2) Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City.

Data Source —
Applicable governments

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CITY OF WINONA, MINNESOTA

LEGAL DEBT MARGIN (Unaudited) FOR THE LAST TEN CALENDAR YEARS ENDED DECEMBER 31

	2002	2003	2004
ASSESSED VALUE (5)	<u>\$ 1,001,125,500</u>	<u>\$ 1,114,738,900</u>	<u>\$ 1,193,636,000</u>
LEGAL DEBT MARGIN:			
Debt limit (3% of market value of taxable property) (1)	<u>\$ 20,022,510</u>	<u>\$ 22,294,778</u>	<u>\$ 23,872,720</u>
Debt applicable to limit:			
Gross debt (6)	18,255,000	21,105,000	23,640,000
Less exempt debt (2)			
Special assessment improvement bonds	(6,154,300)	(5,506,300)	(7,564,200)
G.O. bonds (3)			
G.O. revenue bonds (4)	<u>(9,728,500)</u>	<u>(12,951,500)</u>	<u>(11,892,500)</u>
Debt subject to limit	<u>2,372,200</u>	<u>2,647,200</u>	<u>4,183,300</u>
Legal debt margin	<u>\$ 17,650,310</u>	<u>\$ 19,647,578</u>	<u>\$ 19,689,420</u>
Total net debt applicable to the limit as a percentage of the debt limit	<u>11.85 %</u>	<u>11.87 %</u>	<u>17.52 %</u>

Notes:

(1) MN Statutes, Section 475.53, which reports gross G.O. debt before deducting any available debt service fund balances (3% of market value of taxable property in years after 2007, 2% in 2007 and prior years).

(2) Per MN Statutes.

(3) G.O. debt supported by revenues other than special assessments and enterprise funds.

(4) G.O. debt supported by revenues in enterprise funds.

Data Source:

(5) See Table XII.

(6) Includes G.O. bonds and G.O. equipment certificates.

TABLE XX

2005	2006	2007	2008	2009	2010	2011
<u>\$ 1,319,881,900</u>	<u>\$ 1,422,377,000</u>	<u>\$ 1,487,066,000</u>	<u>\$ 1,536,927,700</u>	<u>\$ 1,547,328,400</u>	<u>\$ 1,593,976,200</u>	<u>\$ 1,564,029,700</u>
<u>\$ 26,397,638</u>	<u>\$ 28,447,540</u>	<u>\$ 29,741,320</u>	<u>\$ 46,107,831</u>	<u>\$ 46,419,852</u>	<u>\$ 47,819,286</u>	<u>\$ 46,920,891</u>
21,155,000	21,380,000	18,500,000	13,960,000	11,700,000	9,485,000	8,690,000
(6,795,700)	(5,820,500)	(4,835,800)	(3,921,900)	(3,073,200)	(2,289,500)	(1,591,000)
<u>(10,565,000)</u>	<u>(11,520,000)</u>	<u>(10,135,000)</u>	<u>(7,015,000)</u>	<u>(6,115,000)</u>	<u>(5,200,000)</u>	<u>(4,240,000)</u>
<u>3,794,300</u>	<u>4,039,500</u>	<u>3,529,200</u>	<u>3,023,100</u>	<u>2,511,800</u>	<u>1,995,500</u>	<u>2,859,000</u>
<u>\$ 22,603,338</u>	<u>\$ 24,408,040</u>	<u>\$ 26,212,120</u>	<u>\$ 43,084,731</u>	<u>\$ 43,908,052</u>	<u>\$ 45,823,786</u>	<u>\$ 44,061,891</u>
<u>14.37 %</u>	<u>14.20 %</u>	<u>11.87 %</u>	<u>6.56 %</u>	<u>5.41 %</u>	<u>4.17 %</u>	<u>6.09 %</u>

