

# City of Winona, Minnesota

Comprehensive Annual Financial  
Report for the Year Ended  
December 31, 2013

*Prepared by Finance Department:  
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Director of Finance*

**The cover photograph was taken by Tom Grier, Professor of Mass Communication at Winona State University. It is the American Queen at the Levee on the Mississippi River in Winona.**

**Cover design also by Tom Grier.**

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**AND SECTION I**  
**INTRODUCTORY SECTION**

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# CITY OF WINONA, MINNESOTA

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## CITY HALL

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May 14, 2014

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

Dear Mayor Peterson 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, 2013, 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. 61, *The Financial Reporting Entity: Omnibus; an amendment of GASB Statements No. 14 and No. 34*, 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 28% from 2004 to 2014;
- Stable financial operations (including financial management, cash flow dollars, and reserves for future capital needs);
- Low debt burden with rapid principal amortization (98% 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 had stable enrollment over the past few years;

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- An arts/tourism base that continues to grow with attractions such as the Minnesota Beethoven Festival featuring Joshua Bell in 2008, Yo-Yo Ma in 2010, Branford Marsalis in 2012 and James Galway in July of 2014, the Shakespeare Festival, and the Minnesota Marine Art Museum (MMAM). The MMAM features original Impressionist and Hudson River School paintings by artists such as Paul Gauguin, Joseph Mallord William Turner, Vincent van Gogh, Paul Cézanne, Pablo Picasso, Thomas Cole, Thomas Moran and Mary Cassatt;
- 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 157 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 of Winona 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)—located in the Winona regional area  
  
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);

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- Distribution                      Company: Fastenal  
National and international distributor of threaded fasteners and other industrial maintenance and construction supplies (founded in 1967, Fastenal's sales in 2013 were \$3.326 billion);
  
- 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;
  
- Bulk Commodities Transport    Commercial Harbor: Transportation network (via the barge system on the river) of regionally grown corn and soybeans from the City, and fertilizer, coal, salt into the City and sand for the energy industry. (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;

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- Promotional Materials      Company: WIN CRAFT Inc.  
Major supplier to the Olympics, NASCAR, NFL, and Major League Baseball  
Product: manufacturer and distributor of promotional material;
  
- 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 Ingenuity (changed name from 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:*

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### **Current Projects—2013 Highlights:**

- City property values increased, during 2013, through the issuance of \$21,305,595 in building permits, (115 nonresidential permits for a value of \$12,119,264 and 802 residential permits for a value of \$9,186,331), which includes the list below:
  - Minnesota Marine Art Museum – Construct additional gallery of 4,300 sq. ft (\$1,234,000)
  - CHS, Inc – Storage facility (\$1,078,360)
  - Mandorla LLC – New office building (\$470,000)
  - Fastenal Company- Various renovations (\$568,000)
  - Winona ORC Industries – Construct new laundry facility (\$500,000)
  - Cotter School – Addition and updates (\$900,000)
  - Miller Ingenuity – Warehouse addition (\$734,000)
  - Winona State University – Updates to Sheehan Hall (\$723,000)
  - WKM Properties – Construct new building (\$378,000)
  - Mikrut Properties – Construct warehouse addition (\$922,850)
  - CD Corporation – Construct storage building (\$700,000)
  - RTP Company – Foundation for new building (\$549,000)
  - Sugar Loaf Ford – Addition and showroom renovation (\$440,000)
  - Convenience Store Investments – Addition and remodel (\$400,000)
  - Roemer Construction – New apartment buildings (\$846,293)
  - HRA – Renovations (\$226,000)

### *Long-term Financial Planning:*

The City Airport is undergoing an environmental analysis. The City's plans are to lengthen the main runway, 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 used for 2012 and 2013. 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.

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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 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 2014 and actual revenues for 2013 and 2012:

Revenue/Sources	2014 Budget		2013 Actual		2012 Actual	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Property taxes	\$ 4,346,392	27.8 %	\$ 4,320,447	28.6 %	\$ 4,363,492	29.2 %
Franchise fees and other taxes	1,230,000	7.9	1,379,807	9.1	1,245,615	8.3
Licenses and permits	154,850	1.0	174,982	1.2	165,798	1.1
Fines and forfeits	209,000	1.3	168,112	1.1	228,408	1.5
Intergovernmental	8,280,399	52.9	8,286,399	54.9	8,222,593	55.0
Investment earnings and change in fair value of investments	100	0.0	1,019	0.0	10,759	0.1
Charges for services	700,962	4.5	755,982	5.0	720,349	4.8
Other	731,600	4.6	9,058	0.1	3,556	0.0
	<u>\$ 15,653,303</u>	<u>100.0 %</u>	<u>\$ 15,095,806</u>	<u>100.0 %</u>	<u>\$ 14,960,570</u>	<u>100.0 %</u>

The certified **property taxes** in the General Fund will be slightly more in 2014 than in 2013 of \$25,945. (The decrease in property taxes for the General Fund operations was \$43,045 for 2013 from 2012.)

**Intergovernmental** remains the largest percentage of General Fund revenues at 52.9% for 2014 and at 54.9% for 2013. Included in this category are the State of Minnesota’s payments to the City for Local Government Aid (LGA), which were approximately \$9,162,000 (total for all funds) for 2013. Also included in 2013 were the Market Value credits of \$979 for all funds. Market value credits are payments to the City,

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from the State of Minnesota, which lower the amount of property tax liability for a homeowner. (In 2012, the market value credit program revenue for the City was \$416.)

Included in the 2014 budget (**other**) is \$579,750 for transfers into the General Fund from various Funds, which represent 3.7% of the total budget.

Expenditures:

A comparative analysis of General Fund budgeted expenditures for 2014 and actual expenditures for 2013 and 2012 is presented in the table below:

Expenditures/Uses	2014 Budget		2013 Actual		2012 Actual	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
General government	\$ 3,149,805	20.1 %	\$ 2,508,203	17.8 %	\$ 2,605,809	19.1 %
Public safety	7,144,165	45.6	6,734,978	47.7	6,722,914	49.3
Highways and streets	3,171,066	20.3	2,961,566	21.0	2,596,166	19.0
Sanitation and waste removal	53,150	0.3	48,993	0.3	34,888	0.3
Economic development	285,161	1.8	252,557	1.8	212,798	1.6
Park maintenance	1,849,956	11.8	1,599,616	11.4	1,460,381	10.7
	<u>\$ 15,653,303</u>	<u>100.0 %</u>	<u>\$ 14,105,913</u>	<u>100.0 %</u>	<u>\$ 13,632,956</u>	<u>100.0 %</u>

**General Government** includes \$275,931 for contingencies in the 2014 budget (General Government), which represents 1.8% of the total budget. The amount incurred for contingencies for the 2013 actual and the 2012 actual was \$0.

**Public safety** remained the largest area of the General Fund expenditures during 2013 (at 47.7%) and includes the departments of the Police, Fire, Emergency Management, Safety and Health Coordinator, and Flood Control. It is important to note that 18.9% of the 2013 \$657,944 cost to operate the Law Enforcement Center, “LEC,” (a facility shared with Winona County) is included in the City’s financial reports (and 18.1% of \$660,507 for 2012). 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** (21.0% in 2013) 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.

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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.

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, 2013, 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 (CMO), 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, 2013.

*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 2013 and 2012.

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 (HPA) or Health Savings Accounts (HSA)—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 2014 adopted budget of \$15,653,303 being \$1,334,698 less than the 2013 adopted budget (of \$16,988,001).

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 that commenced 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.

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*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 \$1.125 million General Obligation Airport Bonds, Series 2013A.

Concurrently, Moody's affirmed the Aa1 rating on the City's outstanding general obligation debt, affecting approximately \$9.1 million post-sale. 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. The City's debt is modestly sized, with a direct debt burden of 0.3%. Principal amortization is rapid with 98.4% of its debt to be retired in ten years. All of the City's debt is fixed rate, and the City is not a party to any interest rate swap agreements.

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 \$129 in 2013. 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 \$42 million below Minnesota law's legal debt margin. Debt statistics as of December 31, 2013 and 2012, follow:

<b>Net Direct and Overlapping Debt</b>	<b>2013 Amount</b>	<b>2012 Amount</b>	<b>2013 Debt per Capita</b>	<b>2012 Debt per Capita</b>
Net direct bonded	\$ 3,572,453	\$ 3,440,875	\$ 129	\$ 125
Overlapping	<u>16,647,477</u>	<u>15,147,142</u>	<u>599</u>	<u>545</u>
Total	<u>\$ 20,219,930</u>	<u>\$ 18,588,017</u>	<u>\$ 728</u>	<u>\$ 670</u>

*Important Economic Factors:*

During 2013, the City expended approximately \$926 thousand in capital assets for construction in progress. Taxable market values in the City increased from 2013 to 2014 by 0.3%. Growth in values related to construction during 2013 were approximately \$12 million for nonresidential and \$9 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 50% of the City's General Fund's revenues. (A discussion and analysis of the City's overall financial condition during the fiscal year ended 2013 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 auditors, 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.

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*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, 2012. 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 receive this award.

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.

Thanks to the Finance Department for their hard work and smart effort in the completion of this report. A special note of acknowledgment is directed to Accountant Allyn Burgmeier and Financial Analyst Jessica Wojahn for their assistance and review of the Comprehensive Annual Financial Report.

Also, thank you to the Mayor, the City Council, the Port Authority Commissioners, the City Manager and the Department Heads for their work and support throughout the year. The Finance team looks forward to moving ahead with them in the next years.

Respectfully submitted,



Mary B. Burrichter  
Finance Director

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**CITY OF WINONA, MINNESOTA**

**CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING**

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Government Finance Officers Association

**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

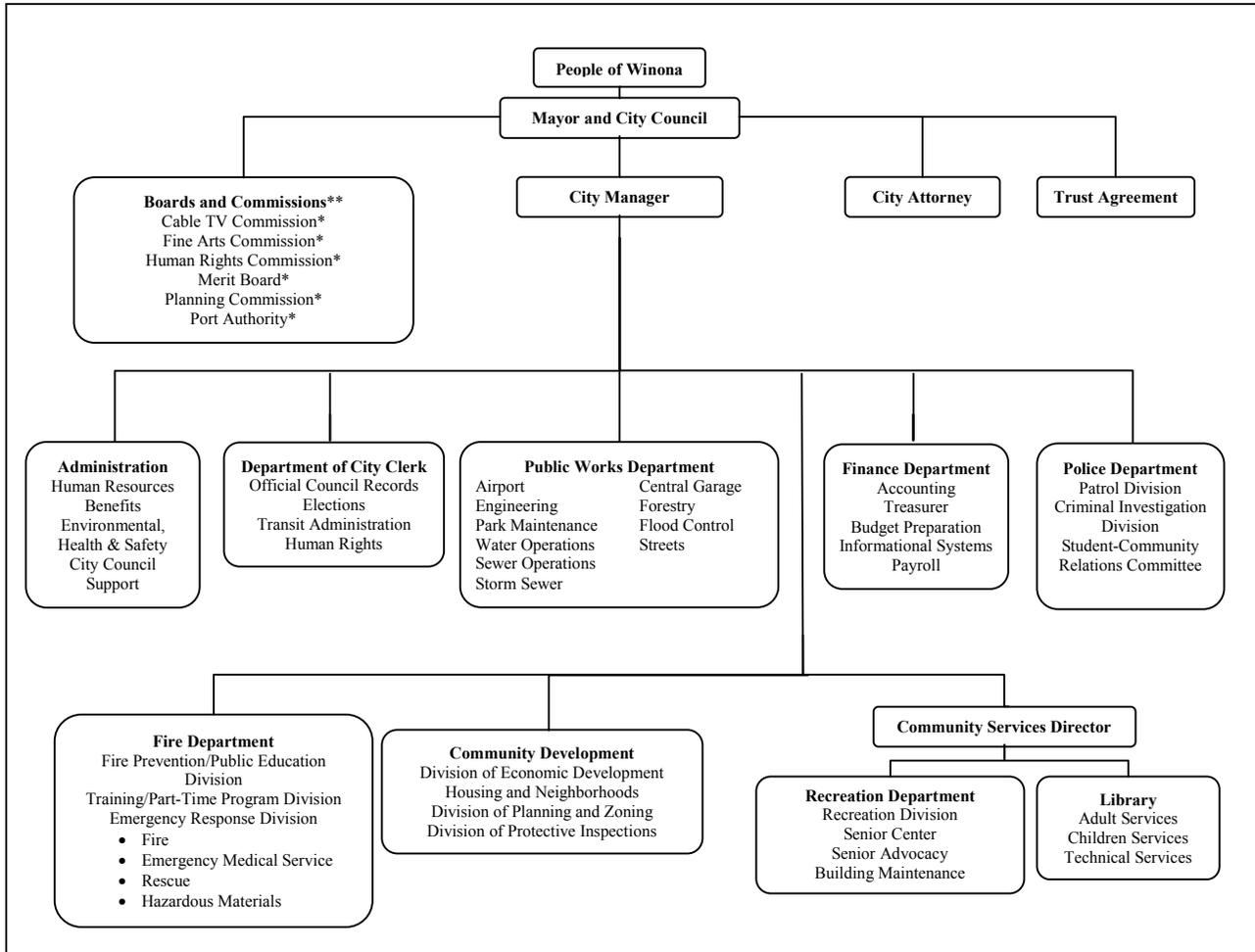
**December 31, 2012**

A handwritten signature in cursive script, reading "Jeffrey R. Emer".

Executive Director/CEO

# 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, 2013

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### *City Council:*

	<b>Appointed/ Elected Date</b>	<b>Term Expires</b>
Mark Peterson, Mayor	01/01/13	12/31/16
Allyn Thurley, 1st Ward	01/01/01	12/31/16
Gerry Krage, 2nd Ward	01/01/99	12/31/14
Pam Eyden, 3rd Ward	11/19/12	12/31/16
George Borzyskowski, 4th Ward	01/01/99	12/31/14
Michelle Alexander, At-Large	01/01/11	12/31/14
Paul Double, At-Large	01/01/13	12/31/16

### *City Staff:*

Judith Bodway	City Manager
Chris Hood	City Attorney
Keith Nelson	Assistant City Manager for Public Works
Monica Hennessy Mohan	City Clerk
Mary B. Burrichter	Finance Director
Paul Bostrack	Chief of Police
Curt Bittle	Fire Chief
Lucy McMartin	Economic Development Director
Chad Ubl	Director of Community Services
Maynard Johnson	Recreation Director
Brian DeFrang	City Engineer
Allyn Burgmeier	Accountant
Jessica Wojahn	Financial Analyst
Mark Moeller	City Planner
Malia Fox	Senior Friendship Center Director
Steven Carson	Building Official
Steve Jasnoch	Superintendent of Parks & Forestry
Arlan Runnigen	Central Garage Superintendent
Mike Biggerstaff	Street Superintendent
Paul Drazkowski	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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, 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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents. The prior year summarized comparative information has been derived from the City's 2012 financial statements and, in our report dated May 15, 2013, 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.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of December 31, 2013, and the 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 accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 19-28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying supplementary information such as the combining and individual nonmajor fund financial statements, other supplementary schedules, and the other information, such as the introductory and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information, such as the combining and individual nonmajor fund financial statements and other supplementary schedules, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information, such as the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied to the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

*Deloitte + Touche LLP*

May 14, 2014

# CITY OF WINONA, MINNESOTA

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

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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, 2013. 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 \$120,046,612 (net position). Of this amount, \$66,700,866 is the net investment in capital assets, \$24,122,197 is restricted for specific purposes and \$28,884,663 (unrestricted net position) 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.
- The City's total net position increased by \$2,721,536. A contributor to this was the increase in the net position for business type activities of \$2,157,076. In the business type activities the total assets increased by \$4,396,723. Restricted investments increased by \$1,695,852.
- The City's governmental funds reported combined ending fund balances of \$15.8 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 \$1,748,415, committed of \$2,059,077, assigned of \$5,412,438 and nonspendable of \$14,871.
- The City increased total outstanding debt obligations during the current fiscal year. The total indebtedness of City Bond and Equipment Certificates increased by \$830,000. The Port Authority of Winona ("Port Authority") decreased its total outstanding debt obligations during the current fiscal year. The total Port Authority bond indebtedness decreased by \$225,000.
- The City maintained its Aaa bond rating from Moody's in October 2013. 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 Position 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 Position 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 Position 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 position and changes in them. You can think of the City's net position—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 position 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 Position 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 position may serve over time as a useful indicator of the City’s financial position. For the City, the assets exceeded liabilities by \$120,040,612 at December 31, 2013.

The largest portion of the City’s net position (56%) 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 Position at December 31, 2013, is as follows:

Table 1  
 SCHEDULE OF NET POSITION (Primary Government only) at December 31, 2013, compared to  
 December 31, 2012  
*(In thousands)*

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 34,802	\$ 34,105	\$ 26,209	\$ 20,960	\$ 61,011	\$ 55,065
Capital assets	<u>41,630</u>	<u>43,055</u>	<u>32,876</u>	<u>33,728</u>	<u>74,506</u>	<u>76,783</u>
Total assets	<u>\$ 76,432</u>	<u>\$ 77,160</u>	<u>\$ 59,085</u>	<u>\$ 54,688</u>	<u>\$ 135,517</u>	<u>\$ 131,848</u>
Current and other liabilities	\$ 2,378	\$ 2,870	\$ 2,837	\$ 1,080	\$ 5,215	\$ 3,950
Long-term liabilities	<u>5,470</u>	<u>6,270</u>	<u>4,792</u>	<u>4,309</u>	<u>10,262</u>	<u>10,579</u>
Total liabilities	<u>7,848</u>	<u>9,140</u>	<u>7,629</u>	<u>5,389</u>	<u>15,477</u>	<u>14,529</u>
Net position:						
Net investment in capital assets	39,475	39,640	27,226	30,221	66,701	69,861
Restricted	19,721	19,413	4,734	2,096	24,455	21,509
Unrestricted	<u>9,388</u>	<u>8,967</u>	<u>19,496</u>	<u>16,982</u>	<u>28,884</u>	<u>25,949</u>
Total net position	<u>68,584</u>	<u>68,020</u>	<u>51,456</u>	<u>49,299</u>	<u>120,040</u>	<u>117,319</u>
Total liabilities and net position	<u>\$ 76,432</u>	<u>\$ 77,160</u>	<u>\$ 59,085</u>	<u>\$ 54,688</u>	<u>\$ 135,517</u>	<u>\$ 131,848</u>

A portion of the City's net position is invested in capital assets, at \$66.7 million. Another portion of the net position represents resources that are subject to external restrictions on how they may be used (approximately \$24 million). The remaining balance of unrestricted net position (approximately \$29 million) may be used to meet the City's ongoing obligations to citizens, creditors and cash flow needs.

At both December 31, 2013 and 2012, the City is able to report positive balances in all three categories of net position, both for the City, as a whole, as well as for its separate governmental and business-type activities.

The City's net position in governmental activities increased by approximately \$560,000. Contributors were an increase in cash and investments in the Street Reconstruction Fund to fund future road projects.

The City's net position in business activities increased by \$2.2 million. This is primarily a result of an increase in net position in the Water Fund of \$1.3 million and an increase in the Sanitary Sewer Fund of \$0.9 million. The increase in the Water Fund and the Sanitary Sewer Fund were planned increases in net position to fund future infrastructure projects.

## Governmental Activities

Governmental activities increased the City's net position by \$564,460, in 2013, compared to an increase of \$504,891 in 2012.

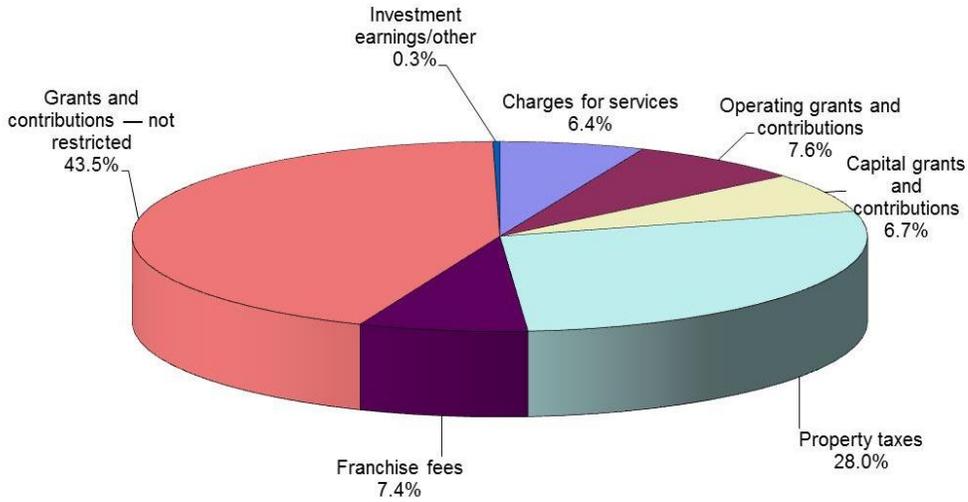
Table 2  
STATEMENT OF ACTIVITIES (Primary Government only) for the year ended December 31, 2013, compared to the year ended December 31, 2012:  
(In thousands)

	2013			2012		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
REVENUES:						
Program revenues:						
Charges for services	\$ 1,187	\$ 8,463	\$ 9,650	\$ 1,207	\$ 8,611	\$ 9,818
Operating grants and contributions	1,423	1,000	2,423	1,206	799	2,005
Capital grants and contributions	1,252	652	1,904	858	142	1,000
General revenues:						
Taxes (property)	5,220	759	5,979	5,255	822	6,077
Taxes (sales)	47		47			
Franchise fees	1,380		1,380	1,246		1,246
Grants and contributions not restricted	8,100	1,125	9,225	8,100	1,115	9,215
Investment earnings	9	12	21	22	12	34
Total revenues	<u>18,618</u>	<u>12,011</u>	<u>30,629</u>	<u>17,894</u>	<u>11,501</u>	<u>29,395</u>
EXPENSES:						
General government	2,765		2,765	2,779		2,779
Public safety	7,647		7,647	7,809		7,809
Highways and streets	5,200		5,200	4,616		4,616
Sanitation and waste removal	49		49	35		35
Economic development	645		645	548		548
Park maintenance	1,705		1,705	1,538		1,538
Interest on long-term debt	68		68	102		102
Water		2,400	2,400		2,407	2,407
Sanitary sewer		2,473	2,473		2,732	2,732
Inspections		345	345		343	343
Airport		1,000	1,000		383	383
Public transportation		781	781		691	691
Recreation		1,546	1,546		1,798	1,798
Library		1,053	1,053		931	931
Storm sewer		231	231		282	282
Total expenses	<u>18,079</u>	<u>9,829</u>	<u>27,908</u>	<u>17,427</u>	<u>9,567</u>	<u>26,994</u>
CHANGE IN NET POSITION BEFORE TRANSFER	539	2,182	2,721	467	1,934	2,401
TRANSFERS	<u>25</u>	<u>(25)</u>		<u>38</u>	<u>(38)</u>	
CHANGE IN NET POSITION	564	2,157	2,721	505	1,896	2,401
NET POSITION—Beginning of year	<u>68,020</u>	<u>49,299</u>	<u>117,319</u>	<u>67,515</u>	<u>47,403</u>	<u>114,918</u>
NET POSITION—End of year	<u>\$ 68,584</u>	<u>\$ 51,456</u>	<u>\$ 120,040</u>	<u>\$ 68,020</u>	<u>\$ 49,299</u>	<u>\$ 117,319</u>

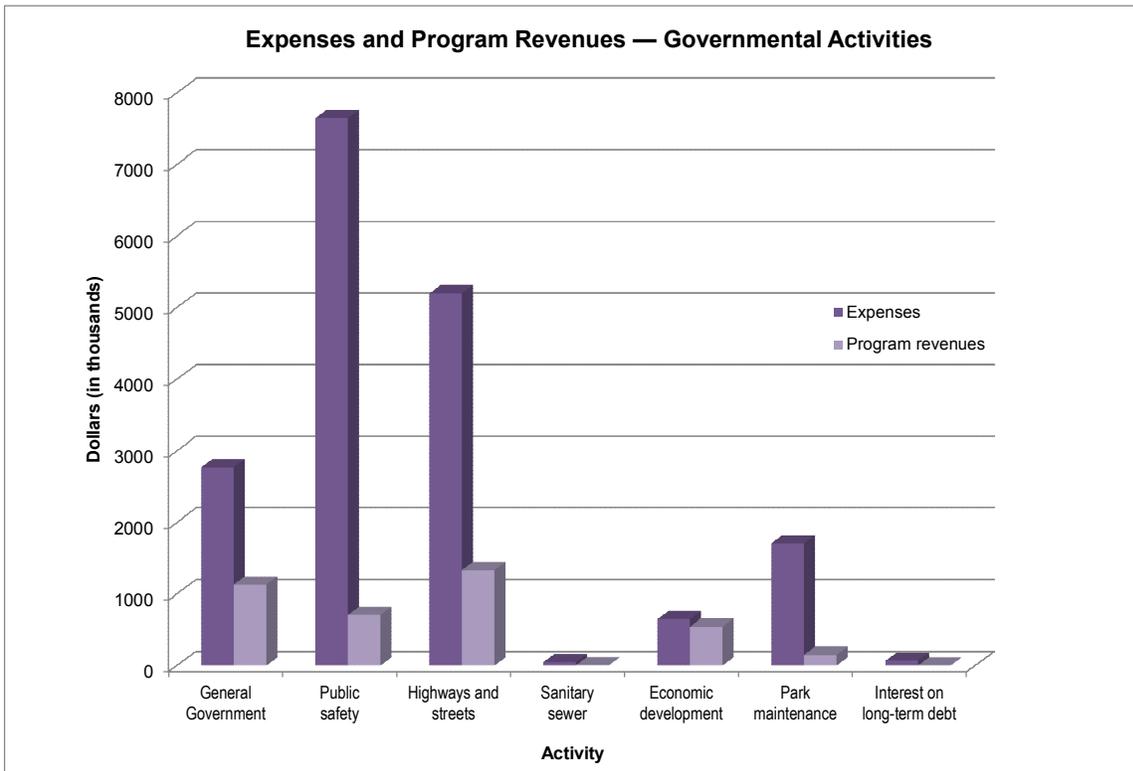
**Governmental Activities (continued)**

The following charts illustrate the City’s governmental activities for the year ended December 31, 2013:

**Revenues by Source — Governmental Activities**

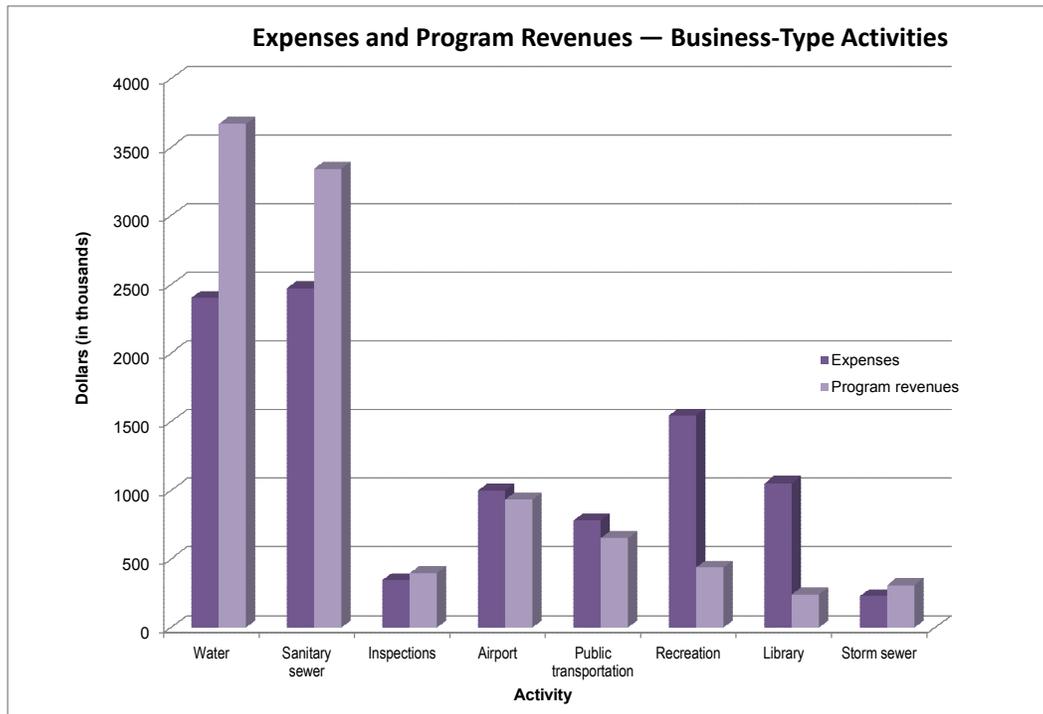


**Expenses and Program Revenues — Governmental Activities**



## ***Business-Type Activities***

The following charts illustrate the City's business-type activities for the year ended December 31, 2013:



## ***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, 2013, the fund balance of the General Fund was composed of the following: restricted of \$1,748,415, committed of \$2,059,077, assigned of \$5,412,438, and nonspendable of \$14,871. The 2013 expenditures for the General Fund increased by approximately \$470,000 from 2012 mainly due to the increase in expenditures in the departments of Streets and Park Maintenance. (The Streets Department's expenditures were approximately \$340,000 more in 2013 and the Park Maintenance Department's expenditures were approximately \$139,000 more in 2013 than in 2012.)

