City of Winona, Minnesota

Comprehensive Annual Financial Report for the Year Ended December 31, 2007

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

The cover photograph was taken by Tom Grier, Assistant Professor of Mass Communication at Winona State University. It is called Sugarloaf Winter Sunrise. (The Lake Winona area is a very popular spot for city residents. "Sugarloaf" is the rock formation on top of the bluff.)

Cover design by Don Dennis, City Graphics Coordinator

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INTRODUCTORY SECTION

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CITY OF WINONA, MINNESOTA

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May 21, 2008

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

Dear Mayor Miller and City Council Members:

The Comprehensive Annual Financial Report (CAFR) of the City of Winona, MN (the "City"), for the fiscal year ended December 31, 2007, 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.

The CAFR consists of three sections:

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), the basic financial statements, and required supplementary information other than MD&A. The combining fund financial statements are presented after the required supplementary information other than MD&A.

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.

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

The City provides the full range of municipal services requested by statute or charter. This includes public safety (police and fire), highways and streets, sanitation, parks, public improvements, planning and zoning, and general administrative services. The City also operates eight enterprises: water; 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 situated along the Mississippi River and is surrounded by gently sloping hills. It is in a picturesque part of the state. 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 continues to experience growth in its market value (3.4% from 2007 to 2008 and 37.9% from 2003 to 2008);
- Stable financial operations (including financial management, cash flow dollars, and reserves for future capital needs);
- Low debt burden with rapid principal amortization (90% within 10 years) and significant nonproperty tax levy support for debt service;
- An "entrepreneurial spirit" for start-up companies;
- An independent, community-managed healthcare system, including emergency room services. The community also sponsors extensive programs for people with disabilities;
- A "regional center" for southeastern Minnesota (for education, employment, and shopping);
- Three colleges located in the City (two universities and one technical college) – all of which have shown growth in enrollment over the past year;
- Location in a scenic valley along the Mississippi River.

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

- Available land for the City to continue to grow;

- Transportation needs due to increased vehicle traffic and congestion;
- Infrastructure — maintenance costs (the City is 151 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 common 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 bright, forward-thinking employees who have the overall best interests of the City in mind;
- To continue to serve as an economic engine for our region in the State of Minnesota;
- To encourage and support the expansion of existing businesses, and to cultivate the development of new businesses that want to make the City their home.

Moody's Investors Service of New York, the City's bond rating agency, had affirmed the Aa2 rating for the City's debt (at the time of the City's last debt issue) in November 2006. The agency expects the City's diversified tax base to continue to experience growth, the City's financial position to remain stable and healthy, and the City's favorable debt profile to continue with rapid principal amortization.

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

- Electronic
  Company (customers): TRW (major auto manufacturers)
  Company (customers): Watlow Controls (construction industry)
  Products: electronic design, contract manufacturer of mechanical and electronic components, and process control instruments;

- Distribution
  Company: Fastenal
  National distributor of threaded fasteners and other industrial and construction supplies (founded in 1967, their sales growth was 14% and their total revenue for the year was approximately $2.1 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)
  Leading worldwide manufacturer of composite canoes and kayaks and large producer of Royalex-type canoes;

- Composites — Company (customers): Coda (Juilliard School of Music)
  Maker of musical bows with graphite-fiber construction, which produce fine sound and quality performance, and will not fatigue or warp;

- Agricultural Transport — Commercial Harbor: Transportation network (via the barge system on the river) of regionally grown corn and soybeans from the City, and fertilizer, coal, and salt into the City. (Most of the corn and soybeans from this Harbor are exported to Asia.);

- Agricultural Products — Company (customers): Froedtert Malt Corp. (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);

- Health Care — Company: Winona Health
  Provides a general medical and surgical hospital and options for assisted living and nursing home care;

  Company: Winona Clinic
  Offers regional diversified healthcare services;

- Promotional Materials — Company: WIN CRAFT Inc.
  Major supplier to the Olympics, NASCAR, NFL, and the American and National Baseball Leagues
  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;

- Knitwear — Company: Knitcraft Corporation
  Product: manufacturer of knitwear ("St. Croix" brand—international)
  Located in the Winona regional area.

Major Initiatives:

Current Projects — 2007 Highlights:

- City property values increased, during 2007, through the issuance of $33,265,034 in building permits, which includes the list below. (The 2007 amount is an 11% increase over the $30,063,495 of 2006):

  - Hal Leonard Company — New Industrial building ($4,967,027)
  - Hal Leonard Company — New Industrial building – footings and foundation ($490,000)
  - Winona State University — Remodel Maxwell Center ($4,476,622)
  - Winona State University — Remodel Memorial Hall ($2,674,000)
  - Winona State University — Install window replacements ($287,136)
  - Winona State University — Remove and replace three elevators ($264,000)
  - Winona School District (861) — Construct the Alternative Learning Center ($1,911,900)
  - Winona Health — Renovation of existing building for clinic use ($1,432,330)
  - Altra Federal Credit Union — Build new credit union building ($1,200,000)
  - Winona River and Rail — Construct 20,000 ton fertilizer dome ($1,036,000)
  - Triple C Investments — Addition of steel building for mercantile use ($694,000)
  - Morgan — Build new KFC Restaurant ($550,000)
  - Tri-Boelter — Create a warehouse building ($512,000)
  - Winona Main St. — Remodel roof and repave parking ($450,000)
  - PAHR Development — Construct new office building ($420,000)
  - Badger Foundry Company — Construct concrete wall storage enclosure ($295,000)
  - Merchants Bank — Restoration of east wall ($274,330)
  - MN Southeast Technical College — Add interior classrooms ($270,200)
  - Beier's Restaurant — Renovate existing restaurant to a Ground Round restaurant ($200,000)
  - Residential construction — 812 permits issued for a value of $8,299,429

Long-term financial planning:

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

The City Council approved an energy-review plan for City buildings. This review will continue over the next year.

The City Council will work on a revitalization plan for the downtown riverfront beginning in 2008.

Accounting System and Budgetary Control:

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

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

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

The year of 2007 was the fourth year of use of a new computer financial system. This financial system has given department heads better financial information on a timely basis, has provided for a better budgetary system, and has made available more reports for the financial audit and the CAFR. The department heads can directly access their departmental information. Reports, such as those that compare the current year to the prior year, have been developed, and the system continues to be updated.

General Fund Functions:

Revenues:

The following table presents a comparative analysis of General Fund budgeted revenues for 2008 and actual revenues for 2007 and 2006:

	2008 Budget		2007 Actual		2006 Actual	
Revenue/Sources	**Amount**	**% of Total**	**Amount**	**% of Total**	**Amount**	**% of Total**
Property taxes	$ 4,338,015	25.7 %	$ 3,737,111	22.1 %	$ 3,545,144	21.3 %
Franchise fees and other taxes	1,024,000	6.1	1,193,201	7.0	1,143,201	6.9
Licenses and permits	150,325	0.9	161,329	1.0	149,753	0.9
Fines and forfeits	295,000	1.8	253,614	1.5	313,581	1.9
Intergovernmental	9,323,215	55.3	10,211,217	60.3	10,114,724	60.8
Investment earnings and change in fair value of investments	150,000	0.9	610,878	3.6	559,022	3.3
Charges for services	690,698	4.1	735,419	4.3	767,053	4.6
Other	882,000	5.2	40,006	0.2	53,000	0.3
	$16,853,253	100.0 %	$16,942,775	100.0 %	$16,645,478	100.0 %

Property taxes in the General Fund will be more in 2008 than in 2007 or 2006 due to an increase in property taxes for 2008. The increase in property taxes for the General Fund operations was $230,614 for 2008. Part of the taxes levied to the County in 2007 and 2006 were paid for by State of Minnesota market value credits. The main reasons for the increase in property taxes were for salary and benefit increases.

Intergovernmental remains the largest percentage of General Fund revenues at 55.3% for 2008 and 60.3% for 2007. Included in this category are the State of Minnesota's payments to the City for Local Government Aid (LGA), which are to be $9,911,969 (total for all funds) for 2008 and were $10,056,088 (total for all funds) for 2007. The State of Minnesota decreased the total LGA revenue to the City for 2008 by approximately $144,119 compared to the total for 2007. Also included in 2007 and 2006 only were the Market Value credits of $557,384 and $577,887, respectively, for all funds. Market value credits are payments to the City, from the state of Minnesota, which lower the amount of property tax liability for a homeowner.

Included in the 2008 Budget (Other) is $882,000 for transfers into the General Fund, which represent 5.2% of the total.

Expenditures:

A comparative analysis of General Fund budgeted expenditures for 2008 and actual expenditures for 2007 and 2006 is presented in the table below:

	2008 Budget		2007 Actual		2006 Actual	
Expenditures/Uses	Amount	% of Total	Amount	% of Total	Amount	% of Total
General government	$ 3,562,011	21.1 %	$ 2,961,133	19.0 %	$ 3,147,516	20.9 %
Public safety	7,512,214	44.6	7,433,897	47.8	7,091,640	47.0
Highways and streets	3,413,937	20.3	2,748,316	17.7	2,605,419	17.3
Sanitation and waste removal	44,260	0.3	63,532	0.4	30,166	0.2
Economic development	323,666	1.9	282,694	1.8	233,154	1.5
Culture and recreation	1,997,165	11.8	2,060,130	13.3	1,976,339	13.1
	$16,853,253	100.0 %	$15,549,702	100.0 %	$15,084,234	100.0 %

General Government includes $497,777 for contingencies in the 2008 Budget (General Government), which represents 3.0% of the total. The amount incurred for contingencies for the 2007 actual and the 2006 actual was $0.

Public safety remained the largest area of the General Fund expenditures during 2007 (at 47.8%) and includes the departments of the Police, Fire, Emergency Management, Safety and Health Coordinator, and Flood Control. It is important to note that 11.4% of the Police Department costs of $563,647 for the shared facility with Winona County, called the Law Enforcement Center ("LEC"), are included in the City's financial reports. 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 (17.7% in 2007) includes the services of Engineering, Streets and Alleys (snow removal), Street Lighting, and Central Garage.

General Fund — Designation of Fund Balance for Cash Flow:

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

Cash Management:

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

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

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, 2007, are classified in the most secure credit risk category as defined by GASB. None of the City's investments were held by the counterparty's trust department or agent.

The City has not purchased any collateralized mortgage obligations (CMOs), derivative securities, or interest-only strip investments. GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools,* requires investments to be reported at fair value in the balance sheet with changes in the fair value of investments reported in the operating statement. The City's practice is to hold investments to maturity; therefore, we do not expect the net increase 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, 2007.

Risk Management:

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 2007 and $90,000 per family per year in 2006.

As of July 1, 2005, all of the City's health plan options are consumer-driven healthcare programs combining high deductibles with individual Health Plan Accounts (HPAs) – employer-held accounts used for healthcare expenses not covered by the underlying plan. BlueCross BlueShield of Minnesota administers these programs.

The City participates in the self-insurance program of the League of Minnesota Cities Insurance Trust to provide the City's property and liability coverage. The liability policy is on a claims-made basis, and provides $50,000 per occurrence, and $200,000 annual aggregate deductible with a $1,000,000 annual Minnesota statutory limit.

The City's Safety and Health Coordinator maintains a safety education and safety awareness program for the City's employees. Special safety training meetings were held throughout the year. A basic Departmental Emergency Preparedness Plan was completed during 2001.

Debt Management:

Bond Rating:

The City's Aa2 bond rating was reaffirmed by Moody's Investors Service during 2006. This high rating has a positive effect on the sale of City bonds by broadening the market (for the sale) as well as lowering the interest rate for borrowing.

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 $221 in 2007. 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 $26 million below Minnesota law's legal debt margin. Debt statistics as of December 31, 2007 and 2006, follow:

Net Direct and Overlapping Debt	2007 Amount	2006 Amount	2007 Debt per Capita	2006 Debt per Capita
Net direct bonded	$ 6,027,638	$ 6,767,559	$ 221	$ 248
Overlapping	18,403,945	17,895,879	674	656
Total	$24,431,583	$24,663,438	$ 895	$ 904

Important Economic Factors:

The City ended 2007 in a strong financial position. During the year, the City expended approximately $3.5 million in capital assets for construction in progress. Market values in the City grew from 2007 to 2008 and continued the positive trend of growth over the last five years. Growth in values related to construction were approximately $25.0 million for nonresidential and $8.3 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. The City does not anticipate any reductions in LGA in 2008. (A discussion and analysis of the City's overall financial condition during the fiscal year ended 2007 is included as part of the MD&A.)

Independent Audit:

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

Awards and Acknowledgments:

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Winona, Minnesota, for its CAFR for the fiscal year ended December 31, 2006. 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 10% of the cities in Minnesota received this award for the year mentioned.

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.

The Honorable Mayor and
Members of the City Council
City of Winona
May 21, 2008

It is my pleasure to thank all the people that provided information for this report including the Finance Department, the City Manager, and the Departments Heads. Special recognition should be given to Allyn Burgmeier, City Accountant, for his assistance in the completion of the CAFR.

A note of thanks should be extended to the Mayor, the City Council, and the Port Authority Commissioners for their support during the year to the Finance Department. The people in the department look forward to working with them on financial matters in the future.

Respectfully submitted,

Mary B. Burrichter
Finance Director

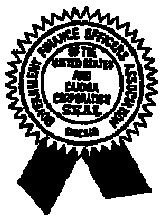
Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Winona
Minnesota

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2006

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

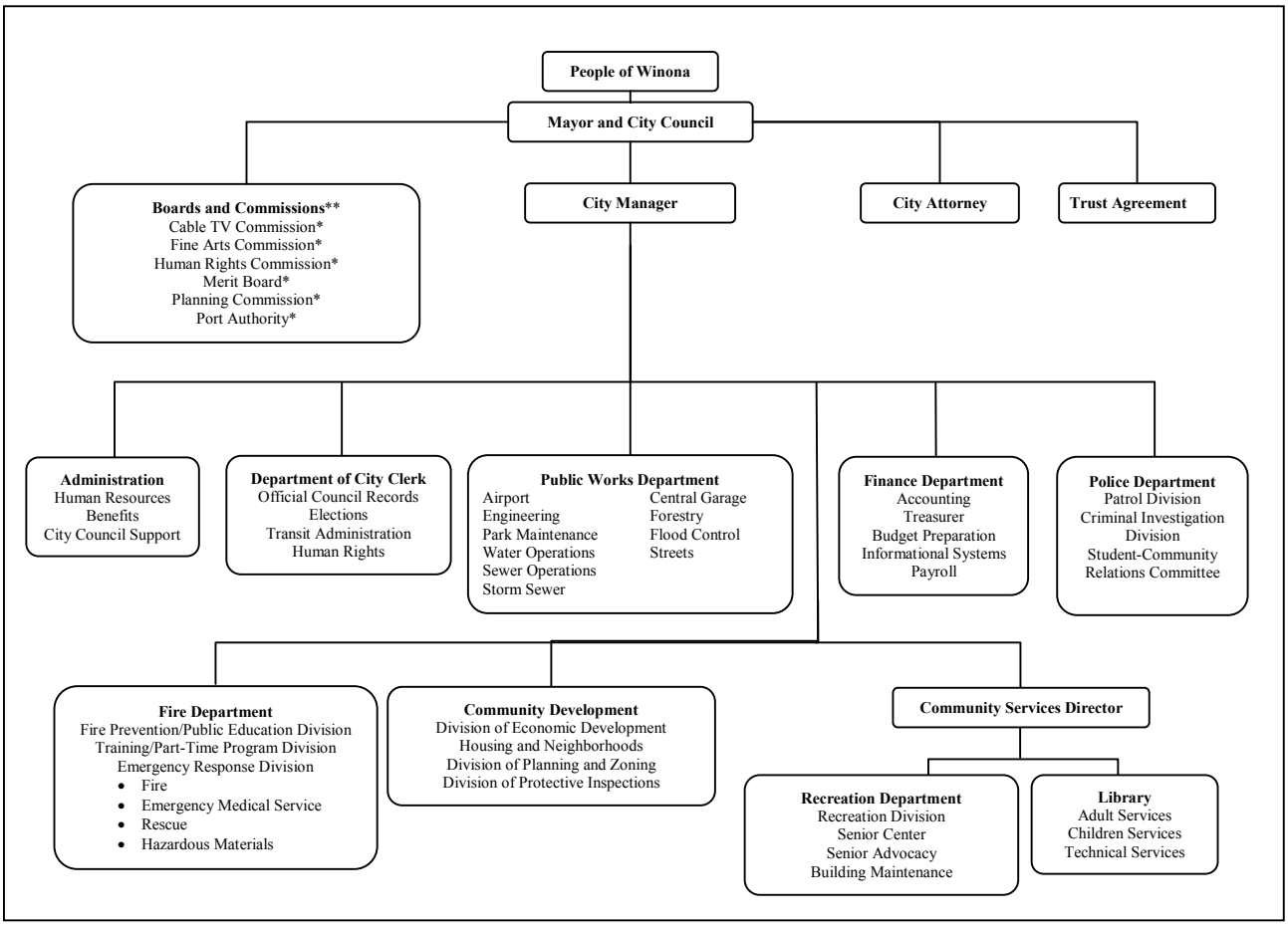


President

Executive Director

CITY OF WINONA, MINNESOTA

ORGANIZATIONAL CHART



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

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

CITY OF WINONA, MINNESOTA

CITY LEADERS
AS OF DECEMBER 31, 2007

City Council:

	Appointed/ Elected Date	Term Expires
Jerry Miller, Mayor	01/01/01	12/31/08
Allyn Thurley, 1st Ward	01/01/01	12/31/08
Gerry Krage, 2nd Ward (on leave)	01/01/99	12/31/10
Dr. James Kahl (filling in 2nd Ward for Gerry Krage)		
Deb Salyards, 3rd Ward	01/01/05	12/31/08
George Borzyskowski, 4th Ward	01/01/99	12/31/10
Thomas G. Breza, At-Large	01/01/99	12/31/10
Debbie White, At-Large	11/15/04	12/31/08

City Staff:

Eric B. Sorensen	City Manager
Richard Blahnik	City Attorney
Keith Nelson	Assistant City Manager for Public Works
Judith Bodway	Assistant City Manager for Economic Development
Monica Hennessy Mohan	City Clerk
Mary B. Burrichter	Finance Director
Frank Pomeroy	Chief of Police
Edward Krall	Fire Chief
Chad Ubl	Director of Community Services
Maynard Johnson	Recreation Director
James Stetina	Library Director
Brian DeFrang	City Engineer
Allyn Burgmeier	Accountant
Mark Moeller	City Planner
Malia Storovich	Senior Friendship Center Director
Steven Carson	Building Official
Bruce Fuller	Superintendent of Parks & Forestry
Arlan Runnigen	Central Garage Superintendent
Jack Vaughn	Street Superintendent
Jack Lipinski	Wastewater Treatment Plant Superintendent
Bob Keiper	Water Department Superintendent

SECTION II

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Winona, MN (the "City"), as of and for the year ended December 31, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior-year summarized comparative information has been derived from the City's December 31, 2006, financial statements and, in our report dated May 18, 2007, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Winona, Minnesota, as of December 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2008, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulation, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis (MD&A) on pages 17-26 and the budgetary comparison information on pages 79-88 are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information, and express no opinion on it.

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

Deloitte & Touche LLP

May 21, 2008

CITY OF WINONA, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

This section of the comprehensive annual financial report (CAFR) of the City of Winona, MN (the "City"), presents a discussion and analysis of the City's financial performance during the fiscal year ended December 31, 2007. 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.

The Management's Discussion and Analysis (MD&A) was a new element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, issued in June 1999. The first year of implementation of the new reporting model contained in GASB Statement No. 34 was 2003.

Financial Highlights

- The assets of the City exceeded liabilities by $107,533,572 (net assets). Of this amount, $22,778,528 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designations and fiscal policies.

- The City's total net assets increased by $3,664,090. A large contributor to this was the increase of $1,425,638 in the capital asset called Construction in Progress, in governmental activities, for the Pelzer Street Construction project.

- The City's governmental funds reported combined ending fund balances of $14.7 million. Of this total amount, approximately 56.9% is reserved.

- At the end of the current fiscal year, unreserved designated fund balance for the General Fund was $5,996,783.

- The City decreased total outstanding debt obligations during the current fiscal year. The Port Authority of Winona ("Port Authority") also decreased total outstanding debt obligations during the current fiscal year.

Using the Financial Section of This Comprehensive Annual Financial Report

This annual report consists of a series of financial statements.

1. Government-wide financial statements providing information for the City as a whole. These include the Statement of Net Assets and the Statement of Activities, which provide information about the activities of the City as a whole, and present a longer-term view of the City's finances.

2. Fund financial statements are presented after the Statement of Activities and provide detailed information for the City's significant funds. Fund financial statements report the City's operations in more detail than the government-wide statements by providing information about the City's funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of organizations outside of the government.

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

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

The basic governmental fund financial statements can be found on pages 29-32 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 34-39 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 40 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 41-78 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Required supplementary information can be found on pages 79-88 of this report.

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 89-111 of this report.

Government-Wide Financial Analysis

Net assets may serve over time as a useful indicator of the City's financial position. For the City, the assets exceeded liabilities by $107,533,572 at December 31, 2007.

The largest portion of the City's net assets (59%) reflects the City's investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate liabilities.

A condensed version of the Statement of Net Assets at December 31, 2007, is as follows:

Table 1
STATEMENT OF NET ASSETS (Primary Government only) at December 31, 2007, compared to the year ended December 31, 2006
(In thousands)

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Current and other assets	$30,794	$33,174	$20,263	$18,527	$ 51,057	$ 51,701
Capital assets	49,976	47,812	32,035	32,595	82,011	80,407
Total assets	$80,770	$80,986	$52,298	$51,122	$133,068	$132,108
Current and other liabilities	$ 4,784	$ 4,721	$ 1,245	$ 1,130	$ 6,029	$ 5,851
Long-term liabilities	9,151	10,646	10,355	11,741	19,506	22,387
Total liabilities	13,935	15,367	11,600	12,871	25,535	28,238
Net assets:						
Invested in capital assets — net of related debt	41,611	37,952	21,900	21,075	63,511	59,027
Restricted	16,736	18,240	4,508	4,738	21,244	22,978
Unrestricted	8,488	9,427	14,290	12,438	22,778	21,865
Total net assets	66,835	65,619	40,698	38,251	107,533	103,870
Total liabilities and net assets	$80,770	$80,986	$52,298	$51,122	$133,068	$132,108

A portion of the City's net assets represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets ($22,778,528) may be used to meet the City's ongoing obligations to citizens and creditors.

At both December 31, 2007 and 2006, the City is able to report positive balances in all three categories of net assets, both for the City, as a whole, as well as for its separate governmental and business-type activities.

The City's net assets, in governmental activities, increased by $1,216,890. The largest contributor for this was the increase of $3,523,273 in the capital asset called Construction in Progress for the Pelzer Street Construction project. Cash and investments decreased by $1,327,921 mainly due to the Pelzer Street Construction project. The noncurrent liabilities (due in more than one year) also decreased by $1,420,000 in 2007 from 2006. This was the result of the retirement of the City's bonds.

The City's net assets in business activities increased by $2,447,200. This is primarily a result of an increase in net assets in the Water Fund of $1,059,678 and an increase in the Sewer Fund of $971,829. The increase in the Water Fund was mainly due to an increase in water rates. The increase in net assets for the Sewer Fund was mainly due to operating income of approximately $697,714 more than operating expenses, which was budgeted for future capital asset replacement. The Water Fund's noncurrent liabilities also decreased in 2007 from 2006. This was the result of the retirement of City bonds.

Governmental Activities

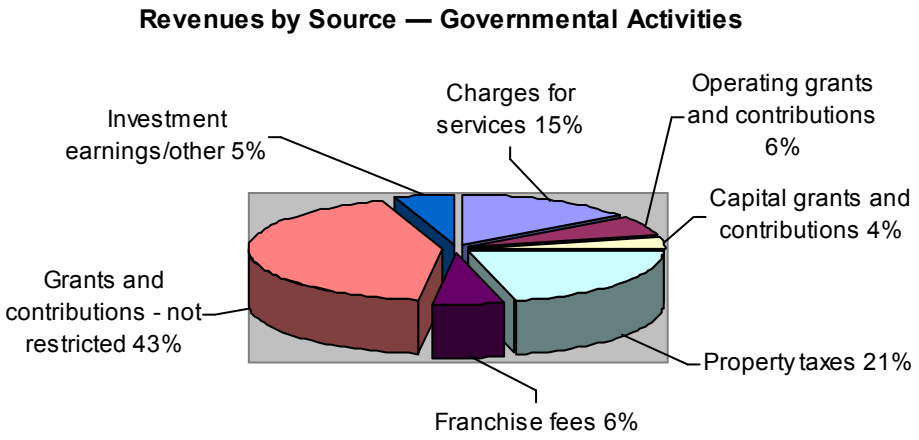
Governmental activities increased the City's net assets by $1,216,890, accounting for 33% of the total growth in net assets.

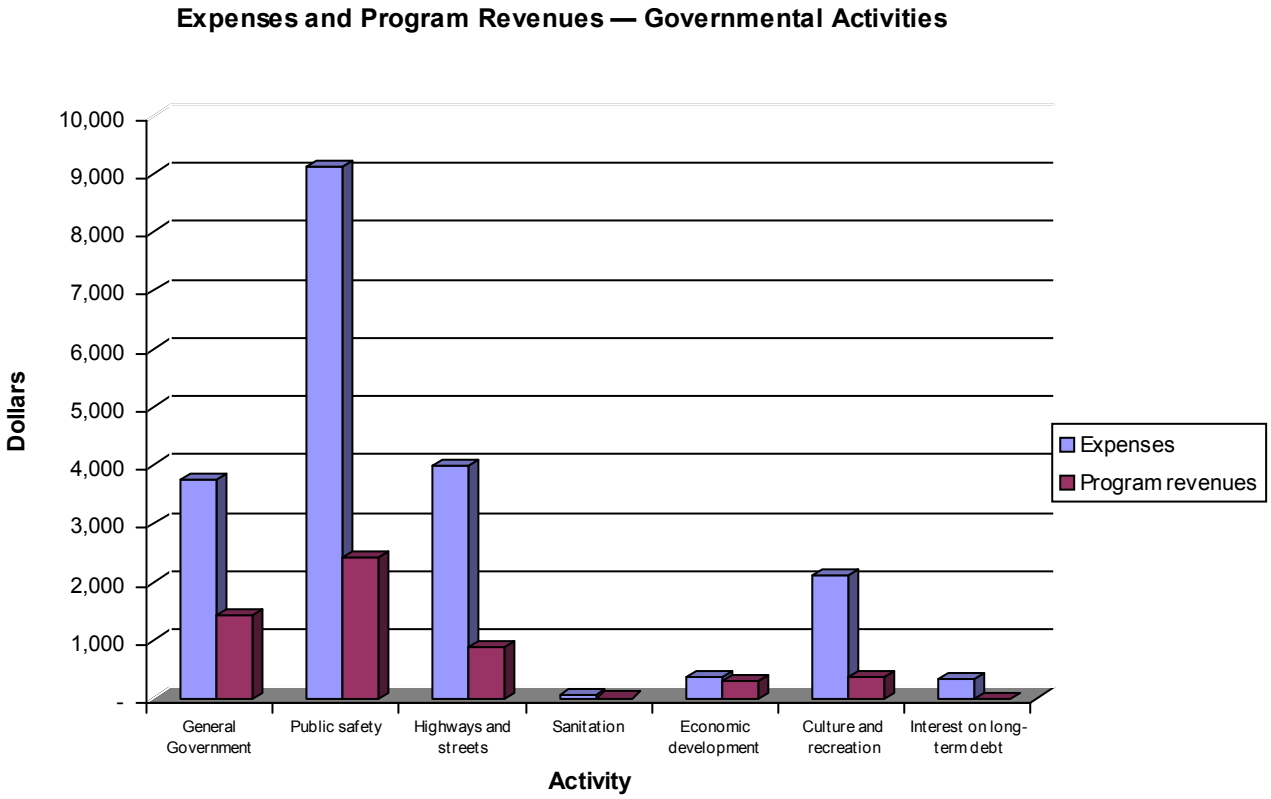
Table 2
STATEMENT OF ACTIVITIES (Primary Government only) for the year ended December 31, 2007, compared to December 31, 2006
(In thousands)

	2007			2006		
	Govern-mental Activities	Business-Type Activities	Total	Govern-mental Activities	Business-Type Activities	Total
REVENUES:						
Program revenues:						
Charges for services	$ 3,282	$ 7,528	$ 10,810	$ 2,868	$ 7,321	$ 10,189
Operating grants and contributions	1,307	913	2,220	1,586	816	2,402
Capital grants and contributions	766	133	899	6,234	122	6,356
General revenues:						
Taxes (property)	4,335	615	4,950	4,213	506	4,719
Franchise fees	1,193		1,193	1,143		1,143
Grants and contributions not restricted	9,062	1,570	10,632	8,877	1,243	10,120
Investment earnings	1,083	729	1,812	1,168	565	1,733
Total revenues	21,028	11,488	32,516	26,089	10,573	36,662
EXPENSES:						
General government	3,759		3,759	3,363		3,363
Public safety	9,124		9,124	8,927		8,927
Highways and streets	3,986		3,986	929		929
Sanitation and waste removal	64		64	30		30
Economic development	353		353	2,723		2,723
Culture and recreation	2,095		2,095	1,754		1,754
Other				2,014		2,014
Interest on long-term debt	318		318	349		349
Water		2,572	2,572		2,338	2,338
Sewer		2,313	2,313		2,459	2,459
Inspections		525	525		528	528
Airport		194	194		152	152
Public transportation		599	599		593	593
Recreation		1,687	1,687		1,404	1,404
Library		1,193	1,193		1,123	1,123
Storm sewer		70	70		128	128
Total expenses	19,699	9,153	28,852	20,089	8,725	28,814
CHANGE IN NET ASSETS BEFORE TRANSFERS	1,329	2,335	3,664	6,000	1,848	7,848
TRANSFERS	(113)	113		(87)	87	
CHANGE IN NET ASSETS	1,216	2,448	3,664	5,913	1,935	7,848
NET ASSETS — Beginning of year	65,619	38,250	103,869	59,706	36,315	96,021
NET ASSETS — End of year	$66,835	$40,698	$107,533	$65,619	$38,250	$103,869

Governmental Activities (continued)

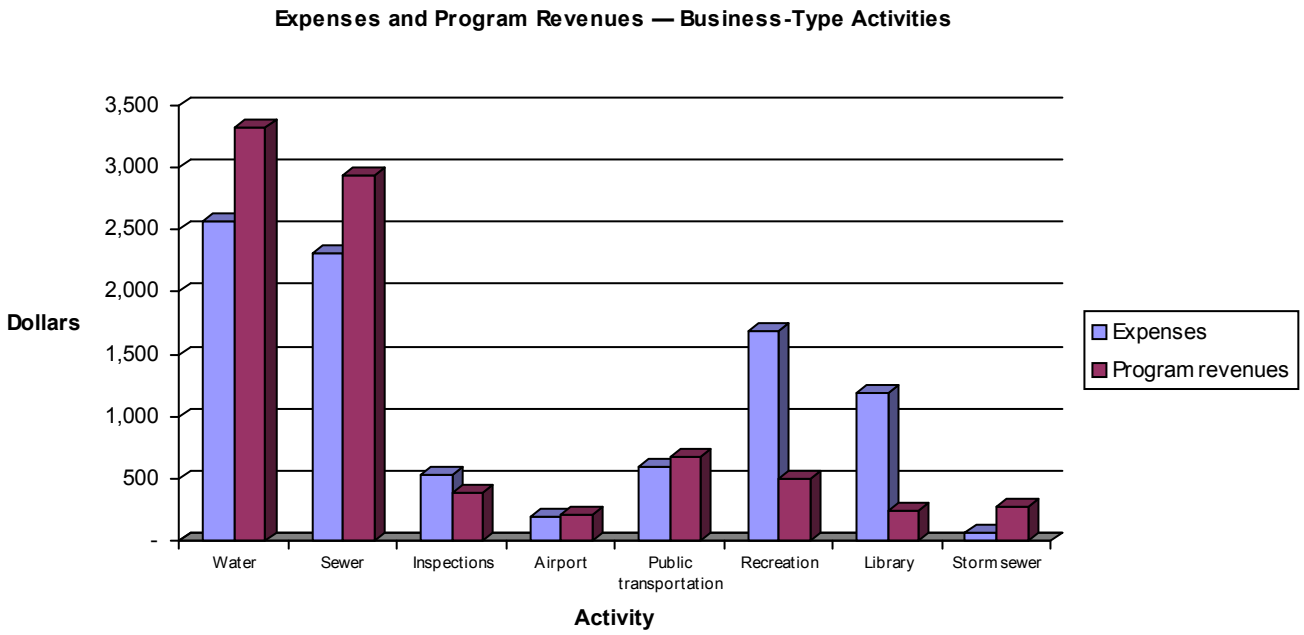
The following charts illustrate the City's governmental activities for the year ended December 31, 2007:





Business-Type Activities

The following charts illustrate the City's business-type activities for the year ended December 31, 2007:



Financial Analysis of the City's Funds

Governmental Funds:
The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financial requirements.

