

City of Winona, Minnesota

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

*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 the Princess Wenonah Fountain in Windom Park in downtown Winona.

Cover design also by Tom Grier.

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INTRODUCTORY SECTION

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CITY OF WINONA, MINNESOTA

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May 12, 2010

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, 2009, 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 Honorable Mayor and
Members of the City Council
City of Winona
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The activities of the Housing and Redevelopment Authority of Winona (HRA) are limited to operating Department of Housing and Urban Development-sponsored projects and grants. No local financing is involved; thus, the City Council is not involved in financial oversight. Additionally, other than an irrevocable appointment by the Mayor of the HRA Board (four-year term and only one out of five HRA Board Members are from the City Council), the City exercises no control in the areas of budgeting, staff appointment, or accountability for fiscal matters. Accordingly, based on GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, the HRA does not qualify as a component unit of the City's financial statements, and the related financial statements have not been included in this report. Audited financial statements for the HRA are available upon request at its business office in Winona.

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

Local Economy:

Winona, incorporated in 1857, is located in the southeastern corner of Minnesota, two hours south of the Minneapolis/Saint Paul area and one hour east of Rochester. It is situated along the Mississippi River and is surrounded by gently sloping hills. It is in a picturesque part of the state. The City is the headquarters for the Upper Mississippi River National Wildlife and Fish Refuge and is the county seat of Winona County.

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

- Winona's highly diversified tax base that continues to experience growth in its market value (3.01% from 2009 to 2010 and 20.8% from 2005 to 2010);
- 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;
- A growing arts/tourism base with new 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 works by artists such as Vincent van Gogh, Claude Monet and Thomas Cole);
- Location in a scenic valley along the Mississippi River.

The Honorable Mayor and
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Some of the challenges that the City faces are listed below:

- Available land for the City to continue to grow;
- Transportation needs for improvements and maintenance;
- Infrastructure — maintenance costs (the City is 153 years old);
- City government financial dependency on state-provided local government aid;
- Substantial real estate is exempt from property tax, such as college campuses which still require City services.

Other key objectives of the City:

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

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 distributor of threaded fasteners and other industrial and construction supplies (founded in 1967, Fastenal’s sales in 2009 were \$1.9 billion);
- Composites
Company (customers): Fiberite Inc. (aero and computer industries)
Products: manufacturer of thermosets and molding compounds;

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- Composites
 - 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;

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

- Telecommunications 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.

- 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
Product: manufacturer of knitwear (“St. Croix” brand—international)
Located in the Winona regional area.

Major Initiatives:

Current Projects — 2009 Highlights:

- City property values increased, during 2009, through the issuance of \$57,723,130 in building permits, which includes the list below.
 - Winona State University — New residence hall (\$17,973,222)
 - Winona State University — Addition and new Wellness Center (\$14,600,000)
 - Winona County — New office building and remodel existing building (\$4,299,120)
 - Winona County Historical Society — Addition (\$3,300,000)
 - Winona State University — Electrical and HVAC remodel office space (\$1,358,000)
 - HRA — Remodeling (\$818,000)
 - Modern Transport Inc. — Fabric roof-storage building, foundation/framing (\$790,387)
 - Winona State University — Re-roof part of Lourdes Hall (\$655,000)

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- A&W Restaurants — New restaurant (\$650,000)
- Winona State University — Remodel bathrooms (\$500,000)
- Bluff City Properties — Renovate building to sleeping rooms (\$388,000)
- Home and Community Options — Construct single family dwelling for their organization(\$384,394)
- United Development, Inc. — Retail Center shell (\$371,000)
- Winona Knitting Mills — Remodel interior (\$365,000)
- Modern Transport Inc. — New fertilizer storage/transportation facility (\$250,000)
- Froedtert Malt Corporation — Demo old malt house (\$200,000)
- Residential construction — 952 permits issued for a value of \$27,260,566

Long-term Financial Planning:

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.

Replacement of gates at the flood pump station will become a project in 2010 or 2011.

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.

A T-hangar at the City Airport will be built in 2010.

A street reconstruction project (Second Street from Hamilton to Mankato) will be a 2010 project.

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

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

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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 2010 and actual revenues for 2009 and 2008:

Revenue/Sources	2010 Budget		2009 Actual		2008 Actual	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Property taxes	\$ 4,786,528	29.9 %	\$ 4,054,257	26.0 %	\$ 3,963,998	24.7 %
Franchise fees and other taxes	1,220,000	7.6	1,066,901	6.9	1,263,465	7.9
Licenses and permits	145,550	0.9	163,149	1.0	171,860	1.1
Fines and forfeits	230,000	1.4	219,823	1.4	254,135	1.6
Intergovernmental	8,504,956	53.2	9,411,833	60.4	9,394,012	58.5
Investment earnings and change in fair value of investments	30,000	0.2	34,205	0.2	179,834	1.1
Charges for services	518,738	3.3	625,720	4.0	795,851	5.0
Other	564,600	3.5	14,141	0.1	22,199	0.1
	<u>\$16,000,372</u>	<u>100.0 %</u>	<u>\$ 15,590,029</u>	<u>100.0 %</u>	<u>\$ 16,045,354</u>	<u>100.0 %</u>

Property taxes in the General Fund will be more in 2010 than in 2009 or 2008 due to an increase in property taxes for 2010. The increase in property taxes for the General Fund operations was \$355,967 for 2010. Part of the taxes levied to the County in 2009 and 2008 were paid for by State of Minnesota market value credits. The main reasons for the increase in property taxes were because of the reductions in state aid revenues and the reductions in other General Fund revenues.

