City of Winona, Minnesota

Comprehensive Annual Financial Report for the Year Ended December 31, 2014

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

The cover photograph was taken by Tom Grier, Professor of Mass Communication at Winona State University. It is of Winona's bald eagles with the Mississippi River bluffs in the background.

Cover design also by Tom Grier.

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CITY OF WINONA, MINNESOTA

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May 27, 2015

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

Dear Mayor Peterson and City Council Members:

The Comprehensive Annual Financial Report (CAFR) of the City of Winona, MN (the "City"), for the fiscal year ended December 31, 2014, is submitted herewith. Responsibility for the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the City. The Finance Department believes that the data presented is accurate in all material respects and is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of the various funds. All disclosures necessary for a reader to gain an understanding of the City's financial activities have been included.

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

1. *Introductory Section*—Includes this letter of transmittal, a list of the City's leaders, an organization chart, and a reproduction of the City's Certificate of Achievement for Excellence in Financial Reporting.

2. *Financial Section*—Includes the report of our independent auditors, Management's Discussion and Analysis (MD&A), and the basic financial statements. The combining fund financial statements are presented after the basic financial statements.

3. *Statistical Section*—Includes selected financial, economic, and demographic information, generally presented on a 10-year historical basis.

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

Profile of the City:

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

The activities of the Housing and Redevelopment Authority of Winona (HRA) are limited to operating Department of Housing and Urban Development-sponsored projects and grants. No local financing is involved; thus, the City Council is not involved in financial oversight. Additionally, other than an irrevocable appointment by the Mayor of the HRA Board (four-year term and only one out of five HRA Board Members are from the City Council), the City exercises no control in the areas of budgeting, staff appointment, or accountability for fiscal matters. Accordingly, based on GASB Statement No. 61, *The Financial Reporting Entity: Omnibus; an amendment of GASB Statements No.14 and No. 34*, the HRA does not qualify as a component unit of the City's financial statements, and the related financial statements have not been included in this report. Audited financial statements for the HRA are available upon request at its business office in Winona.

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

Local Economy:

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

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

- Winona's highly diversified tax base that experienced an increase in its market value of 17.3% from 2005 to 2015;
- Stable financial operations (including financial management, cash flow dollars, and reserves for future capital needs);
- Low debt burden with rapid principal amortization (100% within 10 years) and significant nonproperty tax levy support for debt service;
- An "entrepreneurial spirit" for start-up companies;
- An independent, community-managed healthcare system, including emergency room services. The community also sponsors extensive programs for people with disabilities;
- A "regional center" for southeastern Minnesota (for education, employment, entertainment, visual and performing arts and shopping);
- Three colleges located in the City (two universities and one technical college)—the three in total have had stable enrollment over the past few years;
- Well-capitalized banks – most are locally owned;

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

- Located in the scenic Mississippi River valley.

Some of the <u>challenges</u> that the City faces are listed below:

- Available (and developable) land for the City to continue to grow;

- Transportation needs for improvements and maintenance;

- Infrastructure—maintenance costs (the City is 158 years old);

- City government financial dependency on state-provided local government aid;

- Substantial real estate is exempt from property tax, such as college campuses which still require City services.

Other key objectives of the City:

- To attract citizens that work for the overall good of the City (with a 'big-picture' vision) to serve as Board Members for the City Council, Port Authority, and other City commissions;

- To attract and retain smart, forward-thinking employees who have the overall best interests of the City in mind;

- To continue to serve as an economic engine for our region in the State of Minnesota;

- To encourage and support the expansion of existing businesses, and to cultivate the development of new businesses that want to make the City of Winona their home.

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

- Electronic

  Company (customers): Benchmark (original equipment manufacturer users of circuit boards)—located in the Winona regional area

  Company (customers): Watlow Controls (construction industry)
  Products: electronic design, contract manufacturer of mechanical and electronic components, and process control instruments;

  Company (customers): TRW (major auto manufacturers);

➢ Distribution	Company: Fastenal National and international distributor of threaded fasteners and other industrial maintenance and construction supplies (founded in 1967, Fastenal's sales in 2014 were $3.7 billion);
➢ Composites	Company (customers): Fiberite Inc. (aero and computer industries) Products: manufacturer of thermosets and molding compounds; Company: RTP Company Compounder of raw material for the composite industry; Company (customers): WE-NO-NAH Canoe (Olympic teams and recreational users) Leading worldwide manufacturer of composite canoes and kayaks and large producer of Royalex-type canoes; Company: PlastiComp Innovations in long-fiber thermoplastic molding; Company (customers): Coda (Juilliard School of Music) Maker of musical bows with graphite-fiber construction, which produce fine sound and quality performance, and will not fatigue or warp;
➢ Bulk Commodities Transport	Commercial Harbor: Transportation network (via the barge system on the river) of regionally grown corn and soybeans from the City, and fertilizer, coal, salt into the City and sand for the energy industry. (Most of the corn and soybeans from this Harbor are exported to Asia.);
➢ Agricultural Products	Company (customers): Malteurop North America (malting facility—beer/whiskey exports) Product: manufacturer of malt for the brewing of beer and the distilling of whiskey; Company (customers): Bay State Milling Co. (commercial bakeries) Product: maker of whole wheat, rye, and commercial bakery flour;
➢ Education	Two universities and a technical college within the City, which have a combined enrollment of approximately 10,000 students. International Residency High School Other private and public schools (including three charter schools in District 861);
➢ Healthcare	Company: Winona Health Provides a general medical and surgical hospital, options for assisted living and nursing home care, and Winona Clinic which offers regional diversified healthcare services;

- Promotional Materials — Company: WIN CRAFT Inc.
  Major supplier to the Olympics, NASCAR, NFL, and Major League Baseball
  Product: manufacturer and distributor of promotional material;

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

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

  Company: Charter Communications
  Product: a provider of internet and cable television services;

- Music — Company: Hal Leonard Publishing
  Product: largest manufacturer of printed music—internationally distributed;

- Stained Glass — More than five stained glass companies within the area
  Customers include the Vatican Chapel in Jerusalem and Radio City Music Hall in New York City
  Products: studios that manufacture, design, and restore stained glass;

- Equipment Manufacturer — Company: Thern, Inc.
  Product: manufacturer of material handling equipment such as winches, hoists and cranes with emphasis on niche market products. (Thern Inc. custom makes the winch to hold and lower the world-famous New York Times Square ball that is dropped on New Year's Eve.)

  Company: Peerless Chain Company
  Largest producer of welded and weld-less chain in the U.S.A.

- Rail Products — Company: Miller Ingenuity (changed name from Miller Felpax)
  Product: designer and manufacturer of rolling stock products (rail) used in over 100 countries for 50 years. They were the original inventor and OEM of traction motor lubricators and gear case seals for the companies of GE and EMD.

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

Major Initiatives:

Current Projects—2014 Highlights:

- City property values increased, during 2014, through the issuance of $31,711,106 in building permits, (116 nonresidential permits for a value of $23,196,034 and 757 residential permits for a value of $8,515,072), which includes the list below:
  - Dahl Automotive - Began construction of a 24,000 sq. ft. new car dealership ($4,900,000)
  - Cytec Engineered Materials - Renovation for equipment and expansion ($3,975,508)
  - Minnesota Marine Art Museum – Construct additional art gallery of 6,570 sq. ft ($1,796,400)
  - RTP Company – Constructed a 46,476 sq. ft manufacturing warehouse building ($1,752,000)
  - Winona State University – Sheehan Hall renovation ($1,340,000)
  - Latsch Building Partnership - began renovation of the Latsch Building-downtown ($1,000,000)
  - River Edge, LLC - To finish interior condominiums downtown ($853,000)
  - Hal Leonard Corporation- completed an interior office renovation ($850,000)
  - Malteurop Corporation – Construct a malt barley conveyor ($800,000)
  - CHS Inc. – Construct a scale house ($572,000)
  - VEH Properties LLC - Construct mall for a new Caribou Coffee and other tenants ($562,000)
  - Gorman Real Estate, LLLP –Constructed a 3,000 sq. ft. downtown grocery store addition ($497,570)
  - Seppanen Properties LLC - constructed an addition to their Winery ($449,696)
  - Sugar Loaf Ford – Addition and showroom renovation ($372,500)
  - Winona National Bank – Construct a new drive up ($350,000)
  - Remlinger Auto Collision Specialists – Construct an addition of 7,500 sq. ft. ($260,000)
  - Fastenal Company – Remodel portion of offices ($160,000)

Long-term Financial Planning:

The City Airport is undergoing a major upgrade. The City's plans are to lengthen the main runway, upgrade the alignment lighting and provide for a realignment of the taxiways at the Airport.

An analysis of the water and sanitary sewer utility rates has been completed and the revised rates have been used for 2012, 2013 and 2014. The purpose of the review was to provide a solid foundation for the future of the utilities (including recovering more of the fixed costs of the system) and to provide reserves for future replacement needs. The rates are to be reviewed annually to determine if the Water and Sanitary Sewer Funds are meeting their objectives.

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

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

Accounting System and Budgetary Control:

The City's accounting records are maintained on the accrual or modified accrual basis, as appropriate. Budgetary control is maintained by an encumbrance system, whereby purchase orders are reviewed by the department involved as to the availability of funds prior to their release to vendors. Purchase orders which

exceed appropriation balances (or which have not had approval as required under the Minnesota Statutes or the City Charter) are not to be released until such funding or approval is made available.

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

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

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

General Fund Functions:

Revenues:

The following table presents a comparative analysis of General Fund budgeted revenues for 2015 and actual revenues for 2014 and 2013:

	2015 Budget		2014 Actual		2013 Actual	
Revenue/Sources	Amount	% of Total	Amount	% of Total	Amount	% of Total
Property taxes	$ 4,346,480	27.3 %	$ 4,366,030	28.3 %	$ 4,320,447	28.6 %
Franchise fees and other taxes	1,280,000	8.0	1,431,655	9.3	1,379,807	9.1
Licenses and permits	159,250	1.0	177,642	1.2	174,982	1.2
Fines and forfeits	185,000	1.2	162,011	1.0	168,112	1.1
Intergovernmental	8,440,580	53.0	8,465,341	54.8	8,286,399	54.9
Investment earnings and change in fair value of investments	1,000	0.0	276	0.0	1,019	0.0
Charges for services	699,633	4.4	803,886	5.2	755,982	5.0
Other	799,925	5.1	34,942	0.2	9,058	0.1
	$ 15,911,868	100.0 %	$ 15,441,783	100.0 %	$ 15,095,806	100.0 %

The certified **property taxes** in the General Fund will be slightly less in 2015 than in 2014 of $19,550. (The increase in property taxes for the General Fund operations was $45,583 for 2014 from 2013.)

Intergovernmental remains the largest percentage of General Fund revenues at 53% for 2015 and at 54.8% for 2014. Included in this category are the State of Minnesota's payments to the City for Local Government Aid (LGA), which were approximately $9,699,900 (total for all funds) for 2014. Also included in 2014 were the Market Value credits of $1,079 for all funds. Market value credits are payments to the City, from the State of Minnesota, which lower the amount of property tax liability for a homeowner. (In 2013, the market value credit program revenue for the City was $979.)

Included in the 2015 budget (**other**) is $641,500 for transfers into the General Fund from various Funds, which represent 4% of the total budget.

Expenditures:

A comparative analysis of General Fund budgeted expenditures for 2015 and actual expenditures for 2014 and 2013 is presented in the table below:

	2015 Budget		2014 Actual		2013 Actual	
Expenditures/Uses	Amount	% of Total	Amount	% of Total	Amount	% of Total
General government	$ 3,338,546	21.0 %	$ 2,741,128	18.0 %	$ 2,508,203	17.8 %
Public safety	7,406,481	46.5	7,471,922	49.0	6,734,978	47.7
Highways and streets	3,002,033	18.9	2,905,548	19.1	2,961,566	21.0
Sanitation and waste removal	53,150	0.3	37,585	0.2	48,993	0.3
Economic development	301,273	1.9	291,382	1.9	252,557	1.8
Park maintenance	1,810,385	11.4	1,795,635	11.8	1,599,616	11.4
	$ 15,911,868	100.0 %	$ 15,243,200	100.0 %	$ 14,105,913	100.0 %

General Government includes approximately $375,000 for contingencies in the 2015 budget (General Government), which represents 2.3% of the total budget. The amount incurred for contingencies for the 2014 actual and the 2013 actual was $0.

Public safety remained the largest area of the General Fund expenditures during 2014 (at 49.0%) and includes the departments of the Police, Fire, Emergency Management, Safety and Health Coordinator, and Flood Control. It is important to note that 23.2% of the 2014 $601,011 cost to operate the Law Enforcement Center, "LEC," (a facility shared with Winona County) is included in the City's financial reports (and 18.9% of $657,944 for 2013). 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 (19.1% in 2014) includes the services of Engineering, Streets and Alleys (snow removal), Street Lighting, and Central Garage.

General Fund—Cash Flow needs:

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

Cash Management:

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

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

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, 2014, are classified in the most secure credit risk category as defined by GASB. None of the City's investments were held by the counterparty's trust department or agent.

The City has not purchased any collateralized mortgage obligations (CMO), derivative securities, or interest-only strip investments. GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools,* requires investments to be reported at fair value in the balance sheet with changes in the fair value of investments reported in the operating statement. The City's practice is to hold investments to maturity; therefore, the City does not expect the net decrease in the fair value of investments shown in the financial statements will be realized. All investments in the City's portfolio had a maturity of two years or less at December 31, 2014.

Risk Management—Health Plan:

The City's health benefit program is designed to provide for the payment of healthcare costs for employees. The City maintains a self-insurance program for employee group health coverage, which includes an individual excess coverage policy for claims exceeding $100,000 per family per year in 2014 and 2013..

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

City Policies:

The City has a policy that the annual budget needs to be balanced. This policy resulted in the General Fund total 2015 adopted budget of $15,911,868 being $258,565 more than the 2014 adopted budget (of $15,653,303).

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

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

Debt Management:

Bond Rating:

Moody's Investors Service of New York, the City's bond rating agency, has assigned an Aa1 rating to the City of Winona's $3.7 million General Obligation Equipment Certificates, Series 2015A and to the Port Authority of Winona's $1.4 million General Obligation Refunding Bonds, Series 2015A.

Concurrently, Moody's affirmed the Aa1 rating on the City's outstanding general obligation debt, affecting approximately $8.1 million post-sale. In issuing the rating, the service had discussed the City's diversified tax base and its role as a regional economic center due to its significant health care, education and manufacturing presences. The service also expects the City's financial position to remain stable and healthy. The City's debt is modestly sized, with a direct debt burden of 0.4% of full value. Principal amortization is rapid with 100% of its debt to be retired in ten years. All of the City's debt is fixed rate, and the City is not a party to any interest rate swap agreements.

Debt Per Capita:

Net bonded debt per capita is a useful indicator of a city's debt position to management, citizens, and investors in city bonds. The net direct bonded debt per capita for the City was approximately $101 in 2014. 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 $43 million below Minnesota law's legal debt margin. Debt statistics as of December 31, 2014 and 2013, follow:

Net Direct and Overlapping Debt	2014 Amount	2013 Amount	2014 Debt per Capita	2013 Debt per Capita
Net direct bonded	$ 2,807,668	$ 3,572,453	$ 101	$ 129
Overlapping	14,716,387	16,647,477	530	599
Total	$ 17,524,055	$ 20,219,930	$ 631	$ 728

Important Economic Factors:

During 2014, the City expended approximately $4.2 million in capital assets for construction in progress. Taxable market values in the City increased from 2014 to 2015 by 1.4%. Growth in values related to construction during 2014 were approximately $23 million for nonresidential and $9 million for residential.

A crucial element in the City's continued financial stability is the revenue it receives from the State of Minnesota in the form of LGA, which is approximately 50% of the City's General Fund's revenues. (A discussion and analysis of the City's overall financial condition during the fiscal year ended 2014 is included as part of the MD&A.)

The Honorable Mayor and
Members of the City Council
City of Winona
May 27, 2015

Independent Audit:

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

Awards and Acknowledgments:

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting ("Certificate of Achievement") to the City of Winona, Minnesota, for its CAFR for the fiscal year ended December 31, 2013. The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standards for preparation of state and local government financial reports. Approximately 15% of the cities in Minnesota receive this award.

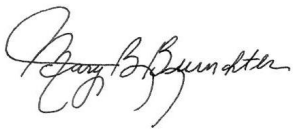
In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. This report satisfied accounting principles generally accepted in the United States of America, as well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

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

Kudos goes to the City Finance team for their excellent work, hard work and smart thinking in the overall completion of this report. A special note of acknowledgment is directed to Accountant Allyn Burgmeier and Financial Analyst Jessica Wojahn for their big part in the assistance and review of the Comprehensive Annual Financial Report.

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

Respectfully submitted,



Mary B. Burrichter
Finance Director

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CITY OF WINONA, MINNESOTA

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Winona

Minnesota

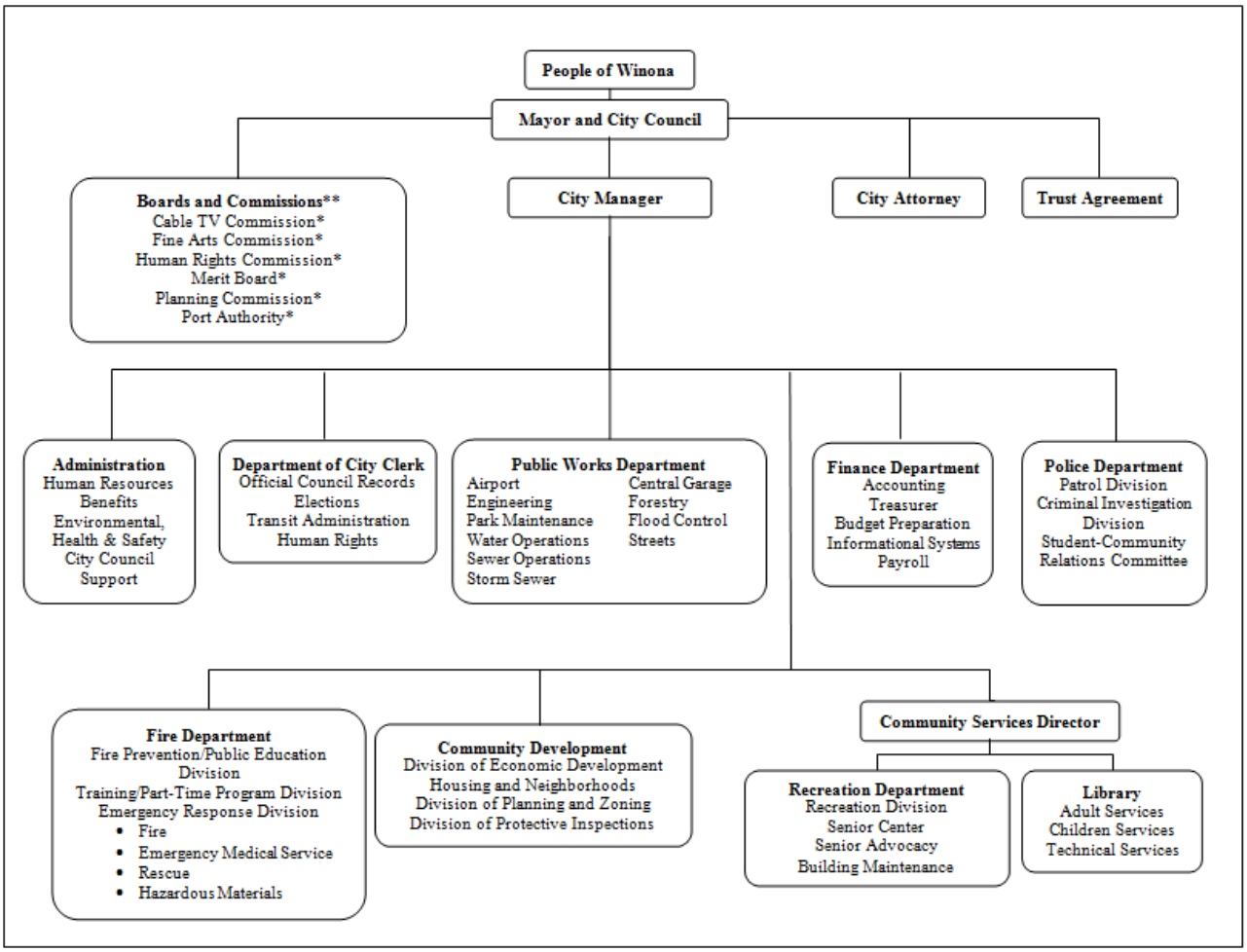
For its Comprehensive Annual Financial Report for the Fiscal Year Ended

December 31, 2013

Executive Director/CEO

CITY OF WINONA, MINNESOTA

ORGANIZATIONAL CHART



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

**Additional boards and commissions:

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

CITY OF WINONA, MINNESOTA

CITY LEADERS
DECEMBER 31, 2014

City Council:

	Appointed/ Elected Date	Term Expires
Mark Peterson, Mayor	01/01/13	12/31/16
Allyn Thurley, 1st Ward	01/01/01	12/31/16
Gerry Krage, 2nd Ward	01/01/99	12/31/18
Pam Eyden, 3rd Ward	11/19/12	12/31/16
George Borzyskowski, 4th Ward	01/01/99	12/31/18
Michelle Alexander, At-Large	01/01/11	12/31/18
Paul Double, At-Large	01/01/13	12/31/16

City Staff:

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

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SECTION II

FINANCIAL SECTION

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Suite 2800

Minneapolis, MN 55402-1538
USA

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Winona, Minnesota (the "City"), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents. The prior year summarized comparative information has been derived from the City's 2013 financial statements and, in our report dated May 14, 2014, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the aggregate discretely presented component

Member of
Deloitte Touche Tohmatsu

units, each major fund, and the aggregate remaining fund information of the City as of December 31, 2014, and the changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying supplementary information such as the combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by *Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, other supplementary schedules, and the other information, such as the introductory and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information, such as the combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by *Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations* and other supplementary schedules, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information, such as the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Deloitte + Touche LLP

May 27, 2015

CITY OF WINONA, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

This section of the comprehensive annual financial report (CAFR) of the City of Winona, Minnesota (the "City"), presents a discussion and analysis of the City's financial performance during the fiscal year ended December 31, 2014. Please read it in conjunction with the transmittal letter at the front of this report and the City's basic financial statements following this section.

Financial Highlights

- The assets of the City exceeded liabilities by $125,507,584 (net position). Of this amount, $71,394,952 is the net investment in capital assets, $23,428,050 is restricted for specific purposes and $30,357,327 (unrestricted net position) may be used to meet the City's ongoing obligations to its citizens and creditors in accordance with the City's fund designations, cash flow needs and fiscal policies. The City-wide financial statements include $4.3 million of depreciation expense on its investment in capital assets.

- The City's total net position increased by $5,466,972. A contributor to this was the increase in the net position for business type activities of $5,285,092. In the business type activities the total assets increased by $2,966,986. Construction in progress increased by $3,071,449.

- The City's governmental funds reported combined ending fund balances of $16.3 million. Of this total amount, all of it is either nonspendable, restricted, committed, or assigned.

- At the end of the current fiscal year, the fund balance for the General Fund was distributed as follows: restricted of $2,104,271, committed of $1,342,200, assigned of $6,188,704 and nonspendable of $7,972.

- The City decreased total outstanding debt obligations during the current fiscal year. The total indebtedness of City Bond and Equipment Certificates decreased by $3,205,000. The Port Authority of Winona ("Port Authority") decreased its total outstanding debt obligations during the current fiscal year. The total Port Authority bond indebtedness decreased by $235,000.

- The City maintained its Aal bond rating from Moody's in February 2015. Moody's cited the City's highly diversified tax base, favorable debt profile including rapid payback of debt, stable financial operations and strong financial management.

Using the Financial Section of This Comprehensive Annual Financial Report

This annual report consists of a series of financial statements.

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

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

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

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

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

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

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

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 43-78 of this report.

Other Information

The combining statements in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 79–102 of this report.

Government-Wide Financial Analysis

Net position may serve over time as a useful indicator of the City's financial position. For the City, the assets exceeded liabilities by $125,507,583 at December 31, 2014.

The largest portion of the City's net position (57%) reflects the City's investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate liabilities.

A condensed version of the Statement of Net Position at December 31, 2014, is as follows:

Table 1
SCHEDULE OF NET POSITION (Primary Government only) at December 31, 2014, compared to December 31, 2013:
(In thousands)

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	$ 35,194	$ 34,802	$ 27,029	$ 26,209	$ 62,223	$ 61,011
Capital assets	40,966	41,630	35,023	32,876	75,989	74,506
Total assets	$ 76,160	$ 76,432	$ 62,052	$ 59,085	$ 138,212	$ 135,517
Current and other liabilities	$ 2,680	$ 2,378	$ 1,317	$ 2,837	$ 3,997	$ 5,215
Long-term liabilities	4,714	5,470	3,994	4,792	8,708	10,262
Total liabilities	7,394	7,848	5,311	7,629	12,705	15,477
Net position:						
Net investment in capital assets	39,591	39,475	31,804	27,226	71,395	66,701
Restricted	19,876	19,721	3,879	4,734	23,755	24,455
Unrestricted	9,299	9,388	21,058	19,496	30,357	28,884
Total net position	68,766	68,584	56,741	51,456	125,507	120,040
Total liabilities and net position	$ 76,160	$ 76,432	$ 62,052	$ 59,085	$ 138,212	$ 135,517

A portion of the City's net position is invested in capital assets, at $71.4 million. Another portion of the net position represents resources that are subject to external restrictions on how they may be used (approximately $24 million). The remaining balance of unrestricted net position (approximately $30 million) may be used to meet the City's ongoing obligations to citizens, creditors and cash flow needs.

At both December 31, 2014 and 2013, the City is able to report positive balances in all three categories of net position, both for the City, as a whole, as well as for its separate governmental and business-type activities.

The City's net position in governmental activities increased by approximately $181,880. Contributors were an increase in assets in the General Fund.

The City's net position in business activities increased by $5.3 million. This is primarily a result of an increase in net position in the Airport Fund of $3.4 million and an increase in the Sanitary Sewer Fund of $355 thousand. The increase in the Airport Fund and the Sanitary Sewer Fund were planned increases in net position to fund current and future infrastructure projects.

Governmental Activities

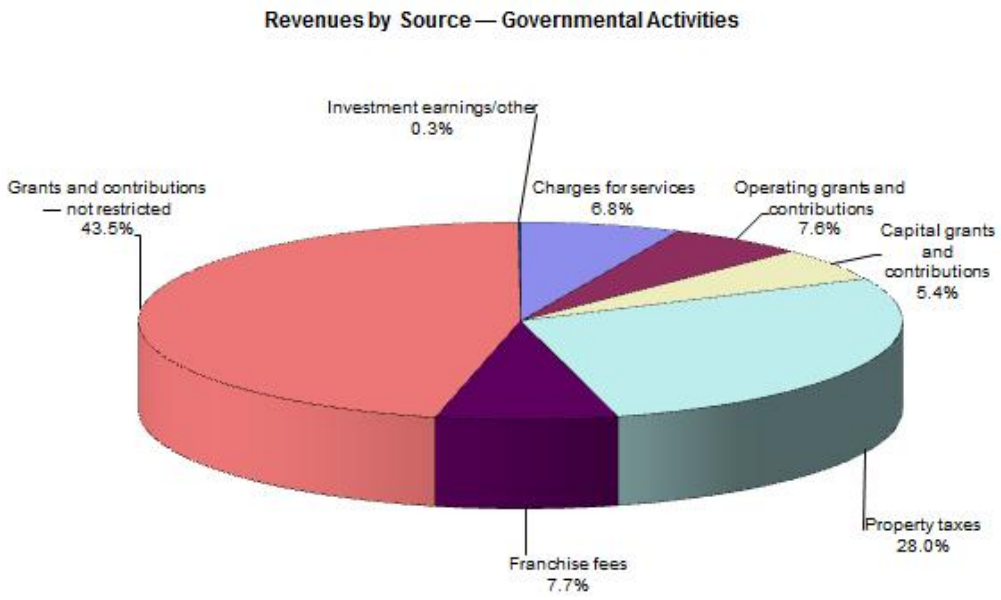
Governmental activities increased the City's net position by $181,880, in 2014, compared to an increase of $564,460 in 2013.

