City of Winona, Minnesota

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

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

The cover photograph was taken by Tom Grier, Professor of Mass Communication at Winona State University. It is an autumn view of Winona-The Island City, from Garvin Heights overlook.

Cover design also by Tom Grier.

TABLE OF CONTENTS

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INTRODUCTORY SECTION

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CITY OF WINONA, MINNESOTA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2010
TABLE OF CONTENTS

		Page
I.	INTRODUCTORY SECTION	
	Letter of Transmittal	1–11
	Certificate of Achievement for Excellence in Financial Reporting	13
	Organizational Chart	14
	City Leaders	15
II.	FINANCIAL SECTION	
	Independent Auditors' Report	17–18
	Management's Discussion and Analysis (Unaudited)	19–28
	Basic Financial Statements:	
	Government-Wide Financial Statements:	
	Statement of Net Assets	29
	Statement of Activities	30
	Fund Financial Statements:	
	Balance Sheet — Governmental Funds	31
	Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	32
	Statement of Revenues, Expenditures, and Changes in Fund Balances — Governmental Funds	33
	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	34
	Statement of Net Assets — Proprietary Funds	36–37
	Statement of Revenues, Expenses, and Changes in Net Assets — Proprietary Funds	38–39
	Statement of Cash Flows — Proprietary Funds	40–41
	Statement of Fiduciary Assets and Liabilities — Tourism Promotion Agency Fund	42
	Notes to Basic Financial Statements	43–80
	Required Supplementary Information Other Than Management's Discussion and Analysis (Unaudited):	
	Budgetary Comparison Schedule — General Fund	81
	Notes to Required Supplementary Information	83–84
	Other Supplementary Information:	
	Nonmajor Funds	85–87
	Combining Balance Sheet — Nonmajor Governmental Funds	88–93
	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances — Nonmajor Governmental Funds	94–99

	Page
Internal Service Funds	101
Internal Service Funds — Combining Statement of Net Assets	102–103
Internal Service Funds — Statement of Revenues, Expenses, and Changes in Net Assets	104–105
Internal Service Funds — Combining Statement of Cash Flows	106–107
Statement of Changes in Assets and Liabilities — Tourism Promotion — Agency Fund	108
General Fund — Schedule of Revenues — Budget and Actual	109–110
General Fund — Schedule of Expenditures — Budget and Actual	111–114
Statement of Revenues, Expenditures, and Changes in Fund Balance — Budget and Actual — Senior Advocacy Program	115
Statement of Revenues, Expenditures, and Changes in Fund Balance — Budget and Actual — Municipal State Aid Fund	116
Statement of Revenues, Expenditures, and Changes in Fund Balance — Budget and Actual — Dike Construction Fund	117
Statement of Revenues, Expenditures, and Changes in Fund Balance — Budget and Actual — Permanent Improvement Revolving Construction Fund	118
Schedule of Long-Term Obligations — Primary Government	119
Schedule of Bonds Payable — Primary Government	120–125
Schedule of Other Debt — Primary Government	126–127
Schedule of Long-Term Obligations — Port Authority of Winona, Minnesota	128
Schedule of Bonds Payable — Port Authority of Winona, Minnesota	130–131
Schedule of Salaries, Employee Benefits, and Clothing Allowance	132–133
Schedule of Expenditures of Federal Awards	134–136

III. STATISTICAL SECTION (Unaudited)

Statistical Section	137
Government-Wide Net Assets by Component	138–139
Changes in Net Assets — Governmental Activities	140–141
Changes in Net Assets — Governmental Activities — Percentage of Total	143
Changes in Net Assets — Business-Type Activities	144–145
Changes in Net Assets — Total	146–147
Fund Balances — Governmental Funds	148–149
General Governmental Revenues by Source	150–151
Tax Revenues by Source — Governmental Funds	152
General Governmental Expenditures by Function	154–155
General Governmental Current Expenditures by Function	156–157
Summary of Changes in Fund Balances — Governmental Funds	158–159
Estimated Actual Value of Property and Tax Capacity by Property Type	160–161
Direct and Overlapping Property Tax Rates	162
Property Tax Levies and Collections	163
Principal Property Taxpayers	164
Ratios of Total Debt Outstanding by Type	166–167
Ratios of Net General Bonded Debt Outstanding	168–169
Ratios of Net General Bonded Debt to Market Value and Net Bonded Debt per Capita	170–171
Direct and Overlapping Governmental Activities Debt	172
Legal Debt Margin	174–175
Pledged Revenue Bond Coverage	176
Demographic and Economic Factors	177
Principal Employers	178
Property Values and Construction	179
City Employees by Function/Program	180
Operating Statistics by Function/Program	182–183
Capital Asset and Infrastructure Statistics and Infrastructure Statistics by Function/Program	184–185

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May 12, 2011

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

Dear Mayor Miller and City Council Members:

The Comprehensive Annual Financial Report (CAFR) of the City of Winona, MN (the "City"), for the fiscal year ended December 31, 2010, is submitted herewith. Responsibility for the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the City. The Finance Department believes that the data presented is accurate in all material respects and is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of the various funds. All disclosures necessary for a reader to gain an understanding of the City's financial activities have been included.

The CAFR consists of three sections:

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

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

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

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

Profile of the City:

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

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

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

Local Economy:

Winona, incorporated in 1857, is located in the southeastern corner of Minnesota, two hours south of the Minneapolis/Saint Paul area and one hour east of Rochester. It is 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 10.0% from 2006 to 2011;

- Stable financial operations (including financial management, cash flow dollars, and reserves for future capital needs);

- Low debt burden with rapid principal amortization (90% within 10 years) and significant nonproperty tax levy support for debt service;

- An "entrepreneurial spirit" for start-up companies;

- An independent, community-managed healthcare system, including emergency room services. The community also sponsors extensive programs for people with disabilities;

- A "regional center" for southeastern Minnesota (for education, employment, entertainment, and shopping);

- Three colleges located in the City (two universities and one technical college) — the three in total have shown growth in enrollment over the past year;

- An arts/tourism base that continues to grow with attractions such as the Minnesota Beethoven Festival featuring cellist Yo-Yo Ma in June 2010, the Shakespeare Festival, and the Minnesota Marine Art Museum featuring original paintings by artists such as Vincent van Gogh, Claude Monet, Pablo Picasso and Thomas Cole;

- Located in the scenic Mississippi River valley.

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

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

- Transportation needs for improvements and maintenance;

- Infrastructure — maintenance costs (the City is 154 years old);

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

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

Other key objectives of the City:

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

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

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

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

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

- Electronic — Company (customers): Benchmark (manufacturer of circuit boards);

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

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

- Distribution — Company: Fastenal
  National and international distributor of threaded fasteners and other industrial and construction supplies (founded in 1967, Fastenal's sales in 2010 were $2.269 billion);

- Composites

  Company (customers): Fiberite Inc. (aero and computer industries)
  Products: manufacturer of thermosets and molding compounds;

  Company: RTP Company
  Compounder of raw material for the composite industry;

  Company (customers): WE-NO-NAH Canoe (Olympic teams)
  Leading worldwide manufacturer of composite canoes and kayaks and large producer of Royalex-type canoes;

  Company: PlastiComp
  Innovations in long-fiber thermoplastic molding;

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

- Agricultural Transport

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

- Agricultural Products

  Company (customers): Malteurop North America (malting facility — beer/whiskey exports)
  Product: manufacturer of malt for the brewing of beer and the distilling of whiskey;

  Company (customers): Bay State Milling Co. (commercial bakeries)
  Product: maker of whole wheat, rye, and commercial bakery flour;

- Education

  Two universities and a technical college within the City, which have a combined enrollment of approximately 10,000 students.
  International Residency High School
  Other private and public schools (including three charter schools in District 861);

- Healthcare

  Company: Winona Health
  Provides a general medical and surgical hospital, options for assisted living and nursing home care, and Winona Clinic which offers regional diversified healthcare services;

- Promotional Materials

  Company: WIN CRAFT Inc.
  Major supplier to the Olympics, NASCAR, NFL, and the American and National Baseball Leagues
  Product: manufacturer and distributor of promotional material;

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

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

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

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

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

- Equipment Manufacturer — Company: Thern, Inc.
  Product: manufacturer of material handling equipment such as winches, hoists and cranes with emphasis on niche market products.

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

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

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

Major Initiatives:

Current Projects — 2010 Highlights:

- City property values increased, during 2010, through the issuance of $24,973,270 in building permits, (115 nonresidential permits for a value of $11,755,997 and 1,135 residential permits for a value of $13,217,273), which includes the list below:

  - Bradford Development of Mankato — Construct 38 unit Senior Housing Coop ($4,650,000)
  - Benedictine Health Systems — Addition for Assisted Living apartments ($3,449,500)
  - Winona State University — Renovations, replacement of windows and elevators ($941,297)
  - Family & Children of LaCrosse — Remodel building to set up an office and school ($800,000)
  - Bluff City Properties — Construct 20 unit dormitory ($741,377)

- Winona State University — Remodel Kryzsko Commons ($700,000)
- City of Winona — Sanitary Sewer, replace steel Digester Cover ($612,612)
- Saint Mary's University — Remodel Toner Center ($600,000)
- Winona State University — Remodel Phelps Hall ($540,000)
- Minnesota State College SE Technical — Remodel classroom and other renovation ($500,000)
- Mills Properties — Replace roof and flashing ($360,000)
- Winona Public Schools — Replace roof and flashing ($352,405)
- City of Winona — Construct six unit T Hangar ($346,000)
- Housing and Redevelopment Authority — Remodeling of 24 apartments ($335,000)
- Bluff City Properties — Renovation of sleeping rooms ($300,000)
- Housing and Redevelopment Authority — Remodeling ($249,000)
- Winona Health Services — Renovation of Emergency Department ($223,700)
- Canadian Pacific Railroad — Replace roof for the Winona Depot ($214,440)

Long-term Financial Planning:

The City Airport is undergoing an environmental analysis. The City would like to lengthen the runways and upgrade the alignment lighting at the Airport and needs to complete this study in order to do so.

An analysis of the water and sewer utility rates has been completed. 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 water and 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 2011 and actual revenues for 2010 and 2009:

	2011 Budget		2010 Actual		2009 Actual	
Revenue/Sources	**Amount**	**% of Total**	**Amount**	**% of Total**	**Amount**	**% of Total**
Property taxes	$ 4,919,139	30.2 %	$ 4,376,184	28.4 %	$ 4,054,257	26.0 %
Franchise fees and other taxes	1,065,000	6.5	1,205,739	7.8	1,066,901	6.9
Licenses and permits	145,100	0.9	155,661	1.0	163,149	1.0
Fines and forfeits	216,000	1.3	222,562	1.4	219,823	1.4
Intergovernmental	8,238,833	50.6	8,770,042	56.9	9,411,833	60.4
Investment earnings and change in fair value of investments	30,000	0.2	39,814	0.3	34,205	0.2
Charges for services	555,509	3.4	632,202	4.1	625,720	4.0
Other	1,120,832	6.9	6,621	0.1	14,141	0.1
	$16,290,413	100.0 %	$15,408,825	100.0 %	$15,590,029	100.0 %

Property taxes in the General Fund will be more in 2011 than in 2010 or 2009 due to an increase in property taxes for 2011. The increase in property taxes for the General Fund operations was $132,611 for 2011. Part of the taxes levied to the County in 2009 were paid for by State of Minnesota market value credit program. This program was discontinued for 2010 for the General Fund. The main reasons for the increase in property taxes were because of the reductions in state aid revenues and in other General Fund revenues.

Intergovernmental remains the largest percentage of General Fund revenues at 50.6% for 2011 and 56.9% for 2010. Included in this category are the State of Minnesota's payments to the City for Local Government Aid (LGA), which are to be approximately $9,160,000 (total for all funds) for 2011 and were $9,162,003 (total for all funds) for 2010. The State of Minnesota decreased the total LGA revenue to the City for 2010 by approximately $467,000. Also included in 2010 and 2009 were the Market Value credits of $39,284 and $549,700, respectively, for all funds. Market value credits are payments to the City, from the State of Minnesota, which lower the amount of property tax liability for a homeowner. (In 2010, the market value credit program revenue for the City was reduced by $526,368.)

Included in the 2011 budget (**other**) is $239,500 for transfers into the General Fund, which represent 1.5% of the total.

Expenditures:

A comparative analysis of General Fund budgeted expenditures for 2011 and actual expenditures for 2010 and 2009 is presented in the table below:

	2011 Budget		2010 Actual		2009 Actual	
Expenditures/Uses	Amount	% of Total	Amount	% of Total	Amount	% of Total
General government	$ 3,673,325	22.5 %	$ 2,582,842	18.3 %	$ 2,929,458	19.6 %
Public safety	7,547,191	46.3	6,648,937	47.0	6,760,096	45.1
Highways and streets	3,106,877	19.1	2,804,913	19.8	3,012,390	20.1
Sanitation and waste removal	53,670	0.3	45,851	0.3	54,198	0.4
Economic development	300,845	1.9	358,718	2.5	317,540	2.1
Culture and recreation — (park maintenance)	1,608,505	9.9	1,718,976	12.1	1,903,571	12.7
	$16,290,413	100.0 %	$14,160,237	100.0 %	$14,977,253	100.0 %

General Government includes $272,121 for contingencies in the 2011 budget (General Government), which represents 1.7% of the total. The amount incurred for contingencies for the 2010 actual and the 2009 actual was $0.

Public safety remained the largest area of the General Fund expenditures during 2010 (at 47.0%) and includes the departments of the Police, Fire, Emergency Management, Safety and Health Coordinator, and Flood Control. It is important to note that 15.4% of the Police Department costs of $687,332 for the shared facility with Winona County, called the Law Enforcement Center ("LEC"), are included in the City's financial reports (and 14.6% of $620,156 for 2009). 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 (19.8% in 2010) 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, 2010, are classified in the most secure credit risk category as defined by GASB. None of the City's investments were held by the counterparty's trust department or agent.

The City has not purchased any collateralized mortgage obligations (CMOs), derivative securities, or interest-only strip investments. GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools,* requires investments to be reported at fair value in the balance sheet with changes in the fair value of investments reported in the operating statement. The City's practice is to hold investments to maturity; therefore, the City does not expect the net decrease in the fair value of investments shown in the financial statements will be realized. All investments in the City's portfolio had a maturity of two years or less at December 31, 2010.

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 2010 and 2009.

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

Policies:

The City has a policy that the annual budget needs to be balanced. This policy resulted in the General Fund total 2011 adopted budget of $16,290,413 being $290,041 more than the 2010 adopted budget (of $16,000,372).

Debt Management:

Bond Rating:

Moody's Investors Service of New York, the City's bond rating agency, has given the City of Winona a rating of Aa1 using a global scale rating system in their recalibration effort. Prior to that Moody's Investors Service had affirmed the Aa2 rating for the City's debt (at the time of the City's last debt issue) in November 2006. In 2006, the agency had commended the City for its diversified tax base, and expected the City's financial position to remain stable and healthy, and the City's favorable debt profile to continue with rapid principal amortization.

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 $133 in 2010.

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 $45 million below Minnesota law's legal debt margin. Debt statistics as of December 31, 2010 and 2009, follow:

Net Direct and Overlapping Debt	2010 Amount	2009 Amount	2010 Debt per Capita	2009 Debt per Capita
Net direct bonded	$ 3,683,131	$ 4,418,346	$ 133	$ 161
Overlapping	20,236,650	20,457,916	733	742
Total	$ 23,919,781	$24,876,262	$ 866	$ 903

Important Economic Factors:

During 2010, the City expended approximately $.6 million in capital assets for construction in progress. Market values in the City declined from 2010 to 2011 by 1.9% but grew from 2006 to 2011. Growth in values related to construction were approximately $11.8 million for nonresidential and $13.2 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 49% of the City's General Fund's revenues. (A discussion and analysis of the City's overall financial condition during the fiscal year ended 2010 is included as part of the MD&A.)

Independent Audit:

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

Awards and Acknowledgments:

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting ("Certificate of Achievement") to the City of Winona, Minnesota, for its CAFR for the fiscal year ended December 31, 2009. The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standards for preparation of state and local government financial reports. Approximately 15% of the cities in Minnesota received this award for the year mentioned.

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.

The Honorable Mayor and
Members of the City Council
City of Winona
May 12, 2011

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.

Our City has a vital, dynamic economy and a strong balance sheet. I am most impressed by the commitment and dedication of our people. Special recognition should be given to Allyn Burgmeier, City Accountant, for his dedication and hard work in the completion of this report as well as the City Finance Department.

Thanks also to the Mayor, the City Council, the Port Authority Commissioners, the City Manager and the Department Heads for their support and assistance during the year. The Finance Department looks forward to continuing to work with them.

Respectfully submitted,

Mary B. Burrichter
Finance Director

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CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Winona
Minnesota

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2009

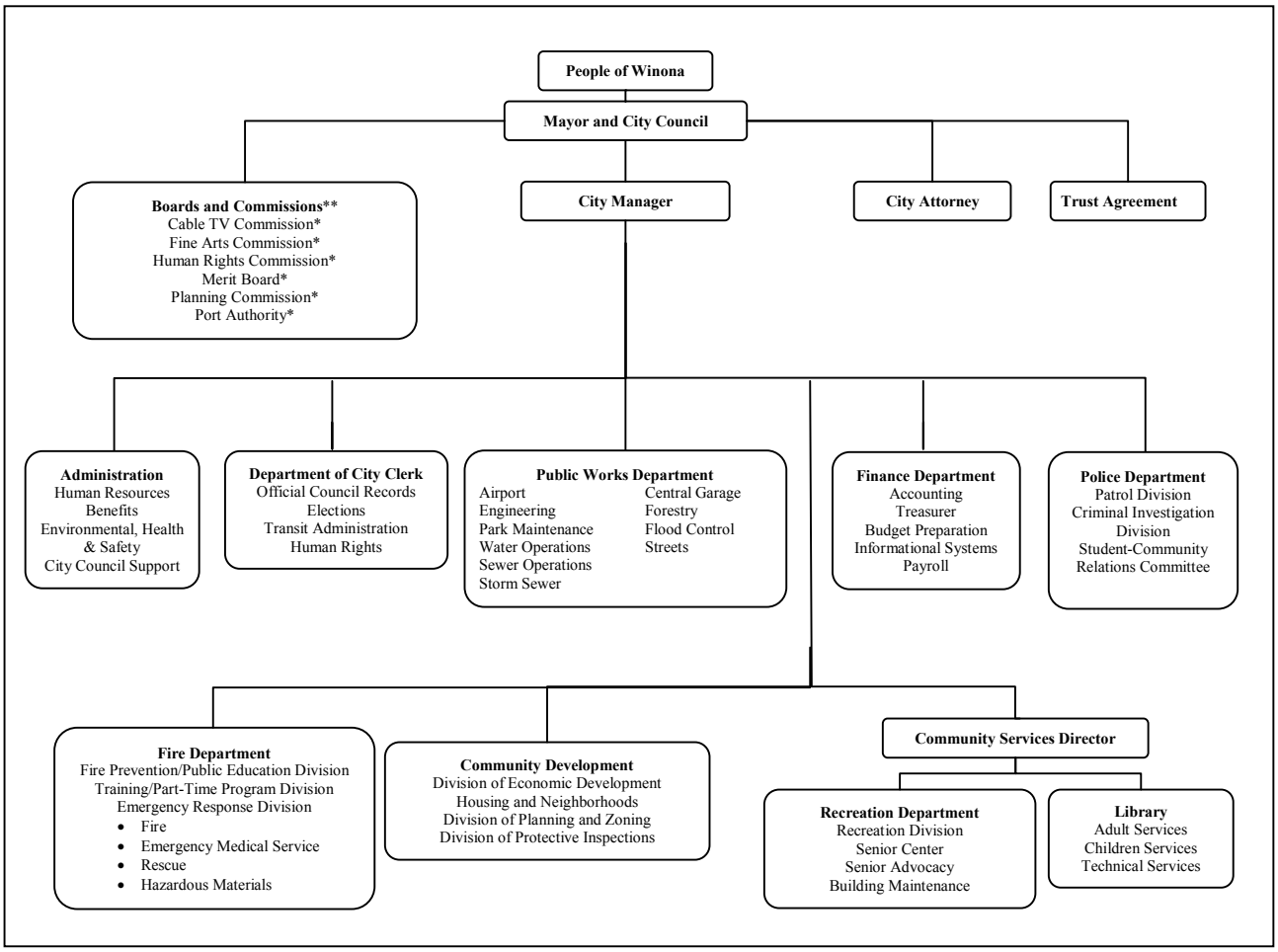
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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

President

Executive Director

CITY OF WINONA, MINNESOTA

ORGANIZATIONAL CHART



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

**Additional boards and commissions:

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

CITY OF WINONA, MINNESOTA

CITY LEADERS
DECEMBER 31, 2010

City Council:

	Appointed/ Elected Date	Term Expires
Jerry Miller, Mayor	01/01/01	12/31/12
Allyn Thurley, 1st Ward	01/01/01	12/31/12
Gerry Krage, 2nd Ward	01/01/99	12/31/14
Deb Salyards, 3rd Ward	01/01/05	12/31/12
George Borzyskowski, 4th Ward	01/01/99	12/31/14
Thomas G. Breza, At-Large (Did not run for reelection)	01/01/99	12/31/10
Michelle Alexander, At-Large	01/01/11	12/31/14
Debbie White, At-Large	11/15/04	12/31/12

City Staff:

Eric B. Sorensen (Larry Thompson as of 1/1/11)	City Manager
Richard Blahnik (ended term 12/31/10)	City Attorney
Chris Hood (began term 1/1/11)	City Attorney
Keith Nelson	Assistant City Manager for Public Works
Judith Bodway	Assistant City Manager for Economic Development
Monica Hennessy Mohan	City Clerk
Mary B. Burrichter	Finance Director
Paul Bostrack	Chief of Police
Edward Krall	Fire Chief
Chad Ubl	Director of Community Services
Maynard Johnson	Recreation Director
Brian DeFrang	City Engineer
Allyn Burgmeier	Accountant
Mark Moeller	City Planner
Malia Storovich	Senior Friendship Center Director
Steven Carson	Building Official
Bruce Fuller	Superintendent of Parks & Forestry
Arlan Runnigen	Central Garage Superintendent
Jack Vaughn (retired 10/31/10)	Street Superintendent
Mike Biggerstaff (as of 11/1/10)	Street Superintendent
Jack Lipinski	Wastewater Treatment Plant Superintendent
Bob Dunn	Water Department Superintendent

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SECTION II

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Winona, Minnesota (the "City"), as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior-year summarized comparative information has been derived from the City's 2009 financial statements and, in our report dated May 12, 2010, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Winona, Minnesota, as of December 31, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis (MD&A) on pages 19–28 and the budgetary comparison information on pages 81–84 are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. This supplementary information is the responsibility of the City of Winona's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information, and express no opinion on it.

Member of
Deloitte Touche Tohmatsu

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, other supplementary information on pages 109-136, and statistical section, as listed in the foregoing table of contents, are presented for purposes of additional analysis, and are not a required part of the basic financial statements. This supplementary information is the responsibility of the City of Winona's management. The combining and individual nonmajor fund financial statements and other supplementary information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

Deloitte & Touche LLP

May 12, 2011

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, 2010. 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 $112,850,763 (net assets). Of this amount, $22,645,262 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designations, cash flow needs and fiscal policies.

- The City's total net assets increased by $2,415,061. A contributor to this was the increase in the net assets for business type activities of $1,549,688. In the business type activities the non-current liabilities decreased by $809,636. This was primarily due to a decrease in outstanding bonds payable of $915,000.

- The City's governmental funds reported combined ending fund balances of $15.7 million. Of this total amount, all of it is either reserved or designated.

- At the end of the current fiscal year, unreserved designated fund balance for the General Fund was $6,065,050.

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

Using the Financial Section of This Comprehensive Annual Financial Report

This annual report consists of a series of financial statements.

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

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

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

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

The basic governmental fund financial statements can be found on pages 31–34 of this report.

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

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

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

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

Notes to the Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Required supplementary information can be found on pages 81–84 of this report.

The combining statements in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 85–107 of this report.

Government-Wide Financial Analysis

Net assets may serve over time as a useful indicator of the City's financial position. For the City, the assets exceeded liabilities by $112,850,763 at December 31, 2010.

The largest portion of the City's net assets (64%) reflects the City's investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate liabilities.

A condensed version of the Statement of Net Assets at December 31, 2010, is as follows:

Table 1
STATEMENT OF NET ASSETS (Primary Government only) at December 31, 2010, compared to December 31, 2009
(In thousands)

	Governmental Activities		Business-Type Activities		Total	
	2010	**2009**	**2010**	**2009**	**2010**	**2009**
Current and other assets	$30,434	$29,423	$17,928	$16,821	$ 48,362	$ 46,244
Capital assets	46,501	47,858	34,800	35,276	81,301	83,134
Total assets	$76,935	$77,281	$52,728	$52,097	$129,663	$129,378
Current and other liabilities	$ 5,839	$ 4,280	$ 2,664	$ 1,707	$ 8,503	$ 5,987
Long-term liabilities	3,851	6,621	4,458	6,334	8,309	12,955
Total liabilities	9,690	10,901	7,122	8,041	16,812	18,942
Net assets:						
Invested in capital assets — net of related debt	42,091	42,023	29,597	29,157	71,688	71,180
Restricted	15,884	15,423	2,634	3,189	18,518	18,612
Unrestricted	9,270	8,934	13,375	11,710	22,645	20,644
Total net assets	67,245	66,380	45,606	44,056	112,851	110,436
Total liabilities and net assets	$76,935	$77,281	$52,728	$52,097	$129,663	$129,378

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

At both December 31, 2010 and 2009, the City is able to report positive balances in all three categories of net assets, both for the City, as a whole, as well as for its separate governmental and business-type activities.

The City's net assets in governmental activities increased by approximately $865,000. Contributors were an increase in cash and investments in the General Fund and in the Pelzer Street Construction project.

The City's net assets in business activities increased by $1.6 million. This is primarily a result of an increase in net assets in the Water Fund of $829,000 and an increase in the Sewer Fund of $407,000. The increase in the Water Fund and the Sewer Fund was mainly due to a decrease in the noncurrent liabilities (Revenue Bonds Payable). This was the result of the retirement of City bonds.