Park Maintenance Department spent \$98,000 more on other services and charges in 2013 than in 2012 and the Streets Department had more snow to plow or ice to treat in 2013 as compared to 2012. The Streets Department also had increased capital outlay expenditures of \$159,000.

*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 \$404,236 from 2012 to 2013 due to bond principal and interest expenditures of \$961,845 and revenues of \$557,609 (\$347,024 property taxes, \$210,542 special assessments and \$43 other).

### **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 approximately 4.5% for 2013. 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 4.5% for 2013. 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 2013, the Storm Sewer utility rates were not changed from those of 2012 or 2011.

### ***General Fund Budgetary Highlights and Analysis***

During 2013 there was a net decrease of \$219,372 in appropriations for the General Fund from the original to the final amended budget. Following are some of the components of the decrease:

- \$815,675 was added to various departments for encumbrances from December 31, 2012;
- \$1,119,450 was subtracted – Bike Path repair project was moved to Engineering Projects;
- \$38,669 was added to the Fire Department for equipment (funded by grants);
- \$26,825 was added to the Police Department for the drug forfeiture account;
- \$16,997 was added to the Building Maintenance Department for elevator repairs.

Following is a budget variance analysis:

- The Streets and Alleys Department had a favorable budget variance of approximately \$323,000 because the actual expense was approximately \$300,000 less on services and charges than the 2013 budget.

### ***Capital Assets***

At the end of 2013, the City had \$74,506,045 invested in a broad range of capital assets (net of accumulated depreciation). The total decrease in capital assets for the current fiscal year was 3.0% (a 3.3% decrease for governmental activities and a 2.5% decrease for business-type activities). Major capital asset events during the current year included the following:

- The Police department purchased two vehicles for \$55,600.
- The Street department purchased a street sweeper \$163,900.
- In the Water Fund, \$239,800 was spent on the Westfield water plant project.
- The Sanitary Sewer Fund spent \$54,000 on sanitary sewer extensions for the Lake Boulevard sewer project. A van, a truck and a sewer jetter were purchased for \$317,000.

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, 2013, the City had \$7,750,000 in bonds and equipment certificates outstanding versus \$6,920,000 last year, an increase of \$830,000. Also, as of December 31, 2013, the Port Authority had \$1,855,000 in bonds outstanding versus \$2,080,000 last year, a decrease of \$225,000. 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 a Aa1 bond rating from Moody's Investors Services. This rating was assigned and affirmed in December 2012 with the issuance of the \$1.7 million General Obligation Water Revenue Refunding Bonds, Series 2013A. Also, Moody's Investors Services has assigned a Aa1 rating to the Port Authority of Winona's \$1.1 million General Obligation Airport Bonds, Series 2013A.

### ***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 .93 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.
- 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 \$1.85 million in 2013 and \$1.6 million in 2012.
- For 2013, 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 2014.) For 2013, the City's annual other postemployment benefit cost was \$163,552 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 \$2,306,550. (In 2009, the City Council passed a resolution to begin funding the liability; \$703,088 was set aside in both 2009 and 2010, \$1,361,176 was set aside in 2011 and \$100,000 was set aside in 2012. The \$2,867,352 is held in general assets and is not considered plan assets.) Sixteen retirees and four 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 2013 were \$408,456. The City's contributions to the Public Employees Police and Fire Fund (PEPFF) in 2013 were \$564,425. As of December 31, 2013, the General Employees Retirement Fund was 72.8% funded and the Public Employees Police and Fire Fund was 81.2% funded. (As of December 31, 2012, the General Employees Retirement Fund was 73.5% funded and the Public Employees Police and Fire Fund was 78.3% 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. (Contribution rates did not change in 2012 or 2013.)
- There were no increases in rates in 2013. The GERF rates may increase in 2014 (the legislature is currently meeting on this issue). The PEPFF rates are scheduled to increase in 2014 from 14.4% to 15.3%.

- The outstanding bonds for the City and the Port Authority totaled \$9.6 million on December 31, 2013. Amortization is rapid at more than 95% 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 2014 the City and Port Authority's Capital Plan includes \$1,000,000 for a street reconstruction project, water main upsizing for \$250,000, various sanitary sewer projects for \$400,000 and an airport project (runway, taxiway and navigational aid reconstruction) for \$6,000,000.
- The City continues to see new construction growth both in residential and in commercial construction. In 2013 the building permits totaled approximately \$21.3 million.
- The increase to the City's tax base during the past ten years is at 28%.
- Per State Statute, the State of Minnesota will have a balance budget for the next biennium. (The legislature is scheduled to adjourn during the third week of May.)
- 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.

### ***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 POSITION

AS OF DECEMBER 31, 2013 (with comparative totals for 2012)

	Primary Government				Component Unit— Port Authority	
	Governmental Activities	Business- Type Activities	2013	2012	2013	2012
<b>ASSETS:</b>						
Cash and cash equivalents	\$ 32,102,345	\$ 22,968,791	\$ 55,071,136	\$ 50,965,897	\$ 2,938,325	\$ 2,516,502
Restricted investments	318,995	1,695,852	2,014,847	317,722		
Receivables	957,918	1,449,441	2,407,359	2,517,174	12,218	27,864
Internal balances	674,105	(674,105)		-		
Due from component unit	14,559		14,559	12,397		
Due from other governmental units	130,678	462,347	593,025	205,259	24,347	4,266
Note receivable	588,000		588,000	588,000		
Funds held by others					100,000	100,000
Inventories		294,921	294,921	298,800		
Prepaid items	14,922	11,838	26,760	111,240	6,586	5,766
Bond issuance costs				48,404		
Properties held for development (Note 4)					4,187,198	4,187,198
Capital assets (Note 3):						
Nondepreciable	7,074,361	1,031,619	8,105,980	8,105,980		
Construction in progress	655,744	270,147	925,891	209,034		
Depreciable buildings, property, and equipment—net	3,534,987	20,017,364	23,552,351	24,664,299	1,213,058	1,238,113
Depreciable infrastructure—net	30,365,018	11,556,805	41,921,823	43,804,192		
Capital assets—net	41,630,110	32,875,935	74,506,045	76,783,505	1,213,058	1,238,113
Total assets	\$ 76,431,632	\$ 59,085,020	\$ 135,516,652	\$ 131,848,398	\$ 8,481,732	\$ 8,079,709
<b>LIABILITIES:</b>						
Accounts payable	\$ 701,088	\$ 286,865	\$ 987,953	\$ 798,991	\$ 37,732	\$ 1,086
Outstanding and incurred, but not reported claims	157,000		157,000	270,000		
Accrued salaries & comp absences payable						
Accrued interest payable	19,858	63,679	83,537	95,308	30,917	34,667
Due to primary government					14,559	12,397
Unearned revenue	570,025	830	570,855	609,174		
Noncurrent liabilities:						
Due within one year	930,000	2,485,000	3,415,000	2,176,723	235,000	225,000
Due in more than one year	5,469,472	4,792,223	10,261,695	10,579,126	1,620,000	1,855,000
Total liabilities	7,847,443	7,628,597	15,476,040	14,529,322	1,938,208	2,128,150
<b>NET POSITION:</b>						
Net investment in capital assets	39,475,110	27,225,756	66,700,866	69,861,295	(641,942)	(841,887)
Restricted for:						
OPEB—Contribution & retiree subsidy health	2,804,457	8,330	2,812,787	2,873,550		
PERA contribution	1,649,930	201,240	1,851,170	1,762,789		
Capital projects	4,154,696		4,154,696	3,714,733	2,665,166	2,619,255
Health insurance	891,510		891,510	1,031,242		
Debt service	811,183	2,204,000	3,015,183	2,052,701	436,408	413,354
PIR Construction	720,899		720,899	750,706		
Equipment	3,215,524		3,215,524	3,321,416		
Facilities	2,118,397		2,118,397	1,934,754		
Infrastructure replacement	2,179,512		2,179,512	1,978,740		
Lake Winona dredging project					565,236	565,014
Water projects		10,000	10,000	70,000		
Other purposes (Note 1.M.)	841,940	2,310,579	3,152,519	1,683,505	3,518,656	3,195,823
Nonexpendable—other than permanent funds	14,871		14,871	16,440		
Nonexpendable—permanent funds	56,000		56,000	56,000		
Expendable-permanent funds	262,015		262,015	262,318		
Unrestricted	9,388,145	19,496,518	28,884,663	25,948,887		
Total net position	\$ 68,584,189	\$ 51,456,423	\$ 120,040,612	\$ 117,319,076	\$ 6,543,524	\$ 5,951,559

See notes to basic financial statements.

**CITY OF WINONA, MINNESOTA**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2013 (with comparative totals for 2012)**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position					
		Charges for Services	Operating and Other Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Unit Port Authority			
					Governmental Activities	Business-Type Activities	2013	2012	2013	2012
<b>GOVERNMENTAL ACTIVITIES:</b>										
General government	\$ 2,765,186	\$ 694,506	\$ 438,346	\$ -	\$ (1,632,334)	\$ -	\$ (1,632,334)	\$ (2,099,471)		
Public safety	7,647,157	263,241	440,148		(6,943,768)		(6,943,768)	(6,781,741)		
Highways and streets	5,200,298	29,084	257,185	1,041,517	(3,872,512)		(3,872,512)	(3,708,661)		
Sanitation and waste removal	48,993	2,175			(46,818)		(46,818)	(32,813)		
Economic development	645,040	46,697	287,665	210,542	(100,136)		(100,136)	(43,262)		
Park maintenance	1,704,671	151,710			(1,552,961)		(1,552,961)	(1,387,876)		
Other										
Interest on long-term debt	67,716				(67,716)		(67,716)	(102,332)		
Total governmental activities	<u>18,079,061</u>	<u>1,187,413</u>	<u>1,423,344</u>	<u>1,252,059</u>	<u>(14,216,245)</u>	<u>-</u>	<u>(14,216,245)</u>	<u>(14,156,156)</u>		
<b>BUSINESS-TYPE ACTIVITIES:</b>										
Water	2,400,217	3,671,267				1,271,050	1,271,050	1,250,704		
Sanitary Sewer	2,472,995	3,341,558				868,563	868,563	670,271		
Inspections	344,620	397,566				52,946	52,946	81,740		
Airport	1,000,161	41,157	364,480	652,024		57,500	57,500	(25,019)		
Public transportation	780,964	242,910	411,178			(126,876)	(126,876)	(62,508)		
Recreation	1,546,333	420,102	19,319			(1,106,912)	(1,106,912)	(1,353,420)		
Library	1,053,224	37,503	205,455			(810,266)	(810,266)	(682,478)		
Storm sewer	230,614	310,774				80,160	80,160	106,299		
Total business-type activities	<u>9,829,128</u>	<u>8,462,837</u>	<u>1,000,432</u>	<u>652,024</u>	<u>-</u>	<u>286,165</u>	<u>286,165</u>	<u>(14,411)</u>		
Total primary government	<u>\$ 27,908,189</u>	<u>\$ 9,650,250</u>	<u>\$ 2,423,776</u>	<u>\$ 1,904,083</u>	<u>(14,216,245)</u>	<u>286,165</u>	<u>(13,930,080)</u>	<u>(14,170,567)</u>		
Component unit activities—										
Port Authority	<u>\$ 578,110</u>	<u>\$ 524,559</u>	<u>\$ -</u>	<u>\$ 56,537</u>					<u>\$ 2,986</u>	<u>\$ 179,589</u>
<b>General revenues:</b>										
<b>Taxes:</b>										
Property taxes levied for general purposes					5,220,064	758,789	5,978,853	6,076,696	585,415	455,833
Other taxes					47,176		47,176			
Franchise fees					1,379,806		1,379,806	1,245,615		
Grants and contributions not restricted to specific programs					8,100,124	1,124,850	9,224,974	9,214,640	2,497	1,909
Interest and investment earnings					8,635	12,172	20,807	34,332	1,067	1,487
Sale of assets										18,000
Transfers					24,900	(24,900)				
Total general revenues and transfers					<u>14,780,705</u>	<u>1,870,911</u>	<u>16,651,616</u>	<u>16,571,283</u>	<u>588,979</u>	<u>477,229</u>
Change in net position					564,460	2,157,076	2,721,536	2,400,716	591,965	656,818
Net position—beginning					68,019,729	49,299,347	117,319,076	114,918,360	5,951,559	5,294,741
Net position—ending					<u>\$ 68,584,189</u>	<u>\$ 51,456,423</u>	<u>\$ 120,040,612</u>	<u>\$ 117,319,076</u>	<u>\$ 6,543,524</u>	<u>\$ 5,951,559</u>

See notes to basic financial statements

**CITY OF WINONA, MINNESOTA**

**BALANCE SHEET—GOVERNMENTAL FUNDS  
AS OF DECEMBER 31, 2013 (with comparative totals for 2012)**

ASSETS	General	Permanent	Permanent	Other	Total	
		Improvement Revolving Bond	Improvement Revolving Construction	Nonmajor Governmental Funds	Governmental Funds	
					2013	2012
Cash, cash equivalents, and investments	\$ 10,852,898	\$ 247,377	\$ 720,899	\$ 5,402,645	\$ 17,223,819	\$ 16,420,802
Restricted investments				318,995	318,995	317,722
Receivables—net:						
Taxes	98,751	7,170		5,268	111,189	139,085
Special assessments		550,123			550,123	612,169
Customers and other	276,194			829	277,023	290,591
Due from other funds	150,000				150,000	150,000
Due from other governmental units	61,943	8,967		59,768	130,678	95,781
Due from component unit	14,559				14,559	12,397
Prepaid items	14,871				14,871	16,440
Accrued interest on investments	19,115				19,115	8,008
<b>TOTAL</b>	<b>\$ 11,488,331</b>	<b>\$ 813,637</b>	<b>\$ 720,899</b>	<b>\$ 5,787,505</b>	<b>\$ 18,810,372</b>	<b>\$ 18,062,995</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES:</b>						
Accounts payable	\$ 392,067	\$ -	\$ -	\$ 94,165	\$ 486,232	\$ 392,739
Accrued salaries and compensated absences	1,762,377			50,742	1,813,119	1,792,348
Due to other funds						
Unavailable revenue	99,086	557,293		9,664	666,043	756,232
<b>Total liabilities</b>	<b>2,253,530</b>	<b>557,293</b>	<b>-</b>	<b>154,571</b>	<b>2,965,394</b>	<b>2,941,319</b>
<b>FUND BALANCES (DEFICITS):</b>						
Nonspendable	14,871			56,000	70,871	72,440
Restricted	1,748,415	256,344	720,899	4,971,550	7,697,208	7,671,146
Committed	2,059,077			639,315	2,698,392	1,804,354
Assigned	5,412,438				5,412,438	5,606,375
Unassigned (deficit)				(33,931)	(33,931)	(32,639)
<b>Total fund balances</b>	<b>9,234,801</b>	<b>256,344</b>	<b>720,899</b>	<b>5,632,934</b>	<b>15,844,978</b>	<b>15,121,676</b>
<b>TOTAL</b>	<b>\$ 11,488,331</b>	<b>\$ 813,637</b>	<b>\$ 720,899</b>	<b>\$ 5,787,505</b>	<b>\$ 18,810,372</b>	<b>\$ 18,062,995</b>

See notes to basic financial statements.

# CITY OF WINONA, MINNESOTA

## RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION AS OF DECEMBER 31, 2013

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FUND BALANCE—TOTAL GOVERNMENTAL FUNDS \$15,844,978

Amounts reported for governmental activities in the statement of net position 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	\$ 655,743	
Governmental capital assets	89,946,284	
Less accumulated depreciation	<u>(48,971,919)</u>	41,630,108
2. Unavailable revenue in governmental funds is susceptible to full accrual on the government-wide statements—		
Unavailable special assessments, property taxes, state grant, and service charges		666,043
3. Long-term liabilities (bonds payable) are not payable with current financial resources and are therefore not reported in the governmental funds.		(2,155,000)
4. The City uses an internal service fund to charge the cost of its self-insurance activities to individual funds:		
Internal service funds net position	12,623,813	
Cumulative portion to business-type activities	<u>(5,895)</u>	12,617,918
5. Accrued interest is not payable with current financial resources and is therefore not reported in the governmental funds.		(19,858)
6. Note receivable in governmental funds is susceptible to full accrual on the government-wide statements:		
Note receivable	588,000	
Less unavailable revenue	<u>(588,000)</u>	<u>-</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$68,584,189</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, 2013 (with comparative totals for 2012)**

	General	Permanent Improvement Revolving Bond	Permanent Improvement Revolving Construction	Other Nonmajor Governmental Funds	Total Governmental Funds	
					2013	2012
<b>REVENUES:</b>						
General property taxes	\$ 4,320,447	\$ 347,024	\$ -	\$ 580,487	\$ 5,247,958	\$ 5,227,850
Franchise fees	1,379,807				1,379,807	1,245,615
Special assessments		210,542			210,542	238,891
Licenses and permits	174,982				174,982	165,798
Fines and forfeits	168,112				168,112	228,408
Intergovernmental revenues	8,286,399			1,891,267	10,177,666	9,903,534
Investment earnings	5,838	43	289	3,075	9,245	15,202
Net increase(decrease) fair value-investmnt.	(4,819)			633	(4,186)	1,776
Charges for services	755,982			135,761	891,743	879,329
Contributions	9,058			440,307	449,365	21,999
<b>Total revenues</b>	<b>15,095,806</b>	<b>557,609</b>	<b>289</b>	<b>3,051,530</b>	<b>18,705,234</b>	<b>17,928,402</b>
<b>EXPENDITURES:</b>						
<b>Current:</b>						
General government	2,485,577			113,422	2,598,999	2,716,895
Public safety	6,644,687				6,644,687	7,037,736
Highways and streets	2,773,739				2,773,739	2,580,500
Sanitation and waste removal	48,993				48,993	34,888
Economic development	252,557			378,995	631,552	542,169
Park maintenance	1,505,374			3,160	1,508,534	1,391,948
<b>Capital outlay:</b>						
General government	22,626				22,626	
Public safety	90,291				90,291	518,328
Highways and streets	187,827		10,996	1,784,998	1,983,821	1,054,080
Economic development			19,100		19,100	15,750
Park maintenance	94,242				94,242	68,433
<b>Debt service:</b>						
Bond principal		910,000		350,000	1,260,000	1,035,000
Interest and other expenditures		51,845		17,667	69,512	105,338
<b>Total expenditures</b>	<b>14,105,913</b>	<b>961,845</b>	<b>30,096</b>	<b>2,648,242</b>	<b>17,746,096</b>	<b>17,101,065</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>989,893</b>	<b>(404,236)</b>	<b>(29,807)</b>	<b>403,288</b>	<b>959,138</b>	<b>827,337</b>
<b>OTHER FINANCING (USES) SOURCES:</b>						
Transfer to other funds	(660,624)			(973,038)	(1,633,662)	(1,836,606)
Transfers from other funds	365,264			1,032,562	1,397,826	701,412
<b>Total other financing (uses) sources</b>	<b>(295,360)</b>	<b>-</b>	<b>-</b>	<b>59,524</b>	<b>(235,836)</b>	<b>(1,135,194)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>694,533</b>	<b>(404,236)</b>	<b>(29,807)</b>	<b>462,812</b>	<b>723,302</b>	<b>(307,857)</b>
<b>FUND BALANCE— January 1, 2013</b>	<b>8,540,268</b>	<b>660,580</b>	<b>750,706</b>	<b>5,170,122</b>	<b>15,121,676</b>	<b>15,429,533</b>
<b>FUND BALANCE— December 31, 2013</b>	<b>\$ 9,234,801</b>	<b>\$ 256,344</b>	<b>\$ 720,899</b>	<b>\$ 5,632,934</b>	<b>\$ 15,844,978</b>	<b>\$ 15,121,676</b>

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, 2013

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NET CHANGE IN FUND BALANCES—TOTAL GOVERNMENTAL FUNDS \$ 723,302

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 position decreases by the amount of depreciation expense charged for the year. This is the amount by which capital outlays exceeded depreciation expense.	\$ 655,744 412,068 (421,404) <u>(2,071,395)</u>	(1,424,987)
Construction in progress		
Capital outlay		
Disposal		
Depreciation expense		
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.	(27,895) (62,046) <u>(249)</u>	(90,190)
Taxes		
Special assessments		
Charges for services		
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 position and does not affect the statement of activities. This is the amount received related to the issuance of debt.	<u>1,260,000</u>	1,260,000
Net of issuance and repayment of the principal on long-term debt		
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.	(19,858) <u>36,571</u>	16,713
Accrued interest payable—December 31, 2013		
Accrued interest payable—December 31, 2012		
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 position of the internal service fund, which is reported with governmental activities.		128,026
6. Other Adjustments		<u>(48,404)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ 564,460</u>

See notes to basic financial statements.

# CITY OF WINONA, MINNESOTA

## BUDGETARY COMPARISON SCHEDULE—GENERAL FUND FOR THE YEAR ENDED DECEMBER 31, 2013 (with comparative total for 2012)

	2013				
	Budgeted Amounts		Actual	Variance With Final Budget	2012 Actual
	Original	Final			
<b>REVENUES:</b>					
General property taxes	\$ 4,401,392	\$ 4,315,942	\$ 4,320,447	\$ 4,505	\$ 4,363,492
Franchise fees	1,225,000	1,225,000	1,379,807	154,807	1,245,615
Licenses and permits	149,900	149,900	174,982	25,082	165,798
Fines and forfeits	209,000	209,000	168,112	(40,888)	228,408
Intergovernmental revenues	8,608,399	8,188,608	8,286,399	97,791	8,222,593
Investment earnings	100	100	5,838	5,738	9,567
Net increase (decrease) in fair value of investments			(4,819)	(4,819)	1,192
Charges for services	1,246,210	765,455	755,982	(9,473)	720,349
Contributions	24,000	8,956	9,058	102	3,556
<b>Total revenues</b>	<b>15,864,001</b>	<b>14,862,961</b>	<b>15,095,806</b>	<b>232,845</b>	<b>14,960,570</b>
<b>EXPENDITURES:</b>					
General government	3,605,981	3,341,635	2,485,577	856,058	2,605,809
Public safety	6,781,587	6,894,392	6,644,687	249,705	6,694,954
Highways and streets	2,968,928	3,304,098	2,773,739	530,359	2,580,500
Sanitation and waste removal	53,150	53,150	48,993	4,157	34,888
Economic development	297,032	288,538	252,557	35,981	212,798
Park maintenance	1,455,658	1,548,728	1,505,374	43,354	1,391,948
Capital outlay	1,768,000	1,277,464	394,986	882,478	112,059
<b>Total expenditures</b>	<b>16,930,336</b>	<b>16,708,005</b>	<b>14,105,913</b>	<b>2,602,092</b>	<b>13,632,956</b>
(DEFICIENCY) EXCESS OF REVENUES (UNDER) OVER EXPENDITURES	<u>(1,066,335)</u>	<u>(1,845,044)</u>	<u>989,893</u>	<u>2,834,937</u>	<u>1,327,614</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers from other funds	1,124,000	1,100,997	365,264	(735,733)	243,908
Transfers to other funds	(57,665)	(60,624)	(660,624)	(600,000)	(1,413,504)
<b>Total other financing sources (uses)</b>	<b>1,066,335</b>	<b>1,040,373</b>	<b>(295,360)</b>	<b>(1,335,733)</b>	<b>(1,169,596)</b>
<b>NET CHANGE IN FUND BALANCES</b>		<b>(804,671)</b>	<b>694,533</b>	<b>1,499,204</b>	<b>158,018</b>
<b>FUND BALANCE—January 1, 2013</b>	<b>8,540,268</b>	<b>8,540,268</b>	<b>8,540,268</b>		<b>8,382,250</b>
<b>FUND BALANCE—December 31, 2013</b>	<b>\$ 8,540,268</b>	<b>\$ 7,735,597</b>	<b>\$ 9,234,801</b>	<b>\$ 1,499,204</b>	<b>\$ 8,540,268</b>

**CITY OF WINONA, MINNESOTA**

**STATEMENT OF NET POSITION—PROPRIETARY FUNDS  
AS OF DECEMBER 31, 2013 (with comparative totals for 2012)**

<b>ASSETS</b>	<b>Water</b>	<b>Sanitary Sewer</b>	<b>Inspections</b>	<b>Airport</b>	<b>Public Transportation</b>
<b>CURRENT ASSETS:</b>					
Cash and cash equivalents	\$ 7,649,523	\$ 10,630,020	\$ 411,462	\$ 1,967,754	\$ 597,223
Restricted investments	1,695,852				
Receivables—net:					
Billed	147,655	83,197			
Unbilled	529,788	338,407			
Other	28,972	272,059	11,498	2,334	20,950
Due from other funds					
Due from other governmental units				455,319	739
Prepaid items	1,421	1,262		3,487	
Accrued interest on investments	848				
Inventories	294,921				
Total current assets	<u>10,348,980</u>	<u>11,324,945</u>	<u>422,960</u>	<u>2,428,894</u>	<u>618,912</u>
<b>PROPERTY AND EQUIPMENT—CAPITAL ASSETS (Note 3):</b>					
Nondepreciable:					
Land	16,600	11,900		458,840	
Collections					
Construction in progress	270,147				
Depreciable:					
Buildings	7,877,256	5,270,479		2,077,271	58,140
Improvements other than buildings	10,057,926	14,300,186		950,119	62,746
Machinery and equipment	2,697,762	1,182,625	48,611	210,197	540,829
Infrastructure	5,645,332	6,946,151			
Books					
Accumulated depreciation	(11,395,574)	(15,606,405)	(48,611)	(2,257,964)	(500,850)
Total capital assets	<u>15,169,449</u>	<u>12,104,936</u>	<u>-</u>	<u>1,438,463</u>	<u>160,865</u>
<b>TOTAL ASSETS</b>	<u>25,518,429</u>	<u>23,429,881</u>	<u>422,960</u>	<u>3,867,357</u>	<u>779,777</u>
<b>LIABILITIES AND NET POSITION</b>					
<b>CURRENT LIABILITIES:</b>					
Accounts payable	82,619	89,399	3,956	19,658	29,672
Accrued salaries and compensated absences	340,770	501,593	125,477	43,081	61
Bonds payable	2,351,850	73,150			
Accrued interest payable	59,392	1,524		2,763	
Due to other funds				530,000	
Unearned revenue	125			615	
Outstanding and incurred, but not reported claims					
Total current liabilities	<u>2,834,756</u>	<u>665,666</u>	<u>129,433</u>	<u>596,117</u>	<u>29,733</u>
Noncurrent liabilities					
Revenue bonds payable (net of unamortized premiums and discounts)	2,106,837	(470)		1,118,812	
Total liabilities	<u>4,941,593</u>	<u>665,196</u>	<u>129,433</u>	<u>1,714,929</u>	<u>29,733</u>
<b>NET POSITION:</b>					
Net investment in capital assets	10,710,762	12,032,256		319,651	160,865
Restricted for (Note 8):					
Commitments	10,000	214,408	4,617	1,832,776	255,290
Bond requirements	2,125,000	79,000			
OPEB-retiree subsidy health plan	3,000	4,000	1,330		
PERA contribution	80,500	100,610	20,130		
Unrestricted	7,647,574	10,334,411	267,450		333,889
<b>TOTAL NET POSITION</b>	<u>\$ 20,576,836</u>	<u>\$ 22,764,685</u>	<u>\$ 293,527</u>	<u>\$ 2,152,427</u>	<u>\$ 750,044</u>

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

See notes to basic financial statements.