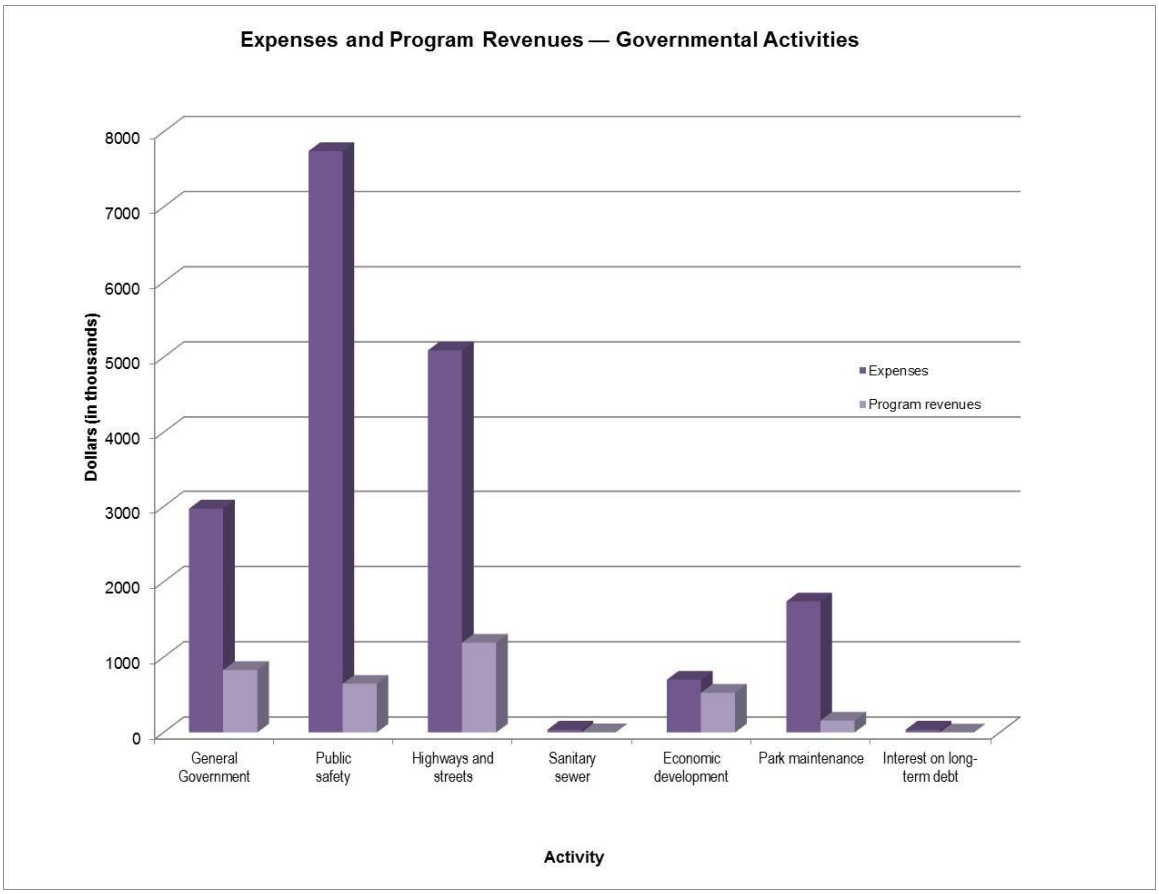
Table 2
STATEMENT OF ACTIVITIES (Primary Government only) for the year ended December 31, 2014, compared to the year ended December 31, 2013:
(In thousands)

	2014			2013		
	Govern-mental Activities	Business-Type Activities	Total	Govern-mental Activities	Business-Type Activities	Total
REVENUES:						
Program revenues:						
Charges for services	$ 1,265	$ 8,292	$ 9,557	$ 1,187	$ 8,463	$ 9,650
Operating grants and contributions	1,079	1,023	2,102	1,423	1,000	2,423
Capital grants and contributions	1,010	3,469	4,479	1,252	652	1,904
General revenues:						
Taxes (property)	5,202	763	5,965	5,220	759	5,979
Taxes (sales)				47		47
Franchise fees	1,432		1,432	1,380		1,380
Grants and contributions not restricted	8,638	1,125	9,763	8,100	1,125	9,225
Investment earnings	18	27	45	9	12	21
Total revenues	18,644	14,699	33,343	18,618	12,011	30,629
EXPENSES:						
General government	2,974		2,974	2,765		2,765
Public safety	7,744		7,744	7,647		7,647
Highways and streets	5,092		5,092	5,200		5,200
Sanitation and waste removal	37		37	49		49
Economic development	701		701	645		645
Park maintenance	1,740		1,740	1,705		1,705
Interest on long-term debt	38		38	68		68
Water		2,337	2,337		2,400	2,400
Sanitary Sewer		2,813	2,813		2,473	2,473
Inspections		321	321		345	345
Airport		315	315		1,000	1,000
Public transportation		800	800		781	781
Recreation		1,701	1,701		1,546	1,546
Library		1,036	1,036		1,053	1,053
Storm sewer		227	227		231	231
Total expenses	18,326	9,550	27,876	18,079	9,829	27,908
CHANGE IN NET POSITION BEFORE TRANSFERS	318	5,149	5,467	539	2,182	2,721
TRANSFERS	(136)	136		25	(25)	
CHANGE IN NET POSITION	182	5,285	5,467	564	2,157	2,721
NET POSITION—Beginning of year	68,584	51,456	120,040	68,020	49,299	117,319
NET POSITION—End of year	$ 68,766	$ 56,741	$ 125,507	$ 68,584	$ 51,456	$ 120,040

Governmental Activities (continued)

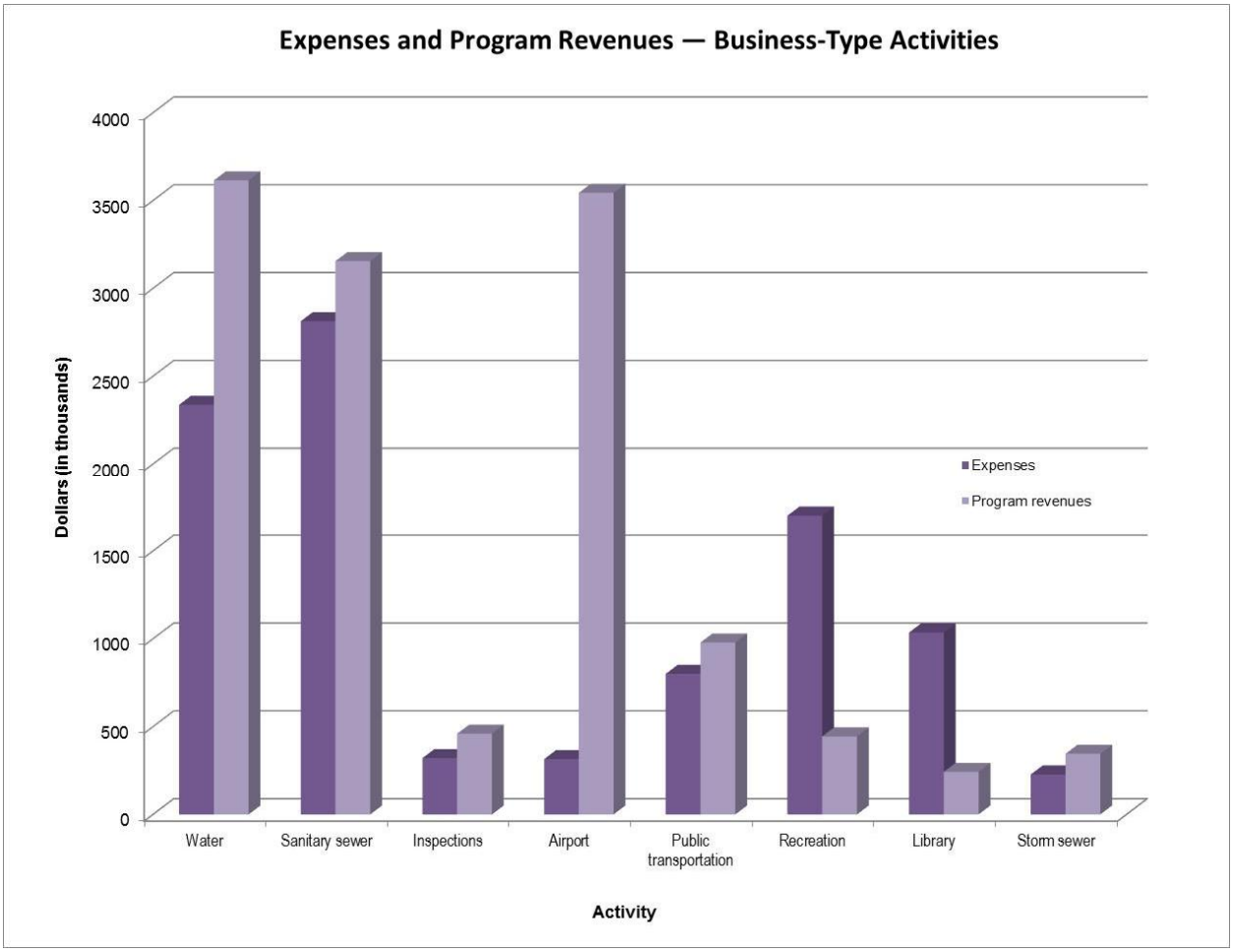
The following charts illustrate the City's governmental activities for the year ended December 31, 2014:





Business-Type Activities

The following charts illustrate the City's business-type activities for the year ended December 31, 2014:



Financial Analysis of the City's Funds

Governmental Funds:

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

General Fund—At December 31, 2014, the fund balance of the General Fund was composed of the following: restricted of $2,104,271, committed of $1,342,200, assigned of $6,188,704, and nonspendable of $7,972. The 2014 expenditures for the General Fund increased by approximately $1,137,287 from 2013 mainly due to the increase in expenditures in the departments of Public Safety and Park Maintenance. (The Public Safety-current expenditures were approximately $200,800 more in 2014, the Public Safety-capital outlay expenditures were approximately $536,000 more in 2014 and the Park Maintenance-capital outlay expenditures were approximately $121,400 more in 2014 than in 2013.)

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

Permanent Improvement Revolving Bond Fund—The fund balance for this fund has increased by $5,166 from 2013 to 2014 due to bond principal and interest expenditures of $520,257 and revenues of $525,423 ($351,894 property taxes, $173,440 special assessments and $89 other).

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

Water Fund—The rates for the Water utility were unchanged for 2014 from 2013. A new water rate structure was put into place for 2012, which includes a seasonal variable rate and recovers more of the fixed costs of the system as an availability charge.

Sanitary Sewer Fund—The rates for the Sanitary Sewer utility were unchanged for 2014 from 2013. A new Sanitary Sewer utility rate structure was approved for 2012, which recovers more of the fixed costs of the system with the addition of an availability charge.

Storm Sewer Fund—This utility began in 2003 to cover the maintenance costs of handling storm water and the increased responsibilities of handling storm water due to federal requirements. During 2014, except for the change in the minimum quarterly charge to be $1.00, the Storm Sewer utility rates were not changed from those of 2013, 2012 or 2011.

General Fund Budgetary Highlights and Analysis

During 2014 there was an increase of $1,768,271 in appropriations for the General Fund from the original to the final amended budget. Following are some of the components of the decrease:

- $1,695,796 was added to various departments for encumbrances from December 31, 2013;
- $25,000 was added –Planning Department (grant from Southern MN Initiative Foundation);
- $21,380 was added to the Police Department for the drug forfeiture account;
- $9,200 was added to the Fire Department for fire fighter training (funded by a grant);
- $8,245 was added to the Fire Department for various donations;
- $3,411 was added to the Police Department for various donations;
- $2,330 was added –Planning Department (grant from Minnesota Historical Society).

Following is a budget variance analysis:

- The Streets and Alleys Department had a favorable budget variance of approximately $319,000 because the actual expense was approximately $269,000 less on services and charges than the 2014 budget.

Capital Assets

At the end of 2014, the City had $75,988,916 invested in a broad range of capital assets (net of accumulated depreciation). The total increase in capital assets for the current fiscal year was 2.0% (a 1.6% decrease for governmental activities and a 6.5% increase for business-type activities). Major capital asset events during the current year included the following:

- The Police department purchased three vehicles for $81,000.
- The Fire department purchased a pumper truck for $519,800.
- The Street department spent $662,200 on the Franklin Street (2nd Street to Broadway) reconstruction project and purchased a snow plow $124,500.

- In the Water Fund, $293,000 was spent on the Country Drive water main.
- The Public Transportation Fund spent $153,300 on a bus garage expansion project and 3 transit buses were purchased for $273,400.

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, 2014, the City had $4,545,000 in bonds and equipment certificates outstanding versus $7,750,000 last year, a decrease of $3,205,000. Also, as of December 31, 2014, the Port Authority had $1,620,000 in bonds outstanding versus $1,855,000 last year, a decrease of $235,000. All debt is backed by the full faith and credit of the City. Refer to Note 5 of the basic financial statements for a schedule showing the City's long-term debt activity.

The City's general obligation bond rating carries a Aa1 bond rating from Moody's Investors Services. This rating was assigned and affirmed in February 2015 with the issuance of the City of Winona's $3.7 million General Obligation Equipment Certificates, Series 2015A and to the Port Authority of Winona's $1.4 million General Obligation Refunding Bonds, Series 2015A. Concurrently, Moody's affirmed the Aa1 rating on the City's outstanding general obligation debt, affecting approximately $8.1 million post-sale.

Economic Factors and Next Year's Budget

- The City has stayed with short-term maturities and high-credit quality on investments as disclosed in Note 2 to the financial statements (weighted-average maturity of .71 years). This is due to the concern that the City wants to remain protected against a significant increase in interest rates which would create a large reduction in the fair value of any long maturity investments.
- Beginning in the 2012 tax collection year, the State of Minnesota Market Value Homestead Credit program was changed to a Homestead Market Value Exclusion program which resulted in a reduction to the overall taxable market values and tax capacities of Minnesota cities. The City of Winona experienced a loss of approximately $151 million (or 9.8% of the 2011 collection year) taxable market value due to this change.
- As a labor-intensive organization, the City faces competitive pressures and rising costs relating to staff. The cost of the City's health benefits was approximately $1.73 million in 2014 and $1.85 million in 2013.
- For 2014, the City offered three health plan options with consumer-driven healthcare programs that combined high deductibles with individual Health Plan Accounts or Health Savings Accounts employer-held (HPA) or employee-held (HSA) accounts used for health care expenses not covered by the underlying plan. The City will continue to pursue healthcare options that would contain costs for the City, and remain a benefit to the employees.
- City retirees have the same choice of healthcare plans that the City provides to their active employees. The City requires the former employee to pay the full group active employee cost of the plan they select. Until 2007, the benefit expired at age 65. In late 2007, the City began allowing retirees to continue their coverage beyond age 65 by continuing to pay the full group active employee cost. At this time, the seven police sergeants have elected not to participate in the City's healthcare plan. (They are entitled to review the options again in 2015.) For 2014, the City's annual other postemployment benefit cost was $283,219 which reflects the incremental actuarial cost of employees being able to stay in the City's group healthcare plan. The actuarial accrued liability and the unfunded actuarial accrued liability is $2,916,886. (In 2009, the City Council passed a resolution to begin funding the liability; $703,088 was set aside in both 2009 and 2010, $1,361,176 was set aside in 2011 and $100,000 was set aside in 2012. The $2,867,352 is held in general assets and is not considered plan assets.) Twelve retirees and three dependent spouses are currently covered by the City's plan. For additional detail, refer to Note 13 of the basic financial statements.

- As discussed in Note 6 to the basic financial statements, the City participates in the statewide defined benefit pension plans. The City's contributions to the General Employees Retirement Fund (GERF) in 2014 were $422,116. The City's contributions to the Public Employees Police and Fire Fund (PEPFF) in 2014 were $607,949. As of December 31, 2014, the General Employees Retirement Fund was 78.7% funded and the Public Employees Police and Fire Fund was 87.1% funded. (As of December 31, 2013, the General Employees Retirement Fund was 72.8% funded and the Public Employees Police and Fire Fund was 82.1% funded.) Contribution rates were increased in 2009, 2010 and 2011 (from 6.5% in 2008 to 7.25% in 2011 for the GERF and from 12.9% in 2008 to 14.4% in 2011, to 15.3% in 2014 for the PEPFF) to move the plans back to a fully funded status as required by Minnesota state law.
- The increase for 2015 (from 2014) in the statewide defined benefit pension plans are as follows: GERF, member contribution rates from 6.25% to 6.5% and city contribution rates from 10.2% to 10.8%; PEPFF member contribution rates from 7.25% to 7.5% and city contribution rates from 15.3% to 16.2%.
- The outstanding bonds for the City and the Port Authority totaled $6.2 million on December 31, 2014. Amortization is rapid at 100% 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 2015 the City and Port Authority's Capital Plan includes $1,000,000 for a street reconstruction project, water main reservoir for $750,000, various sanitary sewer projects for $1,431,000 and an airport project (runway, taxiway and navigational aid reconstruction) for $8,500,000.
- The City continues to see new construction growth both in residential and in commercial construction. In 2014 the building permits totaled approximately $31.7 million.
- The increase to the City's tax base during the past ten years is at 17%.
- Per State Statute, the State of Minnesota will have a balance budget for the next biennium. (The legislature is scheduled to adjourn during the third week of May.)
- The City signed an agreement in May 2005 to annex 318 acres for residential development of an adjacent township. This agreement also includes an orderly annexation for 1,700 acres (property owners within the 1,700 acres may petition to be annexed to the City, and the township will not contest it). The City will receive, from the developers, $17,000 per acre for platted and developed land. This payment allows access to the City utilities of water, sanitary sewer and storm sewer.
- The Mayor, the City Council, and the management of the City are currently focused on what they can do to promote continued growth.

Contacting the City's Financial Management

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

BASIC FINANCIAL STATEMENTS

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CITY OF WINONA, MINNESOTA

STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2014 (with comparative totals for 2013)

	Primary Government				Component Unit—Port Authority	
	Governmental Activities	Business-Type Activities	2014	2013	2014	2013
ASSETS:						
Cash and cash equivalents	$ 31,746,563	$ 24,115,284	$ 55,861,847	$ 55,071,136	$ 3,216,047	$ 2,938,325
Restricted investments	318,768		318,768	2,014,847		
Receivables	989,885	1,355,575	2,345,460	2,407,359	40,093	12,218
Internal balances	674,105	(674,105)		-		
Due from component unit	15,323		15,323	14,559		
Due from other governmental units	853,447	1,937,709	2,791,156	593,025	26,109	24,347
Note receivable	588,000		588,000	588,000		
Funds held by others						100,000
Inventories		281,102	281,102	294,921		
Prepaid items	7,972	13,285	21,257	26,760	8,366	6,586
Properties held for development (Note 4)					4,187,198	4,187,198
Capital assets (Note 3):						
Nondepreciable	7,074,361	1,031,619	8,105,980	8,105,980		
Construction in progress	809,504	3,341,596	4,151,100	925,891		
Depreciable buildings, property, and equipment—net	3,798,995	19,138,854	22,937,849	23,552,351	1,188,004	1,213,058
Depreciable infrastructure—net	29,282,900	11,511,087	40,793,987	41,921,823		
Capital assets—net	40,965,760	35,023,156	75,988,916	74,506,045	1,188,004	1,213,058
Total assets	$ 76,159,823	$ 62,052,006	$ 138,211,829	$ 135,516,652	$ 8,665,817	$ 8,481,732
LIABILITIES:						
Accounts payable	$ 1,006,135	$ 439,054	$ 1,445,189	$ 987,953	$ 5,030	$ 37,732
Outstanding and incurred, but not reported claims	156,000		156,000	157,000		
Accrued salaries & comp absences payable						
Accrued interest payable	12,071	27,107	39,178	83,537	27,000	30,917
Due to primary government					15,323	14,559
Unearned revenue	570,473	495	570,968	570,855		
Noncurrent liabilities:						
Due within one year	935,000	850,000	1,785,000	3,415,000	245,000	235,000
Due in more than one year	4,714,075	3,993,835	8,707,910	10,261,695	1,375,000	1,620,000
Total liabilities	7,393,754	5,310,491	12,704,245	15,476,040	1,667,353	1,938,208
NET POSITION:						
Net investment in capital assets	39,590,760	31,804,192	71,394,952	66,700,866	(431,996)	(641,942)
Restricted for:						
OPEB—Contribution & retiree subsidy health	3,254,748	86,200	3,340,948	2,812,787		
PERA contribution	1,655,500	279,500	1,935,000	1,851,170		
Capital projects	4,236,421		4,236,421	4,154,696	2,628,967	2,665,166
Health insurance	977,060		977,060	891,510		
Debt service	830,046	750,050	1,580,096	3,015,183	456,696	436,408
PIR Construction	666,120		666,120	720,899		
Equipment	2,322,183		2,322,183	3,215,524		
Facilities	2,320,486		2,320,486	2,118,397		
Infrastructure replacement	2,382,673		2,382,673	2,179,512		
Lake Winona dredging project					565,885	565,236
Water projects				10,000		
Other purposes (Note 1.M.)	903,720	2,763,343	3,667,063	3,152,519	3,778,912	3,518,656
Nonexpendable—other than permanent funds	7,972		7,972	14,871		
Nonexpendable—permanent funds	56,000		56,000	56,000		
Expendable permanent funds	263,283		263,283	262,015		
Unrestricted	9,299,097	21,058,230	30,357,327	28,884,663		
Total net position	$ 68,766,069	$ 56,741,515	$ 125,507,584	$ 120,040,612	$ 6,998,464	$ 6,543,524

See notes to basic financial statements.

CITY OF WINONA, MINNESOTA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014 (with comparative totals for 2013)

		Program Revenues			Net (Expense) Revenue and Changes in Net Position					
					Primary Government				Component Unit Port Authority	
Functions/Programs	Expenses	Charges for Services	Operating and Other Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	2014	2013	2014	2013
GOVERNMENTAL ACTIVITIES:										
General government	$ 2,973,611	$ 771,056	$ 57,570	$ -	$ (2,144,985)	$ -	$ (2,144,985)	$ (1,632,334)		
Public safety	7,744,276	239,939	406,673		(7,097,664)		(7,097,664)	(6,943,768)		
Highways and streets	5,092,421	85,433	269,858	836,938	(3,900,192)		(3,900,192)	(3,872,512)		
Sanitation and waste removal	37,585	2,025			(35,560)		(35,560)	(46,818)		
Economic development	700,782	9,660	344,400	173,440	(173,282)		(173,282)	(100,136)		
Park maintenance	1,739,944	157,279			(1,582,665)		(1,582,665)	(1,552,961)		
Interest on long-term debt	38,315				(38,315)		(38,315)	(67,716)		
Total governmental activities	18,326,934	1,265,392	1,078,501	1,010,378	(14,972,663)	-	(14,972,663)	(14,216,245)		
BUSINESS-TYPE ACTIVITIES:										
Water	2,337,243	3,605,132	9,581			1,277,470	1,277,470	1,271,050		
Sanitary Sewer	2,813,212	3,145,712	9,580			342,080	342,080	868,563		
Inspections	320,560	459,849				139,289	139,289	52,946		
Airport	314,599	37,425	48,212	3,458,445		3,229,483	3,229,483	57,500		
Public transportation	800,341	251,813	716,688	10,500		178,660	178,660	(126,876)		
Recreation	1,700,674	413,629	30,317			(1,256,728)	(1,256,728)	(1,106,912)		
Library	1,035,774	33,291	209,228			(793,255)	(793,255)	(810,266)		
Storm sewer	227,480	345,379				117,899	117,899	80,160		
Total business-type activities	9,549,883	8,292,230	1,023,606	3,468,945	-	3,234,898	3,234,898	286,165		
Total primary government	$ 27,876,817	$ 9,557,622	$ 2,102,107	$ 4,479,323	(14,972,663)	3,234,898	(11,737,765)	(13,930,080)		
Component unit activities— Port Authority	$ 1,013,684	$ 586,371	$ -	$ 226,443					$ (200,870)	$ 2,986
General revenues:										
Taxes:										
Property taxes levied for general purposes					5,202,393	762,621	5,965,014	5,978,853	548,599	585,415
Other taxes								47,176		
Franchise fees					1,431,656		1,431,656	1,379,806		
Grants and contributions not restricted to specific programs					8,637,847	1,124,850	9,762,697	9,224,974	2,321	2,497
Interest and investment earnings					18,478	26,892	45,370	20,807	3,440	1,067
Sale of assets									101,450	
Transfers					(135,831)	135,831				
Total general revenues and transfers					15,154,543	2,050,194	17,204,737	16,651,616	655,810	588,979
Change in net position					181,880	5,285,092	5,466,972	2,721,536	454,940	591,965
Net position—beginning					68,584,189	51,456,423	120,040,612	117,319,076	6,543,524	5,951,559
Net position—ending					$ 68,766,069	$ 56,741,515	$ 125,507,584	$ 120,040,612	$ 6,998,464	$ 6,543,524

See notes to basic financial statements

CITY OF WINONA, MINNESOTA

BALANCE SHEET—GOVERNMENTAL FUNDS
AS OF DECEMBER 31, 2014 (with comparative totals for 2013)

ASSETS	General	Permanent Improvement Revolving Bond	Permanent Improvement Revolving Construction	Other Nonmajor Governmental Funds	Total Governmental Funds 2014	Total Governmental Funds 2013
Cash, cash equivalents, and investments	$ 11,589,721	$ 252,088	$ 666,120	$ 4,661,817	$ 17,169,746	$ 17,223,819
Restricted investments				318,768	318,768	318,995
Receivables—net:						
Taxes	88,604	6,306		4,917	99,827	111,189
Special assessments		478,047		56,918	534,965	550,123
Customers and other	325,754			794,168	1,119,922	277,023
Due from other funds	150,000				150,000	150,000
Due from other governmental units	49,559	9,722			59,281	130,678
Due from component unit	15,323				15,323	14,559
Prepaid items	7,972				7,972	14,871
Accrued interest on investments	29,338				29,338	19,115
TOTAL	$ 12,256,271	$ 746,163	$ 666,120	$ 5,836,588	$ 19,505,142	$ 18,810,372
LIABILITIES AND FUND BALANCES						
LIABILITIES:						
Accounts payable	$ 712,911	$ 300	$ -	$ 1,324	$ 714,535	$ 486,232
Accrued salaries and compensated absences	1,811,498			54,012	1,865,510	1,813,119
Due to other funds					-	-
Unearned revenue	88,715	484,353		23,763	596,831	666,043
Total liabilities	2,613,124	484,653	-	79,099	3,176,876	2,965,394
FUND BALANCES (DEFICITS):						
Nonspendable	7,972			56,000	63,972	70,871
Restricted	2,104,271	261,510	666,120	5,068,240	8,100,141	7,697,208
Committed	1,342,200			669,812	2,012,012	2,698,392
Assigned	6,188,704				6,188,704	5,412,438
Unassigned (deficit)				(36,563)	(36,563)	(33,931)
Total fund balances	9,643,147	261,510	666,120	5,757,489	16,328,266	15,844,978
TOTAL	$ 12,256,271	$ 746,163	$ 666,120	$ 5,836,588	$ 19,505,142	$ 18,810,372

See notes to basic financial statements.

CITY OF WINONA, MINNESOTA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION AS OF DECEMBER 31, 2014

FUND BALANCE—TOTAL GOVERNMENTAL FUNDS		$ 16,328,266
Amounts reported for governmental activities in the statement of net position are different because:		
1. Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds:		
Construction in progress	$ 809,504	
Governmental capital assets	91,339,271	
Less accumulated depreciation	(51,183,015)	40,965,760
2. Unavailable revenue in governmental funds is susceptible to full accrual on the government-wide statements—		
Unavailable special assessments, property taxes, state grant, and service charges		596,831
3. Long-term liabilities (bonds payable) are not payable with current financial resources and are therefore not reported in the governmental funds.		(1,375,000)
4. The City uses an internal service fund to charge the cost of its self-insurance activities to individual funds:		
Internal service funds net position	12,268,178	
Cumulative portion to business-type activities	(5,895)	12,262,283
5. Accrued interest is not payable with current financial resources and is therefore not reported in the governmental funds.		(12,071)
6. Note receivable in governmental funds is susceptible to full accrual on the government-wide statements:		
Note receivable	588,000	
Less unavailable revenue	(588,000)	-
NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 68,766,069

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, 2014 (with comparative totals for 2013)

	General	Permanent Improvement Revolving Bond	Permanent Improvement Revolving Construction	Other Nonmajor Governmental Funds	Total Governmental Funds 2014	Total Governmental Funds 2013
REVENUES:						
General property taxes	$ 4,366,030	$ 351,894	$ -	$ 495,832	$ 5,213,756	$ 5,247,958
Franchise fees	1,431,655				1,431,655	1,379,807
Special assessments		173,440			173,440	210,542
Licenses and permits	177,642				177,642	174,982
Fines and forfeits	162,011				162,011	168,112
Intergovernmental revenues	8,465,341			2,022,748	10,488,089	10,177,666
Investment earnings	16,636	89	797	6,556	24,078	9,245
Net increase(decrease) fair value-investmnt.	(16,360)			(46)	(16,406)	(4,186)
Charges for services	803,886			179,701	983,587	891,743
Contributions	34,942			30,255	65,197	449,365
Total revenues	15,441,783	525,423	797	2,735,046	18,703,049	18,705,234
EXPENDITURES:						
Current:						
General government	2,741,128			116,519	2,857,647	2,598,999
Public safety	6,845,541				6,845,541	6,644,687
Highways and streets	2,736,904				2,736,904	2,773,739
Sanitation and waste removal	37,585				37,585	48,993
Economic development	291,382			411,491	702,873	631,552
Park maintenance	1,579,981				1,579,981	1,508,534
Capital outlay:						
General government						22,626
Public safety	626,381				626,381	90,291
Highways and streets	168,644		55,576	1,840,547	2,064,767	1,983,821
Economic development						19,100
Park maintenance	215,654				215,654	94,242
Debt service:						
Bond principal		490,000		290,000	780,000	1,260,000
Interest and other expenditures		30,257		13,732	43,989	69,512
Total expenditures	15,243,200	520,257	55,576	2,672,289	18,491,322	17,746,096
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	198,583	5,166	(54,779)	62,757	211,727	959,138
OTHER FINANCING (USES) SOURCES:						
Transfer to other funds	(820,489)				(820,489)	(1,633,662)
Transfers from other funds	1,030,252			61,798	1,092,050	1,397,826
Total other financing (uses) sources	209,763	-	-	61,798	271,561	(235,836)
NET CHANGE IN FUND BALANCE	408,346	5,166	(54,779)	124,555	483,288	723,302
FUND BALANCE— January 1, 2014	9,234,801	256,344	720,899	5,632,934	15,844,978	15,121,676
FUND BALANCE— December 31, 2014	$ 9,643,147	$ 261,510	$ 666,120	$ 5,757,489	$ 16,328,266	$ 15,844,978

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, 2014

NET CHANGE IN FUND BALANCES—TOTAL GOVERNMENTAL FUNDS		$ 483,288
Amounts reported for governmental activities in the statement of activities are different because:		
1. Governmental funds report capital outlays as expenditures while the government-wide statement of activities reports depreciation expense to allocate those expenditures over the life of the assets. As a result, fund balance decreases by the amount of financial resources expended, whereas net position decreases by the amount of depreciation expense charged for the year. This is the amount by which capital outlays exceeded depreciation expense.		
Construction in progress	$ 153,760	
Capital outlay	1,392,986	
Depreciation expense	(2,211,096)	(664,350)
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	(11,363)	
Special assessments	(72,075)	
Other	14,228	(69,210)
3. Bond proceeds are reported as other financing sources in governmental funds and thus contribute to the increase in fund balance. In the government-wide statements, however, issuing debt increases long-term liabilities in the statement of net position and does not affect the statement of activities. This is the amount received related to the issuance of debt.		
Net of issuance and repayment of the principal on long-term debt	780,000	780,000
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, 2014	(12,071)	
Accrued interest payable—December 31, 2013	19,858	7,787
5. Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. This amount represents the change in net position of the internal service fund, which is reported with governmental activities.		(355,635)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 181,880

See notes to basic financial statements.