Intergovernmental remains the largest percentage of General Fund revenues at 53.2% for 2010 and 60.4% for 2009. Included in this category are the State of Minnesota's payments to the City for Local Government Aid (LGA), which are to be approximately \$9,200,000 (total for all funds) for 2010 and were \$9,629,108 (total for all funds) for 2009. The State of Minnesota decreased the total LGA revenue to the City for 2009 by approximately \$530,000. Also included in 2009 and 2008 only were the Market Value credits of \$549,700 and \$555,946, respectively, for all funds. Market value credits are payments to the City, from the State of Minnesota, which lower the amount of property tax liability for a homeowner.

Included in the 2010 budget (other) is \$530,500 for transfers into the General Fund, which represent 3.3% of the total.

The Honorable Mayor and
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Expenditures:

A comparative analysis of General Fund budgeted expenditures for 2010 and actual expenditures for 2009 and 2008 is presented in the table below:

Expenditures/Uses	2010 Budget		2009 Actual		2008 Actual	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
General government	\$ 3,881,394	24.3 %	\$ 2,929,458	19.6 %	\$ 2,894,810	17.2 %
Public safety	6,718,641	42.0	6,760,096	45.1	7,841,801	46.7
Highways and streets	3,249,294	20.3	3,012,390	20.1	3,390,713	20.2
Sanitation and waste removal	52,070	0.3	54,198	0.4	50,980	0.3
Economic development	322,024	2.0	317,540	2.1	385,293	2.3
Culture and recreation	1,776,949	11.1	1,903,571	12.7	2,224,120	13.3
	<u>\$16,000,372</u>	<u>100.0 %</u>	<u>\$14,977,253</u>	<u>100.0 %</u>	<u>\$16,787,717</u>	<u>100.0 %</u>

General Government includes \$255,192 for contingencies in the 2010 budget (General Government), which represents 1.6% of the total. The amount incurred for contingencies for the 2009 actual and the 2008 actual was \$0.

Public safety remained the largest area of the General Fund expenditures during 2009 (at 45.1%) and includes the departments of the Police, Fire, Emergency Management, Safety and Health Coordinator, and Flood Control. It is important to note that 14.6% of the Police Department costs of \$620,156 for the shared facility with Winona County, called the Law Enforcement Center (“LEC”), are included in the City’s financial reports. Winona County includes the LEC in its annual budget and pays the total costs for the facility. The amount the City pays to Winona County per year is based on a contractual formula.

Highways and streets (20.1% in 2009) 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 Honorable Mayor and
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The City's Investment Policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. The pooled deposits were either insured by federal deposit insurance or collateralized. The collateral was pledged by various banks and held in safekeeping departments of banks other than the pledging bank in the name of the City.

All of the City's pooled deposits and investments at December 31, 2009, 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, 2009.

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 2009 and 2008.

As of July 1, 2005, all of the City's health plan options are consumer-driven healthcare programs combining high deductibles with individual Health Plan Accounts (HPAs) — employer-held accounts used for healthcare expenses not covered by the underlying plan. 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 2010 adopted budget of \$16,000,372 being \$913,538 less than the 2009 adopted budget (of \$16,913,910).

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 \$160 in 2009. The City believes that its current low debt per capita enables it to issue debt, if needed, for specific projects

The Honorable Mayor and
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that would greatly benefit the community. The City is more than \$43 million below Minnesota law’s legal debt margin. Debt statistics as of December 31, 2010 and 2009, follow:

Net Direct and Overlapping Debt	2009 Amount	2008 Amount	2009 Debt per Capita	2008 Debt per Capita
Net direct bonded	\$ 4,418,346	\$ 5,157,253	\$ 160	\$ 187
Overlapping	<u>20,457,916</u>	<u>15,475,841</u>	<u>742</u>	<u>564</u>
Total	<u>\$ 24,876,262</u>	<u>\$ 20,633,094</u>	<u>\$ 902</u>	<u>\$ 751</u>

Important Economic Factors:

During 2009, the City expended approximately \$1.4 million in capital assets for construction in progress. Market values in the City grew from 2009 to 2010 and continued the positive trend of growth over the last five years. Growth in values related to construction were approximately \$30.5 million for nonresidential and \$27.2 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 50% of the City’s General Fund’s revenues. (A discussion and analysis of the City’s overall financial condition during the fiscal year ended 2009 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, 2008. 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
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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 great assets and a good balance sheet, but I am most impressed by the commitment and dedication of our people. Special recognition should be given to Allyn Burgmeier, City Accountant, for his hard work in reviewing the numbers and 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,

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

Mary B. Burrichter
Finance Director

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CITY OF WINONA, MINNESOTA

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Winona
Minnesota**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2008

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.



A stylized, handwritten signature in black ink.