Recreation	Library	Storm Sewer	Total		Governmental Activities—Internal Service Funds	
			2013	2012	2013	2012
\$ 333,372	\$ 371,986	\$ 1,007,451	\$ 22,968,791 1,695,852	\$ 19,663,595	\$ 14,878,526	\$ 14,881,500
			230,852	229,108		
			868,195	858,569		
1,452	1,981	10,301	349,547	379,644	468	
					530,000	530,000
3,127	3,162		462,347	109,478		
800	4,843	25	11,838	94,800	52	
			848			
			294,921	298,800		
<u>338,751</u>	<u>381,972</u>	<u>1,017,777</u>	<u>26,883,191</u>	<u>21,633,994</u>	<u>15,409,046</u>	<u>15,411,500</u>
	5,286	363,193	855,819	855,819		
	175,800		175,800	175,800		
			270,147	209,034		
1,705,842	364,432		17,353,420	17,316,610		
1,538,966			26,909,943	26,670,127		
43,104	49,425		4,772,553	4,541,035		
		3,450,840	16,042,323	15,833,290		
	452,892		452,892	917,879		
<u>(2,323,279)</u>	<u>(655,749)</u>	<u>(1,168,530)</u>	<u>(33,956,962)</u>	<u>(32,791,186)</u>		
<u>964,633</u>	<u>392,086</u>	<u>2,645,503</u>	<u>32,875,935</u>	<u>33,728,408</u>	<u>-</u>	<u>-</u>
<u>1,303,384</u>	<u>774,058</u>	<u>3,663,280</u>	<u>59,759,126</u>	<u>55,362,402</u>	<u>15,409,046</u>	<u>15,411,500</u>
18,484	42,260	817	286,865	209,285	195,692	177,802
317,078	285,329	13,655	1,627,044	1,576,076	2,431,353	2,465,216
			2,425,000	720,000		
			63,679	58,737		
	150,000		680,000	680,000		
90			830	37,642	1,188	2,695
					157,000	270,000
<u>335,652</u>	<u>477,589</u>	<u>14,472</u>	<u>5,083,418</u>	<u>3,281,740</u>	<u>2,785,233</u>	<u>2,915,713</u>
			-	-	-	-
			3,225,179	2,787,210		
<u>335,652</u>	<u>477,589</u>	<u>14,472</u>	<u>8,308,597</u>	<u>6,068,950</u>	<u>2,785,233</u>	<u>2,915,713</u>
964,633	392,086	2,645,503	27,225,756	30,221,198		
3,099		389	2,320,579	1,051,182		
			2,204,000	833,850		
			8,330	19,665		
			201,240	191,609	11,952,855	11,669,002
	(95,617)	1,002,916	19,490,623	16,975,948	670,958	826,785
<u>\$ 967,732</u>	<u>\$ 296,469</u>	<u>\$ 3,648,808</u>	51,450,528	49,293,452	<u>\$ 12,623,813</u>	<u>\$ 12,495,787</u>
			5,895	5,895		
			<u>\$ 51,456,423</u>	<u>\$ 49,299,347</u>		

**CITY OF WINONA, MINNESOTA**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION—PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2013 (with comparative totals for 2012)**

	Water	Sanitary Sewer	Inspections	Airport
<b>OPERATING REVENUES:</b>				
Water sales	\$ 3,588,934	\$ -	\$ -	\$ -
Sewer and storm sewer charges		3,301,089		
Permits and licenses			379,230	
Athletic fees and memberships				
Fares and passes				
Rents				37,950
Charges to city departments				
Other charges and services	61,410	34,022	18,336	
Tap fees	6,446	6,447		
Library sales				
Refunds and reimbursements				
Other	14,477			3,207
Total operating revenues	<u>3,671,267</u>	<u>3,341,558</u>	<u>397,566</u>	<u>41,157</u>
<b>OPERATING EXPENSES:</b>				
Salaries and employee benefits	659,749	856,039	251,344	71,249
Health insurance stop-loss premium				
Health insurance claims and fees				
Contractual services	534,477	385,047	88,107	770,966
Supplies	204,330	294,991	5,169	8,970
Maintenance of equipment	6,472	43,126		
Utilities	193,244	193,169		8,105
Depreciation	610,226	695,975		100,292
Other expense	(40)			
Total operating expenses	<u>2,208,458</u>	<u>2,468,347</u>	<u>344,620</u>	<u>959,582</u>
<b>OPERATING INCOME (LOSS)</b>	1,462,809	873,211	52,946	(918,425)
<b>NONOPERATING REVENUES (EXPENSES):</b>				
General property taxes				94,241
Contributions				126,000
Investment earnings	6,698	3,977	151	503
Intergovernmental revenues:				
Federal grants				526,024
State market value credits and LGA				110,680
State grants				364,480
County				
Interest expense	(144,630)	(3,940)		(2,763)
(Loss) gain on sale of capital asset				
Other revenue				
Other expense	(47,129)	(708)		(37,817)
Nonoperating (expenses) revenues	<u>(185,061)</u>	<u>(671)</u>	<u>151</u>	<u>1,181,348</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	1,277,748	872,540	53,097	262,923
<b>TRANSFERS IN</b>				
<b>TRANSFERS OUT</b>				
<b>INCREASE (DECREASE) IN NET POSITION</b>	1,277,748	872,540	53,097	262,923
<b>NET POSITION—Beginning of year</b>	<u>19,299,088</u>	<u>21,892,145</u>	<u>240,430</u>	<u>1,889,504</u>
<b>NET POSITION—End of year</b>	<u>\$ 20,576,836</u>	<u>\$ 22,764,685</u>	<u>\$ 293,527</u>	<u>\$ 2,152,427</u>

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

Change in net position-business-type activities

See notes to basic financial statements.

Public Transportation	Recreation	Library	Storm Sewer	Total		Governmental Activities—Internal Service Fund	
				2013	2012	2013	2012
\$ -	\$ -	\$ -	\$ -	\$ 3,588,934	\$ 3,593,272	\$ -	\$ -
			310,774	3,611,863	3,745,187		
				379,230	411,059		
	420,102			420,102	421,819		
122,741				122,741	118,134		
				37,950	33,380		
						1,428,302	1,456,391
120,169		6,876		240,813	241,914	536,389	471,563
				12,893	5,000		
		30,062		30,062	33,104		
		565		565	196	237,027	212,841
				17,684	3,448		
<u>242,910</u>	<u>420,102</u>	<u>37,503</u>	<u>310,774</u>	<u>8,462,837</u>	<u>8,606,513</u>	<u>2,201,718</u>	<u>2,140,795</u>
6,358	934,830	686,276	69,390	3,535,235	3,572,805	(33,862)	348,903
						346,322	350,900
						1,620,949	1,094,812
403,430	257,473	208,408	22,942	2,670,850	2,035,258	404,596	28,166
143,391	131,440	66,657	70,189	925,137	1,084,557		
94,043	24,827	2,589		171,057	320,479		
457	95,187	26,663		516,825	479,812		
96,673	102,492	62,631	68,093	1,736,382	1,766,530		
1,740	84			1,784	1,840		
<u>746,092</u>	<u>1,546,333</u>	<u>1,053,224</u>	<u>230,614</u>	<u>9,557,270</u>	<u>9,261,281</u>	<u>2,338,005</u>	<u>1,822,781</u>
(503,182)	(1,126,231)	(1,015,721)	80,160	(1,094,433)	(654,768)	(136,287)	318,014
	330,429	334,119		758,789	821,748		
	11,069	11,254		148,323	21,671		
244	92	111	397	12,173	12,035	3,577	5,319
88,348				614,372	247,061		
	624,569	379,601		1,114,850	1,114,850		
322,830	10,000			697,310	472,975		
	8,250	194,201		202,451	199,701		
				(151,333)	(143,366)		
(34,872)				(34,872)	(156,469)		
					4,462		
				(85,654)	(5,678)		
<u>376,550</u>	<u>984,409</u>	<u>919,286</u>	<u>397</u>	<u>3,276,409</u>	<u>2,588,990</u>	<u>3,577</u>	<u>5,319</u>
(126,632)	(141,822)	(96,435)	80,557	2,181,976	1,934,222	(132,710)	323,333
		36,100		36,100	283,603	600,010	1,350,020
			(61,000)	(61,000)	(322,000)	(339,274)	(176,429)
(126,632)	(141,822)	(60,335)	19,557	2,157,076	1,895,825	128,026	1,496,924
876,676	1,109,554	356,804	3,629,251			12,495,787	10,998,863
<u>\$ 750,044</u>	<u>\$ 967,732</u>	<u>\$ 296,469</u>	<u>\$3,648,808</u>			<u>\$ 12,623,813</u>	<u>\$ 12,495,787</u>
				<u>\$ 2,157,076</u>	<u>\$ 1,895,825</u>		

# CITY OF WINONA, MINNESOTA

## STATEMENT OF CASH FLOWS—PROPRIETARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2013 (with comparative totals for 2012)

	Water	Sanitary Sewer	Inspections	Airport
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from customers	\$ 3,662,386	\$ 3,450,835	\$ 395,249	\$ 94,662
Payments to employees	(643,187)	(833,974)	(246,136)	(69,387)
Payments to other funds	(67,865)		(60,000)	
Payments to suppliers	(838,352)	(873,455)	(31,592)	(809,203)
Service charges	40			
Net cash provided by (used in) operating activities	<u>2,113,022</u>	<u>1,743,406</u>	<u>57,521</u>	<u>(783,928)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
County grants				
Unearned revenue-increase (decrease)				75
Due to (from) other funds				
Federal grants				111,084
State grants				364,480
State LGA and market value credits				110,680
Taxes				94,241
Contributions				126,000
Transfers from other funds				
Transfers to other funds				
Other	39,196	469		(6,188)
Net cash (used in) provided by noncapital financing activities	<u>39,196</u>	<u>469</u>	<u>-</u>	<u>800,372</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition of capital assets	(509,963)	(317,007)		
Interest paid on capital debt	(141,036)	(5,355)		
Other fiscal agent charges	(47,128)	(709)		(37,816)
Payments on capital debt	(650,700)	(69,300)		
Proceeds from capital debt	1,685,000			1,125,000
Restriction of proceeds from capital debt	(1,695,852)			
Net cash (used in) provided by capital & related financing activities	<u>(1,359,679)</u>	<u>(392,371)</u>	<u>-</u>	<u>1,087,184</u>
CASH FLOWS FROM INVESTING ACTIVITIES—Interest received	<u>5,849</u>	<u>3,977</u>	<u>151</u>	<u>503</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	798,388	1,355,481	57,672	1,104,131
CASH AND CASH EQUIVALENTS—Beginning of year	<u>6,851,135</u>	<u>9,274,539</u>	<u>353,790</u>	<u>863,623</u>
CASH AND CASH EQUIVALENTS—End of year	<u>\$ 7,649,523</u>	<u>\$ 10,630,020</u>	<u>\$ 411,462</u>	<u>\$ 1,967,754</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ 1,462,809	\$ 873,211	\$ 52,946	\$ (918,425)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	610,226	695,975		100,292
Changes in assets and liabilities:				
Accounts payable	28,427	42,877	1,683	(21,162)
Compensated absences	10,255	13,608	5,073	1,165
Customer receivables	(8,881)	109,277	(2,316)	53,505
Inventory	3,879			
Other accrued liabilities				
Salaries and benefits payable	6,307	8,458	135	697
Net cash provided by (used in) operating activities	<u>\$ 2,113,022</u>	<u>\$ 1,743,406</u>	<u>\$ 57,521</u>	<u>\$ (783,928)</u>

See notes to basic financial statements.

Public Transporation	Recreation	Library	Storm Sewer	Total		Governmental Activities—Internal Service Funds	
				2013	2012	2013	2012
\$ 250,554 (6,375)	\$ 419,626 (939,370)	\$ 36,195 (678,693)	\$ 310,779 (67,144)	\$ 8,620,286 (3,484,266)	\$ 8,384,593 (3,517,413)	\$ 2,201,198	\$ 2,161,878
(654,055)	(504,626)	(272,581)	(92,505)	(4,076,369)	(3,853,107)	(2,459,634)	(1,645,527)
<u>(409,876)</u>	<u>(1,024,370)</u>	<u>(915,079)</u>	<u>151,130</u>	<u>931,826</u>	<u>888,716</u>	<u>(292,298)</u>	<u>531,427</u>
(17,400)	8,250 5	194,201		202,451 (17,320)	199,701 35,128	25,011	18,158
6,311				6,311	(5,315)		
88,348				199,432	247,061		
322,830	10,000			697,310	472,974		
	624,569	379,601		1,114,850	1,114,850		
	330,429	334,119		758,789	821,748		
	11,070	11,254		148,324	21,672		
		36,100		36,100	283,603	600,010	1,350,020
			(61,000)	(61,000)	(322,000)	(339,274)	(176,429)
				33,477	3,533		
<u>400,089</u>	<u>984,323</u>	<u>955,275</u>	<u>(61,000)</u>	<u>3,118,724</u>	<u>2,872,955</u>	<u>285,747</u>	<u>1,191,749</u>
(14,500)		(77,312)		(918,782)	(892,047)		
				(146,391)	(155,358)		
				(85,653)	(5,677)		
				(720,000)	(735,000)		
				2,810,000			
				<u>(1,695,852)</u>			
<u>(14,500)</u>	<u>-</u>	<u>(77,312)</u>	<u>-</u>	<u>(756,678)</u>	<u>(1,788,082)</u>	<u>-</u>	<u>-</u>
244	92	111	397	11,324	12,035	3,577	5,319
(24,043)	(39,955)	(37,005)	90,527	3,305,196	1,985,624	(2,974)	1,728,495
<u>621,266</u>	<u>373,327</u>	<u>408,991</u>	<u>916,924</u>	<u>19,663,595</u>	<u>17,677,971</u>	<u>14,881,500</u>	<u>13,153,005</u>
<u>\$ 597,223</u>	<u>\$ 333,372</u>	<u>\$ 371,986</u>	<u>\$ 1,007,451</u>	<u>\$ 22,968,791</u>	<u>\$ 19,663,595</u>	<u>\$ 14,878,526</u>	<u>\$ 14,881,500</u>
\$ (503,182)	\$ (1,126,231)	\$ (1,015,721)	\$ 80,160	\$ (1,094,433)	\$ (654,768)	\$ (136,287)	\$ 318,014
96,673	102,492	62,631	68,093	1,736,382	1,766,530		
(10,994)	4,385	31,736	626	77,578	(67,115)	(121,628)	177,254
	(10,218)	2,322	1,895	24,100	(17,617)		
7,644	(476)	(1,308)	5	157,450	(215,123)	(520)	21,083
				3,879	10,598		
(17)	5,678	5,261	351	26,870	66,211	(33,863)	15,076
<u>\$ (409,876)</u>	<u>\$ (1,024,370)</u>	<u>\$ (915,079)</u>	<u>\$ 151,130</u>	<u>\$ 931,826</u>	<u>\$ 888,716</u>	<u>\$ (292,298)</u>	<u>\$ 531,427</u>

**CITY OF WINONA, MINNESOTA**

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

**AS OF DECEMBER 31, 2013 (with comparative totals for 2012)**

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	2013	2012
ASSETS:		
Accounts receivable—total assets	<u>\$ 16,133</u>	<u>\$ 16,928</u>
Total assets	<u>\$ 16,133</u>	<u>\$ 16,928</u>
LIABILITIES—		
Accounts payable—total liabilities	<u>\$ 16,133</u>	<u>\$ 16,928</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, 2013

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### 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 basic financial statements include certain prior-year summarized comparative information in total, but not at the level of detail required for presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the City’s financial statements for the year ended December 31, 2012, from which the summarized information was derived. The following is a summary of the more significant accounting policies:

#### A. Financial Reporting Entity of the City

In accordance with GASB Statement No. 61, *The Financial Reporting Entity: Omnibus; an amendment of GASB Statements No. 14 and No. 34*, 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. 61, *The Financial Reporting Entity: Omnibus; an amendment of GASB Statements No. 14 and No. 34* 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 2013.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the 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.

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.

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 was a net decrease of \$219,372 in appropriations between the General Fund original and final amended budget. Following are some of the components of this net decrease:

- \$815,675 was added to various departments for encumbrances from December 31, 2012;
- \$1,119,450 was subtracted –Bike Path repair project was moved to Engineering Projects;
- \$38,669 was added to the Fire Department for equipment (funded by grants);
- \$26,825 was added to the Police Department for the drug forfeiture account;
- \$16,997 was added to the Building Maintenance Department for elevator repairs.

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 re-appropriated 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 to 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 position results 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 position 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 position of permanent funds. Investment earnings on the net position to be maintained in perpetuity are included as restricted net position, and are included in Note 8 as expendable permanent funds in the restricted net position.

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 \$10,000. 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 \$10,000 or greater. Capital assets purchased with a Federal Grant have a capitalization threshold at the current Federal threshold level. (In 2013, the Federal level was \$5,000.)

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 position, 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:

<b>Asset</b>	<b>Years</b>
Buildings	20–75
Building improvements	20
Improvements	10–100
Public domain infrastructure	15–40
Water mains	25-50
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 position 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 Position—Net Position section—Restricted for Other Purposes are the items as listed below:

<b>Governmental Activities</b>	<b>Amount</b>
General Fund	\$ 61,380
Risk Management	780,298
LELS Program	<u>262</u>
Total Governmental	<u>\$ 841,940</u>
<b>Business-Type Activities</b>	
Projects	<u>\$ 2,310,579</u>
<b>Component Unit</b>	
Port Authority projects	<u>\$ 3,518,656</u>

The majority of the commitments are externally imposed.

N. Bond Discounts

In governmental fund types, bond discounts and issuance costs are recognized as expenditures in the current period. Bond discounts 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 position 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 unavailable 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**

The GASB has issued Statement No. 61, *The Financial Reporting Entity: Omnibus; an amendment of GASB Statements No. 14 and No. 34*. This Statement modifies existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity, the display of component units of blending vs. discrete presentation, and certain disclosure requirements. The requirements of this Statement are effective for the City in 2013. The implementation of this standard did not have a significant effect on the City's basic financial statements.

The GASB has issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement specifies the items that were previously reported as assets and liabilities that should now be reported as deferred outflows of resources, deferred inflow of resources, outflows of resources, or inflows of resources. The requirements of this Statement are effective for the City in 2013. The implementation of this standard did not have a significant effect on the City's basic financial statements.

The GASB has issued Statement No. 66, *Technical Corrections – 2012; an amendment of GASB Statements No. 10 and No. 62*. The requirements of this Statement are effective for the City in 2013. The implementation of this standard did not have a significant effect on the City's basic financial statements.

The GASB has issued Statement No. 68, *Accounting and Financial Reporting for Pensions; an amendment of GASB Statement No. 27*. This Statement replaces the requirements of Statements No. 27 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not administered as trusts or equivalent arrangements. The requirements of this Statement are effective for the City in 2015. The City is still evaluating the requirements of this Statement to determine the impact on the City's basic financial statements

**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, 2013, for the City and its component unit are as follows:

<b>Deposit Type</b>	<b>Bank Balances</b>	<b>Carrying Amount</b>
Insured or collateralized with securities held by the City or its agent in the City's name	<u>\$ 6,825,388</u>	<u>\$ 6,671,898</u>
Primary government	<u>\$ 6,484,119</u>	<u>\$ 6,338,303</u>
Component unit	<u>\$ 341,269</u>	<u>\$ 333,595</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, 2013, are as follows:

Investment Type	Carrying/ Fair Value
U.S. treasury securities	<u>\$ 33,719,707</u>
Money market mutual funds	<u>17,027,973</u>
Total investments, restricted cash, and escrow deposits	50,747,680
Total deposits (Note 2.A.)	<u>6,338,303</u>
Total deposits, investments, restricted cash, and escrow accounts	<u>\$ 57,085,983</u>

A reconciliation to the basic financial statements at December 31, 2013, is as follows:

Governmental activities:	
Governmental funds—cash and cash equivalents	\$ 17,223,819
Governmental funds—restricted investments	318,995
Internal service funds—cash and cash equivalents	<u>14,878,526</u>
Total governmental activities	<u>32,421,340</u>
Business-type activities:	
Enterprise funds—cash and cash equivalents	22,968,791
Enterprise funds—restricted investments	<u>1,695,852</u>
Total business-type activities	<u>24,664,643</u>
Total	<u>\$ 57,085,983</u>

As of December 31, 2013, 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>\$ 32,023,855</u>	0.93
Total fair value	<u>\$ 32,023,855</u>	
Portfolio weighted average maturity		0.93

*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, 2013.) Also, as of December 31, 2013, the primary government and the component unit has \$18,859,413 invested in a money market fund with a rating of AAAm/Aaa and \$739,095 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, 2013, 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, 2013, are listed below:

<b>Maturity Year</b>	<b>Fair Value</b>
2014	\$37,243,920
2015	<u>13,503,760</u>
Total	<u>\$50,747,680</u>

## Component Unit

The component unit's balances at December 31, 2013, are as follows:

<b>Investment Type</b>	<b>Carrying/ Fair Value</b>
Money market mutual funds	\$ 2,604,730
Total deposits (Note 2.A.)	<u>333,595</u>
Total deposits and investments	<u>\$ 2,938,325</u>

The maturity date for securities held in investment accounts at December 31, 2013, is listed below:

<b>Maturity Year</b>	<b>Fair Value</b>
2014	<u>\$ 2,604,730</u>

### 3. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2013, was as follows:

	Primary Government			Ending Balance
	Beginning Balance	Increases	Decreases	
Governmental activities:				
Nondepreciable:				
Land	\$ 7,074,361	\$ -	\$ -	\$ 7,074,361
Construction in progress		655,744		655,744
Depreciable:				
Buildings and improvements	5,535,559	39,349		5,574,908
Machinery and equipment	7,297,100	372,719	(421,404)	7,248,415
Infrastructure:				
Flood control	33,000,000			33,000,000
Street system	36,770,601			36,770,601
Park	278,000			278,000
Total at historical cost	<u>89,955,621</u>	<u>1,067,812</u>	<u>(421,404)</u>	<u>90,602,029</u>
Less accumulated depreciation:				
Buildings and improvements	(3,677,689)	(189,431)		(3,867,120)
Machinery and equipment	(5,295,478)	(547,142)	421,404	(5,421,216)
Infrastructure:				
Flood control	(23,693,181)	(715,909)		(24,409,090)
Street system	(14,093,577)	(1,030,873)		(15,124,450)
Park	(140,599)	(9,444)		(150,043)
Total accumulated depreciation	<u>(46,900,524)</u>	<u>(2,492,799)</u>	<u>421,404</u>	<u>(48,971,919)</u>
Governmental activities capital assets—net	<u>\$ 43,055,097</u>	<u>\$ (1,424,987)</u>	<u>\$ -</u>	<u>\$ 41,630,110</u>
Business-type activities:				
Nondepreciable:				
Land	\$ 855,819	\$ -	\$ -	\$ 855,819
Collections	175,800			175,800
Construction in progress	209,034	270,147	(209,034)	270,147
Depreciable:				
Buildings and improvements	43,986,737	276,626		44,263,363
Machinery and equipment	4,541,036	331,507	(99,989)	4,772,554
Books	917,879	40,501	(505,489)	452,891
Infrastructure:				
Water	5,490,378	154,954		5,645,332
Sanitary Sewer	6,892,071	54,080		6,946,151
Storm sewer	3,450,840			3,450,840
Total at historical cost	<u>66,519,594</u>	<u>1,127,815</u>	<u>(814,512)</u>	<u>66,832,897</u>
Less accumulated depreciation:				
Buildings and improvements	(24,203,861)	(1,136,536)		(25,340,397)
Machinery and equipment	(3,642,628)	(222,974)	65,117	(3,800,485)
Books	(794,355)	(41,696)	505,489	(330,562)
Infrastructure:				
Water	(1,328,517)	(129,654)		(1,458,171)
Sanitary Sewer	(1,721,387)	(137,429)		(1,858,816)
Storm sewer	(1,100,438)	(68,093)		(1,168,531)
Total accumulated depreciation	<u>(32,791,186)</u>	<u>(1,736,382)</u>	<u>570,606</u>	<u>(33,956,962)</u>
Business-type activities capital assets—net	<u>\$ 33,728,408</u>	<u>\$ (608,567)</u>	<u>\$ (243,906)</u>	<u>\$ 32,875,935</u>

Depreciation expense for governmental activities is charged to functions in 2013, as follows:

General government	\$ 128,442
Public safety	918,332
Highways and streets	1,253,698
Park maintenance	<u>176,032</u>
Total depreciation expense for governmental activities	<u>\$ 2,476,504</u>

The Governmental activities accumulated depreciation “Increases” column, on the previous page, of \$2,492,799, includes \$16,295 of any capital asset transfers between the general fund and the business-type fund (Sanitary Sewer Fund).

Depreciation expense for business-type activities charged in 2013, as follows:

Water	\$ 610,226
Sanitary Sewer	695,975
Inspections	
Airport	100,292
Public transportation	96,673
Recreation	102,492
Library	62,631
Storm sewer	<u>68,093</u>
Total depreciation expense for business-type activities	<u>\$ 1,736,382</u>

The Business-type activities accumulated depreciation “Increases” column, on the previous page, of \$1,736,382, does not include any capital asset transfers between the general fund and the business-type funds.

## Component Unit

Capital asset activity (Port Authority) for the year ended December 31, 2013, was as follows:

	Component Unit			Ending Balance
	Beginning Balance	Increases	Decreases	
Component unit:				
Buildings and improvements	\$ 1,252,728	\$ -	\$ -	\$ 1,252,728
Total at historical cost	<u>1,252,728</u>	<u>-</u>	<u>-</u>	<u>1,252,728</u>
Less accumulated depreciation:				
Buildings and improvements	<u>(14,615)</u>	<u>(25,055)</u>		<u>(39,670)</u>
Total accumulated depreciation	<u>(14,615)</u>	<u>(25,055)</u>	<u>-</u>	<u>(39,670)</u>
Component unit capital assets—net	<u>\$ 1,238,113</u>	<u>\$ (25,055)</u>	<u>\$ -</u>	<u>\$ 1,213,058</u>

## Construction in Progress

There is one projects included in the capital assets—construction in progress (in the governmental activities) at December 31, 2013.

Franklin Street—2nd to Broadway \$ 655,744

There is one project included in the capital assets—construction in progress (in the business-type activities) at December 31, 2013. It is as follows:

Water—Country Drive Water main \$ 270,147

Total \$ 925,891

## Component Unit

There are no projects included in the capital assets—construction in progress (Port Authority) at December 31, 2013.

#### 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 2013, there were no sales in the properties held for development of land category. There are 43.06 developable acres as of December 31, 2013.

5. LONG-TERM DEBT

**Primary Government**

A summary of bonds outstanding at year-end follows:

Bonds	Maturities	Rates	December 31, 2013
Governmental activities:			
G.O. bonds—supported by taxes	2014–2015	3.40–3.45%	\$ 413,700
G.O. bonds—supported by special assessments	2014–2015	3.40–3.45	<u>571,300</u>
Total			<u>985,000</u>
Business-type activities:			
Bonds	2014–2024	0.35–5.00	5,595,000
Add unamortized premium			69,010
Less unamortized discounts			<u>(13,831)</u>
			<u>5,650,179</u>
Total bonds outstanding			<u>\$ 6,635,179</u>

A summary of changes in bonds payable (at par) during 2013 is as follows:

Bonds	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Governmental activities:					
G.O. bonds—supported by taxes	\$ 812,500	\$ -	\$ (398,800)	\$ 413,700	\$ 205,800
G.O. bonds—supported by special assessments	<u>1,082,500</u>	<u>                    </u>	<u>(511,200)</u>	<u>571,300</u>	<u>284,200</u>
Total governmental activities	1,895,000	-	(910,000)	985,000	490,000
Business-type activities	<u>3,505,000</u>	<u>2,810,000</u>	<u>(720,000)</u>	<u>5,595,000</u>	<u>2,425,000</u>
Total	<u>\$ 5,400,000</u>	<u>\$ 2,810,000</u>	<u>\$ (1,630,000)</u>	<u>\$ 6,580,000</u>	<u>\$ 2,915,000</u>

Debt service requirements to maturity as of December 31, 2013, including interest of \$509,529, 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
2014	\$ 216,471	\$ 298,936	\$ 2,534,553	\$ 3,049,960
2015	211,486	292,053	844,380	1,347,919
2016			480,066	480,066
2017			487,537	487,537
2018			469,665	469,665
2019-2024			1,090,439	1,090,439
Total	<u>\$ 427,957</u>	<u>\$ 590,989</u>	<u>\$ 5,906,640</u>	<u>\$ 6,925,586</u>

Year Ending December 31	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2014	\$ 490,000	\$ 25,407	\$ 515,407	\$ 2,425,000	\$ 109,553	\$ 2,534,553
2015	495,000	8,539	503,539	790,000	54,380	844,380
2016				440,000	40,066	480,066
2017				455,000	32,537	487,537
2018				445,000	24,665	469,665
2019-2024				1,040,000	50,439	1,090,439
Total	<u>\$ 985,000</u>	<u>\$ 33,946</u>	<u>\$ 1,018,946</u>	<u>\$ 5,595,000</u>	<u>\$ 311,640</u>	<u>\$ 5,906,640</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, 2013
Governmental funds—			
G.O. Equipment Certificates	2014	0.70 %	\$ 290,000
	2015	1.10 %	290,000
	2016	1.35 %	295,000
	2017	1.60 %	<u>295,000</u>
	Total		<u>\$ 1,170,000</u>

Debt service requirements to maturity as of December 31, 2013, including interest of \$32,276, listed below for other debt are summarized as follows:

Year Ending December 31	G.O. Equipment Certificates		
	Principal	Interest	Total
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>\$ 1,170,000</u>	<u>\$ 32,276</u>	<u>\$ 1,202,276</u>

The City issued General Obligation Water Revenue Refunding Bonds, Series 2013A, dated January 1, 2013, for \$1,685,000. The 2013 Bonds were sold to the bidder at a true interest rate of 0.96% and will be repaid with water user charges. The transaction is being undertaken to achieve an estimated interest savings of \$106,000 beginning in 2014. The Bonds are secured by the City's full faith, credit, and taxing authority of the City. Proceeds from the 2013A Bonds will be used to effect a crossover refunding of \$1,680,000 (originally scheduled to mature in the years 2015 through 2019) of the Issuer's outstanding General Obligation Water Revenue Bonds, Series 2003B, dated October 1, 2003, in 2014.

The Port Authority issued General Obligation Airport Bonds, Series 2013A, dated November 7, 2013, for \$1,125,000. The 2013 Bonds were sold to the bidder at a true interest rate of 1.93% and will be repaid with Port Authority property taxes. The issuance of the bonds is to finance city airport improvements. The Bonds are secured by the City's full faith, credit, and taxing authority of the City. These bonds are included in the Primary Government-Business Type, because their purpose is to finance the City Airport Improvement Project and the City's policy is to include the bonds within the fund that will receive the proceeds. As property taxes are collected by the Port Authority, they will be remitted to the Airport fund, in the form of a contribution, to be utilized to repay the bonds.