CITY OF WINONA, MINNESOTA

BUDGETARY COMPARISON SCHEDULE—GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2014 (with comparative total for 2013)

	2014				
	Budgeted Amounts			Variance With Final	2013
	Original	Final	Actual	Budget	Actual
REVENUES:					
General property taxes	$ 4,346,392	$ 4,346,392	$ 4,366,030	$ 19,638	$ 4,320,447
Franchise fees	1,230,000	1,230,000	1,431,655	201,655	1,379,807
Licenses and permits	154,850	154,850	177,642	22,792	174,982
Fines and forfeits	209,000	209,000	162,011	(46,989)	168,112
Intergovernmental revenues	8,280,399	8,291,929	8,465,341	173,412	8,286,399
Investment earnings	100	100	16,636	16,536	5,838
Net increase (decrease) in fair value of investments			(16,360)	(16,360)	(4,819)
Charges for services	852,812	857,640	803,886	(53,754)	755,982
Contributions		34,737	34,942	205	9,058
Total revenues	15,073,553	15,124,648	15,441,783	317,135	15,095,806
EXPENDITURES:					
General government	3,038,781	3,348,497	2,741,128	607,369	2,485,577
Public safety	6,928,915	7,116,059	6,845,541	270,518	6,644,687
Highways and streets	2,973,916	3,422,662	2,736,904	685,758	2,773,739
Sanitation and waste removal	53,150	53,150	37,585	15,565	48,993
Economic development	285,161	291,863	291,382	481	252,557
Park maintenance	1,565,956	1,649,330	1,579,981	69,349	1,505,374
Capital outlay	747,900	1,419,524	1,010,679	408,845	394,986
Total expenditures	15,593,779	17,301,085	15,243,200	2,057,885	14,105,913
(DEFICIENCY) EXCESS OF REVENUES (UNDER) OVER EXPENDITURES	(520,226)	(2,176,437)	198,583	2,375,020	989,893
OTHER FINANCING SOURCES (USES):					
Transfers from other funds	579,750	579,750	1,030,252	450,502	365,264
Transfers to other funds	(59,524)	(120,489)	(820,489)	(700,000)	(660,624)
Total other financing sources (uses)	520,226	459,261	209,763	(249,498)	(295,360)
NET CHANGE IN FUND BALANCES		(1,717,176)	408,346	2,125,522	694,533
FUND BALANCE—January 1, 2014	9,234,801	9,234,801	9,234,801		8,540,268
FUND BALANCE—December 31, 2014	$ 9,234,801	$ 7,517,625	$ 9,643,147	$ 2,125,522	$ 9,234,801

See notes to basic financial statements

CITY OF WINONA, MINNESOTA

STATEMENT OF NET POSITION—PROPRIETARY FUNDS
AS OF DECEMBER 31, 2014 (with comparative totals for 2013)

ASSETS	Water	Sanitary Sewer	Inspections	Airport	Public Transportation
CURRENT ASSETS:					
Cash and cash equivalents	$ 8,863,340	$ 11,746,649	$ 520,265	$ 936,011	$ 294,469
Restricted investments					
Receivables—net:					
Billed	118,979	74,299			
Unbilled	531,569	351,161			
Other	2,518	224,903	10,649	3,057	21,162
Due from other funds					
Due from other governmental units	9,581	9,580		1,739,541	172,839
Prepaid items	202	523	105	991	
Accrued interest on investments					
Inventories	281,102				
Total current assets	9,807,291	12,407,115	531,019	2,679,600	488,470
PROPERTY AND EQUIPMENT—CAPITAL ASSETS (Note 3):					
Nondepreciable:					
Land	16,600	11,900		458,840	
Collections					
Construction in progress				3,341,596	
Depreciable:					
Buildings	7,877,257	5,270,478		2,077,271	211,455
Improvements other than buildings	10,057,926	14,300,186		950,119	62,746
Machinery and equipment	2,722,292	1,168,855	38,141	210,197	799,802
Infrastructure	5,938,325	6,946,151			
Books					
Accumulated depreciation	(12,011,309)	(16,281,827)	(38,141)	(2,353,549)	(576,016)
Total capital assets	14,601,091	11,415,743	-	4,684,474	497,987
TOTAL ASSETS	24,408,382	23,822,858	531,019	7,364,074	986,457
LIABILITIES AND NET POSITION					
CURRENT LIABILITIES:					
Accounts payable	69,222	196,200	7,371	71,746	57,170
Accrued salaries and compensated absences	355,844	507,036	90,273	46,120	37
Bonds payable	690,000			100,000	
Accrued interest payable	20,042			7,065	
Due to other funds				530,000	
Unearned revenue				495	
Outstanding and incurred, but not reported claims					
Total current liabilities	1,135,108	703,236	97,644	755,426	57,207
Noncurrent liabilities					
Revenue bonds payable (net of unamortized premiums and discounts)	1,409,533			1,019,431	
Total liabilities	2,544,641	703,236	97,644	1,774,857	57,207
NET POSITION:					
Net investment in capital assets	12,501,558	11,415,743		3,565,043	497,987
Restricted for (Note 8):					
Commitments		693,600		2,024,174	
Bond requirements	750,050				
OPEB-retiree subsidy health plan	32,300	43,100	10,800		
PERA contribution	107,500	150,500	21,500		
Unrestricted	8,472,333	10,816,679	401,075		431,263
TOTAL NET POSITION	$ 21,863,741	$ 23,119,622	$ 433,375	$ 5,589,217	$ 929,250

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

Net position of business-type activities.

See notes to basic financial statements.

Recreation	Library	Storm Sewer	Total 2014	Total 2013	Governmental Activities—Internal Service Funds 2014	Governmental Activities—Internal Service Funds 2013
$ 294,890	$ 328,542	$ 1,131,118	$ 24,115,284	$ 22,968,791	$ 14,576,817	$ 14,878,526
				1,695,852		
		9,710	202,988	230,852		
			882,730	868,195		
635	1,922	5,010	269,856	349,547		468
					530,000	530,000
3,065	3,103		1,937,709	462,347		
4,077	6,005	1,381	13,284	11,838		52
				848		
			281,102	294,921		
302,667	339,572	1,147,219	27,702,953	26,883,191	15,106,817	15,409,046
	5,286	363,193	855,819	855,819		
	175,800		175,800	175,800		
			3,341,596	270,147		
1,705,842	364,432		17,506,735	17,353,420		
1,560,907			26,931,884	26,909,943		
43,104	49,425		5,031,816	4,772,553		
		3,450,840	16,335,316	16,042,323		
	440,178		440,178	452,892		
(2,414,453)	(684,070)	(1,236,623)	(35,595,988)	(33,956,962)		
895,400	351,051	2,577,410	35,023,156	32,875,935	-	-
1,198,067	690,623	3,724,629	62,726,109	59,759,126	15,106,817	15,409,046
23,363	10,314	3,666	439,052	286,865	272,438	195,692
326,864	284,695	14,002	1,624,871	1,627,044	2,408,565	2,431,353
			790,000	2,425,000		
			27,107	63,679		
	150,000		680,000	680,000		
			495	830	1,636	1,188
					156,000	157,000
350,227	445,009	17,668	3,561,525	5,083,418	2,838,639	2,785,233
			-	-	-	-
			2,428,964	3,225,179		
350,227	445,009	17,668	5,990,489	8,308,597	2,838,639	2,785,233
895,400	351,051	2,577,410	31,804,192	27,225,756		
		45,569	2,763,343	2,320,579		
			750,050	2,204,000		
			86,200	8,330		
			279,500	201,240	11,712,099	11,952,855
(47,560)	(105,437)	1,083,982	21,052,335	19,490,623	556,079	670,958
$ 847,840	$ 245,614	$ 3,706,961	56,735,620	51,450,528	$ 12,268,178	$ 12,623,813
			5,895	5,895		
			$ 56,741,515	$ 51,456,423		

CITY OF WINONA, MINNESOTA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION—PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014 (with comparative totals for 2013)

	Water	Sanitary Sewer	Inspections	Airport	Public Transportation
OPERATING REVENUES:					
Water sales	$ 3,495,999	$ -	$ -	$ -	$ -
Sewer and storm sewer charges		3,078,075			
Permits and licenses			442,268		
Athletic fees and memberships					
Fares and passes					126,635
Rents				35,220	
Charges to city departments					
Other charges and services	66,940	29,570	17,581		125,178
Tap fees	27,716	38,067			
Library sales					
Refunds and reimbursements					
Other	14,477			2,205	
Total operating revenues	3,605,132	3,145,712	459,849	37,425	251,813
OPERATING EXPENSES:					
Salaries and employee benefits	693,732	889,142	226,735	74,860	6,475
Health insurance stop-loss premium					
Health insurance claims and fees					
Contractual services	451,868	569,343	87,962	109,455	456,506
Supplies	246,394	338,061	5,863	7,694	144,464
Maintenance of equipment	7,463	114,012			100,543
Utilities	231,806	212,686		8,600	947
Depreciation	634,399	689,193		95,585	89,666
Other expense	(61)				1,740
Total operating expenses	2,265,601	2,812,437	320,560	296,194	800,341
OPERATING INCOME (LOSS)	1,339,531	333,275	139,289	(258,769)	(548,528)
NONOPERATING REVENUES (EXPENSES):					
General property taxes				94,764	
Contributions				137,600	
Investment earnings	9,436	12,857	559	1,863	546
Intergovernmental revenues:					
Federal grants				2,938,855	160,334
State market value credits and LGA				110,680	
State grants	9,581	9,580		430,201	556,354
County					
Interest expense	(55,970)	(305)		(16,736)	
(Loss) gain on sale of capital asset					10,500
Other revenue					
Other expense	(15,673)	(470)		(1,668)	
Nonoperating (expenses) revenues	(52,626)	21,662	559	3,695,559	727,734
INCOME (LOSS) BEFORE TRANSFERS	1,286,905	354,937	139,848	3,436,790	179,206
TRANSFERS IN					
TRANSFERS OUT					
INCREASE (DECREASE) IN NET POSITION	1,286,905	354,937	139,848	3,436,790	179,206
NET POSITION—Beginning of year	20,576,836	22,764,685	293,527	2,152,427	750,044
NET POSITION—End of year	$ 21,863,741	$ 23,119,622	$ 433,375	$5,589,217	$ 929,250
Change in net position-business-type activities					

See notes to basic financial statements.

Recreation	Library	Storm Sewer	Total 2014	Total 2013	Governmental Activities—Internal Service Fund 2014	Governmental Activities—Internal Service Fund 2013
$ -	$ -	$ -	$ 3,495,999	$ 3,588,934	$ -	$ -
		345,379	3,423,454	3,611,863		
			442,268	379,230		
410,628			410,628	420,102		
			126,635	122,741		
			35,220	37,950		
					1,484,366	1,428,302
	6,815		246,084	240,813	456,910	536,389
			65,783	12,893		
	26,476		26,476	30,062		
3,002			3,002	565	101,211	237,027
			16,682	17,684		
413,630	33,291	345,379	8,292,231	8,462,837	2,042,487	2,201,718
944,078	696,027	72,713	3,603,762	3,535,235	(22,788)	(33,862)
					337,711	346,322
					1,394,413	1,620,949
353,075	162,746	86,177	2,277,132	2,670,850	292,199	404,596
113,345	59,689	497	916,007	925,137		
82,861	3,638		308,517	171,057		
100,444	29,861		584,344	516,825		
106,884	83,813	68,093	1,767,633	1,736,382		
(13)			1,666	1,784		
1,700,674	1,035,774	227,480	9,459,061	9,557,270	2,001,535	2,338,005
(1,287,044)	(1,002,483)	117,899	(1,166,830)	(1,094,433)	40,952	(136,287)
331,884	335,973		762,621	758,789		
22,067	15,027		174,694	148,323		
140		1,254	26,655	12,173	10,805	3,577
			3,099,189	614,372		
624,569	379,601		1,114,850	1,114,850		
10,000			1,015,716	697,310		
8,250	194,201		202,451	202,451		
	237		(72,774)	(151,333)		
			10,500	(34,872)		
			-	-		
			(17,811)	(85,654)		
996,910	925,039	1,254	6,316,091	3,276,409	10,805	3,577
(290,134)	(77,444)	119,153	5,149,261	2,181,976	51,757	(132,710)
170,242	26,589		196,831	36,100	700,010	600,010
		(61,000)	(61,000)	(61,000)	(1,107,402)	(339,274)
(119,892)	(50,855)	58,153	5,285,092	2,157,076	(355,635)	128,026
967,732	296,469	3,648,808			12,623,813	12,495,787
$ 847,840	$ 245,614	$ 3,706,961			$ 12,268,178	$ 12,623,813
			$ 5,285,092	$ 2,157,076		

CITY OF WINONA, MINNESOTA

STATEMENT OF CASH FLOWS—PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014 (with comparative totals for 2013)

	Water	Sanitary Sewer	Inspections	Airport
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	$ 3,650,118	$ 3,180,170	$ 460,594	$ (1,245,025)
Payments to employees	(678,658)	(883,698)	(261,939)	(71,822)
Payments to other funds	(87,865)		(60,000)	
Payments to suppliers	(849,244)	(1,127,301)	(30,411)	(73,660)
Service charges	61			
Net cash provided by (used in) operating activities	2,034,412	1,169,171	108,244	(1,390,507)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
County grants				
Unearned revenue-increase (decrease)				(120)
Due to (from) other funds				
Federal grants				2,938,855
State grants	9,581	9,580		430,201
State LGA and market value credits				110,680
Taxes				94,764
Contributions				137,600
Transfers from other funds				
Transfers to other funds				
Other	(7,430)	470		619
Net cash (used in) provided by noncapital financing activities	2,151	10,050	-	3,712,599
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets	(66,041)			(3,341,595)
Interest paid on capital debt	(95,320)	(1,829)		(12,434)
Other fiscal agent charges	(15,672)	(470)		(1,669)
Payments on capital debt	(2,351,850)	(73,150)		
Proceeds from capital debt				
Restriction of proceeds from capital debt	1,695,853			
Net cash (used in) provided by capital & related financing activities	(833,030)	(75,449)	-	(3,355,698)
CASH FLOWS FROM INVESTING ACTIVITIES—Interest received	10,284	12,857	559	1,863
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,213,817	1,116,629	108,803	(1,031,743)
CASH AND CASH EQUIVALENTS—Beginning of year	7,649,523	10,630,020	411,462	1,967,754
CASH AND CASH EQUIVALENTS—End of year	$ 8,863,340	$ 11,746,649	$ 520,265	$ 936,011
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:				
Operating income (loss)	$ 1,339,531	$ 333,275	$ 139,289	$ (258,769)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	634,399	689,193		95,585
Changes in assets and liabilities:				
Accounts payable	(13,397)	106,802	3,414	52,089
Compensated absences	11,436	652	(35,033)	2,592
Customer receivables	44,986	34,458	745	(1,282,450)
Inventory	13,819			
Other accrued liabilities				
Salaries and benefits payable	3,638	4,791	(171)	446
Net cash provided by (used in) operating activities	$ 2,034,412	$ 1,169,171	$ 108,244	$ (1,390,507)

See notes to basic financial statements.

Public Transporation	Recreation	Library	Storm Sewer	Total 2014	Total 2013	Governmental Activities—Internal Service Funds 2014	Governmental Activities—Internal Service Funds 2013
$ 251,600	$ 411,231	$ 32,246	$ 339,603	$ 7,080,537	$ 8,620,286	$ 2,043,008	$ 2,201,198
(6,499)	(934,292)	(696,660)	(72,365)	(3,605,933)	(3,484,266)		
				(147,865)	(127,865)		
(676,701)	(644,832)	(287,880)	(83,825)	(3,773,854)	(4,076,369)	(1,991,052)	(2,459,634)
				61	40	(22,788)	(33,862)
(431,600)	(1,167,893)	(952,294)	183,413	(447,054)	931,826	29,168	(292,298)
	8,250	194,201		202,451	202,451		
	(90)			(210)	(17,320)	65,710	25,011
(172,100)				(172,100)	6,311		
160,334				3,099,189	199,432		
556,354	10,000			1,015,716	697,310		
	624,569	379,601		1,114,850	1,114,850		
	331,884	335,973		762,621	758,789		
				137,600	148,324		
	170,242	26,589		196,831	36,100	700,010	600,010
			(61,000)	(61,000)	(61,000)	(1,107,402)	(339,274)
	22,067	15,027		30,753	33,477		
544,588	1,166,922	951,391	(61,000)	6,326,701	3,118,724	(341,682)	285,747
(416,288)	(37,651)	(42,778)		(3,904,353)	(918,782)		
				(109,583)	(146,391)		
				(17,811)	(85,653)		
				(2,425,000)	(720,000)		
					2,810,000		
				1,695,853	(1,695,852)		
(416,288)	(37,651)	(42,778)	-	(4,760,894)	(756,678)	-	-
546	140	237	1,254	27,740	11,324	10,805	3,577
(302,754)	(38,482)	(43,444)	123,667	1,146,493	3,305,196	(301,709)	(2,974)
597,223	333,372	371,986	1,007,451	22,968,791	19,663,595	14,878,526	14,881,500
$ 294,469	$ 294,890	$ 328,542	$ 1,131,118	$ 24,115,284	$ 22,968,791	$ 14,576,817	$ 14,878,526
$ (548,528)	$ (1,287,044)	$ (1,002,483)	$ 117,899	$ (1,166,830)	$ (1,094,433)	$ 40,952	$ (136,287)
89,666	106,884	83,813	68,093	1,767,633	1,736,382		
27,498	4,879	(31,945)	2,849	152,189	77,578	10,483	(121,628)
	3,473	(26,410)	195	(43,095)	24,100		
(212)	(2,398)	(1,045)	(5,775)	(1,211,691)	157,450	521	(520)
				13,819	3,879		
						(22,788)	(33,863)
(24)	6,313	25,776	152	40,921	26,870		
$ (431,600)	$ (1,167,893)	$ (952,294)	$ 183,413	$ (447,054)	$ 931,826	$ 29,168	$ (292,298)

CITY OF WINONA, MINNESOTA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES—TOURISM PROMOTION AGENCY FUND
AS OF DECEMBER 31, 2014 (with comparative totals for 2013)

	2014	2013
ASSETS:		
Accounts receivable—total assets	$ 20,033	$ 16,133
LIABILITIES—		
Accounts payable—total liabilities	$ 20,033	$ 16,133

See notes to basic financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America ("generally accepted accounting principles" or GAAP) as applied to governmental units by the Governmental Accounting Standards Board (GASB). The basic financial statements include certain prior-year summarized comparative information in total, but not at the level of detail required for presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the City's financial statements for the year ended December 31, 2014, from which the summarized information was derived. The following is a summary of the more significant accounting policies:

A. Financial Reporting Entity of the City

In accordance with GASB Statement No. 61, *The Financial Reporting Entity: Omnibus; an amendment of GASB Statements No.14 and No. 34,* the City's financial statements include all funds, organizations, institutions, agencies, departments, and offices of the City and the City's component unit. The component unit discussed below is included in the City's reporting entity because of the significance of its operational or financial relationship with the City.

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

As a result of applying the component unit definition criteria above, certain organizations have been defined in accordance with GASB Statement No. 61, *The Financial Reporting Entity: Omnibus; an amendment of GASB Statements No. 14 and No. 34* and are presented in this report as listed below:

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

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

Blended Component Units:

The City has no blended component units.

Discretely Presented Component Units:

Port Authority of Winona:

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

Related Organizations:

Housing and Redevelopment Authority of Winona:

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

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

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

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

Joint Ventures and Jointly Governed Organizations:

The City was not part of any joint venture or jointly governed organization during 2013.

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Other funds—The City reports the following fund types:

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

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

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

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

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

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

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

D. Budgets and Budgetary Accounting

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

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

The budget is legally enacted through passage of a resolution.

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

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

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

During the year there was a net increase of $1,768,271 in appropriations between the General Fund original and final amended budget. Following are some of the components of this:

- $1,695,796 was added to various departments for encumbrances from December 31, 2013;
- $25,000 was added –Planning Department (grant from Southern MN Initiative Foundation);
- $21,380 was added to the Police Department for the drug forfeiture account;
- $9,200 was added to the Fire Department for fire fighter training (funded by a grant);
- $8,245 was added to the Fire Department for various donations;
- $3,411 was added to the Police Department for various donations;
- $2,330 was added –Planning Department (grant from Minnesota Historical Society).

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

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

E. Cash, Cash Equivalents, and Investments

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

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

The City conforms to GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*. For purposes of the statement of cash flows, the proprietary funds consider all highly liquid

investments with a maturity of three months or less when purchased to be cash equivalents. All of the cash and investments allocated to the proprietary funds have original maturities of 90 days or less; therefore, the entire balance in such fund types is considered cash or cash equivalents.

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

F. Interfund Receivables/Payables

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

G. Inventories and Prepaid Items

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

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

H. Funds Held by Others

The Port Authority enrolled in a Minnesota Community Capital Fund (MCCF), which operates as a self-sustaining development loan program. The $100,000 that the Port Authority paid into the MCCF on September 30, 2002, was refunded to the Port Authority in March 2014.

I. Restricted Assets

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

J. Capital Assets

Capital assets, which include land, buildings, machinery and equipment, and infrastructure, are reported in the applicable governmental or business-type activity columns in the government-wide statements. The capitalization threshold for individual capital assets is $10,000. The capitalization threshold for the City's infrastructure is $50,000. Library books are capitalized on an annual group basis when the total purchase of books is $10,000 or greater. Capital assets purchased with a Federal Grant have a capitalization threshold at the current Federal threshold level.

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

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

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

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

K. Compensated Absences Benefits

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

L. Long-Term Obligations

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

M. Fund Equity

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

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

Governmental Activities	**Amount**
General Fund	$ 61,375
Risk Management	842,083
LELS Program	262
Total Governmental	$ 903,720
Business-Type Activities	
Projects	$ 2,763,343
Component Unit	
Port Authority projects	$ 3,778,912

The majority of the commitments are externally imposed.

N. Bond Discounts

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

O. Interfund Transactions

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

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

P. Property Taxes

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

The County spreads all levies over taxable property. Such taxes become a lien on January 1 and are recorded as receivables by the City at that date. Within the fund financial statements, property

taxes are accrued and recognized as revenue, excluding delinquent taxes received over 60 days after year-end.

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

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

Q. New Accounting Pronouncements

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

The GASB has issued Statement No. 69, *Government Combinations and Disposals of Government Operations.* This Statement establishes accounting and financial standards for mergers, acquisitions, and transfers of operations (i.e., government combinations). The requirements of this Statement are effective for government combinations and disposals of government operations occurring in financial reporting periods in 2014. The implementation of this standard did not have a significant effect of the City's basic financial statements.

The GASB has issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees.* This Statement establishes accounting and financial reporting standards for situations where a state or local government, as a guarantor, agrees to indemnify a third-party obligation holder under specified conditions. The requirements of this Statement are effective for the City in 2014. The implementation of this standard did not have a significant effect of the City's basic financial statements.

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

A. Deposits

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

Minnesota Statutes require that all of the City's deposits be protected by insurance, surety bonds, or collateral. The fair value of collateral pledged must equal 110% of the deposits not covered by insurance or bonds. Minnesota Statutes require that securities pledged as collateral can only be

safely kept in either a restricted account at the Federal Reserve or at a financial institution not owned or controlled by the financial institution furnishing the collateral.

Deposit balances at December 31, 2014, 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	$ 7,116,263	$ 6,612,071
Primary government	$ 6,760,450	$ 6,281,467
Component unit	$ 355,813	$ 330,604

B. Investments

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

- Governmental bonds, notes, bills, and other federal government instruments
- State bonds and state agencies (General Obligations or Revenue)—limited investment instruments
- Local government bonds (General Obligations or Revenue)—limited investment instruments
- Repurchase agreements—limited investment instruments
- Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System
- Commercial paper issued by United States corporations or their Canadian subsidiaries that was rated in the highest quality category by at least two nationally recognized rating agencies and matures in 270 days or less
- Money market mutual funds regulated by the Securities and Exchange Commission and whose portfolios consist only of domestic securities

Primary Government

The City's balances at December 31, 2014, are as follows:

Investment Type	Carrying/ Fair Value
U.S. treasury securities	$ 43,513,960
Money market mutual funds	6,385,188
Total investments, restricted cash, and escrow deposits	49,899,148
Total deposits (Note 2.A.)	6,281,467
Total deposits, investments, restricted cash, and escrow accounts	$ 56,180,615

A reconciliation to the basic financial statements at December 31, 2014, is as follows:

Governmental activities:	
Governmental funds—cash and cash equivalents	$ 17,169,746
Governmental funds—restricted investments	318,768
Internal service funds—cash and cash equivalents	14,576,817
Total governmental activities	32,065,331
Business-type activities:	
Enterprise funds—cash and cash equivalents	24,115,284
Enterprise funds—restricted investments	-
Total business-type activities	24,115,284
Total	$ 56,180,615

As of December 31, 2014, 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)	$ 43,513,960	0.71
Total fair value	$ 43,513,960	
Portfolio weighted average maturity		0.71

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—The U.S.'s AA+ credit rating was affirmed by Standard & Poor's in June, 2014. Minnesota state law limits investments in commercial paper to that which is issued by a U.S. corporation rated in the highest quality category by at least two nationally recognized rating agencies, and matures in 270 days or less. (The City does not hold any commercial paper as of December 31, 2014.) Also, as of December 31, 2014, the primary government and the component unit had $8,497,271 invested in a money market fund with a rating of AAAm/Aaa and $739,212 was invested in a money market fund that is not rated for the fund itself, but the underlying investments are all rated or insured/collateralized as per Minnesota Statutes.

Concentration of Credit Risk—The City's investment policy states that it is the City's preference to limit to no more than 20% of total City investments in any one company for the commercial paper that is purchased. At December 31, 2014, the City does not hold any commercial paper as part of its investment portfolio.