Governmental Activities

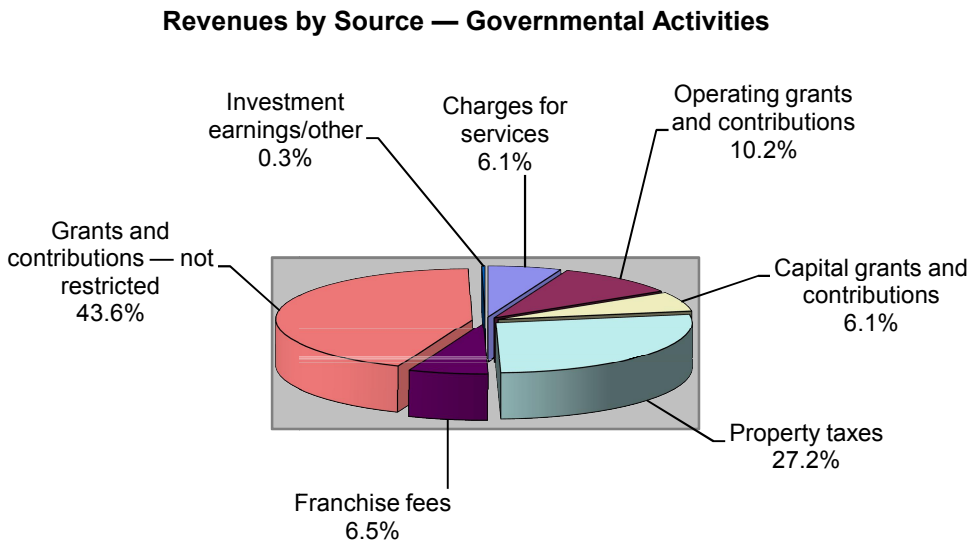
Governmental activities increased the City's net assets by $865,373.

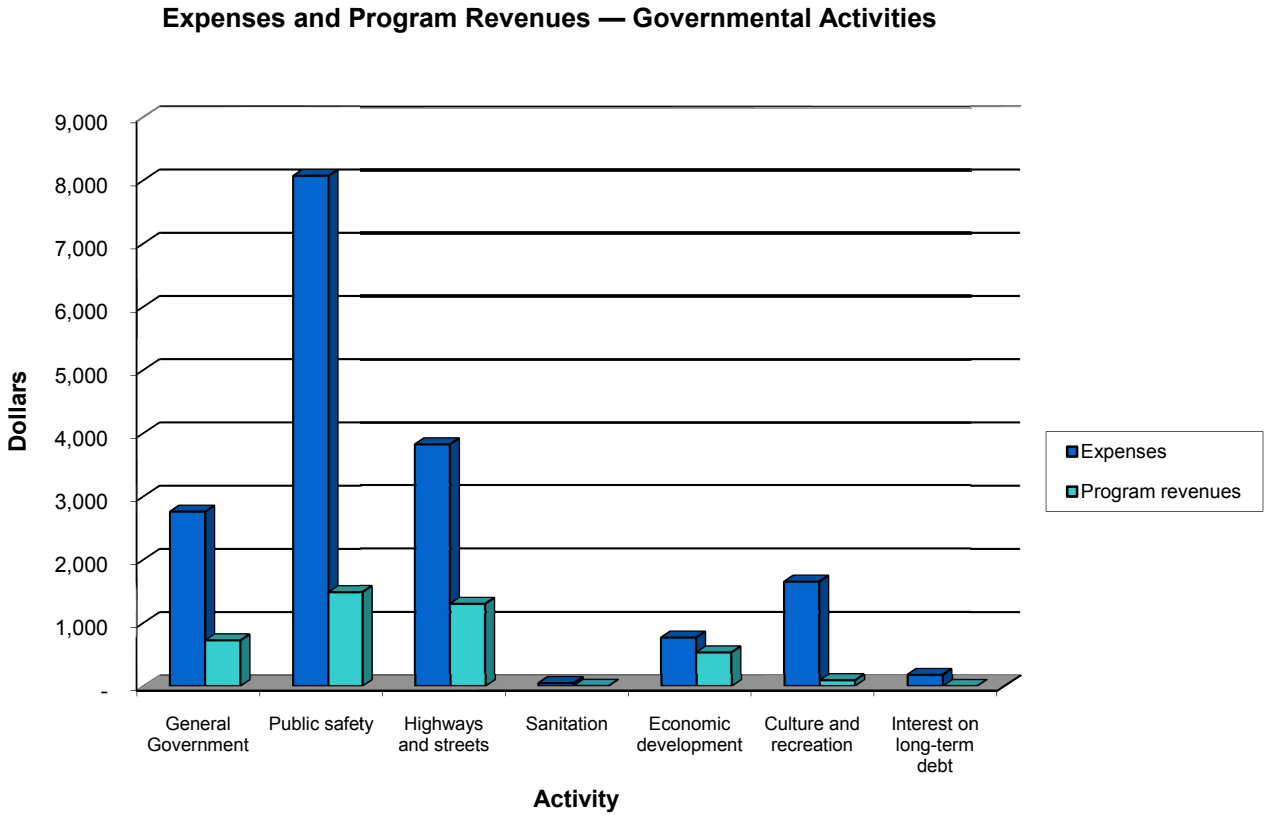
Table 2
STATEMENT OF ACTIVITIES (Primary Government only) for the year ended December 31, 2010, compared to the year ended December 31, 2009
(In thousands)

	2010			2009		
	Govern-mental Activities	Business-Type Activities	Total	Govern-mental Activities	Business-Type Activities	Total
REVENUES:						
Program revenues:						
Charges for services	$ 1,118	$ 7,408	$ 8,526	$ 1,136	$ 7,681	$ 8,817
Operating grants and contributions	1,874	954	2,828	1,111	1,315	2,426
Capital grants and contributions	1,131	22	1,153	904	100	1,004
General revenues:						
Taxes (property)	5,016	633	5,649	4,711	688	5,399
Franchise fees	1,206		1,206	1,067		1,067
Grants and contributions not restricted	8,027	1,182	9,209	8,738	1,450	10,188
Investment earnings	52	14	66	130	113	243
Total revenues	18,424	10,213	28,637	17,797	11,347	29,144
EXPENSES:						
General government	2,758		2,758	3,121		3,121
Public safety	8,069		8,069	7,359		7,359
Highways and streets	3,809		3,809	3,750		3,750
Sanitation and waste removal	46		46	54		54
Economic development	764		764	804		804
Culture and recreation	1,646		1,646	1,970		1,970
Interest on long-term debt	176		176	222		222
Water		2,368	2,368		3,108	3,108
Sewer		2,433	2,433		2,493	2,493
Inspections		471	471		475	475
Airport		327	327		441	441
Public transportation		618	618		546	546
Recreation		1,505	1,505		1,665	1,665
Library		1,033	1,033		1,065	1,065
Storm sewer		199	199		125	125
Total expenses	17,268	8,954	26,222	17,280	9,918	27,198
CHANGE IN NET ASSETS BEFORE TRANSFERS	1,156	1,259	2,415	517	1,429	1,946
TRANSFERS	(291)	291		(301)	301	
CHANGE IN NET ASSETS	865	1,550	2,415	216	1,730	1,946
NET ASSETS — Beginning of year	66,380	44,056	110,436	66,164	42,326	108,490
NET ASSETS — End of year	$ 67,245	$45,606	$112,851	$66,380	$44,056	$110,436

Governmental Activities (continued)

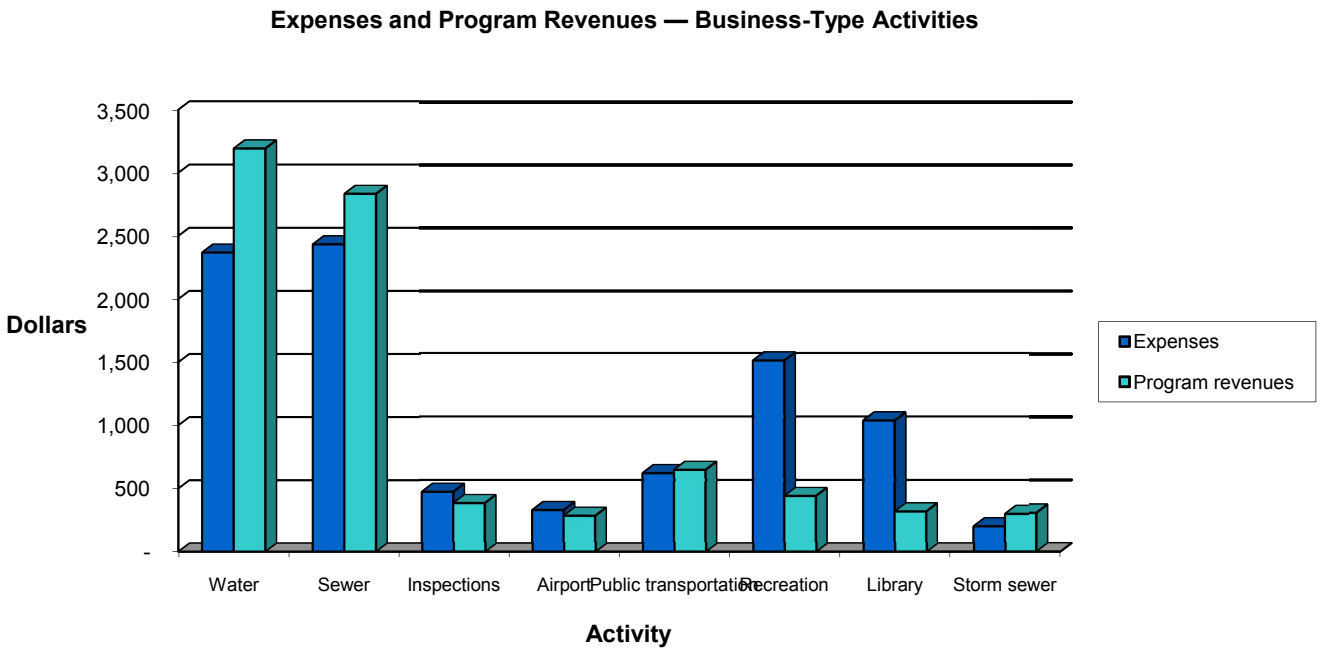
The following charts illustrate the City's governmental activities for the year ended December 31, 2010:





Business-Type Activities

The following charts illustrate the City's business-type activities for the year ended December 31, 2010:



Financial Analysis of the City's Funds

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

General Fund — At December 31, 2010, the unreserved, undesignated fund balance was $0 and the unreserved, designated fund balance was $6,065,050 for the General Fund. The remaining fund balance has been reserved for a specific purpose. The December 31, 2010 total fund balance increased by $181,324 mainly due to a decrease in expenditures in the Public Works area of the General Fund budget.

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

Permanent Improvement Revolving Bond Fund — The fund balance for this fund has decreased by $527,360 from 2009 to 2010 due to bond principal and interest expenditures of $1,341,714 and revenues of $814,354 ($452,906 property taxes, $360,876 special assessments and $572 other).

Pelzer Street Construction Fund — The fund balance increased to $409,456 at December 31, 2010 mainly due to state and federal grants coming in at the end of the project. (This project was completed in 2010.)

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 not changed during 2010 but were increased by 3% during 2011. There is a consideration of a new rate structure which would recover more of the fixed costs of the system as an availability charge.

Sewer Fund — The Sewer utility rates were not changed during 2010 but were increased by an average of 2.9% during 2011. There is a consideration of a new rate structure which would recover 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 2010, the Storm Sewer utility's rates were increased an average of 2%. This increase was to pay for capital improvements and increasing expenses.

General Fund Budgetary Highlights and Analysis

During the year there were increases of $505,870 in appropriations between the General Fund original and final amended budget. Following are some of the components of the increase:

- $374,300 was added to various departments for encumbrances from December 31, 2009;
- $58,100 was added to the Police Department for the purchase of various items due to the receipt of grants;
- $52,200 was added to the Community Development Department due to the receipt of a technology grants;
- $19,300 was added to the Fire Department for trench rescue equipment due to the receipt of a technology grant.

Following is a budget variance analysis:

- The Streets and Alleys Department had a favorable budget variance of approximately $333,700 because they cut back on the purchase of their supplies and did not purchase all of the capital outlay that was in their budget.

Capital Assets

At the end of 2010, the City had $81,300,853 invested in a broad range of capital assets (net of accumulated depreciation). The total decrease in the investment in capital assets for the current fiscal year was 2.2% (a 2.8% decrease for governmental activities and a 1.4% decrease for business-type activities). Major capital asset events during the current year included the following:

- The Pelzer Street construction project was completed ($23.4 million) and taken out of construction in progress.
- Vehicle purchases ($72,000) were made for the Police and Fire departments.
- A snow plow was purchased for the Street department ($147,000).
- A mower was purchased for the Park Maintenance department ($62,000).
- The Second Street project ($222,000) included costs for the water main.
- In the Sewer Fund, the Methane Burner project was completed and taken out of construction in progress ($1,184,000).

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

Long-Term Debt

As of December 31, 2010, the City had $9,485,000 in bonds and equipment certificates outstanding versus $11,700,000 last year, a decrease of $2,215,000. Also, as of December 31, 2010, the Port Authority had $2,510,000 in bonds outstanding versus $3,010,000 last year, a decrease of $500,000. All debt is backed by the full faith and credit of the City. Refer to Note 5 of the basic financial statements for a schedule showing the City's long-term debt activity.

The City's general obligation bond rating carries an Aa1 bond rating from Moody's Investors Services. This rating was determined during 2009 by using a global scale rating system in their recalibration effort. (Prior to the recalibration, the City's rating was Aa2.)

There was no new debt issued by either the City or the Port Authority during 2010.

Economic Factors and Next Year's Budget

- The Pelzer Street Construction Project is one of the largest projects in past years. This project includes the reconstruction of Pelzer Street from a two-lane road to a four-lane roadway, building a bridge over a railroad, and widening Highway 14 (from the Gilmore Creek Bridge to Highway 61). The public information meetings about the project began in 2003. The estimated costs are over $23 million with the funding as follows: Riverfront Tax Increment Fund ($4,900,000); State of Minnesota approved bonding ($3,500,000); Port Authority's General Obligation (tax-exempt) bonds ($3,500,000); State of Minnesota Department of Transportation ($2,807,942); Federal funds ($2,247,000); Minnesota Department of Transportation-State Aid ($4,406,636); Minnesota Department of Transportation-Engineering cost ($440,429); City funds ($600,000); Winona County ($523,084); and the Canadian Pacific Railroad $300,000). The Pelzer Street Construction Project was completed in 2010 for $23.4 million.

- The 2010 budget included revenues for the market value credit program (where the State of Minnesota would buy down the property taxes on lower-valued homes and reimburse the City for the amount that was not paid by the property owner). In 2010, the state continued the program to buy down the property taxes but discontinued the reimbursement to the City and reduced the aid to the City by $526,368. This is the reason why the actual property taxes/intergovernmental revenues are less than the budgeted amount. The 2011 property tax/intergovernmental budget does not include any revenues from this program (as per page 7).

- 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 .55 in 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 its investments if the City had longer maturities.

- 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 $1.7 million in 2010.

- For 2010, the City offered four 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, police sergeants have elected not to participate in the City's healthcare plan. For 2010, the City's annual other

postemployment benefit cost was $552,273. The actuarial accrued liability and the unfunded actuarial accrued liability is $2,702,180. (In 2009, the City Council passed a resolution to begin funding the liability; $703,088 was set aside in both 2009 and 2010. The $1,406,176 is held in general assets and is not considered plan assets. Thirteen retirees and five dependent spouses are currently covered by the City's plan. For additional detail, refer to Note 13 of the basic financial statements.

- As discussed in Note 6 to the basic financial statements, the City participates in the statewide defined benefit pension plans. The City's contributions to the Public Employees Retirement Fund (PERF) in 2010 were $415,002. The City's contributions to the Public Employees Police and Fire Fund (PEPFF) in 2010 were $524,234. As of December 31, 2010, the Public Employees Retirement Fund was 76.4% funded and the Public Employees Police and Fire Fund was 87.0% funded. Contribution rates were increased in 2009 and 2010 (from 6.5% in 2008 to 7.0% in 2010 for the PERF and from 12.9% in 2008 to 14.1%in 2010 for the PEPFF) to move the plans back to a fully funded status as required by Minnesota state law.
- The proposed Public Employees Retirement Association of Minnesota (PERA) pension increase in costs to the City for 2010 is estimated at $29,000. The pension increase, in rates, was approved by the 2010 State of Minnesota legislature.
- The outstanding bonds for the City and the Port Authority totaled $11,995,000 on December 31, 2010. Amortization is rapid at 90% within ten years with all of the interest at a fixed rate. The majority of the debt is supported by special assessments and utility fund revenues.
- For 2011 the City and Port Authority's Capital Plan includes $655,000 for the City's portion of the bituminous overlay for County State Aid Highway (CSAH) 32, $250,000 for a water main replacement along County Road (CR) 17, $200,000 for a new water main from Park Avenue to Lake Boulevard, $600,000 for Airport runway and taxiway design, $400,000 for Airport signage updates, $250,000 for the replacement of gates for the Lake Outlet flood control structure and $1,500,000 for the Port Authority's dock construction for Port dock construction ($1,200,000 funded by Minnesota State Aid and $300,000 funded by the Port Authority).
- The City continues to see new construction growth both in residential and in commercial construction. The growth in 2010 was at approximately $25.0 million.
- The increase to the City's tax base during the past five years is at 10.0%.
- The State of Minnesota has a budget shortfall in excess of $6 billion for the next biennium. One of the measures in balancing the state budget, that has been discussed, is a significant reduction in Local Government Aid which, for 2011, is approximately 50% of the City's General Fund revenue.
- The City signed an agreement in May 2005 to annex 318 acres for residential development of an adjacent township. This agreement also includes an orderly annexation for 1,700 acres (property owners within the 1,700 acres may petition to be annexed to the City, and the township would not contest it). The City will receive, from the developers, $17,000 per acre for platted and developed land.
- The Mayor, the City Council, and the management of the City are currently focused on what they can do to continue to promote growth beyond the current period.

Contacting the City's Financial Management

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

BASIC FINANCIAL STATEMENTS

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CITY OF WINONA, MINNESOTA

STATEMENT OF NET ASSETS
AS OF DECEMBER 31, 2010 (with comparative totals for 2009)

	Primary Government				Component Unit Unit—Port Authority	
	Governmental Activities	Business-Type Activities	2010	2009	2010	2009
ASSETS:						
Cash and cash equivalents	$ 27,194,846	$ 16,987,827	$ 44,182,673	$ 41,480,031	$ 2,266,832	$ 2,593,048
Restricted investments	316,186		316,186	313,516		
Receivables	1,328,013	1,273,301	2,601,314	3,110,810	52,966	22,583
Internal balances	674,105	(674,105)		-		
Due from component unit	23,294		23,294	24,211		
Due from other governmental units	258,999	50,660	309,659	438,346	4,998	4,621
Note receivable	588,000		588,000	588,000		
Funds held by others					100,000	100,000
Inventories		281,718	281,718	225,339		
Prepaid items	8,761	8,242	17,003	14,359	5,866	5,766
Deferred charges	41,656		41,656	49,266		
Properties held for development (Note 4)					4,187,198	4,188,790
Capital assets (Note 3):						
Nondepreciable	1,530,520	1,031,619	2,562,139	2,562,139		
Construction in progress		635,823	635,823	24,609,621		
Depreciable buildings, property, and equipment — net	4,076,266	21,955,301	26,031,567	26,035,968		
Depreciable infrastructure — net	40,893,896	11,177,428	52,071,324	29,926,826		
Capital assets — net	46,500,682	34,800,171	81,300,853	83,134,554	-	-
Total assets	$ 76,934,542	$ 52,727,814	$ 129,662,356	$ 129,378,432	$ 6,617,860	$ 6,914,808
LIABILITIES:						
Accounts payable	$ 629,948	$ 372,913	$ 1,002,861	$ 1,126,971	$ 1,175	$ 1,282
Outstanding and incurred, but not reported claims	115,246		115,246	116,463		
Accrued interest payable	63,711	87,562	151,273	185,914	41,833	54,058
Due to primary government					23,294	24,211
Deferred revenue — unearned revenue	568,962	1,724	570,686	596,554		
Noncurrent liabilities:						
Due within one year	4,460,580	2,201,465	6,662,045	6,301,791	210,000	245,000
Due in more than one year	3,850,921	4,458,561	8,309,482	10,615,037	2,300,000	2,765,000
Total liabilities	9,689,368	7,122,225	16,811,593	18,942,730	2,576,302	3,089,551
NET ASSETS:						
Invested in capital assets — net of related debt	42,090,682	29,596,476	71,687,158	71,180,305		
Restricted for:						
Police and fire retirement contribution						
OPEB — Contribution & retiree subsidy health	2,706,079	122,422	2,828,501	2,886,039		
PERA contribution	1,567,710	174,190	1,741,900	1,972,386		
Capital projects	975,035		975,035	914,127		
Health insurance	665,787		665,787	528,930		
Debt service	1,718,247	1,131,759	2,850,006	3,348,994	378,295	829,620
PIR Construction	805,350		805,350	837,502		
Equipment	2,462,938		2,462,938	2,808,098		
Facilities	1,163,684		1,163,684	982,473		
Infrastructure replacement	827,026		827,026	626,438		
Lake Winona dredging project					564,114	563,585
Water projects		611,211	611,211	800,000		
Other purposes (Note 1.M.)	2,675,971	594,748	3,270,719	2,592,355	3,099,149	2,432,052
Permanent funds:						
Nonexpendable — endowment	56,000		56,000	56,000		
Nonexpendable — other	260,186		260,186	258,135		
Unrestricted	9,270,479	13,374,783	22,645,262	20,643,920		
Total net assets	$ 67,245,174	$ 45,605,589	$ 112,850,763	$ 110,435,702	$ 4,041,558	$ 3,825,257

See notes to basic financial statements.

CITY OF WINONA, MINNESOTA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010 (with comparative totals for 2009)

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets					
					Primary Government				Component Unit Port Authority	
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	2010	2009	2010	2009
GOVERNMENTAL ACTIVITIES:										
General government	$ 2,758,302	$ 693,994	$ 28,909	$ -	$ (2,035,399)	$ -	$ (2,035,399)	$ (2,382,101)		
Public safety	8,069,508	242,744	1,241,640		(6,585,124)		(6,585,124)	(6,580,273)		
Highways and streets	3,808,737	30,720	235,613	1,029,315	(2,513,089)		(2,513,089)	(2,728,716)		
Sanitation and waste removal	45,851	1,500			(44,351)		(44,351)	(51,948)		
Economic development	763,675	58,300	368,297	102,133	(234,945)		(234,945)	(322,735)		
Culture and recreation	1,646,308	90,448			(1,555,860)		(1,555,860)	(1,840,715)		
Interest on long-term debt	175,759				(175,759)		(175,759)	(222,065)		
Total governmental activities	17,268,140	1,117,706	1,874,459	1,131,448	(13,144,527)	-	(13,144,527)	(14,128,553)		
BUSINESS-TYPE ACTIVITIES:										
Water	2,367,557	3,192,309				824,752	824,752	215,313		
Sewer	2,433,420	2,822,274		10,296		399,150	399,150	753,229		
Inspections	471,289	381,550				(89,739)	(89,739)	69,162		
Airport	326,625	34,917	246,897			(44,811)	(44,811)	(279,678)		
Public transportation	617,609	244,483	387,645	11,470		25,989	25,989	342,426		
Recreation	1,505,246	383,389	54,702			(1,067,155)	(1,067,155)	(1,292,659)		
Library	1,033,555	51,202	265,352			(717,001)	(717,001)	(802,848)		
Storm sewer	198,936	297,383				98,447	98,447	172,465		
Total business-type activities	8,954,237	7,407,507	954,596	21,766	-	(570,368)	(570,368)	(822,590)		
Total primary government	$26,222,377	$ 8,525,213	$2,829,055	$ 1,153,214	(13,144,527)	(570,368)	(13,714,895)	(14,951,143)		
Component unit activities — Port Authority	$ 697,369	$ 443,525	$ -	$ 7,008					$ (246,836)	$ (253,507)
General revenues:										
Taxes:										
Property taxes levied for general purposes					5,016,384	633,313	5,649,697	5,399,731	420,529	419,702
Franchise fees					1,205,739		1,205,739	1,066,901		
Grants and contributions not restricted to specific programs					8,026,899	1,181,629	9,208,528	10,188,202	40,562	171,928
Interest and investment earnings					51,851	14,141	65,992	242,176	2,046	19,072
Gain on sale of capital assets										59,150
Transfers					(290,973)	290,973				
Total general revenues and transfers					14,009,900	2,120,056	16,129,956	16,897,010	463,137	669,852
Change in net assets					865,373	1,549,688	2,415,061	1,945,867	216,301	416,345
Net assets — beginning					66,379,801	44,055,901	110,435,702	108,489,835	3,825,257	3,408,912
Net assets — ending					$ 67,245,174	$45,605,589	$ 112,850,763	$ 110,435,702	$4,041,558	$3,825,257

See notes to basic financial statements

CITY OF WINONA, MINNESOTA

BALANCE SHEET — GOVERNMENTAL FUNDS
AS OF DECEMBER 31, 2010 (with comparative totals for 2009)

ASSETS	General	Permanent Improvement Revolving Bond	Permanent Improvement Revolving Construction	Pelzer Street Construction	Other Nonmajor Governmental Funds	Total Governmental Funds 2010	Total Governmental Funds 2009
Cash, cash equivalents, and investments	$ 10,543,420	$ 1,257,556	$ 805,350	$ 375,359	$ 3,543,716	$ 16,525,401	$16,285,108
Restricted investments					316,186	316,186	313,516
Receivables — net:							
Taxes	122,987	11,173			3,404	137,564	118,657
Special assessments		890,432				890,432	1,137,175
Customers and other	269,866				1,371	271,237	308,643
Due from other funds	150,000				45,068	195,068	193,068
Due from other governmental units	73,667	12,637		34,097	138,598	258,999	109,043
Due from component unit	23,294					23,294	24,211
Prepaid items	7,360					7,360	11,063
Accrued interest on investments	23,298					23,298	56,319
TOTAL	$ 11,213,892	$ 2,171,798	$ 805,350	$ 409,456	$ 4,048,343	$ 18,648,839	$18,556,803
LIABILITIES AND FUND BALANCES							
LIABILITIES:							
Accounts payable	$ 449,872	$ 825	$ -	$ -	$ 9,500	$ 460,197	$ 467,612
Accrued salaries and compensated absences	1,384,886				41,946	1,426,832	1,136,428
Due to other funds					45,068	45,068	43,068
Deferred revenue	122,987	901,605			7,827	1,032,419	1,286,982
Total liabilities	1,957,745	902,430	-	-	104,341	2,964,516	2,934,090
FUND BALANCES (DEFICITS)							
Reserved	3,191,097	1,269,368	805,350	409,456	2,059,825	7,735,096	8,134,449
Reserved — current					260,186	260,186	258,135
Reserved — endowment					56,000	56,000	56,000
Unreserved — designated reported in:							
General fund	6,065,050					6,065,050	5,597,485
Capital projects funds					1,598,297	1,598,297	1,595,306
Unreserved — undesignated reported in — Special revenue funds					(30,306)	(30,306)	(18,662)
Total fund balances	9,256,147	1,269,368	805,350	409,456	3,944,002	15,684,323	15,622,713
TOTAL	$ 11,213,892	$ 2,171,798	$ 805,350	$ 409,456	$ 4,048,343	$ 18,648,839	$18,556,803

See notes to basic financial statements.