CITY OF WINONA, MINNESOTA

**PLEGGED REVENUE BOND COVERAGE (Unaudited) (1)
 LAST TEN CALENDAR YEARS**

Calendar Year	Water and Sewer Revenue Bonds						Times Coverage
	Gross Revenues (2)	Less: Operating Expenses (3)	Net Available Revenues	Debt Service			
				Principal	Interest	Total	
2002	\$ 4,867,341	\$ 2,275,622	\$ 2,591,719	\$ 860,000	\$ 454,294	\$ 1,314,294	1.97
2003	5,456,291	2,325,966	3,130,325	1,027,000	425,422	1,452,422	2.16
2004	5,643,048	2,676,232	2,966,816	1,059,000	503,777	1,562,777	1.90
2005	6,208,775	3,246,166	2,962,609	1,327,500	479,536	1,807,036	1.64
2006	6,697,050	3,342,586	3,354,464	1,340,000	428,729	1,768,729	1.90
2007	6,912,334	3,370,212	3,542,122	1,385,000	433,145	1,818,145	1.95
2008 (4)	6,780,595	3,355,293	3,425,302	3,120,000	361,408	3,481,408	0.98
2009	6,336,203	4,192,645	2,143,558	900,000	265,373	1,165,373	1.84
2010	6,026,399	3,245,159	2,781,240	915,000	228,866	1,143,866	2.43
2011	6,227,574	3,477,056	2,750,518	960,000	189,948	1,149,948	2.39

Notes:

- (1) These revenue bonds are first secured by water and sewer revenue, and secondarily backed by the full faith and credit of the City.
- (2) Gross revenue includes charges for water and sewer services, other charges, tap fees, investment earnings and property taxes.
- (3) Operating expenses do not include depreciation, interest expense, or fiscal charges.
- (4) \$2,285,000 in principal was paid from a refunding escrow account established for this purpose. Removing these principal payments would reduce principal payments to \$835,000 and increase the coverage ratio to 2.86.

Data Source —

Applicable years' comprehensive annual financial report.

TABLE XXII

CITY OF WINONA, MINNESOTA

DEMOGRAPHIC AND ECONOMIC FACTORS (Unaudited)
LAST TEN CALENDAR YEARS

Year	City Population (1)	City Metropolitan Area Population (2)	Personal Income (3) (thousands of dollars)	Per Capita Income (4)	City Unemployment Rate (5)(6)	United States Unemployment Rate (5) (6)
2002	26,902	49,428	\$ 1,265,857	25,610	4.7 %	5.8 %
2003	27,018	49,344	1,313,132	26,612	5.6	6.0
2004	27,221	49,172	1,383,206	28,130	5.0	5.6
2005	27,295	49,348	1,428,270	28,943	3.9	5.1
2006	27,324	49,730	1,510,583	30,376	3.8	4.6
2007	27,458	49,848	1,643,177	32,964	4.3	4.8
2008	27,582	49,590	1,710,826	34,499	6.2	7.1
2009	27,474	49,436	1,697,007	34,327	7.2	9.7
2010	27,592	51,395	1,765,396	34,350	7.0	9.1
2011	27,592	51,395	1,765,396	34,350	5.6	8.5

Data Source:

- (1) State demographer's estimate, except 2010, which is from the 2010 Census. 2011 not available.
- (2) 2002 - 2010 - U.S. Bureau of Economic Analysis - Winona, MN Metropolitan Area, <http://www.bea.gov/bea/regional/reis/default.cfm?catable=CA1-3§ion=2>. 2011 not available.
- (3) 2002 - 2010 - U.S. Bureau of Economic Analysis - Winona, MN Metropolitan Area, <http://www.bea.gov/bea/regional/reis/default.cfm?catable=CA1-3§ion=2>. 2011 not available.
- (4) 2002 - 2010 - U.S. Bureau of Economic Analysis - Winona, MN Metropolitan Area, <http://www.bea.gov/bea/regional/reis/default.cfm?catable=CA1-3§ion=2>. 2011 not available.
- (5) Minnesota Department of Employment and Economic Development (i.e., the yearly annual average), (2010 and 2011 U.S. rate is seasonally adjusted).
- (6) Minnesota Department of Employment and Economic Development
(Rate is not seasonally adjusted for 12/31/07, 12/31/08, 12/31/09, 12/31/10 and 12/31/11)

TABLE XXIII

CITY OF WINONA, MINNESOTA

PRINCIPAL EMPLOYERS (Unaudited)