General Fund — At December 31, 2007, the unreserved, designated fund balance was $5,996,783 for the General Fund. The remaining fund balance has been reserved for a specific purpose.

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

Pelzer Street Construction Fund — The fund balance for this fund has decreased by $2,558,248 from 2006 to 2007 due to a decrease in cash, cash equivalents, and investments of $1,567,869, and an increase in due to other funds of $1,000,000. The project is to be completed in 2008.

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 Water utility's rates were increased an average of 3% during 2007. This increase was to pay for capital improvements and increasing expenses.

Sewer Fund — The Sewer utility's rates were increased an average of 3% during 2007. This increase was to pay for capital improvements and increasing expenses.

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 2007, the Storm Sewer utility's rates were increased an average of 3%. This increase was to pay for capital improvements and increasing expenses.

General Fund Budgetary Highlights and Analysis

During the year there were increases of $719,179 in appropriations between the General Fund original and final amended budget. Following are components of the increase:

- $464,944 was added to various departments for encumbrances from December 31, 2006.
- $152,000 was added to the Fire Department for the purchase of property adjacent to the Central Fire Station for future expansion.
- $31,000 was added to the compost site for a new metal storage building.
- $22,400 was added to the Parks Department for planting trees.
- $34,000 was added to the Parks Department for the West Lake Winona Shelter.

Following is a budget variance analysis:

- The Finance Department had a favorable budget variance of approximately $400,000 because some of the Finance projects did not get completed during the year.

Capital Assets

At the end of 2007, the City had $82,010,949 invested in a broad range of capital assets (net of accumulated depreciation). 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, 2007, the City had $18,500,000 in bonds and equipment certificates outstanding versus $21,380,000 last year, a decrease of $2,880,000. Also, as of December 31, 2007, the Port Authority had $3,455,000 in bonds outstanding versus $3,670,000 last year, a decrease of $215,000. All debt is backed by the full faith and credit of the City. Refer to Note 5 of the basic financial statements for a schedule showing the City's long-term debt activity.

The City's general obligation bond rating carries an Aa2 bond rating from Moody's Investors Services. This rating was affirmed in November 2006 at the time that the City issued new debt.

There was no new debt issued by either the City or the Port Authority during 2007.

Economic Factors and Next Year's Budget

- Continued business expansion suggests increased economic activity for the City in the future.
- The Pelzer Street Construction Project is one of the largest projects in past years. This project includes the reconstruction of Pelzer Street from a two-lane road to a four-lane roadway, building a bridge over a railroad, and widening Highway 14 (from the Gilmore Creek Bridge to Highway 61). The public

information meetings about the project began in 2003. The estimated costs are over $23 million with the funding as follows: Riverfront Tax Increment Fund ($4,900,000); State of Minnesota approved bonding ($3,500,000); Port Authority's General Obligation (tax-exempt) bonds ($3,500,000); State of Minnesota Department of Transportation ($2,807,942); Federal funds ($2,247,000); Minnesota Department of Transportation-State Aid ($4,406,636); Minnesota Department of Transportation-Engineering cost ($440,429); City funds ($600,000); Winona County ($523,084); and the Canadian Pacific Railroad ($300,000). The City's staff estimates completion of this project to be in 2008.

- As a labor-intensive organization, the City faces competitive pressures and rising costs relating to staff. The cost of the City's health benefits has increased in recent years to more than $1,900,000 in 2007.

- For 2007, the City offered three health plan options with consumer-driven healthcare programs that combined high deductibles with individual Health Plan Accounts (employer-held 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, police sergeants and officers have elected not to participate in the City's health plan. For 2007, the City's annual other postemployment benefit cost was $350,807. The actuarial accrued liability and the unfunded actuarial accrued liability is $2,495,955. The City Council has passed a resolution to begin funding the liability in 2009. Five retirees and five 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 Public Employees Retirement Fund in 2007 were $375,464. The City's contributions to the Public Employees Police and Fire Fund in 2007 were $446,694 and an additional contribution of $703,088. Additional contributions are expected for one additional year. As of December 31, 2007, the Public Employees Retirement Fund was 73.3% funded and the Public Employees Police and Fire Fund was 91.7% funded. Contribution rates were increased in 2007 (and future years) to move the plans back to a fully funded status as required by Minnesota state law.

- The proposed Public Employees Retirement Association of Minnesota (PERA) pension increase in costs to the City for 2008 and 2009 is estimated at $63,740 and $64,138, respectively. The pension increase, in rates, was approved by the 2005 State of Minnesota legislature.

- The outstanding debt for the City and the Port Authority totaled $21,955,000 on December 31, 2007. Amortization is rapid at 90% within ten years with all of the interest at a fixed rate. The majority of the debt is supported by special assessments and utility fund revenues.

- For 2008 the City and Port Authority's Capital Plan includes $974,000 for a new water tower in the Wincrest area. This project is funded by the Water Fund. Also included is $1,800,000 for the Airport to replace approach lighting. This project is to be funded by a state of Minnesota grant.

- The City continues to see new construction growth both in residential and in commercial construction. The growth in 2007 was at approximately $33 million.

- The percentage increase to the City's tax base during the past five years (37.9%) has been higher than inflation.

- 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 would not contest it). The City will receive, from the developers, $17,000 per acre for platted and developed land.

- The Mayor, the City Council, and the management of the City are currently focused on what they can do to continue to promote growth beyond the current period.

Contacting the City's Financial Management

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

BASIC FINANCIAL STATEMENTS

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CITY OF WINONA, MINNESOTA

STATEMENT OF NET ASSETS
AS OF DECEMBER 31, 2007 (with comparative totals for 2006)

	Primary Government				Component Unit Unit—Port Authority	
	Governmental Activities	Business-Type Activities	2007	2006	2007	2006
ASSETS:						
Cash and cash equivalents	$ 26,588,763	$ 16,664,014	$ 43,252,777	$ 42,993,961	$ 3,555,653	$ 2,867,551
Restricted investments	301,256	2,289,731	2,590,987	2,599,742		
Receivables	436,566	1,311,767	1,748,333	2,037,791	103,429	79,442
Internal balances	444,105	(444,105)	-			
Due from other governmental units	2,368,833	250,957	2,619,790	3,205,038	40,444	77,039
Note receivable	588,000		588,000	588,000		
Funds held by others			-		100,000	100,000
Inventories		190,281	190,281	199,568		
Prepaid items	2,104	908	3,012	4,500		
Deferred charges	64,477		64,477	72,078		
Properties held for developmental (Note 4)			-		3,184,044	3,366,157
Capital assets (Note 3):						
Nondepreciable	885,643	1,031,619	1,917,262	1,709,521		
Construction in progress	22,979,092	180,912	23,160,004	21,734,366		
Depreciable buildings, property, and equipment — net	4,642,158	21,579,590	26,221,748	25,070,664		
Depreciable infrastructure — net	21,469,608	9,242,327	30,711,935	31,892,488		
Capital assets — net	49,976,501	32,034,448	82,010,949	80,407,039	-	-
Total assets	$ 80,770,605	$ 52,298,001	$ 133,068,606	$ 132,107,717	$ 6,983,570	$ 6,490,189
LIABILITIES:						
Accounts payable	$ 1,436,153	$ 211,600	$ 1,647,753	$ 1,904,764	$ 322,142	$ 36,999
Accrued salaries and compensated absences payable			-	2,846,269		
Outstanding and incurred, but not reported claims	205,592		205,592	219,111		
Accrued interest payable	122,174	144,938	267,112	310,892	62,075	65,949
Deferred revenue — unearned revenue	569,680	558	570,238	570,497		
Noncurrent liabilities:						
Due within one year	3,870,347	4,007,845	7,878,192	2,880,000	220,000	215,000
Due in more than one year	7,730,921	7,235,226	14,966,147	19,506,702	3,235,000	3,455,000
Total liabilities	13,934,867	11,600,167	25,535,034	28,238,235	3,839,217	3,772,948
NET ASSETS:						
Invested in capital assets — net of related debt	41,611,501	21,899,448	63,510,949	59,027,039		
Restricted for:						
Police and fire retirement contribution	703,088		703,088	703,088		
OPEB — Retiree subsidy health plan	1,404,213	751,748	2,155,961	1,758,015		
Capital projects	944,751		944,751			
Health insurance	633,768		633,768	628,618		
Debt service	3,208,312	1,059,400	4,267,712	5,178,362	695,011	616,868
Pelzer Street Construction			-	1,383,927		
PIR Construction	857,856		857,856	837,228		
Equipment	3,894,142		3,894,142	3,502,357		
Facilities	2,064,797		2,064,797	1,941,616		
Infrastructure replacement	485,737		485,737			
Lake Winona dredging project			-		541,571	517,545
Water projects		1,777,745	1,777,745			
Other purposes (Note 1.M.)	2,236,450	919,193	3,155,643	6,753,336	1,907,771	1,582,828
Permanent funds:						
Nonexpendable — endowment	56,000		56,000	56,000		
Nonexpendable — other	246,895		246,895	234,879		
Unrestricted	8,488,228	14,290,300	22,778,528	21,865,017		
Total net assets	$ 66,835,738	$ 40,697,834	$ 107,533,572	$ 103,869,482	$ 3,144,353	$ 2,717,241

See notes to basic financial statements.

CITY OF WINONA, MINNESOTA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2007 (with comparative totals for 2006)

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets					
					Primary Government				Component Unit Port Authority	
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	2007	2006	2007	2006
GOVERNMENTAL ACTIVITIES:										
General government	$ 3,758,765	$ 1,352,315	$ 62,294	$ -	$ (2,344,156)	$ -	$ (2,344,156)	$ (2,513,885)	$ -	$ -
Public safety	9,123,908	1,398,639	1,011,840		(6,713,429)		(6,713,429)	(6,413,411)		
Highways and streets	3,986,125	644,359	222,441		(3,119,325)		(3,119,325)	3,434,433		
Sanitation and waste removal	63,532	3,725			(59,807)		(59,807)	(28,166)		
Economic development	353,074	(485,882)	9,883	766,018	(63,055)		(63,055)	(2,239,790)		
Culture and recreation	2,094,671	369,291			(1,725,380)		(1,725,380)	(1,356,458)		
Other	-							64,799		
Interest on long-term debt	318,089				(318,089)		(318,089)	(348,838)		
Total governmental activities	19,698,164	3,282,447	1,306,458	766,018	(14,343,241)	-	(14,343,241)	(9,401,316)		
BUSINESS-TYPE ACTIVITIES:										
Water	2,572,331	3,323,052	4,671			755,392	755,392	908,056		
Sewer	2,312,959	2,936,907	539			624,487	624,487	506,674		
Inspections	524,880	388,919				(135,961)	(135,961)	(157,696)		
Airport	194,493	32,180	50,274	133,340		21,301	21,301	247,969		
Public transportation	599,160	206,962	467,452			75,254	75,254	(122,378)		
Recreation	1,686,896	333,883	169,111			(1,183,902)	(1,183,902)	(1,105,139)		
Library	1,193,005	25,686	221,239			(946,080)	(946,080)	(885,801)		
Storm sewer	70,558	280,443				209,885	209,885	142,680		
Total business-type activities	9,154,282	7,528,032	913,286	133,340	-	(579,624)	(579,624)	(465,635)		
Total primary government	$28,852,446	$10,810,479	$2,219,744	$899,358	$(14,343,241)	$ (579,624)	$ (14,922,865)	$ (9,866,951)		
Component unit activities —										
Port Authority	$ 1,262,785	$ 635,182	$ 12,552	$490,728					(124,323)	37,926
General revenues:										
Taxes:										
Property taxes levied for general purposes					4,334,907	615,105	4,950,012	4,718,257	303,325	295,206
Tax increments									66,932	63,097
Franchise fees					1,193,201		1,193,201	1,143,200		
Grants and contributions not restricted to specific programs					9,062,208	1,569,793	10,632,001	10,120,465	33,438	34,072
Interest and investment earnings					1,083,303	728,438	1,811,741	1,733,209	144,990	119,177
Gain on sale of capital assets									2,750	
Transfers					(113,488)	113,488	-			
Total general revenues and transfers					15,560,131	3,026,824	18,586,955	17,715,131	551,435	511,552
Change in net assets					1,216,890	2,447,200	3,664,090	7,848,180	427,112	549,478
Net assets — beginning					65,618,848	38,250,634	103,869,482	96,021,302	2,717,241	2,167,763
Net assets — ending					$ 66,835,738	$40,697,834	$107,533,572	$103,869,482	$3,144,353	$2,717,241

See notes to basic financial statements

CITY OF WINONA, MINNESOTA

BALANCE SHEET — GOVERNMENTAL FUNDS
AS OF DECEMBER 31, 2007 (with comparative totals for 2006)

ASSETS	General	Permanent Improvement Revolving Bond	Permanent Improvement Revolving Construction	Pelzer Street Construction	Other Nonmajor Governmental Funds	Total Governmental Funds 2007	Total Governmental Funds 2006
Cash, cash equivalents, and investments	$8,969,600	$2,753,974	$853,634	$ 326,526	$3,563,148	$16,466,882	$17,996,738
Restricted investments					301,256	301,256	288,857
Receivables — net:							
Taxes	76,163	7,445			2,746	86,354	94,236
Special assessments		1,836,831				1,836,831	2,356,548
Customers and other	296,279			363,350	332	659,961	363,871
Due from other funds	150,000				6,096	156,096	150,000
Due from other governmental units	58,755	21,196			7,478	87,429	869,794
Prepaid items	2,104					2,104	4,500
Accrued interest on investments	69,473	13,622	4,222	1,615	16,998	105,930	144,333
TOTAL	$9,622,374	$4,633,068	$857,856	$ 691,491	$3,898,054	$19,702,843	$22,268,877
LIABILITIES AND FUND BALANCES							
LIABILITIES:							
Accounts payable	$ 478,716	$ 438	$ -	$ 865,812	$ 7,480	$ 1,352,446	$ 1,591,526
Accrued salaries and compensated absences	701,988				14,417	716,405	475,663
Due to other funds				1,000,000	6,096	1,006,096	
Deferred revenue	77,078	1,844,276			7,482	1,928,836	2,456,572
Total liabilities	1,257,782	1,844,714	-	1,865,812	35,475	5,003,783	4,523,761
FUND BALANCES (DEFICITS):							
Reserved	2,367,809	2,788,354	857,856		2,043,092	8,057,111	10,610,158
Reserved — current					246,895	246,895	234,879
Reserved — endowment					56,000	56,000	56,000
Unreserved — designated reported in:							
General fund	5,996,783					5,996,783	5,393,400
Capital projects funds					1,529,254	1,529,254	1,458,642
Unreserved — undesignated reported in:							
Capital projects funds				(1,174,321)		(1,174,321)	
Special revenue funds					(12,662)	(12,662)	(7,963)
Total fund balances (deficits)	8,364,592	2,788,354	857,856	(1,174,321)	3,862,579	14,699,060	17,745,116
TOTAL	$9,622,374	$4,633,068	$857,856	$ 691,491	$3,898,054	$19,702,843	$22,268,877

See notes to basic financial statements.

CITY OF WINONA, MINNESOTA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS AS OF DECEMBER 31, 2007

FUND BALANCE — TOTAL GOVERNMENTAL FUNDS		$14,699,060
Amounts reported for governmental activities in the statement of net assets are different because:		
1. Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds:		
Construction in progress	$ 22,979,092	
Governmental capital assets	64,349,234	
Less accumulated depreciation	(37,351,825)	49,976,501
2. Deferred revenue in governmental funds is susceptible to full accrual on the government-wide statements —		
Deferred special assessments, property taxes, state grant, and service charges		1,928,834
3. Long-term liabilities are not payable with current financial resources and are therefore not reported in the governmental funds.		(8,365,000)
4. Long-term debt-bond issuance costs are susceptible to full accrual on the government-wide statements		84,314
5. Bond issuance costs are amortized and susceptible to full accrual on the government-wide statements		(19,837)
6. The City uses an internal service fund to charge the cost of its self-insurance activities to individual funds:		
Internal service funds net assets	8,659,935	
Current-year portion to business-type activities	(5,895)	8,654,040
7. Accrued interest is not payable with current financial resources and is therefore not reported in the governmental funds.		(122,174)
8. Note receivable in governmental funds is susceptible to full accrual on the government-wide statements:		
Note receivable	588,000	
Less unearned revenue	(588,000)	
NET ASSETS OF GOVERNMENTAL ACTIVITIES		$66,835,738

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, 2007 (with comparative totals for 2006)

	General	Permanent Improvement Revolving Bond	Permanent Improvement Revolving Construction	Pelzer Street Construction	Other Nonmajor Governmental Funds	Total Governmental Funds 2007	Total Governmental Funds 2006
REVENUES:							
General property taxes	$ 3,737,111	$ 451,873	$ -	$ -	$ 150,132	$ 4,339,116	$ 4,215,412
Franchise fees	1,193,201					1,193,201	1,143,201
Special assessments		766,018				766,018	894,270
Licenses and permits	161,329					161,329	149,753
Fines and forfeits	253,614					253,614	313,581
Intergovernmental revenues	10,211,217	48,098			69,344	10,328,659	14,608,555
Investment earnings	536,865	92,327	38,617	45,519	170,543	883,871	934,421
Net increase (decrease) in fair value of investments	74,013				(221)	73,792	141,110
Charges for services	735,419				103,081	838,500	880,358
Contributions	40,006					40,006	349,772
Refunds and reimbursements				363,713		363,713	
Other						-	446
Total revenues	16,942,775	1,358,316	38,617	409,232	492,879	19,241,819	23,630,879
EXPENDITURES:							
Current:							
General government	2,953,557				120,335	3,073,892	3,327,563
Public safety	7,221,380					7,221,380	6,813,091
Highways and streets	2,700,374			74,207		2,774,581	2,606,047
Sanitation and waste removal	43,532					43,532	30,166
Economic development	282,694				83,217	365,911	346,931
Culture and recreation	1,728,791				952	1,729,743	1,720,125
Capital outlay:							
General government	7,576					7,576	
Public safety	212,517					212,517	278,549
Highways and streets	47,942		16,911	3,523,273	129,465	3,717,591	13,289,196
Sanitation and waste removal	20,000					20,000	
Economic development			1,078			1,078	
Culture and recreation	331,339					331,339	269,399
Debt service:							
Bond principal		1,385,000			110,000	1,495,000	1,575,000
Interest and other expenditures		293,851			27,405	321,256	350,963
Total expenditures	15,549,702	1,678,851	17,989	3,597,480	471,374	21,315,396	30,607,030
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,393,073	(320,535)	20,628	(3,188,248)	21,505	(2,073,577)	(6,976,151)
OTHER FINANCING (USES) SOURCES:							
Transfer to other funds	(1,591,300)				(639,232)	(2,230,532)	(2,563,652)
Transfers from other funds	580,790			630,000	47,263	1,258,053	1,061,683
General obligation bonds issued						-	845,000
Total other financing (uses) sources	(1,010,510)	-	-	630,000	(591,969)	(972,479)	(656,969)
NET CHANGE IN FUND BALANCE	382,563	(320,535)	20,628	(2,558,248)	(570,464)	(3,046,056)	(7,633,120)
FUND BALANCE — January 1, 2007	7,982,029	3,108,889	837,228	1,383,927	4,433,043	17,745,116	25,378,236
FUND BALANCE (DEFICIT) — December 31, 2007	$ 8,364,592	$ 2,788,354	$ 857,856	$ (1,174,321)	$ 3,862,579	$ 14,699,060	$ 17,745,116

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, 2007

NET CHANGE IN FUND BALANCES — TOTAL GOVERNMENTAL FUNDS		$(3,046,056)
Amounts reported for governmental activities in the statement of activities are different because:		
1. Governmental funds report capital outlays as expenditures while the government-wide statement of activities reports depreciation expense to allocate those expenditures over the life of the assets. As a result, fund balance decreases by the amount of financial resources expended, whereas net assets decrease by the amount of depreciation expense charged for the year. This is the amount by which capital outlays exceeded depreciation expense.		
Construction in progress	$ 3,523,273	
Capital outlay	382,443	
Depreciation expense	(1,741,418)	2,164,298
2. Revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		
Taxes	(4,210)	
Special assessments	(519,718)	
Charges for services	5,125	
Other	(8,935)	(527,738)
3. Bond proceeds are reported as other financing sources in governmental funds and thus contribute to the increase in fund balance. In the government-wide statements, however, issuing debt increases long-term liabilities in the statement of net assets and does not affect the statement of activities. This is the amount received related to the issuance of bonds.		
Repayment of the principal on long-term debt	1,495,000	1,495,000
4. Interest expense in the government-wide statement of activities differs from the amount reported in governmental funds because additional accrued interest was calculated for bonds payable, which are expended in the governmental fund statements.		
Accrued interest payable — December 31, 2006	142,901	
Accrued interest payable — December 31, 2007	(122,174)	20,727
5. Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. This amount represents the change in net assets of the internal service fund, which is reported with governmental activities.		1,118,260
6. Bond issuance costs are amortized over the bond life and are not expended in the year of issuance.		(7,601)
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES		$ 1,216,890

See notes to basic financial statements.

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CITY OF WINONA, MINNESOTA

STATEMENT OF NET ASSETS — PROPRIETARY FUNDS
AS OF DECEMBER 31, 2007 (with comparative totals for 2006)

ASSETS	Water	Sewer	Inspections	Airport	Public Transportation
CURRENT ASSETS:					
Cash and cash equivalents	$ 6,365,971	$ 8,390,897	$ 218,821	$ 423,971	$ 309,269
Escrow account	2,289,731				
Receivables — net:					
Billed	608,267	571,691	17,377	1,124	18,928
Unbilled					
Other					
Due from other funds					
Due from other governmental units	4,000			166,137	22,563
Prepaid items		908			
Accrued interest on investments	31,488	41,504	1,095	2,097	1,530
Inventories	190,281				
Total current assets	9,489,738	9,005,000	237,293	593,329	352,290
PROPERTY AND EQUIPMENT — CAPITAL ASSETS (Note 3):					
Nondepreciable:					
Land	16,600	11,900		458,840	
Collections					
Construction in progress	45,252	16,938			
Depreciable:					
Buildings	6,864,402	5,277,640		1,475,550	58,140
Improvements other than buildings	9,195,657	12,219,266		950,119	11,220
Machinery and equipment	2,681,598	657,243	60,909	65,550	975,853
Infrastructure	3,718,996	5,211,851			
Books					
Accumulated depreciation	(8,084,697)	(11,524,616)	(34,538)	(1,916,533)	(826,158)
Total capital assets	14,437,808	11,870,222	26,371	1,033,526	219,055
TOTAL ASSETS	23,927,546	20,875,222	263,664	1,626,855	571,345
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES:					
Accounts payable	72,179	54,318	11,085	4,232	8,561
Accrued salaries and compensated absences	221,730	313,723	110,164	27,567	10
Bonds payable	2,851,100	268,900			
Accrued interest payable	116,025	28,913			
Due to other funds				300,000	
Deferred revenue				558	
Outstanding and incurred, but not reported claims					
Total current liabilities	3,261,034	665,854	121,249	332,357	8,571
NONCURRENT LIABILITIES:					
Revenue bonds payable	5,904,999	1,110,001			
Unamortized bond premium	35,696				
Unamortized bond discount	(27,052)	(3,284)			
Total noncurrent liabilities	5,913,643	1,106,717	-	-	-
Total liabilities	9,174,677	1,772,571	121,249	332,357	8,571
NET ASSETS:					
Invested in capital assets — net of related debt	5,681,708	10,491,322	26,371	1,033,526	219,055
Restricted	2,660,184	672,375	268,608	74,101	64,800
Unrestricted	6,410,977	7,938,954	(152,564)	186,871	278,919
TOTAL NET ASSETS	$ 14,752,869	$ 19,102,651	$ 142,415	$ 1,294,498	$ 562,774

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

Net assets of business-type activities.

See notes to basic financial statements.