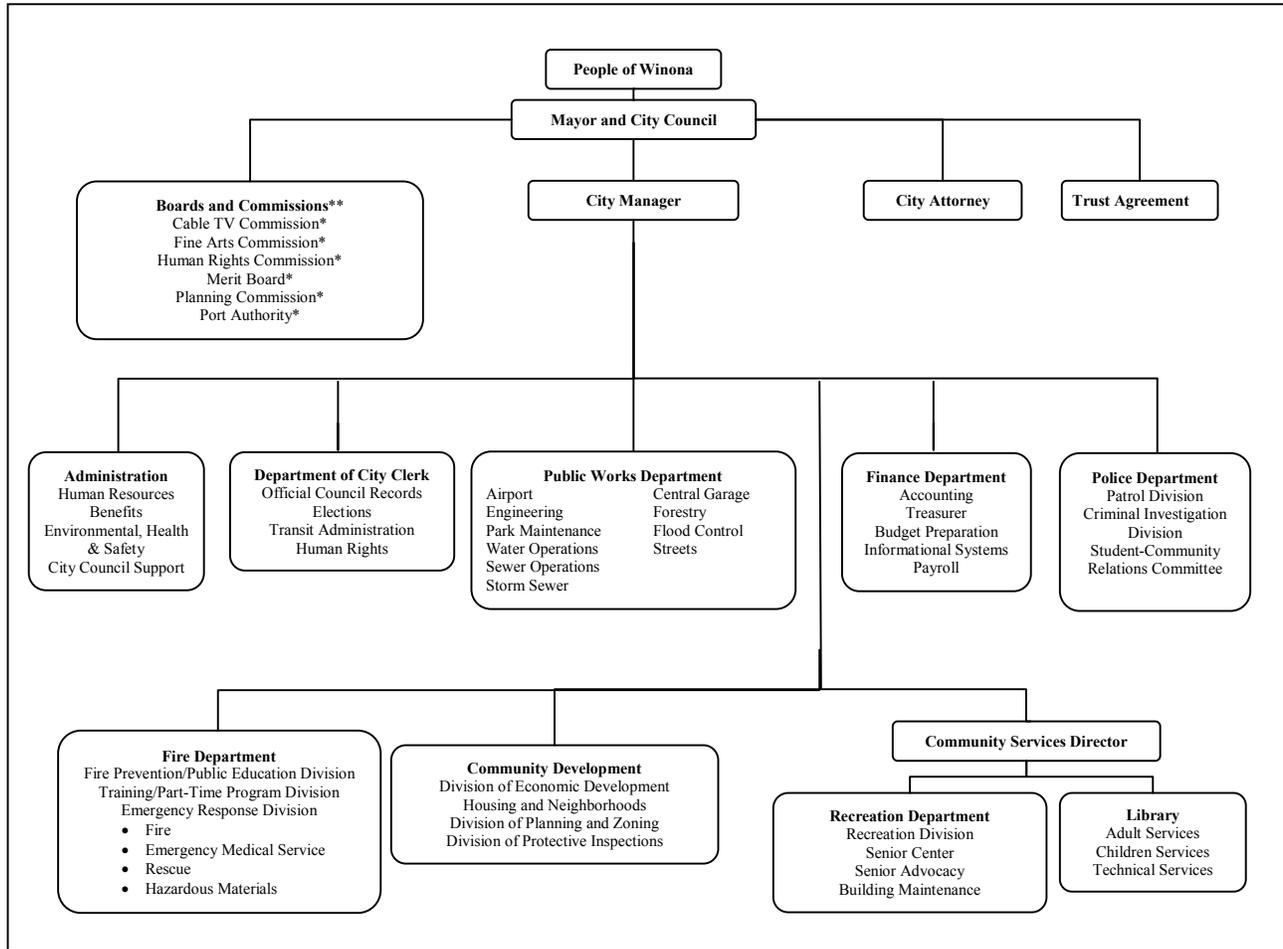
President

A handwritten signature in black ink that reads "Jeffrey R. Erner".

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, 2009

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 (was on leave for part of the year)	01/01/99	12/31/10
Dr. James Kahl (filled in 2nd Ward for Gerry Krage during the year)		
Deb Salyards, 3rd Ward	01/01/05	12/31/12
George Borzyskowski, 4th Ward	01/01/99	12/31/10
Thomas G. Breza, At-Large	01/01/99	12/31/10
Debbie White, At-Large	11/15/04	12/31/12

City Staff:

Eric B. Sorensen	City Manager
Richard Blahnik	City Attorney
Keith Nelson	Assistant City Manager for Public Works
Judith Bodway	Assistant City Manager for Economic Development
Monica Hennessy Mohan	City Clerk
Mary B. Burrichter	Finance Director
Paul Bostrack	Chief of Police (effective 4/1/09)
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 Rummigen	Central Garage Superintendent
Jack Vaughn	Street Superintendent
Jack Lipinski	Wastewater Treatment Plant Superintendent
Bob Dunn	Water Department Superintendent (effective 2/23/09)

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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, 2009, 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 2008 financial statements and, in our report dated May 20, 2009, 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, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 12, 2010, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulation, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis (MD&A) on pages 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. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information, and express no opinion on it.

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

Deloitte + Touche LLP

May 12, 2010

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, 2009. 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 \$110,435,702 (net assets). Of this amount, \$20,643,920 (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 \$1,945,867. A contributor to this was the increase in the net assets for business type activities of \$1,729,966. In the business type activities the non-current liabilities decreased by \$843,066. This was primarily due to a decrease in outstanding bonds payable of \$900,000.
- The City's governmental funds reported combined ending fund balances of \$15.6 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 \$5,597,485.
- 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 \$110,435,702 at December 31, 2009.

The largest portion of the City's net assets (65%) 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, 2009, is as follows:

Table 1
 STATEMENT OF NET ASSETS (Primary Government only) at December 31, 2009, compared to
 December 31, 2008
(In thousands)

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$29,423	\$29,645	\$16,821	\$17,062	\$ 46,244	\$ 46,707
Capital assets	<u>47,858</u>	<u>49,383</u>	<u>35,276</u>	<u>34,254</u>	<u>83,134</u>	<u>83,637</u>
Total assets	<u>\$77,281</u>	<u>\$79,028</u>	<u>\$52,097</u>	<u>\$51,316</u>	<u>\$129,378</u>	<u>\$130,344</u>
Current and other liabilities	\$ 4,280	\$ 4,758	\$ 1,707	\$ 1,755	\$ 5,987	\$ 6,513
Long-term liabilities	<u>6,621</u>	<u>8,106</u>	<u>6,334</u>	<u>7,235</u>	<u>12,955</u>	<u>15,341</u>
Total liabilities	<u>10,901</u>	<u>12,864</u>	<u>8,041</u>	<u>8,990</u>	<u>18,942</u>	<u>21,854</u>
Net assets:						
Invested in capital assets — net of related debt	42,023	42,438	29,157	27,239	71,180	69,677
Restricted	15,423	14,576	3,189	4,337	18,612	18,913
Unrestricted	<u>8,934</u>	<u>9,150</u>	<u>11,710</u>	<u>10,750</u>	<u>20,644</u>	<u>19,900</u>
Total net assets	<u>66,380</u>	<u>66,164</u>	<u>44,056</u>	<u>42,326</u>	<u>110,436</u>	<u>108,490</u>
Total liabilities and net assets	<u>\$77,281</u>	<u>\$79,028</u>	<u>\$52,097</u>	<u>\$51,316</u>	<u>\$129,378</u>	<u>\$130,344</u>

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 \$21 million) may be used to meet the City's ongoing obligations to citizens, creditors and cash flow needs.