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

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

Maturity dates for securities held in investments, restricted cash and escrow accounts at December 31, 2014, are listed below:

Maturity Year	**Fair Value**
2015	$ 39,402,123
2016	10,497,025
Total	$ 49,899,148

Component Unit

The component unit's balances at December 31, 2014, are as follows:

Investment Type	Carrying/ Fair Value
Money market mutual funds	$ 2,885,443
Total deposits (Note 2.A.)	330,604
Total deposits and investments	$ 3,216,047

The maturity date for securities held in investment accounts at December 31, 2014, is listed below:

Maturity Year	Fair Value
2015	$ 2,885,443

3. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2014, was as follows:

	Primary Government			
	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Nondepreciable:				
Land	$ 7,074,361	$ -	$ -	$ 7,074,361
Construction in progress	655,744	809,504	(655,744)	809,504
Depreciable:				
Buildings and improvements	5,574,908	57,820		5,632,728
Machinery and equipment	7,248,415	952,859	(279,903)	7,921,371
Infrastructure:				
Flood control	33,000,000			33,000,000
Street system	36,770,601	662,210		37,432,811
Park	278,000			278,000
Total at historical cost	90,602,029	2,482,393	(935,647)	92,148,775
Less accumulated depreciation:				
Buildings and improvements	(3,867,120)	(190,035)		(4,057,155)
Machinery and equipment	(5,421,216)	(556,636)	279,903	(5,697,949)
Infrastructure:				
Flood control	(24,409,090)	(715,909)		(25,124,999)
Street system	(15,124,450)	(1,018,975)		(16,143,425)
Park	(150,043)	(9,444)		(159,487)
Total accumulated depreciation	(48,971,919)	(2,490,999)	279,903	(51,183,015)
Governmental activities capital assets—net	$ 41,630,110	$ (8,606)	$ (655,744)	$ 40,965,760
Business-type activities:				
Nondepreciable:				
Land	$ 855,819	$ -	$ -	$ 855,819
Collections	175,800			175,800
Construction in progress	270,147	3,341,596	(270,147)	3,341,596
Depreciable:				
Buildings and improvements	44,263,363	190,966	(15,710)	44,438,619
Machinery and equipment	4,772,554	316,667	(57,405)	5,031,816
Books	452,891	42,778	(55,492)	440,177
Infrastructure:				
Water	5,645,332	292,994		5,938,326
Sanitary Sewer	6,946,151			6,946,151
Storm sewer	3,450,840			3,450,840
Total at historical cost	66,832,897	4,185,001	(398,754)	70,619,144
Less accumulated depreciation:				
Buildings and improvements	(25,340,397)	(1,160,314)	15,710	(26,485,001)
Machinery and equipment	(3,800,485)	(207,546)	57,405	(3,950,626)
Books	(330,562)	(61,061)	55,492	(336,131)
Infrastructure:				
Water	(1,458,171)	(133,100)		(1,591,271)
Sanitary Sewer	(1,858,816)	(137,519)		(1,996,335)
Storm sewer	(1,168,531)	(68,093)		(1,236,624)
Total accumulated depreciation	(33,956,962)	(1,767,633)	128,607	(35,595,988)
Business-type activities capital assets—net	$ 32,875,935	$ 2,417,368	$ (270,147)	$ 35,023,156

Depreciation expense for governmental activities is charged to functions in 2014, as follows:

General government	$ 127,840
Public safety	918,489
Highways and streets	1,285,266
Park maintenance	159,404
Total depreciation expense for governmental activities	$ 2,490,999

The Governmental activities accumulated depreciation "Increases" column, on the previous page, of $2,490,999 does not include any capital asset transfers between the general fund and the business-type funds.

Depreciation expense for business-type activities charged in 2014, as follows:

Water	$ 634,399
Sanitary Sewer	689,193
Inspections	
Airport	95,585
Public transportation	89,666
Recreation	106,884
Library	83,813
Storm sewer	68,093
Total depreciation expense for business-type activities	$ 1,767,633

The Business-type activities accumulated depreciation "Increases" column, on the previous page, of $1,767,633, does not include any capital asset transfers between the general fund and the business-type funds.

Component Unit

Capital asset activity (Port Authority) for the year ended December 31, 2014, was as follows:

	Component Unit			
	Beginning Balance	Increases	Decreases	Ending Balance
Component unit:				
Buildings and improvements	$ 1,252,728	$ -	$ -	$ 1,252,728
Total at historical cost	1,252,728	-	-	1,252,728
Less accumulated depreciation:				
Buildings and improvements	(39,670)	(25,054)		(64,724)
Total accumulated depreciation	(39,670)	(25,054)	-	(64,724)
Component unit capital assets—net	$ 1,213,058	$ (25,054)	$ -	$ 1,188,004

Construction in Progress

There is one project included in the capital assets—construction in progress (in the governmental activities) at December 31, 2014.

Franklin Street–Broadway to Tenth Street	$ 809,504

There is one project included in the capital assets—construction in progress (in the business-type activities) at December 31, 2014. It is as follows:

Airport—Runway project	3,341,596
Total	$ 4,151,100

Component Unit

There are no projects included in the capital assets—construction in progress (Port Authority) at December 31, 2014.

4. PROPERTIES HELD FOR DEVELOPMENT

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

During 2014, there were no sales in the properties held for development of land category. There are 43.06 developable acres as of December 31, 2014.

5. LONG-TERM DEBT

Primary Government

A summary of bonds outstanding at year-end follows:

Bonds	Maturities	Rates	December 31, 2014
Governmental activities:			
G.O. bonds—supported by taxes	2015	3.45%	$ 207,900
G.O. bonds—supported by special assessments	2015	3.45	287,100
Total			495,000
Business-type activities:			
Bonds	2015–2024	0.35–5.00	3,170,000
Add unamortized premium			54,533
Less unamortized discounts			(5,569)
			3,218,964
Total bonds outstanding			$ 3,713,964

A summary of changes in bonds payable (at par) during 2014 is as follows:

Bonds	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Governmental activities:					
G.O. bonds—supported by taxes	$ 413,700	$ -	$ (205,800)	$ 207,900	$ 207,900
G.O. bonds—supported by special assessments	571,300		(284,200)	287,100	287,100
Total governmental activities	985,000	-	(490,000)	495,000	495,000
Business-type activities	5,595,000		(2,425,000)	3,170,000	790,000
Total	$ 6,580,000	$ -	$ (2,915,000)	$ 3,665,000	$ 1,285,000

Debt service requirements to maturity as of December 31, 2014, including interest of $210,626, are as follows:

Year Ending December 31	General Obligation (G.O.) Bonds			
	Supported by Property Taxes	Supported by Special Assessments	Supported by Water and Sewer Utilities	Total Bonds
2015	$ 211,486	$ 292,053	$ 844,380	$ 1,347,919
2016			480,066	480,066
2017			487,537	487,537
2018			469,665	469,665
2019			466,513	466,513
2020-2024			623,926	623,926
Total	$ 211,486	$ 292,053	$ 3,372,087	$ 3,875,626

Year Ending December 31	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2015	$ 495,000	$ 8,539	$ 503,539	$ 790,000	$ 54,380	$ 844,380
2016				440,000	40,066	480,066
2017				455,000	32,537	487,537
2018				445,000	24,665	469,665
2019				450,000	16,513	466,513
2020-2024				590,000	33,926	623,926
Total	$ 495,000	$ 8,539	$ 503,539	$ 3,170,000	$ 202,087	$ 3,372,087

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

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

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

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

There are limitations and restrictions contained in the bond indentures.

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

Other Debt	Maturities	Interest Rates	December 31, 2014
Governmental funds—			
G.O. Equipment Certificates	2015	1.10 %	$ 290,000
	2016	1.35 %	295,000
	2017	1.60 %	295,000
	Total		$ 880,000

Debt service requirements to maturity as of December 31, 2014, including interest of $19,368, listed below for other debt are summarized as follows:

Year Ending December 31	G.O. Equipment Certificates		
	Principal	Interest	Total
2015	$ 290,000	$ 10,297	$ 300,297
2016	295,000	6,711	301,711
2017	295,000	2,360	297,360
	$ 880,000	$ 19,368	$ 899,368

The City issued General Equipment Certificates of Indebtedness, Series 2015A, dated March 25, 2015, for $3,685,000. The 2015 Bonds were sold to the bidder at a true interest rate of 1.38% and will be repaid with property taxes. The Bonds are secured by the City's full faith, credit, and taxing authority of the City. Proceeds from the 2015A Bonds will be used to finance the purchase of various equipment for the City such as two fire trucks and ice equipment for the Bud King Ice Arena.

The Port Authority issued General Obligation Refunding Bonds, Series 2015A, dated March 25, 2015, for $1,430,000. The 2015 Bonds were sold to the bidder at a true interest rate of 1.05% and will be repaid with property taxes. The 2015 bonds are structured as a current refunding of General Obligation Bonds, Series 2005, (dated December 1, 2005 with an interest rate of 4%). The 2015 bonds are being issued to achieve debt service savings of approximately $80,000. The Bonds are secured by the City's full faith, credit, and taxing authority of the City.

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

Debt	Beginning Balance	Issued	Retired	Ending Balance
Bonds payable	$ 985,000	$ -	$ (490,000)	$ 495,000
Other debt	1,170,000		(290,000)	880,000
Total	$ 2,155,000	$ -	$ (780,000)	$ 1,375,000

A review of improvement bonds for the years 1995–2014 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
2008 Projects	21,026	21,026	21,026
2009 Projects	12,296	12,296	12,296
2010 Projects	-	-	-
2011 Projects	-	-	-
2012 Projects	-	-	-
2013 Projects	-	-	-
2014 Projects	-	-	-
Total	$ 2,121,458	$ 6,473,468	$ 2,121,458

Component Unit

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

Bonds	Maturities	Rates	December 31, 2014
Long-term debt—G.O.	2015–2020	4.00%	$ 1,620,000

A summary of changes in bonds payable (at par) during 2014 is as follows:

Bonds	Beginning Balance	Issued	Retired	Ending Balance
Long-term (G.O.)—Bonds payable	$ 1,855,000	$ -	$ (235,000)	$ 1,620,000

Debt service requirements to maturity as of December 31, 2014, including interest of $201,400, are listed below for general long-term debt (bonds):

Year Ending December 31	General Obligation		
	Principal	Interest	Total
2015	$ 245,000	$ 59,900	$ 304,900
2016	255,000	49,900	304,900
2017	265,000	39,500	304,500
2018	275,000	28,700	303,700
2019	285,000	17,500	302,500
2020	295,000	5,900	300,900
Total	$ 1,620,000	$ 201,400	$ 1,821,400

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

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

Long-Term Liability Activity

Long-term liability activity for the year ended December 31, 2014, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Governmental activities:					
Bonds and certificates payable	$ 2,155,000	$ -	$ (780,000)	$ 1,375,000	$ 785,000
Compensated absences	4,244,472	29,603		4,274,075	150,000
Total governmental activities	6,399,472	29,603	(780,000)	5,649,075	935,000
Business-type activities:					
Bonds and certificates payable	5,595,000		(2,425,000)	3,170,000	790,000
Compensated absences	1,627,044		(8,388)	1,618,656	60,000
Other	55,179			55,179	
Total business-type activities	7,277,223	-	(2,433,388)	4,843,835	850,000
	$ 13,676,695	$ 29,603	$ (3,213,388)	$ 10,492,910	$ 1,785,000

Compensated absences classified as long-term liabilities include unused vacation, compensated time, other post-employment benefit obligation (OPEB) and sick leave estimated to be paid or used by employees for periods ending after December 31, 2014. (The OPEB liability is $2,368,074.) For the governmental activities, compensated absences are generally liquidated by the general fund.

6. PENSION PLANS

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

1. Plan Description

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

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

PERA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by state statute and vest after three years of credited service. The defined retirement benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service.

Two methods are used to compute benefits for PERA's Coordinated Plan and Basic Plan members. The retiring member receives the higher of step-rate benefit accrual formula ("Method 1") or a level accrual formula ("Method 2"). Under Method 1, Coordinated Plan members accrue 1.2% of their average salary for each of the first 10 years, and 1.7% for each remaining year. The annuity accrual rate for a Basic Plan member is 2.2% of average salary for each of the first 10 years of service, and 2.7% for each remaining year. Under Method 2, Coordinated Plan members earn 1.7% of their average salary for every year of service and Basic Plan members earn 2.7% of their average salary for each year of service. For PEPFF members, the annuity accrual rate is 3.0% for each year of service.

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

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

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

PERA issues a publicly available financial report that includes financial statements and required supplementary information for GERF 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. GERF Coordinated Plan members were required to contribute 6.25% of their annual covered salary in 2014, that rate will increase in 2015 to 6.5%. PEPFF members were required to contribute 10.2% of their annual covered salary in 2014, that rate will increase in 2015 to 10.8%. For 2014, the City was required to contribute the following percentages of annual covered payroll: 7.25% for Coordinated Plan GERF members; and 15.3% for PEPFF members. Employer contribution rates for GERF will increase from 7.25% to 7.5% in 2015. The employer contribution rates for PEPFF will increase from 15.3% to 16.2% in 2015. The City's contributions to the GERF for the years ended December 31, 2014, 2013, and 2012, were $422,116, $408,456, and $401,909, respectively. The City's contributions to the PEPFF for the years ended December 31, 2014, 2013, and 2012, were $607,949, $564,425, and $548,774, respectively. The City's contributions were equal to the contractually required contributions for each year as set by state statute.

3. Funding Status and Progress

Current Funding Ratios

The primary funding objectives of PERA are (1) to establish contribution rates which, when expressed as a percentage of active members' payroll, will remain level from generation to generation, and (2) to meet the required deadlines for full funding. PERA's progress toward meeting the full funding objective is displayed on the Schedule of Funding Progress. This report shows the funding levels using the entry age normal actuarial cost method. At the end of fiscal year 2014, the ratio of assets to liabilities of GERF was 78.7% and 87.1% for PEPFF. At the end of fiscal year 2013, the ratio of assets to liabilities of GERF was 72.8% and 81.2% for PEPFF.

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
June 30, 2005	$ 11,843,936	$ 15,892,555	$ 4,048,619	74.5 %	$ 4,096,138	98.8 %
June 30, 2006	12,495,207	16,737,757	4,242,550	74.7	4,247,109	99.9
June 30, 2007	12,985,324	17,705,627	4,720,303	73.3	4,448,954	106.1
June 30, 2008	13,048,970	17,729,847	4,680,877	73.6	4,722,432	99.1
June 30, 2009	13,158,490	18,799,416	5,640,926	70.0	4,778,708	118.0
June 30, 2010	13,126,993	17,180,956	4,053,963	76.4	4,804,627	84.4
June 30, 2011	13,455,753	17,898,949	4,443,096	75.2	5,079,429	87.5
June 30, 2012	13,661,682	18,598,897	4,937,125	73.5	5,142,592	96.0
June 30, 2013	14,113,295	19,379,769	5,266,474	72.8	5,246,928	100.4
June 30, 2014	17,404,822	22,102,321	4,697,499	78.7	5,351,920	87.8

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
June 30, 2005	$ 4,814,961	$ 4,956,340	$ 141,379	97.1%	$ 580,723	24.3 %
June 30, 2006	5,017,951	5,260,564	242,613	95.4	618,435	39.2
June 30, 2007	5,198,922	5,669,347	470,425	91.7	648,342	72.6
June 30, 2008	5,233,015	5,918,061	685,046	88.4	703,701	97.3
June 30, 2009	5,239,855	6,296,274	1,056,419	83.2	733,164	144.1
June 30, 2010	5,188,339	5,963,672	775,333	87.0	740,101	104.8
June 30, 2011	5,274,602	6,363,546	1,088,944	82.9	775,806	140.4
June 30, 2012	5,797,868	7,403,295	1,605,427	78.3	794,417	202.1
June 30, 2013	5,932,945	7,304,032	1,371,087	81.2	796,188	172.2
June 30, 2014	7,273,100	8,353,141	1,080,041	87.1	820,333	131.7

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 $5,279, $2,145, and $1,400 for the years ended December 31, 2014, 2013, and 2012, respectively. The employee contributions to the PEDCP were $5,279, $2,145, and $1,400 for the years ended December 31, 2014, 2013, and 2012, 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, 2014, are listed below for the primary government.

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

[1] The Library Fund will repay the General Fund when it accumulates sufficient funds. The City expects the repayment to occur in 2015 or 2016.

[2] The Airport Fund will repay the Equipment and Facilities Funds after it receives money from the state and federal governments for project reimbursement. The City expects the repayment to occur in 2015 or 2016.

Transfers during 2014 were as follows for the primary government. (A brief summary of the transfer activity is at the end of this note.)

	Transfers In	Transfers Out
Primary Government		
Governmental activities:		
General (1)	$ 61,000	$ 59,524
General (2)	81,084	2,274
General (3)	519,797	5,000
General (4)	51,500	200,000
General (5)	129,002	200,000
General (6)	187,869	200,000
General		27,102
General		26,589
General		100,000
Nonmajor Governmental Funds:		
Senior Advocacy Program (7)	59,524	
Senior Advocacy Program (8)	2,274	
Total governmental funds	1,092,050	820,489
Internal Service Funds:		
Equipment Replacement (9)	200,000	81,084
Equipment Replacement (10)	5	519,797
Equipment Replacement		51,500
Equipment Replacement		129,002
Equipment Replacement		187,869
Equipment Replacement		37,651
Equipment Replacement		53,959
Equipment Replacement		46,530
Employee Benefit (11)	100,000	
Facilities (12)	200,000	
Facilities (13)	5	
Risk Management		5
Risk Management		5
Infrastructure Replacement (14)	200,000	
Total internal service funds	700,010	1,107,402
Total governmental activities	1,792,060	1,927,891

	Transfers In	Transfers Out
Business-type activities:		
Storm Sewer Fund		$ 61,000
Recreation Fund (15)	$ 5,000	
Recreation Fund (16)	27,102	
Recreation Fund (17)	46,530	
Recreation Fund (18)	37,651	
Recreation Fund (19)	53,959	
Library Fund (20)	26,589	
Total business-type activities	196,831	61,000
Total Primary Government	$1,988,891	$1,988,891

PURPOSE OF TRANSFERS IN:

(1) From the Storm Sewer Fund for reimbursements
(2) From the Equipment Replacement Fund for police vehicle
(3) From the Equipment Replacement Fund for fire pumper
(4) From the Equipment Replacement Fund for street department skid loader
(5) From the Equipment Replacement Fund for street department truck/sander
(6) From the Equipment Replacement Fund for park maintenance tower truck
(7) From the General Fund—provide subsidy to cover portion of the Senior Advocacy's operation
(8) From the General Fund—salary increase
(9) From the General Fund per Financial Management Policy
(10) From the Risk Management Fund per Financial Management Policy
(11) From the General Fund for OPEB funding
(12) From the General Fund per Financial Management Policy
(13) From the Risk Management Fund per Financial Management Policy
(14) From the General Fund per Financial Management Policy
(15) From the General Fund for Levee Park
(16) From the General Fund—salary increase
(17) From the Equipment Replacement Fund for Masonic Temple
(18) From the Equipment Replacement Fund for Aquatic Center main pump
(19) From the Equipment Replacement Fund for Aquatic Center playground
(20) From the General Fund—salary increase

8. FUND EQUITY

Nonspendable, Restricted, Committed, Assigned, or Unassigned—

The fund balance classifications are defined by GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* as follows:

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

Restricted: Externally-imposed constraints that apply to the use of the funds. If money is set aside for this purpose, it is used first before the other classifications.

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

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

Unassigned: Not constrained in any way.

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

The flow assumption, if committed, assigned, and unassigned resources are available for use for the same purpose, the city's policy is to use first-committed resources, second-assigned resources and third-unassigned resources.

Net position, fund balances, and retained earnings in the various funds at December 31, 2014, have been set up as nonspendable, restricted, committed, assigned, or unassigned for the following purposes:

PRIMARY GOVERNMENT

RESTRICTED—Government-Wide Financial Statements

Major Governmental Funds:	
General Fund:	
Drug seizure and DWI penalty assessment (Police)	$ 21,375
CMH property transfer	35,000
Japanese Garden	5,000
OPEB - retiree subsidy health plan	387,396
PERA Contribution	1,655,500
P.I.R. Bond Fund—for debt payments	261,510
P.I.R. Construction Fund—for P.I.R. projects	666,120
Other Funds (Internal Service Funds):	
Health Insurance Fund:	
Health plan account	22,000
Contributed to start the fund	199,654
Health insurance	755,406
LELS Health Fund—health insurance	262
Employee Benefit Fund:	
OPEB—retiree subsidy health plan	2,867,352
Risk Management Fund:	
Property self-insurance	202,729
Workers' compensation maximum	414,354
Emergency issues/claims	225,000
Equipment Replacement Fund:	
Equipment replacement	1,926,683
Commitments	395,500
Facilities Fund:	
Commitments	471,348
Facilities	1,849,138
Infrastructure Replacement Fund	2,382,673

RESTRICTED—Continued

Nonmajor Governmental Funds:	
Debt Service Funds:	
1999B Sales Tax Revenue Bond— for Riverbend Industrial Park infrastructure/sales tax issues	$ 179,961
Equipment Certificates—for debt payments	388,575
Capital Projects Funds:	
Municipal State Aid—projects	992,351
Dike construction	196,330
Park Site-parks for subdivisions	104,629
Engineering projects	376,533
Radio project	
City building improvements	2,528
City equipment	258,501
Infrastructure Revolving	1,608,723
Street reconstruction projects	402,790
High Wagon Bridge reconstruction	159,952
Aghaghming Park construction	1,835
Softball field development—improvements	132,249
Permanent Funds:	
Expendable	263,283
Total governmental activities	19,812,240
Major Proprietary Funds:	
Water Fund:	
Commitments	
Bond requirements	750,050
OPEB - retiree subsidy health plan	32,300
PERA Contribution	107,500
Sanitary Sewer Fund:	
Commitments	693,600
Bond requirements	
OPEB - retiree subsidy health plan	43,100
PERA Contribution	150,500
Inspections Fund:	
Commitments	
OPEB—retiree subsidy health plan	10,800
PERA Contribution	21,500
Airport Fund—commitments	2,024,174
Public Transportation Fund—commitments	
Storm Sewer Fund—commitments	45,569
Recreation Fund—commitments	
Total business-type activities	3,879,093
Total Restricted (Primary Government) Excluding Nonspendable	$ 23,691,333

RESTRICTED, NONSPENDABLE—Fund Financial Statements

Nonmajor Governmental Funds:	
General Fund	$ 7,972
Permanent Funds:	
Endowment (original contributions)	56,000
Total Nonexpendable	63,972
Total Restricted (Primary Government) Including Nonexpendable	$ 23,755,305

COMMITTED—Fund Financial Statements	
Major Governmental Fund:	
General Fund:	
Encumbrances and commitments	$ 1,064,764
Snow removal	84,789
Boat harbor	192,147
Trail maintenance	500
OPEB Funding—2015	
Nonmajor Governmental Funds:	
Special Revenue Funds:	
Emergency	45,705
Athletic	14,198
Library Memorials	265,671
1990 Downtown Redevelopment Grant	43,068
1994 Downtown Redevelopment Grant	134,240
Metro Plains	58
West Central Revitalization	47,368
Central City Rehab	119,504
Total Committed (Primary Government)	$ 2,012,012
ASSIGNED—Fund Financial Statements	
Major Governmental Fund:	
General Fund:	
Cash flow	$ 6,188,704
Total Assigned (Primary Government)	$ 6,188,704
UNASSIGNED—Fund Financial Statements	
Nonmajor Governmental Fund:	
Special Revenue Fund:	
Senior Advocacy Program	$ (36,563)
Total Unassigned (Primary Government)	$ (36,563)
COMPONENT UNIT—Government-Wide Financial Statements	
Restricted-Port Debt Service and projects	$ 6,998,464
Total Component Unit	$ 6,998,464

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

Primary Government

Fund Equity Deficits—At December 31, 2014, the Senior Advocacy Program Fund, a special revenue fund, had a deficit fund balance of $36,563. This fund had a carryover deficit of fund balance from 2013. (The deficit fund balance at December 31, 2013 was $33,931.) The deficit fund balance should be eliminated in 2015 or 2016.

Individual Fund Disclosures—For the year ended December 31, 2014; actual expenditures exceeded the budget in the following General Fund departments:

General Fund	Budgeted	Actual	Final Variance
City manager	$ 241,034	$ 243,955	$ (2,921)
Legal	321,975	322,512	(537)
Planning	238,057	243,051	(4,994)
Building maintenance	222,583	226,655	(4,072)
Public Works			

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, 2014, the Component Unit had no fund equity deficits.

10. FUND CHANGES

Funds opened during 2014:

City— No funds were opened during 2014

Component Unit – Debt Service: No funds were opened during 2014

Funds closed during 2014:

City— No funds were closed during 2014

Component Unit— No funds were closed during 2014

11. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

At December 31, 2014, the City reported eight Enterprise Funds. These funds provide water, sanitary sewer, inspections, airport, public transportation, recreation, library, and storm sewer. There are no revenue bonds where investors rely solely on the revenue generated by the individual segments or other individual activities for repayment.

12. CONTINGENCIES

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

13. RISK MANAGEMENT

City's Programs:

The City highlights the following risk management programs: (1) health benefit; (2) other post-employment benefits; and (3) property and casualty insurance. For the health benefit risk management program, premiums are paid into the Health Insurance Fund by user departments, employees, and other

funds. Such premiums are available to pay claims and administrative costs, and to fund claim reserves. For the other post-employment benefits, the premiums for the employees' pensions are paid partially by the City and partially by the employee. The retirees that are part of the City's health insurance plan pay the premium that is the full group rate of an active employee. For the property and casualty insurance risk management program, premiums are paid from the user department based on use.

For 2014, there were no significant reductions in insurance coverage from 2013 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 2014 ($100,000 per family in 2013). Also included in the program is an aggregate excess coverage policy; for 2014, the attachment point for this policy was set at $1,796,057. 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 2014, the City offered three health plan options with consumer-driven healthcare programs that combined high deductibles with individual Health Plan Accounts (HPA) or Health Savings Accounts (HSA)—employer-held (HPA) or employee-held (HSA) accounts used for healthcare expenses not covered by the underlying plan. Eide Bailly administers the HPA accounts for these programs.

During 2014, net claims were $1,305,862 (total claims of $1,569,564 less specific stop-loss claim reimbursements of $263,702 paid back to the City). Other 2014 costs are listed as follows: administrative costs of $65,149; HPA reimbursements of $3,567; and a reduction in incurred but not reported claims (over December 31, 2013) of $1,000, reflecting the depletion of unused funds in employees' HPAs and a decrease in overall incurred, but not reported claims. The stop-loss premium was $337,711; 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 $156,000 has been accrued as a liability in the Health Insurance Fund within the Internal Service Fund at December 31, 2014. In addition, a reserved fund balance of $22,000 has been established for future HPA claims. For the past three years, there have been no settlements paid for more than the insurance coverage.

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

	2014	2013
Beginning of year liability	$ 181,414	$ 295,854
Current year claims, administration fees, and changes to estimates	1,726,797	1,852,831
Payments for claims and administration fees	(1,731,364)	(1,967,271)
End of year liability and HPA reserves	$ 176,847	$ 181,414

Also, effective January 1, 2003, the police officers and police sergeants left the City-sponsored health plan to enroll in a non-City-sponsored health plan. This group represents approximately 4% of the

City's benefits-eligible workforce. Effective January 1, 2010, the police officers' group returned to the City's health plan.

Other Post-Employment Benefits—Pensions:

State law requires that all full-time and certain part-time employees of the City participate in a statewide defined benefit pension plan administered by PERA. PERA administers GERF and PEPFF. As of December 31, 2014, GERF was 78.7% funded and PEPFF was 87.1% funded. As of December 31, 2013, GERF was 72.8% funded and PEPFF was 81.2% funded. (See Note 6.)

Other Post-Employment Benefits—Other Than Pensions:

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

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

Annual Other Post-employment Benefit (OPEB) Cost—For 2014, the City's annual OPEB cost (expense) of $283,219 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. Twelve retirees and three dependent spouses are currently covered by the City's plan. They paid $96,890 in premiums at the group rate. (Claims and fees of $153,398 were paid on their behalf.) The components of the OPEB expense are as follows:

Contribution Rates:	
City	Pay As You Go
Plan Members	N/A
Annual required contribution	$ 472,106
Interest on net OPEB obligation	93,406
Adjustment to annual required contribution	(282,293)
Increase in net OPEB obligation	283,219
Net OPEB obligation, Beginning of year	2,335,143
Contribution	(250,288)
Net OPEB obligation, End of year	$ 2,368,074

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2014	$ 283,219	88.4%	$ 2,368,074
December 31, 2013	163,552	50.7%	2,335,143
December 31, 2012	158,777	33.6%	2,254,536
December 31, 2011	316,915	6.0%	2,149,113
December 31, 2010	552,273	0.0%	1,850,317

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

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

Actuarial Valuation Date	Actuarial Value of Asset (1) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as of of Covered Payroll [(b-a)/c]
December 31, 2014	$ -	$ 2,916,886	$ 2,916,886	0%	$ 9,276,537	31.4%
December 31, 2013 [2]		2,306,550	2,306,550	0%	8,932,312	25.8%
December 31, 2012 [2]		2,179,743	2,179,743	0%	8,950,638	24.4%
December 31, 2011		2,057,813	2,057,813	0%	9,093,756	22.6%
December 31, 2010		2,702,180	2,702,180	0%	9,128,667	29.6%

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

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

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

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

The December 31, 2014 actuarial valuation used the entry age actuarial cost method. Relevant actuarial assumptions included a 4.0% discount rate, an initial medical trend rate of 8.0% to graduate to 5% over 15 years. The RP-2000 Mortality Table (White Collar) with Generational adjustments to future Mortality (setforward 3 years for Male Employees, setback 1 year for Female Employees). There have not been any factors significantly affecting trends. The amortization of unfunded liabilities as a level dollar amount over 10 years was selected by the City to comply with GASB Statement No. 45 requirements. The amortization period used is open.

Property and Casualty Insurance Program:

The City participates in the self-insurance program of the League of Minnesota Cities Insurance Trust (LMCIT) to provide the City's property and casualty coverage. During 2014, costs of premiums associated with the program were $275,823 (2013 premium costs were $262,551). There were no changes in the program for 2014 as compared to 2013.