CITY OF WINONA, MINNESOTA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS AS OF DECEMBER 31, 2010

FUND BALANCE — TOTAL GOVERNMENTAL FUNDS		$15,684,323
Amounts reported for governmental activities in the statement of net assets are different because:		
1. Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds:		
Construction in progress	$ -	
Governmental capital assets	89,615,750	
Less accumulated depreciation	(43,115,068)	46,500,682
2. Deferred revenue in governmental funds is susceptible to full accrual on the government-wide statements —		
Deferred special assessments, property taxes, state grant, and service charges		1,032,419
3. Long-term liabilities are not payable with current financial resources and are therefore not reported in the governmental funds.		(4,410,000)
4. Long-term debt-bond issuance costs are susceptible to full accrual on the government-wide statements		84,313
5. Bond issuance costs are amortized and susceptible to full accrual on the government-wide statements		(42,658)
6. The City uses an internal service fund to charge the cost of its self-insurance activities to individual funds:		
Internal service funds net assets	8,465,701	
Cumulative portion to business-type activities	(5,895)	8,459,806
7. Accrued interest is not payable with current financial resources and is therefore not reported in the governmental funds.		(63,711)
8. Note receivable in governmental funds is susceptible to full accrual on the government-wide statements:		
Note receivable	588,000	
Less unearned revenue	(588,000)	-
NET ASSETS OF GOVERNMENTAL ACTIVITIES		$67,245,174

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, 2010 (with comparative totals for 2009)

	General	Permanent Improvement Revolving Bond	Permanent Improvement Revolving Construction	Pelzer Street Construction	Other Nonmajor Governmental Funds	Total Governmental Funds 2010	Total Governmental Funds 2009
REVENUES:							
General property taxes	$ 4,376,184	$ 452,906	$ -	$ -	$ 168,387	$ 4,997,477	$ 4,667,041
Franchise fees	1,205,739					1,205,739	1,066,901
Special assessments		360,876				360,876	427,672
Licenses and permits	155,661					155,661	163,149
Fines and forfeits	222,562					222,562	219,823
Intergovernmental revenues	8,770,042			398,046	1,738,483	10,906,571	10,595,394
Investment earnings	12,747	572	787	158	3,205	17,469	127,479
Net (decrease) increase in fair value of investments	27,067				1,791	28,858	(44,470)
Charges for services	632,202				117,975	750,177	741,755
Contributions	6,621					6,621	14,141
Refunds and reimbursements					6,786	6,786	
Total revenues	15,408,825	814,354	787	398,204	2,036,627	18,658,797	17,978,885
EXPENDITURES:							
Current:							
General government	2,562,287				121,505	2,683,792	3,010,960
Public safety	6,577,076				709,367	7,286,443	6,512,463
Highways and streets	2,657,992					2,657,992	2,865,359
Sanitation and waste removal	45,851					45,851	54,198
Economic development	358,718				399,113	757,831	773,027
Culture and recreation	1,496,671				2,234	1,498,905	1,778,571
Capital outlay:							
General government	20,555					20,555	33,471
Public safety	71,861					71,861	247,633
Highways and streets	146,921		13,957	51,269	632,729	844,876	258,766
Sanitation and waste removal			18,982			18,982	
Economic development							3,850
Culture and recreation	222,305					222,305	177,623
Debt service:							
Bond principal		1,180,000			120,000	1,300,000	1,360,000
Interest and other expenditures		161,714			16,095	177,809	224,533
Total expenditures	14,160,237	1,341,714	32,939	51,269	2,001,043	17,587,202	17,300,454
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,248,588	(527,360)	(32,152)	346,935	35,584	1,071,595	678,431
OTHER FINANCING (USES) SOURCES:							
Transfer to other funds	(1,416,172)				(28,432)	(1,444,604)	(1,695,400)
Transfers from other funds	348,908				85,711	434,619	1,755,890
Total other financing sources (uses)	(1,067,264)	-	-	-	57,279	(1,009,985)	60,490
NET CHANGE IN FUND BALANCE	181,324	(527,360)	(32,152)	346,935	92,863	61,610	738,921
FUND BALANCE — January 1, 2010	9,074,823	1,796,728	837,502	62,521	3,851,139	15,622,713	14,883,792
FUND BALANCE — December 31, 2010	$ 9,256,147	$ 1,269,368	$ 805,350	$ 409,456	$3,944,002	$15,684,323	$15,622,713

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, 2010

NET CHANGE IN FUND BALANCES — TOTAL GOVERNMENTAL FUNDS		$ 61,610
Amounts reported for governmental activities in the statement of activities are different because:		
1. Governmental funds report capital outlays as expenditures while the government-wide statement of activities reports depreciation expense to allocate those expenditures over the life of the assets. As a result, fund balance decreases by the amount of financial resources expended, whereas net assets decrease by the amount of depreciation expense charged for the year. This is the amount by which capital outlays exceeded depreciation expense.		
Construction in progress	$ (23,244,136)	
Capital outlay	23,973,730	
Depreciation expense	(2,087,006)	(1,357,412)
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	18,907	
Special assessments	(246,743)	
Charges for services	(12,000)	
Other	(14,727)	(254,563)
3. Bond proceeds are reported as other financing sources in governmental funds and thus contribute to the increase in fund balance. In the government-wide statements, however, issuing debt increases long-term liabilities in the statement of net assets and does not affect the statement of activities. This is the amount received related to the issuance of debt.		
Repayment of the principal on long-term debt	1,425,000	1,425,000
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, 2010	(63,711)	
Accrued interest payable — December 31, 2009	82,755	19,044
5. Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. This amount represents the change in net assets of the internal service fund, which is reported with governmental activities.		979,304
6. Bond issuance costs are amortized over the bond life and are not expended in the year of issuance.		(7,610)
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES		$ 865,373

See notes to basic financial statements.

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CITY OF WINONA, MINNESOTA

STATEMENT OF NET ASSETS — PROPRIETARY FUNDS
AS OF DECEMBER 31, 2010 (with comparative totals for 2009)

ASSETS	Water	Sewer	Inspections	Airport	Public Transportation
CURRENT ASSETS:					
Cash and cash equivalents	$ 5,704,936	$ 8,626,784	$ 166,098	$ 440,398	$ 511,361
Receivables — net:					
Billed	120,932	65,785			
Unbilled	498,688	288,090			
Other	1,509	224,052	20,783	3,952	30,139
Due from other funds					
Due from other governmental units				16,749	27,095
Prepaid items	173	48	1,008		
Accrued interest on investments					
Inventories	281,718				
Total current assets	6,607,956	9,204,759	187,889	461,099	568,595
PROPERTY AND EQUIPMENT — CAPITAL ASSETS (Note 3):					
Nondepreciable:					
Land	16,600	11,900		458,840	
Collections					
Construction in progress		78,303		557,520	
Depreciable:					
Buildings	7,877,257	5,277,641		1,475,550	58,140
Improvements other than buildings	9,825,133	13,578,280		950,119	62,746
Machinery and equipment	2,758,269	897,888	48,611	70,395	610,023
Infrastructure	4,947,946	6,572,901			
Books					
Accumulated depreciation	(9,716,087)	(13,521,968)	(44,988)	(2,061,725)	(256,150)
Total capital assets	15,709,118	12,894,945	3,623	1,450,699	474,759
TOTAL ASSETS	22,317,074	22,099,704	191,512	1,911,798	1,043,354
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES:					
Accounts payable	250,479	31,375	4,777	11,755	30,001
Accrued salaries and compensated absences	251,530	460,323	136,808	36,320	16
Bonds payable	643,400	316,600			
Accrued interest payable	76,464	11,098			
Due to other funds				530,000	
Deferred revenue	1,724				
Outstanding and incurred, but not reported claims					
Total current liabilities	1,223,597	819,396	141,585	578,075	30,017
NONCURRENT LIABILITIES:					
Revenue bonds payable	4,032,099	207,901			
Unamortized bond premium	22,310				
Unamortized bond discount	(16,738)	(1,877)			
Total noncurrent liabilities	4,037,671	206,024	-	-	-
Total liabilities	5,261,268	1,025,420	141,585	578,075	30,017
NET ASSETS:					
Invested in capital assets — net of related debt	11,028,047	12,372,321	3,623	1,450,699	474,759
Restricted (Note 8)	1,530,077	932,911	46,304		
Unrestricted	4,497,682	7,769,052		(116,976)	538,578
TOTAL NET ASSETS	$17,055,806	$ 21,074,284	$ 49,927	$ 1,333,723	$1,013,337

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

Net assets of business-type activities.

See notes to basic financial statements.

Recreation	Library	Storm Sewer	Total 2010	Total 2009	Governmental Activities — Internal Service Funds 2010	Governmental Activities — Internal Service Funds 2009
$ 421,261	$ 344,448	$ 772,541	$ 16,987,827	$ 15,462,893	$ 10,669,445	$ 9,732,030
		8,568	195,285	240,539		
			786,778	717,530		
10,409	394		291,238	476,436	5,483	116
					530,000	530,000
4,171	2,645		50,660	329,303		
1,031	5,982		8,242	3,296	1,402	
				39,768		15,628
			281,718	225,339		
436,872	353,469	781,109	18,601,748	17,495,104	11,206,330	10,277,774
	5,286	363,193	855,819	855,819		
	175,800		175,800	175,800		
			635,823	1,365,485		
1,705,842	327,622		16,722,052	16,722,052		
1,667,205			26,083,483	24,420,351		
106,350	102,447		4,593,983	5,125,476		
		3,230,089	14,750,936	14,528,581		
	826,517		826,517	788,135		
(2,220,974)	(1,024,340)	(998,010)	(29,844,242)	(28,705,238)		
1,258,423	413,332	2,595,272	34,800,171	35,276,461	-	-
1,695,295	766,801	3,376,381	53,401,919	52,771,565	11,206,330	10,277,774
18,600	16,278	9,648	372,913	461,111	150,588	198,247
283,578	278,635	9,121	1,456,331	1,350,413	2,474,669	2,475,739
			960,000	915,000		
			87,562	103,159		
	150,000		680,000	680,000		
			1,724	7,626	126	928
					115,246	116,463
302,178	444,913	18,769	3,558,530	3,517,309	2,740,629	2,791,377
			4,240,000	5,200,000		
			22,310	26,772		
			(18,615)	(22,522)		
-	-	-	4,243,695	5,204,250	-	-
302,178	444,913	18,769	7,802,225	8,721,559	2,740,629	2,791,377
1,258,423	413,332	2,595,272	29,596,476	29,157,211		
125,038			2,634,330	3,188,585	7,832,731	6,974,308
9,656	(91,444)	762,340	13,368,888	11,704,210	632,970	512,089
$ 1,393,117	$ 321,888	$3,357,612	45,599,694	44,050,006	$ 8,465,701	$ 7,486,397
			5,895	5,895		
			$ 45,605,589	$ 44,055,901		

CITY OF WINONA, MINNESOTA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS — PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010 (with comparative totals for 2009)

	Water	Sewer	Inspections	Airport	Public Transportation
OPERATING REVENUES:					
Water sales	$ 3,107,551	$ -	$ -	$ -	$ -
Sewer and storm sewer charges		2,789,186			
Permits and licenses			362,289		
Athletic fees and memberships					
Fares and passes					108,120
Rents				29,875	
Charges to city departments					
Other charges and services	69,343	24,689	19,261		136,363
Tap fees	10,953	8,399			
Library sales					
Refunds and reimbursements					
Contributions					
Other				5,042	
Total operating revenues	3,187,847	2,822,274	381,550	34,917	244,483
OPERATING EXPENSES:					
Salaries and employee benefits	672,498	959,993	346,032	85,250	6,290
Health insurance stop-loss premium					
Health insurance claims and fees					
Contractual services	450,400	225,489	114,324	175,197	388,150
Supplies	236,742	250,854	5,217	4,900	99,215
Maintenance of equipment	42,185	11,286			23,521
Utilities	193,563	202,151		5,958	269
Depreciation	581,135	754,154	5,716	55,320	98,424
Other expense	(2)				1,740
Total operating expenses	2,176,521	2,403,927	471,289	326,625	617,609
OPERATING INCOME (LOSS)	1,011,326	418,347	(89,739)	(291,708)	(373,126)
NONOPERATING REVENUES (EXPENSES):					
General property taxes				44,686	
Investment earnings	4,442	7,374	181	690	421
Intergovernmental revenues:					
Federal grants				164,227	130,398
State market value credits and LGA				75,766	
State grants				82,670	257,247
County					
Interest expense	(185,368)	(27,902)			
(Loss) gain on sale of capital asset		10,295			11,470
Other revenue	4,462				
Other expense	(5,667)	(1,590)			
Nonoperating (expenses) revenues	(182,131)	(11,823)	181	368,039	399,536
INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	829,195	406,524	(89,558)	76,331	26,410
TRANSFERS IN			4,793		
TRANSFERS OUT					
INCREASE (DECREASE) IN NET ASSETS	829,195	406,524	(84,765)	76,331	26,410
NET ASSETS — Beginning of year	16,226,611	20,667,760	134,692	1,257,392	986,927
NET ASSETS — End of year	$17,055,806	$21,074,284	$ 49,927	$ 1,333,723	$ 1,013,337

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

Change in net assets-business-type activities

See notes to basic financial statements.

Recreation	Library	Storm Sewer	Total 2010	Total 2009	Governmental Activities — Internal Service Fund 2010	Governmental Activities — Internal Service Fund 2009
$ -	$ -	$ -	$ 3,107,551	$ 3,244,859	$ -	$ -
		297,383	3,086,569	3,167,167		
			362,289	530,618		
375,990			375,990	354,375		
			108,120	99,856		
			29,875	28,200		
					1,540,431	1,294,125
	16,875		266,531	191,372	499,356	613,556
			19,352	39,930		
	34,327		34,327	15,513		
7,398			7,398	1,168	149,545	216,633
26,829	52,951		79,780	38,893		
			5,042	3,502		
410,217	104,153	297,383	7,482,824	7,715,453	2,189,332	2,124,314
953,562	707,270	31,136	3,762,031	3,853,500	8,543	190,471
					1,400,365	248,714
					311,188	1,290,431
185,326	162,334	103,344	1,804,564	2,493,542	214,469	360,268
185,176	64,937	813	847,854	849,456		
27,482	10,223		114,697	400,855		
53,026	20,789		475,756	564,918		
100,698	68,002	63,642	1,727,091	1,496,615		
(23)			1,715	1,676		
1,505,247	1,033,555	198,935	8,733,708	9,660,562	1,934,565	2,089,884
(1,095,030)	(929,402)	98,448	(1,250,884)	(1,945,109)	254,767	34,430
360,226	228,401		633,313	688,289		
44	321	668	14,141	112,603	5,525	46,563
19,312			313,937	550,641		
681,398	424,465		1,181,629	1,450,222		
	1,950		341,867	604,390		
8,561	210,451		219,012	224,832		
			(213,270)	(250,547)		
			21,765	(4,281)		
			4,462	4,462		
			(7,257)	(6,978)		
1,069,541	865,588	668	2,509,599	3,373,633	5,525	46,563
(25,489)	(63,814)	99,116	1,258,715	1,428,524	260,292	80,993
333,182	13,998		351,973	362,442	1,313,088	853,088
		(61,000)	(61,000)	(61,000)	(594,076)	(1,215,020)
307,693	(49,816)	38,116	1,549,688	1,729,966	979,304	(280,939)
1,085,424	371,704	3,319,496			7,486,397	7,767,336
$ 1,393,117	$ 321,888	$3,357,612			$ 8,465,701	$7,486,397
			$ 1,549,688	$ 1,729,966		

CITY OF WINONA, MINNESOTA

STATEMENT OF CASH FLOWS — PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010 (with comparative totals for 2009)

	Water	Sewer	Inspections	Airport	Public Transporation
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers	$ 3,189,883	$2,989,408	$ 366,538	$ 68,886	$ 270,995
Payments to employees	(677,563)	(919,129)	(334,694)	(83,721)	(6,600)
Payments to other funds	(67,865)		(72,091)		
Payments to suppliers	(895,740)	(809,608)	(45,248)	(188,205)	(513,358)
Service charges	2				
Net cash provided by (used in) operating activities	1,548,717	1,260,671	(85,495)	(203,040)	(248,963)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
County grants					
Deferred revenue-increase					
Deferred revenue-decrease					(7,500)
Due from other funds					266,044
Due to other funds					
Federal grants				164,227	106,359
State grants				82,670	257,247
State LGA and market value credits				75,766	
Taxes				44,686	
Contributions					
Transfers from other funds			4,793		
Transfers to other funds					
Unamortized bond (premium) discount	574	469			
Net cash (used in) provided by noncapital financing activities	574	469	4,793	367,349	622,150
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition of capital assets	(268,344)	(230,442)		(511,851)	11,470
Interest paid on capital debt	(194,633)	(34,233)			
Other fiscal agent charges	(5,667)	(1,590)			
Payments on capital debt	(617,250)	(297,750)			
Net cash used in capital and related financing activities	(1,085,894)	(564,015)	-	(511,851)	11,470
CASH FLOWS FROM INVESTING ACTIVITIES — Interest received	18,317	28,363	834	2,166	421
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	481,714	725,488	(79,868)	(345,376)	385,078
CASH AND CASH EQUIVALENTS — Beginning of year	5,223,222	7,901,296	245,966	785,774	126,283
CASH AND CASH EQUIVALENTS — End of year	$ 5,704,936	$8,626,784	$ 166,098	$ 440,398	$ 511,361
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:					
Operating income (loss)	$ 1,011,326	$ 418,347	$ (89,739)	$(291,708)	$(373,126)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	581,135	754,154	5,716	55,320	98,424
Changes in assets and liabilities:					
Accounts payable	15,665	(119,829)	2,244	(2,150)	(463)
Compensated absences	(30,680)	9,699	(427)	(650)	
Customer receivables	(2,426)	167,134	(15,012)	33,969	26,512
Inventory	(56,379)				
Other accrued liabilities	4,462				
Salaries and benefits payable	25,614	31,166	11,723	2,179	(310)
Net cash provided by (used in) operating activities	$ 1,548,717	$1,260,671	$ (85,495)	$(203,040)	$(248,963)

See notes to basic financial statements.

Recreation	Library	Storm Sewer	Total 2010	Total 2009	Governmental Activities — Internal Service Funds 2010	Governmental Activities — Internal Service Funds 2009
$ 398,801	$ 98,332	$ 297,337	$ 7,680,180	$ 7,531,702	$ 2,182,564	$ 2,324,389
(925,980)	(678,390)	(29,994)	(3,656,071)	(3,796,009)		
			(139,956)	(142,182)		
(447,492)	(254,631)	(94,972)	(3,249,254)	(4,246,294)	(1,931,584)	(2,113,502)
			2	10		(230,167)
(974,671)	(834,689)	172,371	634,901	(652,773)	250,980	(19,280)
8,561	210,451		219,012	217,832		
			(7,500)	-	(53,729)	
			266,044	(242,453)		470,000
			-	230,000		
19,312			289,898	550,641		
	1,950		341,867	604,390		
681,399	424,465		1,181,630	1,450,222		
360,226	228,401		633,313	688,289		
				-		
333,182	13,998		351,973	362,442	1,313,088	853,088
		(61,000)	(61,000)	(61,000)	(594,076)	(1,215,020)
			1,043	(429)		
1,402,680	879,265	(61,000)	3,216,280	3,799,934	665,283	108,068
(163,485)	(66,381)		(1,229,033)	(2,523,536)		
			(228,866)	(265,373)		
			(7,257)	(6,979)		
			(915,000)	(900,000)		
(163,485)	(66,381)	-	(2,380,156)	(3,695,888)	-	-
100	1,290	2,418	53,909	86,977	21,152	36,259
264,624	(20,515)	113,789	1,524,934	(461,750)	937,415	125,047
156,637	364,963	658,752	15,462,893	15,924,643	9,732,030	9,606,983
$ 421,261	$ 344,448	$ 772,541	$ 16,987,827	$ 15,462,893	$ 10,669,445	$ 9,732,030
$(1,095,030)	$ (929,402)	$ 98,448	$ (1,250,884)	$ (1,945,109)	$ 254,767	$ 34,430
100,698	68,002	63,642	1,727,091	1,496,615		
3,495	3,652	9,185	(88,201)	(91,443)	4,051	(4,028)
3,117	(292)	1,050	(18,183)	(16,193)		
(11,415)	(5,821)	(46)	192,895	(196,590)	(6,768)	(117)
			(56,379)	14,462		
			4,462	11,804	(1,070)	(49,565)
24,464	29,172	92	124,100	73,681		
$ (974,671)	$ (834,689)	$ 172,371	$ 634,901	$ (652,773)	$ 250,980	$ (19,280)

CITY OF WINONA, MINNESOTA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES — TOURISM PROMOTION AGENCY FUND
AS OF DECEMBER 31, 2010 (with comparative totals for 2009)

	2010	2009
ASSETS:		
Cash	$ -	$ 23
Accounts receivable — total assets	14,013	13,613
Total assets	$14,013	$13,636
LIABILITIES —		
Accounts payable — total liabilities	$14,013	$13,636

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 following is a summary of the more significant accounting policies:

A. Financial Reporting Entity of the City

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

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

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

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

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

Blended Component Units:

The City has no blended component units.

Discretely Presented Component Units:

Port Authority of Winona:

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

Related Organizations:

Housing and Redevelopment Authority of Winona:

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

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

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

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

Joint Ventures and Jointly Governed Organizations:

The City was not part of any joint venture or jointly governed organization during 2010.

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Other funds—The City reports the following fund types:

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

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

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

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

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

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

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

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

D. Budgets and Budgetary Accounting

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

The original adopted budgets may be amended by the City Council. Budget amounts are as originally adopted, as revised by approved transfers, or as amended by the City Council.

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

During the year there were increases of $505,870 in appropriations between the General Fund original and final amended budget. Following are some of the components of the increase:

- $374,300 was added to various departments for encumbrances from December 31, 2009;
- $58,100 was added to the Police Department for the purchase of various items due to the receipt of grants;
- $52,200 was added to the Community Development Department due to the receipt of a technology grant;
- $19,300 was added to the Fire Department for trench rescue equipment due to the receipt of a technology grant.

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

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

E. Cash, Cash Equivalents, and Investments

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

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

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

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

F. Interfund Receivables/Payables

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

G. Inventories and Prepaid Items

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

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

H. Funds Held by Others

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

I. Restricted Assets

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

J. Capital Assets

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

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

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

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

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

K. Compensated Absences Benefits

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

L. Long-Term Obligations

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

M. Fund Equity

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

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

Governmental Activities	**Amount**
General Fund commitments	$1,026,572
Special Revenue Funds	635,911
Risk Management	603,770
LELS Program	262
Pelzer Street Construction Fund	409,456
Total Governmental	$2,675,971
Business-Type Activities	
Commitments	$ 594,748
Component Unit	
Port Authority projects	$3,099,149

The majority of the commitments are externally imposed.

N. Bond Discounts/Issuance Costs

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

O. Interfund Transactions

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

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

P. Property Taxes

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

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

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

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

Q. New Accounting Pronouncements

In June 2007, the GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This statement establishes accounting and financial reporting requirements for intangible assets including easements, water rights, timber rights, patents, trademarks, and computer software. The provisions of this statement are effective for the City in 2010. The implementation of this standard did not have a significant effect on the City's basic financial statements.

In June 2008, the GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. This statement establishes accounting and financial reporting requirements for derivative instruments entered into by state and local governments. The provisions of this statement are effective for the City in 2010. The implementation of this standard did not have a significant effect on the City's basic financial statements.

In February 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The fund balance classification approach in the statement will require governments to classify amounts consistently, regardless of the fund type or column in which they are presented. The requirements of this statement are effective for the City in 2011. The City is currently accessing the impact of this statement on the City's basic financial statements.

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

A. Deposits

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

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

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

Deposit balances at December 31, 2010, 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	$6,176,903	$5,951,621
Primary government	$5,868,058	$5,654,040
Component unit	$ 308,845	$ 297,581

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, 2010, are as follows:

Investment Type	Carrying/ Fair Value
U.S. treasury securities	$ 9,057,320
Money market mutual funds	29,787,499
Total investments, restricted cash, and escrow deposits	38,844,819
Total deposits (Note 2.A.)	5,654,040
Total deposits, investments, restricted cash, and escrow accounts	$ 44,498,859

A reconciliation to the basic financial statements at December 31, 2010, is as follows:

Governmental activities:	
Governmental funds — cash and cash equivalents	$ 16,525,401
Governmental funds — restricted investments	316,186
Internal service funds — cash and cash equivalents	10,669,445
Agency fund — cash and cash equivalents	
Total governmental activities	27,511,032
Business-type activities:	
Enterprise funds — cash and cash equivalents	16,987,827
Total business-type activities	16,987,827
Total	$ 44,498,859

As of December 31, 2010, 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)	$ 9,057,320	0.55
Total fair value	$ 9,057,320	
Portfolio weighted average maturity		0.55

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

Credit Risk — Minnesota state law limits investments in commercial paper to that which is issued by a U.S. corporation rated in the highest quality category by at least two nationally recognized rating agencies, and matures in 270 days or less. (The City does not hold any commercial paper as of December 31, 2010.) Also, as of December 31, 2010, the primary government and the component unit has $30,983,884 invested in a money market fund with a rating of AAAm/Aaa and $738,756 is invested in a money market fund that is not rated for the fund itself, but the underlying investments are all rated or insured/collateralized as per Minnesota Statutes.