At both December 31, 2009 and 2008, 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 \$216,000. 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 \$1.7 million. This is primarily a result of an increase in net assets in the Water Fund of \$254,000 and an increase in the Sewer Fund of \$814,000. The increase in the Water Fund was mainly due to an increase in water rates. The increase in net assets for the Sewer Fund was mainly due to operating income of approximately \$464,000 more than operating expenses, which was budgeted for future capital asset replacement. The Water Fund's noncurrent liabilities also decreased in 2009 from 2008. This was the result of the retirement of City bonds.

Governmental Activities

Governmental activities increased the City's net assets by \$215,901.

Table 2

STATEMENT OF ACTIVITIES (Primary Government only) for the year ended December 31, 2009, compared to the year ended December 31, 2008

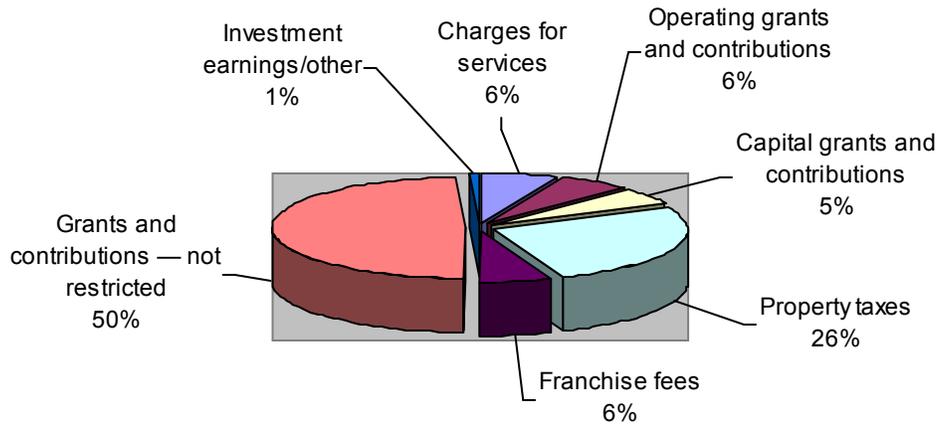
(In thousands)

	2009			2008		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
REVENUES:						
Program revenues:						
Charges for services	\$ 1,136	\$ 7,681	\$ 8,817	\$ 1,201	\$ 7,636	\$ 8,837
Operating grants and contributions	1,111	1,315	2,426	1,697	781	2,478
Capital grants and contributions	904	100	1,004	1,158	13	1,171
General revenues:						
Taxes (property)	4,711	688	5,399	4,558	677	5,235
Franchise fees	1,067		1,067	1,263		1,263
Grants and contributions not restricted	8,738	1,450	10,188	8,412	1,434	9,846
Investment earnings	130	113	243	603	550	1,153
Total revenues	<u>17,797</u>	<u>11,347</u>	<u>29,144</u>	<u>18,892</u>	<u>11,091</u>	<u>29,983</u>
EXPENSES:						
General government	3,121		3,121	3,095		3,095
Public safety	7,359		7,359	8,529		8,529
Highways and streets	3,750		3,750	4,321		4,321
Sanitation and waste removal	54		54	51		51
Economic development	804		804	755		755
Culture and recreation	1,970		1,970	2,523		2,523
Interest on long-term debt	222		222	269		269
Water		3,108	3,108		2,436	2,436
Sewer		2,493	2,493		2,373	2,373
Inspections		475	475		474	474
Airport		441	441		182	182
Public transportation		546	546		727	727
Recreation		1,665	1,665		1,841	1,841
Library		1,065	1,065		1,314	1,314
Storm sewer		125	125		136	136
Total expenses	<u>17,280</u>	<u>9,918</u>	<u>27,198</u>	<u>19,543</u>	<u>9,483</u>	<u>29,026</u>
CHANGE IN NET ASSETS BEFORE TRANSFERS	517	1,429	1,946	(651)	1,608	957
TRANSFERS	<u>(301)</u>	<u>301</u>		<u>(20)</u>	<u>20</u>	
CHANGE IN NET ASSETS	216	1,730	1,946	(671)	1,628	957
NET ASSETS — Beginning of year	<u>66,164</u>	<u>42,326</u>	<u>108,490</u>	<u>66,835</u>	<u>40,698</u>	<u>107,533</u>
NET ASSETS — End of year	<u>\$ 66,380</u>	<u>\$44,056</u>	<u>\$110,436</u>	<u>\$66,164</u>	<u>\$42,326</u>	<u>\$108,490</u>