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

Debt	Beginning Balance	Issued	Retired	Ending Balance
Bonds payable	\$ 1,895,000	\$ -	\$ (910,000)	\$ 985,000
Other debt	<u>1,520,000</u>	<u>          </u>	<u>(350,000)</u>	<u>1,170,000</u>
Total	<u>\$ 3,415,000</u>	<u>\$ -</u>	<u>\$(1,260,000)</u>	<u>\$ 2,155,000</u>

A review of improvement bonds for the years 1995–2013 is as follows:

<b>Bonds Issued</b>	<b>Assessed per Document</b>	<b>Total Project Costs</b>	<b>Assessed per Actual-to-Date</b>
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	-	-	-
2012 Projects	-	-	-
2013 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:

<b>Bonds</b>	<b>Maturities</b>	<b>Rates</b>	<b>December 31, 2013</b>
Long-term debt—G.O.	2014–2020	4.00%	<u>\$ 1,855,000</u>

A summary of changes in bonds payable (at par) during 2013 is as follows:

<b>Bonds</b>	<b>Beginning Balance</b>	<b>Issued</b>	<b>Retired</b>	<b>Ending Balance</b>
Long-term (G.O.)—Bonds payable	<u>\$ 2,080,000</u>	<u>\$ -</u>	<u>\$ (225,000)</u>	<u>\$ 1,855,000</u>

Debt service requirements to maturity as of December 31, 2013, including interest of \$270,900, are listed below for general long-term debt (bonds):

Year Ending December 31	General Obligation		
	Principal	Interest	Total
2014	\$ 235,000	\$ 69,500	\$ 304,500
2015	245,000	59,900	304,900
2016	255,000	49,900	304,900
2017	265,000	39,500	304,500
2018	275,000	28,700	303,700
2019-2020	<u>580,000</u>	<u>23,400</u>	<u>603,400</u>
Total	<u>\$ 1,855,000</u>	<u>\$ 270,900</u>	<u>\$ 2,125,900</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.

### Long-Term Liability Activity

Long-term liability activity for the year ended December 31, 2013, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Governmental activities:					
Bonds and certificates payable	\$ 3,415,000	\$ -	\$ (1,260,000)	\$ 2,155,000	\$ 780,000
Compensated absences	<u>4,257,564</u>		<u>(13,092)</u>	<u>4,244,472</u>	<u>150,000</u>
Total governmental activities	7,672,564		(1,273,092)	6,399,472	930,000
Business-type activities:					
Bonds and certificates payable	3,505,000	2,810,000	(720,000)	5,595,000	2,425,000
Compensated absences	1,576,075	50,969		1,627,044	60,000
Other	<u>2,210</u>	<u>52,969</u>		<u>55,179</u>	
Total business-type activities	<u>5,083,285</u>	<u>2,913,938</u>	<u>(720,000)</u>	<u>7,277,223</u>	<u>2,485,000</u>
	<u>\$ 12,755,849</u>	<u>\$ 2,913,938</u>	<u>\$ (1,993,092)</u>	<u>\$ 13,676,695</u>	<u>\$ 3,415,000</u>

Compensated absences classified as long-term liabilities include unused vacation, compensated time, other post-employment benefit obligation (OPEB) and sick leave estimated to be paid or used by employees for periods ending after December 31, 2013. 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](http://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 2013. PEPFF members were required to contribute 9.6% of their annual covered salary in 2013, that rate will increase in 2014 to 10.2%. For 2013, 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 PEPFF will increase from 14.4% to 15.3% in 2014. The City's contributions to the GERP for the years ended December 31, 2013, 2012, and 2011, were \$408,456, \$401,909, and \$406,240, respectively. The City's contributions to the PEPFF for the years ended December 31, 2013, 2012, and 2011, were \$564,425, \$548,774, and \$545,766, 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 2013, the ratio of assets to liabilities of GERF was 72.8% and 81.2% for PEPFF. At the end of fiscal year 2012, the ratio of assets to liabilities of GERF was 73.5% and 78.3% 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, 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
June 30, 2012	13,661,682	18,598,897	4,937,125	73.5	5,142,592	96.0
June 30, 2013	14,113,295	19,379,769	5,266,474	72.8	5,246,928	100.4

**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, 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
June 30, 2012	5,797,868	7,403,295	1,605,427	78.3	794,417	202.1
June 30, 2013	5,932,945	7,304,032	1,371,087	81.2	796,188	172.2

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 \$2,145, \$1,400, and \$1,529 for the years ended December 31, 2013, 2012, and 2011, respectively. The employee contributions to the PEDCP were \$2,145, \$1,400, and \$1,529 for the years ended December 31, 2013, 2012, and 2011, 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, 2013, are listed below for the primary government.

Receivable Fund	Payable Fund	Amount	Purpose
Due to/due from Other Funds (Primary Government):			
General	Library	\$ 150,000	[1]
Internal service	Airport	<u>530,000</u>	[2]
Total		<u>\$ 680,000</u>	

[1] The Library Fund will repay the General Fund when it accumulates sufficient funds. The City expects the repayment to occur in 2014 or 2015.

[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 2014 or 2015.

Transfers during 2013 were as follows for the primary government. (A brief summary of the transfer activity is at the end of this note.)

	<b>Transfers In</b>	<b>Transfers Out</b>
<b>Primary Government</b>		
Governmental activities:		
General (1)	\$ 61,000	\$ 1,859
General (2)	16,997	57,665
General (3)	50,000	1,100
General (4)	163,907	200,000
General (5)	73,360	200,000
General		200,000
Nonmajor Governmental Funds:		
Senior Advocacy Program (6)	57,665	
Senior Advocacy Program (7)	1,859	
Municipal State Aid		460,569
Municipal State Aid		512,469
Street Reconstruction (8)	460,569	
Street Reconstruction (9)	<u>512,469</u>	
Total governmental funds	<u>1,397,826</u>	<u>1,633,662</u>
Internal Service Funds:		
Equipment Replacement (10)	200,000	50,000
Equipment Replacement (11)	5	163,907
Equipment Replacement		73,360
Equipment Replacement		35,000
Facilities (12)	200,000	16,997
Facilities (13)	5	
Risk Management		5
Risk Management		5
Infrastructure Replacement (14)	<u>200,000</u>	
Total internal service funds	<u>600,010</u>	<u>339,274</u>

Business-type activities:		
Storm Sewer Fund		\$ 61,000
Library Fund (15)	\$ 1,100	
Library Fund (16)	<u>35,000</u>	
Total business-type activities	<u>36,100</u>	<u>61,000</u>
Total Primary Government	<u>\$ 2,033,936</u>	<u>\$ 2,033,936</u>

PURPOSE OF TRANSFERS IN:

- (1) From the Storm Sewer Fund for reimbursements
- (2) From the Facilities Fund for Masonic Temple elevator
- (3) From the Equipment Replacement Fund for police vehicle
- (4) From the Equipment Replacement Fund for street department sweeper
- (5) From the Equipment Replacement Fund for park maintenance mower
- (6) From the General Fund—provide subsidy to cover portion of the Senior Advocacy's operation
- (7) From the General Fund—salary increase
- (8) From the Municipal State Aid Fund for Franklin Street
- (9) From the Municipal State Aid Fund for CSAH#32 (Gilmore Ave)
- (10) From the General Fund per Financial Management Policy
- (11) From the Risk Management Fund per Financial Management Policy
- (12) From the General Fund per Financial Management Policy
- (13) From the Risk Management Fund per Financial Management Policy
- (14) From the General Fund per Financial Management Policy
- (15) From the General Fund for the Fine Arts Commission
- (16) From the Equipment Replacement Fund for Library air chiller

## 8. FUND EQUITY

### *Nonspendable, Restricted, Committed, Assigned, or Unassigned—*

The fund balance classifications are defined by GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, 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. If money is set aside for this purpose, it is used first before the other classifications.

Committed: Internally-imposed constraints that apply to use of the funds. (The City Council approves a resolution for committed items each year. The City Council approves the uncommitted funds.)

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.

The City considers restricted amounts to have been spent when an expenditure is incurred for the purpose of the restriction. The City considers committed amounts to have been spent when an expenditure is incurred for the purpose of the commitment.

Net position, fund balances, and retained earnings in the various funds at December 31, 2013, 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)	\$	21,380
CMH property transfer		35,000
Japanese Garden		5,000
OPEB - retiree subsidy health plan		37,105
PERA Contribution		1,649,930
P.I.R. Bond Fund—for debt payments		256,344
P.I.R. Construction Fund—for P.I.R. projects		720,899
Other Funds (Internal Service Funds):		
Health Insurance Fund:		
Health plan account		25,000
Contributed to start the fund		199,654
Health insurance		666,856
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		357,569
Emergency issues/claims		220,000
Equipment Replacement Fund:		
Equipment replacement		2,736,774
Commitments		478,750
Facilities Fund:		
Commitments		
Facilities		2,118,397
Infrastructure Replacement Fund		2,179,512

**RESTRICTED—Continued**Nonmajor Governmental Funds:

## Debt Service Funds:

1999B Sales Tax Revenue Bond— for Riverbend Industrial Park infrastructure/sales tax issues	\$ 179,756
Equipment Certificates—for debt payments	375,083

## Capital Projects Funds:

Municipal State Aid—projects	161,916
Dike construction	203,072
Park Site-parks for subdivisions	104,508
Engineering projects	327,956
Radio project	
City building improvements	2,527
City equipment	258,204
Infrastructure Revolving	1,604,071
Street reconstruction projects	1,211,338
High Wagon Bridge reconstruction	155,557
Aghaghming Park construction	1,835
Softball field development—improvements	123,712

## Permanent Funds:

Expendable	<u>262,015</u>
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Total governmental activities	<u>19,650,063</u>
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Major Proprietary Funds:

## Water Fund:

Commitments	10,000
Bond requirements	2,125,000
OPEB - retiree subsidy health plan	3,000
PERA Contribution	80,500

## Sanitary Sewer Fund:

Commitments	214,408
Bond requirements	79,000
OPEB - retiree subsidy health plan	4,000
PERA Contribution	100,610

## Inspections Fund:

Commitments	4,617
OPEB—retiree subsidy health plan	1,330
PERA Contribution	20,130

## Airport Fund—commitments

1,832,776

## Public Transportation Fund—commitments

255,290

## Storm Sewer Fund—commitments

389

## Recreation Fund—commitments

3,099

Total business-type activities	<u>4,734,149</u>
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Total Restricted (Primary Government) Excluding Nonspendable	<u>\$ 24,384,212</u>
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**RESTRICTED, NONSPENDABLE—Fund Financial Statements**Nonmajor Governmental Funds:

General Fund	\$ 14,871
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## Permanent Funds:

Endowment (original contributions)	56,000
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Total Nonspendable	<u>70,871</u>
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Total Restricted (Primary Government) Including Nonspendable	<u>\$ 24,455,083</u>
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**COMMITTED—Fund Financial Statements**

Major Governmental Fund:

General Fund:

Encumbrances and commitments	\$ 1,695,796
Snow removal	84,789
Boat harbor	177,992
Trail maintenance	500
OPEB Funding—2014	100,000

Nonmajor Governmental Funds:

Special Revenue Funds:

Emergency	28,116
Athletic	13,181
Library Memorials	265,368
1990 Downtown Redevelopment Grant	43,068
1994 Downtown Redevelopment Grant	154,380
Metro Plains	57
West Central Revitalization	47,368
Central City Rehab	87,777

Total Committed (Primary Government) \$ 2,698,392

**ASSIGNED—Fund Financial Statements**

Major Governmental Fund:

General Fund:

Cash flow	\$ 5,412,438
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Total Assigned (Primary Government) \$ 5,412,438

**UNASSIGNED—Fund Financial Statements**

Nonmajor Governmental Fund:

Special Revenue Fund:

Senior Advocacy Program	\$ (33,931)
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Total Unassigned (Primary Government) \$ (33,931)

**COMPONENT UNIT—Government-Wide Financial Statements**

Restricted-Port Debt Service and projects \$ 6,543,524

Total Component Unit \$ 6,543,524

**9. NET POSITION DEFICITS, FUND EQUITY DEFICITS, AND INDIVIDUAL FUND DISCLOSURES**

**Primary Government**

*Fund Equity Deficits*—At December 31, 2013, the Senior Advocacy Program Fund, a special revenue fund, had a deficit fund balance of \$33,931. This fund had a carryover deficit of fund balance from

2012. (The deficit fund balance at December 31, 2012 was \$32,639.) The deficit fund balance should be eliminated in 2014 or 2015.

**Individual Fund Disclosures**—For the year ended December 31, 2013; actual expenditures exceeded the budget in the following General Fund departments:

General Fund	Budgeted	Actual	Final Variance
Legal	\$ 318,000	\$ 318,331	\$ (331)
Cable television commission	3,000	3,966	(966)
Human resources	100,263	100,410	(147)
Flood control	59,656	69,823	(10,167)
Public Works	48,494	49,115	(621)

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, 2013, the Component Unit had no fund equity deficits.

**10. FUND CHANGES**

*Funds opened during 2013:*

- City— No funds were opened during 2013
- Component Unit – Debt Service: 2013A Improvements Fund was opened during 2013

*Funds closed during 2013:*

- City— No funds were closed during 2013
- Component Unit— No funds were closed during 2013

**11. SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

At December 31, 2013, 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 2013, there were no significant reductions in insurance coverage from 2012 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 2013 (\$100,000 per family in 2012). Also included in the program is an aggregate excess coverage policy; for 2013, the attachment point for this policy was set at \$1,786,070. 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 2013, the City offered three health plan options with consumer-driven healthcare programs that combined high deductibles with individual Health Plan Accounts (HPA) or Health Savings Accounts (HSA)—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 2013, net claims were \$1,538,918 (total claims of \$1,711,452 less pharmaceutical rebates of \$14,384 and specific stop-loss claim reimbursements of \$158,150 paid back to the City). Other 2013 costs are listed as follows: administrative costs of \$82,031; HPA reimbursements of \$1,440; and a reduction in incurred but not reported claims (over December 31, 2012) of \$113,000, reflecting the depletion of unused funds in employees' HPAs and a decrease in overall incurred, but not reported claims. The stop-loss premium was \$346,322; 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 \$157,000 has been accrued as a liability in the Health Insurance Fund within the Internal Service Fund at December 31, 2013. In addition, a reserved fund balance of \$25,000 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:

	<b>2013</b>	<b>2012</b>
Beginning of year liability	\$ 295,854	\$ 127,070
Current year claims, administration fees, and changes to estimates	1,852,831	1,597,423
Payments for claims and administration fees	<u>(1,967,271)</u>	<u>(1,428,639)</u>
End of year liability and HPA reserves	<u>\$ 181,414</u>	<u>\$ 295,854</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. This group represents approximately 4% of the City's benefits-eligible workforce. 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, 2013, GERF was 72.8% funded and PEPFF was 81.2% funded. As of December 31, 2012, GERF was 73.5% funded and PEPFF was 78.3% 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.

*Annual Other Post-employment Benefit (OPEB) Cost*—For 2013, the City's annual OPEB cost (expense) of \$163,552 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 four dependent spouses are currently covered by the City's plan. They paid \$145,092 in premiums at the group rate. (Claims and fees of \$300,030 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	\$ 345,938
Interest on net OPEB obligation	90,181
Adjustment to annual required contribution	<u>(272,567)</u>
Increase in net OPEB obligation	163,552
Net OPEB obligation, Beginning of year	2,254,536
Contribution	<u>(82,945)</u>
Net OPEB obligation, End of year	<u>\$ 2,335,143</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:

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
December 31, 2013	\$163,552	50.7%	\$2,335,143
December 31, 2012	158,777	33.6%	2,254,536
December 31, 2011	316,915	6.0%	2,149,113
December 31, 2010	552,273	0.0%	1,850,317
December 31, 2009	353,597	0.0%	1,298,044

*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:

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Asset (1) (a)</b>	<b>Actuarial Liability (AAL) (b)</b>	<b>Unfunded Actuarial Liability (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>Unfunded AAL as of Covered Payroll [(b-a)/c]</b>
December 31, 2013 <sup>2</sup>	\$ -	\$2,306,550	\$2,306,550	0%	\$8,932,312	25.8%
December 31, 2012 <sup>2</sup>		2,179,743	2,179,743	0%	8,950,638	24.4%
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%

(1) The City has set aside the following amounts for its retiree health care liability: \$703,088 in both 2009 and 2010, \$1,361,176 in 2011 and \$100,000 in 2012. These assets (\$2,867,352) are held in general assets (not plan assets) and are therefore not used to offset the AAL.

(2) Note that the 2013 and 2012 actuarial valuations are roll-forward estimates based the actuarial valuation as of 12/31/11

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.

As of December 31, 2013, the City's actuary rolled forward the results of the December 31, 2011, actuarial valuation, as allowed under GASB 45, *Accounting and Financial Reporting by Employers for*

*Postemployment Benefits Other than Pensions.* There were no significant changes to the OPEB benefits, the composition of the population covered by the plan, or any other factor affecting the long-term assumptions of the plan. 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%. The medical trend rate (or general inflation rate assumption) for 2013 was 8.0%. 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 2013, costs of premiums associated with the program were \$262,551 (2012 premium costs were \$226,223). There were no changes in the program for 2013 as compared to 2012.

City property is insured on a blanket basis with a limit of \$83,239,991 and \$81,927,850 for 2013 and 2012, respectively. The City also carried a \$50,000 deductible, per occurrence, for property losses for both 2013 and 2012.

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 2013 and a \$1,500,000 liability limit per Minnesota Statutes in 2012. During 2013 and 2012, costs of premiums associated with the municipal liability program were \$94,391 and \$72,613, respectively.

For 2013, 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 2013 (\$50,000 deductible for 2012). The 2013 premium for this option was \$6,826, and for 2012 it was \$6,719. For 2013 and 2012, the premium for mobile property was \$7,335 and \$7,255, respectively, which included comprehensive protection for equipment and replacement cost.

The LMCIT provided airport insurance for the City in 2013 and 2012. 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 2013 cost was included in the municipal liability policy and 2012 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: \$120,163 for 2013; \$28,167 for 2012; and \$28,408 for 2011.

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 2013 totaled \$286,657 (in 2012, it totaled \$267,089). The City's premiums are adjusted in future years based upon the cost of claims with the minimum cost of \$78,918 and the maximum cost of \$644,226.

***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, 2013, \$357,569 has been restricted within fund balance to pay the 2013 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
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 Refunding Note, Series 2005 Sauer Memorial Home Project—March 7, 2005 (Refunded Health Care Facilities Revenue Note, Series 1998)	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
Education Facilities Revenue Bond, Series 2011, MN State SE Technical Foundation Project—March 29, 2012 (Refunded Education Facilities Bonds, Series 2005)	March 29, 2032	900,000
Healthcare Facilities Refunding Revenue Bonds, Series 2012, Winona Health Obligated Group—May 1, 2012 (Refunded Health Care Facilities Bonds, Series 2004A)	July 1, 2034	19,895,000

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**OTHER SUPPLEMENTARY INFORMATION**

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## **NONMAJOR FUNDS**

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### **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.

## 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, 2013 (with comparative totals for 2012)**

<b>ASSETS</b>	<b>Emergency</b>	<b>Athletic</b>	<b>Senior Advocacy Program</b>	<b>Library Memorials</b>
Cash and cash equivalents	\$ 28,226	\$ 13,181	\$ 17,202	\$ 265,367
Restricted investments				
Receivables—Net:				
Taxes				
Customers and other				
Due from other governmental units				
<b>TOTAL</b>	<b><u>\$ 28,226</u></b>	<b><u>\$ 13,181</u></b>	<b><u>\$ 17,202</u></b>	<b><u>\$ 265,367</u></b>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>				
<b>LIABILITIES:</b>				
Accounts payable	\$ -	\$ -	\$ 390	\$ -
Accrued salaries and compensated absences			50,742	
Unavailable revenue	<u>110</u>			
Total liabilities	<u>110</u>	<u>-</u>	<u>51,132</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS):</b>				
Nonspendable				
Restricted				
Committed	28,116	13,181		265,368
Unassigned (deficit)	<u>28,116</u>	<u>13,181</u>	<u>(33,931)</u>	<u>265,368</u>
Total fund balances (deficits)	<u>28,116</u>	<u>13,181</u>	<u>(33,931)</u>	<u>265,368</u>
<b>TOTAL</b>	<b><u>\$ 28,226</u></b>	<b><u>\$ 13,181</u></b>	<b><u>\$ 17,201</u></b>	<b><u>\$ 265,368</u></b>

Special Revenue						Debt Service		
Downtown 1990 C.D. Loan	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
\$ 43,068	\$ 154,381	\$ 57	\$ 47,367	\$ 33,463	\$ 602,312	\$ 179,756	\$ 371,936	\$ 551,692
				244	244		5,268	5,268
				55,046	55,046		3,147	3,147
<u>\$ 43,068</u>	<u>\$ 154,381</u>	<u>\$ 57</u>	<u>\$ 47,367</u>	<u>\$ 88,753</u>	<u>\$ 657,602</u>	<u>\$ 179,756</u>	<u>\$ 380,351</u>	<u>\$ 560,107</u>
\$ -	\$ -	\$ -	\$ -	\$ 900	\$ 1,290	\$ -	\$ -	\$ -
				76	50,742			
					186		5,268	5,268
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>976</u>	<u>52,218</u>	<u>-</u>	<u>5,268</u>	<u>5,268</u>
43,068	154,380	57	47,368	87,777	639,315	179,756	375,083	554,839
					(33,931)			
<u>43,068</u>	<u>154,380</u>	<u>57</u>	<u>47,368</u>	<u>87,777</u>	<u>605,384</u>	<u>179,756</u>	<u>375,083</u>	<u>554,839</u>
<u>\$ 43,068</u>	<u>\$ 154,380</u>	<u>\$ 57</u>	<u>\$ 47,368</u>	<u>\$ 88,753</u>	<u>\$ 657,602</u>	<u>\$ 179,756</u>	<u>\$ 380,351</u>	<u>\$ 560,107</u>

**CITY OF WINONA, MINNESOTA**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
AS OF DECEMBER 31, 2013 (with comparative totals for 2012)**

	<b>Municipal State Aid</b>	<b>Dike Construction</b>	<b>Park Site</b>	<b>Engineering Department Projects</b>	<b>Radio Project</b>	<b>City Building Improve- ments</b>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 161,916	\$ 203,072	\$ 104,508	\$ 327,732	\$ -	\$ 2,527
Restricted investments						
Receivables—Net:						
Taxes						
Customers and other						
Due from other governmental units				224		
<b>TOTAL</b>	<u>\$ 161,916</u>	<u>\$ 203,072</u>	<u>\$ 104,508</u>	<u>\$ 327,956</u>	<u>\$ -</u>	<u>\$ 2,527</u>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>						
<b>LIABILITIES:</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued salaries and compensated absences						
Unavailable revenue						
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS):</b>						
Nonspendable						
Restricted	161,916	203,072	104,508	327,956		2,527
Committed						
Unassigned (deficit)						
<b>Total fund balances (deficits)</b>	<u>161,916</u>	<u>203,072</u>	<u>104,508</u>	<u>327,956</u>	<u>-</u>	<u>2,527</u>
<b>TOTAL</b>	<u>\$ 161,916</u>	<u>\$ 203,072</u>	<u>\$ 104,508</u>	<u>\$ 327,956</u>	<u>\$ -</u>	<u>\$ 2,527</u>

**Capital Projects**

<b>City Equipment</b>	<b>Infra-structure Revolving</b>	<b>Street Recon-struction</b>	<b>High Wagon Bridge Recon-struction</b>	<b>Aghaghming Park Construction</b>	<b>Softball Field Development</b>	<b>Capital Projects Total</b>
\$ 258,204	\$ 1,604,071	\$ 1,301,297	\$ 159,767	\$ 1,835	\$ 123,712	\$ 4,248,641
		1,351				1,575
<u>\$ 258,204</u>	<u>\$ 1,604,071</u>	<u>\$ 1,302,648</u>	<u>\$ 159,767</u>	<u>\$ 1,835</u>	<u>\$ 123,712</u>	<u>\$ 4,250,216</u>
\$ -	\$ -	\$ 91,310	\$ -	\$ -	\$ -	\$ 91,310
			4,210			4,210
<u>-</u>	<u>-</u>	<u>91,310</u>	<u>4,210</u>	<u>-</u>	<u>-</u>	<u>95,520</u>
258,204	1,604,071	1,211,338	155,557	1,835	123,712	4,154,696
<u>258,204</u>	<u>1,604,071</u>	<u>1,211,338</u>	<u>155,557</u>	<u>1,835</u>	<u>123,712</u>	<u>4,154,696</u>
<u>\$ 258,204</u>	<u>\$ 1,604,071</u>	<u>\$ 1,302,648</u>	<u>\$ 159,767</u>	<u>\$ 1,835</u>	<u>\$ 123,712</u>	<u>\$ 4,250,216</u>

# CITY OF WINONA, MINNESOTA

## COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS AS OF DECEMBER 31, 2013 (with comparative totals for 2012)

	Permanent Funds				
	Bell Art Endow- ment	Laird and Bell Endowment	C.M. Youman Memorial	H.C. Garvin Winona Civic	Dr. C. A. Rohrer
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted investments	5,501	12,366	11,577	230,196	17,437
Receivables—Net:					
Taxes					
Customers and other					
Due from other governmental units					
<b>TOTAL</b>	<u>\$ 5,501</u>	<u>\$ 12,366</u>	<u>\$ 11,577</u>	<u>\$ 230,196</u>	<u>\$ 17,437</u>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>					
<b>LIABILITIES:</b>					
Accounts payable	\$ -	\$ 1,565	\$ -	\$ -	\$ -
Accrued salaries and compensated absences					
Unavailable revenue					
<b>Total liabilities</b>	<u>-</u>	<u>1,565</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS):</b>					
Nonspendable	5,000	10,000	2,000	35,000	2,000
Restricted	501	801	9,577	195,196	15,437
Committed					
Unassigned (deficit)					
<b>Total fund balances (deficits)</b>	<u>5,501</u>	<u>10,801</u>	<u>11,577</u>	<u>230,196</u>	<u>17,437</u>
<b>TOTAL</b>	<u>\$ 5,501</u>	<u>\$ 12,366</u>	<u>\$ 11,577</u>	<u>\$ 230,196</u>	<u>\$ 17,437</u>

Leonhard Fried Educational	Mielimonka Library	Permanent Funds Total	Total Nonmajor Governmental Funds	
			2013	2012
\$ - 39,739	\$ - 2,179	\$ - 318,995	\$ 5,402,645 318,995	\$ 4,889,235 317,722
585		585	5,268 829 59,768	4,835 3,467 13,718
<u>\$ 40,324</u>	<u>\$ 2,179</u>	<u>\$ 319,580</u>	<u>\$ 5,787,505</u>	<u>\$ 5,228,977</u>
\$ -	\$ -	\$ 1,565	\$ 94,165 50,742 9,664	\$ 1,779 47,262 9,814
-	-	1,565	154,571	58,855
40,324	2,000 179	56,000 262,015	56,000 4,971,550 639,315 (33,931)	56,000 4,535,322 611,439 (32,639)
<u>40,324</u>	<u>2,179</u>	<u>318,015</u>	<u>5,632,934</u>	<u>5,170,122</u>
<u>\$ 40,324</u>	<u>\$ 2,179</u>	<u>\$ 319,580</u>	<u>\$ 5,787,505</u>	<u>\$ 5,228,977</u>

**CITY OF WINONA, MINNESOTA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2013 (with comparative totals for 2012)**

	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		3	11	106		
Net increase (decrease) in fair value of investments						
Refunds and reimbursements						
Contributions						
Charges for services	<u>20,460</u>	<u>1,000</u>	<u>30,307</u>	<u>          </u>	<u>          </u>	<u>3,155</u>
Total revenues	<u>20,460</u>	<u>1,003</u>	<u>52,606</u>	<u>106</u>	<u>-</u>	<u>3,155</u>
EXPENDITURES:						
General government			113,422			
Public safety						
Economic development	8,053					6,738
Park maintenance		1,000				
Capital outlay						
Debt service:						
Bond principal						
Interest and other expenditures						
Total expenditures	<u>8,053</u>	<u>1,000</u>	<u>113,422</u>	<u>-</u>	<u>-</u>	<u>6,738</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>12,407</u>	<u>3</u>	<u>(60,816)</u>	<u>106</u>	<u>          </u>	<u>(3,583)</u>
OTHER FINANCING SOURCES (USES):						
G.O. Equipment Certificates Issued						
Transfers to other funds						
Transfers from other funds			<u>59,524</u>			
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>59,524</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	12,407	3	(1,292)	106		(3,583)
FUND BALANCES (DEFICITS)— January 1, 2013	<u>15,709</u>	<u>13,178</u>	<u>(32,639)</u>	<u>265,262</u>	<u>43,068</u>	<u>157,963</u>
FUND BALANCES (DEFICITS)— December 31, 2013	<u>\$ 28,116</u>	<u>\$ 13,181</u>	<u>\$ (33,931)</u>	<u>\$ 265,368</u>	<u>\$ 43,068</u>	<u>\$ 154,380</u>

Metro Plains Housing	West Central Revitalization	Central City Rehab	Special Revenue Total	Debt Service		
				1999B G.O. Sales Tax Revenue Bond	Equipment Certificates (2011A&2006A)	Debt Service Total
\$ 11,733	\$ -	\$ - 316,404	\$ 11,733 338,692 120	\$ - 67	\$ 316,891 101	\$ 316,891 168
		33,307 21,703	33,307 76,625	47,176		47,176
<u>11,733</u>	<u>-</u>	<u>371,414</u>	<u>460,477</u>	<u>47,243</u>	<u>316,992</u>	<u>364,235</u>
			113,422			
11,733	2,025	350,446	378,995 1,000		350,000	350,000
					17,667	17,667
<u>11,733</u>	<u>2,025</u>	<u>350,446</u>	<u>493,417</u>	<u>-</u>	<u>367,667</u>	<u>367,667</u>
	(2,025)	20,968	(32,940)	47,243	(50,675)	(3,432)
			59,524			
<u>-</u>	<u>-</u>	<u>-</u>	<u>59,524</u>	<u>-</u>	<u>-</u>	<u>-</u>
	(2,025)	20,968	26,584	47,243	(50,675)	(3,432)
<u>57</u>	<u>49,393</u>	<u>66,809</u>	<u>578,800</u>	<u>132,513</u>	<u>425,758</u>	<u>558,271</u>
<u>\$ 57</u>	<u>\$ 47,368</u>	<u>\$ 87,777</u>	<u>\$ 605,384</u>	<u>\$ 179,756</u>	<u>\$ 375,083</u>	<u>\$ 554,839</u>