City property is insured on a blanket basis with a limit of $86,312,763 and $83,239,991 for 2014 and 2013, respectively. The City also carried a $50,000 deductible, per occurrence, for property losses for both 2014 and 2013.

The liability policy is on a claims-made basis, and is retroactive to January 1, 1987. The deductibles included within the policy are $50,000 per occurrence and $200,000 annual aggregate. The policy includes a $1,500,000 liability limit per Minnesota Statutes in 2014 and a $1,500,000 liability limit per Minnesota Statutes in 2013. During 2014 and 2013, costs of premiums associated with the municipal liability program were $103,334 and $94,391, respectively.

For 2014, the boiler and equipment policy is covered up to whatever the loss is subject to the statement of values for property limit of $86,312,763 with a $50,000 deductible. (For 2013 there was a comprehensive protection of $5,000,000 for all the City's locations with a $50,000 deductible.) The 2014 premium for this option was $7,078, and for 2013 it was $6,826. For 2014 and 2013, the premium for mobile property was $7,999 and $7,335, respectively, which included comprehensive protection for equipment and replacement cost.

The LMCIT provided airport insurance for the City in 2014 and 2013. 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 2014 cost was included in the municipal liability policy. This was also true for the 2013 cost.

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: $124,554 for 2014; $120,163 for 2013; and $28,167 for 2012.

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 2014 totaled $331,364 (in 2013, it totaled $286,657). The City's premiums are adjusted in future years based upon the cost of claims with the minimum cost of $93,215 and the maximum cost of $745,718.

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, 2014, $414,354 has been restricted within fund balance to pay the 2014 maximum, if needed.

14. CONDUIT DEBT OBLIGATIONS

In prior years, the City has issued certain debt (bonds or notes) bearing its name to lower the cost of borrowing for specific nongovernmental third-parties for which the purpose of the debt is deemed to be in the public interest. These conduit or no-commitment debt obligations are serviceable from payments derived pursuant to a Loan Agreement and from the property which secures payment of the debt. The

City is not obligated in any manner for repayment of the bonds or notes; thus, the debt is not reported as a liability in the accompanying financial statements.

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

Company, Series, Project, Issue Date	Maturity	Original Amount
Housing Revenue Note, Series 2000, Home and Community Options, Inc. Project—December 28, 2000	January 1, 2021	$ 135,000
Housing Facilities Revenue Bond Home and Community Options, Inc. Project—September 27, 2001	August 27, 2012	739,400
Student Housing Facilities Revenue Note, Series 2002, Winona State University Foundation Project—September 1, 2002	September 1, 2027	9,816,000
*Housing Revenue Note, Series 2004, Home and Community Options Project—June 1, 2004	June 1, 2024	920,000
*Housing Revenue Refunding Note, Series 2004, Saint Anne of Winona Project—July 10, 2004	June 10, 2027	6,600,000
Health Care Facilities Revenue Refunding Note, Series 2005 Sauer Memorial Home Project—March 7, 2005 (Refunded Health Care Facilities Revenue Note, Series 1998)	May 14, 2014	1,090,000
*Lease Revenue Bonds, Series 2007A & 2007B, Bluffview Montessori School Project—November 1, 2007 (Refunded the Lease Revenue Bonds, Series 1999A & 1999B, which had been issued for $3,095,000)	December 1, 2037	5,055,000
Housing Revenue Note, Series 2009, Home and Community Options, Inc. Project—August 1, 2009	August 20, 2029	300,000
*Housing Revenue Note, Series 2010, Home and Community Options, Inc. Project—August 23, 2010	August 23, 2025	180,000
*Minnesota Recovery Zone Facility Revenue Bond, Series 2010, Bay State Milling Company Project—August 30, 2010	September 1, 2022	5,200,000
*Housing Facility Revenue Note, Series 2010, Saint Anne of Winona Project—October 18, 2010	October 18, 2035	2,500,000
*Senior Housing Revenue Bonds, Series 2010 The Waters at Winona Project—December 29, 2010	December 1, 2050	10,750,000
Education Facilities Revenue Bond, Series 2011, MN State SE Technical Foundation Project—March 29, 2012 (Refunded Education Facilities Bonds, Series 2005)	March 29, 2032	900,000
Healthcare Facilities Refunding Revenue Bonds, Series 2012, Winona Health Obligated Group—May 1, 2012 (Refunded Health Care Facilities Bonds, Series 2004A)	July 1, 2034	19,895,000

* * * * * *

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

Capital Projects Funds

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

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

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

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

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

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

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

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

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

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

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

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

Permanent Funds

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

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

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

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

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

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

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

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

CITY OF WINONA, MINNESOTA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AS OF DECEMBER 31, 2014 (with comparative totals for 2013)

ASSETS	Emergency	Athletic	Senior Advocacy Program	Library Memorials
Cash and cash equivalents	$45,595	$14,198	$ 32,327	$ 265,671
Restricted investments				
Receivables—Net:				
Taxes				
Customers and other	110			
Due from other governmental units				
TOTAL	$45,705	$14,198	$ 32,327	$ 265,671
LIABILITIES AND FUND BALANCES (DEFICITS)				
LIABILITIES:				
Accounts payable	$ -	$ -	$ 378	$ -
Accrued salaries and compensated absences			54,012	
Unavailable revenue			14,500	
Total liabilities	-	-	68,890	-
FUND BALANCES (DEFICITS):				
Nonspendable				
Restricted				
Committed	45,705	14,198		265,671
Unassigned (deficit)			(36,563)	
Total fund balances (deficits)	45,705	14,198	(36,563)	265,671
TOTAL	$45,705	$14,198	$ 32,327	$ 265,671

Special Revenue						Debt Service		
Downtown 1990 C.D. Loan	Downtown 1994 C.D. Loan	Metro Plains Housing	West Central Revitalization	Central City Rehab	Special Revenue Total	1999B G.O. Sales Tax Revenue Bond	Equipment Certificates (2011A)	Debt Service Total
$ 43,068	$133,987	$ 58	$ 47,368	$106,565	$688,837	$179,961	$385,978	$565,939
							4,917	4,917
	253			310	673			
				12,765	12,765		2,897	2,897
$ 43,068	$134,240	$ 58	$ 47,368	$119,640	$702,275	$179,961	$393,792	$573,753
$ -	$ -	$ -	$ -	$ -	$ 378	$ -	$ 300	$ 300
					54,012			
				136	14,636		4,917	4,917
-	-	-	-	136	69,026	-	5,217	5,217
						179,961	388,575	568,536
43,068	134,240	58	47,368	119,504	669,812			
					(36,563)			
43,068	134,240	58	47,368	119,504	633,249	179,961	388,575	568,536
$ 43,068	$134,240	$ 58	$ 47,368	$119,640	$702,275	$179,961	$393,792	$573,753

CITY OF WINONA, MINNESOTA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AS OF DECEMBER 31, 2014 (with comparative totals for 2013)

ASSETS	Municipal State Aid	Dike Construction	Park Site	Engineering Department Projects	City Building Improve-ments
Cash and cash equivalents	$ 215,390	$196,330	$104,629	$320,584	$ 2,528
Restricted investments					
Receivables—Net:					
Taxes					
Customers and other				55,730	
Due from other governmental units	776,961			219	
TOTAL	$ 992,351	$196,330	$104,629	$376,533	$ 2,528
LIABILITIES AND FUND BALANCES (DEFICITS)					
LIABILITIES:					
Accounts payable	$ -	$ -	$ -	$ -	$ -
Accrued salaries and compensated absences					
Unavailable revenue					
Total liabilities	-	-	-	-	-
FUND BALANCES (DEFICITS):					
Nonspendable					
Restricted	992,351	196,330	104,629	376,533	2,528
Committed					
Unassigned (deficit)					
Total fund balances (deficits)	992,351	196,330	104,629	376,533	2,528
TOTAL	$ 992,351	$196,330	$104,629	$376,533	$ 2,528

Capital Projects

City Equipment	Infra-structure Revolving	Street Recon-struction	High Wagon Bridge Recon-struction	Aghaghming Park Construction	Softball Field Development	Capital Projects Total
$ 258,501	$1,608,723	$ 402,110	$164,162	$ 1,835	$132,249	$ 3,407,041
						55,730
		1,326				778,506
$ 258,501	$1,608,723	$ 403,436	$164,162	$ 1,835	$132,249	$ 4,241,277
$ -	$ -	$ 646	$ -	$ -	$ -	$ 646
			4,210			4,210
-	-	646	4,210	-	-	4,856
258,501	1,608,723	402,790	159,952	1,835	132,249	4,236,421
258,501	1,608,723	402,790	159,952	1,835	132,249	4,236,421
$ 258,501	$1,608,723	$ 403,436	$164,162	$ 1,835	$132,249	$ 4,241,277

CITY OF WINONA, MINNESOTA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AS OF DECEMBER 31, 2014 (with comparative totals for 2013)

					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	5,506	10,813	11,591	230,462	17,457
Receivables—Net:					
Taxes					
Customers and other					
Due from other governmental units					
TOTAL	$ 5,506	$ 10,813	$ 11,591	$ 230,462	$ 17,457
LIABILITIES AND FUND BALANCES (DEFICITS)					
LIABILITIES:					
Accounts payable	$ -	$ -	$ -	$ -	$ -
Accrued salaries and compensated absences					
Unavailable revenue					
Total liabilities	-	-	-	-	-
FUND BALANCES (DEFICITS):					
Nonspendable	5,000	10,000	2,000	35,000	2,000
Restricted	506	813	9,591	195,462	15,457
Committed					
Unassigned (deficit)					
Total fund balances (deficits)	5,506	10,813	11,591	230,462	17,457
TOTAL	$ 5,506	$ 10,813	$ 11,591	$ 230,462	$ 17,457

Leonhard Fried Educational	Mielimonka Library	Permanent Funds Total	Total Nonmajor Governmental Funds 2014	Total Nonmajor Governmental Funds 2013
$ -	$ -	$ -	$ 4,661,817	$ 5,402,645
40,759	2,180	318,768	318,768	318,995
			4,917	5,268
515		515	56,918	829
			794,168	59,768
$ 41,274	$ 2,180	$ 319,283	$ 5,836,588	$ 5,787,505
$ -	$ -	$ -	$ 1,324	$ 94,165
			54,012	50,742
			23,763	9,664
-	-	-	79,099	154,571
	2,000	56,000	56,000	56,000
41,274	180	263,283	5,068,240	4,971,550
			669,812	639,315
			(36,563)	(33,931)
41,274	2,180	319,283	5,757,489	5,632,934
$ 41,274	$ 2,180	$ 319,283	$ 5,836,588	$ 5,787,505

CITY OF WINONA, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014 (with comparative totals for 2013)

						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		17	26	303		
Net increase (decrease) in fair value of investments						
Refunds and reimbursements						
Contributions						
Charges for services	25,753	1,000	29,775			5,359
Total revenues	25,753	1,017	52,089	303	-	5,359
EXPENDITURES:						
General government			116,519			
Public safety						
Economic development	8,164					25,499
Park maintenance						
Capital outlay						
Debt service:						
Bond principal						
Interest and other expenditures						
Total expenditures	8,164	-	116,519	-	-	25,499
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	17,589	1,017	(64,430)	303		(20,140)
OTHER FINANCING SOURCES (USES):						
G.O. Equipment Certificates Issued						
Transfers to other funds						
Transfers from other funds			61,798			
Total other financing sources (uses)	-	-	61,798	-	-	-
NET CHANGE IN FUND BALANCES	17,589	1,017	(2,632)	303		(20,140)
FUND BALANCES (DEFICITS)— January 1, 2014	28,116	13,181	(33,931)	265,368	43,068	154,380
FUND BALANCES (DEFICITS)— December 31, 2014	$45,705	$14,198	$(36,563)	$265,671	$ 43,068	$134,240

				Debt Service		
Metro Plains Housing	West Central Revitalization	Central City Rehab	Special Revenue Total	1999B G.O. Sales Tax Revenue Bond	Equipment Certificates (2011A)	Debt Service Total
$11,520	$ -	$ -	$ 11,520	$ -	$316,976	$316,976
		314,485	336,773			
			346	205	248	453
		29,915	29,915			
		46,669	108,556			
11,520	-	391,069	487,110	205	317,224	317,429
			116,519			
11,519		359,342	404,524			
					290,000	290,000
					13,732	13,732
11,519	-	359,342	521,043	-	303,732	303,732
1		31,727	(33,933)	205	13,492	13,697
			61,798			
-	-	-	61,798	-	-	-
1		31,727	27,865	205	13,492	13,697
57	47,368	87,777	605,384	179,756	375,083	554,839
$ 58	$ 47,368	$119,504	$633,249	$179,961	$388,575	$568,536

CITY OF WINONA, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014 (with comparative totals for 2013)

	Municipal State Aid	Dike Construction	Park Site	Engineering Department Projects	City Building Improve-ments
REVENUES:					
General property taxes	$ -	$ -	$ -	$ 23,763	$ -
Intergovernmental revenues	836,938			36,000	
Investment earnings	228	225	121	367	1
Net increase (decrease) in fair value of investments					
Refunds and reimbursements					
Contributions				340	
Charges for services				55,730	
Total revenues	837,166	225	121	116,200	1
EXPENDITURES:					
General government					
Public safety					
Economic development		6,967			
Park maintenance					
Capital outlay	6,731			67,623	
Debt service:					
Bond principal					
Interest and other expenditures					
Total expenditures	6,731	6,967	-	67,623	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	830,435	(6,742)	121	48,577	1
OTHER FINANCING SOURCES (USES):					
G.O. Equipment Certificates Issued					
Transfers to other funds					
Transfers from other funds					
Total other financing sources (uses)	-	-	-	-	-
NET CHANGE IN FUND BALANCES	830,435	(6,742)	121	48,577	1
FUND BALANCES (DEFICITS)— January 1, 2014	161,916	203,072	104,508	327,956	2,527
FUND BALANCES (DEFICITS)— December 31, 2014	$992,351	$196,330	$104,629	$ 376,533	$ 2,528

Capital Projects

City Equipment	Infra-structure Revolving	Street Recon-struction	High Wagon Bridge Recon-struction	Aghaghming Park Construction	Softball Field Development	Capital Projects Total
$ -	$ -	$ 143,573	$ -	$ -	$ -	$ 167,336
		813,037				1,685,975
297	1,838	1,035	185		146	4,443
						340
	2,814		4,210		8,391	71,145
297	4,652	957,645	4,395	-	8,537	1,929,239
						6,967
		1,766,193				1,840,547
-	-	1,766,193	-	-	-	1,847,514
297	4,652	(808,548)	4,395		8,537	81,725
-	-	-	-	-	-	-
297	4,652	(808,548)	4,395		8,537	81,725
258,204	1,604,071	1,211,338	155,557	1,835	123,712	4,154,696
$258,501	$1,608,723	$ 402,790	$159,952	$ 1,835	$132,249	$ 4,236,421

CITY OF WINONA, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014 (with comparative totals for 2013)

	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	5	12	14	266
Net increase (decrease) in fair value of investments				
Refunds and reimbursements				
Contributions				
Charges for services				
Total revenues	5	12	14	266
EXPENDITURES:				
General government				
Public safety				
Economic development				
Park maintenance				
Capital outlay				
Debt service:				
Bond principal				
Interest and other expenditures				
Total expenditures	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	5	12	14	266
OTHER FINANCING SOURCES (USES):				
G.O. Equipment Certificates Issued				
Transfers to other funds				
Transfers from other funds				
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCES	5	12	14	266
FUND BALANCES (DEFICITS)— January 1, 2014	5,501	10,801	11,577	230,196
FUND BALANCES (DEFICITS)— December 31, 2014	$ 5,506	$10,813	$11,591	$230,462

Dr. C. A. Rohrer	Leonhard Fried Educational	Mielimonka Library	Permanent Funds Total	Total Nonmajor Governmental Funds 2014	Total Nonmajor Governmental Funds 2013
$ -	$ -	$ -	$ -	$ 495,832	$ 580,487
				2,022,748	1,891,267
20	996	1	1,314	6,556	3,075
	(46)		(46)	(46)	633
				30,255	440,307
				179,701	135,761
20	950	1	1,268	2,735,046	3,051,530
				116,519	113,422
				411,491	378,995
					3,160
				1,840,547	1,784,998
				290,000	350,000
				13,732	17,667
-	-	-	-	2,672,289	2,648,242
20	950	1	1,268	62,757	403,288
					(973,038)
				61,798	1,032,562
-	-	-	-	61,798	59,524
20	950	1	1,268	124,555	462,812
17,437	40,324	2,179	318,015	5,632,934	5,170,122
$17,457	$41,274	$2,180	$319,283	$ 5,757,489	$5,632,934

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INTERNAL SERVICE FUNDS

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

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

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

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

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

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

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

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

CITY OF WINONA, MINNESOTA

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2014 (with comparative totals for 2013)

	Health Insurance	LELS Health	Employee Benefit	Risk Manage-ment
ASSETS				
Cash and cash equivalents	$1,135,163	$ 258,701	$ 5,275,917	$ 1,411,694
Receivables—Net—				
Customers and other				
Due from other funds				
Prepaid items				
Total assets	1,135,163	258,701	5,275,917	1,411,694
LIABILITIES AND NET POSITION				
LIABILITIES:				
Accounts payable	467	258,439	-	13,532
Accrued salaries and compensation			2,408,565	
Unavailable revenue	1,636			
Outstanding and incurred, but not reported claims	156,000			
Total liabilities	158,103	258,439	2,408,565	13,532
NET POSITION				
Restricted	977,060	262	2,867,352	842,083
Unrestricted—Internal Service Fund				556,079
Total net position	$ 977,060	$ 262	$ 2,867,352	$ 1,398,162

Equipment Replace-ment	Facilities	Infrastructure Replace-ment	Total 2014	Total 2013
$ 2,092,183	$ 2,020,486	$2,382,673	$ 14,576,817	$ 14,878,526
			-	468
230,000	300,000		530,000	530,000
			-	52
2,322,183	2,320,486	2,382,673	15,106,817	15,409,046
-	-	-	272,438	195,692
			2,408,565	2,431,353
			1,636	1,188
			156,000	157,000
-	-	-	2,838,639	2,785,233
2,322,183	2,320,486	2,382,673	11,712,099	11,952,855
			556,079	670,958
$ 2,322,183	$ 2,320,486	$2,382,673	$ 12,268,178	$ 12,623,813

CITY OF WINONA, MINNESOTA

INTERNAL SERVICE FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2014 (with comparative totals for 2013)

	Health Insurance	LELS Health	Employee Benefit	Risk Manage-ment
OPERATING REVENUES:				
Charges to city departments	$ 1,484,366	$ -	$ -	$ -
Other charges and services	479,034		(22,788)	
Refunds and reimbursements	20,745			69,822
Total operating revenues	1,984,145	-	(22,788)	69,822
OPERATING EXPENSES:				
Salaries and employee benefits			(22,788)	
Health insurance claims and fees	1,394,413			
Health insurance stop-loss premium	337,711			
Contractual services	167,646			124,553
Total operating expenses	1,899,770	-	(22,788)	124,553
OPERATING INCOME (LOSS)	84,375	-	-	(54,731)
NONOPERATING REVENUES—				
Investment earnings	1,175			1,647
Total nonoperating revenues	1,175	-	-	1,647
INCOME (LOSS) BEFORE TRANSFERS	85,550	-	-	(53,084)
TRANSFERS IN			100,000	
TRANSFERS OUT				(10)
CHANGE IN NET POSITION	85,550	-	100,000	(53,094)
NET POSITION—Beginning of year	891,510	262	2,767,352	1,451,256
NET POSITION—End of year	$ 977,060	$ 262	$ 2,867,352	$ 1,398,162

Equipment Replace-ment	Facilities	Infrastructure Replace-ment	Totals 2014	Totals 2013
$ -	$ -	$ -	$ 1,484,366	$ 1,428,302
		664	456,910	536,389
10,644			101,211	237,027
10,644	-	664	2,042,487	2,201,718
			(22,788)	(33,862)
			1,394,413	1,620,949
			337,711	346,322
			292,199	404,596
-	-	-	2,001,535	2,338,005
10,644	-	664	40,952	(136,287)
3,402	2,084	2,497	10,805	3,577
3,402	2,084	2,497	10,805	3,577
14,046	2,084	3,161	51,757	(132,710)
200,005	200,005	200,000	700,010	600,010
(1,107,392)			(1,107,402)	(339,274)
(893,341)	202,089	203,161	(355,635)	128,026
3,215,524	2,118,397	2,179,512	12,623,813	12,495,787
$ 2,322,183	$ 2,320,486	$ 2,382,673	$12,268,178	$12,623,813

CITY OF WINONA, MINNESOTA

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014 (with comparative totals for 2013)

	Health Insurance	LELS Health	Employee Benefit	Risk Manage-ment
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	$ 1,984,666	$ -	$ (22,788)	$ 69,822
Service charges			(22,788)	
Payments to suppliers	(1,900,526)		22,788	(113,314)
Net cash (used in) provided by operating activities	84,140	-	(22,788)	(43,492)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Unavailable revenue—decrease	447	65,263		
Transfers to other funds				(10)
Transfers from other funds			100,000	
Net cash provided by (used in) noncapital financing activities	447	65,263	100,000	(10)
CASH FLOWS FROM INVESTING ACTIVITIES—				
Interest received	1,175			1,647
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	85,762	65,263	77,212	(41,855)
CASH AND CASH EQUIVALENTS—Beginning of year	1,049,401	193,438	5,198,705	1,453,549
CASH AND CASH EQUIVALENTS—End of year	$ 1,135,163	$ 258,701	$5,275,917	$1,411,694
RECONCILIATION OF OPERATING (LOSS) INCOME TO NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES:				
Operating income (loss)	$ 84,375	$ -	$ -	$ (54,731)
Adjustments to reconcile operating income (loss) to net cash (used in) provided by operating activities —				
Changes in assets and liabilities:				
Customer receivables	521			
Accounts payable	(756)			11,239
Other accrued liabilities			(22,788)	
Net cash (used in) provided by operating activities	$ 84,140	$ -	$ (22,788)	$ (43,492)

Equipment Replace-ment	Facilities	Infrastructure Replace-ment	Total 2014	Total 2013
$ 10,644	$ -	$ 664	$ 2,043,008	$ 2,201,198
			(22,788)	(33,862)
			(1,991,052)	(2,459,634)
10,644	-	664	29,168	(292,298)
			65,710	25,011
(1,107,392)			(1,107,402)	(339,274)
200,005	200,005	200,000	700,010	600,010
(907,387)	200,005	200,000	(341,682)	285,747
3,402	2,084	2,497	10,805	3,577
(893,341)	202,089	203,161	(301,709)	(2,974)
2,985,524	1,818,397	2,179,512	14,878,526	14,881,500
$2,092,183	$ 2,020,486	$2,382,673	$14,576,817	$ 14,878,526
$ 10,644	$ -	$ 664	$ 40,952	$ (136,287)
			521	(520)
			10,483	(121,628)
			(22,788)	(33,863)
$ 10,644	$ -	$ 664	$ 29,168	$ (292,298)

CITY OF WINONA, MINNESOTA

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES—TOURISM PROMOTION AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	Beginning Balance	Increases	Decreases	Ending Balance
ASSETS:				
Cash and cash equivalents	$ -	$ 360,924	$ 360,924	$ -
Accounts receivable	16,133	20,034	16,134	20,033
Total assets	$ 16,133	$ 380,958	$ 377,058	$ 20,033
LIABILITIES—				
Accounts payable—total liabilities	$ 16,133	$ 364,825	$ 360,925	$ 20,033

CITY OF WINONA, MINNESOTA

GENERAL FUND
SCHEDULE OF REVENUES—BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2014 (with comparative totals for 2013)

	2014			
	Final Budget	Actual	Variance	2013 Actual
GENERAL PROPERTY TAX:				
Ad valorem	$ 4,346,392	$ 4,303,615	$ (42,777)	$ 4,248,561
Delinquent ad valorem taxes		52,624	52,624	65,533
Penalties and interest		9,791	9,791	6,353
Total general property taxes	4,346,392	4,366,030	19,638	4,320,447
FRANCHISE FEES:				
Cable TV	315,000	351,143	36,143	339,261
Electric	915,000	1,080,512	165,512	1,040,546
Total franchise fees	1,230,000	1,431,655	201,655	1,379,807
LICENSES AND PERMITS:				
Business	129,900	139,692	9,792	139,319
Nonbusiness	24,950	37,950	13,000	35,663
Total licenses and permits	154,850	177,642	22,792	174,982
FINES AND FORFEITS—Other fines and forfeits	209,000	162,011	(46,989)	168,112
INTERGOVERNMENTAL REVENUES:				
Shared taxes:				
State aid maintenance	218,000	247,172	29,172	237,833
Payment in lieu of tax	17,000	24,423	7,423	24,687
State grants:				
Local government aid	7,736,095	7,736,095		7,536,095
Police training	13,000	11,263	(1,737)	12,303
Fire/police aid				
Insurance aid	250,000	376,727	126,727	369,140
Market value credits		989	989	979
State grants restricted to programs	11,530	16,682	5,152	16,547
State grants not restricted to programs	27,304	27,304		27,304
Local—County road and bridge maintenance	17,000	22,686	5,686	19,352
Local—Other county grants				
Federal grants	2,000	2,000		42,159
Total intergovernmental revenues	8,291,929	8,465,341	173,412	8,286,399
INVESTMENT EARNINGS	100	16,636	16,536	5,838
NET INCREASE (DECREASE) IN FAIR VALUE OF INVESTMENTS		(16,360)	(16,360)	(4,819)

(Continued)

CITY OF WINONA, MINNESOTA

GENERAL FUND
SCHEDULE OF REVENUES—BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2014 (with comparative totals for 2013)

	2014			2013
	Final Budget	Actual	Variance	Actual
CHARGES FOR SERVICES:				
General government	$ 25,050	$ 30,669	$ 5,619	$ 45,057
Public safety	64,605	67,178	2,573	85,182
Public works	500	1,000	500	950
Inspections	60,000	60,000		60,000
Investment fee	2,000		(2,000)	
Admininistrative fee—Lodging tax	15,000	19,201	4,201	17,993
Recreation	124,000	147,889	23,889	142,960
Water and sewer	181,730	181,730		135,730
Port Authority	228,077	218,253	(9,824)	194,738
Rents	38,100	52,548	14,448	46,711
Commissions on sales	3,000	6,845	3,845	6,789
Refunds and reimbursements	15,578	14,851	(727)	15,530
Other	100,000	3,722	(96,278)	4,342
Total charges for services	857,640	803,886	(53,754)	755,982
CONTRIBUTIONS—Contributions	34,737	34,942	205	9,058
Total revenues	$ 15,124,648	$ 15,441,783	$ 317,135	$ 15,095,806

(Concluded)

CITY OF WINONA, MINNESOTA

GENERAL FUND
SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2014 (with comparative totals for 2013)

	2014			
	Final Budget	Actual	Variance	2013 Actual
GENERAL GOVERNMENT:				
Mayor—council:				
Salaries and employee benefits	$ 109,272	$ 105,518	$ 3,754	$ 103,312
Supplies	4,950	4,523	427	3,626
Other services and charges	299,656	285,600	14,056	122,264
Total mayor—council	413,878	395,641	18,237	229,202
City clerk:				
Salaries and employee benefits	111,316	111,609	(293)	111,905
Supplies	1,520	1,508	12	2,217
Other services and charges	11,481	10,338	1,143	6,121
Total city clerk	124,317	123,455	862	120,243
City manager:				
Salaries and employee benefits	229,143	236,291	(7,148)	231,008
Supplies	2,800	1,474	1,326	2,866
Other services and charges	9,091	6,190	2,901	5,830
Total city manager	241,034	243,955	(2,921)	239,704
Elections and voter registration:				
Salaries and employee benefits	21,129	16,402	4,727	
Supplies	4,770	4,748	22	
Other services and charges	11,060	10,897	163	5,487
Total elections and voter registration	36,959	32,047	4,912	5,487
Finance:				
Salaries and employee benefits	545,691	510,903	34,788	511,198
Supplies	75,099	55,012	20,087	40,117
Other services and charges	517,468	232,143	285,325	241,139
Capital outlay	91,500		91,500	22,626
Total finance	1,229,758	798,058	431,700	815,080
Independent audit—				
Other services and charges	98,500	96,700	1,800	96,720
Assessing—				
Other services and charges	101,000	101,000		101,000
Legal:				
Supplies				
Other services and charges	321,975	322,512	(537)	318,331
Total legal	321,975	322,512	(537)	318,331
Charter commission—				
Supplies	40		40	

(Continued)

CITY OF WINONA, MINNESOTA

GENERAL FUND
SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2014 (with comparative totals for 2013)