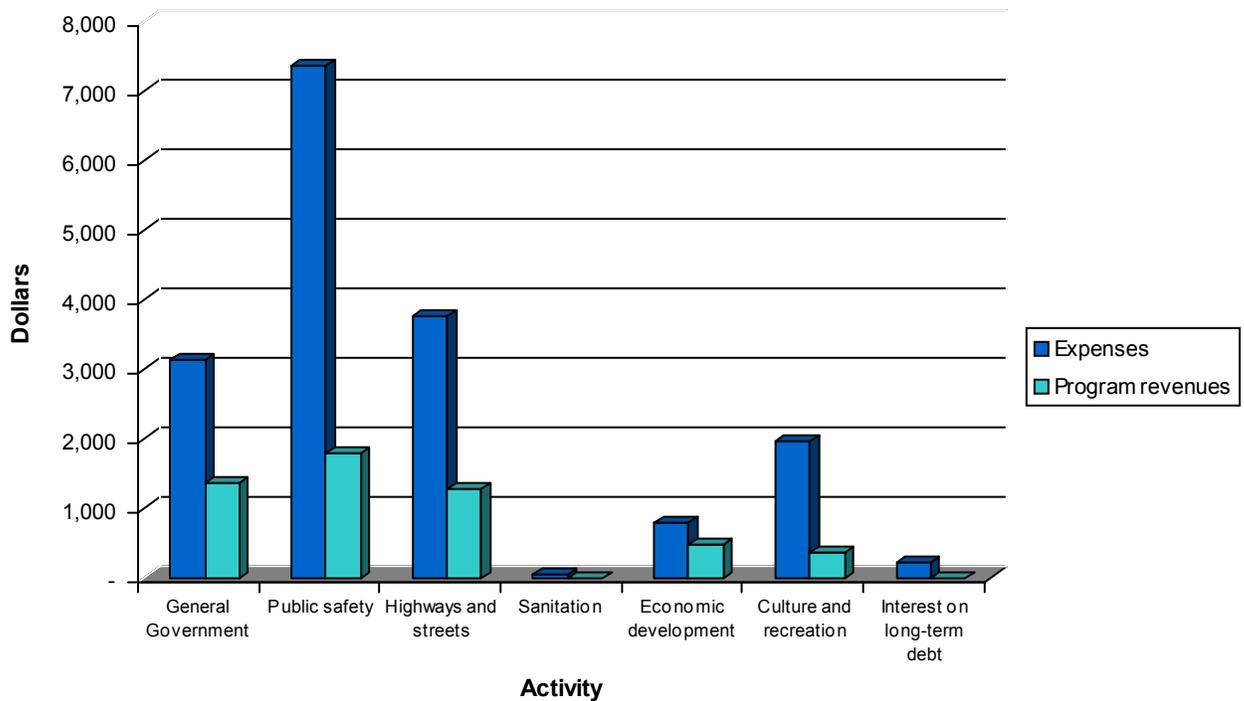
Governmental Activities (continued)

The following charts illustrate the City's governmental activities for the year ended December 31, 2009:

Revenues by Source — Governmental Activities

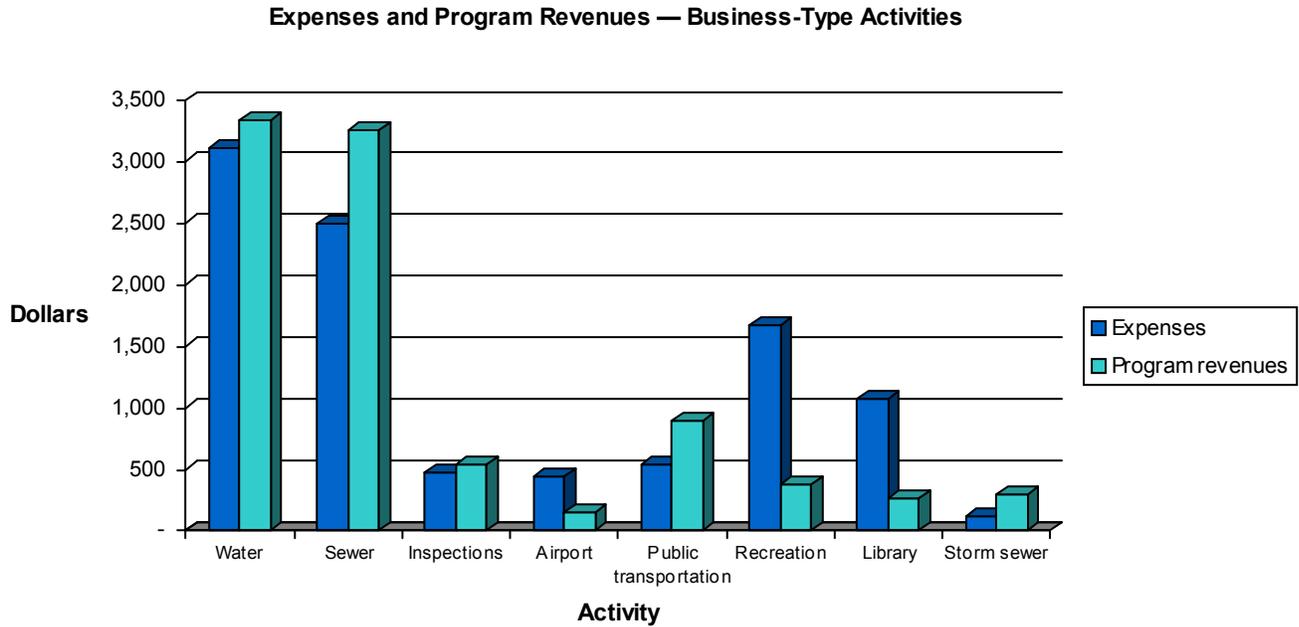


Expenses and Program Revenues — Governmental Activities



Business-Type Activities

The following charts illustrate the City’s business-type activities for the year ended December 31, 2009:



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, 2009, the unreserved, undesignated fund balance was \$0 and the unreserved, designated fund balance was \$5,597,485 for the General Fund. The remaining fund balance has been reserved for a specific purpose.

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

Permanent Improvement Revolving Bond Fund — The fund balance for this fund has decreased by \$522,021 from 2008 to 2009 due to bond principal and interest expenditures of \$1,449,454 and revenues of \$927,433 (\$448,160 property taxes, \$427,672 special assessments and \$51,601 other).