**CITY OF WINONA, MINNESOTA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2013 (with comparative totals for 2012)**

	Municipal State Aid	Dike Construction	Park Site	Engineering Department Projects	Radio Project	City Building Improve- ments
REVENUES:						
General property taxes	\$ -	\$ -	\$ -	\$ 109,083	\$ -	\$ -
Intergovernmental revenues	1,041,517			36,000		
Investment earnings	263	80	41	90		
Net increase (decrease) in fair value of investments						
Refunds and reimbursements						
Contributions				407,000		
Charges for services						
Total revenues	<u>1,041,780</u>	<u>80</u>	<u>41</u>	<u>552,173</u>	<u>-</u>	<u>-</u>
EXPENDITURES:						
General government						
Public safety						
Economic development						
Park maintenance						
Capital outlay	72,082			521,982		
Debt service:						
Bond principal						
Interest and other expenditures						
Total expenditures	<u>72,082</u>	<u>-</u>	<u>-</u>	<u>521,982</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>969,698</u>	<u>80</u>	<u>41</u>	<u>30,191</u>		
OTHER FINANCING SOURCES (USES):						
G.O. Equipment Certificates Issued						
Transfers to other funds	(973,038)					
Transfers from other funds						
Total other financing sources (uses)	<u>(973,038)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(3,340)	80	41	30,191		
FUND BALANCES (DEFICITS)— January 1, 2013	<u>165,256</u>	<u>202,992</u>	<u>104,467</u>	<u>297,765</u>		<u>2,527</u>
FUND BALANCES (DEFICITS)— December 31, 2013	<u>\$ 161,916</u>	<u>\$ 203,072</u>	<u>\$ 104,508</u>	<u>\$ 327,956</u>	<u>\$ -</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	Capital Projects Total
\$ -	\$ -	\$ 142,780	\$ -	\$ -	\$ -	\$ 251,863
101	628	475,058	61		41	1,552,575
		258				1,563
			4,210		7,750	407,000
						11,960
<u>101</u>	<u>628</u>	<u>618,096</u>	<u>4,271</u>	<u>-</u>	<u>7,791</u>	<u>2,224,961</u>
		1,190,934				1,784,998
<u>-</u>	<u>-</u>	<u>1,190,934</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,784,998</u>
<u>101</u>	<u>628</u>	<u>(572,838)</u>	<u>4,271</u>		<u>7,791</u>	<u>439,963</u>
		973,038				(973,038)
		<u>973,038</u>				<u>973,038</u>
<u>-</u>	<u>-</u>	<u>973,038</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
101	628	400,200	4,271		7,791	439,963
258,103	1,603,443	811,138	151,286	1,835	115,921	3,714,733
<u>\$ 258,204</u>	<u>\$ 1,604,071</u>	<u>\$ 1,211,338</u>	<u>\$ 155,557</u>	<u>\$ 1,835</u>	<u>\$ 123,712</u>	<u>\$ 4,154,696</u>

**CITY OF WINONA, MINNESOTA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2013 (with comparative totals for 2012)**

	Bell Art Endow- ment	Laird and Bell Endowment	C.M. Youman Memorial	Permanent Funds H.C. Garvin Winona Civic
REVENUES:				
General property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues				
Investment earnings	2	3	3	89
Net increase (decrease) in fair value of investments				
Refunds and reimbursements				
Contributions				
Charges for services				
Total revenues	<u>2</u>	<u>3</u>	<u>3</u>	<u>89</u>
EXPENDITURES:				
General government				
Public safety				
Economic development				
Park maintenance		1,565		
Capital outlay				
Debt service:				
Bond principal				
Interest and other expenditures				
Total expenditures	<u>-</u>	<u>1,565</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>2</u>	<u>(1,562)</u>	<u>3</u>	<u>89</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	2	(1,562)	3	89
FUND BALANCES (DEFICITS)— January 1, 2013	<u>5,499</u>	<u>12,363</u>	<u>11,574</u>	<u>230,107</u>
FUND BALANCES (DEFICITS)— December 31, 2013	<u>\$ 5,501</u>	<u>\$ 10,801</u>	<u>\$ 11,577</u>	<u>\$ 230,196</u>

Dr. C. A. Rohrer	Leonhard Fried Educational	Mielimonka Library	Permanent Funds Total	Total Nonmajor Governmental Funds	
				2013	2012
\$ -	\$ -	\$ -	\$ -	\$ 580,487	\$ 366,813
7	1,120		1,224	1,891,267	1,680,941
	633		633	3,075	4,942
				633	584
				440,307	18,443
				<u>135,761</u>	<u>158,980</u>
<u>7</u>	<u>1,753</u>	<u>-</u>	<u>1,857</u>	<u>3,051,530</u>	<u>2,230,703</u>
				113,422	111,086
					342,782
				378,995	329,371
	595		2,160	3,160	
				1,784,998	1,517,949
				350,000	130,000
				<u>17,667</u>	<u>20,051</u>
<u>-</u>	<u>595</u>	<u>-</u>	<u>2,160</u>	<u>2,648,242</u>	<u>2,451,239</u>
<u>7</u>	<u>1,158</u>	<u>-</u>	<u>(303)</u>	<u>403,288</u>	<u>(220,536)</u>
				(973,038)	(423,102)
				<u>1,032,562</u>	<u>457,504</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,524</u>	<u>34,402</u>
7	1,158		(303)	462,812	(186,134)
<u>17,430</u>	<u>39,166</u>	<u>2,179</u>	<u>318,318</u>	<u>5,170,122</u>	<u>5,356,256</u>
<u>\$ 17,437</u>	<u>\$ 40,324</u>	<u>\$ 2,179</u>	<u>\$ 318,015</u>	<u>\$ 5,632,934</u>	<u>\$ 5,170,122</u>

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## **INTERNAL SERVICE FUNDS**

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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 POSITION  
AS OF DECEMBER 31, 2013 (with comparative totals for 2012)**

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	Health Insurance	LELS Health	Employee Benefit	Risk Manage- ment
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,049,401	\$ 193,438	\$ 5,198,705	\$ 1,453,549
Receivables—Net—				
Customers and other	468			
Due from other funds				
Prepaid items	<u>52</u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>1,049,921</u>	<u>193,438</u>	<u>5,198,705</u>	<u>1,453,549</u>
<b>LIABILITIES AND NET POSITION</b>				
<b>LIABILITIES:</b>				
Accounts payable	\$ 223	\$ 193,176	\$ -	\$ 2,293
Accrued salaries and compensation			2,431,353	
Unavailable revenue	1,188			
Outstanding and incurred, but not reported claims	<u>157,000</u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>158,411</u>	<u>193,176</u>	<u>2,431,353</u>	<u>2,293</u>
<b>NET POSITION</b>				
Restricted	891,510	262	2,767,352	780,298
Unrestricted—Internal Service Fund	<u>          </u>	<u>          </u>	<u>          </u>	<u>670,958</u>
Total net position	<u>\$ 891,510</u>	<u>\$ 262</u>	<u>\$ 2,767,352</u>	<u>\$ 1,451,256</u>

Equipment Replace- ment	Facilities	Infrastructure Replace- ment	Total	
			2013	2012
\$ 2,985,524	\$ 1,818,397	\$ 2,179,512	\$ 14,878,526	\$ 14,881,500
230,000	300,000		468 530,000 52	530,000
<u>3,215,524</u>	<u>2,118,397</u>	<u>2,179,512</u>	<u>15,409,046</u>	<u>15,411,500</u>
\$ -	\$ -	\$ -	\$ 195,692	\$ 177,802
			2,431,353 1,188	2,465,216 2,695
			<u>157,000</u>	<u>270,000</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>2,785,233</u>	<u>2,915,713</u>
3,215,524	2,118,397	2,179,512	11,952,855 670,958	11,669,002 826,785
<u>\$ 3,215,524</u>	<u>\$ 2,118,397</u>	<u>\$ 2,179,512</u>	<u>\$ 12,623,813</u>	<u>\$ 12,495,787</u>

**CITY OF WINONA, MINNESOTA**

**INTERNAL SERVICE FUNDS  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2013 (with comparative totals for 2012)**

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	Health Insurance	LELS Health	Employee Benefit	Risk Manage- ment
OPERATING REVENUES:				
Charges to city departments	\$ 1,428,302	\$ -	\$ -	\$ -
Other charges and services	570,251		(33,862)	
Refunds and reimbursements	<u>113,000</u>			<u>108,838</u>
Total operating revenues	<u>2,111,553</u>	<u>-</u>	<u>(33,862)</u>	<u>108,838</u>
OPERATING EXPENSES:				
Salaries and employee benefits			(33,862)	
Health insurance claims and fees	1,620,949			
Health insurance stop-loss premium	346,322			
Contractual services	<u>284,433</u>			<u>120,163</u>
Total operating expenses	<u>2,251,704</u>	<u>-</u>	<u>(33,862)</u>	<u>120,163</u>
OPERATING INCOME	(140,151)	-	-	(11,325)
NONOPERATING REVENUES—				
Investment earnings	<u>419</u>			<u>570</u>
Total nonoperating revenues	<u>419</u>	<u>-</u>	<u>-</u>	<u>570</u>
INCOME BEFORE TRANSFERS	(139,732)	-	-	(10,755)
TRANSFERS IN				
TRANSFERS OUT				<u>(10)</u>
INCREASE IN NET POSITION	(139,732)	-	-	(10,765)
NET POSITION—Beginning of year	<u>1,031,242</u>	<u>262</u>	<u>2,767,352</u>	<u>1,462,021</u>
NET POSITION—End of year	<u>\$ 891,510</u>	<u>\$ 262</u>	<u>\$ 2,767,352</u>	<u>\$ 1,451,256</u>

Equipment Replace- ment	Facilities	Infrastructure Replace- ment	Totals	
			2013	2012
\$ -	\$ -	\$ -	\$ 1,428,302	\$ 1,456,391
			536,389	471,563
<u>15,189</u>			<u>237,027</u>	<u>212,841</u>
<u>15,189</u>	<u>-</u>	<u>-</u>	<u>2,201,718</u>	<u>2,140,795</u>
			(33,862)	348,903
			1,620,949	1,094,812
			346,322	350,900
			<u>404,596</u>	<u>28,166</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>2,338,005</u>	<u>1,822,781</u>
15,189	-	-	(136,287)	318,014
<u>1,181</u>	<u>635</u>	<u>772</u>	<u>3,577</u>	<u>5,319</u>
<u>1,181</u>	<u>635</u>	<u>772</u>	<u>3,577</u>	<u>5,319</u>
16,370	635	772	(132,710)	323,333
200,005	200,005	200,000	600,010	1,350,020
<u>(322,267)</u>	<u>(16,997)</u>		<u>(339,274)</u>	<u>(176,429)</u>
(105,892)	183,643	200,772	128,026	1,496,924
<u>3,321,416</u>	<u>1,934,754</u>	<u>1,978,740</u>	<u>12,495,787</u>	<u>10,998,863</u>
<u>\$ 3,215,524</u>	<u>\$ 2,118,397</u>	<u>\$ 2,179,512</u>	<u>\$ 12,623,813</u>	<u>\$ 12,495,787</u>

# CITY OF WINONA, MINNESOTA

## INTERNAL SERVICE FUNDS

### COMBINING STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2013 (with comparative totals for 2012)

	Health Insurance	LELS Health	Employee Benefit	Risk Manage- ment
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	\$ 2,111,033	\$ -	\$ (33,862)	\$ 108,838
Service charges			(33,862)	
Payments to suppliers	<u>(2,367,808)</u>	<u>          </u>	<u>33,861</u>	<u>(125,687)</u>
Net cash (used in) provided by operating activities	<u>(256,775)</u>	<u>-</u>	<u>(33,863)</u>	<u>(16,849)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Unavailable revenue—decrease	(1,507)	26,518		
Transfers to other funds				(10)
Transfers from other funds	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Net cash provided by (used in) noncapital financing activities	<u>(1,507)</u>	<u>26,518</u>	<u>-</u>	<u>(10)</u>
CASH FLOWS FROM INVESTING ACTIVITIES—				
Interest received	<u>419</u>	<u>          </u>	<u>          </u>	<u>570</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(257,863)	26,518	(33,863)	(16,289)
CASH AND CASH EQUIVALENTS—Beginning of year	<u>1,307,264</u>	<u>166,920</u>	<u>5,232,568</u>	<u>1,469,838</u>
CASH AND CASH EQUIVALENTS—End of year	<u>\$ 1,049,401</u>	<u>\$ 193,438</u>	<u>\$ 5,198,705</u>	<u>\$ 1,453,549</u>
RECONCILIATION OF OPERATING (LOSS) INCOME TO NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES:				
Operating income	\$ (140,151)	\$ -	\$ -	\$ (11,325)
Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities —				
Changes in assets and liabilities:				
Customer receivables	(520)			
Accounts payable	(116,104)			(5,524)
Other accrued liabilities	<u>          </u>	<u>          </u>	<u>(33,863)</u>	<u>          </u>
Net cash (used in) provided by operating activities	<u>\$ (256,775)</u>	<u>\$ -</u>	<u>\$ (33,863)</u>	<u>\$ (16,849)</u>

Equipment Replace- ment	Facilities	Infrastructure Replace- ment	Total	
			2013	2012
\$ 15,189	\$ -	\$ -	\$ 2,201,198	\$ 2,161,878
			(33,862)	15,076
			<u>(2,459,634)</u>	<u>(1,645,527)</u>
<u>15,189</u>	<u>-</u>	<u>-</u>	<u>(292,298)</u>	<u>531,427</u>
			25,011	18,158
(322,267)	(16,997)		(339,274)	(176,429)
<u>200,005</u>	<u>200,005</u>	<u>200,000</u>	<u>600,010</u>	<u>1,350,020</u>
<u>(122,262)</u>	<u>183,008</u>	<u>200,000</u>	<u>285,747</u>	<u>1,191,749</u>
<u>1,181</u>	<u>635</u>	<u>772</u>	<u>3,577</u>	<u>5,319</u>
(105,892)	183,643	200,772	(2,974)	1,728,495
<u>3,091,416</u>	<u>1,634,754</u>	<u>1,978,740</u>	<u>14,881,500</u>	<u>13,153,005</u>
<u>\$ 2,985,524</u>	<u>\$ 1,818,397</u>	<u>\$ 2,179,512</u>	<u>\$ 14,878,526</u>	<u>\$ 14,881,500</u>
\$ 15,189	\$ -	\$ -	\$ (136,287)	\$ 318,014
			(520)	21,083
			(121,628)	177,254
			<u>(33,863)</u>	<u>15,076</u>
<u>\$ 15,189</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (292,298)</u>	<u>\$ 531,427</u>

**CITY OF WINONA, MINNESOTA**

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES—TOURISM PROMOTION  
AGENCY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2013**

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	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
ASSETS:				
Cash and cash equivalents	\$ -	\$ 337,987	\$ 337,987	\$ -
Accounts receivable	<u>16,928</u>	<u>16,132</u>	<u>16,927</u>	<u>16,133</u>
Total assets	<u>\$ 16,928</u>	<u>\$ 354,119</u>	<u>\$ 354,914</u>	<u>\$ 16,133</u>
LIABILITIES—				
Accounts payable—total liabilities	<u>\$ 16,928</u>	<u>\$ 337,193</u>	<u>\$ 337,988</u>	<u>\$ 16,133</u>

**CITY OF WINONA, MINNESOTA**

**GENERAL FUND  
SCHEDULE OF REVENUES—BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2013 (with comparative totals for 2012)**

	2013			2012 Actual
	Final Budget	Actual	Variance	
GENERAL PROPERTY TAX:				
Ad valorem	\$ 4,315,942	\$ 4,248,561	\$ (67,381)	\$ 4,304,067
Delinquent ad valorem taxes		65,533	65,533	47,744
Penalties and interest		6,353	6,353	11,681
	<u>4,315,942</u>	<u>4,320,447</u>	<u>4,505</u>	<u>4,363,492</u>
FRANCHISE FEES:				
Cable TV	315,000	339,261	24,261	332,759
Electric	<u>910,000</u>	<u>1,040,546</u>	<u>130,546</u>	<u>912,856</u>
	<u>1,225,000</u>	<u>1,379,807</u>	<u>154,807</u>	<u>1,245,615</u>
LICENSES AND PERMITS:				
Business	126,900	139,319	12,419	131,961
Nonbusiness	<u>23,000</u>	<u>35,663</u>	<u>12,663</u>	<u>33,837</u>
	<u>149,900</u>	<u>174,982</u>	<u>25,082</u>	<u>165,798</u>
FINES AND FORFEITS—Other fines and forfeits	<u>209,000</u>	<u>168,112</u>	<u>(40,888)</u>	<u>228,408</u>
INTERGOVERNMENTAL REVENUES:				
Shared taxes:				
State aid maintenance	218,000	237,833	19,833	240,079
Payment in lieu of tax	17,000	24,687	7,687	24,916
State grants:				
Local government aid	7,536,095	7,536,095		7,536,095
Police training	13,000	12,303	(697)	12,287
Fire/police aid				
Insurance aid	250,000	369,140	119,140	333,878
Market value credits		979	979	416
State grants restricted to programs	68,050	16,547	(51,503)	11,010
State grants not restricted to programs	27,304	27,304		27,304
Local—County road and bridge maintenance	17,000	19,352	2,352	19,444
Local—Other county grants				6,623
Federal grants	<u>42,159</u>	<u>42,159</u>		<u>10,541</u>
	<u>8,188,608</u>	<u>8,286,399</u>	<u>97,791</u>	<u>8,222,593</u>
INVESTMENT EARNINGS	<u>100</u>	<u>5,838</u>	<u>5,738</u>	<u>9,567</u>
NET INCREASE (DECREASE) IN FAIR VALUE OF INVESTMENTS		<u>(4,819)</u>	<u>(4,819)</u>	<u>1,192</u>

(Continued)

**CITY OF WINONA, MINNESOTA**

**GENERAL FUND  
SCHEDULE OF REVENUES—BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2013 (with comparative totals for 2012)**

	2013			2012 Actual
	Final Budget	Actual	Variance	
CHARGES FOR SERVICES:				
General government	\$ 41,150	\$ 45,057	\$ 3,907	\$ 44,024
Public safety	86,310	85,182	(1,128)	71,136
Public works	500	950	450	1,640
Inspections	60,000	60,000		57,468
Investment fee				
Administrative fee—Lodging tax	12,000	17,993	5,993	18,849
Recreation	93,000	142,960	49,960	141,293
Water and sewer	135,730	135,730		135,730
Port Authority	234,375	194,738	(39,637)	168,080
Rents	38,100	46,711	8,611	46,044
Commissions on sales	3,000	6,789	3,789	7,656
Refunds and reimbursements	16,290	15,530	(760)	26,600
Other	45,000	4,342	(40,658)	1,829
Total charges for services	<u>765,455</u>	<u>755,982</u>	<u>(9,473)</u>	<u>720,349</u>
CONTRIBUTIONS—Contributions	<u>8,956</u>	<u>9,058</u>	<u>102</u>	<u>3,556</u>
Total revenues	<u>\$ 14,862,961</u>	<u>\$ 15,095,806</u>	<u>\$ 232,845</u>	<u>\$ 14,960,570</u>

(Concluded)

# CITY OF WINONA, MINNESOTA

## GENERAL FUND SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2013 (with comparative totals for 2012)

	2013			2012 Actual
	Final Budget	Actual	Variance	
GENERAL GOVERNMENT:				
Mayor—council:				
Salaries and employee benefits	\$ 104,699	\$ 103,312	\$ 1,387	\$ 91,567
Supplies	5,000	3,626	1,374	10,870
Other services and charges	<u>279,655</u>	<u>122,264</u>	<u>157,391</u>	<u>165,916</u>
Total mayor—council	<u>389,354</u>	<u>229,202</u>	<u>160,152</u>	<u>268,353</u>
City clerk:				
Salaries and employee benefits	110,972	111,905	(933)	110,758
Supplies	2,220	2,217	3	1,236
Other services and charges	<u>7,938</u>	<u>6,121</u>	<u>1,817</u>	<u>5,888</u>
Total city clerk	<u>121,130</u>	<u>120,243</u>	<u>887</u>	<u>117,882</u>
City manager:				
Salaries and employee benefits	227,596	231,008	(3,412)	241,066
Supplies	4,000	2,866	1,134	2,007
Other services and charges	<u>9,372</u>	<u>5,830</u>	<u>3,542</u>	<u>7,136</u>
Total city manager	<u>240,968</u>	<u>239,704</u>	<u>1,264</u>	<u>250,209</u>
Elections and voter registration:				
Salaries and employee benefits				17,344
Supplies				3,945
Other services and charges	<u>5,700</u>	<u>5,487</u>	<u>213</u>	<u>10,053</u>
Total elections and voter registration	<u>5,700</u>	<u>5,487</u>	<u>213</u>	<u>31,342</u>
Finance:				
Salaries and employee benefits	544,082	511,198	32,884	533,559
Supplies	70,052	40,117	29,935	53,415
Other services and charges	592,728	241,139	351,589	228,471
Capital outlay	<u>86,000</u>	<u>22,626</u>	<u>63,374</u>	
Total finance	<u>1,292,862</u>	<u>815,080</u>	<u>477,782</u>	<u>815,445</u>
Independent audit—				
Other services and charges	<u>98,500</u>	<u>96,720</u>	<u>1,780</u>	<u>91,737</u>
Assessing—				
Other services and charges	<u>101,000</u>	<u>101,000</u>		<u>101,000</u>
Legal:				
Supplies				
Other services and charges	<u>318,000</u>	<u>318,331</u>	<u>(331)</u>	<u>310,500</u>
Total legal	<u>318,000</u>	<u>318,331</u>	<u>(331)</u>	<u>310,500</u>
Charter commission—				
Supplies	<u>80</u>		<u>80</u>	

(Continued)

**CITY OF WINONA, MINNESOTA**

**GENERAL FUND  
SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2013 (with comparative totals for 2012)**

	2013			2012 Actual
	Final Budget	Actual	Variance	
GENERAL GOVERNMENT (continued):				
Merit board—				
Other services and charges	\$ 3,700	\$ 751	\$ 2,949	\$ 3,187
Human rights commission—				
Other services and charges	1,550	683	867	311
Cable television commission—				
Other services and charges	3,000	3,966	(966)	
Fine arts commission:				
Supplies	658	57	601	32
Other services and charges	1,073	855	218	820
Total fine arts commission	1,731	912	819	852
Human resources:				
Salaries and employee benefits	92,083	94,810	(2,727)	95,091
Supplies	300		300	363
Other services and charges	7,880	5,600	2,280	4,960
Total human resources	100,263	100,410	(147)	100,414
Planning:				
Salaries and employee benefits	184,969	183,148	1,821	187,551
Supplies	3,000	1,463	1,537	822
Other services and charges	18,866	13,516	5,350	30,763
Total planning	206,835	198,127	8,708	219,136
Building maintenance:				
Salaries and employee benefits	139,816	137,600	2,216	130,770
Supplies	57,850	49,940	7,910	41,766
Other services and charges	53,392	59,685	(6,293)	28,594
Total building maintenance	251,058	247,225	3,833	201,130
Central communications:				
Supplies	5,900	4,198	1,702	4,533
Other services and charges	34,297	26,164	8,133	89,778
Total central communications	40,197	30,362	9,835	94,311
Contingency—				
Other services and charges	251,707		251,707	
Total general government	3,427,635	2,508,203	919,432	2,605,809

(Continued)

**CITY OF WINONA, MINNESOTA**

**GENERAL FUND  
SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2013 (with comparative totals for 2012)**

	2013			2012 Actual
	Final Budget	Actual	Variance	
PUBLIC SAFETY:				
Police:				
Salaries and employee benefits	\$ 3,698,288	\$ 3,554,612	\$ 143,676	\$ 3,658,197
Supplies	257,336	180,183	77,153	232,122
Other services and charges	371,916	349,483	22,433	313,476
Capital outlay	50,664	55,664	(5,000)	27,960
Total police	<u>4,378,204</u>	<u>4,139,942</u>	<u>238,262</u>	<u>4,231,755</u>
Fire:				
Salaries and employee benefits	2,085,655	2,104,907	(19,252)	2,091,885
Supplies	157,399	147,491	9,908	105,561
Other services and charges	173,550	161,850	11,700	153,116
Capital outlay	715,000	34,627	680,373	
Total fire	<u>3,131,604</u>	<u>2,448,875</u>	<u>682,729</u>	<u>2,350,562</u>
Emergency management:				
Other services and charges	33,780	29,069	4,711	53,427
Total emergency management	<u>33,780</u>	<u>29,069</u>	<u>4,711</u>	<u>53,427</u>
Safety and health coordinator:				
Salaries and employee benefits	37,830	36,015	1,815	39,108
Supplies	4,525	3,331	1,194	4,211
Other services and charges	14,457	7,923	6,534	10,844
Total safety and health coordinator	<u>56,812</u>	<u>47,269</u>	<u>9,543</u>	<u>54,163</u>
Flood control:				
Supplies	40,500	42,059	(1,559)	16,749
Other services and charges	19,156	27,764	(8,608)	16,258
Total flood control	<u>59,656</u>	<u>69,823</u>	<u>(10,167)</u>	<u>33,007</u>
Total public safety	<u>7,660,056</u>	<u>6,734,978</u>	<u>925,078</u>	<u>6,722,914</u>
HIGHWAYS AND STREETS:				
Engineering:				
Salaries and employee benefits	307,445	309,207	(1,762)	302,306
Supplies	19,850	5,350	14,500	9,078
Other services and charges	147,787	63,059	84,728	60,831
Capital outlay				
Total engineering	<u>475,082</u>	<u>377,616</u>	<u>97,466</u>	<u>372,215</u>
Streets and alleys:				
Salaries and employee benefits	867,775	852,526	15,249	834,077
Supplies	482,050	506,413	(24,363)	338,676
Other services and charges	709,332	381,860	327,472	383,850
Capital outlay	180,000	174,867	5,133	15,666
Total streets and alleys	<u>2,239,157</u>	<u>1,915,666</u>	<u>323,491</u>	<u>1,572,269</u>

(Continued)

**CITY OF WINONA, MINNESOTA**

**GENERAL FUND  
SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2013 (with comparative totals for 2012)**

	2013			2012 Actual
	Final Budget	Actual	Variance	
HIGHWAYS AND STREETS (continued):				
Highways and street lighting:				
Supplies	\$ 240,000	\$ 235,149	\$ 4,851	\$ 243,611
Other services and charges	25,000	17,006	7,994	17,633
Total highways and street lighting	<u>265,000</u>	<u>252,155</u>	<u>12,845</u>	<u>261,244</u>
Central garage:				
Salaries and employee benefits	283,255	271,566	11,689	274,190
Supplies	102,450	47,265	55,185	33,576
Other services and charges	70,660	35,223	35,437	34,765
Capital outlay	14,000	12,960	1,040	
Total central garage	<u>470,365</u>	<u>367,014</u>	<u>103,351</u>	<u>342,531</u>
Public works:				
Salaries and employee benefits	46,494	47,532	(1,038)	46,062
Supplies	600	608	(8)	766
Other services and charges	1,400	975	425	1,079
Total public works	<u>48,494</u>	<u>49,115</u>	<u>(621)</u>	<u>47,907</u>
Total highways and streets	<u>3,498,098</u>	<u>2,961,566</u>	<u>536,532</u>	<u>2,596,166</u>
SANITATION AND WASTE REMOVAL—				
Compost site:				
Supplies	150	121	29	96
Other services and charges	53,000	48,872	4,128	34,792
Total compost site	<u>53,150</u>	<u>48,993</u>	<u>4,157</u>	<u>34,888</u>
ECONOMIC DEVELOPMENT:				
Community development:				
Salaries and employee benefits	213,108	193,267	19,841	147,371
Supplies	6,500	1,791	4,709	2,873
Other services and charges	17,147	7,287	9,860	21,413
Total community development	<u>236,755</u>	<u>202,345</u>	<u>34,410</u>	<u>171,657</u>
Community Development Matching:				
Salaries and employee benefits	47,783	47,891	(108)	39,512
Supplies	300	258	42	135
Other services and charges	3,700	2,063	1,637	1,494
Total community development matching	<u>51,783</u>	<u>50,212</u>	<u>1,571</u>	<u>41,141</u>
Total economic development	<u>288,538</u>	<u>252,557</u>	<u>35,981</u>	<u>212,798</u>
PARK MAINTENANCE—				
Park maintenance:				
Salaries and employee benefits	997,039	1,061,455	(64,416)	1,015,480
Supplies	250,670	172,563	78,107	203,177
Other services and charges	301,019	271,356	29,663	173,291
Capital outlay	231,800	94,242	137,558	68,433
Total park maintenance	<u>1,780,528</u>	<u>1,599,616</u>	<u>180,912</u>	<u>1,460,381</u>
Total park maintenance	<u>1,780,528</u>	<u>1,599,616</u>	<u>180,912</u>	<u>1,460,381</u>
Total expenditures	<u>\$ 16,708,005</u>	<u>\$ 14,105,913</u>	<u>\$ 2,602,092</u>	<u>\$ 13,632,956</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, 2013 (with comparative totals for 2012)