Recreation	Library	Storm Sewer	Total 2007	Total 2006	Governmental Activities — Internal Service Funds 2007	Governmental Activities — Internal Service Funds 2006
$ 329,326	$ 300,498	$ 325,261	$ 16,664,014	$ 15,077,277	$ 10,121,881	$ 9,919,946
			2,289,731	2,310,885		
5,207	340	6,396	1,229,330	212,899		
			-	747,007		
			-	275,694	2,007	408
			-		1,300,000	300,000
2,913	55,344		250,957	53,839		
			908			
1,629	1,485	1,609	82,437	93,636	26,888	30,564
			190,281	199,568		
339,075	357,667	333,266	20,707,658	18,970,805	11,450,776	10,250,918
	5,286	363,193	855,819	855,819		
	175,800		175,800	175,800		
		118,722	180,912	2,278,547		
1,705,842	327,622		15,709,196	13,711,574		
1,356,304			23,732,566	23,457,568		
106,351	74,447		4,621,951	4,408,913		
		3,094,854	12,025,701	11,564,785		
	693,516		693,516	627,275		
(1,961,060)	(804,300)	(809,111)	(25,961,013)	(24,485,445)		
1,207,437	472,371	2,767,658	32,034,448	32,594,836	-	-
1,546,512	830,038	3,100,924	52,742,106	51,565,641	11,450,776	10,250,918
28,593	29,382	3,250	211,600	214,106	11,531	79,968
189,118	240,399		1,102,711	962,890	2,519,863	2,408,503
			3,120,000	1,385,000		
			144,938	167,991		
	150,000		450,000	450,000		
			558		53,855	1,661
			-		205,592	219,111
217,711	419,781	3,250	5,029,807	3,179,987	2,790,841	2,709,243
			7,015,000	10,135,000		
			35,696	40,158		
			(30,336)	(34,243)		
-	-	-	7,020,360	10,140,915	-	-
217,711	419,781	3,250	12,050,167	13,320,902	2,790,841	2,709,243
1,207,437	472,371	2,767,658	21,899,448	21,074,836		
389,406	293,112	85,500	4,508,086	4,738,144	8,376,003	7,338,245
(268,042)	(355,226)	244,516	14,284,405	12,431,759	283,932	203,430
$ 1,328,801	$ 410,257	$ 3,097,674	40,691,939	38,244,739	$ 8,659,935	$ 7,541,675
			5,895	5,895		
			$ 40,697,834	$ 38,250,634		

CITY OF WINONA, MINNESOTA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS — PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007 (with comparative totals for 2006)

	Water	Sewer	Inspections	Airport	Public Transportation
OPERATING REVENUES:					
Water sales	$ 3,221,464	$ -	$ -	$ -	$ -
Sewer and storm sewer charges		2,897,101			
Permits and licenses			382,245		
Athletic fees and memberships					
Fares and passes					78,712
Rents				28,200	
Charges to city departments					
Other charges and services	72,964	15,644	6,674		128,251
Tap fees	24,162	24,162			
Library sales					
Refunds and reimbursements					
Contributions					
Other				3,980	
Total operating revenues	3,318,590	2,936,907	388,919	32,180	206,963
OPERATING EXPENSES:					
Salaries and employee benefits	737,125	916,800	381,004	65,032	4,687
Health insurance stop-loss premium					
Health insurance claims and fees					
Contractual services	359,052	258,461	128,549	75,823	360,918
Supplies	365,530	157,508	6,362	3,507	67,634
Maintenance of equipment	40,020	60,019			43,903
Utilities	199,937	275,627		6,670	450
Depreciation	514,382	570,778	8,965	43,461	119,828
Other expense	133				1,740
Total operating expenses	2,216,179	2,239,193	524,880	194,493	599,160
OPERATING INCOME (LOSS)	1,102,411	697,714	(135,961)	(162,313)	(392,197)
NONOPERATING REVENUES (EXPENSES):					
General property taxes				30,201	17,258
Investment earnings	304,286	347,342	10,743	23,387	13,330
Intergovernmental revenues:					
Federal grants				133,340	275,645
State market value credits and LGA				68,854	45,492
State grants	4,000			50,052	191,807
County	670	539		222	
Contributions					
Interest expense	(338,471)	(71,620)			
Gain on sale of capital asset					
Other expense	(13,218)	(2,146)			
Nonoperating (expenses) revenues	(42,733)	274,115	10,743	306,056	543,532
INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	1,059,678	971,829	(125,218)	143,743	151,335
TRANSFERS IN					
TRANSFERS OUT					
INCREASE (DECREASE) IN NET ASSETS	1,059,678	971,829	(125,218)	143,743	151,335
NET ASSETS — Beginning of year	13,693,191	18,130,822	267,633	1,150,755	411,439
NET ASSETS — End of year	$14,752,869	$19,102,651	$142,415	$ 1,294,498	$ 562,774

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

Change in net assets-business-type activities

See notes to basic financial statements.

Recreation	Library	Storm Sewer	Total 2007	Total 2006	Governmental Activities — Internal Service Fund 2007	Governmental Activities — Internal Service Fund 2006
$ -	$ -	3	$ 3,221,464	$ 3,187,312	$ -	$ -
		280,443	3,177,544	3,185,503		
			382,245	362,979		
329,919			329,919	267,149		
			78,712	80,203		
			28,200	25,053		
					1,380,640	1,578,684
			223,533	137,256	532,678	251,826
			48,324	48,906		
	16,821		16,821	:5,943		
3,964	8,865		12,829	7,758	119,574	149,152
169,111	9,632		178,743	45,419		
			3,980	3,391		
502,994	35,318	280,443	7,702,314	7,366,872	2,032,892	1,979,662
1,010,174	837,736		3,952,558	3,929,172	111,361	221,278
					1,349,134	1,515,785
					197,354	197,595
300,004	144,057	9,465	1,636,329	1,530,450	397,340	79,572
199,063	87,935	155	887,694	806,003		
17,386	11,900		173,228	1:6,749		
77,726	24,714		585,124	535,070		
82,530	86,663	60,938	1,487,545	1,351,708		
13			1,886	1,496		
1,686,896	1,193,005	70,558	8,724,364	8,270,648	2,055,189	2,014,230
(1,183,902)	(1,157,687)	209,885	(1,022,050)	(903,776)	(22,297)	(34,568)
308,779	258,867		615,105	505,504		
4,834	9,121	15,395	728,438	564,980	281,566	195,160
			408,985	201,270		
814,601	640,845		1,569,792	1,243,131		
			245,859	482,765		
	211,607		213,038	198,970		
						(125,000)
			(410,091)	(407,436)		
				9,183		
			(15,364)	(46,610)		
1,128,214	1,120,440	15,395	3,355,762	2,751,757	281,566	70,160
(55,688)	(37,247)	225,280	2,333,712	1,847,981	259,269	35,592
175,960	18,077		194,037	2:4,239	1,529,119	2,011,881
(9,687)		(70,862)	(80,549)	(126,821)	(670,128)	(597,330)
110,585	(19,170)	154,418	2,447,200	1,935,399	1,118,260	1,450,143
1,218,216	429,427	2,943,256	38,244,739	36,309,340	7,541,675	6,091,532
$ 1,328,801	$ 410,257	$3,097,674	40,691,939	38,244,739	$ 8,659,935	$7,541,675
			5,895	5,895		
			$40,697,834	$38,250,634		

CITY OF WINONA, MINNESOTA

STATEMENT OF CASH FLOWS — PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007 (with comparative totals for 2006)

	Water	Sewer	Inspections	Airport	Public Transporation
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers	$ 3,314,888	$ 2,975,145	$ 376,256	$ (110,558)	$ 188,283
Service charges					
Payments to employees	(703,340)	(883,506)	(363,512)	(60,490)	(4,719)
Payments to other funds	(64,125)		(73,399)		
Payments to suppliers	(875,249)	(771,464)	(62,585)	(87,404)	(467,905)
Service charges	(133)				
Net cash provided by (used in) operating activities	1,672,041	1,320,175	(123,240)	(258,452)	(284,341)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
County grants	670	539		222	
Deferred revenue-increase				558	
Deferred revenue-decrease					
Due from other funds					4,247
Due to other funds					
Federal grants				133,340	275,645
State grants	4,000			50,052	191,807
State LGA and market value credits				68,854	45,492
Taxes				30,201	17,258
Contributions					
Transfers from other funds					
Transfers to other funds					
Unamortized bond (premium) discount	(1,024)	469			
Net cash provided by (used in) noncapital financing activities	3,646	1,008	-	283,227	534,449
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition of capital assets	(170,453)	(35,373)	(11,900)	(141,442)	(191,552)
Interest paid on capital debt	(350,378)	(82,767)			
Other fiscal agent charges	(17,680)	(2,146)			
Payments on capital debt	(771,150)	(613,850)			
Proceeds from capital debt					
Restriction of proceeds from capital debt	21,154				
Net cash used in capital and related financing activities	(1,288,507)	(734,136)	(11,900)	(141,442)	(191,552)
CASH FLOWS FROM INVESTING ACTIVITIES — Interest received	308,009	352,108	11,791	24,495	13,274
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	695,189	939,155	(123,349)	(92,172)	71,830
CASH AND CASH EQUIVALENTS — Beginning of year	5,670,782	7,451,742	342,170	516,143	237,439
CASH AND CASH EQUIVALENTS — End of year	$ 6,365,971	$ 8,390,897	$ 218,821	$ 423,971	$ 309,269
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:					
Operating income (loss)	$ 1,102,411	$ 697,714	$ (135,961)	$ (162,313)	$ (392,197)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	514,382	570,778	8,965	43,461	119,828
Changes in assets and liabilities:					
Accounts payable	15,877	(19,850)	(1,073)	(1,403)	6,740
Compensated absences	10,253	(3,579)	3,764	1,426	
Customer receivables	(8,164)	38,238	(12,663)	(142,738)	(18,680)
Inventory	9,287				
Other accrued liabilities	4,462				
Salaries and benefits payable	23,533	36,874	13,728	3,115	(32)
Net cash provided by (used in) operating activities	$ 1,672,041	$ 1,320,175	$ (123,240)	$ (258,452)	$ (284,341)

See notes to basic financial statements.

Recreation	Library	Storm Sewer	Total 2007	Total 2006	Governmental Activities — Internal Service Funds 2007	Governmental Activities — Internal Service Funds 2006
$ 502,234	$ (18,643)	$ 283,167	$ 7,510,772	$ 7,350,458	$ 2,031,293	$ 2,017,088
			-		111,361	222,247
(973,195)	(823,976)		(3,812,738)	(3,624,396)		
			(137,524)	(164,895)		
(597,254)	(271,589)	(6,370)	(3,139,820)	(3,038,547)	(2,099,312)	(1,976,116)
			(133)	102		
(1,068,215)	(1,114,208)	276,797	420,557	522,722	43,342	263,219
	211,607		213,038	198,970		
			558		33,205	(17,827)
			-		(18,845)	
			4,247	(21,251)		
			-	(200,000)	(1,000,000)	
			408,985	201,270		
814,601			1,060,460	482,766		
308,779	640,845		1,063,970	1,243,131		
	258,867		306,326	505,504		
			-			(125,000)
175,960	18,077		194,037	214,239	1,529,119	2,011,881
(9,687)		(70,862)	(80,549)	(126,821)	(670,128)	(597,330)
			(555)	46,354		
1,289,653	1,129,396	(70,862)	3,170,517	2,544,162	(126,649)	1,271,724
(149,820)	(107,894)	(118,722)	(927,156)	(1,286,263)		
			(433,145)	(428,729)		
			(19,826)	(46,610)		
			(1,385,000)	(1,340,000)		
			-	2,295,000		
			21,154	(2,310,885)		
(149,820)	(107,894)	(118,722)	(2,743,973)	(3,117,487)	-	-
4,776	10,013	15,170	739,636	549,966	285,242	187,889
76,394	(82,693)	102,383	1,586,737	499,363	201,935	1,722,832
252,932	383,191	222,878	15,077,277	14,577,914	9,919,946	8,197,114
$ 329,326	$ 300,498	$ 325,261	$ 16,664,014	$ 15,077,277	$ 10,121,881	$ 9,919,946
$ (1,183,902)	$ (1,157,687)	$ 209,885	$ (1,022,050)	$ (903,776)	$ (22,297)	$ (34,568)
82,530	86,663	60,938	1,487,545	1,351,708		
(3,062)	(2,982)	3,250	(2,503)	(227,308)	(44,122)	78,368
6,393	(13,875)		4,382	178,183		
(760)	(53,961)	2,724	(196,004)	(16,411)	(1,599)	(408)
			9,287	13,733		
			4,462		111,360	219,827
30,586	27,634		135,438	126,593		
$ (1,068,215)	$ (1,114,208)	$ 276,797	$ 420,557	$ 522,722	$ 43,342	$ 263,219

CITY OF WINONA, MINNESOTA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES — TOURISM PROMOTION AGENCY FUND
AS OF DECEMBER 31, 2007 (with comparative totals for 2006)

	2007	2006
ASSETS —		
Accounts receivable — total assets	$ 13,838	$ 12,813
LIABILITIES —		
Accounts payable — total liabilities	$ 13,838	$ 12,813

See notes to basic financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Financial Reporting Entity of the City

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

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

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

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

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

Blended Component Units:

The City has no blended component units.

Discretely Presented Component Units:

Port Authority of Winona:

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

Related Organizations:

Housing and Redevelopment Authority of Winona:

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

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

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

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

Joint Ventures and Jointly Governed Organizations:

The City was not part of any joint venture or jointly governed organization during 2007.

B. Government-Wide and Fund Financial Statements

In accordance with the GASB Statement No. 34, *Basic Financial Statements — and Management's Discussion and Analysis — for State and Local Governments*, a new reporting model was developed to make annual reports easier to understand and more useful to the people who use governmental financial information to make decisions.

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the City and its component unit, the Port Authority. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support. Interfund services provided and used are not eliminated in the process of consolidation.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. (The accrual basis of accounting is used for the agency fund, the agency fund has no measurement focus.) Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities for the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting; however, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

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

- *Permanent Improvement Revolving (P.I.R.) Bond Fund* — The PIR Bond Fund is established to account for the collection of assessments from benefited properties for the retirement of debt. The property owners are assessed their share of the costs of the benefit, according to City policy. Interest is charged on the unpaid assessments.

- *P.I.R. Construction Fund* — The P.I.R. Construction Fund is established to finance public improvements. Expenditures made from this fund are for improvements, the obligation for which is payable wholly or partially from the proceeds of special assessments levied upon property specifically benefited by the improvements.

- *Pelzer Street Construction Fund* — The Pelzer Street Construction Fund is established to account for the revenues and the expenditures relating to the reconstruction of Pelzer Street.

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

- *Water Fund* — The Water Fund is established to account for the provision of water services to the residents and to commercial and industrial establishments of the City. All activities necessary to provide this service are accounted for in this fund, including, but not limited to, administrative, operations, maintenance, financing, and related debt service.

- *Sewer Fund* — The Sewer Fund is established to account for the provision of sewage disposal services to the residents and to commercial and industrial establishments of the City. All activities necessary to provide this service are accounted for in this fund, including, but not limited to, administrative, operations, maintenance, financing, and related debt service.

- *Inspections Fund* — The Inspections Fund is established to account for the revenues and expenses associated with the enforcement of State of Minnesota Codes (building, plumbing, and mechanical), the City's ordinances, and other specific laws.

- *Airport Fund* — The Airport Fund is established to account for the revenues and the expenses of the Winona Municipal Airport.

- *Public Transportation Fund* — The Public Transportation Fund is established to account for the revenues and the expenses of the Winona Transit Service.

- *Recreation Fund* — The Recreation Fund is established to account for the revenues and the expenses of the City's recreation programs, the Winona Senior Friendship Center, the Aquatic Center, park administration, and the Winona Municipal Band.

- *Library Fund* — The Library Fund is established to account for the revenues and the expenses relating to the City-owned library.

- *Storm Sewer Fund* — The Storm Sewer Fund is established to account for the revenues and the expenses of the City's storm sewer system.

Other funds—The City reports the following fund types:

- *Permanent Funds* — The permanent funds (included in other nonmajor governmental funds) are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's programs. These funds include the following: Bell Art Endowment; Laird and Bell Endowment; C. M. Youman Memorial; H.C. Garvin Winona Civic; Dr. C. A. Rohrer; Leonhard Fried Educational; and the Mielimonka Library.

- *Internal Service Funds* — The internal service funds account for the services of insurance, benefits, risk management, equipment, and facilities provided to other departments of the City on a cost reimbursement basis. These funds include the following: Health Insurance; Law Enforcement Labor Services (LELS); Employee Benefit; Risk Management; Equipment Replacement; Facilities and Infrastructure Replacement.

- *Tourism Promotion Agency Fund* — The Tourism Promotion Fund accounts for the lodging tax paid to the City, and the amount of lodging tax paid out.

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

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

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

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

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

D. Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the General Fund and certain Special Revenue Funds (Senior Advocacy Program Fund for the primary government), and Capital Project Funds (Municipal State Aid Fund, Dike Construction Fund, and the Permanent Improvement Revolving Construction

Fund, all of which are part of the primary government). All annual appropriations lapse at fiscal year-end.

The 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.

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

During the year there were increases of $719,179 in appropriations between the General Fund original and final amended budget. Following are some of the components of the increase:

- $464,944 was added to various departments for encumbrances from December 31, 2006;
- $152,000 was added to the Fire Department for the purchase of property adjacent to the Central Fire Station;
- $34,000 was added to the Parks Department for a shelter at West Lake Winona
- $31,000 was added to the Compost Site Department for a new storage building
- $22,400 was added to the Parks Department for the planting of trees

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

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

E. Cash, Cash Equivalents, and Investments

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

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

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

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

change in fair value of investments in the City's fund financial statements and within general revenues in the government-wide financial statements.

F. Interfund Receivables/Payables

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

G. Inventory

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).

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 is refundable three years after the deposit was made.

I. Restricted Assets

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

J. Capital Assets

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

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

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

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

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

K. Compensated Absences Benefits

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

L. Long-Term Obligations

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

M. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation, or are legally restricted by outside parties for use for a specific purpose. Designated fund balances represent tentative plans for future use of financial resources that are subject to change (see Note 8).

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

Governmental Activities	**Amount**
General Fund commitments	$ 963,596
Special Revenue Funds	678,383
Risk Management	594,407
LELS Program	64
Total Govenmental	$ 2,236,450
Business-Type Activities	
Commitments	$ 919,193
Component Unit	
Port Authority projects	$ 1,907,771

N. Bond Discounts/Issuance Costs

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

O. Interfund Transactions

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

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

P. Property Taxes

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

The County spreads all levies over taxable property. Such taxes become a lien on January 1 and are recorded as receivables by the City at that date. Within the fund financial statements, property taxes are accrued and recognized as revenue, excluding delinquent taxes received over 60 days after year-end.

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

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

Q. New Accounting Pronouncements

In September 2006, the GASB issued Statement No. 48, *Sales and Pledges of Receivable and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues.* This Statement establishes accounting and financial reporting standards for transactions in which a government receives, or is entitled to, resources in exchange for future cash flows generated by collecting specific receivables or specific future revenues (transaction should be reported as a sale). It also contains provisions that apply to certain situations in which a government does not receive resources but, nevertheless, pledges or commits future cash flows generated by collecting specific future revenues (transaction should be reported as a collateralized borrowing). The provisions of this Statement are effective for fiscal 2007. The adoption of GASB Statement No. 48 in fiscal 2007 did not have a significant effect on the City's basic financial statements.

In November 2006, the GASB issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations.* This Statement establishes standards for accounting and financial reporting for pollution remediation obligations (an obligation to address the current or potential detrimental effects of existing pollution by participating – for example, obligations to clean up spills of hazardous wastes or hazardous substances and obligations to remove contamination, such as asbestos). When a government knows or reasonably believes that a site is polluted, the government should determine whether one or more components of a pollution remediation obligation are recognizable as a liability. The scope of the document excludes pollution prevention or control obligations with respect to current operations, and future pollution remediation activities that are required upon retirement of an asset (e.g., landfill closure and post-closure, nuclear decommissioning). The provisions of this Statement are effective for fiscal 2007. The adoption of GASB Statement No. 49 in fiscal 2007 did not have a significant effect 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 market 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, 2007, for the City and its component unit are as follows:

Deposit Type	Bank Balances	Carrying Amount
Insured or collateralized with securities held by the City or its agent in the City's name	$8,406,624	$8,217,988
Primary government	$7,734,094	$7,560,549
Component unit	$ 672,530	$ 657,439

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 instrumentalities
- 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, 2007, are as follows:

Investment Type	Carrying/ Fair Value
Commercial paper	$ 2,684,501
U.S. treasury securities	28,999,566
Subtotal	31,684,067
Money market mutual funds	6,599,148
Total investments, restricted cash, and escrow deposits	38,283,215
Total deposits (Note 2.A.)	7,560,549
Total deposits, investments, restricted cash, and escrow accounts	$ 45,843,764

A reconciliation to the basic financial statements at December 31, 2007, is as follows:

Governmental activities:	
Governmental funds — cash and cash equivalents	$ 16,466,882
Governmental funds — restricted investments	301,256
Internal service funds — cash and cash equivalents	10,121,881
Total governmental activities	26,890,019
Business-type activities:	
Enterprise funds — cash and cash equivalents	16,664,014
Enterprise funds — restricted investments	2,289,731
Total business-type activities	18,953,745
Total	$ 45,843,764

As of December 31, 2007, 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)	$ 26,709,835	0.70
Commercial paper	2,684,501	0.07
Total fair value	$ 29,394,336	
Portfolio weighted average maturity		0.64

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.

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, 2007, one single issuer, General Electric Corporation, accounted for 5.4% of the City's 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, 2007, are listed below:

Maturity Year	Fair Value
2008	$32,180,240
2009	6,102,975
Total	$38,283,215

Component Unit

The component unit's balances at December 31, 2007, are as follows:

Investment Type	Carrying/ Fair Value
Money market mutual funds	$ 2,898,214
Total deposits (Note 2.A.)	657,439
Total deposits and investments	$ 3,555,653

The maturity date for securities held in investment accounts at December 31, 2007, is listed below:

Maturity Year	Fair Value
2008	$ 2,898,214

Composite Products, Inc. — Stock Owned — The Port Authority owns 35,000 shares of Composite Products, Inc. (CPI), a privately held Winona manufacturer. These shares were acquired as part of an assistance program from the Port Authority to CPI. The shares were acquired on August 3, 1993, and are conservatively recorded on the Port Authority books at no value because they are not publicly listed.

3. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2007, was as follows:

	Primary Government			
	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Nondepreciable:				
Land	$ 677,902	$ 207,741	$ -	$ 885,643
Construction in progress	19,455,819	3,523,273		22,979,092
Depreciable:				
Buildings and improvements	5,398,247	127,823		5,526,070
Machinery and equipment	6,538,995	303,627	(256,748)	6,585,874
Infrastructure:				
Flood control	33,000,000			33,000,000
Street system	18,073,647			18,073,647
Park	278,000			278,000
Total at historical cost	83,422,610	4,162,464	(256,748)	87,328,326
Less accumulated depreciation:				
Buildings and improvements	(2,689,355)	(191,595)	1,422	(2,879,528)
Machinery and equipment	(4,446,322)	(396,729)	252,793	(4,590,258)
Infrastructure:				
Flood control	(19,397,727)	(715,909)		(20,113,636)
Street system	(8,993,070)	(681,956)		(9,675,026)
Park	(83,933)	(9,444)		(93,377)
Total accumulated depreciation	(35,610,407)	(1,995,633)	254,215	(37,351,825)
Governmental activities capital assets — net	$ 47,812,203	$ 2,166,831	$ (2,533)	$ 49,976,501
Business-type activities:				
Nondepreciable:				
Land	$ 855,819	$ -	$ -	$ 855,819
Collections	175,800			175,800
Construction in progress	2,278,547	180,912	(2,278,547)	180,912
Depreciable:				
Buildings and improvements	37,169,142	2,272,620		39,441,762
Machinery and equipment	4,408,913	225,015	(11,977)	4,621,951
Books	627,275	66,241		693,516
Infrastructure:				
Water	3,430,255	288,741		3,718,996
Sewer	5,039,676	172,175		5,211,851
Storm sewer	3,094,854			3,094,854
Total at historical cost	57,080,281	3,205,704	(2,290,524)	57,995,461
Less accumulated depreciation:				
Buildings and improvements	(17,959,079)	(959,936)		(18,919,015)
Machinery and equipment	(3,514,590)	(220,081)	11,977	(3,722,694)
Books	(462,562)	(73,368)		(535,930)
Infrastructure:				
Water	(790,001)	(71,179)		(861,180)
Sewer	(1,011,039)	(102,043)		(1,113,082)
Storm sewer	(748,174)	(60,938)		(809,112)
Total accumulated depreciation	(24,485,445)	(1,487,545)	11,977	(25,961,013)
Business-type activities capital assets — net	$ 32,594,836	$ 1,718,159	$ (2,278,547)	$ 32,034,448

Depreciation expense for governmental activities is charged to functions at December 31, 2007, as follows:

General government	$ 133,379
Public safety	876,755
Highways and streets	839,098
Culture and recreation	146,401
Total depreciation expense for governmental activities	$ 1,995,633

Depreciation expense for business-type activities is charged at December 31, 2007, as follows:

Water	$ 514,382
Sewer	570,778
Inspections	8,965
Airport	43,461
Public transportation	119,828
Recreation	82,530
Library	86,663
Storm sewer	60,938
Total depreciation expense for business-type activities	$ 1,487,545

Construction in Progress

One project is included in the capital assets — construction in progress (in the governmental activities) at December 31, 2007. This project is as follows:

Pelzer Street construction	$ 22,979,092

There are three projects included in the capital assets — construction in progress (in the business-type activities) at December 31, 2007. They are as follows:

Wincrest Water Tower	$ 28,314
Pleasant Valley utilities extension	33,876
Storm water basin — Technology Park	118,722
Total	$180,912

Component Unit

There was no capital asset activity for the year ended December 31, 2007.

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.

Development costs for Technology Park of $1,013,830 were added to this asset during 2007. During 2007, the Port Authority sold 12.4 acres to the Hal Leonard Publishing Company for $741,540. The cost of this land sold, including the 2007 improvements, was $1,195,943. Technology Park has 20.9 developable acres remaining at December 31, 2007.

5. LONG-TERM DEBT

Primary Government

A summary of bonds outstanding at year-end follows:

Bonds	Maturities	Rates	December 31, 2007
Governmental activities:			
G.O. bonds — supported by taxes	2008-2015	2.00 - 4.38%	$ 2,794,200
G.O. bonds — supported by special assessments	2008-2015	2.00 - 5.10	4,835,800
Total			7,630,000
Business-type activities:			
Bonds	2008-2020	2.25 - 5.65	10,135,000
Add unamortized premium			35,696
Less unamortized discounts			(30,336)
			10,140,360
Total bonds outstanding			$17,770,360

A summary of changes in bonds payable (at par) during 2007 is as follows:

Bonds	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Governmental activities:					
G.O. bonds — supported by taxes	$ 3,194,500	$ -	$ (400,300)	$ 2,794,200	$ 396,100
G.O. bonds — supported by special assessments	5,820,500		(984,700)	4,835,800	913,900
Total governmental activities	9,015,000	-	(1,385,000)	7,630,000	1,310,000
Business-type activities	11,520,000		(1,385,000)	10,135,000	3,120,000
Total	$20,535,000	$ -	$ (2,770,000)	$17,765,000	$ 4,430,000

Debt service requirements to maturity as of December 31, 2007, including interest of $2,508,289, are as follows:

Year Ending December 31	General Obligation (G.O.) Bonds			
	Supported by Taxes	Supported by Special Assessments	Supported by Water and Sewer Utilities	Total Bonds
2008	$ 483,147	$1,072,819	$ 3,481,408	$ 5,037,374
2009	471,780	975,624	1,165,374	2,612,778
2010	459,434	880,631	1,143,866	2,483,931
2011	446,609	768,042	1,149,950	2,364,601
2012	432,857	556,159	890,357	1,879,373
2013-2020	848,481	1,131,324	3,915,427	5,895,232
Total	$3,142,308	$5,384,599	$11,746,382	$20,273,289

Year Ending December 31	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2008	$1,310,000	$ 245,966	$1,555,966	$ 3,120,000	$ 361,408	$ 3,481,408
2009	1,245,000	202,404	1,447,404	900,000	265,374	1,165,374
2010	1,180,000	160,065	1,340,065	915,000	228,866	1,143,866
2011	1,095,000	119,651	1,214,651	960,000	189,950	1,149,950
2012	905,000	84,016	989,016	735,000	155,357	890,357
2013-2017	1,895,000	84,805	1,979,805	2,790,000	379,940	3,169,940
2018-2020				715,000	30,487	745,487
Total	$7,630,000	$ 896,907	$8,526,907	$10,135,000	$1,611,382	$11,746,382

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 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, 2007
Governmental funds —			
G.O. Equipment Certificates	2008	3.30 %	$ 110,000
	2009	3.35	115,000
	2010	3.40	120,000
	2011	3.45	125,000
	2012	3.50	130,000
	2013	3.55	135,000
	Total		$ 735,000

Debt service requirements to maturity as of December 31, 2007, including interest of $79,721, listed below for other debt are summarized as follows:

Year Ending December 31	G.O. Equipment Certificates		
	Principal	Interest	Total
2008	$ 110,000	$ 23,403	$ 133,403
2009	115,000	19,661	134,661
2010	120,000	15,695	135,695
2011	125,000	11,499	136,499
2012	130,000	7,067	137,067
2013	135,000	2,396	137,396
	$ 735,000	$ 79,721	$ 814,721

The Primary Government did not issue any bonds or certificates during 2007.

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

Debt	Beginning Balance	Issued	Retired/ Defeased	Ending Balance
Bonds payable	$ 9,015,000	$ -	$ (1,385,000)	$ 7,630,000
Other debt	845,000		(110,000)	735,000
Total	$ 9,860,000	$ -	$ (1,495,000)	$ 8,365,000

A review of improvement bonds for the years 1995-2007 is as follows:

Bonds Issued	Assessed per Document	Total Project Costs	Assessed per Actual-to-Date
G.O. Improvement, 1995C:			
1996 Projects	$ 480,508	$1,850,882	$ 480,508
1997 Projects	827,356	1,194,396	827,356
1998 Projects	387,136	525,507	387,136
Total	$1,695,000	$3,570,785	$1,695,000
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	134,743	180,507	134,743
Total	$1,480,577	$2,456,178	$1,480,577
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	1,069,752	1,684,814	1,069,752
Total	$2,585,185	$3,827,756	$2,240,879
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
Total	$2,088,136	$6,440,146	$2,088,136

Component Unit

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

Bonds	Maturities	Rates	December 31, 2007
Long-term debt — G.O.	2008-2020	4.00 - 7.35%	$3,455,000

A summary of changes in bonds payable (at par) during 2007 (Component Unit) is as follows:

Bonds	Beginning Balance	Issued	Retired	Ending Balance
Long-term (G.O.) — Bonds payable	$ 3,670,000	$ -	$ (215,000)	$ 3,455,000

Debt service requirements to maturity as of December 31, 2007, including interest of $994,646, are listed below for general long-term debt (bonds):

Year Ending December 31	General Obligation		
	Principal	Interest	Total
2008	$ 220,000	$ 144,221	$ 364,221
2009	225,000	134,603	359,603
2010	245,000	124,239	369,239
2011	240,000	113,483	353,483
2012	270,000	102,050	372,050
2013-2017	1,400,000	323,950	1,723,950
2018-2020	855,000	52,100	907,100
Total	$3,455,000	$ 994,646	$4,449,646

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

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

The Component Unit didn't issue any bonds or certificates during 2007.