FOR THE CALENDAR YEARS ENDED DECEMBER 31, 2011 AND 2001

Employer (1)	Type of Business	2011		
		Number of Employees	Rank	Percentage of Total County Employment
Fastenal Company (3)	Commercial/Industrial	1,420	1	9.08 %
Winona Health	Hospital/Clinic/Health Care	1,200	2	7.68
TRW Automotive Electronics	Industrial machinery	775	3	4.96
Independent School District No. 861	K-12 education	712	4	4.55
Winona State University	Post-secondary education	712	5	4.55
Wincraft	Promotional materials	420	6	2.69
Saint Mary's University	Post-secondary education	391	7	2.50
RTP Company	Industrial	375	8	2.40
Winona County	County Government	291	9	1.86
Watlow Controls	Industrial	289	10	1.85
Total principal employers		6,585		42.12
Other employers		9,049		57.88
Total employers (4)		15,634		100.00 %
Employer (2)	Type of Business	2001		
		Number of Employees	Rank	Percentage of Total County Employment
Fastenal Company	Commercial/Industrial	1,299	1	8.55 %
Winona Health	Hospital/Health Care	850	2	5.60
Winona State University	Post-secondary education	750	3	4.94
TRW Automotive Electronics	Industrial machinery	730	4	4.81
Independent School District No. 861	K-12 education	615	5	4.05
RTP Company	Plastic and synthetic resins	415	6	2.73
Wincraft	Promotional materials	400	7	2.63
Saint Mary's University	Post-secondary education	380	8	2.50
Watlow Controls	Electronic Control manufacturer	330	9	2.17
Winona County	County Government	295	10	1.94
Total principal employers		6,064		39.92
Other employers		9,127		60.08
Total employers (4)		15,191		100.00 %

Data Source:

(1) Official Statement — Bond Offering (City of Winona-October, 2011)

(2) City of Winona Community Development Department Demographics Report (July 2001)

(3) Fastenal Company information

(4) MN DEED, 2011 is at 8/31/2011 and 2001 is at 12/31/2001

CITY OF WINONA, MINNESOTA

PROPERTY VALUES AND CONSTRUCTION (Unaudited)
LAST TEN CALENDAR YEARS

Tax Collection Year	Estimated Property Value (3)		Nonresidential Construction (4)		Residential Construction (4)	
	Taxable	Nontaxable (1)	Number	Value (2)	Number	Value
			of Permits		of Permits	
2002	\$ 1,001,125,500	\$ 309,768,500	138	\$ 41,871,856	1,314	\$ 26,157,436
2003	1,114,738,900	309,768,500	122	19,816,823	1,099	22,453,297
2004	1,193,636,000	309,768,500	145	16,677,585	1,047	18,315,199
2005	1,319,881,900	482,142,700	162	42,168,354	981	14,950,633
2006	1,422,377,000	482,142,700	134	19,912,636	912	10,150,859
2007	1,487,066,000	482,142,700	127	24,965,605	812	8,299,429
2008	1,536,927,000	482,142,700	144	16,101,088	839	10,638,324
2009	1,547,328,000	482,142,700	142	30,462,564	952	27,260,566
2010	1,593,976,000	482,142,700	115	11,755,997	1,135	13,217,273
2011	1,564,029,700	625,833,300	168	15,533,885	1,358	26,189,526

Notes:

- (1) Tax-exempt property valuation is updated every six years.
- (2) In 2002, Winona State University (WSU) Science Building is included at \$24,728,000. In 2003, Wal-Mart is included at \$8,430,000. In 2004, the Winona Health parking ramp is included at \$2,900,000. In 2005, the Winona Health/Winona Clinic expansion at \$20,912,000, and the WSU Pasteur Hall renovation are included at \$8,160,750. In 2006, the Southeast Minnesota Technical College remodeling and new entrance is included at \$2,996,000, and the Target remodeling and addition is included at \$2,913,000. In 2007 are Hal Leonard at \$4,967,027, WSU Maxwell Center remodeling at \$4,476,622, and WSU Memorial Hall at \$2,674,000. In 2008 are the Holiday Inn Express at \$4,996,000, Animal Care Clinic at \$1,863,525, and an addition to the Minnesota Marine Art Museum at \$1,548,400. In 2009 are the Winona State University at \$14,600,000 for a Wellness Center and \$17,973,222 (Residential Construction) for a new residence hall, and an addition to the Winona County Historical Society for \$3,300,000. In 2010 are Bradford Development for \$4,650,000 to construct a senior housing cooperative and \$3,449,500 for the Benedictine Health Systems Assisted Living Apartments addition. In 2011 residential: McNally 16 Condos for \$1,390,000, Gernes apartments for \$900,000, Saint Mary's University's dormitory for \$5,580,400, and Winona Senior Living for \$5,800,000

Data Source:

- (3) Winona County Assessor
(4) The City of Winona Inspection Department

CITY OF WINONA, MINNESOTA

CITY EMPLOYEES BY FUNCTION/PROGRAM (Unaudited) (1) (2) (3)

Function/Program	2006	2007	2008	2009	2010	2011
GENERAL FUND:						
General government:						
City manager	2.000	2.000	2.000	2.000	2.000	2.000
City clerk	1.888	1.888	1.888	1.225	1.225	1.195
Finance	7.000	7.000	7.000	7.000	7.000	7.000
Human resources	1.600	1.600	1.600	1.500	1.500	1.500
Planning	3.375	3.375	3.375	2.375	2.375	2.375
Building maintenance	2.250	2.250	2.250	2.275	2.275	2.000
Public safety:						
Police	43.800	44.600	43.600	40.500	41.500	41.500
Fire	23.000	23.000	23.000	21.500	21.500	22.000
Safety and health coordinator	1.000	1.000	1.000	1.000	1.000	1.000
Highways and streets:						
Engineering	5.800	5.800	4.800	4.000	4.000	4.000
Streets and alleys	14.000	14.000	14.000	13.000	13.000	12.000
Central garage	4.000	4.000	4.000	4.300	4.300	4.000
Public works				0.400	0.400	0.400
Park maintenance —						
Park maintenance	20.000	20.000	20.000	18.000	17.000	15.000
Economic development:						
Community development	2.625	3.625	2.625	2.625	2.625	2.625
Community development-matching funds	.000	.000	1.000	1.000	1.000	0.625
Total general fund	<u>132.338</u>	<u>134.138</u>	<u>132.138</u>	<u>122.700</u>	<u>122.700</u>	<u>119.220</u>
Senior Advocacy Fund —						
Senior Advocacy	<u>1.525</u>	<u>1.700</u>	<u>1.000</u>	<u>1.700</u>	<u>1.700</u>	<u>1.700</u>
Central City Rehab Fund —						
Core Rehabilitation Program						<u>0.375</u>
Water and Sanitary Sewer Funds:						
Water power and pumping/water distribution	9.000	9.000	9.000	9.275	9.275	8.000
Water/sanitary sewer — administration and general	3.000	3.000	1.500	1.100	1.100	1.100
Sanitary Sewer — administration and general	<u>12.000</u>	<u>12.000</u>	<u>13.500</u>	<u>13.000</u>	<u>13.000</u>	<u>13.000</u>
Total water and sanitary sewer funds:	<u>24.000</u>	<u>24.000</u>	<u>24.000</u>	<u>23.375</u>	<u>23.375</u>	<u>22.100</u>
Public Transportation Fund —						
Transit — administration and general	<u>0.112</u>	<u>0.112</u>	<u>0.112</u>	<u>0.075</u>	<u>0.075</u>	<u>0.105</u>
Airport Fund —						
Airport — administration and general	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>
Recreation Fund:						
Recreation administration	2.000	3.000	2.500	2.500	2.250	2.000
Community services			1.750	1.750	1.500	1.350
Recreation programs	3.000	3.000	2.000	2.000	2.000	2.000
Senior center	<u>4.250</u>	<u>4.250</u>	<u>4.250</u>	<u>4.000</u>	<u>4.000</u>	<u>4.000</u>
Total Recreation Fund	<u>9.250</u>	<u>10.250</u>	<u>10.500</u>	<u>10.250</u>	<u>9.750</u>	<u>9.350</u>
Library Fund —						
Library administration	<u>13.250</u>	<u>14.625</u>	<u>13.250</u>	<u>10.150</u>	<u>11.900</u>	<u>10.900</u>
Storm Sewer Fund —						
				<u>0.300</u>	<u>0.300</u>	<u>0.300</u>
Inspections Fund —						
Inspections	<u>6.000</u>	<u>6.000</u>	<u>4.000</u>	<u>4.750</u>	<u>4.550</u>	<u>3.250</u>
TOTAL	<u>187.475</u>	<u>191.825</u>	<u>186.000</u>	<u>174.300</u>	<u>175.350</u>	<u>168.300</u>