Pelzer Street Construction Fund — The fund balance is \$62,521 at December 31, 2009. The deficit fund balance, which existed in 2008, was eliminated during 2009 mainly due to a transfer in from the Municipal State Aid Capital Project Fund of \$700,000. This project will be 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 Water utility's rates were increased an average of 3% during 2009. This increase was to pay for capital improvements and increasing expenses.

Sewer Fund — The Sewer utility's rates were not directly increased during 2009. Since the charge is based on the water charge, they were indirectly increased. This increase was to pay for capital improvements and increasing expenses.

Storm Sewer Fund — This utility began in 2003 to cover the maintenance costs of handling storm water and the increased responsibilities of handling storm water due to federal requirements. During 2009, the Storm Sewer utility's rates were increased an average of 3%. This increase was to pay for capital improvements and increasing expenses.

General Fund Budgetary Highlights and Analysis

During the year there were increases of \$1,191,982 in appropriations between the General Fund original and final amended budget. Following are some of the components of the increase:

- \$516,700 was added to various departments for encumbrances from December 31, 2008;
- \$265,000 was added to various departments for an energy savings program;
- \$142,000 was added to the Park Maintenance Department for improvements at Woodlawn Cemetery;
- \$125,000 was added to the Park Maintenance Department for the payment on bluff land;
- \$50,000 was added to the Street Department for the purchase of a snowplow;
- \$40,000 was added to the Police Department for the purchase of various items due to the receipt of grants;
- \$11,000 was added to the Planning Department for the Shade Tree Program.

Following is a budget variance analysis:

- The Streets and Alleys Department had a favorable budget variance of approximately \$400,000 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 2009, the City had \$83,134,555 invested in a broad range of capital assets (net of accumulated depreciation). Refer to Note 3 of the basic financial statements for a schedule showing the City's capital asset activity.

Long-Term Debt

As of December 31, 2009, the City had \$11,700,000 in bonds and equipment certificates outstanding versus \$13,960,000 last year, a decrease of \$2,260,000. Also, as of December 31, 2009, the Port Authority had \$3,010,000 in bonds outstanding versus \$3,235,000 last year, a decrease of \$225,000. All debt is backed by the full faith and credit of the City. Refer to Note 5 of the basic financial statements for a schedule showing the City's long-term debt activity.

The City's general obligation bond rating carries 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 2009.

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 will be completed in 2010.
- As a labor-intensive organization, the City faces competitive pressures and rising costs relating to staff. The cost of the City's health benefits is approximately \$1.8 million in 2009.
- For 2009, the City offered four health plan options with consumer-driven healthcare programs that combined high deductibles with individual Health Plan Accounts (employer-held accounts used for health care expenses not covered by the underlying plan). The City will continue to pursue healthcare options that would contain costs for the City, and remain a benefit to the employees.
- City retirees have the same choice of healthcare plans that the City provides to their active employees. The City requires the former employee to pay the full group active employee cost of the plan they select. Until 2007, the benefit expired at age 65. In late 2007, the City began allowing retirees to continue their coverage beyond age 65 by continuing to pay the full group active employee cost. At this time, police sergeants have elected not to participate in the City's healthcare plan. For 2009, the City's annual other postemployment benefit cost was \$353,597. The actuarial accrued liability and the unfunded actuarial accrued liability is \$3,700,179. (The City Council has passed a resolution to begin funding the liability in 2009 for \$703,088. The \$703,088 is held in general assets and is not considered plan assets.) Nine retirees and five dependent spouses are currently covered by the City's plan. For additional detail, refer to Note 13 of the basic financial statements.
- As discussed in Note 6 to the basic financial statements, the City participates in the statewide defined benefit pension plans. The City's contributions to the Public Employees Retirement Fund in 2009 were \$428,154. The City's contributions to the Public Employees Police and Fire Fund in 2009 were \$561,293. As of December 31, 2009, the Public Employees Retirement Fund was 70% funded and the Public Employees Police and Fire Fund was 83% funded. Contribution rates were increased in 2009 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 \$17,000. The pension increase, in rates, was approved by the 2005 State of Minnesota legislature.

- The outstanding bonds for the City and the Port Authority totaled \$14,200,000 on December 31, 2009. 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 2010 the City and Port Authority's Capital Plan includes \$894,000 for Second Street reconstruction 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 2009 was at approximately \$57.7 million.
- The increase to the City's tax base during the past five years is at 20.8%.
- 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, 2009 (with comparative totals for 2008)