	2014			
	Final Budget	Actual	Variance	2013 Actual
GENERAL GOVERNMENT (continued):				
Merit board—				
Other services and charges	$ 3,000	$ 2,705	$ 295	$ 751
Human rights commission—				
Other services and charges	1,300	320	980	683
Cable television commission—				
Other services and charges	27,000	26,847	153	3,966
Fine arts commission:				
Supplies	1,100	452	648	57
Other services and charges	822	793	29	855
Total fine arts commission	1,922	1,245	677	912
Human resources:				
Salaries and employee benefits	94,052	85,741	8,311	94,810
Supplies	300	157	143	
Other services and charges	7,880	6,294	1,586	5,600
Total human resources	102,232	92,192	10,040	100,410
Planning:				
Salaries and employee benefits	189,101	201,614	(12,513)	183,148
Supplies	2,800	1,250	1,550	1,463
Other services and charges	46,156	40,187	5,969	13,516
Total planning	238,057	243,051	(4,994)	198,127
Building maintenance:				
Salaries and employee benefits	137,672	132,667	5,005	137,600
Supplies	51,055	57,758	(6,703)	49,940
Other services and charges	33,856	36,230	(2,374)	59,685
Total building maintenance	222,583	226,655	(4,072)	247,225
Central communications:				
Supplies	5,400	4,582	818	4,198
Other services and charges	33,155	30,163	2,992	26,164
Total central communications	38,555	34,745	3,810	30,362
Contingency—				
Other services and charges	237,887		237,887	
Total general government	3,439,997	2,741,128	698,869	2,508,203

(Continued)

CITY OF WINONA, MINNESOTA

GENERAL FUND
SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2014 (with comparative totals for 2013)

	2014			
	Final Budget	Actual	Variance	2013 Actual
PUBLIC SAFETY:				
Police:				
Salaries and employee benefits	$ 3,805,473	$ 3,634,739	$ 170,734	$ 3,554,612
Supplies	271,185	220,321	50,864	180,183
Other services and charges	390,576	326,180	64,396	349,483
Capital outlay	86,250	81,084	5,166	55,664
Total police	4,553,484	4,262,324	291,160	4,139,942
Fire:				
Salaries and employee benefits	2,175,735	2,166,791	8,944	2,104,907
Supplies	125,595	160,128	(34,533)	147,491
Other services and charges	187,715	161,312	26,403	161,850
Capital outlay	586,373	519,797	66,576	34,627
Total fire	3,075,418	3,008,028	67,390	2,448,875
Emergency management:				
Other services and charges	33,780	33,780		29,069
Total emergency management	33,780	33,780		29,069
Safety and health coordinator:				
Salaries and employee benefits	39,288	39,459	(171)	36,015
Supplies	3,915	4,872	(957)	3,331
Other services and charges	15,953	11,251	4,702	7,923
Total safety and health coordinator	59,156	55,582	3,574	47,269
Flood control:				
Supplies	37,850	62,175	(24,325)	42,059
Other services and charges	28,994	24,533	4,461	27,764
Capital outlay	75,000	25,500	49,500	
Total flood control	141,844	112,208	29,636	69,823
Total public safety	7,863,682	7,471,922	391,760	6,734,978
HIGHWAYS AND STREETS:				
Engineering:				
Salaries and employee benefits	313,836	310,179	3,657	309,207
Supplies	18,850	5,208	13,642	5,350
Other services and charges	336,440	78,932	257,508	63,059
Capital outlay				
Total engineering	669,126	394,319	274,807	377,616
Streets and alleys:				
Salaries and employee benefits	897,598	924,930	(27,332)	852,526
Supplies	452,160	395,039	57,121	506,413
Other services and charges	623,035	353,849	269,186	381,860
Capital outlay	188,500	168,644	19,856	174,867
Total streets and alleys	2,161,293	1,842,462	318,831	1,915,666

(Continued)

CITY OF WINONA, MINNESOTA

GENERAL FUND
SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2014 (with comparative totals for 2013)

	2014			
	Final Budget	Actual	Variance	2013 Actual
HIGHWAYS AND STREETS (continued):				
Highways and street lighting:				
Supplies	$ 251,500	$ 217,429	$ 34,071	$ 235,149
Other services and charges	20,000	31,171	(11,171)	17,006
Total highways and street lighting	271,500	248,600	22,900	252,155
Central garage:				
Salaries and employee benefits	291,948	291,673	275	271,566
Supplies	96,800	36,143	60,657	47,265
Other services and charges	70,945	43,204	27,741	35,223
Capital outlay	8,650		8,650	12,960
Total central garage	468,343	371,020	97,323	367,014
Public works:				
Salaries and employee benefits	47,550	47,755	(205)	47,532
Supplies	600	464	136	608
Other services and charges	1,400	928	472	975
Total public works	49,550	49,147	403	49,115
Total highways and streets	3,619,812	2,905,548	714,264	2,961,566
SANITATION AND WASTE REMOVAL—				
Compost site:				
Supplies	150	238	(88)	121
Other services and charges	53,000	37,347	15,653	48,872
Total compost site	53,150	37,585	15,565	48,993
ECONOMIC DEVELOPMENT:				
Community development:				
Salaries and employee benefits	214,571	211,604	2,967	193,267
Supplies	6,400	1,763	4,637	1,791
Other services and charges	18,894	21,084	(2,190)	7,287
Total community development	239,865	234,451	5,414	202,345
Community Development Matching:				
Salaries and employee benefits	47,918	54,334	(6,416)	47,891
Supplies	280	92	188	258
Other services and charges	3,800	2,505	1,295	2,063
Total community development matching	51,998	56,931	(4,933)	50,212
Total economic development	291,863	291,382	481	252,557
PARK MAINTENANCE—				
Park maintenance:				
Salaries and employee benefits	1,044,571	1,061,956	(17,385)	1,061,455
Supplies	253,500	198,690	54,810	172,563
Other services and charges	351,259	319,335	31,924	271,356
Capital outlay	383,251	215,654	167,597	94,242
Total park maintenance	2,032,581	1,795,635	236,946	1,599,616
Total park maintenance	2,032,581	1,795,635	236,946	1,599,616
Total expenditures	$ 17,301,085	$ 15,243,200	$2,057,885	$ 14,105,913

(Concluded)

CITY OF WINONA, MINNESOTA

SENIOR ADVOCACY PROGRAM
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE—BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2014 (with comparative totals for 2013)

	2014				
	Budgeted Amounts			Variance With Final	2013
	Original	Final	Actual	Budget	Actual
REVENUES:					
Intergovernmental—Federal	$ 22,288	$ 22,288	$ 22,288	$ -	$ 22,288
Investment earnings			26	26	11
Charges for services	30,500	30,500	29,775	(725)	30,307
Total revenues	52,788	52,788	52,089	(699)	52,606
EXPENDITURES—					
Current:					
Salaries and employee benefits	109,920	112,194	114,087	(1,893)	111,685
Contractual services	2,042	2,042	2,089	(47)	1,522
Supplies	350	350	343	7	215
Total expenditures	112,312	114,586	116,519	(1,933)	113,422
DEFICIENCY OF REVENUES OVER EXPENDITURES	(59,524)	(61,798)	(64,430)	(2,632)	(60,816)
OTHER FINANCING SOURCES—					
Operating transfers in	59,524	61,798	61,798	-	59,524
DEFICIENCY OF REVENUES AND OTHER FINANCING SOURCES (UNDER) OVER EXPENDITURES	-	-	(2,632)	(2,632)	(1,292)
FUND DEFICIT—Beginning of year	(33,931)	(33,931)	(33,931)	-	(32,639)
FUND DEFICIT—End of year	$ (33,931)	$ (33,931)	$ (36,563)	$ (2,632)	$ (33,931)

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, 2014 (with comparative totals for 2013)

	2014			
	Original and Final Budget	Actual	Variance With Final Budget	2013 Actual
REVENUES:				
Intergovernmental—				
State of Minnesota grant	$ 700,000	$ 836,938	$ 136,938	$ 1,041,517
Investment earnings		228	228	263
Total revenues	700,000	837,166	137,166	1,041,780
EXPENDITURES—				
Capital outlay		6,731	(6,731)	72,082
EXCESS OF REVENUES OVER EXPENDITURES	700,000	830,435	130,435	969,698
OTHER FINANCING USES—				
Transfers to other funds	(700,000)		700,000	(973,038)
EXCESS OF REVENUES AND OTHER FINANCING USES OVER EXPENDITURES		830,435	830,435	(3,340)
FUND BALANCE—Beginning of year	161,916	161,916	-	165,256
FUND BALANCE—End of year	$ 161,916	$ 992,351	$ 830,435	$ 161,916

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, 2014 (with comparative totals for 2013)

	2014			
	Original and Final Budget	Actual	Variance With Final Budget	2013 Actual
REVENUES—				
Investment earnings	$ 10	$ 225	$ 215	$ 80
Total revenues	10	225	215	80
EXPENDITURES—				
Capital outlay	5,000	6,967	(1,967)	
(DEFICIENCY) EXCESS OF REVENUES (UNDER) OVER EXPENDITURES	(4,990)	(6,742)	(1,752)	80
FUND BALANCE—Beginning of year	203,072	203,072		202,992
FUND BALANCE—End of year	$ 198,082	$ 196,330	$ (1,752)	$ 203,072

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, 2014 (with comparative totals for 2013)

	2014			
	Original and Final Budget	Actual	Variance With Final Budget	2013 Actual
REVENUES:				
Special assessments	$ -	$ -	$ -	$ -
Investment earnings	50	797	747	289
Total revenues	50	797	747	289
EXPENDITURES—Capital outlay	130,000	55,576	74,424	30,096
(DEFICIENCY) EXCESS OF REVENUES (UNDER) OVER EXPENDITURES	(129,950)	(54,779)	75,171	(29,807)
OTHER FINANCING USES— Transfers to other funds	(70,000)	-	70,000	-
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES	(199,950)	(54,779)	145,171	(29,807)
FUND BALANCE—Beginning of year	720,899	720,899	-	750,706
FUND BALANCE—End of year	$ 520,949	$ 666,120	$ 145,171	$ 720,899

CITY OF WINONA, MINNESOTA

SCHEDULE OF LONG-TERM OBLIGATIONS—PRIMARY GOVERNMENT
AS OF DECEMBER 31, 2014

	True Interest Rate	Authorized	Outstanding
BONDED INDEBTEDNESS:			
City—G.O. Bonds supported by taxes:			
G.O. Permanent Improvement Revolving Bonds of 2004A (G.O. Portion)	2.86 %	$ 2,091,600	$ 207,900
Total G.O. Bonds supported by taxes		2,091,600	207,900
G.O. Special Assessment Bonds:			
G.O. Permanent Improvement Revolving Bonds of 2004A (Special Assessment Portion)	2.86	2,888,400	287,100
Total G.O. Special Assessment Bonds		2,888,400	287,100
G.O. Enterprise Fund Bonds:			
G.O. Water and Sewer Revenue Bonds of 1998C (Water Portion)	4.78	230,000	
G.O. Water and Sewer Revenue Bonds of 1998C (Sanitary Sewer Portion)	4.78	770,000	
G.O. Water Revenue Bonds of 2003B	3.68	4,250,000	
G.O. Water Revenue Refunding Bonds of 2006B	3.63	2,295,000	360,000
G.O. Water Revenue Refunding Bonds of 2013A	0.96	1,685,000	1,685,000
G.O. Airport Bonds of 2013A (Port Authority of Winona)	1.93	1,125,000	1,125,000
Total G.O. Enterprise Fund Bonds		10,355,000	3,170,000
OTHER INDEBTEDNESS:			
G.O. Equipment Certificates of 2011A	1.36	1,385,000	880,000
Total other indebtedness		1,385,000	880,000
		$ 16,720,000	$ 4,545,000

CITY OF WINONA, MINNESOTA

SCHEDULE OF BONDS PAYABLE—PRIMARY GOVERNMENT
AS OF DECEMBER 31, 2014

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 2004A (G.O. Portion)	3.450 % (2015)	February 1, 2004	February 1, 2015
Total G.O. Bonds Supported by Taxes			
GENERAL OBLIGATION SPECIAL ASSESSMENT BONDS:			
G.O. Permanent Improvement Revolving Bonds of 2004A (Special Assessment Portion)	3.450 (2015)	February 1, 2004	February 1, 2015
Total G.O. Special Assessment Bonds			

Annual Payment		Authorized and Issued	Retired	Outstanding
207,900	(2015)	$ 2,091,600	$ 1,883,700	$ 207,900
		2,091,600	1,883,700	207,900
287,100	(2015)	2,888,400	2,601,300	287,100
		2,888,400	2,601,300	287,100

CITY OF WINONA, MINNESOTA

SCHEDULE OF BONDS PAYABLE—PRIMARY GOVERNMENT
AS OF DECEMBER 31, 2014

General Obligation Bonds	Interest Rates and Maturity Dates		Issue Date	Final Maturity Date
GENERAL OBLIGATION ENTERPRISE FUND BONDS				
G.O. Water and Sewer Revenue Bonds of 1998C (Sanitary Sewer Portion)	5.000 %	(2014)	June 1, 1998	February 1, 2014
G.O. Water Revenue Bonds of 2003B[1]	3.750	(2014)	October 1, 2003	February 1, 2014
G.O. Water Revenue Refunding Bonds of 2006B	4.000	(2015)	December 15, 2006	February 1, 2015
G.O. Water Revenue Refunding Bonds of 2013A[1]	2.000	(2015-19)	January 1, 2013	February 1, 2019
G.O. Airport Bonds of 2013A (Port Authority of Winona)[2]	0.350	(2015)	November 7, 2013	February 1, 2024
	0.550	(2016)		
	0.800	(2017)		
	1.150	(2018)		
	1.400	(2019)		
	1.650	(2020)		
	1.900	(2021)		
	2.100	(2022)		
	2.300	(2023)		
	2.450	(2024)		
Total G.O. Enterprise Fund Bonds				
Total G.O. bonds payable				

1 G.O. Water Revenue Bonds of 2003B was paid February 1, 2014 by G.O. Water Revenue Refunding Bonds of 2013A.

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

Annual Payment		Authorized and Issued	Retired	Outstanding
		$ 770,000	$ 770,000	$ -
		4,250,000	4,250,000	
$ 360,000	(2015)	2,295,000	1,935,000	360,000
330,000	(2015)	1,685,000		1,685,000
335,000	(2016)			
345,000	(2017)			
335,000	(2018)			
340,000	(2019)			
100,000	(2015)	1,125,000		1,125,000
105,000	(2016)			
110,000	(2017-20)			
115,000	(2021)			
120,000	(2022-23)			
125,000	(2024)			
		10,355,000	7,185,000	3,170,000
		$15,335,000	$11,670,000	$ 3,665,000

CITY OF WINONA, MINNESOTA

SCHEDULE OF OTHER DEBT—PRIMARY GOVERNMENT
AS OF DECEMBER 31, 2014

Other Debt	Interest Rates and Maturity Dates		Issue Date	Final Maturity Date
G.O. Equipment Certificates of 2011A	1.100 %	(2015)	November 1, 2011	February 1, 2017
	1.350	(2016)		
	1.600	(2017)		
Total other debt				
Total G.O. bonds payable				
Total long-term obligations				

Annual Payment		Authorized and Issued	Retired	Outstanding
$ 290,000	(2015)	$ 1,385,000	$ 505,000	$ 880,000
295,000	(2016-17)			
		$ 1,385,000	$ 505,000	$ 880,000
		$15,335,000	$11,670,000	$ 3,665,000
		$16,720,000	$12,175,000	$ 4,545,000

PORT AUTHORITY OF WINONA, MINNESOTA

SCHEDULE OF LONG-TERM OBLIGATIONS
AS OF DECEMBER 31, 2014

	True Interest Rate	Authorized	Outstanding
BONDED INDEBTEDNESS—			
G.O. Bonds:			
General Obligation Bonds of 2005 (Pelzer Street)	3.890 %	$ 3,570,000	$ 1,620,000
Total G.O. Bonds		3,570,000	1,620,000
Total Bonded Indebtedness		$ 3,570,000	$ 1,620,000

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PORT AUTHORITY OF WINONA, MINNESOTA

SCHEDULE OF BONDS PAYABLE
AS OF DECEMBER 31, 2014

General Obligation Bonds	Interest Rates and Maturity Dates	Issue Date	Final Maturity Date
G.O. Bonds of 2005 (Pelzer Street)	4.000 % (2015-20)	December 1, 2005	February 1, 2020
Total G.O. Bonds			
Total Bonded Indebtedness			

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

Annual Payment		Authorized and Issued	Retired	Outstanding
$ 245,000	(2015)	$ 3,570,000	$ 1,950,000	$ 1,620,000
255,000	(2016)			
265,000	(2017)			
275,000	(2018)			
285,000	(2019)			
295,000	(2020)			
		3,570,000	1,950,000	1,620,000
		$ 3,570,000	$ 1,950,000	$ 1,620,000

CITY OF WINONA, MINNESOTA

SCHEDULE OF SALARIES, EMPLOYEE BENEFITS, AND CLOTHING ALLOWANCE FOR THE YEAR ENDED DECEMBER 31, 2014 (with comparative totals for 2013)

	Number of Employees*		Salaries and Wages	Pensions**	Clothing/ Tuition Allowance***	Medicare/ Unemployment Compensation
	Full Time	All Other				
GOVERNMENTAL FUNDS:						
General government	24.200	13.00	$ 1,689,252	$ 132,697	$ 6,567	$ 22,280
Police	39.000	1.00	2,706,839	403,711	55,394	37,225
Fire	21.500	12.00	1,591,071	207,177	52,600	19,202
Safety and health coordinator	0.500		27,685	2,277	100	375
Highways and streets/Public Works	12.400		666,651	82,875	3,196	9,049
Park maintenance	15.000	1.00	807,982	42,538	3,863	10,607
Senior advocacy program		2.00	79,601	8,630		1,018
Rehabilitation Projects			16,493	1,196		223
Total governmental funds	112.600	29.00	7,585,574	881,101	121,720	99,979
ENTERPRISE FUNDS:						
Water utility	9.100		496,900	48,770	3,270	6,733
Sanitary Sewer utility/Storm Sewer	12.800		687,142	53,232	4,982	11,901
Inspections	2.500		194,828	(21,820)	731	4,680
Airport	1.000		49,188	6,377	200	561
Public transportation			4,970	360		64
Library	7.750	12.00	568,387	12,885		7,505
Recreation programs	9.250	64.00	718,185	45,709	194	9,861
Total enterprise funds	42.400	76.00	2,719,600	145,513	9,377	41,305
	155.000	105.00	$ 10,305,174	$ 1,026,614	$ 131,097	$ 141,284

* Reflects the employment of the City of Winona on December 31, 2014. Numbers from the Finance Department.

** Pensions include the following: PERA ($1,035,344), Fire—other ($21,800), Benefit adjustment ($63,461)), and Retiree health insurance subsidy ($32,931).

***Clothing/Tuition allowance include the following: Clothing ($92,854), Car ($3,600), Incentive ($31,306), Phone ($600), and Tuition ($2,736).
(Incentive pay is per union contract and includes paramedic certification, more-than-required license for water and sanitary sewer operators, additional monthly payment for the Police-Community Liaison officer and employees hired prior to a date in 1999 that took educational classes.)

Social Security	Health Insurance	Life and Disability Insurance	Dental Insurance	Workers' Compensation	Total 2014	Total 2013
$ 93,300	$ 297,584	$ 2,506	$ -	$ 22,273	$ 2,266,459	$ 2,192,840
8,414	329,608	3,608		89,940	3,634,739	3,554,611
6,510	197,114	2,001	7,374	83,740	2,166,789	2,104,908
1,602	6,978	46		396	39,459	36,016
38,693	128,905	1,001		42,316	972,686	900,055
45,353	123,821	1,141		26,652	1,061,957	1,061,454
4,354	19,284	135		1,064	114,086	111,684
953	4,279	33		112	23,289	26,655
199,179	1,107,573	10,471	7,374	266,493	10,279,464	9,988,223
28,788	91,427	745		17,100	693,733	659,750
39,282	139,575	1,088		24,652	961,854	925,427
10,071	36,817	265		1,164	226,736	251,344
2,397	13,956	75		2,108	74,862	71,249
275	751	9		44	6,473	6,357
32,093	69,632	698		4,828	696,028	686,277
41,991	111,118	812		16,208	944,078	934,829
154,897	463,276	3,692	-	66,104	3,603,764	3,535,233
$ 354,076	$ 1,570,849	$ 14,163	$ 7,374	$ 332,597	$ 13,883,228	$ 13,523,456

CITY OF WINONA, MINNESOTA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014

Federal Grantor/Pass-Through Grantor/Program Title	Grantor Entity Identifying Number	CFDA Number	2014 Expenditures
U.S. DEPARTMENT OF TRANSPORTATION—			
Passed through the MN Department of Transportation:			
Formula Grants for Other than Urbanized Areas-Operating	05039	20.509	$ 160,000
Rural Transit Assistance Program	05039	20.509	334
Office of Aeronautics:			
FAA Eligible Rwy 12/30 Reconst. Phs II SP A	06771	20.106	410,671
Rwy 12/30, Txy Reconst Ph 1 AIP 08-13	04991	20.106	2,526,548
Update airport layout plan; Improve runway SP 8501-58	99844	20.106	1,636
Total U.S. Department of Transportation			3,099,189
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—			
Passed through the MN Department of Employment and Economic Development:			
Small Cities Development Block Grant	CDAP-11-0071-O-FY12	14.228	302,335
Passed through the MN Department of Health:			
Lead Hazard Control	3-23047	14.900	12,150
Total U.S. Department of Housing and Urban Development			314,485
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES—			
Passed through S.E. MN Area Agency on Aging:			
Special Programs for the Aging—Title III, Part B Grants for Supportive Services and Senior Centers	310-025	93.044	22,288
U.S. DEPARTMENT OF INTERIOR—			
Passed through Minnesota Historical Society:			
Historic Preservation Fund Grants-in-Aid	27-13-51930.007	15.904	2,000
Total expenditures of federal awards			$ 3,437,962

CITY OF WINONA, MINNESOTA

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

TOTAL EXPENDITURES OF FEDERAL AWARDS	$ 3,437,962
Total federal grant revenue—2014	3,437,962
Other intergovernmental revenues:	
Shared taxes	271,595
State sources	11,985,601
Local sources	225,137
Total other intergovernmental revenues	12,482,333
TOTAL INTERGOVERNMENTAL REVENUES— Governmental and proprietary funds (Primary Government)	$15,920,295

CITY OF WINONA, MINNESOTA

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

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

CITY OF WINONA, MINNESOTA

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

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

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SECTION III

STATISTICAL SECTION

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CITY OF WINONA, MINNESOTA

STATISTICAL SECTION
(Unaudited)

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

Contents **Table**

FINANCIAL TRENDS 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. 54 in 2011 (retrospective to 2010); therefore, tables presenting governmental fund financial information only reflect the adoption of GASB Statement No. 54 2010 and on.

CITY OF WINONA, MINNESOTA

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

	2005	2006	2007	2008
GOVERNMENTAL ACTIVITIES:				
Net investment in capital assets (2)	$ 25,317,387	$ 37,952,203	$ 41,611,501	$ 42,438,214
Restricted (3)	24,235,683	18,239,282	16,736,009	14,575,890
Unrestricted	10,152,997	9,427,363	8,488,228	9,149,796
Total	$ 59,706,067	$ 65,618,848	$ 66,835,738	$ 66,163,900
BUSINESS-TYPE ACTIVITIES:				
Net investment in capital assets (2)	$ 22,079,905	$ 21,074,836	$ 21,899,448	$ 27,238,820
Restricted	4,424,311	4,738,144	4,508,086	4,337,253
Unrestricted	9,811,019	12,437,654	14,290,300	10,749,862
Total	$ 36,315,235	$ 38,250,634	$ 40,697,834	$ 42,325,935
TOTAL PRIMARY GOVERNMENT:				
Net investment in capital assets (2)	$ 47,397,292	$ 59,027,039	$ 63,510,949	$ 69,677,034
Restricted (3)	28,659,994	22,977,426	21,244,095	18,913,143
Unrestricted	19,964,016	21,865,017	22,778,528	19,899,658
Total	$ 96,021,302	$103,869,482	$107,533,572	$108,489,835

Notes:

(1) Accounting standards require that net position be reported in three components in the financial statements: invested in capital assets; restricted; and unrestricted. Net position are considered restricted only when (1) an external party, such as the State of Minnesota or the federal government, places a restriction on how the resources may be used, or (2) enabling legislation is enacted by the City. Effective 2012 the title Net Position replaced Net Assets.

(2) The significant increase in the invested in capital assets, net of related debt amount from 2005 to 2007 relates to construction in progress for various capital projects. Effective 2012, Net investment in capital assets replaced Investments in capital assets-net of related debt.

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

Data Source—
Applicable years' comprehensive annual financial report.

TABLE I

December 31					
2009	2010	2011	2012	2013	2014
$ 42,023,094	$ 42,090,682	$ 40,283,040	$ 39,640,097	$ 39,475,110	$ 39,590,760
15,422,892	15,884,013	18,389,002	19,412,588	19,720,934	19,876,212
8,933,815	9,270,479	8,842,796	8,967,044	9,388,145	9,299,097
$ 66,379,801	$ 67,245,174	$ 67,514,838	$ 68,019,729	$ 68,584,189	$ 68,766,069
$ 29,157,211	$ 29,596,476	$ 30,516,219	$ 30,221,198	$ 27,225,756	$ 31,804,192
3,188,585	2,634,330	2,558,921	2,096,306	4,734,149	3,879,093
11,710,105	13,374,783	14,328,382	16,981,843	19,496,518	21,058,230
$ 44,055,901	$ 45,605,589	$ 47,403,522	$ 49,299,347	$ 51,456,423	$ 56,741,515
$ 71,180,305	$ 71,687,158	$ 70,799,259	$ 69,861,295	$ 66,700,866	$ 71,394,952
18,611,477	18,518,343	20,947,923	21,508,894	24,455,083	23,755,305
20,643,920	22,645,262	23,171,178	25,948,887	28,884,663	30,357,327
$110,435,702	$112,850,763	$114,918,360	$117,319,076	$120,040,612	$ 125,507,584

CITY OF WINONA, MINNESOTA

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

	For The Calendar Year Ended December 31,			
	2005	2006	2007	2008
EXPENSES:				
General government	$ 2,815,325	$ 3,362,463	$ 3,758,765	$ 3,736,373
Public safety	7,213,936	8,927,248	9,123,908	9,589,140
Highways and streets	3,515,176	929,145	3,986,125	4,586,202
Sanitation and waste removal	29,256	30,166	63,532	50,981
Economic development	626,615	2,722,709	353,074	755,172
Park maintenance	1,568,822	1,754,272	2,094,671	2,765,600
Other	1,863,530	2,014,229		
Interest and fiscal charges	381,434	348,838	318,089	269,367
Total expenses	18,014,094	20,089,070	19,698,164	21,752,835
PROGRAM REVENUES:				
Charges for services:				
General government	685,888	773,290	1,352,315	1,430,071
Public safety	344,744	382,717	1,398,639	1,417,066
Highways and streets	139,565	30,766	644,359	565,644
Economic development	1,132,279	54,323	(485,882)	(369,718)
Other	81,772	2,182,070	373,016	366,702
Operating grants and contributions	1,533,822	1,585,976	1,306,458	1,696,519
Capital grants and contributions (2)	12,511,166	5,678,612	766,018	1,158,495
Total program revenues	16,429,236	10,687,754	5,354,923	6,264,779
NET EXPENSE	(1,584,858)	(9,401,316)	(14,343,241)	(15,488,056)
GENERAL REVENUES:				
Taxes:				
Property	3,807,566	4,212,753	4,334,907	4,558,328
Sales				
Franchise	1,030,866	1,143,200	1,193,201	1,263,465
Unrestricted grants and contributions	8,340,598	8,877,334	9,062,208	8,411,657
Gain on sale of capital assets	7,621			
Investment earnings	676,916	1,168,228	1,083,303	603,023
Miscellaneous				
Total general revenues	13,863,567	15,401,515	15,673,619	14,836,473
NET TRANSFERS IN (OUT)	566,027	(87,418)	(113,488)	(20,255)
TOTAL NET TRANSFERS AND GENERAL REVENUES	14,429,594	15,314,097	15,560,131	14,816,218
CHANGE IN NET POSITION (1)	$ 12,844,736	$ 5,912,781	$ 1,216,890	$ (671,838)

Notes:
(1) In 2012, Net Position replaced Net Assets.
(2) In 2005, capital grants and contributions revenue included over $6 million for the Pelzer Street Construction Project

TABLE II

2009	2010	2011	2012	2013	2014
$ 3,121,449	$ 2,758,302	$ 2,733,573	$ 2,779,097	$ 2,765,186	$ 2,973,611
7,358,480	8,069,508	7,610,314	7,808,418	7,647,157	7,744,276
3,750,342	3,808,737	4,062,121	4,616,226	5,200,298	5,092,421
54,198	45,851	45,635	34,888	48,993	37,585
803,547	763,675	851,661	548,383	645,040	700,782
1,969,496	1,646,308	1,518,720	1,538,243	1,704,671	1,739,944
222,065	175,759	131,150	102,332	67,716	38,315
17,279,577	17,268,140	16,953,174	17,427,587	18,079,061	18,326,934
702,919	693,994	746,878	653,782	694,506	771,056
231,591	242,744	223,841	309,834	263,241	239,939
30,949	30,720	35,524	28,844	29,084	85,433
56,789	58,300	87,638	61,894	46,697	9,660
114,079	91,948	140,667	152,442	153,885	159,304
1,111,357	1,874,459	1,029,207	1,206,546	1,423,344	1,078,501
903,340	1,131,448	705,005	858,089	1,252,059	1,010,378
3,151,024	4,123,613	2,968,760	3,271,431	3,862,816	3,354,271
(14,128,553)	(13,144,527)	(13,984,414)	(14,156,156)	(14,216,245)	(14,972,663)
4,711,442	5,016,384	5,208,768	5,254,948	5,220,064	5,202,393
				47,176	
1,066,901	1,205,739	1,304,498	1,245,615	1,379,806	1,431,656
8,737,980	8,026,899	8,039,317	8,099,790	8,100,124	8,637,847
129,573	51,851	41,344	22,297	8,635	18,478
14,645,896	14,300,873	14,593,927	14,622,650	14,755,805	15,290,374
(301,442)	(290,973)	(339,849)	38,397	24,900	(135,831)
14,344,454	14,009,900	14,254,078	14,661,047	14,780,705	15,154,543
$ 215,901	$ 865,373	$ 269,664	$ 504,891	$ 564,460	$ 181,880

CITY OF WINONA, MINNESOTA

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

	2005	2006	2007	2008
EXPENSES:				
General government	15.6 %	16.7 %	19.1 %	17.2 %
Public safety	40.1	44.4	46.3	44.1
Highways and streets	19.5	4.6	20.2	21.1
Sanitation and waste removal	0.2	0.2	0.3	0.2
Economic development	3.5	13.6	1.8	3.5
Park maintenance	8.7	8.8	10.7	12.7
Other	10.3	10.0		
Interest and fiscal charges	2.1	1.7	1.6	1.2
Total expenses	100.0 %	100.0 %	100.0 %	100.0 %
PROGRAM REVENUES:				
Charges for services:				
General government	4.2 %	7.2 %	25.3 %	22.8 %
Public safety	2.1	3.6	26.1	22.6
Highways and streets	0.8	0.3	12.0	9.0
Economic development	6.9	0.5	(9.1)	(5.9)
Other	0.5	20.4	7.0	5.9
Operating grants and contributions	9.3	14.8	24.4	27.1
Capital grants and contributions (2)	76.2	53.2	14.3	18.5
Total program revenues	100.0 %	100.0 %	100.0 %	100.0 %
GENERAL REVENUES:				
Taxes:				
Property	27.5 %	27.4 %	27.7 %	30.7 %
Sales				
Franchise	7.4	7.4	7.6	8.5
Grants and contributions not restricted	60.1	57.6	57.8	56.7
Gain on sale of capital assets	0.1			
Investment earnings	4.9	7.6	6.9	4.1
Miscellaneous	0.0			
Total general revenues	100.0 %	100.0 %	100.0 %	100.0 %

Notes:
(1) In 2012, Net Position replaced Net Assets.
(2) In 2005, capital grants and contributions revenue included over $6 million for the Pelzer Street Construction Project.