	2013			Variance With Final Budget	2012 Actual
	Budgeted Amounts				
	Original	Final	Actual		
REVENUES:					
Intergovernmental—Federal	\$ 22,288	\$ 22,288	\$ 22,288	\$ -	\$ 22,288
Investment earnings			11	11	12
Charges for services	<u>30,000</u>	<u>30,000</u>	<u>30,307</u>	<u>307</u>	<u>30,333</u>
Total revenues	<u>52,288</u>	<u>52,288</u>	<u>52,606</u>	<u>318</u>	<u>52,633</u>
EXPENDITURES—					
Current:					
Salaries and employee benefits	107,798	109,657	111,685	(2,028)	109,901
Contractual services	1,805	1,805	1,522	283	965
Supplies	<u>350</u>	<u>350</u>	<u>215</u>	<u>135</u>	<u>220</u>
Total expenditures	<u>109,953</u>	<u>111,812</u>	<u>113,422</u>	<u>(1,610)</u>	<u>111,086</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(57,665)	(59,524)	(60,816)	(1,292)	(58,453)
OTHER FINANCING SOURCES—					
Operating transfers in	<u>57,665</u>	<u>59,524</u>	<u>59,524</u>	<u>-</u>	<u>57,504</u>
DEFICIENCY OF REVENUES AND OTHER FINANCING SOURCES (UNDER) OVER EXPENDITURES	-	-	(1,292)	(1,292)	(949)
FUND DEFICIT—Beginning of year	<u>(32,639)</u>	<u>(32,639)</u>	<u>(32,639)</u>		<u>(31,690)</u>
FUND DEFICIT—End of year	<u>\$ (32,639)</u>	<u>\$ (32,639)</u>	<u>\$ (33,931)</u>	<u>\$ (1,292)</u>	<u>\$ (32,639)</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, 2013 (with comparative totals for 2012)**

	2013			2012 Actual
	Original and Final Budget	Actual	Variance With Final Budget	
REVENUES:				
Intergovernmental—				
State of Minnesota grant	\$ 700,000	\$ 1,041,517	\$ 341,517	\$ 619,198
Investment earnings		263	263	151
Total revenues	<u>700,000</u>	<u>1,041,780</u>	<u>341,780</u>	<u>619,349</u>
EXPENDITURES—				
Capital outlay		72,082	(72,082)	143,636
EXCESS OF REVENUES OVER EXPENDITURES	<u>700,000</u>	<u>969,698</u>	<u>269,698</u>	<u>475,713</u>
OTHER FINANCING USES—				
Transfers to other funds	<u>(700,000)</u>	<u>(973,038)</u>	<u>(273,038)</u>	<u>(412,102)</u>
EXCESS OF REVENUES AND OTHER FINANCING USES OVER EXPENDITURES		(3,340)	(3,340)	63,611
FUND BALANCE—Beginning of year	<u>165,256</u>	<u>165,256</u>	<u>-</u>	<u>101,645</u>
FUND BALANCE—End of year	<u>\$ 165,256</u>	<u>\$ 161,916</u>	<u>\$ (3,340)</u>	<u>\$ 165,256</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, 2013 (with comparative totals for 2012)**

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	2013			2012 Actual
	Original and Final Budget	Actual	Variance With Final Budget	
REVENUES—				
Investment earnings	\$ 10	\$ 80	\$ 70	\$ 134
Total revenues	10	80	70	134
EXPENDITURES—				
Capital outlay	5,000		5,000	
(DEFICIENCY) EXCESS OF REVENUES (UNDER) OVER EXPENDITURES	(4,990)	80	5,070	134
FUND BALANCE—Beginning of year	202,992	202,992		202,858
FUND BALANCE—End of year	<u>\$ 198,002</u>	<u>\$ 203,072</u>	<u>\$ 5,070</u>	<u>\$ 202,992</u>

**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, 2013 (with comparative totals for 2012)**

	2013			2012 Actual
	Original and Final Budget	Actual	Variance With Final Budget	
REVENUES:				
Special assessments	\$ 20,000	\$ -	\$ (20,000)	\$ -
Investment earnings	<u>50</u>	<u>289</u>	<u>239</u>	<u>481</u>
Total revenues	20,050	289	(19,761)	481
EXPENDITURES—Capital outlay	<u>145,000</u>	<u>30,096</u>	<u>114,904</u>	<u>26,583</u>
(DEFICIENCY) EXCESS OF REVENUES (UNDER) OVER EXPENDITURES	(124,950)	(29,807)	95,143	(26,102)
OTHER FINANCING USES—				
Transfers to other funds	<u>(70,000)</u>	<u>-</u>	<u>70,000</u>	<u>-</u>
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES	(194,950)	(29,807)	165,143	-
FUND BALANCE—Beginning of year	<u>750,706</u>	<u>750,706</u>		<u>776,808</u>
FUND BALANCE—End of year	<u>\$ 555,756</u>	<u>\$ 720,899</u>	<u>\$ 165,143</u>	<u>\$ 750,706</u>

# CITY OF WINONA, MINNESOTA

## SCHEDULE OF LONG-TERM OBLIGATIONS—PRIMARY GOVERNMENT AS OF DECEMBER 31, 2013

	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	\$ -
G.O. Permanent Improvement Revolving Bonds of 2004A (G.O. Portion)	2.86	<u>2,091,600</u>	<u>413,700</u>
Total G.O. Bonds supported by taxes		<u>3,963,800</u>	<u>413,700</u>
G.O. Special Assessment Bonds:			
G.O. Permanent Improvement Revolving Bonds of 2001A (Special Assessment Portion)	4.03	2,197,800	
G.O. Permanent Improvement Revolving Bonds of 2004A (Special Assessment Portion)	2.86	<u>2,888,400</u>	<u>571,300</u>
Total G.O. Special Assessment Bonds		<u>5,086,200</u>	<u>571,300</u>
G.O. Enterprise Fund Bonds:			
G.O. Water and Sewer Revenue Bonds of 1998C (Water Portion)	4.78	230,000	21,850
G.O. Water and Sewer Revenue Bonds of 1998C (Sanitary Sewer Portion)	4.78	770,000	73,150
G.O. Water Revenue Bonds of 2003B	3.68	4,250,000	1,975,000
G.O. Water Revenue Refunding Bonds of 2006B	3.63	2,295,000	715,000
G.O. Water Revenue Refunding Bonds of 2013A	0.96	1,685,000	1,685,000
G.O. Airport Bonds of 2013A (Port Authority of Winona)	1.93	<u>1,125,000</u>	<u>1,125,000</u>
Total G.O. Enterprise Fund Bonds		<u>10,355,000</u>	<u>5,595,000</u>
OTHER INDEBTEDNESS:			
G.O. Equipment Certificates of 2006A	3.59	845,000	
G.O. Equipment Certificates of 2011A	1.36	<u>1,385,000</u>	<u>1,170,000</u>
Total other indebtedness		<u>2,230,000</u>	<u>1,170,000</u>
		<u>\$ 21,635,000</u>	<u>\$ 7,750,000</u>

**CITY OF WINONA, MINNESOTA**

**SCHEDULE OF BONDS PAYABLE—PRIMARY GOVERNMENT  
AS OF DECEMBER 31, 2013**

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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)		December 1, 2001	February 1, 2013
G.O. Permanent Improvement Revolving Bonds of 2004A (G.O. Portion)	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. Permanent Improvement Revolving Bonds of 2001A (Special Assessment Portion)		December 1, 2001	February 1, 2013
G.O. Permanent Improvement Revolving Bonds of 2004A (Special Assessment Portion)	3.400 (2014) 3.450 (2015)	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 1998C (Water Portion)	5.000 (2014)	June 1, 1998	February 1, 2014

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Annual Payment		Authorized and Issued	Retired	Outstanding
\$	-	\$ 1,872,200	\$ 1,872,200	\$ -
205,800	(2014)	2,091,600	1,677,900	413,700
207,900	(2015)	<u>          </u>	<u>          </u>	<u>          </u>
		<u>3,963,800</u>	<u>3,550,100</u>	<u>413,700</u>
		2,197,800	2,197,800	
284,200	(2014)			
287,100	(2015)	<u>2,888,400</u>	<u>2,317,100</u>	<u>571,300</u>
		<u>5,086,200</u>	<u>4,514,900</u>	<u>571,300</u>
21,850	(2014)	230,000	208,150	21,850

# CITY OF WINONA, MINNESOTA

## SCHEDULE OF BONDS PAYABLE—PRIMARY GOVERNMENT AS OF DECEMBER 31, 2013

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)	5.000 % (2014)	June 1, 1998	February 1, 2014
G.O. Water Revenue Bonds of 2001B		December 1, 2001	February 1, 2012
G.O. Water Revenue Bonds of 2003B <sup>1</sup>	3.750 (2014)	October 1, 2003	February 1, 2014
G.O. Water Revenue Refunding Bonds of 2006B	4.000 (2014-15)	December 15, 2006	February 1, 2015
G.O. Water Revenue Refunding Bonds of 2013A <sup>1</sup>	2.000 (2014-19)	January 1, 2013	February 1, 2019
G.O. Airport Bonds of 2013A (Port Authority of Winona) <sup>2</sup>	0.350 (2014-15) 0.550 (2016) 0.800 (2017) 1.150 (2018) 1.400 (2019) 1.650 (2020) 1.900 (2021) 2.100 (2022) 2.300 (2023) 2.450 (2024)	November 7, 2013	February 1, 2024

Total G.O. Enterprise Fund Bonds

Total G.O. bonds payable

<sup>1</sup> G.O. Water Revenue Bonds of 2003B will be paid February 1, 2014 by G.O. Water Revenue Refunding Bonds of 2013A.

<sup>2</sup> G.O. Airport Bonds of 2013A (Port Authority of Winona) are shown in Primary Government-G.O. Enterprise Fund Bonds because they are the source of funding for the City Airport project.

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<b>Annual Payment</b>	<b>Authorized and Issued</b>	<b>Retired</b>	<b>Outstanding</b>
\$ 73,150 (2014)	\$ 770,000	\$ 696,850	\$ 73,150
1,975,000 (2014)	4,250,000	2,275,000	1,975,000
355,000 (2014)	2,295,000	1,580,000	715,000
360,000 (2015)			
330,000 (2015)	1,685,000		1,685,000
335,000 (2016)			
345,000 (2017)			
335,000 (2018)			
340,000 (2019)			
100,000 (2015)	1,125,000		1,125,000
105,000 (2016)			
110,000 (2017-20)			
115,000 (2021)			
120,000 (2022-23)			
125,000 (2024)			
	<u>10,355,000</u>	<u>4,760,000</u>	<u>5,595,000</u>
	<u>\$ 19,405,000</u>	<u>\$ 12,825,000</u>	<u>\$ 6,580,000</u>

# CITY OF WINONA, MINNESOTA

## SCHEDULE OF OTHER DEBT—PRIMARY GOVERNMENT AS OF DECEMBER 31, 2013

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Other Debt	Interest Rates and Maturity Dates	Issue Date	Final Maturity Date
G.O. Equipment Certificates of 2006A		March 15, 2006	February 1, 2013
G.O. Equipment Certificates of 2011A	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			

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Annual Payment		Authorized and Issued	Retired	Outstanding
		\$ 845,000	\$ 845,000	\$ -
\$ 290,000	(2014-15)	1,385,000	215,000	1,170,000
295,000	(2016-17)			
		<u>\$ 2,230,000</u>	<u>\$ 1,060,000</u>	<u>\$ 1,170,000</u>
		<u>\$ 19,405,000</u>	<u>\$ 12,825,000</u>	<u>\$ 6,580,000</u>
		<u>\$ 21,635,000</u>	<u>\$ 13,885,000</u>	<u>\$ 7,750,000</u>

# PORT AUTHORITY OF WINONA, MINNESOTA

## SCHEDULE OF LONG-TERM OBLIGATIONS

AS OF DECEMBER 31, 2013

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	True Interest Rate	Authorized	Outstanding
BONDED INDEBTEDNESS—			
G.O. Bonds:			
General Obligation Bonds of 2005 (Pelzer Street)	3.890 %	\$ 3,570,000	\$ 1,855,000
Total G.O. Bonds		<u>3,570,000</u>	<u>1,855,000</u>
Total Bonded Indebtedness		<u>\$ 3,570,000</u>	<u>\$ 1,855,000</u>

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# PORT AUTHORITY OF WINONA, MINNESOTA

## SCHEDULE OF BONDS PAYABLE AS OF DECEMBER 31, 2013

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General Obligation Bonds	Interest Rates and Maturity Dates	Issue Date	Final Maturity Date
G.O. Bonds of 2005 (Pelzer Street)	4.000 % (2014-20)	December 1, 2005	February 1, 2020

Total G.O. Bonds

Total Bonded Indebtedness

\* G.O. Airport Bonds of 2013A (Port Authority of Winona) are shown in Primary Government-G.O. Enterprise Fund Bonds because they are the source of funding for the City Airport project.

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<b>Annual Payment</b>	<b>Authorized and Issued</b>	<b>Retired</b>	<b>Outstanding</b>
\$ 235,000 (2014)	\$ 3,570,000	\$ 1,715,000	\$ 1,855,000
245,000 (2015)			
255,000 (2016)			
265,000 (2017)			
275,000 (2018)			
285,000 (2019)			
295,000 (2020)			
	<u>3,570,000</u>	<u>1,715,000</u>	<u>1,855,000</u>
	<u>\$ 3,570,000</u>	<u>\$ 1,715,000</u>	<u>\$ 1,855,000</u>

**CITY OF WINONA, MINNESOTA**

**SCHEDULE OF SALARIES, EMPLOYEE BENEFITS, AND CLOTHING ALLOWANCE  
FOR THE YEAR ENDED DECEMBER 31, 2013 (with comparative totals for 2012)**

	Number of Employees*		Salaries and Wages	Pensions**	Clothing/ Tuition Allowance***	Medicare/ Unemployment Compensation
	Full Time	All Other				
GOVERNMENTAL FUNDS:						
General government	26.200	9.00	\$ 1,602,025	\$ 159,800	\$ 6,069	\$ 21,475
Police	41.000	1.00	2,678,071	338,373	55,930	36,191
Fire	21.500	15.00	1,539,078	200,028	58,653	17,249
Safety and health coordinator	0.500		23,968	2,977	100	334
Highways and streets/Public Works	12.400		634,865	48,671	2,845	8,641
Park maintenance	15.000		772,598	79,129	5,359	10,717
Senior advocacy program		2.00	77,728	8,722		996
Rehabilitation Projects			18,878	1,369		256
Total governmental funds	<u>116.600</u>	<u>27.00</u>	<u>7,347,211</u>	<u>839,069</u>	<u>128,956</u>	<u>95,859</u>
ENTERPRISE FUNDS:						
Water utility	9.100		473,767	48,672	4,800	6,522
Sanitary Sewer utility/Storm Sewer Inspections	12.800		643,046	68,454	4,865	8,634
Airport	3.500		178,004	20,058	206	2,327
Public transportation	1.000		47,394	5,114	200	566
Library			4,904	355		63
Recreation programs	6.750	13.00	541,680	43,187		7,393
	<u>9.250</u>	<u>74.00</u>	<u>732,629</u>	<u>32,971</u>	<u>552</u>	<u>10,397</u>
Total enterprise funds	<u>42.400</u>	<u>87.00</u>	<u>2,621,424</u>	<u>218,811</u>	<u>10,623</u>	<u>35,902</u>
	<u>159.000</u>	<u>114.00</u>	<u>\$ 9,968,635</u>	<u>\$ 1,057,880</u>	<u>\$ 139,579</u>	<u>\$ 131,761</u>

\* Reflects the employment of the City of Winona on December 31, 2013. Numbers from the Finance Department.

\*\*Pensions include the following: PERA (\$975,025), Fire—other (\$9,950), Benefit adjustment (\$7,702), and Retiree health insurance subsidy (\$80,607).

\*\*\*Clothing/Tuition allowance include the following: Clothing (\$99,260), Car (\$3,600), Incentive (\$32,369), Phone (\$600), and Tuition (\$3,750). (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	
					2013	2012
\$ 90,275	\$ 289,880	\$ 3,569	\$ -	\$ 19,747	\$ 2,192,840	\$ 2,169,264
8,377	354,095	5,370		78,204	3,554,611	3,658,196
5,921	202,785	2,882	6,920	71,392	2,104,908	2,091,887
1,426	6,828	59		324	36,016	39,109
36,947	130,839	1,311		35,936	900,055	880,139
45,086	124,364	1,581		22,620	1,061,454	1,015,480
4,260	18,876	186		916	111,684	109,901
1,096	4,901	43		112	26,655	35,049
<u>193,388</u>	<u>1,132,568</u>	<u>15,001</u>	<u>6,920</u>	<u>229,251</u>	<u>9,988,223</u>	<u>9,999,025</u>
27,888	82,065	1,016		15,020	659,750	669,131
36,919	138,944	1,441		23,124	925,427	958,538
9,950	39,386	409		1,004	251,344	241,483
2,419	13,656	104		1,796	71,249	70,801
270	719	10		36	6,357	6,048
31,611	57,515	903		3,988	686,277	640,702
<u>43,262</u>	<u>100,044</u>	<u>1,086</u>		<u>13,888</u>	<u>934,829</u>	<u>986,102</u>
<u>152,319</u>	<u>432,329</u>	<u>4,969</u>		<u>58,856</u>	<u>3,535,233</u>	<u>3,572,805</u>
<u>\$ 345,707</u>	<u>\$ 1,564,897</u>	<u>\$ 19,970</u>	<u>\$ 6,920</u>	<u>\$ 288,107</u>	<u>\$ 13,523,456</u>	<u>\$ 13,571,830</u>

# CITY OF WINONA, MINNESOTA

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2013

Federal Grantor/Pass-Through Grantor/Program Title	Grantor Entity Identifying Number	CFDA Number	2013 Expenditures
U.S. DEPARTMENT OF TRANSPORTATION—			
Passed through the MN Department of Transportation:			
Formula Grants for Other than Urbanized Areas-Operating	02086	20.509	\$ 84,900
Rural Transit Assistance Program	02086	20.509	3,448
Office of Aeronautics:			
Rwy 12/30, Txy Reconst Ph 1 AIP 08-13	04991	20.106	414,940
Update airport layout plan; Improve runway SP 8501-58	99844	20.106	<u>111,084</u>
Total U.S. Department of Transportation			<u>614,372</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—			
Passed through the MN Department of Employment and Economic Development:			
Small Cities Development Block Grant	CDAP-11-0071-O-FY12	14.228	297,654
Passed through the MN Department of Health:			
Lead Hazard Control	3000001424	14.900	<u>18,750</u>
Total U.S. Department of Housing and Urban Development			<u>316,404</u>
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	310-025	93.044	22,288
U.S. DEPARTMENT OF HOMELAND SECURITY—			
Assistance to Firefighters Program	EMW-2012-FO-00392	97.044	38,669
U.S. DEPARTMENT OF INTERIOR—			
Passed through Minnesota Historical Society:			
Historic Preservation Fund Grants-in-Aid	27-12-41930.006	15.904	2,000
Historic Preservation Fund Grants-in-Aid	27-12-41930.007	15.904	1,000
Historic Preservation Fund Grants-in-Aid	27-13-51930.019	15.904	<u>490</u>
Total expenditures of federal awards			<u>\$ 995,223</u>

# CITY OF WINONA, MINNESOTA

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

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TOTAL EXPENDITURES OF FEDERAL AWARDS	\$ 995,223
Total federal grant revenue—2013	<u>995,223</u>
Other intergovernmental revenues:	
Shared taxes	262,520
State sources	11,327,103
Local sources	<u>221,803</u>
Total other intergovernmental revenues	<u>11,811,426</u>
TOTAL INTERGOVERNMENTAL REVENUES—	
Governmental and proprietary funds (Primary Government)	\$ <u>12,806,649</u>

# CITY OF WINONA, MINNESOTA

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2012

Federal Grantor/Pass-Through Grantor/Program Title	Grantor Entity Identifying Number	CFDA Number	2012 Expenditures
U.S. DEPARTMENT OF TRANSPORTATION—			
Passed through the MN Department of Transportation:			
Formula Grants for Other than Urbanized Areas-Operating	99659	20.509	\$ 94,500
Office of Aeronautics:			
EA and Obstruction Removal SP 8501-54	94256	20.106	14,692
Update airport layout plan; Improve runway SP 8501-58	99844	20.106	<u>127,869</u>
Total U.S. Department of Transportation			<u>237,061</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—			
Passed through the MN Department of Employment and Economic Development:			
Small Cities Development Block Grant	CDAP-09-0027-O-FY10	14.228	170,203
Small Cities Development Block Grant	CDAP-10-0105-H-FY11	14.228	3,190
Passed through the MN Department of Health:			
Lead Hazard Control	3000001424	14.900	<u>12,500</u>
Total U.S. Department of Housing and Urban Development			<u>185,893</u>
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	310-025	93.044	22,288
U.S. DEPARTMENT OF JUSTICE—			
Bulletproof Vest Partnership Program	1121-0235	16.607	10,150
Passed through MN Department of Public Health:			
Alcohol Compliance Check and Alternate Underage Drinking Enfor	36857001-01	16.727	<u>391</u>
Total U.S. Department of Justice			<u>10,541</u>
U.S. DEPARTMENT OF HOMELAND SECURITY—			
Assistance to Firefighters Program	EMW-2009-FR-00005	97.044	316,023
U.S. DEPARTMENT OF INTERIOR—			
Passed through Minnesota Department of Natural Resources:			
Development of Boating Facilities	LW27-01390	15.916	<u>10,000</u>
Total expenditures of federal awards			<u>\$ 781,806</u>

# CITY OF WINONA, MINNESOTA

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

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TOTAL EXPENDITURES OF FEDERAL AWARDS	<u>\$ 781,806</u>
Total federal grant revenue—2012	<u>781,806</u>
Other intergovernmental revenues:	
Shared taxes	264,995
State sources	10,639,071
Local sources	<u>252,249</u>
Total other intergovernmental revenues	<u>11,156,315</u>
TOTAL INTERGOVERNMENTAL REVENUES—	
Governmental and proprietary funds (Primary Government)	<u>\$ 11,938,121</u>

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**SECTION III**  
**STATISTICAL SECTION**

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# CITY OF WINONA, MINNESOTA

## STATISTICAL SECTION

(Unaudited)

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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.

<b>Contents</b>	<b>Table</b>
<b>FINANCIAL TRENDS</b> 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
<b>REVENUE CAPACITY</b> 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
<b>DEBT CAPACITY</b> 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
<b>DEMOGRAPHIC AND ECONOMIC INFORMATION</b> 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
<b>OPERATING INFORMATION</b> 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
<b>DATA SOURCE</b> 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. 54 in 2011 (retrospective to 2010); therefore, tables presenting governmental fund financial information only reflect the adoption of GASB Statement No. 54 in 2012, 2011 and 2010.	

# CITY OF WINONA, MINNESOTA

## GOVERNMENT-WIDE NET POSITION BY COMPONENT (Unaudited) (1) LAST TEN CALENDAR YEARS (accrual basis of accounting)

	2004	2005	2006	2007
<b>GOVERNMENTAL ACTIVITIES:</b>				
Net investment in capital assets (2)	\$ 20,085,618	\$ 25,317,387	\$ 37,952,203	\$ 41,611,501
Restricted (3)	16,172,459	24,235,683	18,239,282	16,736,009
Unrestricted	<u>10,603,254</u>	<u>10,152,997</u>	<u>9,427,363</u>	<u>8,488,228</u>
Total	<u>\$ 46,861,331</u>	<u>\$ 59,706,067</u>	<u>\$ 65,618,848</u>	<u>\$ 66,835,738</u>
<b>BUSINESS-TYPE ACTIVITIES:</b>				
Net investment in capital assets (2)	\$ 19,631,381	\$ 22,079,905	\$ 21,074,836	\$ 21,899,448
Restricted	6,363,206	4,424,311	4,738,144	4,508,086
Unrestricted	<u>9,655,037</u>	<u>9,811,019</u>	<u>12,437,654</u>	<u>14,290,300</u>
Total	<u>\$ 35,649,624</u>	<u>\$ 36,315,235</u>	<u>\$ 38,250,634</u>	<u>\$ 40,697,834</u>
<b>TOTAL PRIMARY GOVERNMENT:</b>				
Net investment in capital assets (2)	\$ 39,716,999	\$ 47,397,292	\$ 59,027,039	\$ 63,510,949
Restricted (3)	22,535,665	28,659,994	22,977,426	21,244,095
Unrestricted	<u>20,258,291</u>	<u>19,964,016</u>	<u>21,865,017</u>	<u>22,778,528</u>
Total	<u>\$ 82,510,955</u>	<u>\$ 96,021,302</u>	<u>\$ 103,869,482</u>	<u>\$ 107,533,572</u>

Notes:

- (1) Accounting standards require that net position be reported in three components in the financial statements: invested in capital assets; restricted; and unrestricted. Net position 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. Effective 2012 the title Net Position replaced Net Assets.
- (2) 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. Effective 2012, Net investment in capital assets replaced Investments in capital assets-net of related debt.
- (3) 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**

<b>December 31</b>					
<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
\$ 42,438,214	\$ 42,023,094	\$ 42,090,682	\$ 40,283,040	\$ 39,640,097	\$ 39,475,110
14,575,890	15,422,892	15,884,013	18,389,002	19,412,588	19,720,934
<u>9,149,796</u>	<u>8,933,815</u>	<u>9,270,479</u>	<u>8,842,796</u>	<u>8,967,044</u>	<u>9,388,145</u>
<u>\$ 66,163,900</u>	<u>\$ 66,379,801</u>	<u>\$ 67,245,174</u>	<u>\$ 67,514,838</u>	<u>\$ 68,019,729</u>	<u>\$ 68,584,189</u>
\$ 27,238,820	\$ 29,157,211	\$ 29,596,476	\$ 30,516,219	\$ 30,221,198	\$ 27,225,756
4,337,253	3,188,585	2,634,330	2,558,921	2,096,306	4,734,149
<u>10,749,862</u>	<u>11,710,105</u>	<u>13,374,783</u>	<u>14,328,382</u>	<u>16,981,843</u>	<u>19,496,518</u>
<u>\$ 42,325,935</u>	<u>\$ 44,055,901</u>	<u>\$ 45,605,589</u>	<u>\$ 47,403,522</u>	<u>\$ 49,299,347</u>	<u>\$ 51,456,423</u>
\$ 69,677,034	\$ 71,180,305	\$ 71,687,158	\$ 70,799,259	\$ 69,861,295	\$ 66,700,866
18,913,143	18,611,477	18,518,343	20,947,923	21,508,894	24,455,083
<u>19,899,658</u>	<u>20,643,920</u>	<u>22,645,262</u>	<u>23,171,178</u>	<u>25,948,887</u>	<u>28,884,663</u>
<u>\$ 108,489,835</u>	<u>\$ 110,435,702</u>	<u>\$ 112,850,763</u>	<u>\$ 114,918,360</u>	<u>\$ 117,319,076</u>	<u>\$ 120,040,612</u>

# CITY OF WINONA, MINNESOTA

## CHANGES IN NET POSITION—GOVERNMENTAL ACTIVITIES (Unaudited) (1) LAST TEN CALENDAR YEARS (accrual basis of accounting)

	For The Calendar Year Ended December 31,			
	2004	2005	2006	2007
<b>EXPENSES:</b>				
General government	\$ 2,928,510	\$ 2,815,325	\$ 3,362,463	\$ 3,758,765
Public safety	7,474,585	7,213,936	8,927,248	9,123,908
Highways and streets (2)	3,599,557	3,515,176	929,145	3,986,125
Sanitation and waste removal	27,957	29,256	30,166	63,532
Economic development (3)	3,728,279	626,615	2,722,709	353,074
Park maintenance	1,389,190	1,568,822	1,754,272	2,094,671
Other	1,636,884	1,863,530	2,014,229	
Interest and fiscal charges	397,676	381,434	348,838	318,089
Total expenses	<u>21,182,638</u>	<u>18,014,094</u>	<u>20,089,070</u>	<u>19,698,164</u>
<b>PROGRAM REVENUES:</b>				
Charges for services:				
General government	694,441	685,888	773,290	1,352,315
Public safety	326,407	344,744	382,717	1,398,639
Highways and streets	134,357	139,565	30,766	644,359
Economic development	1,918,892	1,132,279	54,323	(485,882)
Other	2,263,799	81,772	2,182,070	373,016
Operating grants and contributions	1,492,215	1,533,822	1,585,976	1,306,458
Capital grants and contributions (4)	7,969,171	12,511,166	5,678,612	766,018
Total program revenues	<u>14,799,282</u>	<u>16,429,236</u>	<u>10,687,754</u>	<u>5,354,923</u>
NET EXPENSE	<u>(6,383,356)</u>	<u>(1,584,858)</u>	<u>(9,401,316)</u>	<u>(14,343,241)</u>
<b>GENERAL REVENUES:</b>				
Taxes:				
Property	3,152,749	3,807,566	4,212,753	4,334,907
Sales				
Franchise	891,865	1,030,866	1,143,200	1,193,201
Unrestricted grants and contributions	8,072,545	8,340,598	8,877,334	9,062,208
Gain on sale of capital assets	2,526	7,621		
Investment earnings	143,079	676,916	1,168,228	1,083,303
Miscellaneous	8,051			
Total general revenues	<u>12,270,815</u>	<u>13,863,567</u>	<u>15,401,515</u>	<u>15,673,619</u>
NET TRANSFERS IN (OUT)	<u>(42,114)</u>	<u>566,027</u>	<u>(87,418)</u>	<u>(113,488)</u>
TOTAL NET TRANSFERS AND GENERAL REVENUES	<u>12,228,701</u>	<u>14,429,594</u>	<u>15,314,097</u>	<u>15,560,131</u>
CHANGE IN NET POSITION (1)	<u>\$ 5,845,345</u>	<u>\$ 12,844,736</u>	<u>\$ 5,912,781</u>	<u>\$ 1,216,890</u>

Notes:

(1) In 2012, Net Position replaced Net Assets.