Notes:

(1) Information presented in full-time equivalents.

(2) Full-time equivalent data only available beginning with 2006.

Data Source —

(3) The City of Winona Finance Department - Current Year Budget Book

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CITY OF WINONA, MINNESOTA

OPERATING STATISTICS BY FUNCTION/PROGRAM (Unaudited) LAST TEN CALENDAR YEARS

Function/Program	2002	2003	2004	2005
Public safety:				
Fire:				
Number of emergency responses	1,527	1,389	1,565	1,689
Number of inspections	283	377	342	414
Police:				
Number of traffic arrests	1,250	1,375	1,289	1,347
Crime clearance	58 %	58 %	61 %	57 %
Sanitary Sewage system:				
Daily average treatment (in gallons)	4,400,000	4,400,000	4,400,000	4,400,000
Maximum daily of capacity of treatment plant (in gallons)	9,700,000	9,700,000	9,700,000	9,700,000
Water system:				
Daily average consumption (in gallons)	2,800,000	2,800,000	2,800,000	2,800,000
Maximum daily capacity of plant (in gallons)	8,500,000	8,500,000	8,500,000	8,500,000

Data Source —
The City's various departments

TABLE XXVI

2006	2007	2008	2009	2010	2011
1,763	2,033	2,090	1,978	2,070	2,176
395	375	491	171	124	188
1,675	1,540	1,247	1,081	1,216	1,225
55 %	57 %	64 %	61 %	60 %	60 %
4,400,000	4,326,000	4,400,000	4,400,000	4,400,000	5,078,000
9,700,000	9,600,000	9,600,000	9,600,000	9,600,000	9,600,000
2,800,000	2,860,000	2,860,000	2,860,000	2,860,000	2,928,000
8,500,000	10,296,000	10,300,000	10,300,000	10,300,000	10,300,000

CITY OF WINONA, MINNESOTA

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

Function/Program	2002	2003	2004	2005	2006
Public safety:					
Fire stations	2	2	2	2	2
Police stations	1	1	1	1	1
Streets and highways:					
Streets (miles)	110	111	111	111	113
Culture and recreation:					
Acreage	3,000	3,000	3,000	3,000	3,000
Number of bandshells	1	1	1	1	1
Number of parks	30	30	30	30	30
Number of community centers	2	2	2	2	2
Number of swimming pools	1	1	1	1	1
Number of tennis courts	15	15	15	15	15
Sanitary sewage system:					
Miles of sanitary sewers	104	105	107	107	111
Miles of storm sewers	86	86	87	87	88
Number of treatment plants	1	1	1	1	1
Water system:					
Miles of water mains	107	108	108	108	113
Number of service connections	7,889	9,080	9,080	9,080	8,204
Number of fire hydrants	1,307	1,327	1,327	1,327	1,432

Data Source —
The City's various departments.

TABLE XXVII

2007	2008	2009	2010	2011
2	2	2	2	2
1	1	1	1	1
113	114	114	114	114
3,000	3,000	3,000	3,000	3,000
1	1	1	1	1
30	30	30	30	30
2	2	2	2	2
1	1	1	1	1
16	16	16	16	16
111	112	112	112	112
88	89	89	89	89
1	1	1	1	1
114	115	115	115	115
8,359	8,364	8,364	8,364	8,364
1,451	1,461	1,461	1,461	1,461

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