Concentration of Credit Risk — The City's investment policy states that it is the City's preference to limit to no more than 20% of total City investments in any one company for the commercial paper that is purchased. At December 31, 2010, the City does not hold any commercial paper as part of its investment portfolio.

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

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

Maturity dates for securities held in investment and escrow accounts at December 31, 2010, are listed below:

Maturity Year	**Fair Value**
2011	$38,844,819
Total	$38,844,819

Component Unit

The component unit's balances at December 31, 2010, are as follows:

Investment Type	Carrying/ Fair Value
Money market mutual funds	$ 1,969,251
Total deposits (Note 2.A.)	297,581
Total deposits and investments	$ 2,266,832

The maturity date for securities held in investment accounts at December 31, 2010, is listed below:

Maturity Year	Fair Value
2011	$ 2,266,832

Composite Products, Inc. — Stock Owned — As of December 31, 2010, the Port Authority owned 35,000 shares of Composite Products, Inc. (CPI), a privately held Winona manufacturer. These shares were acquired as part of an assistance program from the Port Authority to CPI. The shares were acquired on August 3, 1993, and are conservatively recorded on the Port Authority books at no value because they are not publicly listed.

3. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2010, was as follows:

	Primary Government			
	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Nondepreciable:				
Land	$ 1,530,520	$ 5,543,841	$ -	$ 7,074,361
Construction in progress	23,244,136		(23,244,136)	
Depreciable:				
Buildings and improvements	5,631,896	35,188		5,667,084
Machinery and equipment	7,127,957	301,454	(252,589)	7,176,822
Infrastructure:				
Flood control	33,000,000			33,000,000
Street system	18,073,647	18,345,836		36,419,483
Park	278,000			278,000
Total at historical cost	88,886,156	24,226,319	(23,496,725)	89,615,750
Less accumulated depreciation:				
Buildings and improvements	(3,252,962)	(199,089)		(3,452,051)
Machinery and equipment	(5,108,239)	(449,643)	242,293	(5,315,589)
Infrastructure:				
Flood control	(21,545,454)	(715,909)		(22,261,363)
Street system	(11,009,141)	(955,213)		(11,964,354)
Park	(112,266)	(9,445)		(121,711)
Total accumulated depreciation	(41,028,062)	(2,329,299)	242,293	(43,115,068)
Governmental activities capital assets — net	$ 47,858,094	$21,897,020	$ (23,254,432)	$ 46,500,682
Business-type activities:				
Nondepreciable:				
Land	$ 855,819	$ -	$ -	$ 855,819
Collections	175,800			175,800
Construction in progress	1,365,485	590,155	(1,319,817)	635,823
Depreciable:				
Buildings and improvements	41,142,403	1,681,431	(18,300)	42,805,534
Machinery and equipment	5,125,476	49,301	(580,792)	4,593,985
Books	788,135	38,381		826,516
Infrastructure:				
Water	4,725,591	222,355		4,947,946
Sewer	6,572,901			6,572,901
Storm sewer	3,230,089			3,230,089
Total at historical cost	63,981,699	2,581,623	(1,918,909)	64,644,413
Less accumulated depreciation:				
Buildings and improvements	(20,903,637)	(1,163,522)	18,300	(22,048,859)
Machinery and equipment	(3,860,723)	(236,887)	580,792	(3,516,818)
Books	(654,338)	(50,719)		(705,057)
Infrastructure:				
Water	(1,016,618)	(93,278)		(1,109,896)
Sewer	(1,335,554)	(130,047)		(1,465,601)
Storm sewer	(934,368)	(63,643)		(998,011)
Total accumulated depreciation	(28,705,238)	(1,738,096)	599,092	(29,844,242)
Business-type activities capital assets — net	$ 35,276,461	$ 843,527	$ (1,319,817)	$ 34,800,171

Depreciation expense for governmental activities is charged to functions in 2010, as follows:

General government	$ 147,148
Public safety	886,257
Highways and streets	1,127,590
Culture and recreation	168,304
Total depreciation expense for governmental activities	$ 2,329,299

The Governmental activities accumulated depreciation "Increases" column, on the previous page, of $2,329,299, does not include any capital asset transfers between the general fund and the business-type funds.

Depreciation expense for business-type activities charged in 2010, as follows:

Water	$ 581,135
Sewer	754,154
Inspections	5,716
Airport	55,320
Public transportation	98,424
Recreation	100,698
Library	68,002
Storm sewer	63,642
Total depreciation expense for business-type activities	$ 1,727,091

The Business-type activities accumulated depreciation "Increases" column, on the previous page, of $1,738,096, includes $11,005 of capital asset transfers between the General Fund and the Sewer Fund.

Construction in Progress

There are no projects included in the capital assets — construction in progress (in the governmental activities) at December 31, 2010.

Governmental activities — construction in progress	$ -

There are four projects included in the capital assets — construction in progress (in the business-type activities) at December 31, 2010. They are as follows:

Sewer — Digester cover	$ 78,303
Airport — Hangar building	557,520
Total	$ 635,823

Component Unit

There was no capital asset activity for the year ended December 31, 2010.

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 2010, one acre of land was sold to Miller Scrap. There are 43.06 developable acres as of December 31, 2010.

5. LONG-TERM DEBT

Primary Government

A summary of bonds outstanding at year-end follows:

Bonds	Maturities	Rates	December 31, 2010
Governmental activities:			
G.O. bonds — supported by taxes	2011–2015	2.25–4.38%	$1,605,500
G.O. bonds — supported by special assessments	2011–2015	2.25–5.10	2,289,500
Total			3,895,000
Business-type activities:			
Bonds	2011–2019	2.25–5.65	5,200,000
Add unamortized premium			22,310
Less unamortized discounts			(18,615)
			5,203,695
Total bonds outstanding			$9,098,695

A summary of changes in bonds payable (at par) during 2010 is as follows:

Bonds	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Governmental activities:					
G.O. bonds — supported by taxes	$ 2,001,800	$ -	$ (396,300)	$1,605,500	$ 396,500
G.O. bonds — supported by special assessments	3,073,200		(783,700)	2,289,500	698,500
Total governmental activities	5,075,000	-	(1,180,000)	3,895,000	1,095,000
Business-type activities	6,115,000		(915,000)	5,200,000	960,000
Total	$11,190,000	$ -	$(2,095,000)	$9,095,000	$2,055,000

Debt service requirements to maturity as of December 31, 2010, including interest of $1,044,206, 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
2011	$ 446,609	$ 768,042	$ 1,149,950	$ 2,364,601
2012	432,857	556,159	890,357	1,879,373
2013	420,524	540,335	846,731	1,807,590
2014	216,471	298,936	842,491	1,357,898
2015	211,486	292,053	739,318	1,242,857
2016–2019			1,486,887	1,486,887
Total	$ 1,727,947	$2,455,525	$ 5,955,734	$10,139,206

Year Ending December 31	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2011	$ 1,095,000	$ 119,651	$ 1,214,651	$ 960,000	$ 189,950	$ 1,149,950
2012	905,000	84,016	989,016	735,000	155,357	890,357
2013	910,000	50,859	960,859	720,000	126,731	846,731
2014	490,000	25,407	515,407	745,000	97,491	842,491
2015	495,000	8,539	503,539	670,000	69,318	739,318
2016-2019				1,370,000	116,887	1,486,887
Total	$3,895,000	$288,472	$ 4,183,472	$ 5,200,000	$ 755,734	$ 5,955,734

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

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

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

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

There are limitations and restrictions contained in the bond indentures.

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

Other Debt	Maturities	Interest Rates	December 31, 2010
Governmental funds —			
G.O. Equipment Certificates	2011	3.45 %	$125,000
	2012	3.50	130,000
	2013	3.55	135,000
	Total		$390,000

Debt service requirements to maturity as of December 31, 2010, including interest of $20,962, listed below for other debt are summarized as follows:

Year Ending December 31	G.O. Equipment Certificates		
	Principal	Interest	Total
2011	$125,000	$11,499	$136,499
2012	130,000	7,067	137,067
2013	135,000	2,396	137,396
	$390,000	$20,962	$410,962

The Primary Government did not issue any bonds or certificates during 2010.

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

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

Debt	Beginning Balance	Issued	Retired	Ending Balance
Bonds payable	$5,075,000	$ -	$ (1,180,000)	$3,895,000
Note payable — land	250,000		(125,000)	125,000
Other debt	510,000		(120,000)	390,000
Total	$5,835,000	$ -	$ (1,425,000)	$4,410,000

A review of improvement bonds for the years 1995–2010 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	-	-	-
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, 2010
Long-term debt — G.O.	2011–2020	4.00%	$ 2,510,000

A summary of changes in bonds payable (at par) during 2010 is as follows:

Bonds	Beginning Balance	Issued	Retired	Ending Balance
Long-term (G.O.) — Bonds payable	$3,010,000	$ -	$(500,000)	$2,510,000

Debt service requirements to maturity as of December 31, 2010, including interest of $533,400, are listed below for general long-term debt (bonds):

Year Ending December 31	General Obligation		
	Principal	Interest	Total
2011	$ 210,000	$ 96,200	$ 306,200
2012	220,000	87,600	307,600
2013	225,000	78,700	303,700
2014	235,000	69,500	304,500
2015	245,000	59,900	304,900
2016-2020	1,375,000	141,500	1,516,500
Total	$2,510,000	$533,400	$3,043,400

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.

The Component Unit didn't issue any bonds or certificates during 2010. The Taxable G.O. Bonds, Series 1995A, (for the Tourist Center and the Campground Improvements) were called for early redemption on October 1, 2010.

Long-Term Liability Activity

Long-term liability activity for the year ended December 31, 2010, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Governmental activities:					
Bonds and certificates payable	$ 5,585,000	$ -	$(1,300,000)	$ 4,285,000	$1,220,000
Note payable — land	250,000		(125,000)	125,000	125,000
Compensated absences	3,612,166	315,000	(25,665)	3,901,501	3,115,580
Total governmental activities	9,447,166	315,000	(1,450,665)	8,311,501	4,460,580
Business-type activities:					
Bonds and certificates payable	6,115,000		(915,000)	5,200,000	960,000
Compensated absences	1,350,412	125,000	(19,081)	1,456,331	1,241,465
Other	4,250		(555)	3,695	
Total business-type activities	7,469,662	125,000	(934,636)	6,660,026	2,201,465
	$16,916,828	$ 440,000	$(2,385,301)	$14,971,527	$6,662,045

Compensated absences classified as long-term liabilities include unused vacation, compensated time, and sick leave estimated to be paid or used by employees for periods ending after December 31, 2010. 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 Public Employees Retirement Fund (PERF) and the Public Employees Police and Fire Fund (PEPFF), which are cost-sharing, multiple-employer retirement plans. These plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356.

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

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

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

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

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

Refunds of contributions are available at any time to members who leave public service before retirement benefits begin.

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

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

2. Funding Policy

Minnesota Statutes, Chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the state legislature. The City makes annual contributions to the pension plans equal to the amount required by state statutes. PERF Coordinated Plan members were required to contribute 6.0% of their annual covered salary in 2010. The member contribution rates for the Coordinated Plan for 2011 will be at 6.25%. PEPFF members were required to contribute 9.4% of their annual covered salary in 2010, that rate will increase to 9.6% in 2011. For 2010, the City was required to contribute the following percentages of annual covered payroll: 7.0% for Coordinated Plan PERF members; and 14.1% for PEPFF members. Employer contribution rates for the Coordinated Plan and PEPFF will increase to 7.2% and 14.4%, respectively effective January 1, 2011. The City's contributions to the PERF for the years ended December 31, 2010, 2009, and 2008, were $415,002, $428,154, and $383,206, respectively. The City's contributions to the PEPFF for the years ended December 31, 2010, 2009, and 2008, were $524,234, $561,293, and $472,284, 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 2010, the ratio of assets to liabilities of PERF was 76.4% and 87.0% for PEPFF. At the end of fiscal year 2009, the ratio of assets to liabilities of PERF was 69.99% and 83.22% for PEPFF.

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

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

B. Defined Contribution Plan — Statewide

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

The City's contributions to the PEDCP were $1,223, $1,299, and $1,590 for the years ended December 31, 2010, 2009, and 2008, respectively. The employee contributions to the PEDCP were $1,223, $1,299, and $1,590 for the years ended December 31, 2010, 2009, and 2008, 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, 2010, are listed below for the primary government and the component unit.

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

[1] The Library Fund will repay the General Fund when it accumulates sufficient funds. The City expects the repayment to occur in 2011 or 2012.

[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 2011 or 2012.

[3] The Central City Rehab Fund will repay the Downtown 1990 CD Loan Fund after it receives money from the state government for project reimbursement. The City expects the repayment to occur in 2011.

[4] The Central City Rehab Fund will repay the Downtown 1994 CD Loan Fund after it receives money from the state government for project reimbursement. The City expects the repayment to occur in 2011.

Transfers during 2010 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	$ 57,135
General (2)	52,133	2,000
General (3)	25,226	10,889
General (4)	120,000	7,524
General (5)	62,117	10,860
General (6)	28,432	5,885
General		4,293
General		2,205
General		7,500
General		4,793
General		703,088
General		200,000
General		200,000
General		200,000
Nonmajor Governmental Funds:		
Senior Advocacy Program (7)	57,135	
Emergency Fund (8)	2,000	
Municipal State Aid		28,432
Engineering Dept. Project (9)	10,889	
Radio Project (10)	15,687	
Total governmental funds	434,619	1,444,604
Internal Service Funds:		
Employee Benefit Fund (11)	703,088	
Equipment Replacement (12)	5,000	52,133
Equipment Replacement (13)	200,000	25,226
Equipment Replacement		120,000
Equipment Replacement		62,117
Equipment Replacement		15,687
Equipment Replacement		284,483
Facilities (14)	5,000	24,430
Facilities (15)	200,000	
Risk Management		5,000
Risk Management		5,000
Infrastructure Replacement (16)	200,000	
Total internal service funds	1,313,088	594,076
Total governmental activities	1,747,707	2,038,680

	Transfers In	Transfers Out
Business-type activities:		
Storm Sewer Fund	$ -	$ 61,000
Library Fund (17)	4,293	
Library Fund (18)	2,205	
Library Fund (19)	7,500	
Inspections Fund (20)	4,793	
Recreation Fund (21)	5,885	
Recreation Fund (22)	284,483	
Recreation Fund (23)	7,524	
Recreation Fund (24)	24,430	
Recreation Fund (25)	10,860	
Total business-type activities	351,973	61,000
Total Primary Government	$ 2,099,680	$ 2,099,680

PURPOSE OF TRANSFERS IN:

(1) From the Storm Sewer Fund for reimbursements
(2) From the Equipment Replacement Fund for police cars
(3) From the Equipment Replacement Fund for fire department car
(4) From the Equipment Replacement Fund for a street department loader
(5) From the Equipment Replacement Fund for a park maintenance mower
(6) From the Municipal State Aid Fund for Highway 43 Roundabout planning
(7) From the General Fund — provide subsidy to cover portion of the Senior Advocacy's operation
(8) From the General Fund - budgeted transfer to Emergency Fund for Community Development match
(9) From the General Fund for Bike route
(10) From the Equipment Replacement Fund for Radio project
(11) From the General Fund for OPEB funding
(12) From the Risk Management Fund per Financial Management Policy
(13) From the General Fund per Financial Management Policy
(14) From the Risk Management Fund per Financial Management Policy
(15) From the General Fund per Financial Management Policy
(16) From the General Fund per Financial Management Policy
(17) From the General Fund for Benefit increase
(18) From the General Fund for Library roof
(19) From the General Fund for Library reduction in County allocation
(20) From the General Fund for Benefit increase
(21) From the General Fund for Benefit increase
(22) From the Equipment Replacement Fund for Aquatic Center water slide replacement
(23) From the General Fund for Bell boats
(24) From the General Fund for Bud King Ice Arena lighting project
(25) From the General Fund for Masonic Temple

8. FUND EQUITY

Restricted, Reserved, or Designated — Net assets, fund balances, and retained earnings in the various funds at December 31, 2010, have been restricted, reserved, or designated for the following purposes:

PRIMARY GOVERNMENT

RESTRICTED — Government-Wide Financial Statements

Major Governmental Funds:	
General Fund:	
Encumbrances and commitments	$ 700,392
Snow removal	84,789
Drug seizure and DWI penalty assessment (Police)	38,456
Boat harbor	162,935
CMH property transfer	35,000
Japanese Garden	5,000
OPEB — retiree subsidy health plan	596,815
PERA Contribution	1,567,710
P.I.R. Bond Fund — for debt payments	1,269,368
P.I.R. Construction Fund — for P.I.R. projects	805,350
Pelzer Street Construction Fund — for Pelzer Street project	409,456
Other Funds (Internal Service Funds):	
Health Insurance Fund:	
Health plan account	44,277
Contributed to start the fund	199,654
Health insurance	421,856
LELS Health Fund — health insurance	262
Employee Benefit Fund:	
OPEB — contribution	703,088
OPEB — retiree subsidy health plan	1,406,176
Risk Management Fund:	
Property self-insurance	202,729
Workers' compensation maximum	301,041
Emergency issues	100,000
Equipment Replacement Fund:	
Equipment replacement	2,240,238
Commitments	222,700
Facilities Fund:	
Commitments	130,250
Facilities	1,033,434
Infrastructure Replacement Fund	827,026
Nonmajor Governmental Funds:	
Special Revenue Funds:	
Emergency	21,299
Athletic	13,159
Library Memorials	290,087
1990 Downtown Redevelopment Grant	43,068
1994 Downtown Redevelopment Grant	146,221
Metro Plains	57
West Central Revitalization	49,393
Central City Rehab	72,627
Debt Service Funds:	
1999B Sales Tax Revenue Bond — for Riverbend Industrial Park infrastructure/sales tax issues	132,300
Equipment Certificates — for debt payments	316,579

RESTRICTED (Continued)

Capital Projects Funds:	
Municipal State Aid — projects	$ 90,315
Dike construction	202,668
Park Site-parks for subdivisions	104,300
Engineering projects	220,588
City building improvements	2,524
City equipment	100,571
Street reconstruction projects	3,165
High Wagon Bridge reconstruction	143,725
Aghaghming Park construction	1,833
Softball field development — improvements	105,021
Softball field development — Bambenek Field	325
Permanent Funds:	
Endowment (original contributions)	56,000
Expendable	260,186
Total governmental activities	15,884,013
Major Proprietary Funds:	
Water Fund:	
Commitments	611,211
Bond requirements	785,338
OPEB — retiree subsidy health plan	56,110
PERA Contribution	77,418
Sewer Fund:	
Commitments	423,406
Bond requirements	346,421
OPEB — retiree subsidy health plan	66,312
PERA Contribution	96,772
Public Transportation Fund	
Inspections Fund — commitments	46,304
Recreation Fund — commitments	125,038
Total business-type activities	2,634,330
Total Restricted (Primary Government)	$ 18,518,343

RESERVED — Fund Financial Statements

Major Governmental Funds:	
General Fund:	
Encumbrances and commitments	$ 700,392
Snow removal	84,789
Drug seizure and DWI penalty assessment (Police)	38,456
Boat harbor	162,935
CMH property transfer	35,000
Japanese Garden	5,000
OPEB — retiree subsidy health plan	596,815
PERA Contribution	1,567,710
P.I.R. Bond Fund — for debt payments	1,269,368
P.I.R. Construction Fund — for P.I.R. projects	805,350

Nonmajor Governmental Funds:	
Special Revenue Funds:	
Emergency	$ 21,299
Athletic	13,159
Library Memorials	290,087
1990 Downtown Redevelopment Grant	43,068
1994 Downtown Redevelopment Grant	146,221
Metro Plains	57
West Central Revitalization	49,393
Central City Rehab	72,627
Debt Service Funds:	
1999B Sales Tax Revenue Bond — for Riverbend Industrial Park infrastructure/sales tax issues	132,300
Equipment Certificates — for debt payments	316,579
Capital Projects Funds:	
Municipal State Aid — projects	90,315
Dike construction	202,668
Park Site-parks for subdivisions	104,300
Engineering projects	220,588
City building improvements	2,524
City equipment	100,571
Street reconstruction projects	3,165
High Wagon Bridge reconstruction	143,725
Aghaghming Park construction	1,833
Softball field development — improvements	105,021
Softball field development — Bambenek Field	325
Permanent Funds:	
Endowment (original contributions)	56,000
Expendable	260,186
Total Reserved	7,641,826
DESIGNATED — Fund Financial Statements	
General Fund — cash flow	$ 6,065,050
Capital Projects Funds — Infrastructure Revolving	1,598,297
Total Designated	7,663,347
Total Reserved and Designated (Primary Government)	$ 15,305,173
Restricted — Government-Wide Financial Statements	
Debt Service Funds — for debt service	$ 378,295
Capital Projects Funds — Lake Winona dredging project	564,114
Port commitments	3,099,149
Total Restricted	$ 4,041,558

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

Primary Government

Fund Equity Deficits — At December 31, 2010, the Senior Advocacy Program Fund, a special revenue fund, had a deficit fund balance of $30,306. This fund had a carryover deficit of fund balance from 2009. (The deficit fund balance at December 31, 2009 was $18,662.) The deficit fund balance should be eliminated in 2011 or 2012.

Individual Fund Disclosures — For the year ended December 31, 2010, actual expenditures exceeded the budget in the following General Fund departments:

General Fund	Budgeted	Actual	Final Variance
City clerk	$ 124,152	$ 127,139	$ (2,987)
Human resources	97,582	99,123	(1,541)
Planning	192,234	195,069	(2,835)
Flood control	42,757	57,906	(15,149)
Public works	45,494	45,744	(250)
Community development	302,425	303,914	(1,489)

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, 2010, the Component Unit had no fund equity deficits.

10. FUND CHANGES

Funds opened during 2010:

City — Capital Projects – Radio Projects Fund

Component Unit — No funds were opened during 2010

Funds closed during 2010:

City — No funds were closed during 2010

Component Unit — No funds were closed during 2010

11. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

At December 31, 2010, the City reported eight Enterprise Funds. These funds provide water, sewer, inspections, airport, public transportation, recreation, library, and storm sewer. There are no revenue bonds where investors rely solely on the revenue generated by the individual segments or other individual activities for repayment.

12. CONTINGENCIES

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

13. RISK MANAGEMENT

City's Programs:

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

For 2010, there were no significant reductions in insurance coverage from 2009 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 2010 ($100,000 per family in 2009). Also included in the program is an aggregate excess coverage policy; for 2010, the attachment point for this policy was set at $1,905,099. 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 2010, the City offered four health plan options with consumer-driven healthcare programs that combined high deductibles with individual Health Plan Accounts (HPAs) or Health Savings Accounts (HSAs) — employer-held (HPA) or employee-held (HSA) accounts used for healthcare expenses not covered by the underlying plan. Eide Bailly administers the HPA accounts for these programs.

During 2010, net claims were $1,281,200 (total claims of $1,482,148; less pharmaceutical rebates of $14,957 and specific and aggregate stop-loss recoveries of $185,991 paid back to the City). Other 2010 costs are listed as follows: administrative costs of $77,629; network fees of $38,536; HPA reimbursements of $16,013; and a reduction in incurred but not reported claims (over December 31, 2009) of $25,428, reflecting the depletion of unused funds in employees' HPAs and a slight decrease in overall incurred, but not reported claims. The stop-loss premium was $311,188; 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 $115,246 has been accrued as a liability in the Health Insurance Fund at December 31, 2010. In addition, a reserved fund balance of $40,277 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:

	2010	2009
Beginning of year liability	$ 180,951	$ 232,377
Current year claims, administration fees, and changes to estimates	1,699,138	1,505,383
Payments for claims and administration fees	(1,724,566)	(1,556,809)
End of year liability and HPA reserves	$ 155,523	$ 180,951

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

Other Post-Employment Benefits — Pensions:

State law requires that all full-time and certain part-time employees of the City participate in a statewide defined benefit pension plan administered by PERA. PERA administers PERF and PEPFF. As of December 31, 2010, PERF was 76.4% funded and PEPFF was 87.0% funded. As of December 31, 2009, PERF was 70.0% funded and PEPFF was 83.2% 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. Police officers rejoined the City's health plan, effective January 1, 2010.

Annual Other Post-employment Benefit (OPEB) Cost — For 2010, the City's annual OPEB cost (expense) of $552,273 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. Thirteen retirees and five dependent spouses are currently covered by the City's plan. They paid $148,266 in premiums at the group rate. The components of the OPEB expense are as follows:

Contribution Rates:	
City	Pay As You Go
Plan Members	N/A
Annual required contribution	$ 657,280
Interest on net OPEB obligation	51,922
Adjustment to annual required contribution	(156,929)
Increase in net OPEB obligation	552,273
Net OPEB obligation, Beginning of year	1,298,044
Net OPEB obligation, End of year	$1,850,317

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 four years is as follows:

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

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

Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress for each of the last four 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, 2010	$ -	$2,702,180	$2,702,180	0%	$9,128,667	29.6%
December 31, 2009		3,700,179	3,700,179	0%	9,698,098	38.2%
December 31, 2008		2,451,382	2,451,382	0%	9,530,739	25.7%
December 31, 2007		2,495,955	2,495,955	0%	9,299,927	26.8%

(1) The City has set aside $703,088 for its retiree health care liability in both 2009 and 2010. These assets ($1,406,176) are held in general assets (not plan assets) and are therefore not used to offset the AAL.