Long-Term Liability Activity

Long-term liability activity for the year ended December 31, 2007, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Governmental activities:					
Bonds and certificates payable	$ 9,860,000	$ -	$ (1,495,000)	$ 8,365,000	$ 1,420,000
Compensated absences*	785,921	2,540,347	(90,000)	3,236,268	2,450,347
Total governmental activities	10,645,921	2,540,347	(1,585,000)	11,601,268	3,870,347
Business-type activities:					
Bonds and certificates payable	11,520,000		(1,385,000)	10,135,000	3,120,000
Compensated absences*	214,866	917,845	(30,000)	1,102,711	887,845
Other	5,915		(555)	5,360	
Total business-type activities	11,740,781	917,845	(1,415,555)	11,243,071	4,007,845
	$ 22,386,702	$ 3,458,192	$ (3,000,555)	$ 22,844,339	$ 7,878,192

*For 2006, the current portion of compensated absences was included in accrued salaries and compensated absences payable in the statement of net assets.

Compensated absences are calculated as of December 31, of each respective year. Compensated absences classified as long-term liabilities include unused vacation, compensated time, and sick leave estimated to be paid or used by employees for periods ending after December 31, 2007. Prior to 2007, compensated absences due within one year were classified as accrued salaries and compensated absences payable in the City's government-wide statement of net assets. For the governmental activities, compensated absences are generally liquidated by the general fund.

Defeasance of Debt

In December 2006, the City issued $2,295,000 in G.O. Water Revenue Refunding Bonds, Series 2006B, with a true interest rate of 3.63%, through a crossover refunding to advance refund $2,285,000 of the Issuer's outstanding $4,085,000 G.O. Water Revenue Bonds, Series 1999C on February 1, 2008 (crossover date). The City obtained an economic gain (difference between the present value of the old and new debt service payments) of $112,160.

The proceeds of the $2,295,000 in G.O. Water Revenue Refunding Bonds, Series 2006B, were placed in escrow to provide for 1) payment of interest on the $2,295,000 in G.O. Water Revenue Refunding Bonds, Series 2006B through the crossover date, and 2) principal on the $4,085,000 G.O. Water Revenue Bonds, Series 1999C called for early redemption on February 1, 2008. The City will pay: 1) the debt service on the $4,085,000 G.O. Water Revenue Bonds, Series 1999C, through the crossover date and 2) debt service on the $2,295,000 in G.O. Water Revenue Refunding Bonds, Series 2006B after the crossover date. Accordingly, the trust account assets and related liability are included in the City's basic financial statements. The remaining debt service (principal and interest) of both issues is scheduled below:

	$2,295,000 G. O. Water Revenue Refunding Bonds, 2006B		$4,085,000 G. O. Water Revenue Bonds, 1999C	
	City Portion	Escrow Portion	City Portion	Escrow Portion
February 1, 2008	$ -	$ 45,900	$ 332,828	$ 2,285,000
August 1, 2008	45,900			
February 1, 2009	345,900			
August 1, 2009	39,900			
February 1, 2010	339,900			
August 1, 2010	33,900			
February 1, 2011	343,900			
August 1, 2011	27,700			
February 1, 2012	352,700			
August 1, 2012	21,200			
February 1, 2013	366,200			
August 1, 2013	14,300			
February 1, 2014	369,300			
August 1, 2014	7,200			
February 1, 2015	367,200			
Totals	$ 2,675,200	$ 45,900	$ 332,828	$ 2,285,000

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 Public Employees Retirement Fund (PERF) 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.

PERF 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 PERF 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 PERF and PEPFF. That report may be obtained on the Internet at www.mnpera.org, by writing to PERA, 60 Empire Drive #200, Saint Paul, MN 55103-2088, or by calling (651) 296-7460 or 1-800-652-9026.

2. Funding Policy

Minnesota Statutes, Chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the state legislature. The City makes annual contributions to the pension plans equal to the amount required by state statutes. PERF Basic Plan members and Coordinated Plan members were required to contribute 9.10% and 5.75%, respectively, of their annual covered salary in 2007. Contribution rates in the Coordinated Plan will increase in 2008 to 6.0%. PEPFF members were required to contribute 7.8% of their annual covered salary in 2007, that rate will increase to 8.6% in 2008. For 2007, the City was required to contribute the following percentages of annual covered payroll: 11.78% for Basic Plan PERF members; 6.25% for Coordinated Plan PERF members; and 11.70% for PEPFF members. Employer contribution rates for the Coordinated Plan and PEPFF will increase to 6.5% and 12.9% respectively, effective January 1, 2008. The City's contributions to the PERF for the years ended December 31, 2007, 2006, and 2005, were $375,464, $340,360, and $300,096, respectively. The City's contributions to the PEPFF for the years ended December 31, 2007, 2006, and 2005, were $446,694, $363,860, and $319,145, respectively. The City's contributions were equal to the contractually required contributions for each year as set by state statute.

Local consolidated accounts were terminated July 1, 1999. All of their members and their associated assets and accrued benefits were transferred to PERA's Police and Fire Fund. Since the City's Fire and Police consolidation accounts were not fully funded, the City will be required to make annual additional municipal contributions through December of 2008. The 2007 amount of the annual payment for Fire was $429,626. The 2006 amount of the annual Fire payment was $429,626. The 2007 amount of the annual payment for Police was $273,462. The 2006 amount of the annual payment for Police was $273,462.

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 2007, the ratio of assets to liabilities of PERF was 73.34% and 91.70% for PEPFF. At the end of fiscal year 2006, the ratio of assets to liabilities of PERF was 74.65% and 95.39% for PEPFF.

Schedule of Funding Progress for PERF (last seven 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, 2001	$ 10,527,270	$ 12,105,337	$ 1,578,067	87.0 %	$ 3,466,587	45.5 %
June 30, 2002	11,017,414	12,958,105	1,940,691	85.0	3,809,864	50.9
June 30, 2003	11,195,902	13,776,198	2,580,296	81.3	4,387,649	58.8
June 30, 2004	11,477,961	14,959,465	3,481,504	76.7	3,968,034	87.7
June 30, 2005	11,843,936	15,892,555	4,048,619	74.5	4,096,138	98.8
June 30, 2006	12,495,207	16,737,757	4,242,550	74.7	4,247,109	99.9
June 30, 2007	12,985,324	17,705,627	4,720,303	73.3	4,448,954	106.1

Schedule of Funding Progress for PEPFF (last seven 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, 2001	$ 4,510,134	$ 3,712,360	$ (797,774)	121.5 %	$ 500,839	(159.3)%
June 30, 2002	4,707,255	3,886,311	(820,944)	121.1	522,153	(157.2)
June 30, 2003	4,713,606	4,390,953	(322,653)	107.3	560,503	(57.6)
June 30, 2004	4,746,834	4,692,190	(54,644)	101.2	551,266	(9.9)
June 30, 2005	4,814,961	4,956,340	141,379	97.2	580,723	24.4
June 30, 2006	5,017,951	5,260,564	242,613	95.4	618,435	39.2
June 30, 2007	5,198,922	5,669,347	470,425	91.7	648,342	72.6

B. Defined Contribution Plan — Statewide

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

The City's contributions to the PEDCP were $1,386, $1,210, and $1,465 for the years ended December 31, 2007, 2006, and 2005, respectively. The employee contributions to the PEDCP were $1,386, $1,210, and $1,465 for the years ended December 31, 2007, 2006, and 2005, 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, 2007, are listed below for the primary government and the component unit.

Receivable Fund	Payable Fund	Amount	Purpose
Due to/due from Other Funds (Primary Government):			
General	Library	$ 150,000	[1]
Internal service (Facilities Fund)	Airport	300,000	[2]
Internal service (Facilities Fund)	Pelzer Street Construction	1,000,000	[3]
Downtown 1990 CD Loan	Central City Rehab	6,096	[4]
Total		$ 1,456,096	

[1] The Library Fund will repay the General Fund when it accumulates sufficient funds. The City expects the repayment to occur in 2008 or 2009.

[2] The Airport Fund will repay the Facilities Fund after it receives money from the state and federal governments for project reimbursement. The City expects the repayment to occur in 2008 or 2009.

[3] The Pelzer Street Construction Fund will repay the Facilities Fund after it receives money from the state and federal governments for project reimbursement. The City expects the repayment to occur in 2008 or 2009.

[4] The Central City Rehab Fund will repay the Downtown 1990 CD Loan Fund after it receives money from the state government for project reimbursement. The City expects the repayment to occur in 2008.

Transfers during 2007 were as follows for the primary government. (A brief summary of the transfer activity is at the end of this note.)

Primary Government	Transfers In	Transfers Out
Governmental activities:		
General Fund (1)	$ 22,400	$ 47,263
General Fund (2)	152,000	7,000
General Fund (3)	31,000	1,852
General Fund (4)	34,000	1,960
General Fund (5)	61,000	1,225
General Fund (6)	77,000	100,000
General Fund (7)	14,500	22,000
General Fund (8)	28,100	470,000
General Fund (9)	150,928	470,000
General Fund (10)	9,862	470,000
Pelzer Street Construction Fund (11)	630,000	
Nonmajor Governmental Funds:		
Senior Advocacy Program (12)	47,263	
Municipal State Aid		630,000
Boiler Construction		9,232
Total governmental funds	1,258,053	2,230,532
Internal Service Funds:		
Health Insurance (13)	100,000	
Risk Management		200
Equipment Replacement (14)	9,687	77,000
Equipment Replacement (15)	9,232	14,500
Equipment Replacement (16)	100	28,100
Equipment Replacement (17)	470,000	150,928
Facilities (18)	100	152,000
Facilities (19)	470,000	31,000
Facilities		145,000
Facilities		22,400
Facilities		34,000
Facilities		15,000
Infrastructure Replacement (20)	470,000	
Total internal service funds	1,529,119	670,128
Total governmental activities	2,787,172	2,900,660

Primary Government	Transfers In	Transfers Out
Business-type activities:		
Storm Sewer Fund	$ -	$ 61,000
Storm Sewer Fund		9,862
Library Fund (21)	1,852	
Library Fund (22)	1,225	
Library Fund (23)	15,000	
Recreation Fund (24)	7,000	9,687
Recreation Fund (25)	1,960	
Recreation Fund (26)	145,000	
Recreation Fund (27)	22,000	
Total business-type activities	194,037	80,549
Total Primary Government	$ 2,981,209	$ 2,981,209

PURPOSE OF TRANSFERS IN:

(1) From the Facilities Fund — to purchase boulevard trees.
(2) From the Facilities Fund for Central Fire Station land purchase.
(3) From the Facilities Fund for Compost Site Building
(4) From the Facilities Fund for West Lake Winona Shelter
(5) From the Storm Sewer Fund for reimbursements.
(6) From the Equipment Replacement Fund for police cars.
(7) From the Equipment Replacement Fund for a locator vehicle.
(8) From the Equipment Replacement Fund for a Street Department Dump Truck.
(9) From the Equipment Replacement Fund for Park Department equipment.
(10) From the Storm Sewer Fund for a locator vehicle.
(11) From the Municipal State Aid Fund for Pelzer Street improvements.
(12) From the General Fund — provide subsidy to cover portion of the Senior Advocacy's operation.
(13) From the General Fund for health insurance consulting fees.
(14) From the Recreation Fund — remaining funds from the Masonic Temple electrical/stage upgrades project.
(15) From the Boiler Construction Fund — remaining funds from the boiler project.
(16) From the Risk Management Fund — money available to transfer after commitments and a reasonable reserve.
(17) From the General Fund — money available to transfer after a positive variance and commitments.
(18) From the Risk Management Fund — money available to transfer after commitments and a reasonable reserve.
(19) From the General Fund — money available to transfer after a positive variance and commitments.
(20) From the General Fund — money available to transfer after a positive variance and commitments.
(21) From the General Fund for an Occuptational Safety and Health Administration (OSHA) required railing on Library building.
(22) From the General Fund for an OSHA fine.
(23) From the General Fund for Library window replacement project.
(24) From the General Fund for a youth hockey/figure skating study.
(25) From the General Fund for an OSHA fine.
(26) From the Facilities Fund for a recreational project capital campaign.
(27) From the General Fund for a community services secretarial position.

8. FUND EQUITY

Restricted, Reserved, or Designated — Net assets, fund balances, and retained earnings in the various funds at December 31, 2007, have been restricted, reserved, or designated for the following purposes:

PRIMARY GOVERNMENT

RESTRICTED — Government-Wide Financial Statements

Major Governmental Funds:	
General Fund:	
Encumbrances and commitments	$ 714,879
Snow removal	84,789
Drug seizure and DWI penalty assessment (Police)	4,885
Boat harbor	119,043
CMH property transfer	35,000
Japanese Garden	5,000
OPEB — Retiree subsidy health plan	1,404,213
P.I.R. Bond Fund — for debt payments	2,788,354
P.I.R. Construction Fund — for P.I.R. projects	857,856
Other Funds (Internal Service Funds):	
Health Insurance Fund:	
Health plan account	152,647
Contributed to start the fund	199,654
Health insurance	281,467
LELS Health Fund — health insurance	64
Employee Benefit Fund:	
PERA — Fire	429,626
PERA — Police	273,462
Risk Management Fund:	
Property self-insurance	202,729
Workers' compensation maximum	291,678
Emergency issues	100,000
Equipment Replacement Fund:	
Equipment replacement	3,432,542
Commitments	461,600
Facilities Fund:	
Commitments	522,500
Facilities	1,542,297
Infrastructure Replacement Fund	485,737
Nonmajor Governmental Funds:	
Special Revenue Funds:	
Emergency	6,120
Athletic	14,646
Library Memorials	283,933
1990 Downtown Redevelopment Grant	133,054
1994 Downtown Redevelopment Grant	135,531
Metro Plains	45
West Central Revitalization	105,054
Debt Service Funds:	
1999B Sales Tax Revenue Bond — For Riverbend Industrial Park infrastructure/sales tax issues	127,063
Equipment Certificates — For debt payments	292,895

RESTRICTED (Continued)

Capital Projects Funds:	
Municipal State Aid — Projects	$ 7,372
Dike construction	194,567
Park Site-parks for subdivisions	100,167
Engineering projects	234,368
City building improvements	2,426
City equipment	96,586
Street reconstruction projects	3,045
High Wagon Bridge reconstruction	125,628
Aghaghming Park construction	1,762
Softball field development — Improvements	78,830
Softball field development — Bambenek Field	100,000
Permanent Funds:	
Endowment (original contributions)	56,000
Expendable	246,895
Total governmental activities	16,736,009
Major Proprietary Funds:	
Water Fund:	
Commitments	1,777,745
Bond requirements	740,600
OPEB — Retiree subsidy health plan	141,839
Sewer Fund:	
Commitments	155,000
Bond requirements	318,800
OPEB — Retiree subsidy health plan	198,575
Public Transportation Fund — Commitments	64,800
Inspections Fund:	
Commitments	183,504
OPEB — Retiree subsidy health plan	85,104
Airport Fund:	
Commitments	59,917
OPEB — Retiree subsidy health plan	14,184
Recreation Fund:	
Commitments	247,567
OPEB — Retiree subsidy health plan	141,839
Library Fund:	
Commitments	122,905
OPEB — Retiree subsidy health plan	170,207
Storm Sewer Fund — Commitments	85,500
Total business-type activities	4,508,086
Total Restricted (Primary Government)	$ 21,244,095

RESERVED — Fund Financial Statements

Major Governmental Funds:	
General Fund:	
Encumbrances and commitments	$ 714,879
Snow removal	84,789
Drug seizure and DWI penalty assessment (Police)	4,885
Boat harbor	119,043
CMH property transfer	35,000
Japanese Garden	5,000
Police and Fire required retirement contribution	
OPEB — Retiree subsidy health plan	1,404,213
P.I.R. Bond Fund — For debt payments	2,788,354
P.I.R. Construction Fund — For P.I.R. projects	857,856
Other Funds (Internal Service Funds):	
Health Insurance Fund:	
Health plan account	152,647
Contributed to start the fund	199,654
Health insurance	281,467
LELS Health Fund — Health insurance	64
Employee Benefit Fund:	
PERA — Fire	429,626
PERA — Police	273,462
Risk Management Fund:	
Property self-insurance	202,729
Workers' compensation maximum	291,678
Emergency issues	100,000
Equipment Replacement Fund:	
Equipment replacement	3,432,542
Commitments	461,600
Facilities Fund:	
Commitments	522,500
Facilities	1,542,297
Infrastructure Replacement Fund	485,737
Nonmajor Governmental Funds:	
Special Revenue Funds:	
Emergency	6,120
Athletic	14,646
Library Memorials	283,933
1990 Downtown Redevelopment Grant	133,054
1994 Downtown Redevelopment Grant	135,531
Metro Plains	45
West Central Revitalization	105,054
Debt Service Funds:	
1999B Sales Tax Revenue Bond — For Riverbend Industrial Park infrastructure/sales tax issue	127,063
Equipment Certificates — For debt payments	292,895

RESERVED (Continued)

Capital Projects Funds:	
Municipal State Aid — Projects	$ 7,372
Dike construction	194,567
Park Site — Parks for subdivisions	100,167
Engineering projects	234,368
Boiler construction	
City building improvements	2,426
City equipment	96,586
Street reconstruction projects	3,045
High Wagon Bridge reconstruction	125,628
Aghaghming Park construction	1,762
Softball field development — Improvements	78,830
Softball field development — Bambenek Field	100,000
Permanent Funds:	
Endowment (original contributions)	56,000
Current	246,895
Total Reserved	16,736,009

DESIGNATED — Fund Financial Statements

General Fund — Cash flow	5,996,783
Capital Projects Funds — Infrastructure revolving	1,529,254
Total Designated	7,526,037
Total Reserved and Designated (Primary Government)	$ 24,262,046

COMPONENT UNIT

Restricted — Government-Wide Financial Statements	
Special Revenue Funds:	
Port Authority General Fund:	
For development properties	$ 1,168,310
For commitments	202,454
Federal Revolving Loan Fund:	
For commitments	37,635
For loans to businesses (Federal)	323,128
Revolving Loan Fund:	
For commitments	7,352
For loans to businesses (Non-federal)	363,149
Debt Service Funds — For debt service	695,011
Capital Projects Funds:	
Lake Winona dredging project	541,571
Commercial Harbor Dredging project	102,131
Riverbend Brownfields	1,154
Riverbend Industrial Park Improvements project	2,054,617
Total Restricted	$ 5,496,512

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

Primary Government

Fund Equity Deficits — At December 31, 2007, the Special Revenue Fund called the Senior Advocacy Program Fund had a deficit fund balance of $12,636. This fund incurred more expenditures than

anticipated. The deficit fund balance should be eliminated in 2008. At December 31, 2007, the Capital Projects Fund called the Pelzer Street Construction Fund had a deficit fund balance of $1,174,321. This fund incurred more expenditures than anticipated. The deficit fund balance should be eliminated in 2008.

Individual Fund Disclosures — For the year ended December 31, 2007, actual expenditures exceeded the budget in the following General Fund departments:

General Fund	Budgeted	Actual	Final Variance
Human resources	$ 96,634	$ 97,662	$ (1,028)
Police	4,232,851	4,265,244	(32,393)
Emergency management	69,331	83,809	(14,478)
Safety and health coordinator	87,231	89,349	(2,118)

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, 2007, the Component Unit had no fund equity deficits.

10. FUND CHANGES

Funds opened during 2007:

City —

Special Revenue	Central City Rehab
Internal Service	Infrastructure Replacement

Component Unit — No funds were opened during 2007

Funds closed during 2007:

City — No funds were closed during 2007

Component Unit — No funds were closed during 2007

11. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

At December 31, 2007, the City reported eight Enterprise Funds. These funds provide water, 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 2007, there were no significant reductions in insurance coverage from 2006 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 2007 ($90,000 per family in 2006). Also included in the program is an aggregate excess coverage policy; for 2007, the attachment point for this policy was set at $1,182,458. 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 2007, the City offered three health plan options with consumer-driven healthcare programs that combined high deductibles with individual Health Plan Accounts (HPAs) — employer-held accounts used for healthcare expenses not covered by the underlying plan. BlueCross BlueShield of Minnesota administers these programs.

During 2007, net claims were $1,055,479 (total claims of $1,222,481; less pharmaceutical rebates of $13,239 and specific and aggregate stop-loss recoveries of $153,763 paid back to the City). Other 2007 costs are listed as follows: administrative costs of $74,041; network fees of $25,331; HPA reimbursements of $207,802; and a reduction in incurred but not reported claims (over December 31, 2006) of $171,710, reflecting the depletion of unused funds in employees' HPAs and a slight decrease in overall incurred, but not reported claims. The stop-loss premium was $210,873; 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 $205,592 has been accrued as a liability in the Health Insurance Fund at

December 31, 2007. In addition, a reserve of $152,647 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:

	2007	2006
Beginning of year liability	$ 529,949	$ 494,773
Current year claims, administration fees, and changes to estimates	1,401,816	1,750,977
Payments for claims and administration fees	(1,573,526)	(1,715,801)
End of year liability and HPA reserves	$ 358,239	$ 529,949

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

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 PERF and the Public Employees Police and Fire Fund (PEPFF). As of December 31, 2007, PERF was 73.3% funded and PEPFF was 91.7% 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. Retirees have the same choice of healthcare plans that the City provides to their active employees.

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 and officers have elected not to participate in the City's health plan.

Annual Other Post-employment Benefit (OPEB) Cost — For 2007, the City's annual OPEB cost (expense) of $350,807 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. Five retirees and five dependent spouses are currently covered by the City's plan. They paid $26,005 in premiums at the group rate.

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.

The Actuarial Accrued Liability (AAL) and the Unfunded Actuarial Accrued Liability (UAAL) are both $2,495,955. The City Council has approved a resolution to begin funding of the UAAL in 2009. A schedule of funding progress, as supplementary information, will be provided when funding begins.

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.

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

The December 31, 2007, actuarial valuation used the entry age actuarial cost method. Relevant actuarial assumptions included a 5.5% discount rate, an initial medical trend rate of 9.0%, and a reduction schedule of .5% per year with an ultimate rate of 5.0%. 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.

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 2007, costs of premiums associated with the program were $257,329 (2006 premium costs were $244,530). The change in the program for 2007, from 2006, was the separate listing of the miscellaneous equipment less than or equal to $25,000 per item for mobile property deleted.

City property is insured on a blanket basis with a limit of $67,683,106 and $61,742,812 for 2007 and 2006, respectively. The City also carried a $25,000 deductible, per occurrence, for property losses for 2007 and 2006.

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 $1,000,000 liability limit per Minnesota Statutes. During 2007 and 2006, costs of premiums associated with the municipal liability program were $75,218 and $73,316, respectively.

For 2007, the boiler and equipment breakdown policy continued with comprehensive protection of $5,000,000 for all the City's locations. The 2007 premium for this option was $9,746, and for 2006 it was $8,804. For 2007 and 2006, the premium for mobile property was $9,565 and $12,426, respectively, which included comprehensive protection for equipment and replacement cost.

The LMCIT provided airport insurance for the City in 2007 and 2006. 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 2007 and 2006 costs were $1,347 and $1,476, respectively.

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: $11,003 for 2007; $57,204 for 2006; and $47,993 for 2005.

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 2007 totaled $233,640 in 2006, it totaled $208,121. The City's premiums

are adjusted in future years based upon the cost of claims with the minimum cost of $62,776 and the maximum cost of $525,318.

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, 2007, $291,678 has been set aside within this fund to pay the 2007 maximum, if needed.

14. CONDUIT DEBT OBLIGATIONS

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

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

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

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REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

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CITY OF WINONA, MINNESOTA

BUDGETARY COMPARISON SCHEDULE — GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2007 (with comparative total for 2006)

	2007				
	Budgeted Amounts			Variance With Final	2006
	Original	Final	Actual	Budget	Actual
REVENUES:					
General property taxes	$ 4,107,401	$ 4,107,401	$ 3,737,111	$ (370,290)	$ 3,545,144
Franchise fees	925,000	925,000	1,193,201	268,201	1,143,201
Licenses and permits	144,625	144,625	161,329	16,704	149,753
Fines and forfeits	275,000	275,050	253,614	(21,436)	313,581
Intergovernmental revenues	9,406,719	9,489,916	10,211,217	721,301	10,114,724
Investment earnings	95,000	95,000	536,865	441,865	417,654
Net increase in fair value of investments			74,013	74,013	141,368
Charges for services	682,669	698,386	735,419	37,033	767,053
Contributions		38,768	40,006	1,238	53,000
Total revenues	15,636,414	15,774,146	16,942,775	1,168,629	16,645,478
EXPENDITURES:					
General government	3,466,422	3,502,871	2,953,557	549,314	3,147,516
Public safety	7,070,654	7,278,734	7,221,380	57,354	6,813,091
Highways and streets	2,843,962	2,944,254	2,700,374	243,880	2,591,981
Sanitation and waste removal	31,850	39,850	43,532	(3,682)	30,166
Economic development	1,563,345	392,032	282,694	109,338	233,154
Culture and recreation	603,004	1,628,338	1,728,791	(100,453)	1,706,940
Capital outlay		903,251	619,374	283,877	561,386
Total expenditures	15,579,237	16,689,330	15,549,702	1,139,628	15,084,234
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	57,177	(915,184)	1,393,073	2,308,257	1,561,244
OTHER FINANCING SOURCES (USES):					
Operating transfers in	381,000	620,400	580,790	(39,610)	358,330
Operating transfers out	(47,263)	(181,300)	(1,591,300)	(1,410,000)	(1,968,999)
Total other financing sources (uses)	333,737	439,100	(1,010,510)	(1,449,610)	(1,610,669)
NET CHANGE IN FUND BALANCES	390,914	(476,084)	382,563	858,647	(49,425)
FUND BALANCE — January 1, 2007	7,982,029	7,982,029	7,982,029		8,031,454
FUND BALANCE — December 31, 2007	$ 8,372,943	$ 7,505,945	$ 8,364,592	$ 858,647	$ 7,982,029

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A. BUDGETS AND BUDGETARY ACCOUNTING

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. 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.

2 Public hearings are conducted to obtain taxpayer comments.

3. The budget is legally enacted through passage of a resolution.

4. 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.

5. Formal budgetary integration is employed as a management control device during the year for the General Fund, certain Special Revenue Funds, and certain Capital Projects Funds. Formal budgetary integration is not employed for Debt Service Funds because effective budgetary control is alternatively achieved through general obligation bond indenture provisions.

6. Budgets are adopted on a basis consistent with GAAP.

7. Budgetary control is maintained at the expenditure category level (i.e., salaries and employee benefits, supplies, other services and charges, and capital outlay) within each activity. Budgetary control at the department or division level is required by the City Charter.

8. Budgeted 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.

   During the year there were increases of $719,179 in appropriations between the General Fund original and final amended budget. Following are components of the increase:

   - $464,944 was added to various departments for encumbrances from December 31, 2006.

   - $152,000 was added to the Fire Department for the purchase of property adjacent to the Central Fire Station.

   - $34,000 was added to the Parks Department for a shelter at West Lake Winona.

- $31,000 was added to the Compost Site Department for a new storage building.

- $22,400 was added to the Parks Department for the planting of trees.

9. For the City and its component unit, annual appropriated budgets are legally adopted by the City Council for the General Fund, certain Special Revenue Funds (Senior Advocacy Program Fund for the primary government and the Port Authority — General Fund for the component unit), and certain Capital Projects Funds (Municipal State Aid Fund, Dike Construction Fund, and Permanent Improvement Revolving Construction Fund, all of which are part of the primary government).

10. For the year ended December 31, 2007, the following annual appropriated budgets had actual expenditures that exceeded the budget:

Special Revenue Fund	Budgeted	Actual	Final Variance
Senior Advocacy Program	$87,962	$105,662	$(17,700)

The expenditures in excess of the budgeted amounts were funded by the actual revenues that exceeded the budgeted revenues, and by the available fund balance in the fund. At December 31, 2007, there was a deficit fund balance of $12,636. The deficit fund balance should be eliminated in 2008.