(2) The 2004 increase in the highways and streets expenses relates primarily to engineering costs for the Pelzer Street Construction Project.

(3) The 2004 expenses include \$2 million for the East Garvin Heights project and \$1.2 million for the West Burns Valley project.

(4) 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**

	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
\$	3,736,373	\$ 3,121,449	\$ 2,758,302	\$ 2,733,573	\$ 2,779,097	\$ 2,765,186
	9,589,140	7,358,480	8,069,508	7,610,314	7,808,418	7,647,157
	4,586,202	3,750,342	3,808,737	4,062,121	4,616,226	5,200,298
	50,981	54,198	45,851	45,635	34,888	48,993
	755,172	803,547	763,675	851,661	548,383	645,040
	2,765,600	1,969,496	1,646,308	1,518,720	1,538,243	1,704,671
	<u>269,367</u>	<u>222,065</u>	<u>175,759</u>	<u>131,150</u>	<u>102,332</u>	<u>67,716</u>
	<u>21,752,835</u>	<u>17,279,577</u>	<u>17,268,140</u>	<u>16,953,174</u>	<u>17,427,587</u>	<u>18,079,061</u>
	1,430,071	702,919	693,994	746,878	653,782	694,506
	1,417,066	231,591	242,744	223,841	309,834	263,241
	565,644	30,949	30,720	35,524	28,844	29,084
	(369,718)	56,789	58,300	87,638	61,894	46,697
	366,702	114,079	91,948	140,667	152,442	153,885
	1,696,519	1,111,357	1,874,459	1,029,207	1,206,546	1,423,344
	<u>1,158,495</u>	<u>903,340</u>	<u>1,131,448</u>	<u>705,005</u>	<u>858,089</u>	<u>1,252,059</u>
	<u>6,264,779</u>	<u>3,151,024</u>	<u>4,123,613</u>	<u>2,968,760</u>	<u>3,271,431</u>	<u>3,862,816</u>
	<u>(15,488,056)</u>	<u>(14,128,553)</u>	<u>(13,144,527)</u>	<u>(13,984,414)</u>	<u>(14,156,156)</u>	<u>(14,216,245)</u>
	4,558,328	4,711,442	5,016,384	5,208,768	5,254,948	5,220,064
						47,176
	1,263,465	1,066,901	1,205,739	1,304,498	1,245,615	1,379,806
	8,411,657	8,737,980	8,026,899	8,039,317	8,099,790	8,100,124
	603,023	129,573	51,851	41,344	22,297	8,635
	<u>14,836,473</u>	<u>14,645,896</u>	<u>14,300,873</u>	<u>14,593,927</u>	<u>14,622,650</u>	<u>14,755,805</u>
	<u>(20,255)</u>	<u>(301,442)</u>	<u>(290,973)</u>	<u>(339,849)</u>	<u>38,397</u>	<u>24,900</u>
	<u>14,816,218</u>	<u>14,344,454</u>	<u>14,009,900</u>	<u>14,254,078</u>	<u>14,661,047</u>	<u>14,780,705</u>
\$	<u>(671,838)</u>	<u>\$ 215,901</u>	<u>\$ 865,373</u>	<u>\$ 269,664</u>	<u>\$ 504,891</u>	<u>\$ 564,460</u>

# CITY OF WINONA, MINNESOTA

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

	2004	2005	2006	2007
<b>EXPENSES:</b>				
General government	13.8 %	15.6 %	16.7 %	19.1 %
Public safety	35.3	40.1	44.4	46.3
Highways and streets (2)	17.0	19.5	4.6	20.2
Sanitation and waste removal	0.1	0.2	0.2	0.3
Economic development (3)	17.6	3.5	13.6	1.8
Park maintenance	6.6	8.7	8.8	10.7
Other	7.7	10.3	10.0	
Interest and fiscal charges	1.9	2.1	1.7	1.6
Total expenses	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
<b>PROGRAM REVENUES:</b>				
Charges for services:				
General government	4.7 %	4.2 %	7.2 %	25.3 %
Public safety	2.2	2.1	3.6	26.1
Highways and streets	0.9	0.8	0.3	12.0
Economic development	13.0	6.9	0.5	(9.1)
Other	15.3	0.5	20.4	7.0
Operating grants and contributions	10.1	9.3	14.8	24.4
Capital grants and contributions (4)	53.8	76.2	53.2	14.3
Total program revenues	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
<b>GENERAL REVENUES:</b>				
Taxes:				
Property	25.7 %	27.5 %	27.4 %	27.7 %
Sales				
Franchise	7.3	7.4	7.4	7.6
Grants and contributions not restricted	65.7	60.1	57.6	57.8
Gain on sale of capital assets		0.1		
Investment earnings	1.2	4.9	7.6	6.9
Miscellaneous	0.1			
Total general revenues	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>

### Notes:

- (1) In 2012, Net Position replaced Net Assets.
- (2) The 2004 increase in the highways and streets expenses relates primarily to engineering costs for the Pelzer Street Construction Project.
- (3) The 2004 expenses include \$2 million for the East Garvin Heights project and \$1.2 million for the West Burns Valley Project.
- (4) 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,					
2008	2009	2010	2011	2012	2013
17.2 %	18.1 %	16.0 %	16.1 %	15.9 %	15.3 %
44.1	42.6	46.7	44.9	44.8	42.3
21.1	21.7	22.1	24.0	26.5	28.7
0.2	0.3	0.3	0.3	0.2	0.3
3.5	4.6	4.4	5.0	3.2	3.6
12.7	11.4	9.5	8.9	8.8	9.4
<u>1.2</u>	<u>1.3</u>	<u>1.0</u>	<u>0.8</u>	<u>0.6</u>	<u>0.4</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>
22.8 %	22.3 %	16.8 %	25.2 %	20.0 %	18.0 %
22.6	7.3	5.9	7.5	9.5	6.8
9.0	1.0	0.7	1.2	0.9	0.8
(5.9)	1.8	1.4	3.0	1.9	1.2
5.9	3.6	2.2	4.7	4.6	4.0
27.1	35.3	45.5	34.7	36.9	36.8
<u>18.5</u>	<u>28.7</u>	<u>27.5</u>	<u>23.7</u>	<u>26.2</u>	<u>32.4</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>
30.7 %	32.2 %	35.1 %	35.7 %	35.9 %	35.4 %
8.5	7.3	8.4	8.9	8.5	9.3
56.7	59.6	56.1	55.1	55.4	54.9
4.1	0.9	0.4	0.3	0.2	0.1
<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

## CHANGES IN NET POSITION—BUSINESS-TYPE ACTIVITIES (Unaudited) (1) LAST TEN CALENDAR YEARS (accrual basis of accounting)

	For the Calendar Year Ended December 31,			
	2004	2005	2006	2007
<b>EXPENSES:</b>				
Water	\$ 2,184,640	\$ 2,469,034	\$ 2,338,414	\$ 2,572,331
Sanitary Sewer	2,119,371	2,390,545	2,459,257	2,312,959
Inspections	416,959	514,352	527,428	524,880
Airport	295,407	226,535	152,002	194,493
Public Transportation	516,748	545,599	592,790	599,160
Recreation	1,205,966	1,315,569	1,403,468	1,686,896
Library	1,031,824	1,065,143	1,123,011	1,193,005
Storm Sewer	66,159	115,761	128,323	70,558
Total expenses	<u>7,837,074</u>	<u>8,642,538</u>	<u>8,724,693</u>	<u>9,154,282</u>
<b>PROGRAM REVENUES:</b>				
Charges for services:				
Water	2,670,148	3,118,317	3,246,470	3,323,052
Sanitary Sewer	2,829,411	2,807,382	2,956,748	2,936,907
Inspections	456,653	484,546	369,732	388,919
Airport	38,638	37,547	28,444	32,180
Public Transportation	115,190	126,694	157,904	206,962
Recreation	256,537	268,580	267,910	333,883
Library	18,030	19,912	23,240	25,686
Storm Sewer	208,570	258,721	271,003	280,443
Operating grants and contributions	572,671	597,728	815,498	913,286
Capital grants and contributions	2,053,942	79,074	122,109	133,340
Total program revenues	<u>9,219,790</u>	<u>7,798,501</u>	<u>8,259,058</u>	<u>8,574,658</u>
NET REVENUE (EXPENSE)	<u>1,382,716</u>	<u>(844,037)</u>	<u>(465,635)</u>	<u>(579,624)</u>
<b>GENERAL REVENUES:</b>				
Property taxes	399,823	469,150	505,504	615,105
Unrestricted grants	1,198,394	1,288,082	1,243,131	1,569,793
Investment earnings	159,251	318,443	564,981	728,438
Total general revenues	<u>1,757,468</u>	<u>2,075,675</u>	<u>2,313,616</u>	<u>2,913,336</u>
NET TRANSFERS (OUT) IN	<u>42,114</u>	<u>(566,027)</u>	<u>87,418</u>	<u>113,488</u>
Total net transfers and general revenues	<u>1,799,582</u>	<u>1,509,648</u>	<u>2,401,034</u>	<u>3,026,824</u>
CHANGE IN NET POSITION (1)	<u>\$ 3,182,298</u>	<u>\$ 665,611</u>	<u>\$ 1,935,399</u>	<u>\$ 2,447,200</u>

Notes —

(1) In 2012, Net Position replaced Net Assets.

Data Source —

Applicable years' comprehensive annual financial report.

**TABLE IV**

	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
\$	2,436,411	\$ 3,108,385	\$ 2,367,557	\$ 2,297,415	\$ 2,407,299	\$ 2,400,217
	2,373,000	2,493,370	2,433,420	2,694,866	2,731,544	2,472,995
	474,242	474,607	471,289	396,645	342,585	344,620
	182,393	441,095	326,625	394,964	382,734	1,000,161
	727,352	545,624	617,609	699,450	691,364	780,964
	1,840,605	1,665,488	1,505,246	1,659,898	1,797,826	1,546,333
	1,313,732	1,064,813	1,033,555	985,856	931,196	1,053,224
	135,739	124,704	198,936	159,406	282,245	230,614
	<u>9,483,474</u>	<u>9,918,086</u>	<u>8,954,237</u>	<u>9,288,500</u>	<u>9,566,793</u>	<u>9,829,128</u>
	3,425,888	3,323,698	3,192,309	3,286,008	3,658,003	3,671,267
	2,856,741	2,913,380	2,822,274	2,928,524	3,401,815	3,341,558
	381,204	543,769	381,550	499,047	424,325	397,566
	31,321	31,701	34,917	38,352	36,828	41,157
	231,732	200,234	244,483	239,274	239,707	242,910
	396,577	354,471	383,389	384,781	421,892	420,102
	23,955	16,598	51,202	43,298	39,859	37,503
	289,016	297,169	297,383	306,532	388,544	310,774
	780,795	1,314,516	954,596	845,148	798,848	1,000,432
	13,560	99,960	21,766	328,994	142,561	652,024
	<u>8,430,789</u>	<u>9,095,496</u>	<u>8,383,869</u>	<u>8,899,958</u>	<u>9,552,382</u>	<u>10,115,293</u>
	(1,052,685)	(822,590)	(570,368)	(388,542)	(14,411)	286,165
	676,892	688,289	633,313	657,790	821,748	758,789
	1,434,092	1,450,222	1,181,629	1,173,526	1,114,850	1,124,850
	549,547	112,603	14,141	15,310	12,035	12,172
	<u>2,660,531</u>	<u>2,251,114</u>	<u>1,829,083</u>	<u>1,846,626</u>	<u>1,948,633</u>	<u>1,895,811</u>
	20,255	301,442	290,973	339,849	(38,397)	(24,900)
	<u>2,680,786</u>	<u>2,552,556</u>	<u>2,120,056</u>	<u>2,186,475</u>	<u>1,910,236</u>	<u>1,870,911</u>
\$	<u>1,628,101</u>	<u>\$ 1,729,966</u>	<u>\$ 1,549,688</u>	<u>\$ 1,797,933</u>	<u>\$ 1,895,825</u>	<u>\$ 2,157,076</u>

**CITY OF WINONA, MINNESOTA**

**CHANGES IN NET POSITION—TOTAL (Unaudited) (1)  
LAST TEN CALENDAR YEARS  
(accrual basis of accounting)**

	For the Calendar Year Ended December 31,			
	2004	2005	2006	2007
<b>EXPENSES:</b>				
Governmental activities (2)	\$ 21,182,638	\$ 18,014,094	\$ 20,089,070	\$ 19,698,164
Business-type activities (3)	<u>7,837,074</u>	<u>8,642,538</u>	<u>8,724,693</u>	<u>9,154,282</u>
Total expenses	<u>29,019,712</u>	<u>26,656,632</u>	<u>28,813,763</u>	<u>28,852,446</u>
<b>PROGRAM REVENUES:</b>				
Governmental activities (2)	14,799,282	16,429,236	10,687,754	5,354,923
Business-type activities (3)	<u>9,219,790</u>	<u>7,798,501</u>	<u>8,259,058</u>	<u>8,574,658</u>
Total program revenues	<u>24,019,072</u>	<u>24,227,737</u>	<u>18,946,812</u>	<u>13,929,581</u>
NET EXPENSE	<u>(5,000,640)</u>	<u>(2,428,895)</u>	<u>(9,866,951)</u>	<u>(14,922,865)</u>
<b>GENERAL REVENUES AND TRANSFERS:</b>				
Governmental activities (2)	12,228,701	14,429,594	15,314,097	15,560,131
Business-type activities (3)	<u>1,799,582</u>	<u>1,509,648</u>	<u>2,401,034</u>	<u>3,026,824</u>
Total general revenues and transfers	<u>14,028,283</u>	<u>15,939,242</u>	<u>17,715,131</u>	<u>18,586,955</u>
CHANGE IN NET POSITION (1)	<u>\$ 9,027,643</u>	<u>\$ 13,510,347</u>	<u>\$ 7,848,180</u>	<u>\$ 3,664,090</u>

Notes:

(1) In 2012, Net Position replaced Net Assets.

Data Source:

(2) See Table II.

(3) See Table IV.

TABLE V

	2008	2009	2010	2011	2012	2013
\$	21,752,835	\$ 17,279,577	\$ 17,268,140	\$ 16,953,174	\$ 17,427,587	\$ 18,079,061
	<u>9,483,474</u>	<u>9,918,086</u>	<u>8,954,237</u>	<u>9,288,500</u>	<u>9,566,793</u>	<u>9,829,128</u>
	<u>31,236,309</u>	<u>27,197,663</u>	<u>26,222,377</u>	<u>26,241,674</u>	<u>26,994,380</u>	<u>27,908,189</u>
	6,264,779	3,151,024	4,123,613	2,968,760	3,271,431	3,862,816
	<u>8,430,789</u>	<u>9,095,496</u>	<u>8,383,869</u>	<u>8,899,958</u>	<u>9,552,382</u>	<u>10,115,293</u>
	<u>14,695,568</u>	<u>12,246,520</u>	<u>12,507,482</u>	<u>11,868,718</u>	<u>12,823,813</u>	<u>13,978,109</u>
	<u>(16,540,741)</u>	<u>(14,951,143)</u>	<u>(13,714,895)</u>	<u>(14,372,956)</u>	<u>(14,170,567)</u>	<u>(13,930,080)</u>
	14,816,218	14,344,454	14,009,900	14,254,078	14,661,047	14,780,705
	<u>2,680,786</u>	<u>2,552,556</u>	<u>2,120,056</u>	<u>2,186,475</u>	<u>1,910,236</u>	<u>1,870,911</u>
	<u>17,497,004</u>	<u>16,897,010</u>	<u>16,129,956</u>	<u>16,440,553</u>	<u>16,571,283</u>	<u>16,651,616</u>
\$	<u>956,263</u>	<u>1,945,867</u>	<u>2,415,061</u>	<u>2,067,597</u>	<u>2,400,716</u>	<u>2,721,536</u>

**CITY OF WINONA, MINNESOTA**

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

	2004	2005	2006	2007
<b>GENERAL FUND:</b>				
Reserved	\$ 2,966,412	\$ 2,447,048	\$ 2,588,629	\$ 2,367,809
Unreserved	4,270,740	5,584,406	5,393,400	5,996,783
Nonspendable (3)				
Restricted (1)				
Committed (1)				
Assigned (1)				
Subtotal general fund	<u>7,237,152</u>	<u>8,031,454</u>	<u>7,982,029</u>	<u>8,364,592</u>
<b>GENERAL FUND PERCENTAGE CHANGE FROM PRIOR YEAR</b>				
	<u>6.0 %</u>	<u>11.0 %</u>	<u>(0.6)%</u>	<u>4.8 %</u>
<b>ALL OTHER GOVERNMENTAL FUNDS:</b>				
Reserved (2)	6,204,660	15,958,462	8,312,408	5,992,197
Unreserved:				
Special Revenue Funds	(1,777)	(8,149)	(7,963)	(12,662)
Debt Service Funds				
Capital Projects Funds	85,911	1,396,469	1,458,642	354,933
Nonspendable				
Restricted				
Committed				
Assigned				
Unassigned				
Subtotal all other Governmental Funds	<u>6,288,794</u>	<u>17,346,782</u>	<u>9,763,087</u>	<u>6,334,468</u>
<b>ALL OTHER GOVERNMENTAL FUNDS PERCENTAGE CHANGE FROM PRIOR YEAR</b>				
	<u>(19.0)%</u>	<u>175.8 %</u>	<u>(43.7)%</u>	<u>(35.1)%</u>
<b>TOTAL GOVERNMENTAL FUNDS:</b>				
Reserved (2)	9,171,072	18,405,510	10,901,037	8,360,006
Unreserved	4,354,874	6,972,726	6,844,079	6,339,054
Nonspendable				
Restricted				
Committed				
Assigned				
Unassigned				
<b>TOTAL GOVERNMENTAL FUNDS</b>	<u><b>\$13,525,946</b></u>	<u><b>\$25,378,236</b></u>	<u><b>\$17,745,116</b></u>	<u><b>\$14,699,060</b></u>
<b>ALL GOVERNMENTAL FUNDS PERCENTAGE CHANGE FROM PRIOR YEAR</b>				
	<u>(7.3)%</u>	<u>87.6 %</u>	<u>(30.1)%</u>	<u>(17.2)%</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) Nonspendable moved from Assigned in 2012.

Data Source—Applicable years' comprehensive annual financial report.

TABLE VI

At December 31,					
2008	2009	2010	2011	2012	2013
\$ 1,674,277	\$ 3,477,338	\$ -	\$ -	\$ -	\$ -
6,726,060	5,597,485			16,440	14,871
		2,242,981	1,620,716	1,724,538	1,748,415
		948,116	1,058,290	1,192,915	2,059,077
		<u>6,065,050</u>	<u>5,703,244</u>	<u>5,606,375</u>	<u>5,412,438</u>
<u>8,400,337</u>	<u>9,074,823</u>	<u>9,256,147</u>	<u>8,382,250</u>	<u>8,540,268</u>	<u>9,234,801</u>
<u>0.4 %</u>	<u>8.0 %</u>	<u>2.0 %</u>	<u>(9.4)%</u>	<u>1.9 %</u>	<u>8.1 %</u>
5,512,035	4,971,246				
(11,870)	(18,662)				
983,290	1,595,306				
		56,000	56,000	56,000	56,000
		5,766,571	6,413,544	5,946,608	5,948,793
		635,911	609,429	611,439	639,315
		<u>(30,306)</u>	<u>(31,690)</u>	<u>(32,639)</u>	<u>(33,931)</u>
<u>6,483,455</u>	<u>6,547,890</u>	<u>6,428,176</u>	<u>7,047,283</u>	<u>6,581,408</u>	<u>6,610,177</u>
<u>2.4 %</u>	<u>1.0 %</u>	<u>(1.8)%</u>	<u>9.6 %</u>	<u>(6.6)%</u>	<u>0.4 %</u>
7,186,312	8,448,584				
7,697,480	7,174,129				
		56,000	56,000	72,440	70,871
		8,009,552	8,034,260	7,671,146	7,697,208
		1,584,027	1,667,719	1,804,354	2,698,392
		6,065,050	5,703,244	5,606,375	5,412,438
		<u>(30,306)</u>	<u>(31,690)</u>	<u>(32,639)</u>	<u>(33,931)</u>
<u>\$14,883,792</u>	<u>\$15,622,713</u>	<u>\$15,684,323</u>	<u>\$ 15,429,533</u>	<u>\$ 15,121,676</u>	<u>\$ 15,844,978</u>
<u>1.3 %</u>	<u>5.0 %</u>	<u>0.4 %</u>	<u>(1.6)%</u>	<u>(2.0)%</u>	<u>4.8 %</u>

# CITY OF WINONA, MINNESOTA

## GENERAL GOVERNMENTAL REVENUES BY SOURCE (Unaudited) (1)

### LAST TEN CALENDAR YEARS

(Modified accrual basis of accounting)

	2004	2005	2006	2007
	Amount			
REVENUE SOURCE:				
Taxes (2)	\$ 4,022,767	\$ 4,767,055	\$ 5,358,613	\$ 5,532,317
Special assessments	849,338	1,584,851	894,270	766,018
Intergovernmental (3)	10,267,873	18,575,068	14,608,555	10,328,659
Licenses and permits	149,070	150,529	149,753	161,329
Fines and forfeitures	257,688	275,810	313,581	253,614
Charges for services	873,461	952,724	880,358	838,500
Contributions (4)	4,135,315	911,487	349,772	40,006
Investment earnings	80,852	630,775	1,075,531	957,663
Miscellaneous	722		446	363,713
Total revenues	<u>\$ 20,637,086</u>	<u>\$ 27,848,299</u>	<u>\$ 23,630,879</u>	<u>\$ 19,241,819</u>
PERCENTAGE CHANGE FROM PRIOR YEAR	<u>(8.8)%</u>	<u>20.8 %</u>	<u>34.9 %</u>	<u>(15.1)%</u>
Taxes (2)	19.5 %	17.1 %	22.7 %	28.7 %
Special assessments	4.1	5.7	3.8	4.0
Intergovernmental (3)	49.8	66.7	61.8	53.7
Licenses and permits	0.7	0.5	0.6	0.8
Fines and forfeitures	1.2	1.0	1.3	1.3
Charges for services	4.2	3.4	3.7	4.4
Contributions (4)	20.0	3.3	1.5	0.2
Investment earnings	0.4	2.3	4.6	5.0
Miscellaneous	<u>0.1</u>	<u>0.0</u>		<u>2</u>
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.

Data Source—

Applicable years' comprehensive annual financial report.

TABLE VII

For The Calendar Year Ended December 31,

	2008	2009	2010	2011	2012	2013
\$	5,833,891	\$ 5,733,942	\$ 6,203,216	\$ 6,538,843	\$ 6,473,465	\$ 6,627,765
	554,465	427,672	360,876	362,968	238,891	210,542
	10,690,005	10,595,394	10,906,571	9,588,783	9,903,534	10,177,666
	171,860	163,149	155,661	169,473	165,798	174,982
	254,135	219,823	222,562	211,375	228,408	168,112
	917,413	741,755	750,177	878,153	879,329	891,743
	22,199	14,141	6,621	8,206	21,999	449,365
	390,434	83,009	46,327	35,813	16,978	5,059
	<u>273,000</u>		<u>6,786</u>	<u>88</u>		
\$	<u>19,107,402</u>	<u>17,978,885</u>	<u>18,658,797</u>	<u>17,793,702</u>	<u>17,928,402</u>	<u>18,705,234</u>
	<u>(18.6)%</u>	<u>(0.7)%</u>	<u>(5.9)%</u>	<u>3.8 %</u>	<u>0.8 %</u>	<u>4.3 %</u>

Percentage of Total

	30.5 %	31.9 %	33.2 %	36.7 %	36.1 %	35.4 %
	2.9	2.4	1.9	2.0	1.3	1.1
	56.0	58.9	58.5	53.9	55.3	54.4
	0.9	0.9	0.8	1.0	0.9	0.9
	1.3	1.2	1.2	1.2	1.3	0.9
	4.8	4.1	4.0	4.9	4.9	4.8
	0.1	0.1	0.1	0.1	0.1	2.4
	2.1	0.5	0.2	0.2	0.1	0.1
	<u>1.4</u>	<u>0.0</u>	<u>0.1</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
	<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	Total
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
2012	5,227,850	1,245,615		6,473,465
2013	5,247,958	1,379,807		6,627,765

	Percentage of Total			
	Property	Franchise	Sales	Total
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
2012	80.8	19.2		100.0
2013	79.2	20.8		100.0

## Notes:

(1) Includes all governmental fund types.

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	2004	2005	2006	2007
CURRENT:				
General government	\$ 2,756,961	\$ 2,712,375	\$ 3,327,563	\$ 3,073,892
Public safety (2)	6,624,222	6,336,382	6,813,091	7,221,380
Highways and streets (3)	2,974,591	2,788,973	2,606,047	2,774,581
Economic development (4)	909,194	446,122	346,931	365,911
Park maintenance	1,317,640	1,507,681	1,720,125	1,729,743
Other	924,957	29,256	30,166	43,532
Total current	<u>15,507,565</u>	<u>13,820,789</u>	<u>14,843,923</u>	<u>15,209,039</u>
PERCENTAGE CHANGE FROM PRIOR YEAR	<u>23.8 %</u>	<u>(10.9)%</u>	<u>7.4 %</u>	<u>2.5 %</u>
CAPITALIZED CAPITAL OUTLAY (5)	<u>1,382,109</u>	<u>480,984</u>	<u>5,136,903</u>	<u>382,443</u>
PERCENTAGE CHANGE FROM PRIOR YEAR	<u>(79.1)%</u>	<u>(65.2)%</u>	<u>968.0 %</u>	<u>(92.6)%</u>
DEBT SERVICE:				
Principal	1,386,000	1,157,500	1,575,000	1,495,000
Interest and fees	362,544	400,827	350,963	321,256
Other				
Total debt service	<u>1,748,544</u>	<u>1,558,327</u>	<u>1,925,963</u>	<u>1,816,256</u>
PERCENTAGE CHANGE FROM PRIOR YEAR	<u>50.2 %</u>	<u>(10.9)%</u>	<u>23.6 %</u>	<u>(5.7)%</u>
Total expenditures (6)	<u>\$ 18,638,218</u>	<u>\$ 15,860,100</u>	<u>\$ 21,906,789</u>	<u>\$ 17,407,738</u>
PERCENTAGE CHANGE FROM PRIOR YEAR	<u>(8.2)%</u>	<u>(14.9)%</u>	<u>38.1 %</u>	<u>(20.5)%</u>
DEBT SERVICES AS A PERCENT OF NONCAPITAL EXPENDITURES				
	<u>10.1 %</u>	<u>10.1 %</u>	<u>11.5 %</u>	<u>10.7 %</u>

### Reconciliation of total expenditures: Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds to Table IX

Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds:

Total expenditures  
 Capital outlay  
 Table IX: Capitalized capital outlay  
 Table IX: Total expenditures

Notes:

- (1) Includes all governmental fund types.
- (2) 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.
- (3) In 2004, the highways and streets function increased 33.1% as a result of engineering costs for Pelzer Street.
- (4) Prior to 2004, the economic development costs were reported in the general government function.
- (5) The significant increase in 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.
- (6) 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). See reconciliation above.

Data Source —

Applicable years' comprehensive annual financial report.