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

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

The December 31, 2010, actuarial valuation used the entry age actuarial cost method. Relevant actuarial assumptions included a 4.0% discount rate, an initial medical trend rate of 8.0%, and a reduction schedule of 0.5% per year (beginning in 2014) with an ultimate rate of 5.0%. There have not been any factors significantly affecting trends. The amortization of unfunded liabilities as a level dollar amount over 10 years was selected by the City to comply with GASB Statement No. 45 requirements. The amortization period used is open.

Property and Casualty Insurance Program:

The City participates in the self-insurance program of the League of Minnesota Cities Insurance Trust (LMCIT) to provide the City's property and casualty coverage. During 2010, costs of premiums associated with the program were $246,852 (2009 premium costs were $251,768). There were no changes in the program for 2010 as compared to 2009.

City property is insured on a blanket basis with a limit of $75,108,611 and $71,870,272 for 2010 and 2009, respectively. The City also carried a $50,000 deductible, per occurrence, for property losses for 2010 and a $25,000 deductible, per occurrence, for property losses for 2009.

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 2010 and a $1,200,000 liability limit per Minnesota Statutes in 2009. During 2010 and 2009, costs of premiums associated with the municipal liability program were $78,870 and $80,045, respectively.

For 2010, the boiler and equipment breakdown policy continued with comprehensive protection of $5,000,000 for all the City's locations with a $50,000 deductible for 2010 ($25,000 deductible for 2009). The 2010 premium for this option was $6,159, and for 2009 it was $7,187. For 2010 and 2009, the premium for mobile property was $6,777 and $7,947, respectively, which included comprehensive protection for equipment and replacement cost.

The LMCIT provided airport insurance for the City in 2010 and 2009. 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 2010 and 2009 costs for both years were $709.

Premiums are charged to the funds/departments based on a formula of usage and expenditures. For the past three years, there have been no settlements paid more than the insurance coverage. The amounts paid that are less than the deductible are as follows: $19,959 for 2010; $96,739 for 2009; and $47,040 for 2008.

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 2010 totaled $242,151 (in 2009, it totaled $261,223). The City's premiums are adjusted in future years based upon the cost of claims with the minimum cost of $80,392 and the maximum cost of $543,192.

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, 2010, $301,041 has been reserved within fund balance to pay the 2010 maximum, if needed.

14. CONDUIT DEBT OBLIGATIONS

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

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

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

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

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CITY OF WINONA, MINNESOTA

BUDGETARY COMPARISON SCHEDULE — GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2010 (with comparative total for 2009)

	2010				
	Budgeted Amounts			Variance With Final	2009
	Original	Final	Actual	Budget	Actual
REVENUES:					
General property taxes	$ 4,786,528	$ 4,786,528	$ 4,376,184	$ (410,344)	$ 4,054,257
Franchise fees	1,220,000	1,220,000	1,205,739	(14,261)	1,066,901
Licenses and permits	145,550	145,550	155,661	10,111	163,149
Fines and forfeits	230,000	230,000	222,562	(7,438)	219,823
Intergovernmental revenues	8,504,956	8,674,256	8,770,042	95,786	9,411,833
Investment earnings	30,000	30,000	12,747	(17,253)	81,615
Net decrease in fair value of investments			27,067	27,067	(47,410)
Charges for services	547,838	568,343	632,202	63,859	625,720
Contributions	5,000	11,620	6,621	(4,999)	14,141
Total revenues	15,469,872	15,666,297	15,408,825	(257,472)	15,590,029
EXPENDITURES:					
General government	3,813,112	3,033,488	2,562,287	471,201	2,895,986
Public safety	6,615,141	6,783,688	6,577,076	206,612	6,512,463
Highways and streets	2,973,294	3,167,629	2,657,992	509,637	2,856,795
Sanitation and waste removal	52,070	52,070	45,851	6,219	54,198
Economic development	322,024	377,424	358,718	18,706	317,540
Culture and recreation	1,501,949	1,525,841	1,496,671	29,170	1,778,571
Capital outlay	664,894	749,930	461,642	288,288	561,700
Total expenditures	15,942,484	15,690,070	14,160,237	1,529,833	14,977,253
(DEFICIENCY) EXCESS OF REVENUES (UNDER) OVER EXPENDITURES	(472,612)	(23,773)	1,248,588	1,272,361	612,776
OTHER FINANCING SOURCES (USES):					
Operating transfers in	530,500	584,158	348,908	(235,250)	991,344
Operating transfers out	(57,888)	(816,172)	(1,416,172)	(600,000)	(929,634)
Total other financing sources (uses)	472,612	(232,014)	(1,067,264)	(835,250)	61,710
NET CHANGE IN FUND BALANCES		(255,787)	181,324	437,111	674,486
FUND BALANCE — January 1, 2010	9,074,823	9,074,823	9,074,823		8,400,337
FUND BALANCE — December 31, 2010	$ 9,074,823	$ 8,819,036	$ 9,256,147	$ 437,111	$ 9,074,823

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A. BUDGETS AND BUDGETARY ACCOUNTING

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

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

2 Public hearings are conducted to obtain taxpayer comments.

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

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

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

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

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

8. Budgeted amounts are as originally adopted, as revised by approved transfers, or as amended by the City Council.

   A proposed amendment to the budget is presented to the City Council as an agenda item. The agenda item is to include the amendment amount, the reason for the amendment, and the source of the money to fund the amendment.

   During the year there were increases of $505,870 in appropriations between the General Fund original and final amended budget. Following are some of the components of the increase:

   - $374,300 was added to various departments for encumbrances from December 31, 2009;
   - $58,100 was added to the Police Department for the purchase of various items due to the receipt of grants;
   - $52,200 was added to the Community Development Department due to the receipt of a technology grant;

- $19,300 was added to the Fire Department for trench rescue equipment due to the receipt of a technology grant.

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

10. For the year ended December 31, 2010, there were no annual appropriated budgets in which the actual expenditures exceeded the budget.

OTHER SUPPLEMENTARY INFORMATION

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Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

Debt Service Funds

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

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

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

Capital Projects Funds

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Permanent Funds

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

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

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

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

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

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

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

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

CITY OF WINONA, MINNESOTA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AS OF DECEMBER 31, 2010 (with comparative totals for 2009)

	Special Revenue				
ASSETS	**Emergency**	**Athletic**	**Senior Advocacy Program**	**Library Memorials**	**Downtown 1990 C.D. Loan**
Cash and cash equivalents	$21,717	$13,159	$ 20,544	$290,087	$ -
Restricted investments					
Receivables — Net:					
Taxes					
Customers and other			178		
Due from other governmental units					
Due from other funds					43,068
Accrued interest on investments					
TOTAL	$21,717	$13,159	$ 20,722	$290,087	$ 43,068
LIABILITIES AND FUND BALANCES (DEFICITS)					
LIABILITIES:					
Accounts payable	$ 418	$ -	$ 9,082	$ -	$ -
Due to other funds					
Accrued salaries and compensated absences			41,946		
Deferred revenue					
Total liabilities	418		51,028		
FUND BALANCES (DEFICITS):					
Reserved	21,299	13,159		290,087	43,068
Reserved — Endowment					
Reserved — Current					
Unreserved — Designated					
Unreserved — Undesignated			(30,306)		
Total fund balances (deficits)	21,299	13,159	(30,306)	290,087	43,068
TOTAL	$21,717	$13,159	$ 20,722	$290,087	$ 43,068

					Debt Service		
Downtown 1994 C.D. Loan	Metro Plains Housing	West Central Revitalization	Central City Rehab	Special Revenue Total	1999B G.O. Sales Tax Revenue Bond	Equipment Certificates (2006A)	Debt Service Total
$143,800	$ 57	$ 49,393	$ 1,097	$539,854	$ 132,300	$314,997	$447,297
						3,397	3,397
421			772	1,371			
			116,039	116,039		1,582	1,582
2,000				45,068			
$146,221	$ 57	$ 49,393	$ 117,908	$702,332	$ 132,300	$319,976	$452,276
$ -	$ -	$ -	$ -	$ 9,500	$ -	$ -	$ -
			45,068	45,068			
				41,946			
			213	213		3,397	3,397
			45,281	96,727		3,397	3,397
146,221	57	49,393	72,627	635,911	132,300	316,579	448,879
				(30,306)			
146,221	57	49,393	72,627	605,605	132,300	316,579	448,879
$146,221	$ 57	$ 49,393	$ 117,908	$702,332	$ 132,300	$319,976	$452,276

CITY OF WINONA, MINNESOTA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AS OF DECEMBER 31, 2010 (with comparative totals for 2009)

ASSETS	Municipal State Aid	Dike Construction	Park Site	Engineering Department Projects	Radio Project	City Building Improve-ments
Cash and cash equivalents	$69,626	$202,668	$104,300	$220,300	$ -	$ 2,524
Restricted investments						
Receivables — Net:						
Taxes						
Customers and other						
Due from other governmental units	20,689			288		
Due from other funds						
Accrued interest on investments						
TOTAL	$90,315	$202,668	$104,300	$220,588	$ -	$ 2,524
LIABILITIES AND FUND BALANCES (DEFICITS)						
LIABILITIES:						
Accounts payable	$ -	$ -	$ -	$ -	$ -	$ -
Due to other funds						
Accrued salaries and compensated absences						
Deferred revenue						
Total liabilities	-	-	-	-	-	-
FUND BALANCES (DEFICITS):						
Reserved	90,315	202,668	104,300	220,588		2,524
Reserved — Endowment						
Reserved — Current						
Unreserved — Designated						
Unreserved — Undesignated						
Total fund balances (deficits)	90,315	202,668	104,300	220,588		2,524
TOTAL	$90,315	$202,668	$104,300	$220,588	$ -	$ 2,524

Capital Projects

City Equipment	Infra-structure Revolving	Street Recon-struction	High Wagon Bridge Recon-struction	Aghaghming Park Construction	Softball Field Development	Bambenek Field #1	Capital Projects Total
$ 100,571	$1,598,297	$3,165	$147,935	$ 1,833	$105,021	$ 325	$2,556,565
	7						7
							20,977
$ 100,571	$1,598,304	$3,165	$147,935	$ 1,833	$105,021	$ 325	$2,577,549
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	7		4,210				4,217
-	7	-	4,210	-	-	-	4,217
100,571		3,165	143,725	1,833	105,021	325	975,035
	1,598,297						1,598,297
100,571	1,598,297	3,165	143,725	1,833	105,021	325	2,573,332
$ 100,571	$1,598,304	$3,165	$147,935	$ 1,833	$105,021	$ 325	$2,577,549

CITY OF WINONA, MINNESOTA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AS OF DECEMBER 31, 2010 (with comparative totals for 2009)

	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	5,492	12,346	11,558	229,742	17,402
Receivables — Net:					
Taxes					
Customers and other					
Due from other governmental units					
Due from other funds					
Accrued interest on investments					
TOTAL	$ 5,492	$12,346	$11,558	$229,742	$17,402
LIABILITIES AND FUND BALANCES (DEFICITS)					
LIABILITIES:					
Accounts payable	$ -	$ -	$ -	$ -	$ -
Due to other funds					
Accrued salaries and compensated absences					
Deferred revenue					
Total liabilities	-	-	-	-	-
FUND BALANCES (DEFICITS):					
Reserved					
Reserved — Endowment	5,000	10,000	2,000	35,000	2,000
Reserved — Current	492	2,346	9,558	194,742	15,402
Unreserved — Designated					
Unreserved — Undesignated					
Total fund balances (deficits)	5,492	12,346	11,558	229,742	17,402
TOTAL	$ 5,492	$12,346	$11,558	$229,742	$17,402

Leonhard Fried Educational	Mielimonka Library	Permanent Funds Total	Total Nonmajor Governmental Funds 2010	Total Nonmajor Governmental Funds 2009
$ -	$ -	$ -	$ 3,543,716	$3,548,838
37,469	2,177	316,186	316,186	313,516
			3,404	3,050
			1,371	640
			138,598	37,272
			45,068	43,068
				6,629
$37,469	$ 2,177	$316,186	$ 4,048,343	$3,953,013
$ -	$ -	$ -	$ 9,500	$ 10,722
			45,068	43,068
			41,946	25,884
			7,827	22,200
-	-	-	104,341	101,874
			2,059,825	1,960,360
	2,000	56,000	56,000	56,000
37,469	177	260,186	260,186	258,135
			1,598,297	1,595,306
			(30,306)	(18,662)
37,469	2,177	316,186	3,944,002	3,851,139
$37,469	$ 2,177	$316,186	$ 4,048,343	$3,953,013

CITY OF WINONA, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010 (with comparative totals for 2009)

	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	16,975		22,288			
Investment earnings		13	10	271		
Net increase (decrease) in fair value of investments						
Refunds and reimbursements						
Charges for services	1,354	1,000	30,428	2,204		6,418
Total revenues	18,329	1,013	52,726	2,475	-	6,418
EXPENDITURES:						
General government			121,505			
Public safety						
Economic development	27,532					3,250
Culture and recreation		1,781				
Capital outlay						
Debt service:						
Bond principal						
Interest and other expenditures						
Total expenditures	27,532	1,781	121,505	-	-	3,250
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(9,203)	(768)	(68,779)	2,475		3,168
OTHER FINANCING SOURCES (USES):						
Transfers to other funds						
Transfers from other funds	2,000		57,135			
Total other financing sources (uses)	2,000	-	57,135	-	-	-
NET CHANGE IN FUND BALANCES	(7,203)	(768)	(11,644)	2,475		3,168
FUND BALANCES (DEFICITS) — January 1, 2010	28,502	13,927	(18,662)	287,612	43,068	143,053
FUND BALANCES (DEFICITS) — December 31, 2010	$21,299	$13,159	$(30,306)	$290,087	$ 43,068	$146,221

				Debt Service		
Metro Plains Housing	West Central Revitalization	Central City Rehab	Special Revenue Total	1999B G.O. Sales Tax Revenue Bond	Equipment Certificates (2006A)	Debt Service Total
$10,668	$ -	$ -	$ 10,668	$ -	$132,893	$132,893
		333,842	373,105			
			294	123	194	317
		67,591	108,995			
10,668	-	401,433	493,062	123	133,087	133,210
			121,505			
10,668	28,172	329,491	399,113			
			1,781			
					120,000	120,000
					16,095	16,095
10,668	28,172	329,491	522,399	-	136,095	136,095
	(28,172)	71,942	(29,337)	123	(3,008)	(2,885)
			59,135			
-	-	-	59,135	-	-	-
	(28,172)	71,942	29,798	123	(3,008)	(2,885)
57	77,565	685	575,807	132,177	319,587	451,764
$ 57	$ 49,393	$ 72,627	$605,605	$132,300	$316,579	$448,879

CITY OF WINONA, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010 (with comparative totals for 2009)

	Municipal State Aid	Dike Construction	Park Site	Engineering Department Projects	Radio Project	City Building Improve-ments
REVENUES:						
General property taxes	$ -	$ -	$ -	$ 24,826	$ -	$ -
Intergovernmental revenues	631,268			47,216	686,894	
Investment earnings	105	191	98	177		
Net increase (decrease) in fair value of investments						
Refunds and reimbursements					6,786	
Charges for services						
Total revenues	631,373	191	98	72,219	693,680	-
EXPENDITURES:						
General government						
Public safety					709,367	
Economic development						
Culture and recreation						
Capital outlay	594,272			38,457		
Debt service:						
Bond principal						
Interest and other expenditures						
Total expenditures	594,272	-	-	38,457	709,367	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	37,101	191	98	33,762	(15,687)	
OTHER FINANCING SOURCES (USES):						
Transfers to other funds	(28,432)					
Transfers from other funds				10,889	15,687	
Total other financing sources (uses)	(28,432)	-	-	10,889	15,687	-
NET CHANGE IN FUND BALANCES	8,669	191	98	44,651		
FUND BALANCES (DEFICITS) — January 1, 2010	81,646	202,477	104,202	175,937		2,524
FUND BALANCES (DEFICITS) — December 31, 2010	$ 90,315	$ 202,668	$104,300	$ 220,588	$ -	$ 2,524

Capital Projects

City Equipment	Infra-structure Revolving	Street Recon-struction	High Wagon Bridge Recon-struction	Aghaghming Park Construction	Softball Field Development	Bambenek Field #1	Capital Projects Total
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 24,826
							1,365,378
96	1,496	1	137	1	32		2,334
							6,786
	1,495		4,210		3,275		8,980
96	2,991	1	4,347	1	3,307	-	1,408,304
							709,367
						453	453
							632,729
-	-	-	-	-	-	453	1,342,549
96	2,991	1	4,347	1	3,307	(453)	65,755
							(28,432)
							26,576
-	-	-	-	-	-	-	(1,856)
96	2,991	1	4,347	1	3,307	(453)	63,899
100,475	1,595,306	3,164	139,378	1,832	101,714	778	2,509,433
$ 100,571	$1,598,297	$3,165	$143,725	$ 1,833	$105,021	$ 325	$2,573,332

CITY OF WINONA, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010 (with comparative totals for 2009)

	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	11	12	214
Net increase (decrease) in fair value of investments				
Refunds and reimbursements				
Charges for services				
Total revenues	5	11	12	214
EXPENDITURES:				
General government				
Public safety				
Economic development				
Culture and recreation				
Capital outlay				
Debt service:				
Bond principal				
Interest and other expenditures				
Total expenditures	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	5	11	12	214
OTHER FINANCING SOURCES (USES):				
Transfers to other funds				
Transfers from other funds				
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCES	5	11	12	214
FUND BALANCES (DEFICITS) — January 1, 2010	5,487	12,335	11,546	229,528
FUND BALANCES (DEFICITS) — December 31, 2010	$ 5,492	$12,346	$11,558	$229,742

Dr. C. A. Rohrer	Leonhard Fried Educational	Mielimonka Library	Permanent Funds Total	Total Nonmajor Governmental Funds 2010	2009
$ -	$ -	$ -	$ -	$ 168,387	$ 164,624
				1,738,483	1,140,578
16	1	1	260	3,205	28,043
	1,791		1,791	1,791	2,940
				6,786	
				117,975	116,035
16	1,792	1	2,051	2,036,627	1,452,220
				121,505	114,974
				709,367	
				399,113	455,487
				2,234	52,623
				632,729	55,984
				120,000	115,000
				16,095	20,079
-	-	-	-	2,001,043	814,147
16	1,792	1	2,051	35,584	638,073
				(28,432)	(765,766)
				85,711	64,546
-	-	-	-	57,279	(701,220)
16	1,792	1	2,051	92,863	(63,147)
17,386	35,677	2,176	314,135	3,851,139	3,914,286
$17,402	$37,469	$2,177	$316,186	$3,944,002	$3,851,139

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INTERNAL SERVICE FUNDS

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

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

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

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

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

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

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

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

CITY OF WINONA, MINNESOTA

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
AS OF DECEMBER 31, 2010 (with comparative totals for 2009)

	Health Insurance	LELS Health	Employee Benefit	Risk Manage-ment
ASSETS				
Cash and cash equivalents	$777,024	$143,871	$ 4,583,933	$ 1,240,969
Receivables — Net —				
Customers and other	5,483			
Due from other funds				
Prepaid items	1,402			
Accrued interest on investments				
Total assets	783,909	143,871	4,583,933	1,240,969
LIABILITIES AND NET ASSETS				
LIABILITIES:				
Accounts payable	$ 2,750	$143,609	$ -	$ 4,229
Accrued salaries and compensation			2,474,669	
Deferred revenue	126			
Outstanding and incurred, but not reported claims	115,246			
Total liabilities	118,122	143,609	2,474,669	4,229
NET ASSETS				
Restricted	665,787	262	2,109,264	603,770
Unrestricted — Internal Service Fund				632,970
Total net assets	$665,787	$ 262	$ 2,109,264	$ 1,236,740

Equipment Replace-ment	Facilities	Infrastructure Replace-ment	Total 2010	Total 2009
$ 2,232,938	$ 863,684	$ 827,026	$ 10,669,445	$ 9,732,030
			5,483	116
230,000	300,000		530,000	530,000
			1,402	
			-	15,628
2,462,938	1,163,684	827,026	11,206,330	10,277,774
$ -	$ -	$ -	$ 150,588	$ 198,247
			2,474,669	2,475,739
			126	928
			115,246	116,463
-	-	-	2,740,629	2,791,377
2,462,938	1,163,684	827,026	7,832,731	6,974,308
			632,970	512,089
$ 2,462,938	$ 1,163,684	$ 827,026	$ 8,465,701	$ 7,486,397

CITY OF WINONA, MINNESOTA

INTERNAL SERVICE FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2010 (with comparative totals for 2009)

	Health Insurance	LELS Health	Employee Benefit	Risk Manage-ment
OPERATING REVENUES:				
Charges to city departments	$1,540,431	$ -	$ -	$ -
Other charges and services	490,813		8,543	
Refunds and reimbursements	11,068			131,400
Total operating revenues	2,042,312	-	8,543	131,400
OPERATING EXPENSES:				
Salaries and employee benefits			8,543	
Health insurance claims and fees	1,400,365			
Health insurance stop-loss premium	311,188			
Contractual services	194,510			19,959
Total operating expenses	1,906,063	-	8,543	19,959
OPERATING INCOME	136,249	-	-	111,441
NONOPERATING REVENUES —				
Investment earnings	608	198		1,081
Total nonoperating revenues	608	198	-	1,081
INCOME BEFORE TRANSFERS	136,857	198	-	112,522
TRANSFERS IN			703,088	
TRANSFERS OUT				(10,000)
INCREASE (DECREASE) IN NET ASSETS	136,857	198	703,088	102,522
NET ASSETS — Beginning of year	528,930	64	1,406,176	1,134,218
NET ASSETS — End of year	$ 665,787	$ 262	$2,109,264	$1,236,740

Equipment Replace-ment	Facilities	Infrastructure Replace-ment	Totals 2010	Totals 2009
$ -	$ -	$ -	$1,540,431	$ 1,294,125
			499,356	613,556
7,077			149,545	216,633
7,077	-	-	2,189,332	2,124,314
			8,543	190,471
			1,400,365	1,290,431
			311,188	248,714
			214,469	360,268
-	-	-	1,934,565	2,089,884
7,077	-	-	254,767	34,430
2,409	641	588	5,525	46,563
2,409	641	588	5,525	46,563
9,486	641	588	260,292	80,993
205,000	205,000	200,000	1,313,088	853,088
(559,646)	(24,430)		(594,076)	(1,215,020)
(345,160)	181,211	200,588	979,304	(280,939)
2,808,098	982,473	626,438	7,486,397	7,767,336
$2,462,938	$1,163,684	$ 827,026	$8,465,701	$ 7,486,397

CITY OF WINONA, MINNESOTA

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2010 (with comparative totals for 2009)

	Health Insurance	LELS Health	Employee Benefit
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers	$ 2,035,544	$ -	$ 8,543
Service charges			
Payments to suppliers	(1,904,995)		(9,613)
Net cash (used in) provided by operating activities	130,549	-	(1,070)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Deferred revenue — decrease	(802)	(52,927)	
Due from other funds			
Transfers to other funds			
Transfers from other funds			703,088
Net cash provided by (used in) noncapital financing activities	(802)	(52,927)	703,088
CASH FLOWS FROM INVESTING ACTIVITIES —			
Interest received	2,320	198	
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	132,067	(52,729)	702,018
CASH AND CASH EQUIVALENTS — Beginning of year	644,957	196,600	3,881,915
CASH AND CASH EQUIVALENTS — End of year	$ 777,024	$ 143,871	$4,583,933
RECONCILIATION OF OPERATING (LOSS) INCOME TO NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES:			
Operating income	$ 136,249	$ -	$ -
Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities —			
Changes in assets and liabilities:			
Customer receivables	(6,768)		
Accounts payable	1,068		
Other accrued liabilities			(1,070)
Net cash (used in) provided by operating activities	$ 130,549	$ -	$ (1,070)

Risk Manage-ment	Equipment Replace-ment	Facilities	Infrastructure Replace-ment	Total 2010	Total 2009
$ 131,400	$ 7,077	$ -	$ -	$ 2,182,564	$ 2,324,389
				-	(230,167)
(16,976)				(1,931,584)	(2,113,502)
114,424	7,077	-	-	250,980	(19,280)
				(53,729)	-
				-	470,000
(10,000)	(559,646)	(24,430)		(594,076)	(1,215,020)
	205,000	205,000	200,000	1,313,088	853,088
(10,000)	(354,646)	180,570	200,000	665,283	108,068
4,089	9,848	2,449	2,248	21,152	36,259
108,513	(337,721)	183,019	202,248	937,415	125,047
1,132,456	2,570,659	680,665	624,778	9,732,030	9,606,983
$1,240,969	$2,232,938	$ 863,684	$827,026	$10,669,445	$ 9,732,030
$ 111,441	$ 7,077	$ -	$ -	$ 254,767	$ 34,430
				(6,768)	(117)
2,983				4,051	(4,028)
				(1,070)	(49,565)
$ 114,424	$ 7,077	$ -	$ -	$ 250,980	$ (19,280)

CITY OF WINONA, MINNESOTA

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES — TOURISM PROMOTION AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	Beginning Balance	Increases	Decreases	Ending Balance
ASSETS:				
Cash and cash equivalents	$ 23	$ 273,809	$ 273,832	$ -
Accounts receivable	13,613	14,013	13,613	14,013
Total assets	$ 13,636	$ 287,822	$ 287,445	$ 14,013
LIABILITIES —				
Accounts payable — total liabilities	$ 13,636	$ 285,984	$ 285,607	$ 14,013

CITY OF WINONA, MINNESOTA

GENERAL FUND
SCHEDULE OF REVENUES — BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2010 (with comparative totals for 2009)