CITY OF WINONA, MINNESOTA

GENERAL FUND
SCHEDULE OF REVENUES — BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2007 (with comparative totals for 2006)

	2007			
	Final Budget	Actual	Variance	2006 Actual
GENERAL PROPERTY TAX:				
Ad valorem	$ 4,107,401	$ 3,658,654	$ (448,747)	$ 3,482,408
Delinquent ad valorem taxes		69,024	69,024	53,556
Penalties and interest		9,433	9,433	9,180
Total general property taxes	4,107,401	3,737,111	(370,290)	3,545,144
FRANCHISE FEES:				
Cable TV	210,000	258,003	48,003	242,048
Electric	715,000	935,198	220,198	901,153
Total franchise fees	925,000	1,193,201	268,201	1,143,201
LICENSES AND PERMITS:				
Business	118,350	126,006	7,656	117,730
Nonbusiness	26,275	35,323	9,048	32,023
Total licenses and permits	144,625	161,329	16,704	149,753
FINES AND FORFEITS — Other fines and forfeits	275,050	253,614	(21,436)	313,581
INTERGOVERNMENTAL REVENUES:				
Shared taxes:				
State aid maintenance	188,000	203,152	15,152	197,091
Payment in lieu of tax	17,000	20,007	3,007	18,445
State grants:				
Local government aid	8,530,373	8,530,373	-	8,164,881
Police training	13,042	14,873	1,831	13,385
Fire/police aid	300,000	403,291	103,291	673,325
Insurance aid	315,000	392,447	77,447	435,468
Market value credits		395,824	395,824	408,406
State grants restricted to programs	4,802	30,800	25,998	90,519
State grants not restricted to programs	29,024	30,733	1,709	27,304
Local — County road and bridge maintenance	71,380	117,415	46,035	18,692
Federal grants	21,295	72,302	51,007	67,208
Total intergovernmental revenues	9,489,916	10,211,217	721,301	10,114,724
INVESTMENT EARNINGS	95,000	536,865	441,865	417,654
NET INCREASE IN FAIR VALUE OF INVESTMENTS	-	74,013	74,013	141,368

(Continued)

CITY OF WINONA, MINNESOTA

GENERAL FUND
SCHEDULE OF REVENUES — BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2007 (with comparative totals for 2006)

	2007			
	Final Budget	Actual	Variance	2006 Actual
CHARGES FOR SERVICES:				
General government	$ 5,300	$ 10,701	$ 5,401	$ 9,680
Public safety	56,640	59,688	3,048	59,886
Public works		1,640	1,640	50,570
Inspections	75,617	75,139	(478)	78,117
Investment fee	43,000	43,000	-	43,000
Admininistrative fee — Lodging tax	12,000	14,933	2,933	14,640
Recreation	40,000	66,183	26,183	62,403
Water and sewer	128,250	128,250	-	124,510
Port Authority	292,632	275,119	(17,513)	264,715
Rents	23,030	25,481	2,451	25,406
Commissions on sales	6,000	8,327	2,327	8,047
Refunds and reimbursements	13,229	23,740	10,511	25,401
Other	2,688	3,218	530	678
Total charges for services	698,386	735,419	37,033	767,053
CONTRIBUTIONS — Contributions	38,768	40,006	1,238	53,000
	$15,774,146	$16,942,775	$1,168,629	$16,645,478

(Concluded)

CITY OF WINONA, MINNESOTA

GENERAL FUND
SCHEDULE OF EXPENDITURES — BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2007 (with comparative totals for 2006)

	2007			
	Final Budget	Actual	Variance	2006 Actual
GENERAL GOVERNMENT:				
Mayor — council:				
Salaries and employee benefits	$ 100,901	$ 101,765	$ (864)	$ 91,012
Supplies	65,495	62,328	3,167	68,408
Other services and charges	479,682	395,697	83,985	451,279
Total mayor — council	646,078	559,790	86,288	610,699
City clerk:				
Salaries and employee benefits	121,386	125,742	(4,356)	138,595
Supplies	22,370	16,632	5,738	17,961
Other services and charges	11,325	9,413	1,912	9,462
Total city clerk	155,081	151,787	3,294	166,018
City manager:				
Salaries and employee benefits	207,804	211,050	(3,246)	204,059
Supplies	13,800	6,444	7,356	7,948
Other services and charges	17,076	13,458	3,618	14,498
Total city manager	238,680	230,952	7,728	226,505
Elections and voter registration:				
Salaries and employee benefits			-	18,556
Supplies	1,000	853	147	2,018
Other services and charges			-	988
Total elections and voter registration	1,000	853	147	21,562
Finance:				
Salaries and employee benefits	574,627	473,172	101,455	481,139
Supplies	46,730	77,869	(31,139)	72,722
Other services and charges	628,117	298,035	330,082	311,736
Capital outlay	39,004	7,576	31,428	
Total finance	1,288,478	856,652	431,826	865,597
Independent audit —				
Other services and charges	92,025	92,022	3	96,439
Assessing —				
Other services and charges	92,200	92,200	-	89,000
Legal:				
Supplies	6,073	6,073	-	4,774
Other services and charges	288,046	288,046	-	279,934
Total legal	294,119	294,119	-	284,708
Charter commission —				
Supplies	80	-	80	-

(Continued)

CITY OF WINONA, MINNESOTA

GENERAL FUND
SCHEDULE OF EXPENDITURES — BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2007 (with comparative totals for 2006)

	2007			2006
	Final Budget	Actual	Variance	Actual
GENERAL GOVERNMENT (continued):				
Merit board —				
Other services and charges	$ 4,700	$ 4,524	$ 176	$ 2,859
Human rights commission —				
Other services and charges	1,550	1,365	185	142
Cable television commission —				
Other services and charges	775	153	622	158
Fine arts commission:				
Supplies	500	169	331	292
Other services and charges	700	950	(250)	307
Total fine arts commission	1,200	1,119	81	599
Human resources:				
Salaries and employee benefits	83,864	88,158	(4,294)	86,959
Supplies	600	11	589	333
Other services and charges	12,170	9,493	2,677	28,219
Total human resources	96,634	97,662	(1,028)	115,511
Planning:				
Salaries and employee benefits	220,804	228,178	(7,374)	224,400
Supplies	12,000	5,061	6,939	12,547
Other services and charges	60,672	55,394	5,278	172,078
Total planning	293,476	288,633	4,843	409,025
Building maintenance:				
Salaries and employee benefits	120,674	126,973	(6,299)	113,415
Supplies	79,363	58,535	20,828	77,387
Other services and charges	30,564	32,378	(1,814)	18,577
Capital outlay			-	
Total building maintenance	230,601	217,886	12,715	209,379
Central communications:				
Supplies	79,269	7,305	71,964	6,523
Other services and charges	7,307	64,111	(56,804)	42,792
Capital outlay			-	
Total central communications	86,576	71,416	15,160	49,315
Contingency —				
Other services and charges	18,622	-	18,622	-
Total general government	3,541,875	2,961,133	580,742	3,147,516

(Continued)

CITY OF WINONA, MINNESOTA

GENERAL FUND
SCHEDULE OF EXPENDITURES — BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2007 (with comparative totals for 2006)

	2007			
	Final Budget	Actual	Variance	2006 Actual
PUBLIC SAFETY:				
Police:				
Salaries and employee benefits	$ 3,713,387	$ 3,712,423	$ 964	$ 3,468,473
Supplies	200,716	184,317	16,399	228,653
Other services and charges	233,248	283,300	(50,052)	219,523
Capital outlay	85,500	85,204	296	82,628
Total police	4,232,851	4,265,244	(32,393)	3,999,277
Fire:				
Salaries and employee benefits	2,568,392	2,535,275	33,117	2,362,420
Supplies	183,501	151,298	32,203	196,805
Other services and charges	147,942	159,498	(11,556)	149,397
Capital outlay	152,000	127,313	24,687	183,891
Total fire	3,051,835	2,973,384	78,451	2,892,513
Emergency management:				
Other services and charges	69,331	83,809	(14,478)	72,570
Capital outlay			-	12,030
Total emergency management	69,331	83,809	(14,478)	84,600
Safety and health coordinator:				
Salaries and employee benefits	64,892	68,469	(3,577)	65,122
Supplies	7,075	6,768	307	6,355
Other services and charges	15,264	14,112	1,152	13,649
Total safety and health coordinator	87,231	89,349	(2,118)	85,126
Flood control:				
Supplies	39,534	16,019	23,515	25,806
Other services and charges	35,452	6,092	29,360	4,318
Total flood control	74,986	22,111	52,875	30,124
Total public safety	7,516,234	7,433,897	82,337	7,091,640
HIGHWAYS AND STREETS:				
Engineering:				
Salaries and employee benefits	398,448	405,945	(7,497)	421,063
Supplies	36,820	8,797	28,023	42,825
Other services and charges	130,843	27,489	103,354	73,604
Capital outlay	24,570	34,059	(9,489)	13,438
Total engineering	590,681	476,290	114,391	550,930
Streets and alleys:				
Salaries and employee benefits	909,858	940,897	(31,039)	939,581
Supplies	367,106	310,408	56,698	206,110
Other services and charges	415,896	412,849	3,047	333,600
Capital outlay	28,500	13,883	14,617	
Total streets and alleys	1,721,360	1,678,037	43,323	1,479,291

(Continued)

CITY OF WINONA, MINNESOTA

GENERAL FUND
SCHEDULE OF EXPENDITURES — BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2007 (with comparative totals for 2006)

	2007			
	Final Budget	Actual	Variance	2006 Actual
HIGHWAYS AND STREETS (continued):				
Highways and street lighting:				
Supplies	$ 239,000	$ 227,796	$ 11,204	$ 233,242
Other services and charges	15,000	7,796	7,204	13,470
Total highways and street lighting	254,000	235,592	18,408	246,712
Central garage:				
Salaries and employee benefits	266,596	264,854	1,742	256,748
Supplies	112,566	63,885	48,681	46,749
Other services and charges	52,121	29,658	22,463	24,989
Capital outlay	6,500		6,500	
Total central garage	437,783	358,397	79,386	328,486
Total highways and streets	3,003,824	2,748,316	255,508	2,605,419
SANITATION AND WASTE REMOVAL —				
Compost site —				
Other services and charges	39,850	43,532	(3,682)	30,166
Capital outlay	31,000	20,000	11,000	
Total compost site	70,850	63,532	7,318	30,166
ECONOMIC DEVELOPMENT —				
Community development:				
Salaries and employee benefits	209,092	222,286	(13,194)	209,127
Supplies	8,000	2,358	5,642	10,250
Other services and charges	35,042	20,278	14,764	13,777
Total community development	252,134	244,922	7,212	233,154
CD- Matching:				
Salaries and employee benefits	59,898	36,963	22,935	
Supplies		371	(371)	
Other services and charges	80,000	438	79,562	
Total community development	139,898	37,772	102,126	-
Total economic development	392,032	282,694	109,338	233,154
CULTURE AND RECREATION —				
Park maintenance:				
Salaries and employee benefits	1,215,999	1,265,939	(49,940)	1,290,921
Supplies	205,336	267,036	(61,700)	185,904
Other services and charges	207,003	195,816	11,187	230,115
Capital outlay	536,177	331,339	204,838	269,399
Total park maintenance	2,164,515	2,060,130	104,385	1,976,339
Total culture and recreation	2,164,515	2,060,130	104,385	1,976,339
	$16,689,330	$15,549,702	$1,139,628	$ 15,084,234

(Concluded)

OTHER SUPPLEMENTARY INFORMATION

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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 (2006A) Fund — Established to account for property tax proceeds and debt service on 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 — This fund was 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.

Boiler Construction Fund — Established to account for revenues and expenditures relating to improvements to City Hall's heating and cooling systems. The Equipment Replacement Internal Service Fund had been the source of funding for this project.

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 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 — This fund was established to account for Aghaghming Park projects.

Softball Field Development Fund — This fund was established to account for revenues from softball fees that are to be used for softball field development.

Bud King Ice Renovation Fund — This fund was established to account for the 2006 renovation of the Ice Arena.

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 the bequest of Dieter and Denise Mielimonka, a $2,000 gift was given to the Winona Public Library. 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, 2007 (with comparative totals for 2006)

					Special Revenue
ASSETS	**Emergency**	**Athletic**	**Senior Advocacy Program**	**Library Memorials**	**Downtown 1990 C.D. Loan**
Cash and cash equivalents	$ 12,010	$ 14,574	$ 3,345	$ 282,535	$ 126,958
Restricted investments					
Receivables — Net:					
Taxes					
Customers and other					
Due from other governmental units					
Due from other funds					6,096
Accrued interest on investments		72		1,398	
TOTAL	$ 12,010	$ 14,646	$ 3,345	$ 283,933	$ 133,054
LIABILITIES AND FUND BALANCES (DEFICITS)					
LIABILITIES:					
Accounts payable	$ 5,890	$ -	$ 1,587	$ -	$ -
Due to other funds					
Accrued salaries and compensated absences			14,394		
Deferred revenue					
Total liabilities	5,890	-	15,981	-	-
FUND BALANCES (DEFICITS):					
Reserved	6,120	14,646		283,933	133,054
Reserved — Endowment					
Reserved — Current					
Unreserved — Designated					
Unreserved — Undesignated			(12,636)		
Total fund balances (deficits)	6,120	14,646	(12,636)	283,933	133,054
TOTAL	$ 12,010	$ 14,646	$ 3,345	$ 283,933	$ 133,054

					Debt Service		
Downtown 1994 C.D. Loan	Metro Plains Housing	West Central Revitalization	Central City Rehab	Special Revenue Total	1999B G.O. Sales Tax Revenue Bond	Equipment Certificates (2006A)	Debt Service Total
$ 136,057	$ 45	$ 105,054	$ -	$ 680,578	$ 126,438	$ 290,200	$ 416,638
				-			-
				-		2,707	2,707
				-			-
			6,096	6,096		1,260	1,260
				6,096			-
				1,470	625	1,435	2,060
$ 136,057	$ 45	$ 105,054	$ 6,096	$ 694,240	$ 127,063	$ 295,602	$ 422,665
$ -	$ -	$ -	$ 3	$ 7,480	$ -	$ -	$ -
			6,096	6,096			-
			23	14,417			-
526				526		2,707	2,707
526	-	-	6,122	28,519	-	2,707	2,707
135,531	45	105,054		678,383	127,063	292,895	419,958
				-			-
				-			-
				-			-
			(26)	(12,662)			-
135,531	45	105,054	(26)	665,721	127,063	292,895	419,958
$ 136,057	$ 45	$ 105,054	$ 6,096	$ 694,240	$ 127,063	$ 295,602	$ 422,665

CITY OF WINONA, MINNESOTA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AS OF DECEMBER 31, 2007 (with comparative totals for 2006)

ASSETS	Municipal State Aid	Dike Construction	Park Site	Engineering Department Projects	Boiler Construction
Cash and cash equivalents	$ 7,336	$ 193,609	$ 99,674	$ 233,093	$ -
Restricted investments					
Receivables — Net:					
Taxes		6			
Customers and other					
Due from other governmental units				122	
Due from other funds					
Accrued interest on investments	36	958	493	1,153	
TOTAL	$ 7,372	$ 194,573	$ 100,167	$ 234,368	$ -
LIABILITIES AND FUND BALANCES (DEFICITS)					
LIABILITIES:					
Accounts payable	$ -	$ -	$ -	$ -	$ -
Due to other funds					
Accrued salaries and compensated absences					
Deferred revenue		6			
Total liabilities	-	6	-	-	-
FUND BALANCES (DEFICITS):					
Reserved	7,372	194,567	100,167	234,368	
Reserved — Endowment					
Reserved — Current					
Unreserved — Designated					
Unreserved — Undesignated					
Total fund balances (deficits)	7,372	194,567	100,167	234,368	-
TOTAL	$ 7,372	$ 194,573	$ 100,167	$ 234,368	$ -

Capital Projects							
City Building Improve-ments	City Equipment	Infra-structure Revolving	Street Recon-struction	High Wagon Bridge Recon-struction	Aghaghming Park Construction	Softball Field Development	Capital Projects Total
$ 2,426	$ 96,111	$ 1,521,727	$ 3,045	$ 129,199	$ 1,762	$ 177,950	$ 2,465,932
							-
		33					39
							-
							122
							-
	475	7,527		639		880	12,161
$ 2,426	$ 96,586	$ 1,529,287	$ 3,045	$ 129,838	$ 1,762	$ 178,830	$ 2,478,254
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
							-
							-
		33		4,210			4,249
-	-	33	-	4,210	-	-	4,249
2,426	96,586		3,045	125,628	1,762	178,830	944,751
							-
							-
		1,529,254					1,529,254
							-
2,426	96,586	1,529,254	3,045	125,628	1,762	178,830	2,474,005
$ 2,426	$ 96,586	$ 1,529,287	$ 3,045	$ 129,838	$ 1,762	$ 178,830	$ 2,478,254

CITY OF WINONA, MINNESOTA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AS OF DECEMBER 31, 2007 (with comparative totals for 2006)

	Permanent Funds				
ASSETS	**Bell Art Endow-ment**	**Laird and Bell Endowment**	**C.M. Youman Memorial**	**H.C. Garvin Winona Civic**	**Dr. C. A. Rohrer**
Cash and cash equivalents	$ -	$ -	$ -	$ -	$ -
Restricted investments	5,254	11,804	11,044	219,476	16,630
Receivables — Net:					
Taxes					
Customers and other					
Due from other governmental units					
Due from other funds					
Accrued interest on investments	26	58	55	1,086	82
TOTAL	$ 5,280	$11,862	$11,099	$220,562	$16,712
LIABILITIES AND FUND BALANCES (DEFICITS)					
LIABILITIES:					
Accounts payable	$ -	$ -	$ -	$ -	$ -
Due to other funds					
Accrued salaries and compensated absences					
Deferred revenue					
Total liabilities	-	-	-	-	-
FUND BALANCES (DEFICITS):					
Reserved					
Reserved — Endowment	5,000	10,000	2,000	35,000	2,000
Reserved — Current	280	1,862	9,099	185,562	14,712
Unreserved — Designated					
Unreserved — Undesignated					
Total fund balances (deficits)	5,280	11,862	11,099	220,562	16,712
TOTAL	$ 5,280	$11,862	$11,099	$220,562	$16,712

Leonhard Fried Educational	Mielimonka Library	Permanent Funds Total	Total Nonmajor Governmental Funds 2007	Total Nonmajor Governmental Funds 2006
$ -	$ -	$ -	$3,563,148	$3,854,917
34,953	2,095	301,256	301,256	288,857
		-	2,746	3,673
332		332	332	14,921
		-	7,478	454,920
		-	6,096	
		1,307	16,998	22,667
$35,285	$ 2,095	$302,895	$3,898,054	$4,639,955
$ -	$ -	$ -	$ 7,480	$ 187,991
		-	6,096	-
		-	14,417	9,860
		-	7,482	9,061
-	-	-	35,475	206,912
		-	2,043,092	2,691,485
	2,000	56,000	56,000	56,000
35,285	95	246,895	246,895	234,879
		-	1,529,254	1,458,642
		-	(12,662)	(7,963)
35,285	2,095	302,895	3,862,579	4,433,043
$35,285	$ 2,095	$302,895	$3,898,054	$4,639,955

CITY OF WINONA, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007 (with comparative totals for 2006)

	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		629	1,015	12,132		
Net decrease in fair value of investments						
Contributions						
Charges for services		1,000	30,423	29,192		18,668
Total revenues	-	1,629	53,726	41,324	-	18,668
EXPENDITURES:						
General government			105,662			
Economic development	17,528					8,000
Culture and recreation		436				
Capital outlay						
Debt service:						
Bond principal						
Interest and other expenditures						
Total expenditures	17,528	436	105,662	-	-	8,000
(DEFICIENCY) EXCESS OF REVENUES (UNDER) OVER EXPENDITURES	(17,528)	1,193	(51,936)	41,324	-	10,668
OTHER FINANCING SOURCES (USES):						
General obligation bonds issued						
Transfers to other funds						
Transfers from other funds			47,263			
Total other financing sources (uses)	-	-	47,263	-	-	-
NET CHANGE IN FUND BALANCES	(17,528)	1,193	(4,673)	41,324		10,668
FUND BALANCE — January 1, 2007	23,648	13,453	(7,963)	242,609	133,054	124,863
FUND BALANCE — December 31, 2007	$ 6,120	$14,646	$(12,636)	$283,933	$133,054	$135,531

				Debt Service		
Metro Plains Housing	West Central Revitalization	Central City Rehab	Special Revenue Total	1999B G.O. Sales Tax Revenue Bond	Equipment Certificates (2006A)	Debt Service Total
$ 11,646	$ -	$ -	$ 11,646	$ -	$125,543	$125,543
		9,883	32,171		13,304	13,304
			13,776	5,632	9,332	14,964
			-			-
			-			-
	3,215		82,498			-
11,646	3,215	9,883	140,091	5,632	148,179	153,811
			105,662			-
11,646	36,134	9,909	83,217			-
			436			-
			-			-
			-		110,000	110,000
			-		27,405	27,405
11,646	36,134	9,909	189,315	-	137,405	137,405
-	(32,919)	(26)	(49,224)	5,632	10,774	16,406
			-			
			-			
			47,263			
-	-	-	47,263	-	-	-
	(32,919)	(26)	(1,961)	5,632	10,774	16,406
45	137,973		667,682	121,431	282,121	403,552
$ 45	$105,054	$ (26)	$665,721	$127,063	$292,895	$419,958

CITY OF WINONA, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007 (with comparative totals for 2006)

	Municipal State Aid	Dike Construction	Park Site	Engineering Department Projects	Boiler Construction	City Building Improve-ments
REVENUES:						
General property taxes	$ -	$ -	$ -	$ 12,943	$ -	$ -
Intergovernmental revenues				23,869		
Investment earnings	16,918	8,632	4,348	12,704	372	368
Net decrease in fair value of investments						
Contributions						
Charges for services			6,900	834		
Total revenues	16,918	8,632	11,248	50,350	372	368
EXPENDITURES:						
General government					3,336	7,840
Economic development						
Culture and recreation						
Capital outlay				129,465		
Debt service:						
Bond principal						
Interest and other expenditures						
Total expenditures	-	-	-	129,465	3,336	7,840
(DEFICIENCY) EXCESS OF REVENUES (UNDER) OVER EXPENDITURES	16,918	8,632	11,248	(79,115)	(2,964)	(7,472)
OTHER FINANCING SOURCES (USES):						
General obligation bonds issued						
Transfers to other funds	(630,000)				(9,232)	
Transfers from other funds						
Total other financing sources (uses)	(630,000)	-	-	-	(9,232)	-
NET CHANGE IN FUND BALANCES	(613,082)	8,632	11,248	(79,115)	(12,196)	(7,472)
FUND BALANCE — January 1, 2007	620,454	185,935	88,919	313,483	12,196	9,898
FUND BALANCE — December 31, 2007	$ 7,372	$194,567	$100,167	$234,368	$ -	$ 2,426

Capital Projects

City Equipment	Infra-structure Revolving	Street Recon-struction	High Wagon Bridge Recon-struction	Aghaghming Park Construction	Softball Field Development	Bud King Ice Renovation	Capital Projects Total
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 12,943
							23,869
4,366	67,723	121	5,591	70	7,780	57	129,050
							-
							-
	2,889		4,210		5,750		20,583
4,366	70,612	121	9,801	70	13,530	57	186,445
						3,497	14,673
							-
							-
							129,465
							-
							-
-	-	-	-	-	-	3,497	144,138
4,366	70,612	121	9,801	70	13,530	(3,440)	42,307
							-
							(639,232)
							-
-	-	-	-	-	-	-	(639,232)
4,366	70,612	121	9,801	70	13,530	(3,440)	(596,925)
92,220	1,458,642	2,924	115,827	1,692	165,300	3,440	3,070,930
$96,586	$1,529,254	$3,045	$125,628	$1,762	$178,830	$ -	$2,474,005

CITY OF WINONA, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007 (with comparative totals for 2006)

	Permanent Funds			
	Bell Art Endow-ment	Laird and Bell Endowment	C.M. Youman Memorial	H.C. Garvin Winona Civic
REVENUES:				
General property taxes	$ -	$ -	$ -	$ -
Intergovernmental revenues				
Investment earnings	235	526	492	9,785
Net decrease in fair value of investments				
Contributions				
Charges for services				
Total revenues	235	526	492	9,785
EXPENDITURES:				
General government				
Economic development				
Culture and recreation	162			
Capital outlay				
Debt service:				
Bond principal				
Interest and other expenditures				
Total expenditures	162	-	-	-
(DEFICIENCY) EXCESS OF REVENUES (UNDER) OVER EXPENDITURES	73	526	492	9,785
OTHER FINANCING SOURCES (USES):				
General obligation bonds issued				
Transfers to other funds				
Transfers from other funds				
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCES	73	526	492	9,785
FUND BALANCES — January 1, 2007	5,207	11,336	10,607	210,777
FUND BALANCES — December 31, 2007	$ 5,280	$11,862	$11,099	$220,562

Dr. C. A. Rohrer	Leonhard Fried Educational	Mielimonka Library	Permanent Funds Total	Total Nonmajor Governmental Funds 2007	Total Nonmajor Governmental Funds 2006
$ -	$ -	$ -	$ -	$ 150,132	$ 220,974
			-	69,344	1,363,273
740	889	86	12,753	170,543	169,584
	(221)		(221)	(221)	(258)
			-	-	296,772
			-	103,081	113,305
740	668	86	12,532	492,879	2,163,650
			-	120,335	180,047
			-	83,217	113,777
	251	103	516	952	13,185
			-	129,465	1,644,071
			-	110,000	210,000
			-	27,405	13,054
-	251	103	516	471,374	2,174,134
740	417	(17)	12,016	21,505	(10,484)
			-	-	845,000
			-	(639,232)	(594,653)
			-	47,263	52,343
-	-	-	-	(591,969)	302,690
740	417	(17)	12,016	(570,464)	292,206
15,972	34,868	2,112	290,879	4,433,043	4,140,837
$16,712	$35,285	$2,095	$302,895	$3,862,579	$4,433,043

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INTERNAL SERVICE FUNDS

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

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

Law Enforcement Labor Services (LELS) Fund — Established to account for the police officers' and the police sergeants' health insurance activities.