**TABLE IX**

	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
\$	2,983,688	\$ 3,010,960	\$ 2,683,792	\$ 2,696,087	\$ 2,716,895	\$ 2,598,999
	7,584,452	6,512,463	7,286,443	6,640,661	7,037,736	6,644,687
	3,306,623	2,865,359	2,657,992	2,625,036	2,580,500	2,773,739
	754,102	773,027	757,831	837,643	542,169	631,552
	2,362,062	1,778,571	1,498,905	1,389,884	1,391,948	1,508,534
	<u>43,169</u>	<u>54,198</u>	<u>45,851</u>	<u>45,635</u>	<u>34,888</u>	<u>48,993</u>
	<u>17,034,096</u>	<u>14,994,578</u>	<u>14,930,814</u>	<u>14,234,946</u>	<u>14,304,136</u>	<u>14,206,504</u>
	12.0 %	(11.9)%	(0.4)%	(4.7)%	0.5 %	(0.7)%
	<u>571,871</u>	<u>345,914</u>	<u>729,594</u>	<u>449,514</u>	<u>(109,643)</u>	<u>(9,336)</u>
	49.5 %	(39.7)%	110.9 %	(38.4)%	(124.4)%	(91.5)%
	1,420,000	1,360,000	1,300,000	1,220,000	1,035,000	1,260,000
	274,117	224,533	177,809	166,171	105,338	69,512
	<u>1,694,117</u>	<u>1,584,533</u>	<u>1,477,809</u>	<u>1,386,171</u>	<u>1,140,338</u>	<u>1,329,512</u>
	(6.7)%	(6.5)%	(6.7)%	(6.2)%	(17.7)%	16.6 %
\$	<u>19,300,084</u>	<u>\$ 16,925,025</u>	<u>\$ 17,138,217</u>	<u>\$ 16,070,631</u>	<u>\$ 15,334,831</u>	<u>\$ 15,526,680</u>
	10.9 %	(12.3)%	1.3 %	(6.2)%	(4.6)%	1.3 %
	<u>9.0 %</u>	<u>9.6 %</u>	<u>9.0 %</u>	<u>8.9 %</u>	<u>7.4 %</u>	<u>8.6 %</u>
					<b>2012</b>	<b>2013</b>
					\$ 17,101,065	\$ 17,746,096
					(1,656,591)	(2,210,080)
					<u>(109,643)</u>	<u>(9,336)</u>
					<u>\$ 15,334,831</u>	<u>\$ 15,526,680</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	2004	2005	2006	2007
CURRENT:				
General government	\$ 2,756,961	\$ 2,712,375	\$ 3,327,563	\$ 3,073,892
Public safety (2)	6,624,222	6,336,382	6,813,091	7,221,380
Highways and streets (3)	2,974,591	2,788,973	2,606,047	2,774,581
Economic development (4)	909,194	446,122	346,931	365,911
Park maintenance	1,317,640	1,507,681	1,720,125	1,729,743
Other	<u>924,957</u>	<u>29,256</u>	<u>30,166</u>	<u>43,532</u>
Total current	<u>\$ 15,507,565</u>	<u>\$ 13,820,789</u>	<u>\$ 14,843,923</u>	<u>\$ 15,209,039</u>
CURRENT:				
General government	17.8 %	19.6 %	22.4 %	20.2 %
Public safety (2)	42.7	45.9	45.9	47.5
Highways and streets (3)	19.2	20.2	17.6	18.2
Economic development (4)	5.8	3.2	2.3	2.4
Park maintenance	8.5	10.9	11.6	11.4
Other	<u>6.0</u>	<u>0.2</u>	<u>0.2</u>	<u>0.3</u>
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 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.

(3) In 2004, the highways and streets function increased 33.1% as a result of engineering costs for Pelzer Street.

(4) Prior to 2004, the economic development costs were reported in the general government function.

Data Source—Table IX.

**TABLE X**

<b>Amounts</b>					
<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
\$ 2,983,688	\$ 3,010,960	\$ 2,683,792	\$ 2,696,087	\$ 2,716,895	\$ 2,598,999
7,584,452	6,512,463	7,286,443	6,640,661	7,037,736	6,644,687
3,306,623	2,865,359	2,657,992	2,625,036	2,580,500	2,773,739
754,102	773,027	757,831	837,643	542,169	631,552
2,362,062	1,778,571	1,498,905	1,389,884	1,391,948	1,508,534
<u>43,169</u>	<u>54,198</u>	<u>45,851</u>	<u>45,635</u>	<u>34,888</u>	<u>48,993</u>
<u>\$ 17,034,096</u>	<u>\$ 14,994,578</u>	<u>\$ 14,930,814</u>	<u>\$ 14,234,946</u>	<u>\$ 14,304,136</u>	<u>\$ 14,206,504</u>
<b>Percentage of Total</b>					
<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
17.5 %	20.1 %	18.0 %	18.9 %	19.0 %	18.3 %
44.5	44.5	48.8	46.7	49.2	46.8
19.4	19.1	17.8	18.4	18.0	19.5
4.4	5.2	5.1	5.9	3.8	4.4
13.9	11.9	10.0	9.8	9.7	10.6
<u>0.3</u>	<u>0.4</u>	<u>0.3</u>	<u>0.3</u>	<u>0.3</u>	<u>0.4</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	2004	2005	2006	2007
TOTAL REVENUES	\$ 20,637,086	\$ 27,848,299	\$ 23,630,879	\$ 19,241,819
TOTAL EXPENDITURES	<u>26,790,486</u>	<u>21,428,151</u>	<u>30,607,030</u>	<u>21,315,396</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(6,153,400)</u>	<u>6,420,148</u>	<u>(6,976,151)</u>	<u>(2,073,577)</u>
OTHER FINANCING (USES) SOURCES:				
Sale of capital assets	2,526	7,621		
Debt proceeds	4,988,090	3,595,585	845,000	
Transfers in	704,863	5,939,945	1,061,683	1,258,053
Transfers out	<u>(606,726)</u>	<u>(4,111,009)</u>	<u>(2,563,652)</u>	<u>(2,230,532)</u>
Total other financing (uses) sources	<u>5,088,753</u>	<u>5,432,142</u>	<u>(656,969)</u>	<u>(972,479)</u>
NET CHANGE IN FUND BALANCES	(1,064,647)	11,852,290	(7,633,120)	(3,046,056)
FUND BALANCES—Beginning of year	<u>14,590,593</u>	<u>13,525,946</u>	<u>25,378,236</u>	<u>17,745,116</u>
FUND BALANCES—End of year	<u>\$ 13,525,946</u>	<u>\$ 25,378,236</u>	<u>\$ 17,745,116</u>	<u>\$ 14,699,060</u>

Notes:

- (1) Includes all governmental fund types.
  - (2) The City's nonexpendable trust funds are classified as permanent funds.
- Data Source:  
Applicable years' comprehensive annual financial report.

**TABLE XI**


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<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
\$ 19,107,402	\$ 17,978,885	\$ 18,658,797	\$ 17,793,702	\$ 17,928,402	\$ 18,705,234
<u>19,937,403</u>	<u>17,300,454</u>	<u>17,587,202</u>	<u>16,872,809</u>	<u>17,101,065</u>	<u>17,746,096</u>
<u>(830,001)</u>	<u>678,431</u>	<u>1,071,595</u>	<u>920,893</u>	<u>827,337</u>	<u>959,138</u>
			1,385,000		
2,141,305	1,755,890	434,619	968,269	701,412	1,397,826
<u>(1,126,572)</u>	<u>(1,695,400)</u>	<u>(1,444,604)</u>	<u>(3,528,952)</u>	<u>(1,836,606)</u>	<u>(1,633,662)</u>
<u>1,014,733</u>	<u>60,490</u>	<u>(1,009,985)</u>	<u>(1,175,683)</u>	<u>(1,135,194)</u>	<u>(235,836)</u>
184,732	738,921	61,610	(254,790)	(307,857)	723,302
<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>15,121,676</u>
<u>\$ 14,883,792</u>	<u>\$ 15,622,713</u>	<u>\$ 15,684,323</u>	<u>\$ 15,429,533</u>	<u>\$ 15,121,676</u>	<u>\$ 15,844,978</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
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 (3)	16,926,347	1,534,908,400	334,620	17,116,300
2013	16,602,774	1,502,200,100	412,967	21,078,200
2014	16,751,603	1,505,797,000	419,392	21,413,600

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. The tax capacities do not include jobz.

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

(3) 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 (2004-2013)

TABLE XII

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<b>Total Estimated Tax Capacity (1)</b>	<b>Total Direct Tax Rate (2)</b>	<b>Total Estimated Market Value</b>	<b>Ratio of Total Tax Capacity to Total Estimated Market Value</b>	<b>Annual Percentage Change In Total Estimated Market Value</b>
\$ 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)
17,015,741	35.15	1,523,278,300	1.12	(1.9)
17,170,995	35.35	1,527,210,600	1.12	0.3

TABLE XIII

## 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	
2004	29.95 %	0.00 %	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
2012	35.15	2.64	18.86	43.54	100.19
2013	35.35	3.44	17.22	41.08	97.09

## Notes:

- (1) For the City, net of homestead and agriculture credit aid,  
but not net of Minnesota market value (MV) credits, for 2004–2008.
- (2) For the school district, the MV tax rate is not included in the total tax rate above.

Data Source—

Winona County Auditor

## 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
2004 (3)	\$ 3,574,935	\$ 3,502,915	97.99 %	\$ 67,374	\$ 3,570,289	99.87 %
2005 (4) (10)	4,497,685	4,430,685	98.51	66,793	4,497,478	100.00
2006 (5)	5,003,460	4,940,533	98.74	59,865	5,000,398	99.94
2007 (6)	5,238,625	5,165,212	98.60	67,369	5,232,581	99.88
2008 (7)	5,530,485	5,479,274	99.07	50,473	5,529,747	99.99
2009 (8)	5,790,110	5,690,480	98.28	91,348	5,781,828	99.86
2010 (9)	6,590,943	5,969,463	90.57	82,688	6,052,151	91.83
2011 (9)	6,816,772	6,205,360	91.03	51,642	6,257,002	91.79
2012	6,528,644	6,436,327	98.59	52,862	6,489,189	98.59
2013	6,605,703	6,505,901	98.49		6,505,901	98.49

## Notes:

- (1) This table includes the primary government and the discretely presented component unit, the Port Authority.
- (2) The 2004-2011 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 \$527,596 excluding MV TI credits).
- (4) Net of HACA and State of Minnesota MV credits (HACA was zero and MV credits were \$552,858 excluding MV TI credits).
- (5) Net of HACA and State of Minnesota MV credits (HACA was zero and MV credits were \$577,887 excluding MV TI credits).
- (6) Net of HACA and State of Minnesota MV credits (HACA was zero and MV credits were \$557,383 excluding MV TI credits).
- (7) Net of HACA and State of Minnesota MV credits (HACA was zero and MV credits were \$555,945 excluding MV TI credits).
- (8) Net of HACA and State of Minnesota MV credits (HACA was zero and MV credits were \$549,706 excluding MV TI credits).
- (9) 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.
- (10) In 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%. This year has 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, 2013 AND 2004**

Principal Taxpayer	Type of Business	2013 (For Taxes Payable in 2014)		
		Tax Capacity (1)	Rank	Percentage of Total Tax Capacity
Northern States Power Co.	Utility	\$ 388,966	1	2.25 %
Rivers Development	Commercial	309,073	2	1.79
Wal-Mart	Commercial	255,680	3	1.48
Fastenal Company	Commercial/Industrial	222,091	4	1.28
Menards, Inc.	Commercial	214,694	5	1.24
Mikrut Properties	Commercial/Industrial	150,286	6	0.87
Miller Waste Mills	Industrial/Commercial	150,024	7	0.87
Sarnia Realty Investors (Winona Mall)	Commercial	140,568	8	0.81
Innovation Partners LLC (Hal Leonard-Tech Park)*	Industrial/Commercial	130,606	9	0.75
Mills Properties	Commercial	114,962	10	0.66
Total Principal Taxpayers		2,076,950		12.00
All Other Taxpayers		15,237,247		88.00
Total		\$17,314,197		100.00 %

Principal Taxpayer	Type of Business	2004 (For Taxes Payable in 2005)		
		Tax Capacity (1)	Rank	Percentage of Total Tax Capacity
Northern State Power Co.	Utility	\$ 314,586	1	2.01 %
Menards, Inc.	Commercial	189,932	2	1.21
Fastenal Company	Commercial	189,703	3	1.21
Rivers Hotel Company, Inc.	Commercial	152,270	4	0.97
Winona Mall	Commercial	143,452	5	0.92
Mills Properties (Mills Fleet Farm)	Commercial	127,084	6	0.81
International Malting Company	Industrial	100,402	7	0.64
HyVee Inc.	Commercial	98,635	8	0.63
Target Corporation	Commercial	96,808	9	0.62
Pennwinn Associates (JC Penney)	Commercial	94,668	10	0.60
Total Principal Taxpayers		1,507,540		9.62
All Other Taxpayers		14,156,240		90.38
Total		\$15,663,780		100.00 %

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					Total
	General Obligation Bonds Supported by			General Obligation Equipment Certificates		
	Taxes (1)	Other	Special			
		Revenues	Assessments (2)			
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	
2012	812,500		1,082,500	1,520,000	3,415,000	
2013	413,700		571,300	1,170,000	2,155,000	

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**

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<b>Business-type Activities</b>			<b>Percentage of Personal Income (5)</b>	<b>Estimated Population (5)</b>	<b>Total Debt Per Capita</b>
<b>General Obligation Bonds (3)</b>	<b>Total</b>				
\$ 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	27,554	315
3,505,000	6,920,000		0.004	27,782	251
5,595,000	7,750,000		0.004	27,782	279

**CITY OF WINONA, MINNESOTA**

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

Calendar Year	Governmental Activities			Business-type Activities	Total
	General Obligation Bonds Supported by				
	Taxes (1)	Other Revenues	Special Assessments (2)		
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
2012	812,500		1,082,500	3,505,000	5,400,000
2013	413,700		571,300	5,595,000	6,580,000

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 full faith credit, and taxing authority of the City.
- (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

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<b>Less Restricted Assets To Repay Debt Principal (5)</b>	<b>Net General Obligation Bonds</b>	<b>Percentage of Actual Taxable Value of Property (7)</b>	<b>Estimated Population (8)</b>	<b>Total General Obligation Debt Per Capita</b>
\$ 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	0.33	27,554	191
1,494,430	3,905,570	0.25	27,782	141
2,460,344	4,119,656	0.26	27,782	148

## CITY OF WINONA, MINNESOTA

### RATIOS OF NET GENERAL BONDED DEBT TO MARKET VALUE AND NET BONDED DEBT PER CAPITA (Unaudited) (1) (6) (BASED UPON G.O. DEBT THAT ACTUALLY IS PAID FROM PROPERTY TAXES) LAST TEN CALENDAR YEARS

Tax Year Collected	Estimated Population (4)	Market Value (5) (in \$1,000)	Gross Bonded Debt (1)	Less Debt Service Monies Available	Less Debt Payable From Port and Enterprise Revenues (2)
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	27,554	1,564,030	10,990,000	861,387	4,240,000
2012	27,782	1,552,025	9,000,000	971,625	3,505,000
2013	27,782	1,523,278	9,605,000	991,247	4,470,000

This table includes the primary government and the component unit.

Notes:

- (1) G.O. certificates are included in this schedule.
- (2) Excludes Port Authority G.O. bonds of 2005 (Pelzer Street) and Port Authority G.O. Airport Bonds of 2013A, which will be retired with property taxes.
- (3) 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:

- (4) Table XXII
- (5) Winona County Assessor (2004-2013)
- (6) City's Planning Department  
City's Finance Department

**TABLE XVIII**

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<b>Less Debt Payable From Special Assessments</b>	<b>Less Debt Payable From Leased Properties</b>	<b>Net Bonded Debt (3)</b>	<b>Ratio of Net Bonded Debt To Market Value</b>	<b>Net Bonded Debt Per Capita</b>
\$ 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
1,082,500		3,440,875	0.0023	125
571,300		3,572,453	0.0023	129

TABLE XIX

## CITY OF WINONA, MINNESOTA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT (Unaudited)  
DECEMBER 31, 2013

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
CITY DIRECT DEBT:			
General obligation bonds supported by property taxes	\$ 413,700	100.0 %	\$ 413,700
General obligation bonds supported by special assessments	571,300	100.0	571,300
General obligation equipment certificates	1,170,000	100.0	<u>1,170,000</u>
Total city direct debt			<u>2,155,000</u>
COMPONENT UNIT DEBT:			
General obligation bonds supported by Port Authority	2,980,000	100.0	<u>2,980,000</u>
Total component unit debt			<u>2,980,000</u>
OVERLAPPING DEBT: (2)			
Debt repaid with property taxes:			
Independent School District No. 861—			
G.O. bonds	22,412,903	62.5	14,008,064
Winona County—			
General obligation bonds	5,978,504	44.6	<u>2,666,413</u>
Total overlapping debt			<u>16,674,477</u>
Total direct and overlapping debt			<u>\$ 21,809,477</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**

	2004	2005	2006	2007
ASSESSED VALUE (5)	<u>\$ 1,193,636,000</u>	<u>\$ 1,319,881,900</u>	<u>\$ 1,422,377,000</u>	<u>\$ 1,487,066,000</u>
LEGAL DEBT MARGIN:				
Debt limit (3% of market value of taxable property) (1)	<u>\$ 23,872,720</u>	<u>\$ 26,397,638</u>	<u>\$ 28,447,540</u>	<u>\$ 29,741,320</u>
Debt applicable to limit:				
Gross debt (6)	23,640,000	21,155,000	21,380,000	18,500,000
Less exempt debt (2)				
Special assessment improvement bonds	(7,564,200)	(6,795,700)	(5,820,500)	(4,835,800)
G.O. bonds (3)				
G.O. revenue bonds (4)	<u>(11,892,500)</u>	<u>(10,565,000)</u>	<u>(11,520,000)</u>	<u>(10,135,000)</u>
Debt subject to limit	<u>4,183,300</u>	<u>3,794,300</u>	<u>4,039,500</u>	<u>3,529,200</u>
Legal debt margin	<u>\$ 19,689,420</u>	<u>\$ 22,603,338</u>	<u>\$ 24,408,040</u>	<u>\$ 26,212,120</u>
Total net debt applicable to the limit as a percentage of the debt limit	<u>17.52 %</u>	<u>14.37 %</u>	<u>14.20 %</u>	<u>11.87 %</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**

<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<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>\$ 1,552,024,700</u>	<u>\$ 1,523,278,300</u>
<u>\$ 46,107,831</u>	<u>\$ 46,419,852</u>	<u>\$ 47,819,286</u>	<u>\$ 46,920,891</u>	<u>\$ 46,560,741</u>	<u>\$ 45,698,349</u>
13,960,000	11,700,000	9,485,000	8,690,000	6,920,000	7,750,000
-	-	-	-	-	-
(3,921,900)	(3,073,200)	(2,289,500)	(1,591,000)	(1,082,500)	(571,300)
<u>(7,015,000)</u>	<u>(6,115,000)</u>	<u>(5,200,000)</u>	<u>(4,240,000)</u>	<u>(3,505,000)</u>	<u>(4,470,000)</u>
<u>3,023,100</u>	<u>2,511,800</u>	<u>1,995,500</u>	<u>2,859,000</u>	<u>2,332,500</u>	<u>2,708,700</u>
<u>\$ 43,084,731</u>	<u>\$ 43,908,052</u>	<u>\$ 45,823,786</u>	<u>\$ 44,061,891</u>	<u>\$ 44,228,241</u>	<u>\$ 42,989,649</u>
<u>6.56 %</u>	<u>5.41 %</u>	<u>4.17 %</u>	<u>6.09 %</u>	<u>5.01 %</u>	<u>5.93 %</u>

## CITY OF WINONA, MINNESOTA

**PLEDGED 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		Total	
				Principal	Interest		
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
2012	7,069,814	3,580,217	3,489,597	735,000	155,358	890,358	3.92
2013	7,023,500	3,370,604	3,652,896	720,000	146,391	866,391	4.22

## 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.

## 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)
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	27,554	51,378	1,800,754	35,049	5.6	8.5
2012	27,782	51,629	1,960,950	37,982	5.1	7.8
2013	27,782	51,629	1,960,950	37,982	4.3	6.7

## Data Source:

- (1) State demographer's estimate, except 2010, which is from the 2010 Census. 2013 not available.
- (2) 2004–2011—U.S. Bureau of Economic Analysis - Winona, MN Metropolitan Area, <http://www.bea.gov/regional/index.htm>. 2013 not available.
- (3) 2004–2011—U.S. Bureau of Economic Analysis - Winona, MN Metropolitan Area, <http://www.bea.gov/regional/index.htm>. 2013 not available.
- (4) 2004–2011—U.S. Bureau of Economic Analysis - Winona, MN Metropolitan Area, <http://www.bea.gov/regional/index.htm>. 2013 not available.
- (5) Minnesota Department of Employment and Economic Development (i.e., the yearly annual average), (2010, 2011, 2012 and 2013 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, 12/31/11, 12/31/12 and 12/31/13)

TABLE XXIII

## CITY OF WINONA, MINNESOTA

PRINCIPAL EMPLOYERS (Unaudited)  
FOR THE CALENDAR YEARS ENDED DECEMBER 31, 2013 AND 2003

Employer (1)	Type of Business	2013		
		Number of Employees	Rank	Percentage of Total County Employment
Fastenal Company (3)	Commercial/Industrial	1,568	1	10.16 %
Winona Health	Hospital/Clinic/Health Care	1,218	2	7.89
Winona State University	Post-secondary education	1,022	3	6.62
Independent School District No. 861	K-12 education	681	4	4.41
Saint Mary's University	Post-secondary education	600	5	3.89
Wincraft	Promotional materials	500	6	3.24
TRW Automotive Electronics	Industrial	407	7	2.64
Miller Waste Mills Inc.	Textile recycling	375	8	2.43
RTP Company	Industrial	375	9	2.43
Hy Vee	Commercial	350	10	2.27
Total principal employers		7,096		45.98
Other employers		8,342		54.02
Total employers (4)		15,438		100.00 %
Employer (2)	Type of Business	2003		
		Number of Employees	Rank	Percentage of Total County Employment
Fastenal Company (3)	Commercial/Industrial	1,000	1	6.74 %
Winona Health	Hospital/Health Care	900	2	6.07
Winona State University	Post-secondary education	825	3	5.56
TRW Automotive Electronics	Industrial machinery	700	4	4.72
Independent School District No. 861	K-12 education	700	5	4.72
RTP Company	Plastic and synthetic resins	418	6	2.82
Saint Mary's University	Post-secondary education	410	7	2.76
Wincraft	Promotional materials	400	8	2.70
Winona County	County Government	360	9	2.43
Watlow Controls	Electronic Control manufacturer	280	10	1.89
Total principal employers		5,993		40.41
Other employers		8,845		59.59
Total employers (4)		14,838		100.00 %

Data Source:

(1) Official Statement—Bond Offering (City of Winona-September 2013)

(2) Official Statement—Bond Offering (City of Winona-January 2004)

(3) Fastenal Company information

(4) MN DEED, 2013 is at 8/12/2013 and 2003 is at 12/31/2003

## CITY OF WINONA, MINNESOTA

PROPERTY VALUES AND CONSTRUCTION (Unaudited)  
LAST TEN CALENDAR YEARS

Tax Collection Year	Estimated		Nonresidential Construction (4)		Residential Construction (4)	
	Property Value (3)		Number of Permits	Value (2)	Number of Permits	Value
	Taxable	Nontaxable (1)				
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
2012	1,552,024,700	625,833,300	116	16,436,708	1,050	10,014,096
2013	1,523,278,300	625,833,300	115	12,119,264	802	9,186,331

## Notes:

(1) Tax-exempt property valuation is updated every six years.

(2) 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

In 2012, the MN State SE Technical addition of \$2,378,800 and CPI Banini addition of \$3,000,000 are included.

## 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
GENERAL FUND:			
General government:			
City manager	2,000	2,000	2,000
City clerk	1,888	1,888	1,888
Finance	7,000	7,000	7,000
Human resources	1,600	1,600	1,600
Planning	3,375	3,375	3,375
Building maintenance	2,250	2,250	2,250
Public safety:			
Police	43,800	44,600	43,600
Fire	23,000	23,000	23,000
Safety and health coordinator	1,000	1,000	1,000
Highways and streets:			
Engineering	5,800	5,800	4,800
Streets and alleys	14,000	14,000	14,000
Central garage	4,000	4,000	4,000
Public works			
Park maintenance—			
Park maintenance	20,000	20,000	20,000
Economic development:			
Community development	2,625	3,625	2,625
Community development-matching funds	.000	.000	1,000
Total general fund	<u>132,338</u>	<u>134,138</u>	<u>132,138</u>
Senior Advocacy Fund—			
Senior Advocacy	<u>1,525</u>	<u>1,700</u>	<u>1,000</u>
Central City Rehab Fund—			
Core Rehabilitation Program			
Water and Sanitary Sewer Funds:			
Water power and pumping/water distribution	9,000	9,000	9,000
Water/sanitary sewer—administration and general	3,000	3,000	1,500
Sanitary Sewer—administration and general	12,000	12,000	13,500
Total water and sanitary sewer funds:	<u>24,000</u>	<u>24,000</u>	<u>24,000</u>
Public Transportation Fund—			
Transit—administration and general	<u>0.112</u>	<u>0.112</u>	<u>0.112</u>
Airport Fund—			
Airport—administration and general	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
Recreation Fund:			
Recreation administration	2,000	3,000	2,500
Community services			1,750
Recreation programs	3,000	3,000	2,000
Senior center	4,250	4,250	4,250
Total Recreation Fund	<u>9,250</u>	<u>10,250</u>	<u>10,500</u>
Library Fund—			
Library administration	<u>13,250</u>	<u>14,625</u>	<u>13,250</u>
Storm Sewer Fund			
Inspections Fund—			
Inspections	<u>6,000</u>	<u>6,000</u>	<u>4,000</u>
<b>TOTAL</b>	<u><b>187,475</b></u>	<u><b>191,825</b></u>	<u><b>186,000</b></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

**TABLE XXV**

<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
2.000	2.000	2.000	2.000	2.000
1.225	1.225	1.195	1.195	1.195
7.000	7.000	7.000	8.000	7.000
1.500	1.500	1.500	1.500	1.500
2.375	2.375	2.375	2.375	2.375
2.275	2.275	2.000	2.000	2.000
40.500	41.500	41.500	41.000	41.000
21.500	21.500	22.000	21.500	21.500
1.000	1.000	1.000	1.000	0.500
4.000	4.000	4.000	4.000	4.000
13.000	13.000	12.000	12.000	12.000
4.300	4.300	4.000	4.000	4.000
0.400	0.400	0.400	0.400	0.400
18.000	17.000	15.000	15.000	15.000
2.625	2.625	2.625	2.625	2.625
<u>1.000</u>	<u>1.000</u>	<u>0.625</u>	<u>0.625</u>	<u>0.625</u>
<u>122.700</u>	<u>122.700</u>	<u>119.220</u>	<u>119.220</u>	<u>117.720</u>
<u>1.700</u>	<u>1.700</u>	<u>1.700</u>	<u>1.700</u>	<u>1.700</u>
		<u>0.375</u>	<u>0.375</u>	<u>0.375</u>
9.275	9.275	8.000	8.000	8.000
1.100	1.100	1.100	1.100	1.100
<u>13.000</u>	<u>13.000</u>	<u>13.000</u>	<u>13.000</u>	<u>12.000</u>
<u>23.375</u>	<u>23.375</u>	<u>22.100</u>	<u>22.100</u>	<u>21.100</u>
<u>0.075</u>	<u>0.075</u>	<u>0.105</u>	<u>0.105</u>	<u>1.105</u>
<u>1.000</u>	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>
2.500	2.250	2.000	2.000	2.000
1.750	1.500	1.350	1.250	1.250
2.000	2.000	2.000	2.000	2.000
<u>4.000</u>	<u>4.000</u>	<u>4.000</u>	<u>4.000</u>	<u>4.000</u>
<u>10.250</u>	<u>9.750</u>	<u>9.350</u>	<u>9.250</u>	<u>9.250</u>
<u>10.150</u>	<u>11.900</u>	<u>10.900</u>	<u>12.250</u>	<u>11.625</u>
<u>0.300</u>	<u>0.300</u>	<u>0.300</u>	<u>0.300</u>	<u>0.800</u>
<u>4.750</u>	<u>4.550</u>	<u>3.250</u>	<u>3.500</u>	<u>3.500</u>
<u>174.300</u>	<u>175.350</u>	<u>168.300</u>	<u>169.800</u>	<u>168.175</u>

**CITY OF WINONA, MINNESOTA**

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

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<b>Function/Program</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
Public safety:				
Fire:				
Number of emergency responses	1,565	1,689	1,763	2,033
Number of inspections	342	414	395	375
Police:				
Number of traffic stops	-	-	-	-
Crime clearance	61 %	57 %	55 %	57 %
Sanitary Sewage system:				
Daily average treatment (in gallons)	4,400,000	4,400,000	4,400,000	4,326,000
Maximum daily of capacity of treatment plant (in gallons)	9,700,000	9,700,000	9,700,000	9,600,000
Water system:				
Daily average consumption (in gallons)	2,800,000	2,800,000	2,800,000	2,860,000
Maximum daily capacity of plant (in gallons)	8,500,000	8,500,000	8,500,000	10,296,000
Data Source—				
The City's various departments				

**TABLE XXVI**

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<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
2,090	1,978	2,070	2,176	2,124	2,134
491	171	124	188	154	158
-	-	-	-	-	1,900
64 %	61 %	60 %	60 %	60 %	63 %
4,400,000	4,400,000	4,400,000	5,078,000	5,078,000	4,559,000
9,600,000	9,600,000	9,600,000	9,600,000	9,600,000	9,600,000
2,860,000	2,860,000	2,860,000	2,928,000	2,928,000	2,890,000
10,300,000	10,300,000	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

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Function/Program	2004	2005	2006	2007	2008
Public safety:					
Fire stations	2	2	2	2	2
Police stations	1	1	1	1	1
Streets and highways:					
Streets (miles)	111	111	113	113	114
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	16	16
Sanitary sewage system:					
Miles of sanitary sewers	107	107	111	111	112
Miles of storm sewers	87	87	88	88	89
Number of treatment plants	1	1	1	1	1
Water system:					
Miles of water mains	108	108	113	114	115
Number of accounts	N/A	8,170	8,230	8,260	8,290
Number of fire hydrants	1,327	1,327	1,432	1,451	1,461

Data Source—  
The City's various departments.

**TABLE XXVII**

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<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
2	2	2	2	2
1	1	1	1	1
114	114	114	114	115
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
112	112	112	113	113
89	89	89	89	89
1	1	1	1	1
115	115	115	116	133
8,310	8,320	8,330	8,350	8,370
1,461	1,461	1,461	1,470	1,505

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