TABLE III

For the Calendar Year Ended December 31,					
2009	2010	2011	2012	2013	2014
18.1 %	16.0 %	16.1 %	15.9 %	15.3 %	16.2 %
42.6	46.7	44.9	44.8	42.3	42.3
21.7	22.1	24.0	26.5	28.7	27.8
0.3	0.3	0.3	0.2	0.3	0.2
4.6	4.4	5.0	3.2	3.6	3.8
11.4	9.5	8.9	8.8	9.4	9.5
1.3	1.0	0.8	0.6	0.4	0.2
100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
22.3 %	16.8 %	25.2 %	20.0 %	18.0 %	23.0 %
7.3	5.9	7.5	9.5	6.8	7.2
1.0	0.7	1.2	0.9	0.8	2.5
1.8	1.4	3.0	1.9	1.2	0.3
3.6	2.2	4.7	4.6	4.0	4.7
35.3	45.5	34.7	36.9	36.8	32.2
28.7	27.5	23.7	26.2	32.4	30.1
100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
32.2 %	35.1 %	35.7 %	35.9 %	35.4 %	34.0 %
				0.3	
7.3	8.4	8.9	8.5	9.3	9.4
59.6	56.1	55.1	55.4	54.9	56.5
0.9	0.4	0.3	0.2	0.1	0.1
100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

CITY OF WINONA, MINNESOTA

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

	For the Calendar Year Ended December 31,			
	2005	2006	2007	2008
EXPENSES:				
Water	$2,469,034	$2,338,414	$2,572,331	$2,436,411
Sanitary Sewer	2,390,545	2,459,257	2,312,959	2,373,000
Inspections	514,352	527,428	524,880	474,242
Airport	226,535	152,002	194,493	182,393
Public Transportation	545,599	592,790	599,160	727,352
Recreation	1,315,569	1,403,468	1,686,896	1,840,605
Library	1,065,143	1,123,011	1,193,005	1,313,732
Storm Sewer	115,761	128,323	70,558	135,739
Total expenses	8,642,538	8,724,693	9,154,282	9,483,474
PROGRAM REVENUES:				
Charges for services:				
Water	3,118,317	3,246,470	3,323,052	3,425,888
Sanitary Sewer	2,807,382	2,956,748	2,936,907	2,856,741
Inspections	484,546	369,732	388,919	381,204
Airport	37,547	28,444	32,180	31,321
Public Transportation	126,694	157,904	206,962	231,732
Recreation	268,580	267,910	333,883	396,577
Library	19,912	23,240	25,686	23,955
Storm Sewer	258,721	271,003	280,443	289,016
Operating grants and contributions	597,728	815,498	913,286	780,795
Capital grants and contributions	79,074	122,109	133,340	13,560
Total program revenues	7,798,501	8,259,058	8,574,658	8,430,789
NET REVENUE (EXPENSE)	(844,037)	(465,635)	(579,624)	(1,052,685)
GENERAL REVENUES:				
Property taxes	469,150	505,504	615,105	676,892
Unrestricted grants	1,288,082	1,243,131	1,569,793	1,434,092
Investment earnings	318,443	564,981	728,438	549,547
Total general revenues	2,075,675	2,313,616	2,913,336	2,660,531
NET TRANSFERS (OUT) IN	(566,027)	87,418	113,488	20,255
Total net transfers and general revenues	1,509,648	2,401,034	3,026,824	2,680,786
CHANGE IN NET POSITION (1)	$ 665,611	$1,935,399	$2,447,200	$1,628,101

Notes —
(1) In 2012, Net Position replaced Net Assets.
Data Source —
Applicable years' comprehensive annual financial report.

TABLE IV

2009	2010	2011	2012	2013	2014
$3,108,385	$2,367,557	$2,297,415	$2,407,299	$2,400,217	$ 2,337,243
2,493,370	2,433,420	2,694,866	2,731,544	2,472,995	2,813,212
474,607	471,289	396,645	342,585	344,620	320,560
441,095	326,625	394,964	382,734	1,000,161	314,599
545,624	617,609	699,450	691,364	780,964	800,341
1,665,488	1,505,246	1,659,898	1,797,826	1,546,333	1,700,674
1,064,813	1,033,555	985,856	931,196	1,053,224	1,035,774
124,704	198,936	159,406	282,245	230,614	227,480
9,918,086	8,954,237	9,288,500	9,566,793	9,829,128	9,549,883
3,323,698	3,192,309	3,286,008	3,658,003	3,671,267	3,605,132
2,913,380	2,822,274	2,928,524	3,401,815	3,341,558	3,145,712
543,769	381,550	499,047	424,325	397,566	459,849
31,701	34,917	38,352	36,828	41,157	37,425
200,234	244,483	239,274	239,707	242,910	251,813
354,471	383,389	384,781	421,892	420,102	413,629
16,598	51,202	43,298	39,859	37,503	33,291
297,169	297,383	306,532	388,544	310,774	345,379
1,314,516	954,596	845,148	798,848	1,000,432	1,023,606
99,960	21,766	328,994	142,561	652,024	3,468,945
9,095,496	8,383,869	8,899,958	9,552,382	10,115,293	12,784,781
(822,590)	(570,368)	(388,542)	(14,411)	286,165	3,234,898
688,289	633,313	657,790	821,748	758,789	762,621
1,450,222	1,181,629	1,173,526	1,114,850	1,124,850	1,124,850
112,603	14,141	15,310	12,035	12,172	26,892
2,251,114	1,829,083	1,846,626	1,948,633	1,895,811	1,914,363
301,442	290,973	339,849	(38,397)	(24,900)	135,831
2,552,556	2,120,056	2,186,475	1,910,236	1,870,911	2,050,194
$1,729,966	$1,549,688	$1,797,933	$1,895,825	$2,157,076	$ 5,285,092

CITY OF WINONA, MINNESOTA

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

	For the Calendar Year Ended December 31,			
	2005	2006	2007	2008
EXPENSES:				
Governmental activities (2)	$ 18,014,094	$ 20,089,070	$ 19,698,164	$ 21,752,835
Business-type activities (3)	8,642,538	8,724,693	9,154,282	9,483,474
Total expenses	26,656,632	28,813,763	28,852,446	31,236,309
PROGRAM REVENUES:				
Governmental activities (2)	16,429,236	10,687,754	5,354,923	6,264,779
Business-type activities (3)	7,798,501	8,259,058	8,574,658	8,430,789
Total program revenues	24,227,737	18,946,812	13,929,581	14,695,568
NET EXPENSE	(2,428,895)	(9,866,951)	(14,922,865)	(16,540,741)
GENERAL REVENUES AND TRANSFERS:				
Governmental activities (2)	14,429,594	15,314,097	15,560,131	14,816,218
Business-type activities (3)	1,509,648	2,401,034	3,026,824	2,680,786
Total general revenues and transfers	15,939,242	17,715,131	18,586,955	17,497,004
CHANGE IN NET POSITION (1)	$ 13,510,347	$ 7,848,180	$ 3,664,090	$ 956,263

Notes:
(1) In 2012, Net Position replaced Net Assets.
Data Source:
(2) See Table II.
(3) See Table IV.

TABLE V

2009	2010	2011	2012	2013	2014
$ 17,279,577	$ 17,268,140	$ 16,953,174	$ 17,427,587	$ 18,079,061	$ 18,326,934
9,918,086	8,954,237	9,288,500	9,566,793	9,829,128	9,549,883
27,197,663	26,222,377	26,241,674	26,994,380	18,079,061	27,876,817
3,151,024	4,123,613	2,968,760	3,271,431	3,862,816	3,354,271
9,095,496	8,383,869	8,899,958	9,552,382	10,115,293	12,784,781
12,246,520	12,507,482	11,868,718	12,823,813	3,862,816	16,139,052
(14,951,143)	(13,714,895)	(14,372,956)	(14,170,567)	(14,216,245)	(11,737,765)
14,344,454	14,009,900	14,254,078	14,661,047	14,780,705	15,154,543
2,552,556	2,120,056	2,186,475	1,910,236	1,870,911	2,050,194
16,897,010	16,129,956	16,440,553	16,571,283	14,780,705	17,204,737
$ 1,945,867	$ 2,415,061	$ 2,067,597	$ 2,400,716	$ 564,460	$ 5,466,972

CITY OF WINONA, MINNESOTA

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

	2005	2006	2007	2008
GENERAL FUND:				
Reserved	$ 2,447,048	$ 2,588,629	$ 2,367,809	$ 1,674,277
Unreserved	5,584,406	5,393,400	5,996,783	6,726,060
Nonspendable (3)				
Restricted (1)				
Committed (1)				
Assigned (1)				
Subtotal general fund	8,031,454	7,982,029	8,364,592	8,400,337
GENERAL FUND PERCENTAGE CHANGE FROM PRIOR YEAR	11.0 %	(0.6)%	4.8 %	0.4 %
ALL OTHER GOVERNMENTAL FUNDS:				
Reserved (2)	15,958,462	8,312,408	5,992,197	5,512,035
Unreserved:				
Special Revenue Funds	(8,149)	(7,963)	(12,662)	(11,870)
Debt Service Funds				
Capital Projects Funds	1,396,469	1,458,642	354,933	983,290
Nonspendable				
Restricted				
Committed				
Assigned				
Unassigned				
Subtotal all other Governmental Funds	17,346,782	9,763,087	6,334,468	6,483,455
ALL OTHER GOVERNMENTAL FUNDS PERCENTAGE CHANGE FROM PRIOR YEAR	175.8 %	(43.7)%	(35.1)%	2.4 %
TOTAL GOVERNMENTAL FUNDS:				
Reserved (2)	18,405,510	10,901,037	8,360,006	7,186,312
Unreserved	6,972,726	6,844,079	6,339,054	7,697,480
Nonspendable				
Restricted				
Committed				
Assigned				
Unassigned				
TOTAL GOVERNMENTAL FUNDS	$25,378,236	$17,745,116	$14,699,060	$14,883,792
ALL GOVERNMENTAL FUNDS PERCENTAGE CHANGE FROM PRIOR YEAR	87.6 %	(30.1)%	(17.2)%	1.3 %

Notes:
(1) The Fund Balance classifications changed for 2011 from Reserved, Designated and Undesignated to five new categories called Nonspendable, Restricted, Unrestricted-Committed, Unrestricted-Assigned and Unrestricted-Unassigned per GASB Statement No. 54 (retrospective to 2010).
(2) The reserved fund balance in 2005 relates to resources held for the Pelzer Street Construction.
(3) Nonspendable moved from Assigned in 2012.
Data Source—Applicable years' comprehensive annual financial report.

TABLE VI

At December 31, 2009	2010	2011	2012	2013	2014
$ 3,477,338	$ -	$ -	$ -	$ -	$ -
5,597,485					
			16,440	14,871	7,972
	2,242,981	1,620,716	1,724,538	1,748,415	2,104,271
	948,116	1,058,290	1,192,915	2,059,077	1,342,200
	6,065,050	5,703,244	5,606,375	5,412,438	6,188,704
9,074,823	9,256,147	8,382,250	8,540,268	9,234,801	9,643,147
8.0 %	2.0 %	(9.4)%	1.9 %	8.1 %	4.4 %
4,971,246					
(18,662)					
1,595,306					
	56,000	56,000	56,000	56,000	56,000
	5,766,571	6,413,544	5,946,608	5,948,793	5,995,870
	635,911	609,429	611,439	639,315	669,812
	(30,306)	(31,690)	(32,639)	(33,931)	(36,563)
6,547,890	6,428,176	7,047,283	6,581,408	6,610,177	6,685,119
1.0 %	(1.8)%	9.6 %	(6.6)%	0.4 %	1.1 %
8,448,584					
7,174,129					
	56,000	56,000	72,440	70,871	63,972
	8,009,552	8,034,260	7,671,146	7,697,208	8,100,141
	1,584,027	1,667,719	1,804,354	2,698,392	2,012,012
	6,065,050	5,703,244	5,606,375	5,412,438	6,188,704
	(30,306)	(31,690)	(32,639)	(33,931)	(36,563)
$15,622,713	$15,684,323	$15,429,533	$15,121,676	$15,844,978	$16,328,266
5.0 %	0.4 %	(1.6)%	(2.0)%	4.8 %	3.1 %

CITY OF WINONA, MINNESOTA

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

	2005	2006	2007	2008
				Amount
REVENUE SOURCE:				
Taxes (2)	$ 4,767,055	$ 5,358,613	$ 5,532,317	$ 5,833,891
Special assessments	1,584,851	894,270	766,018	554,465
Intergovernmental (3)	18,575,068	14,608,555	10,328,659	10,690,005
Licenses and permits	150,529	149,753	161,329	171,860
Fines and forfeitures	275,810	313,581	253,614	254,135
Charges for services	952,724	880,358	838,500	917,413
Contributions	911,487	349,772	40,006	22,199
Investment earnings	630,775	1,075,531	957,663	390,434
Miscellaneous		446	363,713	273,000
Total revenues	$ 27,848,299	$ 23,630,879	$ 19,241,819	$ 19,107,402
PERCENTAGE CHANGE FROM PRIOR YEAR	20.8 %	34.9 %	(15.1)%	(18.6)%
				Percentage of Total
Taxes (2)	17.1 %	22.7 %	28.7 %	30.5 %
Special assessments	5.7	3.8	4.0	2.9
Intergovernmental (3)	66.7	61.8	53.7	56.0
Licenses and permits	0.5	0.6	0.8	0.9
Fines and forfeitures	1.0	1.3	1.3	1.3
Charges for services	3.4	3.7	4.4	4.8
Contributions	3.3	1.5	0.2	0.1
Investment earnings	2.3	4.6	5.0	2.1
Miscellaneous	0.0		1.9	1.4
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 VIII.
(3) In 2005, intergovernmental revenue included over $6 million for the Pelzer Street construction project.

Data Source—
Applicable years' comprehensive annual financial report.

TABLE VII

For The Calendar Year Ended December 31,					
2009	2010	2011	2012	2013	2014
$ 5,733,942	$ 6,203,216	$ 6,538,843	$ 6,473,465	$ 6,627,765	$ 6,645,411
427,672	360,876	362,968	238,891	210,542	173,440
10,595,394	10,906,571	9,588,783	9,903,534	10,177,666	10,488,089
163,149	155,661	169,473	165,798	174,982	177,642
219,823	222,562	211,375	228,408	168,112	162,011
741,755	750,177	878,153	879,329	891,743	983,587
14,141	6,621	8,206	21,999	449,365	65,197
83,009	46,327	35,813	16,978	5,059	7,672
-	6,786	88			
$ 17,978,885	$ 18,658,797	$ 17,793,702	$ 17,928,402	$ 18,705,234	$ 18,703,049
(0.7)%	(5.9)%	3.8 %	0.8 %	4.3 %	(0.1)%
31.9 %	33.2 %	36.7 %	36.1 %	35.4 %	35.5 %
2.4	1.9	2.0	1.3	1.1	0.9
58.9	58.5	53.9	55.3	54.4	56.1
0.9	0.8	1.0	0.9	0.9	0.9
1.2	1.2	1.2	1.3	0.9	0.9
4.1	4.0	4.9	4.9	4.8	5.3
0.1	0.1	0.1	0.1	2.4	0.3
0.5	0.2	0.2	0.1	0.1	0.1
0.0	0.1				
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	Total
2005	$ 3,736,189	$ 1,030,866	$ -	$ 4,767,055
2006	4,215,412	1,143,201		5,358,613
2007	4,339,116	1,193,201		5,532,317
2008	4,570,426	1,263,465		5,833,891
2009	4,667,041	1,066,901		5,733,942
2010	4,997,477	1,205,739		6,203,216
2011	5,234,345	1,304,498		6,538,843
2012	5,227,850	1,245,615		6,473,465
2013	5,247,958	1,379,807		6,627,765
2014	5,213,756	1,431,655		6,645,411

	Percentage of Total			
	Property	Franchise	Sales	Total
2005	78.4 %	21.6 %	0.0 %	100.0 %
2006	78.7	21.3		100.0
2007	78.4	21.6		100.0
2008	78.3	21.7		100.0
2009	81.4	18.6		100.0
2010	80.6	19.4		100.0
2011	80.1	19.9		100.0
2012	80.8	19.2		100.0
2013	79.2	20.8		100.0
2014	78.5	21.5		100.0

Notes:
(1) Includes all governmental fund types.
Data Source—
Applicable years' comprehensive annual financial report.

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CITY OF WINONA, MINNESOTA

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

Function	2005	2006	2007	2008
CURRENT:				
General government	$ 2,712,375	$ 3,327,563	$ 3,073,892	$ 2,983,688
Public safety	6,336,382	6,813,091	7,221,380	7,584,452
Highways and streets	2,788,973	2,606,047	2,774,581	3,306,623
Economic development	446,122	346,931	365,911	754,102
Park maintenance	1,507,681	1,720,125	1,729,743	2,362,062
Other	29,256	30,166	43,532	43,169
Total current	13,820,789	14,843,923	15,209,039	17,034,096
PERCENTAGE CHANGE FROM PRIOR YEAR	(10.9)%	7.4 %	2.5 %	12.0 %
CAPITALIZED CAPITAL OUTLAY (2)	480,984	5,136,903	382,443	571,871
PERCENTAGE CHANGE FROM PRIOR YEAR	(65.2)%	968.0 %	(92.6)%	49.5 %
DEBT SERVICE:				
Principal	1,157,500	1,575,000	1,495,000	1,420,000
Interest and fees	400,827	350,963	321,256	274,117
Other				
Total debt service	1,558,327	1,925,963	1,816,256	1,694,117
PERCENTAGE CHANGE FROM PRIOR YEAR	(10.9)%	23.6 %	(5.7)%	(6.7)%
Total expenditures (3)	$15,860,100	$21,906,789	$17,407,738	$19,300,084
PERCENTAGE CHANGE FROM PRIOR YEAR	(14.9)%	38.1 %	(20.5)%	10.9 %
DEBT SERVICES AS A PERCENT OF NONCAPITAL EXPENDITURES	10.1 %	11.5 %	10.7 %	9.0 %

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

Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds:
Total expenditures
Capital outlay
Table IX: Capitalized capital outlay
Table IX: Total expenditures

Notes:
(1) Includes all governmental fund types.
(2) The significant increase in 2010 is due to the Pelzer Street project being finalized and the reduction in construction in progress being added to 2010 capital outlay. Capitalized capital outlay used 2010 and on.
(3) Total expenditures are those from the governmental statements with the change to capital outlay to reflect the Gov't Wide capitalized capital outlay (2010 and on). See reconciliation above.

Data Source —
Applicable years' comprehensive annual financial report.

TABLE IX

2009	2010	2011	2012	2013	2014
$ 3,010,960	$ 2,683,792	$ 2,696,087	$ 2,716,895	$ 2,598,999	$ 2,857,647
6,512,463	7,286,443	6,640,661	7,037,736	6,644,687	6,845,541
2,865,359	2,657,992	2,625,036	2,580,500	2,773,739	2,736,904
773,027	757,831	837,643	542,169	631,552	702,873
1,778,571	1,498,905	1,389,884	1,391,948	1,508,534	1,579,981
54,198	45,851	45,635	34,888	48,993	37,585
14,994,578	14,930,814	14,234,946	14,304,136	14,206,504	14,760,531
(11.9)%	(0.4)%	(4.7)%	0.5 %	(0.7)%	3.9 %
345,914	729,594	449,514	(109,643)	(9,336)	1,392,986
(39.7)%	110.9 %	(38.4)%	(124.4)%	(91.5)%	15020.6 %
1,360,000	1,300,000	1,220,000	1,035,000	1,260,000	780,000
224,533	177,809	166,171	105,338	69,512	43,989
1,584,533	1,477,809	1,386,171	1,140,338	1,329,512	823,989
(6.5)%	(6.7)%	(6.2)%	(17.7)%	16.6 %	(38.0)%
$16,925,025	$17,138,217	$16,070,631	$15,334,831	$ 15,526,680	$16,977,506
(12.3)%	1.3 %	(6.2)%	(4.6)%	1.3 %	9.3 %
9.6 %	9.0 %	8.9 %	7.4 %	8.6 %	5.3 %

2013	2014
$ 17,746,096	$18,491,322
(2,210,080)	(2,906,802)
(9,336)	1,392,986
$ 15,526,680	$16,977,506

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	2005	2006	2007	2008
CURRENT:				
General government	$ 2,712,375	$ 3,327,563	$ 3,073,892	$ 2,983,688
Public safety	6,336,382	6,813,091	7,221,380	7,584,452
Highways and streets	2,788,973	2,606,047	2,774,581	3,306,623
Economic development	446,122	346,931	365,911	754,102
Park maintenance	1,507,681	1,720,125	1,729,743	2,362,062
Other	29,256	30,166	43,532	43,169
Total current	$ 13,820,789	$ 14,843,923	$ 15,209,039	$ 17,034,096

	2005	2006	2007	2008
CURRENT:				
General government	19.6 %	22.4 %	20.2 %	17.5 %
Public safety	45.9	45.9	47.5	44.5
Highways and streets	20.2	17.6	18.2	19.4
Economic development	3.2	2.3	2.4	4.4
Park maintenance	10.9	11.6	11.4	13.9
Other	0.2	0.2	0.3	0.3
Total current	100.0 %	100.0 %	100.0 %	100.0 %

Notes:
(1) Includes all governmental fund types.

Data Source—Table IX.

TABLE X

Amounts					
2009	2010	2011	2012	2013	2014
$ 3,010,960	$ 2,683,792	$ 2,696,087	$ 2,716,895	$ 2,598,999	$ 2,857,647
6,512,463	7,286,443	6,640,661	7,037,736	6,644,687	6,845,541
2,865,359	2,657,992	2,625,036	2,580,500	2,773,739	2,736,904
773,027	757,831	837,643	542,169	631,552	702,873
1,778,571	1,498,905	1,389,884	1,391,948	1,508,534	1,579,981
54,198	45,851	45,635	34,888	48,993	37,585
$ 14,994,578	$ 14,930,814	$ 14,234,946	$ 14,304,136	$ 14,206,504	$ 14,760,531

Percentage of Total					
2009	2010	2011	2012	2013	2014
20.1 %	18.0 %	18.9 %	19.0 %	18.3 %	20.8 %
44.5	48.8	46.7	49.2	46.8	45.2
19.1	17.8	18.4	18.0	19.5	18.7
5.2	5.1	5.9	3.8	4.4	5.1
11.9	10.0	9.8	9.7	10.6	9.9
0.4	0.3	0.3	0.3	0.4	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) (2)
FOR THE LAST TEN CALENDAR YEARS ENDED DECEMBER 31
(modified accrual basis of accounting)

Source	2005	2006	2007	2008
TOTAL REVENUES	$27,848,299	$23,630,879	$19,241,819	$19,107,402
TOTAL EXPENDITURES	21,428,151	30,607,030	21,315,396	19,937,403
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	6,420,148	(6,976,151)	(2,073,577)	(830,001)
OTHER FINANCING (USES) SOURCES:				
Sale of capital assets	7,621			
Debt proceeds	3,595,585	845,000		
Transfers in	5,939,945	1,061,683	1,258,053	2,141,305
Transfers out	(4,111,009)	(2,563,652)	(2,230,532)	(1,126,572)
Total other financing (uses) sources	5,432,142	(656,969)	(972,479)	1,014,733
NET CHANGE IN FUND BALANCES	11,852,290	(7,633,120)	(3,046,056)	184,732
FUND BALANCES—Beginning of year	13,525,946	25,378,236	17,745,116	14,699,060
FUND BALANCES—End of year	$25,378,236	$17,745,116	$14,699,060	$14,883,792

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

TABLE XI

2009	2010	2011	2012	2013	2014
$17,978,885	$18,658,797	$17,793,702	$17,928,402	$18,705,234	$18,703,049
17,300,454	17,587,202	16,872,809	17,101,065	17,746,096	18,491,322
678,431	1,071,595	920,893	827,337	959,138	211,727
		1,385,000			
1,755,890	434,619	968,269	701,412	1,397,826	1,092,050
(1,695,400)	(1,444,604)	(3,528,952)	(1,836,606)	(1,633,662)	(820,489)
60,490	(1,009,985)	(1,175,683)	(1,135,194)	(235,836)	271,561
738,921	61,610	(254,790)	(307,857)	723,302	483,288
14,883,792	15,622,713	15,684,323	15,429,533	15,121,676	15,844,978
$15,622,713	$15,684,323	$15,429,533	$15,121,676	$15,844,978	$16,328,266

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
2006	$ 16,904,090	$ 1,406,070,400	$ 316,606	$ 16,306,600
2007	17,709,035	1,470,440,000	324,604	16,626,000
2008	18,368,606	1,521,383,800	304,177	15,543,900
2009	18,590,745	1,531,838,200	302,529	15,490,200
2010	19,249,222	1,578,442,900	303,421	15,533,300
2011	18,673,533	1,547,504,300	322,219	16,525,400
2012 (3)	16,926,347	1,534,908,400	334,620	17,116,300
2013	16,602,774	1,502,200,100	412,967	21,078,200
2014	16,751,603	1,505,797,000	419,392	21,413,600
2015	17,175,391	1,527,375,000	420,876	21,503,700

Notes:
* The levy of the property taxes was done the year prior to the year of collection.
(1) Tax capacity is determined by multiplying a property's market value by its applicable classification rate. Each property is assigned a classification rate depending upon its use. This table includes the primary government and the discretely presented component unit, the Port Authority of Winona. The tax capacities do not include Jobz.
(2) The tax rate is presented as $1,000 of tax capacity. (This is the City Tax Rate.)
(3) Beginning in the 2012 tax collection year, the State of Minnesota Market Value Homestead Credit program was changed to a Homestead Market Value Exclusion program which resulted in a reduction to the overall taxable market values and tax capacities of Minnesota cities.
(Loss of approximately $151 million taxable market value due to this change.)
Data Source:
Winona County Assessor (2006-2015)

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
$ 17,220,696	30.95	$ 1,422,377,000	1.21 %	7.8 %
18,033,639	30.77	1,487,066,000	1.21	4.5
18,672,783	30.44	1,536,927,700	1.21	3.4
18,893,274	30.83	1,547,328,400	1.22	0.7
19,552,643	31.22	1,593,976,200	1.23	3.0
18,995,752	31.81	1,564,029,700	1.21	(1.9)
17,260,967	33.64	1,552,024,700	1.11	(0.8)
17,015,741	35.15	1,523,278,300	1.12	(1.9)
17,170,995	35.35	1,527,210,600	1.12	0.3
17,596,267	34.71	1,548,878,700	1.14	1.7

TABLE XIII

CITY OF WINONA, MINNESOTA

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

	Direct		Overlapping Rates		
Year Collected (1)	City Rate	Port Authority	School District (2)	Winona County	Total
2005	30.95 %	2.08 %	16.27 %	47.19 %	96.49 %
2006	30.77	1.93	13.08	44.52	90.30
2007	30.44	1.87	16.26	43.51	92.08
2008	30.83	1.78	16.57	43.14	92.32
2009	31.22	2.46	17.62	43.79	95.09
2010	31.81	2.36	16.68	42.03	92.88
2011	33.64	2.42	17.35	42.22	95.63
2012	35.15	2.64	18.86	43.54	100.19
2013	35.35	3.44	17.22	41.08	97.09
2014	34.71	3.17	15.97	38.43	92.28

Notes:
(1) For the City, net of homestead and agriculture credit aid,
but not net of Minnesota market value (MV) credits, for 2005–2008.
(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
2005 (4) (10)	$ 4,497,685	$ 4,430,685	98.51 %	$ 66,793	$ 4,497,478	100.00 %
2006 (5)	5,003,460	4,940,533	98.74	59,865	5,000,398	99.94
2007 (6)	5,238,625	5,165,212	98.60	67,369	5,232,581	99.88
2008 (7)	5,530,485	5,479,274	99.07	50,473	5,529,747	99.99
2009 (8)	5,790,110	5,690,480	98.28	91,549	5,782,029	99.86
2010 (9)	6,590,943	5,969,463	90.57	84,610	6,054,073	91.85
2011 (9)	6,816,772	6,205,360	91.03	55,861	6,261,221	91.85
2012	6,528,644	6,436,327	98.59	53,869	6,490,196	99.41
2013	6,605,703	6,505,901	98.49	54,127	6,560,028	99.31
2014	6,513,266	6,450,367	99.03		6,450,367	99.03

Notes:

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

(2) The 2005-2011 amounts reported in the total uncollected taxes column are the uncollected taxes for each tax levy.