	Primary Government				Component Unit Unit—Port Authority	
	Governmental Activities	Business- Type Activities	2009	2008	2009	2008
ASSETS:						
Cash and cash equivalents	\$ 26,017,138	\$ 15,462,893	\$ 41,480,031	\$ 42,074,519	\$ 2,593,048	\$ 2,905,557
Restricted investments	313,516		313,516	308,555		
Receivables	1,636,538	1,474,272	3,110,810	3,135,903	22,583	8,913
Internal balances	674,105	(674,105)				
Due from component unit	24,211		24,211	48,493		
Due from other governmental units	109,043	329,303	438,346	194,265	4,621	3,966
Note receivable	588,000		588,000	588,000		
Funds held by others					100,000	100,000
Inventories		225,339	225,339	239,801		
Prepaid items	11,062	3,297	14,359	61,211	5,766	100
Deferred charges	49,266		49,266	56,876		
Properties held for development (Note 4)					4,188,790	3,762,988
Capital assets (Note 3):						
Nondepreciable	1,530,520	1,031,619	2,562,139	2,562,139		
Construction in progress	23,244,136	1,365,485	24,609,621	25,628,909		
Depreciable buildings, property, and equipment — net	4,398,652	21,637,316	26,035,968	25,262,417		
Depreciable infrastructure — net	18,684,786	11,242,040	29,926,826	30,183,569		
Capital assets — net	<u>47,858,094</u>	<u>35,276,460</u>	<u>83,134,554</u>	<u>83,637,034</u>	-	-
Total assets	<u>\$ 77,280,973</u>	<u>\$ 52,097,459</u>	<u>\$ 129,378,432</u>	<u>\$ 130,344,657</u>	<u>\$ 6,914,808</u>	<u>\$ 6,781,524</u>
LIABILITIES:						
Accounts payable	\$ 665,860	\$ 461,111	\$ 1,126,971	\$ 1,576,990	\$ 1,282	\$ 31,010
Outstanding and incurred, but not reported claims	116,463		116,463	119,452		
Accrued interest payable	82,755	103,159	185,914	220,286	54,058	58,109
Due to primary government					24,211	48,493
Deferred revenue — unearned revenue	588,928	7,626	596,554	576,874		
Noncurrent liabilities:						
Due within one year	4,251,245	2,050,546	6,301,791	6,405,628	245,000	225,000
Due in more than one year	5,195,921	5,419,116	10,615,037	12,955,592	2,765,000	3,010,000
Total liabilities	<u>10,901,172</u>	<u>8,041,558</u>	<u>18,942,730</u>	<u>21,854,822</u>	<u>3,089,551</u>	<u>3,372,612</u>
NET ASSETS:						
Invested in capital assets — net of related debt	42,023,094	29,157,211	71,180,305	69,677,034		
Restricted for:						
Police and fire retirement contribution				703,088		
OPEB — Contribution & retiree subsidy health	2,379,495	506,544	2,886,039	1,336,860		
PERA contribution	1,650,363	322,023	1,972,386			
Capital projects	914,127		914,127	852,878		
Health insurance	528,930		528,930	419,627		
Debt service	2,248,492	1,100,502	3,348,994	3,848,031	829,620	764,674
PIR Construction	837,502		837,502	848,810		
Equipment	2,808,098		2,808,098	3,693,979		
Facilities	982,473		982,473	1,302,870		
Infrastructure replacement	626,438		626,438	621,600		
Lake Winona dredging project					563,585	559,231
Water projects		800,000	800,000	2,262,375		
Other purposes (Note 1.M.)	2,132,839	459,516	2,592,355	2,714,109	2,432,052	2,085,007
Permanent funds:						
Nonexpendable — endowment	56,000		56,000	56,000		
Nonexpendable — other	258,135		258,135	252,916		
Unrestricted	<u>8,933,815</u>	<u>11,710,105</u>	<u>20,643,920</u>	<u>19,899,658</u>		
Total net assets	<u>\$ 66,379,801</u>	<u>\$ 44,055,901</u>	<u>\$ 110,435,702</u>	<u>\$ 108,489,835</u>	<u>\$ 3,825,257</u>	<u>\$ 3,408,912</u>

See notes to basic financial statements.

CITY OF WINONA, MINNESOTA

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009 (with comparative totals for 2008)**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets				Component Unit Port Authority	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		2009	2008	2009	2008
					Governmental Activities	Business-Type Activities				
GOVERNMENTAL ACTIVITIES:										
General government	\$ 3,121,449	\$ 702,919	\$ 36,429	\$ -	\$ (2,382,101)	\$ -	\$ (2,382,101)	\$ (2,261,815)		
Public safety	7,358,480	231,591	546,616		(6,580,273)		(6,580,273)	(7,309,109)		
Highways and streets	3,750,342	30,949	230,479	760,198	(2,728,716)		(2,728,716)	(3,195,897)		
Sanitation and waste removal	54,198	2,250			(51,948)		(51,948)	(48,081)		
Economic development	803,547	56,789	280,881	143,142	(322,735)		(322,735)	(242,393)		
Culture and recreation	1,969,496	111,829	16,952		(1,840,715)		(1,840,715)	(2,161,394)		
Interest on long-term debt	222,065				(222,065)		(222,065)	(269,367)		
Total governmental activities	<u>17,279,577</u>	<u>1,136,327</u>	<u>1,111,357</u>	<u>903,340</u>	<u>(14,128,553)</u>	<u>-</u>	<u>(14,128,553)</u>	<u>(15,488,056)</u>		
BUSINESS-TYPE ACTIVITIES:										
Water	3,108,385	3,323,698				215,313	215,313	989,477		
Sewer	2,493,370	2,913,380	337,500	(4,281)		753,229	753,229	483,741		
Inspections	474,607	543,769				69,162	69,162	(93,038)		
Airport	441,095	31,701	25,475	104,241		(279,678)	(279,678)	(80,880)		
Public transportation	545,624	200,234	687,816			342,426	342,426	3,399		
Recreation	1,665,488	354,471	18,358			(1,292,659)	(1,292,659)	(1,435,854)		
Library	1,064,813	16,598	245,367			(802,848)	(802,848)	(1,072,807)		
Storm sewer	124,704	297,169				172,465	172,465	153,277		
Total business-type activities	<u>9,918,086</u>	<u>7,681,020</u>	<u>1,314,516</u>	<u>99,960</u>	<u>-</u>	<u>(822,590)</u>	<u>(822,590)</u>	<u>(1,052,685)</u>		
Total primary government	<u>\$27,197,663</u>	<u>\$ 8,817,347</u>	<u>\$2,425,873</u>	<u>\$ 1,003,300</u>	<u>(14,128,553)</u>	<u>(822,590)</u>	<u>(14,951,143)</u>	<u>(16,540,741)</u>		
Component unit activities — Port Authority	<u>\$ 674,447</u>	<u>\$ 420,940</u>	<u>\$ -</u>	<u>\$ -</u>					<u>\$ (253,507)</u>	<u>\$ (166,361)</u>
General revenues:										
Taxes:										
Property taxes levied for general purposes					4,711,442	688,289	5,399,731	5,235,220	419,702	302,491
Franchise fees					1,066,901		1,066,901	1,263,465		
Grants and contributions not restricted to specific programs					8,737,980	1,450,222	10,188,202	9,845,749	171,928	31,436
Interest and investment earnings					129,573	112,603	242,176	1,152,570	19,072	88,649
Gain on sale of capital assets									59,150	8,344
Transfers					(301,442)	301,442				
Total general revenues and transfers					<u>14,344,454</u>	<u>2,552,556</u>	<u>16,897,010</u>	<u>17,497,004</u>	<u>669,852</u>	<u>430,920</u>
Change in net assets					215,901	1,729,966	1,945,867	956,263	416,345	264,559
Net assets — beginning					66,163,900	42,325,935	108,489,835	107,533,572	3,408,912	3,144,353
Net assets — ending					<u>\$ 66,379,801</u>	<u>\$44,055,901</u>	<u>\$ 110,435,702</u>	<u>\$ 108,489,835</u>	<u>\$3,825,257</u>	<u>\$3,408,912</u>