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 BALANCE SHEET
AS OF DECEMBER 31, 2007 (with comparative totals for 2006)

	Health Insurance	LELS Health	Employee Benefit	Risk Manage-ment
ASSETS				
Cash and cash equivalents	$837,020	$ 53,075	$ 3,222,951	$ 882,541
Receivables — Net —				
Customers and other	2,007			
Due from other funds				
Accrued interest on investments	4,140			4,366
TOTAL	$843,167	$ 53,075	$ 3,222,951	$ 886,907
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable	$ 2,963	$ -	$ -	$ 8,568
Accrued salaries and compensation			2,519,863	
Deferred revenue	844	53,011		
Outstanding and incurred, but not reported claims	205,592			
Total liabilities	209,399	53,011	2,519,863	8,568
FUND BALANCES:				
Reserved	633,768	64	703,088	594,407
Unreserved reported in — Internal Service Fund				283,932
Total fund balances	633,768	64	703,088	878,339
TOTAL	$843,167	$ 53,075	$ 3,222,951	$ 886,907

Equipment Replace-ment	Facilities	Infrastructure Replace-ment	Total 2007	Total 2006
$ 3,877,289	$ 763,346	$ 485,659	$ 10,121,881	$ 9,919,946
			2,007	408
	1,300,000		1,300,000	300,000
16,853	1,451	78	26,888	30,564
$ 3,894,142	$ 2,064,797	$ 485,737	$ 11,450,776	$ 10,250,918
$ -	$ -	$ -	$ 11,531	$ 79,968
			2,519,863	2,408,503
			53,855	1,661
			205,592	219,111
-	-	-	2,790,841	2,709,243
3,894,142	2,064,797	485,737	8,376,003	7,338,245
			283,932	203,430
3,894,142	2,064,797	485,737	8,659,935	7,541,675
$ 3,894,142	$ 2,064,797	$ 485,737	$ 11,450,776	$ 10,250,918

CITY OF WINONA, MINNESOTA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS — INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007 (with comparative totals for 2006)

	Health Insurance	LELS Health	Employee Benefit	Risk Manage-ment
OPERATING REVENUES:				
Charges to city departments	$ 1,380,640	$ -	$ -	$ -
Other charges and services	421,317		111,361	
Refunds and reimbursements	261			86,586
Total operating revenues	1,802,218	-	111,361	86,586
OPERATING EXPENSES:				
Salaries and employee benefits			111,361	
Health insurance claims and fees	1,349,134			
Health insurance stop-loss premium	197,354			
Contractual services	386,337			11,003
Total operating expenses	1,932,825	-	111,361	11,003
OPERATING (LOSS) INCOME	(130,607)			75,583
NONOPERATING REVENUES (EXPENSES):				
Investment earnings	35,757			37,024
Contributions				
Total nonoperating revenues (expenses)	35,757	-	-	37,024
(LOSS) INCOME BEFORE TRANSFER	(94,850)			112,607
TRANSFERS IN	100,000			
TRANSFERS OUT				(200)
INCREASE IN NET ASSETS	5,150			112,407
NET ASSETS — Beginning of year	628,618	64	703,088	765,932
NET ASSETS — End of year	$ 633,768	$ 64	$ 703,088	$ 878,339

Equipment Replace-ment	Facilities	Infrastructure Replace-ment	Totals 2007	Totals 2006
$ -	$ -	$ -	$ 1,380,640	$ 1,578,684
			532,678	251,826
17,368		15,359	119,574	149,152
17,368	-	15,359	2,032,892	1,979,662
			111,361	221,278
			1,349,134	1,515,785
			197,354	197,595
			397,340	79,572
-	-	-	2,055,189	2,014,230
17,368		15,359	(22,297)	(34,568)
155,926	52,481	378	281,566	195,160
				(125,000)
155,926	52,481	378	281,566	70,160
173,294	52,481	15,737	259,269	35,592
489,019	470,100	470,000	1,529,119	2,011,881
(270,528)	(399,400)		(670,128)	(597,330)
391,785	123,181	485,737	1,118,260	1,450,143
3,502,357	1,941,616		7,541,675	6,091,532
$ 3,894,142	$ 2,064,797	$ 485,737	$ 8,659,935	$ 7,541,675

CITY OF WINONA, MINNESOTA

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2007 (with comparative totals for 2006)

	Health Insurance	LELS Health	Employee Benefit	Risk Manage-ment
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	$ 1,800,619	$ -	$ 111,361	$ 86,586
Service charges			111,361	
Payments to suppliers	(1,944,616)		(111,362)	(43,334)
Net cash (used in) provided by operating activities	(143,997)	-	111,360	43,252
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Deferred revenue — increase	844	32,361		
Deferred revenue — decrease	(1,661)	(17,184)		
Contributions				
Due from other funds				
Transfers to other funds				(200)
Transfers from other funds	100,000			
Net cash provided by (used in) noncapital financing activities	99,183	15,177	-	(200)
CASH FLOWS FROM INVESTING ACTIVITIES —				
Interest received	35,735	-	-	38,378
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(9,079)	15,177	111,360	81,430
CASH AND CASH EQUIVALENTS — Beginning of year	846,099	37,898	3,111,591	801,111
CASH AND CASH EQUIVALENTS — End of year	$ 837,020	$ 53,075	$3,222,951	$882,541
RECONCILIATION OF OPERATING (LOSS) INCOME TO NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES:				
Operating (loss) income	$ (130,607)	$ -	$ -	$ 75,583
Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities —				
Changes in assets and liabilities:				
Customer receivables	(1,599)			
Accounts payable	(11,791)			(32,331)
Other accrued liabilities			111,360	
Net cash (used in) provided by operating activities	$ (143,997)	$ -	$ 111,360	$ 43,252

Equipment Replace-ment	Facilities	Infrastructure Replace-ment	Total 2007	Total 2006
$ 17,368	$ -	$ 15,359	$ 2,031,293	$ 2,017,088
			111,361	222,247
			(2,099,312)	(1,976,116)
17,368	-	15,359	43,342	263,219
			33,205	(17,827)
			(18,845)	
			-	(125,000)
	(1,000,000)		(1,000,000)	
(270,528)	(399,400)		(670,128)	(597,330)
489,019	470,100	470,000	1,529,119	2,011,881
218,491	(929,300)	470,000	(126,649)	1,271,724
155,070	55,759	300	285,242	187,889
390,929	(873,541)	485,659	201,935	1,722,832
3,486,360	1,636,887		9,919,946	8,197,114
$3,877,289	$ 763,346	$485,659	$10,121,881	$ 9,919,946
$ 17,368	$ -	$ 15,359	$ (22,297)	$ (34,568)
			(1,599)	(408)
			(44,122)	78,368
			111,360	219,827
$ 17,368	$ -	$ 15,359	$ 43,342	$ 263,219

CITY OF WINONA, MINNESOTA

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES — TOURISM PROMOTION AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 2007 (with comparative totals for 2006)

	Beginning Balance	Increases	Decreases	Ending Balance 2007	Ending Balance 2006
ASSETS:					
Cash and cash equivalents	$ -	$ 264,452	$ 264,452	$ -	$ -
Accounts receivable	12,813	13,885	12,860	13,838	12,813
Total assets	$ 12,813	$ 278,337	$ 277,312	$ 13,838	$ 12,813
LIABILITIES —					
Accounts payable — total liabilities	$ 12,813	$ 265,136	$ 264,111	$ 13,838	$ 12,813

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, 2007 (with comparative totals for 2006)

	2007				
	Budgeted Amounts			Variance With Final Budget	2006 Actual
	Original	Final	Actual		
REVENUES:					
Intergovernmental — Federal	$ 22,288	$ 22,288	$ 22,288	$ -	$ 22,288
Investment earnings	310	310	1,015	705	759
Charges for services	17,500	17,500	30,423	12,923	18,647
Total revenues	40,098	40,098	53,726	13,628	41,694
EXPENDITURES —					
Current:					
Salaries and employee benefits	79,932	81,772	103,171	(21,399)	83,614
Contractual services	5,429	4,039	2,380	1,659	1,346
Supplies	2,000	2,151	111	2,040	1,849
Total expenditures	87,361	87,962	105,662	(17,700)	86,809
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(47,263)	(47,864)	(51,936)	(4,072)	(45,115)
OTHER FINANCING SOURCES —					
Operating transfers in	47,263	47,263	47,263		45,301
(DEFICIENCY) EXCESS OF REVENUES AND OTHER FINANCING SOURCES (UNDER) OVER EXPENDITURES		(601)	(4,673)	(4,072)	186
FUND BALANCE — Beginning of year	(7,963)	(7,963)	(7,963)		(8,149)
FUND BALANCE — End of year	$ (7,963)	$ (8,564)	$ (12,636)	$ (4,072)	$ (7,963)

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, 2007 (with comparative totals for 2006)

	2007			
	Original and Final Budget	Actual	Variance With Final Budget	2006 Actual
REVENUES:				
Intergovernmental —				
State of Minnesota grant	$ 788,364	$ -	$ (788,364)	$ 1,044,561
Investment earnings		16,918	16,918	20,346
Total revenues	788,364	16,918	(771,446)	1,064,907
EXCESS OF REVENUE OVER EXPENDITURES	788,364	16,918	(771,446)	1,064,907
OTHER FINANCING USES —				
Transfers to other funds	(788,364)	(630,000)	158,364	(591,273)
(DEFICIENCY) EXCESS OF REVENUES AND OTHER FINANCING USES (UNDER) OVER EXPENDITURES		(613,082)	(613,082)	473,634
FUND BALANCE — Beginning of year	620,454	620,454		146,820
FUND BALANCE — End of year	$ 620,454	$ 7,372	$ (613,082)	$ 620,454

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, 2007 (with comparative totals for 2006)

	2007			
	Original and Final Budget	Actual	Variance With Final Budget	2006 Actual
REVENUES —				
Investment earnings	$ 2,000	$ 8,632	$ 6,632	$ 7,391
Total revenues	2,000	8,632	6,632	7,391
EXPENDITURES —				
Capital outlay	10,000		10,000	-
(DEFICIENCY) EXCESS OF REVENUES (UNDER) OVER EXPENDITURES	(8,000)	8,632	16,632	7,391
FUND BALANCE — Beginning of year	185,935	185,935		178,544
FUND BALANCE — End of year	$ 177,935	$ 194,567	$ 16,632	$ 185,935

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, 2007 (with comparative totals for 2006)

	2007			
	Original and Final Budget	Actual	Variance With Final Budget	2006 Actual
REVENUES:				
Special assessments	$ 25,000	$ -	$ (25,000)	$ -
Investment earnings	100	38,617	38,517	34,759
Total revenues	25,100	38,617	13,517	34,759
EXPENDITURES — Capital outlay	130,000	17,989	112,011	72,260
(DEFICIENCY) EXCESS OF REVENUES (UNDER) OVER EXPENDITURES	(104,900)	20,628	125,528	(37,501)
FUND BALANCE — Beginning of year	837,228	837,228		874,729
FUND BALANCE — End of year	$ 732,328	$ 857,856	$ 125,528	$ 837,228

CITY OF WINONA, MINNESOTA

SCHEDULE OF LONG-TERM OBLIGATIONS — PRIMARY GOVERNMENT
AS OF DECEMBER 31, 2007

	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	$ 1,124,700
G.O. Permanent Improvement Revolving Bonds of 2004A (G.O. Portion)	2.86	2,091,600	1,669,500
Total G.O. Bonds supported by taxes		3,963,800	2,794,200
G.O. Special Assessment Bonds:			
G.O. Improvement Bonds of 1995	4.65	1,845,000	180,000
G.O. Improvement Bonds of 1998B	4.52	2,760,000	1,030,000
G.O. Permanent Improvement Revolving Bonds of 2001A (Special Assessment Portion)	4.03	2,197,800	1,320,300
G.O. Permanent Improvement Revolving Bonds of 2004A (Special Assessment Portion)	2.86	2,888,400	2,305,500
Total G.O. Special Assessment Bonds		9,691,200	4,835,800
G.O. Enterprise Fund Bonds:			
G.O. Water and Sewer Revenue Bonds of 1995 (Sewer Portion)	4.88	2,460,000	940,000
G.O. Water and Sewer Revenue Bonds of 1998C (Water Portion)	4.78	230,000	131,100
G.O. Water and Sewer Revenue Bonds of 1998C (Sewer Portion)	4.78	770,000	438,900
G.O. Water and Sewer Revenue Refunding Bonds of 1999A (Water Portion)	4.01	1,008,150	
G.O. Water and Sewer Revenue Refunding Bonds of 1999A (Sewer Portion)	4.01	1,576,850	
G.O. Water Revenue Bonds of 1999C*	5.35	4,085,000	2,550,000
G.O. Water Revenue Bonds of 2001B	3.99	420,000	230,000
G.O. Water Revenue Bonds of 2003B	3.68	4,250,000	3,550,000
G.O. Water Revenue Refunding Bonds of 2006B	3.63	2,295,000	2,295,000
Total G.O. Enterprise Fund Bonds		17,095,000	10,135,000
OTHER INDEBTEDNESS:			
G.O. Equipment Certificates of 2006A	3.59	845,000	735,000
Total other indebtedness		845,000	735,000
		$ 31,595,000	$ 18,500,000

* To be crossover refunded on February 1, 2008.

CITY OF WINONA, MINNESOTA

SCHEDULE OF BONDS PAYABLE — PRIMARY GOVERNMENT
AS OF DECEMBER 31, 2007

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)	3.750 %	(2008)	December 1, 2001	February 2, 2013
	3.900	(2009)		
	4.000	(2010)		
	4.100	(2011)		
	4.200	(2012)		
	4.375	(2013)		
G.O. Permanent Improvement Revolving Bonds of 2004A (G.O. Portion)	2.000	(2008)	February 1, 2004	February 2, 2015
	2.250	(2009)		
	2.500	(2010)		
	2.700	(2011)		
	3.000	(2012)		
	3.250	(2013)		
	3.400	(2014)		
	3.450	(2015)		
Total G.O. Bonds Supported by Taxes				
GENERAL OBLIGATION SPECIAL ASSESSMENT BONDS:				
G.O. Improvement Bonds of 1995	5.000	(2008)	December 1, 1995	February 1, 2009
	5.100	(2009)		
G.O. Improvement Bonds of 1998B	4.550	(2008)	June 1, 1998	February 1, 2011
	4.625	(2009)		
	4.700	(2010)		
	4.750	(2011)		

Annual Payment		Authorized and Issued	Retired	Outstanding
$ 184,000	(2008)	$ 1,872,200	$ 747,500	$ 1,124,700
186,300	(2009-10)			
188,600	(2011-12)			
190,900	(2013)			
212,100	(2008)	2,091,600	422,100	1,669,500
210,000	(2009-10)			
207,900	(2011-13)			
205,800	(2014)			
207,900	(2015)			
		3,963,800	1,169,600	2,794,200
120,000	(2008)	1,845,000	1,665,000	180,000
60,000	(2009)			
285,000	(2008)	2,760,000	1,730,000	1,030,000
280,000	(2009)			
275,000	(2010)			
190,000	(2011)			

CITY OF WINONA, MINNESOTA

SCHEDULE OF BONDS PAYABLE — PRIMARY GOVERNMENT
AS OF DECEMBER 31, 2007

General Obligation Bonds	Interest Rates and Maturity Dates		Issue Date	Final Maturity Date
G.O. Permanent Improvement Revolving Bonds of 2001A (Special Assessment Portion)	3.750 %	(2008)	December 1, 2001	February 2, 2013
	3.900	(2009)		
	4.000	(2010)		
	4.100	(2011)		
	4.200	(2012)		
	4.375	(2013)		
G.O. Permanent Improvement Revolving Bonds of 2004A (Special Assessment Portion)	2.000	(2008)	February 1, 2004	February 2, 2015
	2.250	(2009)		
	2.500	(2010)		
	2.700	(2011)		
	3.000	(2012)		
	3.250	(2013)		
	3.400	(2014)		
	3.450	(2015)		
Total G.O. Special Assessment Bonds				
GENERAL OBLIGATION ENTERPRISE FUND BONDS				
G.O. Water and Sewer Revenue Bonds of 1995 (Sewer Portion)	5.000	(2008)	December 1, 1995	February 1, 2011
	5.100	(2009)		
	5.200	(2010)		
	5.300	(2011)		
G.O. Water and Sewer Revenue Bonds of 1998C (Water Portion)	4.500	(2008)	June 1, 1998	February 1, 2014
	4.600	(2009)		
	4.700	(2010)		
	4.750	(2011)		
	4.800	(2012)		
	4.900	(2013)		
	5.000	(2014)		

Annual Payment		Authorized and Issued	Retired	Outstanding
$ 216,000	(2008)	$ 2,197,800	$ 877,500	$ 1,320,300
218,700	(2009-10)			
221,400	(2011-12)			
224,100	(2013)			
292,900	(2008)	2,888,400	582,900	2,305,500
290,000	(2009-10)			
287,100	(2011-13)			
284,200	(2014)			
287,100	(2015)			
		9,691,200	4,855,400	4,835,800
215,000	(2008)	2,460,000	1,520,000	940,000
230,000	(2009)			
240,000	(2010)			
255,000	(2011)			
16,100	(2008)	230,000	98,900	131,100
17,250	(2009-10)			
18,400	(2011)			
19,550	(2012)			
20,700	(2013)			
21,850	(2014)			

CITY OF WINONA, MINNESOTA

SCHEDULE OF BONDS PAYABLE — PRIMARY GOVERNMENT
AS OF DECEMBER 31, 2007

General Obligation Bonds	Interest Rates and Maturity Dates		Issue Date	Final Maturity Date
G.O. Water and Sewer Revenue Bonds of 1998C (Sewer Portion)	4.500 %	(2008)	June 1, 1998	February 1, 2014
	4.600	(2009)		
	4.700	(2010)		
	4.750	(2011)		
	4.800	(2012)		
	5.000	(2014)		
G.O. Water and Sewer Revenue Refunding Bonds of 1999A (Water Portion)			February 1, 1999	February 1, 2007
G.O. Water and Sewer Revenue Refunding Bonds of 1999A (Sewer Portion)			February 1, 1999	February 1, 2007
G.O. Water Revenue Bonds of 1999C*	5.000	(2008)	December 1, 1999	February 1, 2008
G.O. Water Revenue Bonds of 2001B	3.550	(2008)	December 1, 2001	February 1, 2012
	3.950	(2009-10)		
	4.150	(2011-12)		
G.O. Water Revenue Bonds of 2003B	2.250	(2008)	October 1, 2003	February 1, 2019
	2.650	(2009)		
	3.000	(2010)		
	3.250	(2011)		
	3.500	(2012)		
	3.600	(2013)		
	3.750	(2014)		
	3.850	(2015)		
	4.000	(2016-17)		
	4.125	(2018)		
	4.250	(2019)		
G.O. Water Revenue Refunding Bonds of 2006B	4.000	(2008-15)	December 15, 2006	February 1, 2015
Total G.O. Enterprise Fund Bonds				
Total G.O. bonds payable				

* To be crossover refunded on February 1, 2008.

Annual Payment		Authorized and Issued	Retired	Outstanding
$ 53,900	(2008)	$ 770,000	$ 331,100	$ 438,900
57,750	(2009-10)			
61,600	(2011)			
65,450	(2012)			
69,300	(2013)			
73,150	(2014)			
		1,008,150	1,008,150	
		1,576,850	1,576,850	
2,550,000	(2008)	4,085,000	1,535,000	2,550,000
40,000	(2008)	420,000	190,000	230,000
45,000	(2009-10)			
50,000	(2011-12)			
245,000	(2008)	4,250,000	700,000	3,550,000
250,000	(2009)			
255,000	(2010)			
265,000	(2011)			
275,000	(2012)			
285,000	(2013)			
295,000	(2014)			
310,000	(2015)			
320,000	(2016)			
335,000	(2017)			
350,000	(2018)			
365,000	(2019)			
300,000	(2009-10)	2,295,000		2,295,000
310,000	(2011)			
325,000	(2012)			
345,000	(2013)			
355,000	(2014)			
360,000	(2015)			
		17,095,000	6,960,000	10,135,000
		$ 30,750,000	$ 12,985,000	$ 17,765,000

CITY OF WINONA, MINNESOTA

SCHEDULE OF OTHER DEBT — PRIMARY GOVERNMENT
AS OF DECEMBER 31, 2007

Other Debt	Interest Rates and Maturity Dates		Issue Date	Final Maturity Date
G.O. Equipment Certificates of 2006A	3.300 %	(2008)	March 15, 2006	February 1, 2013
	3.350	(2009)		
	3.400	(2010)		
	3.450	(2011)		
	3.500	(2012)		
	3.550	(2013)		
Total other debt				
Total G.O. bonds payable				
Total long-term obligations				

Annual Payment		Authorized and Issued	Retired	Outstanding
$ 110,000	(2008)	$ 845,000	$ 110,000	$ 735,000
115,000	(2009)			
120,000	(2010)			
125,000	(2011)			
130,000	(2012)			
135,000	(2013)			
		$ 845,000	$ 110,000	$ 735,000
		$ 30,750,000	$ 12,985,000	$17,765,000
		$ 31,595,000	$ 13,095,000	$18,500,000

PORT AUTHORITY OF WINONA, MINNESOTA

SCHEDULE OF LONG-TERM OBLIGATIONS
AS OF DECEMBER 31, 2007

	True Interest Rate	Authorized	Outstanding
BONDED INDEBTEDNESS —			
G.O. Bonds:			
Taxable G.O. Bonds of 1995 (Tourist Center Share)	7.100 %	$ 300,000	$ 200,000
Taxable G.O. Bonds of 1995 (Campground Share)	7.100	290,000	145,000
General Obligation Bonds, 2005 (Pelzer Street)	3.890	3,570,000	3,110,000
Total G.O. Bonds		4,160,000	3,455,000
Total Bonded Indebtedness		$4,160,000	$3,455,000

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PORT AUTHORITY OF WINONA, MINNESOTA

SCHEDULE OF BONDS PAYABLE
AS OF DECEMBER 31, 2007

General Obligation Bonds	Interest Rates and Maturity Dates		Issue Date	Final Maturity Date
Taxable G.O. Bonds of 1995 (Tourist Center Share)	6.850 %	(2008)	December 1, 1995	February 1, 2017
	6.900	(2009)		
	7.000	(2010)		
	7.050	(2011)		
	7.100	(2012)		
	7.150	(2013)		
	7.200	(2014)		
	7.300	(2015)		
	7.350	(2016-17)		
Taxable G.O. Bonds of 1995 (Campground Share)	6.850	(2008)	December 1, 1995	February 1, 2014
	6.900	(2009)		
	7.000	(2010)		
	7.050	(2011)		
	7.100	(2012)		
	7.150	(2013)		
	7.200	(2014)		
G.O. Bonds of 2005 (Pelzer Street)	4.000	(2008-20)	December 1, 2005	February 1, 2020
Total G.O. Bonds				
Total Bonded Indebtedness				

Annual Payment		Authorized and Issued	Retired	Oustanding
$ 15,000	(2008-11)	$ 300,000	$100,000	$ 200,000
20,000	(2012-13)			
25,000	(2014-17)			
10,000	(2008-09)	290,000	145,000	145,000
25,000	(2010)			
15,000	(2011)			
30,000	(2012-13)			
25,000	(2014)			
195,000	(2008)	3,570,000	460,000	3,110,000
200,000	(2009)			
205,000	(2010)			
210,000	(2011)			
220,000	(2012)			
225,000	(2013)			
235,000	(2014)			
245,000	(2015)			
255,000	(2016)			
265,000	(2017)			
275,000	(2018)			
285,000	(2019)			
295,000	(2020)			
		4,160,000	705,000	3,455,000
		$4,160,000	$705,000	$3,455,000

CITY OF WINONA, MINNESOTA

SCHEDULE OF SALARIES, EMPLOYEE BENEFITS, AND CLOTHING ALLOWANCE FOR THE YEAR ENDED DECEMBER 31, 2007 (with comparative totals for 2006)

	Number of Employees*		Salaries and Wages	Pensions**	Clothing/ Tuition Allowance***	Medicare/ Unemployment Compensation
	Full Time	All Other				
GOVERNMENTAL FUNDS:						
General government	30.25	10.00	$ 1,665,908	$ 174,967	$ 4,779	$ 22,623
Police	43.00	4.00	2,595,865	638,807	41,808	31,309
Fire	23.00	16.00	1,528,686	651,794	37,475	11,342
Safety and health coordinator	1.00		46,917	6,505	200	658
Highways and streets	14.00		645,973	85,660	2,795	8,875
Park maintenance	19.00		896,250	138,663	6,569	12,656
Senior advocacy program		2.00	73,486	8,995		1,004
Rehabilitation Projects			5,432	339		78
Total governmental funds	130.25	32.00	7,458,517	1,705,730	93,626	88,545
ENTERPRISE FUNDS:						
Water utility	10.50		538,343	63,181	4,098	7,634
Sewer utility	13.50		642,472	66,114	6,030	8,914
Inspections	6.00		272,715	33,559	188	3,751
Airport	1.00		47,757	6,536	200	683
Public transportation			3,574	223		46
Library	10.50	11.00	639,456	43,919	1,272	9,045
Recreation programs	10.25	73.00	788,272	59,503	200	18,860
Total enterprise funds	51.75	84.00	2,932,589	273,035	11,988	48,933
	182.00	116.00	$10,391,106	$1,978,765	$105,614	$137,478

* Reflects the employment of the City on December 31, 2007. Numbers from the Finance Department.

** Pensions include the following: PERA ($823,544), PERA—Additional contribution ($703,088), Fire — other ($8,300) Benefit adjustment ($118,023); and Retiree health insurance subsidy ($325,810);

***Clothing/Tuition allowance includes the following: Clothing ($79,586); Car ($2,100); Incentive ($21,678); and Tuition ($2,250).

Social Security	Health Insurance	Life and Disability Insurance	Dental Insurance	Workers' Compensation	Total 2007	Total 2006
$ 95,447	$ 295,377	$ 5,266	$ -	$ 20,721	$ 2,285,088	$ 2,245,071
12,594	323,229	4,704		64,106	3,712,422	3,468,471
7,629	226,945	2,428	10,089	58,886	2,535,274	2,362,422
2,812	11,148	97		132	68,469	65,120
37,951	128,545	1,208		29,890	940,897	939,582
54,116	135,750	1,710		20,226	1,265,940	1,290,922
4,295	14,683	147		561	103,171	83,612
335	1,314	11			7,509	
215,179	1,136,991	15,571	10,089	194,522	10,918,770	10,455,200
32,640	84,762	977		11,092	742,727	723,553
38,117	144,518	1,265		9,370	916,800	987,648
16,041	53,315	534		900	381,003	400,337
2,921	5,766	85		1,083	65,031	71,289
198	610	7		29	4,687	7,304
38,674	100,135	1,044		4,190	837,735	840,667
47,747	80,034	930		14,629	1,010,175	898,374
176,338	469,140	4,842	-	41,293	3,958,158	3,929,172
$391,517	$1,606,131	$ 20,413	$ 10,089	$235,815	$14,876,928	$14,384,372

CITY OF WINONA, MINNESOTA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2007

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	2007 Expenditures	Amounts Passed Through Subrecipients
U.S. DEPARTMENT OF TRANSPORTATION —			
Passed through the MN Department of Transportation:			
Formula Grants for Other than Urbanized Areas	20.509	$ 275,645	$ -
Office of Aeronautics — Grade Runway Safe Area SP 8501-51	20.106	133,340	
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT —			
Passed through the MN Department of Employment and Economic Development:			
Small Cities Development Block Grant	14.228	9,883	
Community Development Block Grants — State's Program Administrative Funds — Flood Planning	14.228	12,867	12,552
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES —			
Passed through S.E. MN Area Agency on Aging — Special Programs for the Aging — Title III, Part B Grants for Supportive Services and Senior Centers	93.044	22,288	
U.S. DEPARTMENT OF JUSTICE:			
Bulletproof Vest Partnership Program	16.607	8,932	
Office of Juvenile Justice & Delinquency Prevention — Enforcing Underage Drinking Law Programs	16.727	2,000	
U.S. DEPARTMENT OF HOMELAND SECURITY —			
Assistance to Firefighters Grant Program	97.044	19,295	
Passed through the MN Emergency Management — Disaster Grants	97.036	41,761	
Total federal awards		$ 526,011	$ 12,552

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

TOTAL FEDERAL GRANT EXPENDITURES	$ 526,011
Total federal grant revenue — 2007	526,011
Other intergovernmental revenues:	
Shared taxes	223,159
State sources	11,686,710
Local sources	330,453
Total other intergovernmental revenues	12,240,322
TOTAL INTERGOVERNMENTAL REVENUES — Governmental and proprietary funds (Primary Government)	$ 12,766,333

CITY OF WINONA, MINNESOTA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2006

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	2006 Expenditures
U.S. DEPARTMENT OF TRANSPORTATION —		
Passed through the MN Department of Transportation:		
Minnesota 2004-2006 State Transportation Improvement Program (Federal Project # STPX 8505(029)	20.205	$ 1,588,088
State and Community Highway Safety Program	20.601	1,879
Formula Grants for Other than Urbanized Areas	20.509	88,344
Airport Improvement Program —		
Office of Aeronautics — Airport Improvements (Building Area and Access Rd SP 8501-47)	20.106	7,689
Office of Aeronautics — Pavement Rehab SP 8501-49)	20.106	105,237
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT —		
Passed through the MN Department of Employment and Economic Development —		
Lead Based Hazard Control	14.905	15,000
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES —		
Passed through S.E. MN Area Agency on Aging —		
Special Programs for the Aging — Title III, Part B Grants for Supportive Services and Senior Centers	93.044	22,288
U.S. DEPARTMENT OF JUSTICE:		
Local Law Enforcement Block Grant	16.592	
Passed through the Office of Juvenile Justice & Delinquency Prevention — Enforcing Underage Drinking Law Programs	16.727	2,500
U.S. DEPARTMENT OF HOMELAND SECURITY —		
Assistance to Firefighters Grant Program for Fire Fighting Equipment	97.044	62,829
Total federal awards		$ 1,893,854

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

TOTAL FEDERAL GRANT EXPENDITURES	$ 1,893,854
Total federal grant revenues — 2006	1,893,854
Other intergovernmental revenues:	
Shared taxes	215,536
State sources	13,784,926
Local sources	840,375
Total other intergovernmental revenues	14,840,837
TOTAL INTERGOVERNMENTAL REVENUES — Governmental and proprietary funds (Primary Government)	$16,734,691

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SECTION III

STATISTICAL SECTION

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CITY OF WINONA, MINNESOTA

STATISTICAL SECTION
(Unaudited)

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

Contents **Table**

FINANCIAL TRENDS I–XI

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.

REVENUE CAPACITY XII–XV

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.

DEBT CAPACITY XVI–XXI

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.

DEMOGRAPHIC AND ECONOMIC INFORMATION XXII–XXIV

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.

OPERATING INFORMATION XXV–XXVII

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.

DATA SOURCE

Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial report for the applicable year. The City implemented GASB Statement No. 34 in 2003; therefore, tables presenting government-wide financial data include only five years of information.

TABLE I

CITY OF WINONA, MINNESOTA

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

	December 31				
	2003	2004	2005	2006	2007
GOVERNMENTAL ACTIVITIES:					
Invested in capital assets — Net of related debt (3)	$ 17,416,196	$ 20,085,618	$ 25,317,387	$ 37,952,203	$ 41,611,501
Restricted (4)	17,061,541	16,172,459	24,235,683	18,239,282	16,736,009
Unrestricted	6,538,249	10,603,254	10,152,997	9,427,363	8,488,228
Total	$ 41,015,986	$ 46,861,331	$ 59,706,067	$ 65,618,848	$ 66,835,738
BUSINESS-TYPE ACTIVITIES:					
Invested in capital assets — Net of related debt	$ 21,116,517	$ 19,631,381	$ 22,079,905	$ 21,074,836	$ 21,899,448
Restricted	2,490,738	6,363,206	4,424,311	4,738,144	4,508,086
Unrestricted	8,860,071	9,655,037	9,811,019	12,437,654	14,290,300
Total	$ 32,467,326	$ 35,649,624	$ 36,315,235	$ 38,250,634	$ 40,697,834
TOTAL PRIMARY GOVERNMENT:					
Invested in capital assets — Net of related debt (3)	$ 38,532,713	$ 39,716,999	$ 47,397,292	$ 59,027,039	$ 63,510,949
Restricted (4)	19,552,279	22,535,665	28,659,994	22,977,426	21,244,095
Unrestricted	15,398,320	20,258,291	19,964,016	21,865,017	22,778,528
Total	$ 73,483,312	$ 82,510,955	$ 96,021,302	$ 103,869,482	$ 107,533,572

Notes:

(1) Accounting standards require that net assets be reported in three components in the financial statements: invested in capital assets, net of related debt; restricted; and unrestricted. Net assets are considered restricted only when (1) an external party, such as the State of Minnesota or the federal government, places a restriction on how the resources may be used, or (2) enabling legislation is enacted by the City.

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

(3) The significant increase in the invested in capital assets, net of related debt amount from 2004 to 2007 relates to construction in progress for various capital projects.

(4) The significant increase in the restricted net assets amount from 2004 to 2005 relates to assets restricted for the Pelzer Street construction.

Data Source —
Applicable years' comprehensive annual financial report.