	2010			
	Final Budget	Actual	Variance	2009 Actual
GENERAL PROPERTY TAX:				
Ad valorem	$ 4,786,528	$ 4,307,074	$ (479,454)	$ 3,977,812
Delinquent ad valorem taxes		61,273	61,273	61,936
Penalties and interest		7,837	7,837	14,509
Total general property taxes	4,786,528	4,376,184	(410,344)	4,054,257
FRANCHISE FEES:				
Cable TV	260,000	273,768	13,768	292,599
Electric	960,000	931,971	(28,029)	774,302
Total franchise fees	1,220,000	1,205,739	(14,261)	1,066,901
LICENSES AND PERMITS:				
Business	123,800	120,895	(2,905)	129,328
Nonbusiness	21,750	34,766	13,016	33,821
Total licenses and permits	145,550	155,661	10,111	163,149
FINES AND FORFEITS — Other fines and forfeits	230,000	222,562	(7,438)	219,823
INTERGOVERNMENTAL REVENUES:				
Shared taxes:				
State aid maintenance	211,191	218,444	7,253	211,191
Payment in lieu of tax	18,000	19,080	1,080	22,275
State grants:				
Local government aid	7,966,076	7,933,176	(32,900)	8,200,130
Police training	13,385	13,264	(121)	15,064
Fire/police aid				145,278
Insurance aid	250,000	342,756	92,756	347,519
Market value credits		122	122	385,029
State grants restricted to programs	4,435	5,715	1,280	26,987
State grants not restricted to programs	27,304	27,304		27,304
Local — County road and bridge maintenance	19,000	17,170	(1,830)	21,511
Local — Other county grants	6,221	6,223	2	
Federal grants	158,644	186,788	28,144	9,545
Total intergovernmental revenues	8,674,256	8,770,042	95,786	9,411,833
INVESTMENT EARNINGS	30,000	12,747	(17,253)	81,615
NET INCREASE IN FAIR VALUE OF INVESTMENTS		27,067	27,067	(47,410)

(Continued)

CITY OF WINONA, MINNESOTA

GENERAL FUND
SCHEDULE OF REVENUES — BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2010 (with comparative totals for 2009)

	2010			
	Final Budget	Actual	Variance	2009 Actual
CHARGES FOR SERVICES:				
General government	$ 10,650	$ 2,936	$ (7,714)	$ 5,591
Public safety	100	3,107	3,007	2,582
Public works	500	1,660	1,160	1,790
Inspections	72,091	72,091		74,317
Investment fee	3,000		(3,000)	3,000
Admininistrative fee — Lodging tax	10,000	14,108	4,108	14,383
Recreation	50,000	83,969	33,969	76,496
Water and sewer	135,730	135,730		135,730
Port Authority	236,667	234,824	(1,843)	232,121
Rents	26,000	43,746	17,746	31,664
Commissions on sales	3,000	7,715	4,715	8,410
Refunds and reimbursements	20,555	30,462	9,907	38,767
Other	50	1,854	1,804	869
Total charges for services	568,343	632,202	63,859	625,720
CONTRIBUTIONS — Contributions	11,620	6,621	(4,999)	14,141
Total revenues	$15,666,297	$15,408,825	$ (257,472)	$ 15,590,029

(Concluded)

CITY OF WINONA, MINNESOTA

GENERAL FUND
SCHEDULE OF EXPENDITURES — BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2010 (with comparative totals for 2009)

	2010			
	Final Budget	Actual	Variance	2009 Actual
GENERAL GOVERNMENT:				
Mayor — council:				
Salaries and employee benefits	$ 110,661	$ 109,382	$ 1,279	$ 97,606
Supplies	22,659	24,576	(1,917)	27,562
Other services and charges	229,352	177,762	51,590	335,328
Total mayor — council	362,672	311,720	50,952	460,496
City clerk:				
Salaries and employee benefits	108,721	114,295	(5,574)	138,774
Supplies	6,325	6,170	155	1,387
Other services and charges	9,106	6,674	2,432	6,726
Total city clerk	124,152	127,139	(2,987)	146,887
City manager:				
Salaries and employee benefits	228,288	237,190	(8,902)	237,713
Supplies	4,500	3,457	1,043	3,493
Other services and charges	47,019	5,772	41,247	8,587
Total city manager	279,807	246,419	33,388	249,793
Elections and voter registration:				
Salaries and employee benefits	24,280	18,879	5,401	
Supplies	4,555	4,545	10	
Other services and charges	8,543	8,461	82	
Total elections and voter registration	37,378	31,885	5,493	
Finance:				
Salaries and employee benefits	525,444	540,243	(14,799)	537,760
Supplies	51,850	46,324	5,526	50,689
Other services and charges	467,718	223,265	244,453	258,427
Capital outlay	54,794	20,555	34,239	33,471
Total finance	1,099,806	830,387	269,419	880,347
Independent audit —				
Other services and charges	96,000	90,829	5,171	97,638
Assessing —				
Other services and charges	102,000	101,000	1,000	99,000
Legal:				
Supplies	4,515	4,515		5,426
Other services and charges	309,523	270,523	39,000	307,112
Total legal	314,038	275,038	39,000	312,538
Charter commission —				
Supplies	80		80	

(Continued)

CITY OF WINONA, MINNESOTA

GENERAL FUND
SCHEDULE OF EXPENDITURES — BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2010 (with comparative totals for 2009)

	2010			
	Final Budget	Actual	Variance	2009 Actual
GENERAL GOVERNMENT (continued):				
Merit board —				
Other services and charges	$ 3,700	$ 1,796	$ 1,904	$ 1,468
Human rights commission —				
Other services and charges	1,550	67	1,483	1,070
Cable television commission —				
Other services and charges	650	568	82	
Fine arts commission:				
Supplies	660	700	(40)	577
Other services and charges	1,760	1,698	62	1,048
Total fine arts commission	2,420	2,398	22	1,625
Human resources:				
Salaries and employee benefits	89,222	92,415	(3,193)	96,429
Supplies	1,300	1,300		344
Other services and charges	7,060	5,408	1,652	6,797
Total human resources	97,582	99,123	(1,541)	103,570
Planning:				
Salaries and employee benefits	172,658	180,168	(7,510)	202,809
Supplies	3,100	1,360	1,740	5,299
Other services and charges	16,476	13,541	2,935	30,621
Total planning	192,234	195,069	(2,835)	238,729
Building maintenance:				
Salaries and employee benefits	145,543	151,202	(5,659)	144,012
Supplies	67,042	43,409	23,633	52,044
Other services and charges	24,038	24,590	(552)	103,531
Total building maintenance	236,623	219,201	17,422	299,587
Central communications:				
Supplies	7,900	5,032	2,868	7,562
Other services and charges	49,362	45,171	4,191	29,148
Total central communications	57,262	50,203	7,059	36,710
Contingency —				
Other services and charges	80,328		80,328	
Total general government	3,088,282	2,582,842	505,440	2,929,458

(Continued)

CITY OF WINONA, MINNESOTA

GENERAL FUND
SCHEDULE OF EXPENDITURES — BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2010 (with comparative totals for 2009)

	2010			
	Final Budget	Actual	Variance	2009 Actual
PUBLIC SAFETY:				
Police:				
Salaries and employee benefits	$ 3,601,028	$ 3,540,111	$ 60,917	$ 3,610,490
Supplies	264,096	218,286	45,810	154,514
Other services and charges	360,801	345,027	15,774	273,623
Capital outlay	103,500	50,366	53,134	92,865
Total police	4,329,425	4,153,790	175,635	4,131,492
Fire:				
Salaries and employee benefits	2,066,546	2,035,547	30,999	2,028,878
Supplies	152,510	130,384	22,126	129,043
Other services and charges	131,064	118,556	12,508	139,924
Capital outlay	25,226	21,495	3,731	154,767
Total fire	2,375,346	2,305,982	69,364	2,452,612
Emergency management:				
Other services and charges	85,068	52,124	32,944	57,305
Total emergency management	85,068	52,124	32,944	57,305
Safety and health coordinator:				
Salaries and employee benefits	61,671	62,811	(1,140)	74,989
Supplies	4,525	4,726	(201)	5,399
Other services and charges	13,622	11,598	2,024	18,406
Total safety and health coordinator	79,818	79,135	683	98,794
Flood control:				
Supplies	32,000	33,401	(1,401)	15,362
Other services and charges	10,757	24,505	(13,748)	4,531
Total flood control	42,757	57,906	(15,149)	19,893
Total public safety	6,912,414	6,648,937	263,477	6,760,096
HIGHWAYS AND STREETS:				
Engineering:				
Salaries and employee benefits	295,910	296,923	(1,013)	304,325
Supplies	22,850	6,110	16,740	5,415
Other services and charges	170,984	69,426	101,558	66,919
Total engineering	489,744	372,459	117,285	376,659
Streets and alleys:				
Salaries and employee benefits	905,888	858,483	47,405	972,591
Supplies	518,880	358,090	160,790	285,043
Other services and charges	434,066	411,680	22,386	402,635
Capital outlay	250,000	146,921	103,079	148,596
Total streets and alleys	2,108,834	1,775,174	333,660	1,808,865

(Continued)

CITY OF WINONA, MINNESOTA

GENERAL FUND
SCHEDULE OF EXPENDITURES — BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2010 (with comparative totals for 2009)

	2010			
	Final Budget	Actual	Variance	2009 Actual
HIGHWAYS AND STREETS (continued):				
Highways and street lighting:				
Supplies	$ 266,534	$ 217,107	$ 49,427	$ 240,739
Other services and charges	40,000	12,011	27,989	131,643
Total highways and street lighting	306,534	229,118	77,416	372,382
Central garage:				
Salaries and employee benefits	300,369	311,674	(11,305)	304,838
Supplies	108,090	50,421	57,669	35,676
Other services and charges	58,564	20,323	38,241	41,460
Capital outlay	26,000		26,000	6,999
Total central garage	493,023	382,418	110,605	388,973
Public works:				
Salaries and employee benefits	43,594	44,596	(1,002)	64,761
Supplies	600	29	571	251
Other services and charges	1,300	1,119	181	499
Total public works	45,494	45,744	(250)	65,511
Total highways and streets	3,443,629	2,804,913	638,716	3,012,390
SANITATION AND WASTE REMOVAL —				
Compost site:				
Supplies	150	71	79	116
Other services and charges	51,920	45,780	6,140	54,082
Capital outlay				
Total compost site	52,070	45,851	6,219	54,198
ECONOMIC DEVELOPMENT:				
Community development:				
Salaries and employee benefits	227,306	231,526	(4,220)	233,507
Supplies	4,500	2,876	1,624	4,639
Other services and charges	70,619	69,512	1,107	11,897
Total community development	302,425	303,914	(1,489)	250,043
Community Development Matching:				
Salaries and employee benefits	71,599	52,883	18,716	66,046
Supplies	100	76	24	50
Other services and charges	3,300	1,845	1,455	1,401
Total community development matching	74,999	54,804	20,195	67,497
Total economic development	377,424	358,718	18,706	317,540
CULTURE AND RECREATION —				
Park maintenance:				
Salaries and employee benefits	1,102,349	1,116,196	(13,847)	1,219,130
Supplies	243,758	172,712	71,046	194,827
Other services and charges	179,734	207,763	(28,029)	364,614
Capital outlay	290,410	222,305	68,105	125,000
Total park maintenance	1,816,251	1,718,976	97,275	1,903,571
Total culture and recreation	1,816,251	1,718,976	97,275	1,903,571
Total expenditures	$ 15,690,070	$ 14,160,237	$1,529,833	$ 14,977,253

(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, 2010 (with comparative totals for 2009)

	2010				
	Budgeted Amounts			Variance With Final	2009
	Original	Final	Actual	Budget	Actual
REVENUES:					
Intergovernmental — Federal	$ 22,288	$ 22,288	$ 22,288	$ -	$ 22,288
Investment earnings	300	300	10	(290)	147
Charges for services	30,150	30,150	30,428	278	31,201
Total revenues	52,738	52,738	52,726	(12)	53,636
EXPENDITURES —					
Current:					
Salaries and employee benefits	104,194	105,441	110,821	(5,380)	111,852
Contractual services	2,432	2,432	7,927	(5,495)	2,414
Supplies	2,000	2,000	2,757	(757)	708
Total expenditures	108,626	109,873	121,505	(11,632)	114,974
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(55,888)	(57,135)	(68,779)	(11,644)	(61,338)
OTHER FINANCING SOURCES —					
Operating transfers in	55,888	57,135	57,135	-	54,546
DEFICIENCY OF REVENUES AND OTHER FINANCING SOURCES (UNDER) OVER EXPENDITURES	-	-	(11,644)	(11,644)	(6,792)
FUND DEFICIT — Beginning of year	(18,662)	(18,662)	(18,662)	-	(11,870)
FUND DEFICIT — End of year	$(18,662)	$(18,662)	$(30,306)	$(11,644)	$(18,662)

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, 2010 (with comparative totals for 2009)

	2010			
	Original and Final Budget	Actual	Variance With Final Budget	2009 Actual
REVENUES:				
Intergovernmental —				
State of Minnesota grant	$ 633,571	$ 631,268	$ (2,303)	$ 760,198
Investment earnings		105	105	1,820
Total revenues	633,571	631,373	(2,198)	762,018
EXPENDITURES —				
Capital outlay		594,272		
EXCESS OF REVENUES OVER EXPENDITURES	633,571	37,101	(2,198)	762,018
OTHER FINANCING USES —				
Transfers to other funds	(633,571)	(28,432)	605,139	(700,000)
EXCESS OF REVENUES AND OTHER FINANCING USES OVER EXPENDITURES		8,669	8,669	62,018
FUND BALANCE — Beginning of year	81,646	81,646	-	19,628
FUND BALANCE — End of year	$ 81,646	$ 90,315	$ 8,669	$ 81,646

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, 2010 (with comparative totals for 2009)

	2010			
	Original and Final Budget	Actual	Variance With Final Budget	2009 Actual
REVENUES —				
Investment earnings	$ 4,000	$ 191	$ (3,809)	$ 1,563
Total revenues	4,000	191	(3,809)	1,563
EXPENDITURES —				
Capital outlay	10,000		10,000	
(DEFICIENCY) EXCESS OF REVENUES (UNDER) OVER EXPENDITURES	(6,000)	191	6,191	1,563
FUND BALANCE — Beginning of year	202,477	202,477		200,914
FUND BALANCE — End of year	$ 196,477	$202,668	$ 6,191	$ 202,477

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, 2010 (with comparative totals for 2009)

	2010			
	Original and Final Budget	Actual	Variance With Final Budget	2009 Actual
REVENUES:				
Special assessments	$ 20,000	$ -	$ (20,000)	$ -
Investment earnings	1,000	787	(213)	6,597
Total revenues	21,000	787	(20,213)	6,597
EXPENDITURES — Capital outlay	130,000	32,939	97,061	17,905
(DEFICIENCY) EXCESS OF REVENUES (UNDER) OVER EXPENDITURES	(109,000)	(32,152)	76,848	(11,308)
FUND BALANCE — Beginning of year	837,502	837,502		848,810
FUND BALANCE — End of year	$ 728,502	$ 805,350	$ 76,848	$ 837,502

CITY OF WINONA, MINNESOTA

SCHEDULE OF LONG-TERM OBLIGATIONS — PRIMARY GOVERNMENT
AS OF DECEMBER 31, 2010

	True Interest Rate	Authorized	Outstanding
BONDED INDEBTEDNESS:			
City — G.O. Bonds supported by taxes:			
G.O. Permanent Improvement Revolving Bonds of 2001A (G.O. Portion)	4.03 %	$ 1,872,200	$ 568,100
G.O. Permanent Improvement Revolving Bonds of 2004A (G.O. Portion)	2.86	2,091,600	1,037,400
Total G.O. Bonds supported by taxes		3,963,800	1,605,500
G.O. Special Assessment Bonds:			
G.O. Improvement Bonds of 1995	4.65	1,845,000	
G.O. Improvement Bonds of 1998B	4.52	2,760,000	190,000
G.O. Permanent Improvement Revolving Bonds of 2001A (Special Assessment Portion)	4.03	2,197,800	666,900
G.O. Permanent Improvement Revolving Bonds of 2004A (Special Assessment Portion)	2.86	2,888,400	1,432,600
Total G.O. Special Assessment Bonds		9,691,200	2,289,500
G.O. Enterprise Fund Bonds:			
G.O. Water and Sewer Revenue Bonds of 1995 (Sewer Portion)	4.88	2,460,000	255,000
G.O. Water and Sewer Revenue Bonds of 1998C (Water Portion)	4.78	230,000	80,500
G.O. Water and Sewer Revenue Bonds of 1998C (Sewer Portion)	4.78	770,000	269,500
G.O. Water Revenue Bonds of 2001B	3.99	420,000	100,000
G.O. Water Revenue Bonds of 2003B	3.68	4,250,000	2,800,000
G.O. Water Revenue Refunding Bonds of 2006B	3.63	2,295,000	1,695,000
Total G.O. Enterprise Fund Bonds		10,425,000	5,200,000
OTHER INDEBTEDNESS:			
G.O. Equipment Certificates of 2006A	3.59	845,000	390,000
Total other indebtedness		845,000	390,000
		$ 24,925,000	$ 9,485,000

CITY OF WINONA, MINNESOTA

SCHEDULE OF BONDS PAYABLE — PRIMARY GOVERNMENT
AS OF DECEMBER 31, 2010

General Obligation Bonds	Interest Rates and Maturity Dates		Issue Date	Final Maturity Date
GENERAL OBLIGATION BONDS SUPPORTED BY TAXES:				
G.O. Permanent Improvement Revolving Bonds of 2001A (G.O. Portion)	4.100 %	(2011)	December 1, 2001	February 1, 2013
	4.200	(2012)		
	4.375	(2013)		
G.O. Permanent Improvement Revolving Bonds of 2004A (G.O. Portion)	2.700	(2011)	February 1, 2004	February 1, 2015
	3.000	(2012)		
	3.250	(2013)		
	3.400	(2014)		
	3.450	(2015)		
Total G.O. Bonds Supported by Taxes				
GENERAL OBLIGATION SPECIAL ASSESSMENT BONDS:				
G.O. Improvement Bonds of 1995			December 1, 1995	February 1, 2009
G.O. Improvement Bonds of 1998B	4.750	(2011)	June 1, 1998	February 1, 2011

Annual Payment		Authorized and Issued	Retired	Outstanding
$ 188,600	(2011-12)	$1,872,200	$1,304,100	$ 568,100
190,900	(2013)			
207,900	(2011-13)	2,091,600	1,054,200	1,037,400
205,800	(2014)			
207,900	(2015)			
		3,963,800	2,358,300	1,605,500
		1,845,000	1,845,000	
190,000	(2011)	2,760,000	2,570,000	190,000

CITY OF WINONA, MINNESOTA

SCHEDULE OF BONDS PAYABLE — PRIMARY GOVERNMENT
AS OF DECEMBER 31, 2010

General Obligation Bonds	Interest Rates and Maturity Dates		Issue Date	Final Maturity Date
G.O. Permanent Improvement Revolving Bonds of 2001A (Special Assessment Portion)	4.100 %	(2011)	December 1, 2001	February 1, 2013
	4.200	(2012)		
	4.375	(2013)		
G.O. Permanent Improvement Revolving Bonds of 2004A (Special Assessment Portion)	2.700	(2011)	February 1, 2004	February 1, 2015
	3.000	(2012)		
	3.250	(2013)		
	3.400	(2014)		
Total G.O. Special Assessment Bonds				
GENERAL OBLIGATION ENTERPRISE FUND BONDS				
G.O. Water and Sewer Revenue Bonds of 1995 (Sewer Portion)	5.300	(2011)	December 1, 1995	February 1, 2011
G.O. Water and Sewer Revenue Bonds of 1998C (Water Portion)	4.750	(2011)	June 1, 1998	February 1, 2014
	4.800	(2012)		
	4.900	(2013)		
	5.000	(2014)		

Annual Payment		Authorized and Issued	Retired	Outstanding
$221,400	(2011-12)	$ 2,197,800	$ 1,530,900	$ 666,900
224,100	(2013)			
287,100	(2011-13)	2,888,400	1,455,800	1,432,600
284,200	(2014)			
287,100	(2015)			
		9,691,200	7,401,700	2,289,500
255,000	(2011)	2,460,000	2,205,000	255,000
18,400	(2011)	230,000	149,500	80,500
19,550	(2012)			
20,700	(2013)			
21,850	(2014)			

CITY OF WINONA, MINNESOTA

SCHEDULE OF BONDS PAYABLE — PRIMARY GOVERNMENT
AS OF DECEMBER 31, 2010

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

Annual Payment		Authorized and Issued	Retired	Outstanding
$ 61,600	(2011)	$ 770,000	$ 500,500	$ 269,500
65,450	(2012)			
69,300	(2013)			
73,150	(2014)			
50,000	(2011-12)	420,000	320,000	100,000
265,000	(2011)	4,250,000	1,450,000	2,800,000
275,000	(2012)			
285,000	(2013)			
295,000	(2014)			
310,000	(2015)			
320,000	(2016)			
335,000	(2017)			
350,000	(2018)			
365,000	(2019)			
310,000	(2011)	2,295,000	600,000	1,695,000
325,000	(2012)			
345,000	(2013)			
355,000	(2014)			
360,000	(2015)			
		10,425,000	5,225,000	5,200,000
		$24,080,000	$14,985,000	$ 9,095,000

CITY OF WINONA, MINNESOTA

SCHEDULE OF OTHER DEBT — PRIMARY GOVERNMENT
AS OF DECEMBER 31, 2010

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

Annual Payment		Authorized and Issued	Retired	Outstanding
$125,000	(2011)	$ 845,000	$ 455,000	$ 390,000
130,000	(2012)			
135,000	(2013)			
		$ 845,000	$ 455,000	$ 390,000
		$24,080,000	$ 14,985,000	$ 9,095,000
		$24,925,000	$ 15,440,000	$ 9,485,000

PORT AUTHORITY OF WINONA, MINNESOTA

SCHEDULE OF LONG-TERM OBLIGATIONS
AS OF DECEMBER 31, 2010

	True Interest Rate	Authorized	Outstanding
BONDED INDEBTEDNESS —			
G.O. Bonds:			
Taxable G.O. Bonds of 1995 (Tourist Center Share)	7.100 %	$ 300,000	$ -
Taxable G.O. Bonds of 1995 (Campground Share)	7.100	290,000	
General Obligation Bonds of 2005 (Pelzer Street)	3.890	3,570,000	2,510,000
Total G.O. Bonds		4,160,000	2,510,000
Total Bonded Indebtedness		$4,160,000	$2,510,000

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PORT AUTHORITY OF WINONA, MINNESOTA

SCHEDULE OF BONDS PAYABLE
AS OF DECEMBER 31, 2010

General Obligation Bonds	Interest Rates and Maturity Dates	Issue Date	Final Maturity Date
Taxable G.O. Bonds of 1995 (Tourist Center Share)*		December 1, 1995	February 1, 2017
Taxable G.O. Bonds of 1995 (Campground Share)*		December 1, 1995	February 1, 2014
G.O. Bonds of 2005 (Pelzer Street)	4.000 % (2011-20)	December 1, 2005	February 1, 2020
Total G.O. Bonds			
Total Bonded Indebtedness			

*Taxable G.O. Bonds of 1995 were prepaid 10/1/2010.

Annual Payment		Authorized and Issued	Retired	Outstanding
		$ 300,000	$ 300,000	$ -
		290,000	290,000	
$ 210,000	(2011)	3,570,000	1,060,000	2,510,000
220,000	(2012)			
225,000	(2013)			
235,000	(2014)			
245,000	(2015)			
255,000	(2016)			
265,000	(2017)			
275,000	(2018)			
285,000	(2019)			
295,000	(2020)			
		4,160,000	1,650,000	2,510,000
		$4,160,000	$ 1,650,000	$2,510,000

CITY OF WINONA, MINNESOTA

SCHEDULE OF SALARIES, EMPLOYEE BENEFITS, AND CLOTHING ALLOWANCE FOR THE YEAR ENDED DECEMBER 31, 2010 (with comparative totals for 2009)

	Number of Employees*		Salaries and Wages	Pensions**	Clothing/ Tuition Allowance***
	Full Time	All Other			
GOVERNMENTAL FUNDS:					
General government	26.775	9.00	$ 1,672,651	$ 192,675	$ 4,450
Police	41.500	3.00	2,563,662	467,083	57,128
Fire	21.500	15.00	1,371,157	305,487	50,499
Safety and health coordinator	1.000		53,416	4,735	200
Highways and streets/Public Works	12.400		657,587	28,369	2,828
Park maintenance	17.000		855,198	44,738	4,905
Senior advocacy program		2.00	75,088	11,703	
Rehabilitation Projects			12,896	938	
Total governmental funds	120.175	29.00	7,261,655	1,055,728	120,010
ENTERPRISE FUNDS:					
Water utility	9.375		503,916	28,828	4,789
Sewer utility/Storm Sewer	13.300		679,783	87,086	5,584
Inspections	3.000	2.00	234,794	26,978	351
Airport	1.000		70,269	4,952	200
Public transportation			4,832	338	
Library	6.400	11.00	534,298	51,333	72
Recreation programs	9.750	69.00	735,650	62,553	160
Total enterprise funds	42.825	82.00	2,763,542	262,068	11,156
	163.000	111.00	$ 10,025,197	$ 1,317,796	$131,166

* Reflects the employment of the City of Winona on December 31, 2010. Numbers from the Finance Department.

** Pensions include the following: PERA ($940,459), Fire—other ($17,650), Benefit adjustment (-$7,589), and Retiree health insurance subsidy ($367,276).

***Clothing/Tuition allowance include the following: Clothing ($97,516), Car ($2,100), Incentive ($27,550), and Tuition ($4,000).