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

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

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

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

(7) Net of HACA and State of Minnesota MV credits (HACA was zero and MV credits were $555,945 excluding MV TI credits).

(8) Net of HACA and State of Minnesota MV credits (HACA was zero and MV credits were $549,700 excluding MV TI credits).

(9) In 2010 and 2011, the market value credit revenues paid to the City was short by $467,000 because the State of Minnesota discontinued the reimbursement program (due to budget reductions). This is the reason that there is a large drop in the percentage of levy collections.

(10) In 2005, market value tax credits used in Winona County's calculation of net taxes levied were less than actual market value credits received by the City from the State of Minnesota, which resulted in percentage of levy calculations over 100%. This year has been adjusted to reflect the market value tax credit.

Data Source:
Winona County Auditor
City Finance Department

TABLE XV

CITY OF WINONA, MINNESOTA

PRINCIPAL PROPERTY TAXPAYERS (Unaudited)
FOR THE CALENDAR YEARS ENDED DECEMBER 31, 2014 AND 2005

	2014 (For Taxes Payable in 2015)			
Principal Taxpayer	**Type of Business**	**Tax Capacity (1)**	**Rank**	**Percentage of Total Tax Capacity**
Northern States Power Co.	Utility	$ 388,966	1	2.21 %
Rivers Development	Commercial	290,120	2	1.65
Wal-Mart	Commercial	257,982	3	1.46
Menards, Inc.	Commercial	217,908	4	1.24
Fastenal Company	Commercial/Industrial	214,501	5	1.22
Broadstone HLC Midwest LLC (Hal Leonard-Tech Park)*	Industrial/Commercial	166,440	6	0.94
Mikrut Properties	Commercial/Industrial	156,165	7	0.89
Miller Waste Mills	Industrial/Commercial	141,864	8	0.81
Sarnia Realty Investors (Winona Clinic)	Commercial	138,828	9	0.79
Saint Anne of Winona	Commercial	86,368	10	0.49
Total Principal Taxpayers		2,059,142		11.70
All Other Taxpayers		15,537,125		88.30
Total		$17,596,267		100.00 %

	2005 (For Taxes Payable in 2006)			
Principal Taxpayer	**Type of Business**	**Tax Capacity (1)**	**Rank**	**Percentage of Total Tax Capacity**
Northern State Power Co.	Utility	$ 327,595	1	1.90 %
Wal-Mart	Commercial	260,400	2	1.51
Menards, Inc.	Commercial	216,832	3	1.26
Rivers Hotel Company, Inc.	Commercial	198,482	4	1.15
Fastenal Company	Commercial/Industrial	193,871	5	1.13
Infinity Financial Winona (Winona Mall)	Commercial	129,672	6	0.75
Mills Properties (Mills Fleet Farm)	Commercial	123,250	7	0.72
Mikrut Properties	Industrial	118,719	8	0.69
HyVee Inc.	Commercial	110,391	9	0.64
Dayton Hudson Corporation (Target)	Commercial	108,034	10	0.63
Total Principal Taxpayers		1,787,246		10.38
All Other Taxpayers		15,433,450		89.62
Total		$17,220,696		100.00 %

Notes:

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

* In JobZ (lower property tax zone)

Data Source—Winona County Auditor

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CITY OF WINONA, MINNESOTA

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

	Governmental Activities				
	General Obligation Bonds Supported by			General Obligation	
Calendar Year	Taxes (1)	Other Revenues	Special Assessments (2)	Equipment Certificates	Total
2005	$ 3,584,300	$ -	$ 6,795,700	$ 210,000	$ 10,590,000
2006	3,194,500		5,820,500	845,000	9,860,000
2007	2,794,200		4,835,800	735,000	8,365,000
2008	2,398,100		3,921,900	625,000	6,945,000
2009	2,001,800		3,073,200	510,000	5,585,000
2010	1,605,500		2,289,500	390,000	4,285,000
2011	1,209,000		1,591,000	1,650,000	4,450,000
2012	812,500		1,082,500	1,520,000	3,415,000
2013	413,700		571,300	1,170,000	2,155,000
2014	207,900		287,100	880,000	1,375,000

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
$ 10,565,000	$ 21,155,000	0.015	27,295	$ 775
11,520,000	21,380,000	0.015	27,324	783
10,135,000	18,500,000	0.012	27,458	674
7,015,000	13,960,000	0.009	27,582	506
6,115,000	11,700,000	0.007	27,474	426
5,200,000	9,485,000	0.006	27,592	344
4,240,000	8,690,000	0.005	27,554	315
3,505,000	6,920,000	0.004	27,782	251
5,595,000	7,750,000	0.004	27,741	279
3,170,000	4,545,000	0.002	27,741	164

CITY OF WINONA, MINNESOTA

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING (Unaudited) (5)
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
2005	$ 3,584,300	$ -	$ 6,795,700	$10,565,000	$20,945,000
2006	3,194,500		5,820,500	11,520,000	20,535,000
2007	2,794,200		4,835,800	10,135,000	17,765,000
2008	2,398,100		3,921,900	7,015,000	13,335,000
2009	2,001,800		3,073,200	6,115,000	11,190,000
2010	1,605,500		2,289,500	5,200,000	9,095,000
2011	1,209,000		1,591,000	4,240,000	7,040,000
2012	812,500		1,082,500	3,505,000	5,400,000
2013	413,700		571,300	5,595,000	6,580,000
2014	207,900		287,100	3,170,000	3,665,000

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

TABLE XVII

Less Restricted Assets To Repay Debt Principal (4)	Net General Obligation Bonds	Percentage of Actual Taxable Value of Property (6)	Estimated Population (7)	Total General Obligation Debt Per Capita
$5,006,176	$15,938,824	1.12	27,295	$ 584
4,774,810	15,760,190	1.06	27,324	577
3,847,754	13,917,246	0.91	27,458	507
3,407,480	9,927,520	0.64	27,582	360
2,897,230	8,292,770	0.54	27,474	302
2,401,127	6,693,873	0.42	27,592	243
1,786,475	5,253,525	0.33	27,554	191
1,494,430	3,905,570	0.25	27,782	141
2,460,344	4,119,656	0.26	27,782	148
293,810	3,371,190	0.22	27,741	122

CITY OF WINONA, MINNESOTA

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

Tax Year Collected	Estimated Population (4)	Market Value (5) (in $1,000)	Gross Bonded Debt (1)	Less Debt Service Monies Available	Less Debt Payable From Port and Enterprise Revenues (2)
2005	27,295	$ 1,319,882	$ 25,120,000	$ 662,721	$ 10,960,000
2006	27,324	1,422,377	25,050,000	571,941	11,890,000
2007	27,458	1,487,066	21,955,000	611,562	10,480,000
2008	27,582	1,536,928	17,195,000	780,847	7,335,000
2009	27,474	1,547,328	14,710,000	808,454	6,410,000
2010	27,592	1,593,976	11,995,000	822,369	5,200,000
2011	27,554	1,564,030	10,990,000	861,387	4,240,000
2012	27,782	1,552,025	9,000,000	971,625	3,505,000
2013	27,741	1,523,278	9,605,000	991,247	4,470,000
2014	27,741	1,527,211	6,165,000	1,025,232	2,045,000

This table includes the primary government and the component unit.

Notes:
(1) G.O. certificates are included in this schedule.
(2) Excludes Port Authority G.O. bonds of 2005 (Pelzer Street)
and Port Authority G.O. Airport Bonds of 2013A, which will be retired with property taxes.
(3) Net bonded debt is property tax supported debt. As compared to table XVII, this is the amount of debt that
the City is actually retiring from property taxes.
Data Source:
(4) Table XXII
(5) Winona County Assessor (2005-2014)
(6) City's Planning Department
City's Finance Department

TABLE XVIII

Less Debt Payable From Special Assessments	Less Debt Payable From Leased Properties	Net Bonded Debt (3)	Ratio of Net Bonded Debt To Market Value	Net Bonded Debt Per Capita
$ 6,795,700	$ -	$ 6,701,579	0.0051	$ 246
5,820,500		6,767,559	0.0048	248
4,835,800		6,027,638	0.0041	220
3,921,900		5,157,253	0.0034	187
3,073,200		4,418,346	0.0029	161
2,289,500		3,683,131	0.0023	133
1,591,000		4,297,613	0.0027	156
1,082,500		3,440,875	0.0023	125
571,300		3,572,453	0.0023	129
287,100		2,807,668	0.0018	101

TABLE XIX

CITY OF WINONA, MINNESOTA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT (Unaudited)
DECEMBER 31, 2014

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
CITY DIRECT DEBT:			
General obligation bonds supported by property taxes	$ 207,900	100.0 %	$ 207,900
General obligation bonds supported by special assessments	287,100	100.0	287,100
General obligation equipment certificates	880,000	100.0	880,000
Total city direct debt			1,375,000
COMPONENT UNIT DEBT:			
General obligation bonds supported by Port Authority	2,745,000	100.0	2,745,000
Total component unit debt			2,745,000
OVERLAPPING DEBT: (2)			
Debt repaid with property taxes:			
Independent School District No. 861— G.O. bonds	20,487,903	61.6	12,620,548
Winona County— General obligation bonds	4,966,444	42.2	2,095,839
Total overlapping debt			14,716,387
Total direct and overlapping debt			$ 18,836,387

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

	2005	2006	2007	2008
ASSESSED VALUE (5)	$ 1,319,881,900	$ 1,422,377,000	$ 1,487,066,000	$ 1,536,927,700
LEGAL DEBT MARGIN:				
Debt limit (3% of market value of taxable property) (1)	$ 26,397,638	$ 28,447,540	$ 29,741,320	$ 46,107,831
Debt applicable to limit:				
Gross debt (6)	21,155,000	21,380,000	18,500,000	13,960,000
Less exempt debt (2)				-
Special assessment improvement bonds	(6,795,700)	(5,820,500)	(4,835,800)	(3,921,900)
G.O. bonds (3)				
G.O. revenue bonds (4)	(10,565,000)	(11,520,000)	(10,135,000)	(7,015,000)
Debt subject to limit	3,794,300	4,039,500	3,529,200	3,023,100
Legal debt margin	$ 22,603,338	$ 24,408,040	$ 26,212,120	$ 43,084,731
Total net debt applicable to the limit as a percentage of the debt limit	14.37 %	14.20 %	11.87 %	6.56 %

Notes:
(1) MN Statutes, Section 475.53, which reports gross G.O. debt before deducting any available debt service fund balances (3% of market value of taxable property in years after 2007, 2% in 2007 and prior years).
(2) Per MN Statutes.
(3) G.O. debt supported by revenues other than special assessments and enterprise funds.
(4) G.O. debt supported by revenues in enterprise funds.
Data Source:
(5) See Table XII.
(6) Includes G.O. bonds and G.O. equipment certificates.

TABLE XX

2009	2010	2011	2012	2013	2014
$ 1,547,328,400	$ 1,593,976,200	$ 1,564,029,700	$ 1,552,024,700	$ 1,523,278,300	$ 1,527,210,600
$ 46,419,852	$ 47,819,286	$ 46,920,891	$ 46,560,741	$ 45,698,349	$ 45,816,318
11,700,000	9,485,000	8,690,000	6,920,000	7,750,000	4,545,000
-	-				
(3,073,200)	(2,289,500)	(1,591,000)	(1,082,500)	(571,300)	(287,100)
(6,115,000)	(5,200,000)	(4,240,000)	(3,505,000)	(4,470,000)	(2,045,000)
2,511,800	1,995,500	2,859,000	2,332,500	2,708,700	2,212,900
$ 43,908,052	$ 45,823,786	$ 44,061,891	$ 44,228,241	$ 42,989,649	$ 43,603,418
5.41 %	4.17 %	6.09 %	5.01 %	5.93 %	4.83 %

TABLE XXI

CITY OF WINONA, MINNESOTA

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

	Water and Sewer Revenue Bonds						
Calendar Year	Gross Revenues (2)	Less: Operating Expenses (3)	Net Available Revenues	Debt Service Principal	Debt Service Interest	Debt Service Total	Times Coverage
2005	$ 6,208,775	$ 3,246,166	$ 2,962,609	$ 1,327,500	$ 479,536	$ 1,807,036	1.64
2006	6,697,050	3,342,586	3,354,464	1,340,000	428,729	1,768,729	1.90
2007	6,912,334	3,370,212	3,542,122	1,385,000	433,145	1,818,145	1.95
2008 (4)	6,780,595	3,355,293	3,425,302	3,120,000	361,408	3,481,408	0.98
2009	6,336,203	4,192,645	2,143,558	900,000	265,373	1,165,373	1.84
2010	6,026,399	3,245,159	2,781,240	915,000	228,866	1,143,866	2.43
2011	6,227,574	3,477,056	2,750,518	960,000	189,948	1,149,948	2.39
2012	7,069,814	3,580,217	3,489,597	735,000	155,358	890,358	3.92
2013	7,023,500	3,370,604	3,652,896	720,000	146,391	866,391	4.22
2014 (5)	6,792,298	4,374,720	2,417,578	2,425,000	109,583	2,534,583	0.95

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, investment earnings and property taxes.
(3) Operating expenses do not include depreciation, interest expense, or fiscal charges.
(4) $2,285,000 in principal was paid from a refunding escrow account established for this purpose. Removing these principal payments would reduce principal payments to $835,000 and increase the coverage ratio to 2.86.
(5) $1,680,000 in principal was paid from a refunding escrow account established for this purpose. Removing these principal payments would reduce principal payments to $745,000 and increase the coverage ratio to 2.83.
Data Source—
Applicable years' comprehensive annual financial report.

TABLE XXII

CITY OF WINONA, MINNESOTA

DEMOGRAPHIC AND ECONOMIC FACTORS (Unaudited)
LAST TEN CALENDAR YEARS

Year	City Population (1)	City Metropolitan Area Population (2)	Personal Income (3) (thousands of dollars)	Per Capita Income (4)	City Unemployment Rate (5)(6)	United States Unemployment Rate (5) (6)
2005	27,295	49,348	$ 1,428,270	28,943	3.9 %	5.1 %
2006	27,324	49,730	1,510,583	30,376	3.8	4.6
2007	27,458	49,848	1,643,177	32,964	4.3	4.8
2008	27,582	49,590	1,710,826	34,499	6.2	7.1
2009	27,474	49,436	1,697,007	34,327	7.2	9.7
2010	27,592	51,395	1,765,396	34,350	7.0	9.1
2011	27,554	51,378	1,800,754	35,049	5.6	8.5
2012	27,782	51,629	1,960,950	37,982	5.1	7.8
2013	27,741	51,232	2,014,822	39,327	4.3	6.7
2014	27,741	51,232	2,014,822	39,327	2.9	5.6

Data Source:
(1) State demographer's estimate, except 2010, which is from the 2010 Census. 2014 not available.
(2) 2005–2013—U.S. Bureau of Economic Analysis - Winona, MN Metropolitan Area, http://www.bea.gov/regional/index.htm. 2014 not available.
(3) 2005–2013—U.S. Bureau of Economic Analysis - Winona, MN Metropolitan Area, http://www.bea.gov/regional/index.htm. 2014 not available.
(4) 2005–2013—U.S. Bureau of Economic Analysis - Winona, MN Metropolitan Area, http://www.bea.gov/regional/index.htm. 2014 not available.
(5) Minnesota Department of Employment and Economic Development (i.e., the yearly annual average), (2010, 2011, 2012, 2013 and 2014 U.S. rate is seasonally adjusted).
(6) Minnesota Department of Employment and Economic Development
(Rate is not seasonally adjusted for 12/31/07, 12/31/08, 12/31/09, 12/31/10, 12/31/11, 12/31/12, 12/31/13 and 12/31/14)

TABLE XXIII

CITY OF WINONA, MINNESOTA

PRINCIPAL EMPLOYERS (Unaudited)
FOR THE CALENDAR YEARS ENDED DECEMBER 31, 2014 AND 2004

		2014		
Employer (1)	Type of Business	Number of Employees	Rank	Percentage of Total County Employment
Fastenal Company (3)	Commercial/Industrial	1,506	1	9.79 %
Winona State University	Post-secondary education	1,200	2	7.80
Winona Health	Hospital/Clinic/Health Care	1,100	3	7.15
Independent School District No. 861	K-12 education	683	4	4.44
Saint Mary's University	Post-secondary education	600	5	3.90
Wincraft	Promotional materials	500	6	3.25
TRW Automotive Electronics	Industrial	400	7	2.60
RTP Company	Industrial	400	8	2.60
Wal-Mart	Commercial	300	9	1.95
Winona County	County Government	287	10	1.87
Total principal employers		6,976		45.35
Other employers		8,409		54.65
Total employers (4)		15,385		100.00 %

		2004		
Employer (2)	Type of Business	Number of Employees	Rank	Percentage of Total County Employment
Fastenal Company (3)	Commercial/Industrial	1,200	1	8.09 %
Winona Health	Hospital/Health Care	900	2	6.07
Winona State University	Post-secondary education	850	3	5.73
Independent School District No. 861	K-12 education	750	4	5.06
TRW Automotive Electronics	Industrial machinery	700	5	4.72
RTP Company	Plastic and synthetic resins	600	6	4.05
Saint Mary's University	Post-secondary education	420	7	2.83
Wincraft	Promotional materials	400	8	2.70
Winona County	County Government	360	9	2.43
Watlow Controls	Electronic Control manufacturer	283	10	1.91
Total principal employers		6,463		35.58
Other employers		8,367		56.42
Total employers (4)		14,830		100.00 %

Data Source:
(1) Official Statement—Bond Offering (City of Winona-February 2015)
(2) Official Statement—Bond Offering (City of Winona-October 2005)
(3) Fastenal Company information
(4) MN DEED, 2014 is at 12/31/2014 and 2004 is at 12/31/2004

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
2005	$ 1,319,881,900	$ 482,142,700	162	$ 42,168,354	981	$ 14,950,633
2006	1,422,377,000	482,142,700	134	19,912,636	912	10,150,859
2007	1,487,066,000	482,142,700	127	24,965,605	812	8,299,429
2008	1,536,927,000	482,142,700	144	16,101,088	839	10,638,324
2009	1,547,328,000	482,142,700	142	30,462,564	952	27,260,566
2010	1,593,976,000	482,142,700	115	11,755,997	1,135	13,217,273
2011	1,564,029,700	625,833,300	168	15,533,885	1,358	26,189,526
2012	1,552,024,700	625,833,300	116	16,436,708	1,050	10,014,096
2013	1,523,278,300	625,833,300	115	12,119,264	802	9,186,331
2014	1,527,210,600	625,833,300	116	23,196,034	757	8,515,072

Notes:
(1) Tax-exempt property valuation is updated every six years.
(2) In 2005, the Winona Health/Winona Clinic expansion at $20,912,000, and the WSU Pasteur Hall renovation are included at $8,160,750.
In 2006, the Southeast Minnesota Technical College remodeling and new entrance is included at $2,996,000, and the Target remodeling and addition is included at $2,913,000.
In 2007 are Hal Leonard at $4,967,027, WSU Maxwell Center remodeling at $4,476,622, and WSU Memorial Hall at $2,674,000.
In 2008 are the Holiday Inn Express at $4,996,000, Animal Care Clinic at $1,863,525, and an addition to the Minnesota Marine Art Museum at $1,548,400.
In 2009 are the Winona State University at $14,600,000 for a Wellness Center and $17,973,222 (Residential Construction) for a new residence hall, and an addition to the Winona County Historical Society for $3,300,000.
In 2010 are Bradford Development for $4,650,000 to construct a senior housing cooperative and $3,449,500 for the Benedictine Health Systems Assisted Living Apartments addition.
In 2011 residential: McNally 16 Condos for $1,390,000, Gernes apartments for $900,000, Saint Mary's University's Residential Hall for $5,580,400, and Winona Senior Living for $5,800,000
In 2012, the MN State SE Technical addition of $2,378,800 and CPI Banini addition of $3,000,000 are included.
In 2014-Nonresidential includes the Dahl Auto new car dealership for $4.9 million and Cytec expansion for $4 million
In 2014-Residential includes the Rivers Edge Condos development for $853,000
Data Source:
(3) Winona County Assessor
(4) City of Winona-Inspection Department

CITY OF WINONA, MINNESOTA

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

Function/Program	2006	2007	2008
GENERAL FUND:			
General government:			
City manager	2.000	2.000	2.000
City clerk	1.888	1.888	1.888
Finance	7.000	7.000	7.000
Human resources	1.600	1.600	1.600
Planning	3.375	3.375	3.375
Building maintenance	2.250	2.250	2.250
Public safety:			
Police	43.800	44.600	43.600
Fire	23.000	23.000	23.000
Safety and health coordinator	1.000	1.000	1.000
Highways and streets:			
Engineering	5.800	5.800	4.800
Streets and alleys	14.000	14.000	14.000
Central garage	4.000	4.000	4.000
Public works			
Park maintenance—			
Park maintenance	20.000	20.000	20.000
Economic development:			
Community development	2.625	3.625	2.625
Community development-matching funds	.000	.000	1.000
Total general fund	132.338	134.138	132.138
Senior Advocacy Fund—			
Senior Advocacy	1.525	1.700	1.000
Central City Rehab Fund—			
Core Rehabilitation Program			
Water and Sanitary Sewer Funds:			
Water power and pumping/water distribution	9.000	9.000	9.000
Water/sanitary sewer—administration and general	3.000	3.000	1.500
Sanitary Sewer—administration and general	12.000	12.000	13.500
Total water and sanitary sewer funds:	24.000	24.000	24.000
Public Transportation Fund—			
Transit—administration and general	0.112	0.112	0.112
Airport Fund—			
Airport—administration and general	1.000	1.000	1.000
Recreation Fund:			
Recreation administration	2.000	3.000	2.500
Community services			1.750
Recreation programs	3.000	3.000	2.000
Senior center	4.250	4.250	4.250
Total Recreation Fund	9.250	10.250	10.500
Library Fund—			
Library administration	13.250	14.625	13.250
Storm Sewer Fund			
Inspections Fund—			
Inspections	6.000	6.000	4.000
TOTAL	187.475	191.825	186.000

Notes:
(1) Information presented in full-time equivalents.
(2) Full-time equivalent data only available beginning with 2006.
Data Source—
(3) The City of Winona Finance Department—Current Year Budget Book

TABLE XXV

2009	2010	2011	2012	2013	2014
2.000	2.000	2.000	2.000	2.000	2.000
1.225	1.225	1.195	1.195	1.195	1.195
7.000	7.000	7.000	8.000	7.000	8.000
1.500	1.500	1.500	1.500	1.500	1.500
2.375	2.375	2.375	2.375	2.375	1.875
2.275	2.275	2.000	2.000	2.000	2.000
40.500	41.500	41.500	41.000	41.000	41.000
21.500	21.500	22.000	21.500	21.500	22.000
1.000	1.000	1.000	1.000	0.500	0.500
4.000	4.000	4.000	4.000	4.000	4.000
13.000	13.000	12.000	12.000	12.000	12.000
4.300	4.300	4.000	4.000	4.000	4.000
0.400	0.400	0.400	0.400	0.400	0.400
18.000	17.000	15.000	15.000	15.000	15.000
2.625	2.625	2.625	2.625	2.625	2.625
1.000	1.000	0.625	0.625	0.625	0.750
122.700	122.700	119.220	119.220	117.720	118.845
1.700	1.700	1.700	1.700	1.700	1.700
		0.375	0.375	0.375	0.250
9.275	9.275	8.000	8.000	8.000	8.000
1.100	1.100	1.100	1.100	1.100	1.100
13.000	13.000	13.000	13.000	12.000	12.000
23.375	23.375	22.100	22.100	21.100	21.100
0.075	0.075	0.105	0.105	1.105	0.105
1.000	1.000	1.000	1.000	1.000	1.000
2.500	2.250	2.000	2.000	2.000	2.000
1.750	1.500	1.350	1.250	1.250	1.250
2.000	2.000	2.000	2.000	2.000	2.000
4.000	4.000	4.000	4.000	4.000	4.000
10.250	9.750	9.350	9.250	9.250	9.250
10.150	11.900	10.900	12.250	11.625	11.625
0.300	0.300	0.300	0.300	0.800	0.800
4.750	4.550	3.250	3.500	3.500	3.500
174.300	175.350	168.300	169.800	168.175	168.175

CITY OF WINONA, MINNESOTA

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

Function/Program	2005	2006	2007	2008
Public safety:				
Fire:				
Number of emergency responses	1,689	1,763	2,033	2,090
Number of inspections	414	395	375	491
Police:				
Calls for service	-	-	-	-
Crime clearance	57 %	55 %	57 %	64 %
Sanitary Sewage system:				
Daily average treatment (in gallons)	4,400,000	4,400,000	4,326,000	4,400,000
Maximum daily of capacity of treatment plant (in gallons)	9,700,000	9,700,000	9,600,000	9,600,000
Water system:				
Daily average consumption (in gallons)	2,800,000	2,800,000	2,860,000	2,860,000
Maximum daily capacity of plant (in gallons)	8,500,000	8,500,000	10,296,000	10,300,000

Data Source—
The City's various departments

TABLE XXVI

2009	2010	2011	2012	2013	2014
1,978	2,070	2,176	2,124	2,134	2,021
171	124	188	154	158	64
-	-	-	-	-	16,398
61 %	60 %	60 %	60 %	63 %	62 %
4,400,000	4,400,000	5,078,000	5,078,000	4,559,000	4,730,000
9,600,000	9,600,000	9,600,000	9,600,000	9,600,000	9,600,000
2,860,000	2,860,000	2,928,000	2,928,000	2,890,000	2,910,000
10,300,000	10,300,000	10,300,000	10,300,000	10,300,000	10,300,000

CITY OF WINONA, MINNESOTA

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

Function/Program	2005	2006	2007	2008
Public safety:				
Fire stations	2	2	2	2
Police stations	1	1	1	1
Streets and highways:				
Streets (miles)	111	113	113	114
Culture and recreation:				
Acreage	3,000	3,000	3,000	3,000
Number of bandshells	1	1	1	1
Number of parks	30	30	30	30
Number of community centers	2	2	2	2
Number of swimming pools	1	1	1	1
Number of tennis courts	15	15	16	16
Sanitary sewage system:				
Miles of sanitary sewers	107	111	111	112
Miles of storm sewers	87	88	88	89
Number of treatment plants	1	1	1	1
Water system:				
Miles of water mains	108	113	114	115
Number of accounts	8,170	8,230	8,260	8,290
Number of fire hydrants	1,327	1,432	1,451	1,461

Data Source—
The City's various departments.

TABLE XXVII

2009	2010	2011	2012	2013	2014
2	2	2	2	2	2
1	1	1	1	1	1
114	114	114	114	115	115
3,000	3,000	3,000	3,000	3,000	3,000
1	1	1	1	1	1
30	30	30	30	30	30
2	2	2	2	2	2
1	1	1	1	1	1
16	16	16	16	16	13
112	112	112	113	113	113
89	89	89	89	89	89
1	1	1	1	1	1
115	115	115	116	133	133
8,310	8,320	8,330	8,350	8,370	8,408
1,461	1,461	1,461	1,470	1,505	1,510

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