TABLE II

CITY OF WINONA, MINNESOTA

CHANGES IN NET ASSETS — GOVERNMENTAL ACTIVITIES (Unaudited)
LAST FIVE CALENDAR YEARS (1)
(accrual basis of accounting)

	For The Calendar Year Ended December 31,				
	2003	2004	2005	2006	2007
EXPENSES:					
General government	$ 2,464,193	$ 2,928,510	$ 2,815,325	$ 3,362,463	$ 3,758,765
Public safety	6,954,628	7,474,585	7,213,936	8,927,248	9,123,908
Highways and streets (2)	3,031,506	3,599,557	3,515,176	929,145	3,986,125
Sanitation and waste removal	27,396	27,957	29,256	30,166	63,532
Economic development (3)		3,728,279	626,615	2,722,709	353,074
Culture and recreation	1,426,189	1,389,190	1,568,822	1,754,272	2,094,671
Other	1,333,374	1,636,884	1,863,530	2,014,229	
Interest and fiscal charges	318,590	397,676	381,434	348,838	318,089
Total expenses	15,555,876	21,182,638	18,014,094	20,089,070	19,698,164
PROGRAM REVENUES:					
Charges for services:					
General government	514,233	694,441	685,888	773,290	1,352,315
Public safety (4)	304,495	326,407	344,744	382,717	1,398,639
Highways and streets	226,630	134,357	139,565	30,766	644,359
Economic development		1,918,892	1,132,279	54,323	(485,882)
Other	1,242,725	2,263,799	81,772	2,182,070	373,016
Operating grants and contributions (4)	1,162,981	1,492,215	1,533,822	1,585,976	1,306,458
Capital grants and contributions (5)	2,084,166	7,969,171	12,511,166	5,678,612	766,018
Total program revenues	5,535,230	14,799,282	16,429,236	10,687,754	5,354,923
NET EXPENSE	(10,020,646)	(6,383,356)	(1,584,858)	(9,401,316)	(14,343,241)
GENERAL REVENUES:					
Taxes:					
Property	2,912,562	3,152,749	3,807,566	4,212,753	4,334,907
Sales	153,567				
Franchise	855,270	891,865	1,030,866	1,143,200	1,193,201
Unrestricted grants and contributions	8,713,858	8,072,545	8,340,598	8,877,334	9,062,208
Gain on sale of capital assets		2,526	7,621		
Investment earnings	183,501	143,079	676,916	1,168,228	1,083,303
Miscellaneous		8,051			
Total general revenues	12,818,758	12,270,815	13,863,567	15,401,515	15,673,619
NET TRANSFERS IN (OUT)	388,479	(42,114)	566,027	(87,418)	(113,488)
TOTAL NET TRANSFERS AND GENERAL REVENUES	13,207,237	12,228,701	14,429,594	15,314,097	15,560,131
CHANGE IN NET ASSETS	$ 3,186,591	$ 5,845,345	$ 12,844,736	$ 5,912,781	$ 1,216,890

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

TABLE III

CITY OF WINONA, MINNESOTA

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

	For The Calendar Year Ended December 31,				
	2003	2004	2005	2006	2007
EXPENSES:					
General government	15.8 %	13.8 %	15.6 %	16.7 %	19.1 %
Public safety	44.7	35.3	40.1	44.4	46.3
Highways and streets (2)	19.5	17.0	19.5	4.6	20.2
Sanitation and waste removal	0.2	0.1	0.2	0.2	0.3
Economic development (3)		17.6	3.5	13.6	1.8
Culture and recreation	9.2	6.6	8.7	8.8	10.7
Other	8.6	7.7	10.3	10.0	
Interest and fiscal charges	2.0	1.9	2.1	1.7	1.6
Total expenses	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
PROGRAM REVENUES:					
Charges for services:					
General government	9.3 %	4.7 %	4.2 %	7.2 %	25.3 %
Public safety (4)	5.5	2.2	2.1	3.6	26.1
Highways and streets	4.1	0.9	0.8	0.3	12.0
Economic development		13.0	6.9	0.5	(9.1)
Other	22.5	15.3	0.5	20.4	7.0
Operating grants and contributions (4)	21.0	10.1	9.3	14.8	24.4
Capital grants and contributions (5)	37.6	53.8	76.2	53.2	14.3
Total program revenues	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
GENERAL REVENUES:					
Taxes:					
Property	22.7 %	25.7 %	27.5 %	27.4 %	27.7 %
Sales	1.2				
Franchise	6.7	7.3	7.4	7.4	7.6
Grants and contributions not restricted	68.0	65.7	60.1	57.6	57.8
Gain on sale of capital assets			0.1		
Investment earnings	1.4	1.2	4.9	7.6	6.9
Miscellaneous		0.1			
Total general revenues	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

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

TABLE IV

CITY OF WINONA, MINNESOTA

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

	For the Calendar Year Ended December 31,				
	2003	2004	2005	2006	2007
EXPENSES:					
Water	$ 1,873,199	$ 2,184,640	$ 2,469,034	$ 2,338,414	$ 2,572,331
Sewer	2,082,895	2,119,371	2,390,545	2,459,257	2,312,959
Inspections	397,879	416,959	514,352	527,428	524,880
Airport	273,166	295,407	226,535	152,002	194,493
Public Transportation	488,472	516,748	545,599	592,790	599,160
Recreation	1,129,413	1,205,966	1,315,569	1,403,468	1,686,896
Library	996,691	1,031,824	1,065,143	1,123,011	1,193,005
Storm Sewer	47,736	66,159	115,761	128,323	70,558
Total expenses	7,289,451	7,837,074	8,642,538	8,724,693	9,154,282
PROGRAM REVENUES:					
Charges for services:					
Water	2,523,901	2,670,148	3,118,317	3,246,470	3,323,052
Sewer	2,807,080	2,829,411	2,807,382	2,956,748	2,936,907
Inspections	413,584	456,653	484,546	369,732	388,919
Airport	18,916	38,638	37,547	28,444	32,180
Public Transportation	94,968	115,190	126,694	157,904	206,962
Recreation	264,199	256,537	268,580	267,910	333,883
Library	17,886	18,030	19,912	23,240	25,686
Storm Sewer	207,145	208,570	258,721	271,003	280,443
Operating grants and contributions	549,908	572,671	597,728	815,498	913,286
Capital grants and contributions	759,000	2,053,942	79,074	122,109	133,340
Total program revenues	7,656,587	9,219,790	7,798,501	8,259,058	8,574,658
NET REVENUE (EXPENSE)	367,136	1,382,716	(844,037)	(465,635)	(579,624)
GENERAL REVENUES:					
Property taxes	337,570	399,823	469,150	505,504	615,105
Unrestricted grants	1,236,551	1,198,394	1,288,082	1,243,131	1,569,793
Investment earnings	142,105	159,251	318,443	564,981	728,438
Total general revenues	1,716,226	1,757,468	2,075,675	2,313,616	2,913,336
NET TRANSFERS (OUT) IN	(388,479)	42,114	(566,027)	87,418	113,488
Total net transfers and general revenues	1,327,747	1,799,582	1,509,648	2,401,034	3,026,824
CHANGE IN NET ASSETS	$ 1,694,883	$ 3,182,298	$ 665,611	$ 1,935,399	$ 2,447,200

Notes —
(1) The City implemented GASB Statement No. 34 in calendar year 2003; therefore, only five years of government-wide financial data is presented.
Data Source —
Applicable years' comprehensive annual financial report.

TABLE V

CITY OF WINONA, MINNESOTA

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

	For the Calendar Year Ended December 31,				
	2003	2004	2005	2006	2007
EXPENSES:					
Governmental activities (2)	$15,555,876	$21,182,638	$18,014,094	$20,089,070	$19,698,164
Business-type activities (3)	7,289,451	7,837,074	8,642,538	8,724,693	9,154,282
Total expenses	22,845,327	29,019,712	26,656,632	28,813,763	28,852,446
PROGRAM REVENUES:					
Governmental activities (2)	5,535,230	14,799,282	16,429,236	10,687,754	5,354,923
Business-type activities (3)	7,656,587	9,219,790	7,798,501	8,259,058	8,574,658
Total program revenues	13,191,817	24,019,072	24,227,737	18,946,812	13,929,581
NET EXPENSE	(9,653,510)	(5,000,640)	(2,428,895)	(9,866,951)	(14,922,865)
GENERAL REVENUES AND TRANSFERS:					
Governmental activities (2)	13,207,237	12,228,701	14,429,594	15,314,097	15,560,131
Business-type activities (3)	1,327,747	1,799,582	1,509,648	2,401,034	3,026,824
Total general revenues and transfers	14,534,984	14,028,283	15,939,242	17,715,131	18,586,955
CHANGE IN NET ASSETS	$ 4,881,474	$ 9,027,643	$13,510,347	$ 7,848,180	$ 3,664,090

Notes —

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

Data Source:

(2) See Table II.

(3) See Table IV.

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CITY OF WINONA, MINNESOTA

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

	1998	1999	2000	2001
GENERAL FUND:				
Reserved (1)	$ 414,892	$ 506,661	$ 607,858	$ 4,932,350
Unreserved	7,214,081	6,042,083	6,365,632	2,344,007
Subtotal general fund	7,628,973	6,548,744	6,973,490	7,276,357
GENERAL FUND PERCENTAGE CHANGE FROM PRIOR YEAR	1.7 %	(14.2)%	6.5 %	4.3 %
ALL OTHER GOVERNMENTAL FUNDS:				
Reserved (2)(3)	3,201,175	4,311,657	5,169,206	7,213,007
Unreserved:				
Special Revenue Funds	361,270	430,360	436,654	166,710
Debt Service Funds				
Capital Projects Funds	2,662,710	2,825,427	3,269,269	6,534,060
Subtotal all other Governmental Funds	6,225,155	7,567,444	8,875,129	13,913,777
ALL OTHER GOVERNMENTAL FUNDS PERCENTAGE CHANGE FROM PRIOR YEAR	22.8 %	21.6 %	17.3 %	56.8 %
TOTAL GOVERNMENTAL FUNDS:				
Reserved (2)(3)	3,616,067	4,818,318	5,777,064	12,145,357
Unreserved	10,238,061	9,297,870	10,071,555	9,044,777
TOTAL GOVERNMENTAL FUNDS	$ 13,854,128	$ 14,116,188	$ 15,848,619	$ 21,190,134
ALL GOVERNMENTAL FUNDS PERCENTAGE CHANGE FROM PRIOR YEAR	10.2 %	1.9 %	12.3 %	33.7 %

Notes:
(1) The increase in reserved fund balance from 2000 to 2001 relates to police and fire required retirement contributions.
(2) The increase in reserved fund balance from 2004 to 2005 relates to resources held for the Pelzer Street Construction.
(3) For the years 1998-2002, the nonexpendable trust funds have been reclassified as permanent funds, for consistency. Also, both the principal and the earnings in these funds have been reclassified as reserved, consistent with GASB Statement No. 34 reporting.
Data Source —
Applicable years' comprehensive annual financial report.

TABLE VI

At December 31, 2002	2003	2004	2005	2006	2007
$ 4,149,610	$ 3,556,465	$ 2,966,412	$ 2,447,048	$ 2,588,629	$ 2,367,809
2,987,208	3,273,042	4,270,740	5,584,406	5,393,400	5,996,783
7,136,818	6,829,507	7,237,152	8,031,454	7,982,029	8,364,592
(1.9)%	(4.3)%	6.0 %	11.0 %	(0.6)%	4.8 %
9,509,356	6,671,750	6,204,660	15,958,462	8,312,408	5,992,197
		(1,777)	(8,149)	(7,963)	(12,662)
913,425	1,089,336	85,911	1,396,469	1,458,642	354,933
10,422,781	7,761,086	6,288,794	17,346,782	9,763,087	6,334,468
(25.1)%	(25.5)%	(19.0)%	175.8 %	(43.7)%	(35.1)%
13,658,966	10,228,215	9,171,072	18,405,510	10,901,037	8,360,006
3,900,633	4,362,378	4,354,874	6,972,726	6,844,079	6,339,054
$ 17,559,599	$ 14,590,593	$ 13,525,946	$ 25,378,236	$ 17,745,116	$ 14,699,060
(17.1)%	(16.9)%	(7.3)%	87.6 %	(30.1)%	(17.2)%

CITY OF WINONA, MINNESOTA

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

	1998	1999	2000	2001
REVENUE SOURCE:				
Taxes (2)	$ 4,968,111	$ 5,908,252	$ 6,313,662	$ 6,519,574
Special assessments	477,435	810,390	624,743	691,166
Intergovernmental (3)	8,711,195	8,782,342	9,180,328	8,934,685
Licenses and permits	114,796	117,020	147,209	141,698
Fines and forfeitures	126,853	149,092	182,360	211,520
Charges for services	597,473	602,420	409,984	432,514
Contributions (4)				
Investment earnings (5)	589,741	597,585	957,667	739,084
Miscellaneous (5)	804,456	839,893	423,909	333,301
Total revenues	$16,390,060	$17,806,994	$18,239,862	$18,003,542
PERCENTAGE CHANGE FROM PRIOR YEAR	(2.5)%	8.6 %	2.4 %	(1.3)%
Taxes (2)	30.3 %	33.2 %	34.6 %	36.2 %
Special assessments	2.9	4.6	3.4	3.8
Intergovernmental (3)	53.1	49.2	50.3	49.6
Licenses and permits	0.7	0.7	0.8	0.8
Fines and forfeitures	0.8	0.8	1.0	1.2
Charges for services	3.6	3.4	2.2	2.4
Contributions (4)				
Investment earnings (5)	3.6	3.4	5.3	4.1
Miscellaneous (5)	5.0	4.7	2.4	1.9
Total revenues	100.0 %	100.0 %	100.0 %	100.0 %

Notes:
(1) Includes all governmental fund types.
(2) For explanations of significant changes in tax revenues, see Table VI.
(3) In 2005, intergovernmental revenue included over $6 million for the Pelzer Street construction project.
(4) In 2004, the City received $4 million from the Port Authority West-end (Riverfront) Tax Increment District for the construction of Pelzer Street.
(5) For the years 1998-2002, the nonexpendable trust funds have been reclassified as permanent funds, for consistency and their revenues are included in this table.
Data Source —
Applicable years' comprehensive annual financial report.

TABLE VII

For The Calendar Year Ended December 31,					
2002	2003	2004	2005	2006	2007
Amount					
$ 4,675,056	$ 3,863,765	$ 4,022,767	$ 4,767,055	$ 5,358,613	$ 5,532,317
722,462	704,292	849,338	1,584,851	894,270	766,018
11,565,303	10,082,154	10,267,873	18,575,068	14,608,555	10,328,659
138,688	143,657	149,070	150,529	149,753	161,329
241,842	227,502	257,688	275,810	313,581	253,614
419,354	438,002	873,461	952,724	880,358	838,500
	525,739	4,135,315	911,487	349,772	40,006
315,657	118,415	80,852	630,775	1,075,531	957,663
663,621	982,170	722		446	363,713
$18,741,983	$17,085,696	$20,637,086	$27,848,299	$23,630,879	$19,241,819
4.1 %	(8.8)%	20.8 %	34.9 %	(15.1)%	(18.6)%
Percentage of Total					
24.9 %	22.6 %	19.5 %	17.1 %	22.7 %	28.7 %
3.9	4.1	4.1	5.7	3.8	4.0
61.8	59.0	49.8	66.7	61.8	53.7
0.7	0.8	0.7	0.5	0.6	0.8
1.3	1.3	1.2	1.0	1.3	1.3
2.2	2.6	4.2	3.4	3.7	4.4
	3.1	20.0	3.3	1.5	0.2
1.7	0.7	0.4	2.3	4.6	5.0
3.5	5.8	0.1	0.0		1.9
100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

TABLE VIII

CITY OF WINONA, MINNESOTA

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

	Amounts			
	Property	Franchise	Sales (2)	Total
1998	$4,114,124	$ 853,987	$ -	$4,968,111
1999	4,216,475	737,695	954,082	5,908,252
2000	4,223,129	697,406	1,393,127	6,313,662
2001	4,145,287	926,915	1,447,372	6,519,574
2002 (3)	2,409,616	860,568	1,404,872	4,675,056
2003	2,854,928	855,270	153,567	3,863,765
2004	3,130,902	891,865		4,022,767
2005	3,736,189	1,030,866		4,767,055
2006	4,215,412	1,143,201		5,358,613
2007	4,339,116	1,193,201		5,532,317

	Percentage of Total			
	Property	Franchise	Sales (2)	Total
1998	82.8 %	17.2 %	- %	100.0 %
1999	71.4	12.5	16.1	100.0
2000	66.9	11.0	22.1	100.0
2001	63.6	14.2	22.2	100.0
2002 (3)	51.5	18.4	30.1	100.0
2003	73.9	22.1	4.0	100.0
2004	77.8	22.2		100.0
2005	78.4	21.6		100.0
2006	78.7	21.3		100.0
2007	78.4	21.6		100.0

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

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CITY OF WINONA, MINNESOTA

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

Function	1998 (2)	1999	2000 (3)	2001	2002 (4)
CURRENT:					
General government (11)	$ 1,956,262	$ 2,189,781	$ 2,296,184	$ 2,278,566	$ 2,353,665
Public safety (7)	4,949,065	5,392,940	5,392,070	5,822,227	5,984,521
Highways and streets (8)	2,214,710	2,281,856	2,458,026	2,359,827	2,430,688
Economic development (9)					
Culture and recreation	2,845,065	2,874,263	2,109,340	2,215,869	1,586,799
Other	851,759	1,011,866	556,212	509,671	261,292
Total current	12,816,861	13,750,706	12,811,832	13,186,160	12,616,965
PERCENTAGE CHANGE FROM PRIOR YEAR	1.9 %	7.3 %	(6.8)%	2.9 %	(4.3)%
CAPITAL OUTLAY (10)	1,580,895	859,513	1,800,866	1,088,183	4,182,955
PERCENTAGE CHANGE FROM PRIOR YEAR	(11.7)%	(45.6)%	109.5 %	(39.6)%	284.4 %
DEBT SERVICE:					
Principal	1,429,000	775,500	1,018,500	1,372,000	1,550,000
Interest and fees	228,542	326,585	432,278	408,919	430,539
Other (6)					2,368,261
Total debt service	1,657,542	1,102,085	1,450,778	1,780,919	4,348,800
PERCENTAGE CHANGE FROM PRIOR YEAR	(19.7)%	(33.5)%	31.6 %	22.8 %	144.2 %
Total expenditures	$ 16,055,298	$ 15,712,304	$ 16,063,476	$ 16,055,262	$ 21,148,720
PERCENTAGE CHANGE FROM PRIOR YEAR	(2.3)%	(2.1)%	2.2 %	(0.1)%	31.7 %
DEBT SERVICES AS A PERCENT OF NONCAPITAL EXPENDITURES	11.5 %	7.4 %	10.2 %	11.9 %	11.7 %

Notes:
(1) Includes all governmental fund types.
(2) In 1998, the City established inspection, airport, and public transportation enterprise funds that formerly were included in the general fund.
(3) In 2000, the City established a recreation enterprise fund. Previously, these costs were charged to the culture and recreation function.
(4) In 2002, the City established a library enterprise fund. Previously, these costs were charged to the culture and recreation function.
(5) In 2003, the City established a storm sewer enterprise fund. Previously, these costs were charged to the highways and streets function.
(6) In 2002, the City refunded debt with a payment made to a bond refunding escrow agent.
(7) 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.
(8) In 2004, the highways and streets function increased 33.1% as a result of engineering costs for Pelzer Street.
(9) Prior to 2004, the economic development costs were reported in the general government function.
(10) The significant increase in capital outlay from 2001 to 2002 related to state financed road construction projects and special assessment projects. The significant increase from 2002 to 2003 related to the High Wagon Bridge Reconstruction and special assessment projects. The significant increase from 2003 to 2004 related to the Pelzer Street Construction.
(11) For the years 1998-2002, the nonexpendable trust funds have been reclassified as permanent funds, for consistency.
Data Source —
Applicable years' comprehensive annual financial report.

TABLE IX

2003 (5)	2004	2005	2006	2007
$ 2,419,287	$ 2,756,961	$ 2,712,375	$ 3,327,563	$ 3,073,892
6,019,664	6,624,222	6,336,382	6,813,091	7,221,380
2,235,562	2,974,591	2,788,973	2,606,047	2,774,581
	909,194	446,122	346,931	365,911
1,352,133	1,317,640	1,507,681	1,720,125	1,729,743
502,926	924,957	29,256	30,166	43,532
12,529,572	15,507,565	13,820,789	14,843,923	15,209,039
(0.7)%	23.8 %	(10.9)%	7.4 %	2.5 %
6,599,814	1,382,109	480,984	5,136,903	382,443
57.8 %	(79.1)%	(65.2)%	968.0 %	(92.6)%
833,000	1,386,000	1,157,500	1,575,000	1,495,000
330,845	362,544	400,827	350,963	321,256
1,163,845	1,748,544	1,558,327	1,925,963	1,816,256
(73.2)%	50.2 %	(10.9)%	23.6 %	(5.7)%
$ 20,293,231	$ 18,638,218	$ 15,860,100	$ 21,906,789	$ 17,407,738
(4.0)%	(8.2)%	(14.9)%	38.1 %	(20.5)%
8.5 %	10.1 %	10.1 %	11.5 %	10.7 %

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	1998 (2)	1999	2000 (3)	2001
CURRENT:				
General government (9)	$ 1,956,262	$ 2,189,781	$ 2,296,184	$ 2,278,566
Public safety (6)	4,949,065	5,392,940	5,392,070	5,822,227
Highways and streets (7)	2,214,710	2,281,856	2,458,026	2,359,827
Economic development (8)				
Culture and recreation	2,845,065	2,874,263	2,109,340	2,215,869
Other	851,759	1,011,866	556,212	509,671
Total current	$ 12,816,861	$ 13,750,706	$ 12,811,832	$ 13,186,160

	1998	1999	2000	2001
CURRENT:				
General government (9)	15.3 %	15.9 %	17.9 %	17.3 %
Public safety (6)	38.6	39.2	42.1	44.2
Highways and streets (7)	17.3	16.6	19.2	17.9
Economic development (8)				
Culture and recreation	22.2	20.9	16.5	16.8
Other	6.6	7.4	4.3	3.9
Total current	100.0 %	100.0 %	100.0 %	100.0 %

Notes:
(1) Includes all governmental fund types.
(2) In 1998, the City established inspection, airport, and public transportation enterprise funds that formerly were included in the general fund.
(3) In 2000, the City established a recreation enterprise fund. Previously, these costs were charged to the culture and recreation function.
(4) In 2002, the City established a library enterprise fund. Previously, these costs were charged to the culture and recreation function.
(5) In 2003, the City established a storm sewer enterprise fund. Previously, these costs were charged to the highways and streets function.
(6) 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.
(7) In 2004, the highways and streets function increased 33.1% as a result of engineering costs for Pelzer street.
(8) Prior to 2004, the economic development costs were reported in the general government function.
(9) For the years 1998-2002, the nonexpendable trust funds have been reclassified as permanent funds, for consistency.
Data Source —
Table IX.

TABLE X

Amounts					
2002 (4)	2003 (5)	2004	2005	2006	2007
$ 2,353,665	$ 2,419,287	$ 2,756,961	$ 2,712,375	$ 3,327,563	$ 3,073,892
5,984,521	6,019,664	6,624,222	6,336,382	6,813,091	7,221,380
2,430,688	2,235,562	2,974,591	2,788,973	2,606,047	2,774,581
		909,194	446,122	346,931	365,911
1,586,799	1,352,133	1,317,640	1,507,681	1,720,125	1,729,743
261,292	502,926	924,957	29,256	30,166	43,532
$ 12,616,965	$ 12,529,572	$ 15,507,565	$ 13,820,789	$ 14,843,923	$ 15,209,039

Percentage of Total					
2002	2003	2004	2005	2006	2007
18.7 %	19.3 %	17.8 %	19.6 %	22.4 %	20.2 %
47.4	48.0	42.7	45.8	45.9	47.5
19.3	17.8	19.2	20.2	17.6	18.2
		5.9	3.2	2.3	2.4
12.6	10.8	8.5	10.9	11.6	11.4
2.1	4.0	6.0	0.2	0.2	0.3
100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

CITY OF WINONA, MINNESOTA

SUMMARY OF CHANGES IN FUND BALANCES — GOVERNMENTAL FUNDS (Unaudited) (1) (3)
FOR THE LAST TEN CALENDAR YEARS ENDED DECEMBER 31
(modified accrual basis of accounting)

Source	1998	1999	2000	2001
TOTAL REVENUES (5)	$ 16,390,060	$ 17,806,994	$ 18,239,862	$ 18,003,542
TOTAL EXPENDITURES (6)	16,055,298	15,712,304	16,063,476	16,055,262
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	334,762	2,094,690	2,176,386	1,948,280
OTHER FINANCING (USES) SOURCES:				
Other (2)	(1,123,952)	965		
Sale of capital assets				
Debt proceeds	2,756,984	58,823	606,501	4,038,965
Transfers in	1,233,430	805,978	1,022,551	501,884
Transfers out	(1,431,318)	(2,698,396)	(2,073,007)	(1,147,614)
Total other financing (uses) sources	1,435,144	(1,832,630)	(443,955)	3,393,235
NET CHANGE IN FUND BALANCES	1,769,906	262,060	1,732,431	5,341,515
FUND BALANCES — Beginning of year	12,573,569	13,854,128	14,116,188	15,848,619
OTHER CHANGES (4)	(489,347)			
FUND BALANCES — End of year	$ 13,854,128	$ 14,116,188	$ 15,848,619	$ 21,190,134

Notes:
(1) Includes all governmental fund types.
(2) In 1998, this amount includes a payment to a component unit.
(3) Beginning in 2003, the City's nonexpendable trust funds were reclassified as permanent funds, and their data is included in all years presented.
(4) The 1998 change relates to the reclassification of six funds from the Primary Government to the Component Unit.
(5) Table VII
(6) Table IX
Data Source:
Applicable years' comprehensive annual financial report.

TABLE XI

2002	2003	2004	2005	2006	2007
$ 18,741,983	$ 17,085,696	$ 20,637,086	$ 27,848,299	$ 23,630,879	$ 19,241,819
21,148,720	20,293,231	26,790,486	21,428,151	30,607,030	21,315,396
(2,406,737)	(3,207,535)	(6,153,400)	6,420,148	(6,976,151)	(2,073,577)
		2,526	7,621		
	614,188	4,988,090	3,595,585	845,000	
467,460	1,856,075	704,863	5,939,945	1,061,683	1,258,053
(1,691,258)	(2,231,734)	(606,726)	(4,111,009)	(2,563,652)	(2,230,532)
(1,223,798)	238,529	5,088,753	5,432,142	(656,969)	(972,479)
(3,630,535)	(2,969,006)	(1,064,647)	11,852,290	(7,633,120)	(3,046,056)
21,190,134	17,559,599	14,590,593	13,525,946	25,378,236	17,745,116
$ 17,559,599	$ 14,590,593	$ 13,525,946	$ 25,378,236	$ 17,745,116	$ 14,699,060

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
1999	$12,585,832	$ 788,494,500	$407,294	$11,906,700
2000	13,480,602	834,506,100	414,318	12,595,600
2001	14,765,305	907,424,100	425,305	12,954,600
2002 (3)	11,863,706	987,809,200	258,689	13,316,300
2003	13,021,844	1,100,481,800	277,376	14,257,100
2004	13,924,786	1,177,599,700	311,517	16,036,300
2005	15,343,606	1,303,483,200	320,174	16,398,700
2006	16,904,090	1,406,070,400	316,606	16,306,600
2007	17,709,035	1,470,440,000	324,604	16,626,000
2008	18,368,606	1,521,383,800	304,177	15,543,900

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. This table includes the primary government and the discretely presented corporate unit, the Port Authority of Winona.
(2) The tax rate is presented as $1,000 of tax capacity.
(3) Beginning in the 2002 tax collection year, the State of Minnesota compressed the tax capacity rates with the result of a lower tax capacity.

Data Source:
Winona County Auditor (1999-2001)
Winona County Assessor (2002-2008)

TABLE XII

Total Estimated Tax Capacity (1)	Total Direct Tax Rate (2)	Total Estimated Market Value	Ratio of Total Tax Capacity to Total Estimated Market Value	Annual Percentage Change In Total Estimated Market Value
$ 12,993,126	33.88	$ 800,401,200	1.62 %	10.8 %
13,894,920	35.45	847,101,700	1.64	5.8
15,190,610	35.20	920,378,700	1.65	8.7
12,122,395	36.02	1,001,125,500	1.21	8.8
13,299,220	27.30	1,114,738,900	1.19	11.3
14,236,303	28.82	1,193,636,000	1.19	7.1
15,663,780	29.95	1,319,881,900	1.19	10.6
17,220,696	30.95	1,422,377,000	1.21	7.8
18,033,639	30.77	1,487,066,000	1.21	4.5
18,672,783	30.44	1,536,927,700	1.21	3.4

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 City Rate	Direct Port Authority	Overlapping Rates School District (2)	Overlapping Rates Winona County	Total
1998	33.88 %	0.31 %	59.53 %	39.60 %	133.32 %
1999	35.45	0.43	54.31	39.62	129.81
2000	35.20	0.22	49.69	37.81	122.92
2001	36.02	0.38	47.22	38.87	122.49
2002	27.30	0.47	17.71	54.81	100.29
2003	28.82	0.43	17.29	49.82	96.36
2004	29.95		14.84	48.78	93.57
2005	30.95	2.08	16.27	47.19	96.49
2006	30.77	1.93	13.08	44.52	90.30
2007	30.44	1.87	16.26	43.51	92.08

Notes:

(1) Net of homestead and agricultural credit aid, 1998-2001. For the City, net of homestead and agriculture credit aid, but not net of Minnesota market value (MV) credits, for 2002 - 2007. For payable 2002, the school district tax capacity tax rate is 17.705% and the market value tax rate is .19729%.