Medicare/ Unemployment Compensation	Social Security	Health Insurance	Life and Disability Insurance	Dental Insurance	Workers' Compensation	Total 2010	Total 2009
$ 24,006	$ 93,854	$ 326,024	$ 6,578	$ -	$ 16,544	$ 2,336,782	$ 2,363,820
33,924	10,322	331,411	6,247		70,336	3,540,113	3,610,491
12,863	4,947	220,172	3,192	10,040	57,192	2,035,549	2,028,879
777	3,324		142		216	62,810	74,988
16,187	38,266	126,701	1,566		31,576	903,080	1,037,353
13,067	50,497	124,939	1,946		20,904	1,116,194	1,219,131
933	3,989	18,324	202		580	110,819	111,852
185	791	4,191	35			19,036	5,083
101,942	205,990	1,151,762	19,908	10,040	197,348	10,124,383	10,451,597
7,014	29,991	82,819	1,276		13,864	672,497	682,693
9,208	39,377	153,505	1,773		14,812	991,128	997,411
3,127	12,996	66,283	624		836	345,989	325,598
830	3,540	3,901	108		1,448	85,248	66,017
62	264	768	6		20	6,290	5,684
17,772	30,668	68,285	989		3,852	707,269	776,551
10,846	43,591	87,693	1,286		11,784	953,563	999,542
48,859	160,427	463,254	6,062	-	46,616	3,761,984	3,853,496
$150,801	$366,417	$1,615,016	$ 25,970	$ 10,040	$ 243,964	$13,886,367	$14,305,093

CITY OF WINONA, MINNESOTA

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

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	2010 Expenditures
U.S. DEPARTMENT OF TRANSPORTATION —		
Passed through the MN Department of Transportation:		
Formula Grants for Other than Urbanized Areas-Operating	20.509	$ 19,768
Formula Grants for Other than Urbanized Areas-Capital-ARRA	20.509	889
Formula Grants for Other than Urbanized Areas	20.509	109,741
Minnesota 2004-2006 State Transportation Improvement Program (Federal Project #STPX 8505(029)	20.205	34,097
Office of Aeronautics:		
Obstruction Removal — Trees SP 8501-53	20.106	10,000
EA and Obstruction Removal SP 8501-54	20.106	38,233
Pavement Maintenance SP 8501-55	20.106	115,994
Total U.S. Department of Transportation		328,722
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT —		
Passed through the MN Department of Employment and Economic Development —		
Small Cities Development Block Grant	14.228	102,471
Small Cities Development Block Grant	14.228	177,571
Passed through the MN Department of Health-		
Lead Hazard Control	14.900	33,274
Total U.S. Department of Transportation		313,316
U.S. DEPARTMENT OF COMMERCE —		
Passed through Blandin Foundation		
Minnesota Intelligent Rural Communities Program-ARRA	11.557	52,242
U.S. DEPARTMENT OF ENERGY -		
Passed through Minnesota Department of Commerce-		
Energy Efficiency & Conservation Block Grant Program-		
Bud King Ice Arena Lighting ARRA	81.128	19,312
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES —		
Passed through S.E. MN Area Agency on Aging —		
Special Programs for the Aging — Title III, Part B Grants for Supportive Services and Senior Centers	93.044	22,288
U.S. DEPARTMENT OF JUSTICE:		
Office of Community Oriented Policing Services (COPS)	16.710	63,480
State & Community Highway Safety Act (Operation Nightcap)	20.608	2,051
Justice Assistance Grant (JAG)-East Rec Center Cameras-ARRA	16.804	18,613
Passed through MN Institute of Public Health:		
Zap Grant	16.727	3,140
Passed through MN Department of Public Safety —		
Office of Juvenile Justice and Delinquency Prevention — Enforcing Underage Drinking Law Programs	16.727	5,000
Total U.S. Department of Justice		92,284
U.S. DEPARTMENT OF HOMELAND SECURITY:		
Assistance to Firefighters Program	97.044	42,262
Assistance to Firefighters Program	97.044	638,430
Total U.S. Department of Homeland Security		680,692
Total expenditures of federal awards		$ 1,508,856

CITY OF WINONA, MINNESOTA

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

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

CITY OF WINONA, MINNESOTA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2009

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	2009 Expenditures
U.S. DEPARTMENT OF TRANSPORTATION —		
Passed through the MN Department of Transportation:		
Formula Grants for Other than Urbanized Areas-Operating	20.509	$ 97,441
Formula Grants for Other than Urbanized Areas-Capital	20.509	266,932
Formula Grants for Other than Urbanized Areas-ARRA	20.509	82,027
Office of Aeronautics:		
Grade Runway Safe Area SP 8501-51	20.106	11,047
Obstruction Removal — Trees SP 8501-53	20.106	26,460
EA and Obstruction Removal SP 8501-54	20.106	66,734
Total U.S. Department of Transportation		550,641
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT —		
Passed through the MN Department of Employment and Economic Development —		
Small Cities Development Block Grant	14.228	280,881
U.S. DEPARTMENT OF INTERIOR - NATIONAL PARK SERVICE —		
Passed through Minnesota Historical Society		
Certified Local Government Grant	15.904	980
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES —		
Passed through S.E. MN Area Agency on Aging —		
Special Programs for the Aging — Title III, Part B Grants for Supportive Services and Senior Centers	93.044	22,288
U.S. DEPARTMENT OF JUSTICE:		
Passed through MN Institute of Public Health:		
Alcohol Compliance	16.727	2,310
Zap Grant	16.727	3,960
Passed through MN Department of Public Safety —		
Office of Juvenile Justice and Delinquency Prevention —		
Enforcing Underage Drinking Law Programs	16.727	2,295
Total U.S. Department of Justice		8,565
Total expenditures of federal awards		$ 863,355

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

TOTAL EXPENDITURES OF FEDERAL AWARDS	$ 863,355
Total federal grant revenue — 2009	863,355
Other intergovernmental revenues:	
Shared taxes	233,466
State sources	12,082,315
Local sources	246,343
Total other intergovernmental revenues	12,562,124
TOTAL INTERGOVERNMENTAL REVENUES — Governmental and proprietary funds (Primary Government)	$13,425,479

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. 34 in 2003; therefore, tables presenting government-wide financial data include only eight years of information.

CITY OF WINONA, MINNESOTA

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

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

Notes:

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

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

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

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

Data Source —
Applicable years' comprehensive annual financial report.

TABLE I

December 31			
2007	2008	2009	2010
$ 41,611,501	$ 42,438,214	$ 42,023,094	$ 42,090,682
16,736,009	14,575,890	15,422,892	15,884,013
8,488,228	9,149,796	8,933,815	9,270,479
$ 66,835,738	$ 66,163,900	$ 66,379,801	$ 67,245,174
$ 21,899,448	$ 27,238,820	$ 29,157,211	$ 29,596,476
4,508,086	4,337,253	3,188,585	2,634,330
14,290,300	10,749,862	11,710,105	13,374,783
$ 40,697,834	$ 42,325,935	$ 44,055,901	$ 45,605,589
$ 63,510,949	$ 69,677,034	$ 71,180,305	$ 71,687,158
21,244,095	18,913,143	18,611,477	18,518,343
22,778,528	19,899,658	20,643,920	22,645,262
$107,533,572	$108,489,835	$110,435,702	$112,850,763

CITY OF WINONA, MINNESOTA

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

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

Notes:

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

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

(3) Prior to 2004, the economic development costs were reported in the general government function. The 2004 expenses include $2 million for the East Garvin Heights project and $1.2 million for the West Burns Valley project.

(4) In 2003, $1,121,000 of state grants was reclassified from public safety charges for services to operating grants and contributions for consistency.

(5) In 2005, capital grants and contributions revenue included over $6 million for the Pelzer Street Construction Project

Data Source —

Applicable years' comprehensive annual financial report.

TABLE II

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

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TABLE III

CITY OF WINONA, MINNESOTA

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

	For the Calendar Year Ended December 31,							
	2003	2004	2005	2006	2007	2008	2009	2010
EXPENSES:								
General government	15.8 %	13.8 %	15.6 %	16.7 %	19.1 %	17.2 %	18.1 %	16.0 %
Public safety	44.7	35.3	40.1	44.4	46.3	44.1	42.6	46.7
Highways and streets (2)	19.5	17.0	19.5	4.6	20.2	21.1	21.7	22.1
Sanitation and waste removal	0.2	0.1	0.2	0.2	0.3	0.2	0.3	0.3
Economic development (3)	0.0	17.6	3.5	13.6	1.8	3.5	4.6	4.4
Culture and recreation	9.2	6.6	8.7	8.8	10.7	12.7	11.4	9.5
Other	8.6	7.7	10.3	10.0				
Interest and fiscal charges	2.0	1.9	2.1	1.7	1.6	1.2	1.3	1.0
Total expenses	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
PROGRAM REVENUES:								
Charges for services:								
General government	9.3 %	4.7 %	4.2 %	7.2 %	25.3 %	22.8 %	22.3 %	16.8 %
Public safety (4)	5.5	2.2	2.1	3.6	26.1	22.6	7.3	5.9
Highways and streets	4.1	0.9	0.8	0.3	12.0	9.0	1.0	0.7
Economic development	0.0	13.0	6.9	0.5	(9.1)	(5.9)	1.8	1.4
Other	22.5	15.3	0.5	20.4	7.0	5.9	3.6	2.2
Operating grants and contributions (4)	21.0	10.1	9.3	14.8	24.4	27.1	35.3	45.5
Capital grants and contributions (5)	37.6	53.8	76.2	53.2	14.3	18.5	28.7	27.5
Total program revenues	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
GENERAL REVENUES:								
Taxes:								
Property	22.7 %	25.7 %	27.5 %	27.4 %	27.7 %	30.7 %	32.2 %	35.1 %
Sales	1.2							
Franchise	6.7	7.3	7.4	7.4	7.6	8.5	7.3	8.4
Grants and contributions not restricted	68.0	65.7	60.1	57.6	57.8	56.7	59.6	56.1
Gain on sale of capital assets			0.1					
Investment earnings	1.4	1.2	4.9	7.6	6.9	4.1	0.9	0.4
Miscellaneous		0.1						
Total general revenues	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

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

CITY OF WINONA, MINNESOTA

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

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

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

TABLE IV

2007	2008	2009	2010
$ 2,572,331	$ 2,436,411	$ 3,108,385	$ 2,367,557
2,312,959	2,373,000	2,493,370	2,433,420
524,880	474,242	474,607	471,289
194,493	182,393	441,095	326,625
599,160	727,352	545,624	617,609
1,686,896	1,840,605	1,665,488	1,505,246
1,193,005	1,313,732	1,064,813	1,033,555
70,558	135,739	124,704	198,936
9,154,282	9,483,474	9,918,086	8,954,237
3,323,052	3,425,888	3,323,698	3,192,309
2,936,907	2,856,741	2,913,380	2,822,274
388,919	381,204	543,769	381,550
32,180	31,321	31,701	34,917
206,962	231,732	200,234	244,483
333,883	396,577	354,471	383,389
25,686	23,955	16,598	51,202
280,443	289,016	297,169	297,383
913,286	780,795	1,314,516	954,596
133,340	13,560	99,960	21,766
8,574,658	8,430,789	9,095,496	8,383,869
(579,624)	(1,052,685)	(822,590)	(570,368)
615,105	676,892	688,289	633,313
1,569,793	1,434,092	1,450,222	1,181,629
728,438	549,547	112,603	14,141
2,913,336	2,660,531	2,251,114	1,829,083
113,488	20,255	301,442	290,973
3,026,824	2,680,786	2,552,556	2,120,056
$ 2,447,200	$ 1,628,101	$ 1,729,966	$ 1,549,688

CITY OF WINONA, MINNESOTA

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

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

Notes —

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

Data Source:

(2) See Table II.

(3) See Table IV.

TABLE V

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

CITY OF WINONA, MINNESOTA

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

	2001	2002	2003	2004
GENERAL FUND:				
Reserved (1)	$ 4,932,350	$ 4,149,610	$ 3,556,465	$ 2,966,412
Unreserved	2,344,007	2,987,208	3,273,042	4,270,740
Subtotal general fund	7,276,357	7,136,818	6,829,507	7,237,152
GENERAL FUND PERCENTAGE CHANGE FROM PRIOR YEAR	4.3 %	(1.9)%	(4.3)%	6.0 %
ALL OTHER GOVERNMENTAL FUNDS:				
Reserved (2)(3)	7,213,007	9,509,356	6,671,750	6,204,660
Unreserved:				
Special Revenue Funds	166,710			(1,777)
Debt Service Funds				
Capital Projects Funds	6,534,060	913,425	1,089,336	85,911
Subtotal all other Governmental Funds	13,913,777	10,422,781	7,761,086	6,288,794
ALL OTHER GOVERNMENTAL FUNDS PERCENTAGE CHANGE FROM PRIOR YEAR	56.8 %	(25.1)%	(25.5)%	(19.0)%
TOTAL GOVERNMENTAL FUNDS:				
Reserved (2)(3)	12,145,357	13,658,966	10,228,215	9,171,072
Unreserved	9,044,777	3,900,633	4,362,378	4,354,874
TOTAL GOVERNMENTAL FUNDS	$21,190,134	$17,559,599	$14,590,593	$13,525,946
ALL GOVERNMENTAL FUNDS PERCENTAGE CHANGE FROM PRIOR YEAR	33.7 %	(17.1)%	(16.9)%	(7.3)%

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

TABLE VI

At December 31,					
2005	**2006**	**2007**	**2008**	**2009**	**2010**
$ 2,447,048	$ 2,588,629	$ 2,367,809	$ 1,674,277	$ 3,477,338	$ 3,191,097
5,584,406	5,393,400	5,996,783	6,726,060	5,597,485	6,065,050
8,031,454	7,982,029	8,364,592	8,400,337	9,074,823	9,256,147
11.0 %	(0.6)%	4.8 %	0.4 %	8.0 %	2.0 %
15,958,462	8,312,408	5,992,197	5,512,035	4,971,246	4,860,185
(8,149)	(7,963)	(12,662)	(11,870)	(18,662)	(30,306)
1,396,469	1,458,642	354,933	983,290	1,595,306	1,598,297
17,346,782	9,763,087	6,334,468	6,483,455	6,547,890	6,428,176
175.8 %	(43.7)%	(35.1)%	2.4 %	1.0 %	(1.8)%
18,405,510	10,901,037	8,360,006	7,186,312	8,448,584	8,051,282
6,972,726	6,844,079	6,339,054	7,697,480	7,174,129	7,633,041
$25,378,236	$17,745,116	$14,699,060	$14,883,792	$15,622,713	$ 15,684,323
87.6 %	(30.1)%	(17.2)%	1.3 %	5.0 %	0.4 %

CITY OF WINONA, MINNESOTA

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

	2001	2002	2003	2004
				Amount
REVENUE SOURCE:				
Taxes (2)	$ 6,519,574	$ 4,675,056	$ 3,863,765	$ 4,022,767
Special assessments	691,166	722,462	704,292	849,338
Intergovernmental (3)	8,934,685	11,565,303	10,082,154	10,267,873
Licenses and permits	141,698	138,688	143,657	149,070
Fines and forfeitures	211,520	241,842	227,502	257,688
Charges for services	432,514	419,354	438,002	873,461
Contributions (4)			525,739	4,135,315
Investment earnings (5)	739,084	315,657	118,415	80,852
Miscellaneous (5)	333,301	663,621	982,170	722
Total revenues	$18,003,542	$18,741,983	$17,085,696	$20,637,086
PERCENTAGE CHANGE FROM PRIOR YEAR	(1.3)%	4.1 %	(8.8)%	20.8 %
Taxes (2)	36.2 %	24.9 %	22.6 %	19.5 %
Special assessments	3.8	3.9	4.1	4.1
Intergovernmental (3)	49.6	61.8	59.0	49.8
Licenses and permits	0.8	0.7	0.8	0.7
Fines and forfeitures	1.2	1.3	1.3	1.2
Charges for services	2.4	2.2	2.6	4.2
Contributions (4)			3.1	20.0
Investment earnings (5)	4.1	1.7	0.7	0.4
Miscellaneous (5)	1.9	3.5	5.8	0.1
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.
(4) In 2004, the City received $4 million from the Port Authority West-end (Riverfront) Tax Increment District for the construction of Pelzer Street.
(5) For the years 2001–2002, the nonexpendable trust funds have been reclassified as permanent funds, for consistency and their revenues are included in this table.
Data Source —
Applicable years' comprehensive annual financial report.

TABLE VII

For The Calendar Year Ended December 31,					
2005	**2006**	**2007**	**2008**	**2009**	**2010**
$ 4,767,055	$ 5,358,613	$ 5,532,317	$ 5,833,891	$ 5,733,942	$ 6,203,216
1,584,851	894,270	766,018	554,465	427,672	360,876
18,575,068	14,608,555	10,328,659	10,690,005	10,595,394	10,906,571
150,529	149,753	161,329	171,860	163,149	155,661
275,810	313,581	253,614	254,135	219,823	222,562
952,724	880,358	838,500	917,413	741,755	750,177
911,487	349,772	40,006	22,199	14,141	6,621
630,775	1,075,531	957,663	390,434	83,009	46,327
	446	363,713	273,000		6,786
$27,848,299	$23,630,879	$19,241,819	$19,107,402	$17,978,885	$18,658,797
34.9 %	(15.1)%	(18.6)%	(0.7)%	(5.9)%	3.8 %
Percentage of Total					
17.1 %	22.7 %	28.7 %	30.5 %	31.9 %	33.2 %
5.7	3.8	4.0	2.9	2.4	1.9
66.7	61.8	53.7	56.0	58.9	58.5
0.5	0.6	0.8	0.9	0.9	0.8
1.0	1.3	1.3	1.3	1.2	1.2
3.4	3.7	4.4	4.8	4.1	4.0
3.3	1.5	0.2	0.1	0.1	0.1
2.3	4.6	5.0	2.1	0.5	0.1
		1.9	1.4	0.0	0.2
100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

TABLE VIII

CITY OF WINONA, MINNESOTA

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

	Amounts			
	Property	Franchise	Sales (2)	Total
2001	$4,145,287	$ 926,915	$1,447,372	$6,519,574
2002 (3)	2,409,616	860,568	1,404,872	4,675,056
2003	2,854,928	855,270	153,567	3,863,765
2004	3,130,902	891,865		4,022,767
2005	3,736,189	1,030,866		4,767,055
2006	4,215,412	1,143,201		5,358,613
2007	4,339,116	1,193,201		5,532,317
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

	Percentage of Total			
	Property	Franchise	Sales (2)	Total
2001	63.6 %	14.2 %	22.2 %	100.0 %
2002 (3)	51.5	18.4	30.1	100.0
2003	73.9	22.1	4.0	100.0
2004	77.8	22.2		100.0
2005	78.4	21.6		100.0
2006	78.7	21.3		100.0
2007	78.4	21.6		100.0
2008	78.3	21.7		100.0
2009	81.4	18.6		100.0
2010	80.6	19.4		100.0

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

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CITY OF WINONA, MINNESOTA

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

Function	2001	2002 (2)	2003 (3)	2004	2005
CURRENT:					
General government (9)	$ 2,278,566	$ 2,353,665	$ 2,419,287	$ 2,756,961	$ 2,712,375
Public safety (5)	5,822,227	5,984,521	6,019,664	6,624,222	6,336,382
Highways and streets (6)	2,359,827	2,430,688	2,235,562	2,974,591	2,788,973
Economic development (7)				909,194	446,122
Culture and recreation	2,215,869	1,586,799	1,352,133	1,317,640	1,507,681
Other	509,671	261,292	502,926	924,957	29,256
Total current	13,186,160	12,616,965	12,529,572	15,507,565	13,820,789
PERCENTAGE CHANGE FROM PRIOR YEAR	2.9 %	(4.3)%	(0.7)%	23.8 %	(10.9)%
CAPITAL OUTLAY (8)	1,088,183	4,182,955	6,599,814	1,382,109	480,984
PERCENTAGE CHANGE FROM PRIOR YEAR	(39.6)%	284.4 %	57.8 %	(79.1)%	(65.2)%
DEBT SERVICE:					
Principal	1,372,000	1,550,000	833,000	1,386,000	1,157,500
Interest and fees	408,919	430,539	330,845	362,544	400,827
Other (4)		2,368,261			
Total debt service	1,780,919	4,348,800	1,163,845	1,748,544	1,558,327
PERCENTAGE CHANGE FROM PRIOR YEAR	22.8 %	144.2 %	(73.2)%	50.2 %	(10.9)%
Total expenditures	$16,055,262	$21,148,720	$20,293,231	$18,638,218	$15,860,100
PERCENTAGE CHANGE FROM PRIOR YEAR	(0.1)%	31.7 %	(4.0)%	(8.2)%	(14.9)%
DEBT SERVICES AS A PERCENT OF NONCAPITAL EXPENDITURES	11.9 %	11.7 %	8.5 %	10.1 %	10.1 %

Notes:

(1) Includes all governmental fund types.

(2) In 2002, the City established a library enterprise fund. Previously, these costs were charged to the culture and recreation function.

(3) In 2003, the City established a storm sewer enterprise fund. Previously, these costs were charged to the highways and streets function.

(4) In 2002, the City refunded debt with a payment made to a bond refunding escrow agent.

(5) In 2004, the public safety function increased 10%, primarily due to a change in policy for reimbursement for sick pay from 33% vested to 100% vested.

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

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

(8) The significant increase in capital outlay from 2001 to 2002 related to state financed road construction projects and special assessment projects. The significant increase from 2002 to 2003 related to the High Wagon Bridge Reconstruction and special assessment projects. The significant increase from 2003 to 2004 related to the Pelzer Street Construction. 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.

(9) For the years 2001-2002, the nonexpendable trust funds have been reclassified as permanent funds, for consistency.

Data Source —

Applicable years' comprehensive annual financial report.

TABLE IX

2006	2007	2008	2009	2010
$ 3,327,563	$ 3,073,892	$ 2,983,688	$ 3,010,960	$ 2,683,792
6,813,091	7,221,380	7,584,452	6,512,463	7,286,443
2,606,047	2,774,581	3,306,623	2,865,359	2,657,992
346,931	365,911	754,102	773,027	757,831
1,720,125	1,729,743	2,362,062	1,778,571	1,498,905
30,166	43,532	43,169	54,198	45,851
14,843,923	15,209,039	17,034,096	14,994,578	14,930,814
7.4 %	2.5 %	12.0 %	(11.9)%	(0.4)%
5,136,903	382,443	571,871	345,914	23,973,730
968.0 %	(92.6)%	49.5 %	(39.7)%	6,848.6 %
1,575,000	1,495,000	1,420,000	1,360,000	1,300,000
350,963	321,256	274,117	224,533	177,809
1,925,963	1,816,256	1,694,117	1,584,533	1,477,809
23.6 %	(5.7)%	(6.7)%	(6.5)%	(6.7)%
$21,906,789	$17,407,738	$19,300,084	$16,925,025	$40,382,353
38.1 %	(20.5)%	10.9 %	(12.3)%	138.6 %
11.5 %	10.7 %	9.0 %	10.6 %	9.9 %

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	2001	2002 (2)	2003 (3)	2004
CURRENT:				
General government (7)	$ 2,278,566	$ 2,353,665	$ 2,419,287	$ 2,756,961
Public safety (4)	5,822,227	5,984,521	6,019,664	6,624,222
Highways and streets (5)	2,359,827	2,430,688	2,235,562	2,974,591
Economic development (6)				909,194
Culture and recreation	2,215,869	1,586,799	1,352,133	1,317,640
Other	509,671	261,292	502,926	924,957
Total current	$13,186,160	$12,616,965	$12,529,572	$15,507,565

	2001	2002	2003	2004
CURRENT:				
General government (7)	17.3 %	18.6 %	19.3 %	17.8 %
Public safety (4)	44.1	47.4	48.1	42.7
Highways and streets (5)	17.9	19.3	17.8	19.2
Economic development (6)				5.8
Culture and recreation	16.8	12.6	10.8	8.5
Other	3.9	2.1	4.0	6.0
Total current	100.0 %	100.0 %	100.0 %	100.0 %

Notes:
(1) Includes all governmental fund types.
(2) In 2002, the City established a library enterprise fund. Previously, these costs were charged to the culture and recreation function.
(3) In 2003, the City established a storm sewer enterprise fund. Previously, these costs were charged to the highways and streets function.
(4) In 2004, the public safety function increased 10% primarily due to a change in policy for reimbursement for sick pay from 33% vested to 100% vested.
(5) In 2004, the highways and streets function increased 33.1% as a result of engineering costs for Pelzer Street.
(6) Prior to 2004, the economic development costs were reported in the general government function.
(7) For the years 2001-2002, the nonexpendable trust funds have been reclassified as permanent funds, for consistency.
Data Source — Table IX.

TABLE X

Amounts					
2005	**2006**	**2007**	**2008**	**2009**	**2010**
$ 2,712,375	$ 3,327,563	$ 3,073,892	$ 2,983,688	$ 3,010,960	$ 2,683,792
6,336,382	6,813,091	7,221,380	7,584,452	6,512,463	7,286,443
2,788,973	2,606,047	2,774,581	3,306,623	2,865,359	2,657,992
446,122	346,931	365,911	754,102	773,027	757,831
1,507,681	1,720,125	1,729,743	2,362,062	1,778,571	1,498,905
29,256	30,166	43,532	43,169	54,198	45,851
$13,820,789	$14,843,923	$15,209,039	$17,034,096	$14,994,578	$ 14,930,814

Percentage of Total					
2005	**2006**	**2007**	**2008**	**2009**	**2010**
19.6 %	22.4 %	20.2 %	17.5 %	20.0 %	18.0 %
45.9	45.9	47.5	44.5	43.4	48.8
20.2	17.6	18.2	19.4	19.1	17.8
3.2	2.3	2.4	4.4	5.2	5.1
10.9	11.6	11.4	13.9	11.9	10.0
0.2	0.2	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	2001	2002	2003	2004
TOTAL REVENUES (3)	$18,003,542	$18,741,983	$17,085,696	$20,637,086
TOTAL EXPENDITURES (4)	16,055,262	21,148,720	20,293,231	26,790,486
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,948,280	(2,406,737)	(3,207,535)	(6,153,400)
OTHER FINANCING (USES) SOURCES:				
Sale of capital assets				2,526
Debt proceeds	4,038,965		614,188	4,988,090
Transfers in	501,884	467,460	1,856,075	704,863
Transfers out	(1,147,614)	(1,691,258)	(2,231,734)	(606,726)
Total other financing (uses) sources	3,393,235	(1,223,798)	238,529	5,088,753
NET CHANGE IN FUND BALANCES	5,341,515	(3,630,535)	(2,969,006)	(1,064,647)
FUND BALANCES — Beginning of year	15,848,619	21,190,134	17,559,599	14,590,593
FUND BALANCES — End of year	$21,190,134	$17,559,599	$14,590,593	$13,525,946

Notes:
(1) Includes all governmental fund types.
(2) Beginning in 2003, the City's nonexpendable trust funds were reclassified as permanent funds, and their data is included in all years presented.
(3) Table VII
(4) Table IX
Data Source:
Applicable years' comprehensive annual financial report.