(2) For the school district, the MV tax rate is not included in the total tax rate above.

Data Source —
Winona County Auditor

TABLE XIV

CITY OF WINONA, MINNESOTA

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

For The Year Collected	Total Taxes Levied	Collected Within the Year of The Levy		Delinquent Collections (2)	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1998 (3)	$4,146,894	$4,118,234	99.31 %	$ 31,894	$4,150,128	100.08 %
1999 (3)	4,406,529	4,363,594	99.03	30,648	4,394,242	99.72
2000 (3)	4,548,225	4,504,695	99.04	43,181	4,547,876	99.99
2001 (3)	5,128,812	5,031,828	98.11	39,162	5,070,990	98.87
2002 (4)	2,771,523	2,743,880	99.00	44,964	2,788,844	100.62
2003 (5)	3,238,163	3,207,952	99.07	42,947	3,250,899	100.39
2004 (6)	3,574,935	3,502,915	97.99	61,683	3,564,598	99.71
2005 (7)	4,423,556	4,430,685	100.16	65,316	4,496,001	101.64
2006 (8)	5,003,460	4,940,533	98.74	54,895	4,995,428	99.84
2007 (9)	5,238,625	5,165,212	98.60		5,165,212	98.60

Notes:

(1) This table includes the primary government and the discretely presented component unit, the Port.

(2) The amounts reported from 1998-2003 included the amount of taxes collected in the year, not in the year to which they apply. The 2004-2007 amounts reported in the total uncollected taxes column are the uncollected taxes for each tax levy.

(3) Net of homestead and agricultural credit aid (HACA).

(4) Net of HACA and State of Minnesota MV credits (HACA was zero and MV credits were $457,555).

(5) Net of HACA and State of Minnesota MV credits (HACA was zero and MV credits were $503,781).

(6) Net of HACA and State of Minnesota MV credits (HACA was zero and MV credits were $527,596 excluding MV TI credits).

(7) Net of HACA and State of Minnesota MV credits (HACA was zero and MV credits were $552,858 excluding MV TI credits).

(8) Net of HACA and State of Minnesota MV credits (HACA was zero and MV credits were $577,887 excluding MV TI credits).

(9) Net of HACA and State of Minnesota MV credits (HACA was zero and MV credits were $557,383 excluding MV TI credits).

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, 2007 AND 1998

	2007 (For Taxes Payable in 2008)			
Principal Taxpayer	**Type of Business**	**Tax Capacity (1)**	**Rank**	**Percentage of Total Tax Capacity**
Northern States Power Co.	Utility	$ 322,605	1	1.73 %
Wal-Mart	Commercial	260,416	2	1.39
Menards, Inc.	Commercial	241,596	3	1.29
Fastenal Company	Commercial/ Industrial	226,595	4	1.21
Rivers Development	Commercial	197,302	5	1.06
Miller Waste Mills	Industrial/Commercial	157,960	6	0.85
Sarnia Realty Investors (Winona Mall)	Commercial	146,814	7	0.79
Mikrut Properties	Commercial	142,184	8	0.76
Mills Properties, Inc. (Mills Fleet Farm)	Commercial	131,920	9	0.71
Target Corporation	Commercial	127,318	10	0.68
Total Principal Taxpayers		1,954,710		10.47
All Other Taxpayers		16,718,073		89.53
Total		$18,672,783		100.00 %

	1998 (For Taxes Payable in 1999)			
Principal Taxpayer	**Type of Business**	**Tax Capacity (1)**	**Rank**	**Percentage of Total Tax Capacity**
Northern State Power Co.	Utility	$ 423,003	1	3.26 %
Fastenal Company	Manufacturing	179,191	2	1.38
International Malting Company	Industrial	163,521	3	1.26
Winona Mall, Inc.	Retail	141,890	4	1.09
Watlow–Winona	Manufacturing	126,662	5	0.97
Target Corporation	Retail	123,918	6	0.95
Hal Leonard	Industrial	119,598	7	0.92
Mills Properties	Retail	117,649	8	0.91
Peerless Limited Partnership	Industrial	113,768	9	0.88
Pennwinn Associates	Retail	111,993	10	0.86
Total Principal Taxpayers		1,621,193		12.48
All Other Taxpayers		11,371,933		87.52
Total		$12,993,126		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.

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

	Governmental Activities				
	General Obligation Bonds Supported by			General Obligation	
Calendar Year	Taxes (1)	Other Revenues	Special Assessments (2)	Equipment Certificates	Total
1998	$1,330,000	$ -	$5,657,500	$ 260,000	$ 7,247,500
1999	475,000	4,070,000	5,272,000	135,000	9,952,000
2000	335,000	3,745,000	4,853,500	610,000	9,543,500
2001	2,057,200	3,045,000	6,674,300	465,000	12,241,500
2002	1,902,200		6,154,300	315,000	8,371,500
2003	1,872,200		5,506,300	775,000	8,153,500
2004	3,768,300		7,564,200	415,000	11,747,500
2005	3,584,300		6,795,700	210,000	10,590,000
2006	3,194,500		5,820,500	845,000	9,860,000
2007	2,794,200		4,835,800	735,000	8,365,000

Notes:
(1) These bonds are issued for construction of major capital improvements and are backed by the full faith, credit, and taxing authority of the City.
(2) These bonds are issued for local improvements of privately owned property, and are payable from special assessments levied on these improvements. However, the bonds are backed by the full faith, credit, and taxing authority of the City.
(3) These bonds are G.O. water and sewer revenue bonds, and are being repaid from revenues from the appropriate enterprise fund. However, the bonds are backed by the full faith, credit, and taxing authority of the City.
Data Source:
(4) Applicable years' comprehensive annual financial report.
(5) See Table XXII.

TABLE XVI

Business-type Activities General Obligation Bonds (3)	Total	Percentage of Personal Income (5)	Estimated Population (5)	Total Debt Per Capita
$ 8,007,500	$15,255,000	0.014 %	26,590	$ 574
14,688,000	24,640,000	0.021	26,335	936
13,916,500	23,460,000	0.019	27,069	867
10,893,500	23,135,000	0.019	27,100	854
9,883,500	18,255,000	0.014	26,902	679
12,951,500	21,105,000	0.016	27,018	781
11,892,500	23,640,000	0.017	27,221	868
10,565,000	21,155,000	0.015	27,295	775
11,520,000	21,380,000	0.015	27,324	783
10,135,000	18,500,000	0.012	27,324	677

CITY OF WINONA, MINNESOTA

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

	Governmental Activities			Business-type Activities	
	General Obligation Bonds Supported by				
Calendar Year	Taxes (1)	Other Revenues	Special Assessments (2)	General Obligation Bonds (3)	Total
1998	$ 1,330,000	$ -	$ 5,657,500	$ 8,007,500	$ 14,995,000
1999	475,000	4,070,000	5,272,000	14,688,000	24,505,000
2000	335,000	3,745,000	4,853,500	13,916,500	22,850,000
2001	2,057,200	3,045,000	6,674,300	10,893,500	22,670,000
2002	1,902,200		6,154,300	9,883,500	17,940,000
2003	1,872,200		5,506,300	12,951,500	20,330,000
2004 (4)	3,768,300		7,564,200	11,892,500	23,225,000
2005	3,584,300		6,795,700	10,565,000	20,945,000
2006	3,194,500		5,820,500	11,520,000	20,535,000
2007	2,794,200		4,835,800	10,135,000	17,765,000

Notes:
(1) These bonds are issued for construction of major capital improvements, and are backed by the full faith, credit, and taxing authority of the City.
(2) These bonds are issued for local improvements of privately owned property, and are payable from special assessments levied on these improvements.
(3) These bonds are general obligation water and sewer revenue bonds, and are being repaid from revenues from the appropriate enterprise fund. However, the bonds are backed by the full faith, credit, and taxing authority of the City.
(4) Issued $4,980,000 general obligation bonds secured by property taxes and special assessments.
(5) Includes the fund balance of the permanent improvement bond revolving fund and the restricted assets for both the water and sewer funds.
Data Source:
(6) Applicable years' comprehensive annual financial report.
(7) Table XII.
(8) Table XXII.

TABLE XVII

Less Restricted Assets To Repay Debt Principal (5)	Net General Obligation Bonds	Percentage of Actual Taxable Value of Property (7)	Estimated Population (8)	Total General Obligation Debt Per Capita
$ 2,020,495	$ 12,974,505	1.62 %	26,590	$ 488
3,126,680	21,378,320	2.52	26,335	812
3,465,345	19,384,655	2.11	27,069	716
3,910,199	18,759,801	1.87	27,100	692
4,041,775	13,898,225	1.25	26,902	517
4,119,104	16,210,896	1.36	27,018	600
4,221,278	19,003,722	1.44	27,221	698
5,006,176	15,938,824	1.12	27,295	584
4,774,810	15,760,190	1.06	27,324	577
3,847,754	13,917,246	0.91	27,324	509

CITY OF WINONA, MINNESOTA

RATIOS OF NET GENERAL BONDED DEBT TO MARKET VALUE AND NET BONDED DEBT PER CAPITA (Unaudited) (1) (7)
(BASED UPON G.O. DEBT THAT ACTUALLY IS PAID FROM PROPERTY TAXES)
LAST TEN CALENDAR YEARS

Tax Year Collected	Estimated Population (6)	Market Value (in $1,000)	Gross Bonded Debt (1)	Less Debt Service Monies Available	Less Debt Payable From Port and Enterprise Revenues (2)(3)	Less Debt Payable From Tax Increments
1998	26,590	$ 722,669	$ 17,954,000	$ 1,272,197	$ 8,007,500	$ 800,000
1999	26,335	800,401	27,039,000	1,201,742	14,098,000	605,000
2000	27,069	847,102	24,979,000	996,153	13,466,500	440,000
2001	27,100	920,379	24,838,000	942,194	10,588,500	265,000
2002	26,902	1,001,126	19,496,000	756,115	9,728,500	70,000
2003	27,018	1,114,739	22,867,869	501,613	13,939,500	
2004	27,221	1,193,636	24,060,000	324,277	12,312,500	
2005	27,295	1,319,882	25,120,000	662,721	10,960,000	
2006	27,324	1,422,377	25,050,000	571,941	11,890,000	
2007	27,324	1,487,066	21,955,000	611,562	10,480,000	

This table includes the primary government and the component unit.

Notes:
(1) G.O. certificates are included in this schedule beginning in 2001.
(2) In 2001 and 2002, includes enterprise fund bonds, less the G.O. swimming pool refunding bonds of 1993.
(3) Excludes Port Authority G.O. bonds of 2005 (Pelzer Street), which will be retired with property taxes.
(4) A City referendum passed on November 3, 1998. On July 1, 1999, the City issued G.O. sales tax revenue bonds. On October 30, 2002, the City defeased the G.O. sales tax revenue bonds.
(5) Net bonded debt is property tax supported debt. As compared to table XVII, this is the amount of debt that the City is actually retiring from property taxes.
Data Source:
(6) Table XXII
(7) Winona County Auditor
Winona County Assessor (2002-2007)
The City's Planning Department
The City's Finance Department

TABLE XVIII

Less Debt Payable From Special Assessments	Less Debt Payable From Leased Properties	Less Debt Payable From Sales Taxes (4)	Net Bonded Debt (5)	Ratio of Net Bonded Debt To Market Value	Net Bonded Debt Per Capita
$ 5,657,500	$1,249,000	$ -	$ 967,803	0.0013	$ 36
5,272,000	1,124,000	4,070,000	668,258	0.0008	25
4,853,500	994,000	3,745,000	483,847	0.0006	18
6,674,300	853,000	3,045,000	2,470,006	0.0027	91
6,154,300	701,000		2,086,085	0.0021	78
5,506,300	543,000		2,377,456	0.0021	88
7,564,200			3,859,023	0.0032	142
6,795,700			6,701,579	0.0051	246
5,820,500			6,767,559	0.0048	248
4,835,800			6,027,638	0.0041	221

TABLE XIX

CITY OF WINONA, MINNESOTA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT (Unaudited)
DECEMBER 31, 2007

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
CITY DIRECT DEBT:			
General obligation bonds supported by property taxes	$ 2,794,200	100.0 %	$ 2,794,200
General obligation bonds supported by Port Authority	3,455,000	100.0	3,455,000
General obligation bonds supported by special assessments	4,835,800	100.0	4,835,800
General obligation bonds supported by enterprise funds and property taxes	10,135,000	100.0	10,135,000
General obligation equipment certificates	735,000	100.0	735,000
Total city direct debt			21,955,000
OVERLAPPING DEBT: (2)			
Debt repaid with property taxes:			
Independent School District No. 861 — G.O. bonds	19,337,303	65.8	12,723,945
Winona County — General obligation bonds	11,360,000	50.0	5,680,000
Total overlapping debt			18,403,945
Total direct and overlapping debt			$ 40,358,945

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

	1998	1999	2000	2001
ASSESSED VALUE (5)	$722,699,200	$800,401,200	$847,101,700	$920,378,700
LEGAL DEBT MARGIN:				
Debt limit (2% of market value of taxable property) (1)	$ 14,453,984	$ 16,008,024	$ 16,942,034	$ 18,407,574
Debt applicable to limit:				
Gross debt (6)	14,995,000	24,640,000	23,460,000	23,135,000
Less exempt debt (2)				
Special assessment improvement bonds	(5,657,500)	(5,272,000)	(4,853,500)	(6,674,300)
G.O. bonds (3)		(4,070,000)	(3,745,000)	(3,045,000)
G.O. revenue bonds (4)	(8,007,500)	(14,098,000)	(13,466,500)	(10,588,500)
Debt subject to limit	1,330,000	1,200,000	1,395,000	2,827,200
Legal debt margin	$ 13,123,984	$ 14,808,024	$ 15,547,034	$ 15,580,374
Total net debt applicable to the limit as a percentage of the debt limit	9.20 %	7.50 %	8.23 %	15.36 %

Notes:
(1) MN Statutes, Section 475.53, which reports gross G.O. debt before deducting any available debt service fund balances.
(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

2002	2003	2004	2005	2006	2007
$1,001,125,500	$1,114,738,900	$1,193,636,000	$1,319,881,900	$1,422,377,000	$1,487,066,000
$ 20,022,510	$ 22,294,778	$ 23,872,720	$ 26,397,638	$ 28,447,540	$ 29,741,320
18,255,000	21,105,000	23,640,000	21,155,000	21,380,000	18,500,000
(6,154,300)	(5,506,300)	(7,564,200)	(6,795,700)	(5,820,500)	(4,835,800)
(9,728,500)	(12,951,500)	(11,892,500)	(10,565,000)	(11,520,000)	(10,135,000)
2,372,200	2,647,200	4,183,300	3,794,300	4,039,500	3,529,200
$ 17,650,310	$ 19,647,578	$ 19,689,420	$ 22,603,338	$ 24,408,040	$ 26,212,120
11.85 %	11.87 %	17.52 %	14.37 %	14.20 %	11.87 %

TABLE XXI

CITY OF WINONA, MINNESOTA

PLEDGED REVENUE BOND COVERAGE (Unaudited) (1)
LAST TEN CALENDAR YEARS

	Water and Sewer Revenue Bonds						
		Less:	Net	Debt Service			
Calendar Year	Gross Revenues (2)	Operating Expenses (3)	Available Revenues	Principal	Interest	Total	Times Coverage
1998	$ 4,275,838	$1,846,559	$2,429,279	$ 821,000	$ 369,881	$1,190,881	2.04
1999	4,575,604	1,954,029	2,621,575	579,500	440,084	1,019,584	2.57
2000	5,016,929	1,906,432	3,110,497	631,500	592,068	1,223,568	2.54
2001	5,284,192	2,266,002	3,018,190	768,000	488,302	1,256,302	2.40
2002	4,867,341	2,275,622	2,591,719	860,000	454,294	1,314,294	1.97
2003	5,456,291	2,325,966	3,130,325	1,027,000	425,422	1,452,422	2.16
2004	5,643,048	2,676,232	2,966,816	1,059,000	503,777	1,562,777	1.90
2005	6,208,775	3,246,166	2,962,609	1,327,500	479,536	1,807,036	1.64
2006	6,697,050	3,342,586	3,354,464	1,340,000	428,729	1,768,729	1.90
2007	6,912,334	3,370,212	3,542,122	1,385,000	433,145	1,818,145	1.95

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, and property taxes.
(3) Operating expenses do not include depreciation, interest expense, or fiscal charges.
Data Source —
Applicable years' comprehensive annual financial report.

TABLE XXII

CITY OF WINONA, MINNESOTA

DEMOGRAPHIC AND ECONOMIC FACTORS (Unaudited)
LAST TEN CALENDAR YEARS

Year	City Population (1)	City Metropolitan Area Population (2)	Personal Income (3) (thousands of dollars)	Per Capita Income (4)	City Unemployment Rate (5)	United States Unemployment Rate (5)
1998	26,590	49,737	$1,128,463	$ 22,689	2.5 %	4.5 %
1999	26,335	49,679	1,162,486	23,400	3.1	4.2
2000	27,069	50,015	1,214,200	24,277	3.5	4.0
2001	27,100	49,763	1,224,411	24,605	4.4	4.7
2002	26,902	49,428	1,265,857	25,610	4.7	5.8
2003	27,018	49,344	1,313,132	26,612	5.6	6.0
2004	27,221	49,172	1,383,206	28,130	5.0	5.6
2005	27,295	49,348	1,428,270	28,943	3.9	5.1
2006	27,324	49,730	1,510,583	30,376	3.8	4.6
2007	27,324	49,730	1,510,583	30,376	4.4	5.0

Data Source:
(1) State demographer's estimate, except 2000, which is the U.S. Bureau of Census; 2007 not available.
(2) 1998 - 2006 - U.S. Bureau of Economic Analysis - Winona, MN Metropolitan Area, http://www.bea.gov/bea/regional/reis/default.cfm?catable=CA1-3&section=2. 2007 not available.
(3) 1998 - 2006 - U.S. Bureau of Economic Analysis - Winona, MN Metropolitan Area, http://www.bea.gov/bea/regional/reis/default.cfm?catable=CA1-3&section=2. 2007 not available.
(4) 1998 - 2006 - U.S. Bureau of Economic Analysis - Winona, MN Metropolitan Area, http://www.bea.gov/bea/regional/reis/default.cfm?catable=CA1-3&section=2. 2007 not available.
(5) Minnesota Department of Employment and Economic Development (i.e., the yearly annual average), (2007 U.S. rate is seasonally adjusted).

TABLE XXIII

CITY OF WINONA, MINNESOTA

PRINCIPAL EMPLOYERS (Unaudited) (1)
FOR THE CALENDAR YEARS ENDED DECEMBER 31, 2007 AND 1998

		2007		
Employer	Type of Business	Number of Employees	Rank	Percentage of Total City Employment
Fastenal Company	Commercial/Industrial	1,291	1	8.51 %
Winona Health	Hospital/Health Care	925	2	6.10
Winona State University	Post-secondary Education	900	3	5.93
TRW Automotive Electronics (3)	Auto Parts Manufacturer	775	4	5.11
Independent School District No. 861	K-12 Education	700	5	4.61
Saint Mary's University	Post-secondary Education	500	6	3.29
Wincraft, Inc.	Promotional Materials	420	7	2.77
RTP Company	Plastics and Synthetic Resins	400	8	2.64
Winona County	County Government	370	9	2.44
Watlow Controls	Electronic Control Manufacturer	289	10	1.90
Total principal employers		6,570		43.30
Other employers (2)		8,606		56.70
Total employers		15,176		100.00 %

		1998		
Employer	Type of Business	Number of Employees	Rank	Percentage of Total City Employment
Lucas Body Systems (3)	Auto Parts Manufacturer	770	1	5.20 %
Winona State University	Post-secondary Education	700	2	4.72
Independent School District No. 861	K-12 Education	600	3	4.05
Community Memorial Hospital	Hospital/Health Care	450	4	3.04
Fastenal Company	Commercial/Industrial	440	5	2.97
Watkins, Inc.	Spices and Extracts Manufacturer	375	6	2.53
Watlow Winona	Electronic Control Manufacturer	355	7	2.40
Winona Knitting Mills	Knit Wear	350	8	2.36
RTP Company	Plastic and Synthetic Resins	340	9	2.29
Wincraft, Inc.	Promotional Materials	330	10	2.23
Total principal employers		4,710		31.79
Other employers (2)		10,111		68.21
Total employers		14,821		100.00 %

Data Source:
(1) Official Statements-Bond Offerings (2006) and Fastenal (2007).
(2) Management estimates, based upon civilian labor force and unemployment rate.
(3) Lucas Body Systems is part of TRW.

TABLE XXIV

CITY OF WINONA, MINNESOTA

PROPERTY VALUES AND CONSTRUCTION (Unaudited)
LAST TEN CALENDAR YEARS

Tax Collection Year	Estimated Property Value (3)		Nonresidential Construction (4)		Residential Construction (4)	
	Taxable	Nontaxable (1)	Number of Permits	Value (2)	Number of Permits	Value
1998	$ 722,669,200	$309,768,500	135	$12,386,308	705	$12,171,800
1999	800,401,200	309,768,500	153	29,232,574	556	10,816,280
2000	847,101,700	309,768,500	129	18,163,014	882	9,788,938
2001	920,378,700	309,768,500	138	19,681,490	1,267	16,102,740
2002	1,001,125,500	309,768,500	138	41,871,856	1,314	26,157,436
2003	1,114,738,900	309,768,500	122	19,816,823	1,099	22,453,297
2004	1,193,636,000	309,768,500	145	16,677,585	1,047	18,315,199
2005	1,319,881,900	482,142,700	162	42,168,354	981	14,950,633
2006	1,422,377,000	482,142,700	134	19,912,636	912	10,150,859
2007	1,487,066,000	482,142,700	127	24,965,605	812	8,299,429

Notes:

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

(2) In 2002, Winona State University Science Building is included at $24,728,000. In 2003, Wal-Mart is included at $8,430,000. In 2004, the Winona Health parking ramp is included at $2,900,000. In 2005, the the Winona Health/Winona Clinic expansion at $20,$912,000, and the Winona State University 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. Included 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

Data Source:

(3) Winona County Assessor.

(4) The City's Inspection Department.

TABLE XXV

CITY OF WINONA, MINNESOTA

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

Function/Program	2006 (3)	2007 (3)
GENERAL FUND:		
General government:		
City manager	2.000	2.000
City clerk	1.888	1.888
Finance	7.000	7.000
Human resources	1.600	1.600
Planning	3.375	3.375
Building maintenance	2.250	2.250
Public safety:		
Police	43.800	44.600
Fire	23.000	23.000
Safety and health coordinator	1.000	1.000
Highways and streets:		
Engineering	5.800	5.800
Streets and alleys	14.000	14.000
Central garage	4.000	4.000
Culture and recreation —		
Parks maintenance	20.000	20.000
Economic development —		
Community development	2.625	3.625
Total general fund	132.338	134.138
Senior Advocacy Fund —		
Senior Advocacy	1.525	1.700
Water and Sewer Fund:		
Water power and pumping/water distribution	9.000	9.000
Water/sewer — administration and general	3.000	3.000
Sewer — administration and general	12.000	12.000
Total water and sewer fund:	24.000	24.000
Public Transporation Fund —		
Transit — administration and general	0.112	0.112
Airport Fund —		
Airport — administration and general	1.000	1.000
Recreation Fund:		
Recreation administration	2.000	3.000
Recreation programs	3.000	3.000
Senior center	4.250	4.250
Total Recreation Fund	9.250	10.250
Library Fund —		
Library administration	13.250	14.625
Inspections Fund —		
Inspections	6.000	6.000
TOTAL	187.475	191.825

Notes:
(1) Information presented in full-time equivalents.
(2) Full-time equivalent data only available beginning with 2006.
Data Source —
(3) The City's Budget Office (Budget Book)

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CITY OF WINONA, MINNESOTA

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

Function/Program	1998	1999	2000	2001
Public safety:				
Fire:				
Number of emergency responses	1,482	1,469	1,361	1,444
Number of inspections	208	208	228	330
Police:				
Number of traffic arrests	N/A	1,998	2,000	1,010
Decrease in crime rate from prior year	N/A	30 %	30 %	33 %
Sewage system:				
Daily average treatment (in gallons)	4,446,000	4,446,000	4,300,000	4,400,000
Maximum daily of capacity of treatment plant (in gallons)	6,500,000	10,000,000	9,600,000	9,700,000
Water system:				
Daily average consumption (in gallons)	3,283,000	3,096,000	2,600,000	2,800,000
Maximum daily capacity of plant (in gallons)	10,330,000	10,330,000	9,200,000	8,500,000

Data Source —
The City's various departments

EXHIBIT XXVI

2002	2003	2004	2005	2006	2007
1,527	1,389	1,565	1,689	1,763	2,033
283	377	342	414	395	375
1,250	1,375	1,289	1,347	1,675	1,540
35 %	47 %	48 %	51 %	52 %	3 %
4,400,000	4,400,000	4,400,000	4,400,000	4,400,000	4,326,000
9,700,000	9,700,000	9,700,000	9,700,000	9,700,000	9,600,000
2,800,000	2,800,000	2,800,000	2,800,000	2,800,000	2,860,000
8,500,000	8,500,000	8,500,000	8,500,000	8,500,000	10,296,000

CITY OF WINONA, MINNESOTA

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

Function/Program	1998	1999	2000	2001	2002
Public safety:					
Fire stations	2	2	2	2	2
Police stations	1	1	1	1	1
Streets and highways:					
Streets (miles)	118	110	110	110	110
Culture and recreation:					
Acreage	1,212	3,000	3,000	3,000	3,000
Number of bandshells					
Number of parks	32	29	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	13	14	15	15	15
Sewage system:					
Miles of sanitary sewers	108	105	102	102	104
Miles of storm sewers	82	85	85	85	86
Number of treatment plants	1	1	1	1	1
Water system:					
Miles of water mains	101	102	103	104	107
Number of service connections	7,849	7,744	8,512	7,647	7,889
Number of fire hydrants	1,123	1,131	1,351	1,210	1,307

Data Source —
The City's various departments.

TABLE XXVII

2003	2004	2005	2006	2007
2	2	2	2	2
1	1	1	1	1
111	111	111	113	113
3,000	3,000	3,000	3,000	3,000
	1	1	1	1
30	30	30	30	30
2	2	2	2	2
1	1	1	1	1
15	15	15	15	16
105	107	107	111	111
86	87	87	88	88
1	1	1	1	1
108	108	108	113	114
9,080	9,080	9,080	8,204	8,359
1,327	1,327	1,327	1,432	1,451

TABLE XXVIII

CITY OF WINONA, MINNESOTA

SCHEDULES OF TAX INCREMENT FINANCING (TIF)
FOR THE YEAR ENDED DECEMBER 31, 2007 (Unaudited)

The following information has been prepared by the City without audit in response to related instructions of the Office of the State Auditor.

Established	Name	Outstanding Bonds
1982	Watlow Tax Increment District No. 3 G.O. Tax Increment Refunding Bonds of 1998A	$ -
		$ -

The City/Port Authority is the administering authority for the following tax increment finance district:

Name of District: Watlow Tax Increment District No. 3
G.O. Tax Increment Refunding Bonds of 1998A

Type of District: Redevelopment

Chapter: 458 **Established:** 1982

Current Net Tax Capacity	73,602
Original Net Tax Capacity	263
Captured Net Tax Capacity:	
Retained by Port Authority	73,339
Shared with other taxing districts	
Total bonds issued	1,675,000
Amounts redeemed	1,675,000
Outstanding bonds at December 31, 2007	-

SCHEDULE OF SOURCES AND USES OF PUBLIC FUNDS FOR A TAX INCREMENT FINANCING DISTRICT FOR THE YEAR ENDED DECEMBER 31, 2007 (Unaudited)

	Original TIF Plan Budget Amount	Cumulative Modified TIF-Plan Budget Amount	Accounted for in Prior Years Amount	2007 Amount
SOURCES OF FUNDS:				
Tax increment revenue	$ 2,992,000	$ 2,992,000	$2,748,341	$ 66,932
Interest on invested funds			239,239	2,274
Bond proceeds	1,050,000	1,050,000	1,051,687	
Real estate sales	150,000	150,000		
Other	600,000	600,000	98,642	44,721
Total sources of funds	4,792,000	4,792,000	4,137,909	113,927
USES OF FUNDS:				
Land/building acquisition	1,150,000	500,000	100,000	
Site improvements/preparation costs	590,000	761,000	394,911	
Installation of public utilities	359,000	779,000	308,896	
Parking facilities	220,000			
Streets and sidewalks	370,000	500,000	73,000	
Bond principal payments	1,050,000	1,050,000	1,185,000	15,000
Bond interest payments	1,861,750	1,861,750	1,517,962	
Administrative costs	145,000	254,000	139,117	
Other	125,000	256,000	517,950	
Total uses of funds	5,870,750	5,961,750	4,236,836	15,000
TIF DISTRICT (DEFICIENCY) EXCESS BALANCE	$ (1,078,750)	$(1,169,750)	$ (98,927)	$ 98,927

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