TABLE XI

2005	2006	2007	2008	2009	2010
$27,848,299	$23,630,879	$19,241,819	$19,107,402	$17,978,885	$18,658,797
21,428,151	30,607,030	21,315,396	19,937,403	17,300,454	17,587,202
6,420,148	(6,976,151)	(2,073,577)	(830,001)	678,431	1,071,595
7,621					
3,595,585	845,000				
5,939,945	1,061,683	1,258,053	2,141,305	1,755,890	434,619
(4,111,009)	(2,563,652)	(2,230,532)	(1,126,572)	(1,695,400)	(1,444,604)
5,432,142	(656,969)	(972,479)	1,014,733	60,490	(1,009,985)
11,852,290	(7,633,120)	(3,046,056)	184,732	738,921	61,610
13,525,946	25,378,236	17,745,116	14,699,060	14,883,792	15,622,713
$25,378,236	$17,745,116	$14,699,060	$14,883,792	$15,622,713	$15,684,323

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
2002 (3)	$11,863,706	$ 987,809,200	$ 258,689	$13,316,300
2003	13,021,844	1,100,481,800	277,376	14,257,100
2004	13,924,786	1,177,599,700	311,517	16,036,300
2005	15,343,606	1,303,483,200	320,174	16,398,700
2006	16,904,090	1,406,070,400	316,606	16,306,600
2007	17,709,035	1,470,440,000	324,604	16,626,000
2008	18,368,606	1,521,383,800	304,177	15,543,900
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

Notes:

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

(2) The tax rate is presented as $1,000 of tax capacity.

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

Data Source:

Winona County Assessor (2002-2011)

TABLE XII

Total Estimated Tax Capacity (1)	Total Direct Tax Rate (2)	Total Estimated Market Value	Ratio of Total Tax Capacity to Total Estimated Market Value	Annual Percentage Change In Total Estimated Market Value
$12,122,395	36.02	$1,001,125,500	1.21 %	8.8 %
13,299,220	27.30	1,114,738,900	1.19	11.3
14,236,303	28.82	1,193,636,000	1.19	7.1
15,663,780	29.95	1,319,881,900	1.19	10.6
17,220,696	30.95	1,422,377,000	1.21	7.8
18,033,639	30.77	1,487,066,000	1.21	4.5
18,672,783	30.44	1,536,927,700	1.21	3.4
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)

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
2001	36.02 %	0.38 %	47.22 %	38.87 %	122.49 %
2002	27.30	0.47	17.71	54.81	100.29
2003	28.82	0.43	17.29	49.82	96.36
2004	29.95	-	14.84	48.78	93.57
2005	30.95	2.08	16.27	47.19	96.49
2006	30.77	1.93	13.08	44.52	90.30
2007	30.44	1.87	16.26	43.51	92.08
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

Notes:

(1) Net of homestead and agricultural credit aid, 2001. For the City, net of homestead and agriculture credit aid, but not net of Minnesota market value (MV) credits, for 2002–2008. For payable 2002, the school district tax capacity tax rate is 17.705% and the market value tax rate is .19729%.

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

Data Source —
Winona County Auditor

TABLE XIV

CITY OF WINONA, MINNESOTA

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

For The Year Collected	Total Taxes Levied	Collected Within the Year of The Levy		Delinquent Collections (2)	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2001 (3)	$ 5,128,812	$ 5,031,828	98.11 %	$ 39,162	$5,070,990	98.87 %
2002 (4) (13)	2,771,523	2,743,880	99.00	44,964	2,788,844	100.62
2003 (5) (13)	3,238,163	3,207,952	99.07	47,593	3,255,545	100.54
2004 (6)	3,574,935	3,502,915	97.99	67,374	3,570,289	99.87
2005 (7) (13)	4,423,556	4,430,685	100.16	66,437	4,497,122	101.66
2006 (8)	5,003,460	4,940,533	98.74	58,886	4,999,419	99.92
2007 (9)	5,238,625	5,165,212	98.60	61,255	5,226,467	99.77
2008 (10)	5,530,485	5,479,274	99.07	49,068	5,528,342	99.96
2009 (11)	5,790,110	5,690,480	98.28	58,715	5,749,195	99.29
2010 (12)	6,590,943	5,969,463	90.57		5,969,463	90.57

Notes:

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

(2) The amounts reported from 2001-2003 included the amount of taxes collected in the year, not in the year to which they apply. The 2004-2009 amounts reported in the total uncollected taxes column are the uncollected taxes for each tax levy.

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

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

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

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

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

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

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

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

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

(12) In 2010, 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.

(13) In 2002, 2003 and 2005, market value tax credits used in Winona County's calculation of net taxes levied were less than actual market value credits received by the City from the State of Minnesota, which resulted in percentage of levy calculations over 100%.

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, 2010 AND 2001

	2010 (For Taxes Payable in 2011)			
Principal Taxpayer	Type of Business	Tax Capacity (1)	Rank	Percentage of Total Tax Capacity
Northern States Power Co.	Utility	$ 340,515	1	1.78 %
Rivers Development	Commercial	272,674	2	1.42
Wal-Mart	Commercial	261,152	3	1.36
Menards, Inc.	Commercial	235,958	4	1.23
Fastenal Company	Commercial/Industrial	213,063	5	1.11
Miller Waste Mills	Industrial/Commercial	160,155	6	0.84
Sarnia Realty Investors (Winona Mall)	Commercial	144,778	7	0.76
Mikrut Properties	Commercial/Industrial	136,675	8	0.71
Innovation Partners LLC (Hal Leonard-Tech Park)*	Industrial/Commercial	131,300	9	0.69
Mills Properties	Commercial	126,768	10	0.66
Total Principal Taxpayers		2,023,038		10.56
All Other Taxpayers		17,117,707		89.44
Total		$19,140,745		100.00 %

	2001 (For Taxes Payable in 2002)			
Principal Taxpayer	Type of Business	Tax Capacity (1)	Rank	Percentage of Total Tax Capacity
Northern State Power Co.	Utility	$ 212,562	1	1.75 %
Fastenal Company	Commercial	167,853	2	1.38
Rivers Hotel Company, Inc.	Commercial	116,202	3	0.96
International Malting Company	Industrial	97,800	4	0.81
Winona Mall	Commercial	94,474	5	0.78
Pennwinn Associates	Commercial	82,594	6	0.68
Mills Properties (Mills Fleet Farm)	Commercial	81,318	7	0.67
Kelsey-Hayes Company (Lake Center/Lucas Industries)	Industrial	80,724	8	0.67
Dayton Hudson Corporation (Target)	Commercial	79,348	9	0.66
New Northern States Power (Xcel Energy)	Utility	77,981	10	0.64
Total Principal Taxpayers		1,090,856		9.00
All Other Taxpayers		11,031,539		91.00
Total		$12,122,395		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)

(2) New Northern States Power (Xcel Energy) (tax capacity of $77,981) is listed separately and is NOT included in the $212,562 for the taxes payable in 2002.

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
2001	$2,057,200	$3,045,000	$6,674,300	$ 465,000	$12,241,500
2002	1,902,200		6,154,300	315,000	8,371,500
2003	1,872,200		5,506,300	775,000	8,153,500
2004	3,768,300		7,564,200	415,000	11,747,500
2005	3,584,300		6,795,700	210,000	10,590,000
2006	3,194,500		5,820,500	845,000	9,860,000
2007	2,794,200		4,835,800	735,000	8,365,000
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

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
$10,893,500	$ 23,135,000	0.019 %	27,100	$854
9,883,500	18,255,000	0.014	26,902	679
12,951,500	21,105,000	0.016	27,018	781
11,892,500	23,640,000	0.017	27,221	868
10,565,000	21,155,000	0.015	27,295	775
11,520,000	21,380,000	0.015	27,324	783
10,135,000	18,500,000	0.012	27,458	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

CITY OF WINONA, MINNESOTA

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

	Governmental Activities			Business-type Activities	
	General Obligation Bonds Supported by				
Calendar Year	Taxes (1)	Other Revenues	Special Assessments (2)	General Obligation Bonds (3)	Total
2001	$2,057,200	$ 3,045,000	$ 6,674,300	$ 10,893,500	$22,670,000
2002	1,902,200		6,154,300	9,883,500	17,940,000
2003	1,872,200		5,506,300	12,951,500	20,330,000
2004 (4)	3,768,300		7,564,200	11,892,500	23,225,000
2005	3,584,300		6,795,700	10,565,000	20,945,000
2006	3,194,500		5,820,500	11,520,000	20,535,000
2007	2,794,200		4,835,800	10,135,000	17,765,000
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

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

TABLE XVII

Less Restricted Assets To Repay Debt Principal (5)	Net General Obligation Bonds	Percentage of Actual Taxable Value of Property (7)	Estimated Population (8)	Total General Obligation Debt Per Capita
$ 3,910,199	$18,759,801	1.87 %	27,100	$ 692
4,041,775	13,898,225	1.25	26,902	517
4,119,104	16,210,896	1.36	27,018	600
4,221,278	19,003,722	1.44	27,221	698
5,006,176	15,938,824	1.12	27,295	584
4,774,810	15,760,190	1.06	27,324	577
3,847,754	13,917,246	0.91	27,458	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

CITY OF WINONA, MINNESOTA

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

Tax Year Collected	Estimated Population (6)	Market Value (7) (in $1,000)	Gross Bonded Debt (1)	Less Debt Service Monies Available	Less Debt Payable From Port and Enterprise Revenues (2)(3)	Less Debt Payable From Tax Increments
2001	27,100	$ 920,379	$ 24,838,000	$ 942,194	$ 10,588,500	$ 265,000
2002	26,902	1,001,126	19,496,000	756,115	9,728,500	70,000
2003	27,018	1,114,739	22,867,869	501,613	13,939,500	
2004	27,221	1,193,636	24,060,000	324,277	12,312,500	
2005	27,295	1,319,882	25,120,000	662,721	10,960,000	
2006	27,324	1,422,377	25,050,000	571,941	11,890,000	
2007	27,458	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	

This table includes the primary government and the component unit.

Notes:
(1) G.O. certificates are included in this schedule beginning in 2001.
(2) In 2001 and 2002, includes enterprise fund bonds, less the G.O. swimming pool refunding bonds of 1993.
(3) Excludes Port Authority G.O. bonds of 2005 (Pelzer Street), which will be retired with property taxes.
(4) A City referendum passed on November 3, 1998. On July 1, 1999, the City issued G.O. sales tax revenue bonds. On October 30, 2002, the City defeased the G.O. sales tax revenue bonds.
(5) Net bonded debt is property tax supported debt. As compared to table XVII, this is the amount of debt that the City is actually retiring from property taxes.
Data Source:
(6) Table XXII
(7) Winona County Auditor
Winona County Assessor (2002-2010)
(8) City's Planning Department
City's Finance Department

TABLE XVIII

Less Debt Payable From Special Assessments	Less Debt Payable From Leased Properties	Less Debt Payable From Sales Taxes (4)	Net Bonded Debt (5)	Ratio of Net Bonded Debt To Market Value	Net Bonded Debt Per Capita
$6,674,300	$853,000	$ 3,045,000	$2,470,006	0.0027	$ 91
6,154,300	701,000		2,086,085	0.0021	78
5,506,300	543,000		2,377,456	0.0021	88
7,564,200			3,859,023	0.0032	142
6,795,700			6,701,579	0.0051	246
5,820,500			6,767,559	0.0048	248
4,835,800			6,027,638	0.0041	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

TABLE XIX

CITY OF WINONA, MINNESOTA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT (Unaudited)
DECEMBER 31, 2010

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
CITY DIRECT DEBT:			
General obligation bonds supported by property taxes	$ 1,605,500	100.0 %	$ 1,605,500
General obligation bonds supported by Port Authority	2,510,000	100.0	2,510,000
General obligation bonds supported by special assessments	2,289,500	100.0	2,289,500
General obligation equipment certificates	390,000	100.0	390,000
Total city direct debt			6,795,000
OVERLAPPING DEBT: (2)			
Debt repaid with property taxes:			
Independent School District No. 861 — G.O. bonds	24,197,903	65.8	15,922,220
Winona County — General obligation bonds	8,628,860	50.0	4,314,430
Total overlapping debt			20,236,650
Total direct and overlapping debt			$ 27,031,650

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

	2001	2002	2003
ASSESSED VALUE (5)	$920,378,700	$ 1,001,125,500	$1,114,738,900
LEGAL DEBT MARGIN:			
Debt limit (3% of market value of taxable property) (1)	$ 18,407,574	$ 20,022,510	$ 22,294,778
Debt applicable to limit:			
Gross debt (6)	23,135,000	18,255,000	21,105,000
Less exempt debt (2)			
Special assessment improvement bonds	(6,674,300)	(6,154,300)	(5,506,300)
G.O. bonds (3)	(3,045,000)		
G.O. revenue bonds (4)	(10,588,500)	(9,728,500)	(12,951,500)
Debt subject to limit	2,827,200	2,372,200	2,647,200
Legal debt margin	$ 15,580,374	$ 17,650,310	$ 19,647,578
Total net debt applicable to the limit as a percentage of the debt limit	15.36 %	11.85 %	11.87 %

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 2010, 2009 and 2008, 2% in 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

2004	2005	2006	2007	2008	2009	2010
$1,193,636,000	$1,319,881,900	$1,422,377,000	$1,487,066,000	$1,536,927,700	$1,547,328,400	$1,593,976,200
$ 23,872,720	$ 26,397,638	$ 28,447,540	$ 29,741,320	$ 46,107,831	$ 46,419,852	$ 47,819,286
23,640,000	21,155,000	21,380,000	18,500,000	13,960,000	11,700,000	9,485,000
(7,564,200)	(6,795,700)	(5,820,500)	(4,835,800)	(3,921,900)	(3,073,200)	(2,289,500)
(11,892,500)	(10,565,000)	(11,520,000)	(10,135,000)	(7,015,000)	(6,115,000)	(5,200,000)
4,183,300	3,794,300	4,039,500	3,529,200	3,023,100	2,511,800	1,995,500
$ 19,689,420	$ 22,603,338	$ 24,408,040	$ 26,212,120	$ 43,084,731	$ 43,908,052	$ 45,823,786
17.52 %	14.37 %	14.20 %	11.87 %	6.56 %	5.41 %	4.17 %

TABLE XXI

CITY OF WINONA, MINNESOTA

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

	Water and Sewer Revenue Bonds						
		Less:	Net				
Calendar	Gross	Operating	Available	Debt Service			Times
Year	Revenues (2)	Expenses (3)	Revenues	Principal	Interest	Total	Coverage
2001	$ 5,284,192	$ 2,266,002	$3,018,190	$ 768,000	$ 488,302	$ 1,256,302	2.40
2002	4,867,341	2,275,622	2,591,719	860,000	454,294	1,314,294	1.97
2003	5,456,291	2,325,966	3,130,325	1,027,000	425,422	1,452,422	2.16
2004	5,643,048	2,676,232	2,966,816	1,059,000	503,777	1,562,777	1.90
2005	6,208,775	3,246,166	2,962,609	1,327,500	479,536	1,807,036	1.64
2006	6,697,050	3,342,586	3,354,464	1,340,000	428,729	1,768,729	1.90
2007	6,912,334	3,370,212	3,542,122	1,385,000	433,145	1,818,145	1.95
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

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

TABLE XXII

CITY OF WINONA, MINNESOTA

DEMOGRAPHIC AND ECONOMIC FACTORS (Unaudited)
LAST TEN CALENDAR YEARS

Year	City Population (1)	City Metropolitan Area Population (2)	Personal Income (3) (thousands of dollars)	Per Capita Income (4)	City Unemployment Rate (5)(6)	United States Unemployment Rate (5) (6)
2001	27,100	49,763	$ 1,224,411	24,605	4.4 %	4.7 %
2002	26,902	49,428	1,265,857	25,610	4.7	5.8
2003	27,018	49,344	1,313,132	26,612	5.6	6.0
2004	27,221	49,172	1,383,206	28,130	5.0	5.6
2005	27,295	49,348	1,428,270	28,943	3.9	5.1
2006	27,324	49,730	1,510,583	30,376	3.8	4.6
2007	27,458	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	49,436	1,697,007	34,327	7.0	9.1

Data Source:
(1) State demographer's estimate, except 2010, which is from the American Community Survey.
(2) 2001 - 2009- U.S. Bureau of Economic Analysis - Winona, MN Metropolitan Area, http://www.bea.gov/bea/regional/reis/default.cfm?catable=CA1-3&section=2. 2010 not available.
(3) 2001 - 2009 - U.S. Bureau of Economic Analysis - Winona, MN Metropolitan Area, http://www.bea.gov/bea/regional/reis/default.cfm?catable=CA1-3&section=2. 2010 not available.
(4) 2001 - 2009 - U.S. Bureau of Economic Analysis - Winona, MN Metropolitan Area, http://www.bea.gov/bea/regional/reis/default.cfm?catable=CA1-3&section=2. 2010 not available.
(5) Minnesota Department of Employment and Economic Development (i.e., the yearly annual average), (2010 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 and 12/31/10)

TABLE XXIII

CITY OF WINONA, MINNESOTA

PRINCIPAL EMPLOYERS (Unaudited)
FOR THE CALENDAR YEARS ENDED DECEMBER 31, 2010 AND 2000

		2010		
Employer (1)	Type of Business	Number of Employees	Rank	Percentage of Total County Employment
Fastenal Company (3)	Commercial/Industrial	1,302	1	7.09 %
Winona State University (4)	Post-secondary education	950	2	5.17 %
Winona Health	Hospital/Clinic/Health Care	814	3	4.43 %
Independent School District No. 861	K-12 education	464	4	2.53 %
Saint Mary's University	Post-secondary education	393	5	2.14 %
TRW Automotive Electronics	Industrial machinery	373	6	2.03 %
Wincraft	Promotional materials	360	7	1.96 %
Winona County	County Government	315	8	1.72 %
Wal-Mart	Commercial	315	9	1.72 %
Peerless Chain	Industrial	280	10	1.52 %
Total principal employers		5,566		30.31 %
Other employers		12,800		69.69 %
Total employers (5)		18,366		100.00 %

		2000		
Employer (2)	Type of Business	Number of Employees	Rank	Percentage of Total County Employment
Fastenal Company	Commercial/Industrial	1,159	1	5.66 %
Winona Health	Hospital/Health Care	820	2	4.00 %
TRW Automotive Electronics	Industrial machinery	760	3	3.71 %
Winona State University	Post-secondary education	750	4	3.66 %
Independent School District No. 861	K-12 education	615	5	3.00 %
RTP Company	Plastic and synthetic resins	415	6	2.03 %
Watlow Controls	Electronic Control manufacturer	413	7	2.02 %
Saint Mary's University (4)	Post-secondary education	380	8	1.85 %
Wincraft	Promotional materials	330	9	1.61 %
Sprint	Telephone communications	300	10	1.46 %
Total principal employers		5,942		29.00 %
Other employers		14,548		71.00 %
Total employers (5)		20,490		100.00 %

Data Source:
(1) City of Winona Community Development Department Demographics Report (July 2010)
(2) Official Statement — Bond Offering (City of Winona-November, 2001)
(3) Fastenal Company information
(4) Winona State University Business Department
(5) MN DEED, 2010 is at 9/30/2010 and 2000 is at 3/31/2001

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
2001	$ 920,378,700	$ 309,768,500	138	$ 19,681,490	1,267	$16,102,740
2002	1,001,125,500	309,768,500	138	41,871,856	1,314	26,157,436
2003	1,114,738,900	309,768,500	122	19,816,823	1,099	22,453,297
2004	1,193,636,000	309,768,500	145	16,677,585	1,047	18,315,199
2005	1,319,881,900	482,142,700	162	42,168,354	981	14,950,633
2006	1,422,377,000	482,142,700	134	19,912,636	912	10,150,859
2007	1,487,066,000	482,142,700	127	24,965,605	812	8,299,429
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

Notes:

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

(2) In 2002, Winona State University (WSU) Science Building is included at $24,728,000. In 2003, Wal-Mart is included at $8,430,000. In 2004, the Winona Health parking ramp is included at $2,900,000. In 2005, the Winona Health/Winona Clinic expansion at $20,$912,000, and the WSU Pasteur Hall renovation are included at $8,160,750.

In 2006, the Southeast Minnesota Technical College remodeling and new entrance is included at $2,996,000, and the Target remodeling and addition is included at $2,913,000.

In 2007 are Hal Leonard at $4,967,027, WSU Maxwell Center remodeling at $4,476,622, and WSU Memorial Hall at $2,674,000.

In 2008 are the Holiday Inn Express at $4,996,000, Animal Care Clinic at $1,863,525, and an addition to the Minnesota Marine Art Museum at $1,548,400.

In 2009 are the Winona State University at $14,600,000 for a Wellness Center and $17,973,222 (Residential Construction) for a new residence hall, and an addition to the Winona County Historical Society for $3,300,000.

Included 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.

Data Source:

(3) Winona County Assessor.

(4) The City's Inspection Department.

TABLE XXV

CITY OF WINONA, MINNESOTA

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

Function/Program	2006 (3)	2007 (3)	2008 (3)	2009 (3)	2010 (3)
GENERAL FUND:					
General government:					
City manager	2.000	2.000	2.000	2.000	2.000
City clerk	1.888	1.888	1.888	1.225	1.225
Finance	7.000	7.000	7.000	7.000	7.000
Human resources	1.600	1.600	1.600	1.500	1.500
Planning	3.375	3.375	3.375	2.375	2.375
Building maintenance	2.250	2.250	2.250	2.275	2.275
Public safety:					
Police	43.800	44.600	43.600	40.500	41.500
Fire	23.000	23.000	23.000	21.500	21.500
Safety and health coordinator	1.000	1.000	1.000	1.000	1.000
Highways and streets:					
Engineering	5.800	5.800	4.800	4.000	4.000
Streets and alleys	14.000	14.000	14.000	13.000	13.000
Central garage	4.000	4.000	4.000	4.300	4.300
Public works				0.400	0.400
Culture and recreation —					
Parks maintenance	20.000	20.000	20.000	18.000	17.000
Economic development:					
Community development	2.625	3.625	2.625	2.625	2.625
Community development-matching funds	.000	.000	1.000	1.000	1.000
Total general fund	132.338	134.138	132.138	122.700	122.700
Senior Advocacy Fund —					
Senior Advocacy	1.525	1.700	1.000	1.700	1.700
Water and Sewer Fund:					
Water power and pumping/water distribution	9.000	9.000	9.000	9.275	9.275
Water/sewer — administration and general	3.000	3.000	1.500	1.100	1.100
Sewer — administration and general	12.000	12.000	13.500	13.000	13.000
Total water and sewer fund:	24.000	24.000	24.000	23.375	23.375
Public Transporation Fund —					
Transit — administration and general	0.112	0.112	0.112	0.075	0.075
Airport Fund —					
Airport — administration and general	1.000	1.000	1.000	1.000	1.000
Recreation Fund:					
Recreation administration	2.000	3.000	2.500	2.500	2.250
Community services			1.750	1.750	1.500
Recreation programs	3.000	3.000	2.000	2.000	2.000
Senior center	4.250	4.250	4.250	4.000	4.000
Total Recreation Fund	9.250	10.250	10.500	10.250	9.750
Library Fund —					
Library administration	13.250	14.625	13.250	10.150	11.900
Storm Sewer Fund —				0.300	0.300
Inspections Fund —					
Inspections	6.000	6.000	4.000	4.750	4.550
TOTAL	187.475	191.825	186.000	174.300	175.350

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

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CITY OF WINONA, MINNESOTA

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

Function/Program	2001	2002	2003	2004
Public safety:				
Fire:				
Number of emergency responses	1,444	1,527	1,389	1,565
Number of inspections	330	283	377	342
Police:				
Number of traffic arrests	1,010	1,250	1,375	1,289
Crime clearance	56 %	58 %	58 %	61 %
Sewage system:				
Daily average treatment (in gallons)	4,400,000	4,400,000	4,400,000	4,400,000
Maximum daily of capacity of treatment plant (in gallons)	9,700,000	9,700,000	9,700,000	9,700,000
Water system:				
Daily average consumption (in gallons)	2,800,000	2,800,000	2,800,000	2,800,000
Maximum daily capacity of plant (in gallons)	8,500,000	8,500,000	8,500,000	8,500,000

Data Source —
The City's various departments

TABLE XXVI

2005	2006	2007	2008	2009	2010
1,689	1,763	2,033	2,090	1,978	2,070
414	395	375	491	171	124
1,347	1,675	1,540	1,247	1,081	1,216
57 %	55 %	57 %	64 %	61 %	60 %
4,400,000	4,400,000	4,326,000	4,400,000	4,400,000	4,400,000
9,700,000	9,700,000	9,600,000	9,600,000	9,600,000	9,600,000
2,800,000	2,800,000	2,860,000	2,860,000	2,860,000	2,860,000
8,500,000	8,500,000	10,296,000	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	2001	2002	2003	2004	2005
Public safety:					
Fire stations	2	2	2	2	2
Police stations	1	1	1	1	1
Streets and highways:					
Streets (miles)	110	110	111	111	111
Culture and recreation:					
Acreage	3,000	3,000	3,000	3,000	3,000
Number of bandshells	1	1	1	1	1
Number of parks	30	30	30	30	30
Number of community centers	2	2	2	2	2
Number of swimming pools	1	1	1	1	1
Number of tennis courts	15	15	15	15	15
Sewage system:					
Miles of sanitary sewers	102	104	105	107	107
Miles of storm sewers	85	86	86	87	87
Number of treatment plants	1	1	1	1	1
Water system:					
Miles of water mains	104	107	108	108	108
Number of service connections	7,647	7,889	9,080	9,080	9,080
Number of fire hydrants	1,210	1,307	1,327	1,327	1,327

Data Source —
The City's various departments.

TABLE XXVII

2006	2007	2008	2009	2010
2	2	2	2	2
1	1	1	1	1
113	113	114	114	114
3,000	3,000	3,000	3,000	3,000
1	1	1	1	1
30	30	30	30	30
2	2	2	2	2
1	1	1	1	1
15	16	16	16	16
111	111	112	112	112
88	88	89	89	89
1	1	1	1	1
113	114	115	115	115
8,204	8,359	8,364	8,364	8,364
1,432	1,451	1,461	1,461	1,461

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