See notes to basic financial statements

CITY OF WINONA, MINNESOTA

**BALANCE SHEET — GOVERNMENTAL FUNDS
AS OF DECEMBER 31, 2009 (with comparative totals for 2008)**

ASSETS	General	Permanent	Permanent	Pelzer Street Construction	Other	Total	
		Improvement Revolving Bond	Improvement Revolving Construction		Nonmajor Governmental Funds	Governmental Funds	
						2009	2008
Cash, cash equivalents, and investments	\$ 10,058,900	\$1,779,486	\$ 835,283	\$ 62,601	\$3,548,838	\$16,285,108	\$16,542,893
Restricted investments					313,516	313,516	308,555
Receivables — net:							
Taxes	105,632	9,975			3,050	118,657	74,256
Special assessments		1,137,175				1,137,175	1,421,705
Customers and other	308,003				640	308,643	343,722
Due from other funds	150,000				43,068	193,068	193,067
Due from other governmental units	58,028	13,743			37,272	109,043	129,471
Due from component unit	24,211					24,211	48,493
Prepaid items	11,063					11,063	56,254
Accrued interest on investments	42,744	4,727	2,219		6,629	56,319	18,442
TOTAL	\$ 10,758,581	\$2,945,106	\$ 837,502	\$ 62,601	\$3,953,013	\$18,556,803	\$19,136,858
LIABILITIES AND FUND BALANCES							
LIABILITIES:							
Accounts payable	\$ 455,583	\$ 1,227	\$ -	\$ 80	\$ 10,722	\$ 467,612	\$ 946,538
Accrued salaries and compensated absences	1,110,544				25,884	1,136,428	1,062,586
Due to other funds					43,068	43,068	743,067
Deferred revenue	117,631	1,147,151			22,200	1,286,982	1,500,875
Total liabilities	1,683,758	1,148,378	-	80	101,874	2,934,090	4,253,066
FUND BALANCES (DEFICITS)							
Reserved	3,477,338	1,796,728	837,502	62,521	1,960,360	8,134,449	6,877,396
Reserved — current					258,135	258,135	252,916
Reserved — endowment					56,000	56,000	56,000
Unreserved — designated reported in:							
General fund	5,597,485					5,597,485	6,726,060
Capital projects funds					1,595,306	1,595,306	1,581,680
Unreserved — undesignated reported in:							
Capital projects funds							(598,390)
Special revenue funds					(18,662)	(18,662)	(11,870)
Total fund balances	9,074,823	1,796,728	837,502	62,521	3,851,139	15,622,713	14,883,792
TOTAL	\$ 10,758,581	\$2,945,106	\$ 837,502	\$ 62,601	\$3,953,013	\$18,556,803	\$19,136,858

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, 2009

FUND BALANCE— TOTAL GOVERNMENTAL FUNDS \$15,622,713

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	\$ 23,244,136	
Governmental capital assets	65,642,020	
Less accumulated depreciation	<u>(41,028,062)</u>	47,858,094
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		1,286,982
3. Long-term liabilities are not payable with current financial resources and are therefore not reported in the governmental funds.		(5,835,000)
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		(35,048)
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	7,486,397	
Current-year portion to business-type activities	<u>(5,895)</u>	7,480,502
7. Accrued interest is not payable with current financial resources and is therefore not reported in the governmental funds.		(82,755)
8. Note receivable in governmental funds is susceptible to full accrual on the government-wide statements:		
Note receivable	588,000	
Less unearned revenue	<u>(588,000)</u>	<u>-</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES		<u>\$66,379,801</u>

See notes to basic financial statements.

CITY OF WINONA, MINNESOTA

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES — GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009 (with comparative totals for 2008)**

	General	Permanent Improvement Revolving Bond	Permanent Improvement Revolving Construction	Pelzer Street Construction	Other Nonmajor Governmental Funds	Total Governmental Funds	
						2009	2008
REVENUES:							
General property taxes	\$ 4,054,257	\$ 448,160	\$ -	\$ -	\$ 164,624	\$ 4,667,041	\$ 4,570,426
Franchise fees	1,066,901					1,066,901	1,263,465
Special assessments		427,672				427,672	554,465
Licenses and permits	163,149					163,149	171,860
Fines and forfeits	219,823					219,823	254,135
Intergovernmental revenues	9,411,833	42,983			1,140,578	10,595,394	10,690,005
Investment earnings	81,615	8,618	6,597	2,606	28,043	127,479	533,704
Net (decrease) increase in fair value of investments	(47,410)				2,940	(44,470)	(143,270)
Charges for services	625,720				116,035	741,755	917,413
Contributions	14,141					14,141	22,199
Refunds and reimbursements							273,000
Total revenues	15,590,029	927,433	6,597	2,606	1,452,220	17,978,885	19,107,402
EXPENDITURES:							
Current:							
General government	2,895,986				114,974	3,010,960	2,983,688
Public safety	6,512,463					6,512,463	7,584,452
Highways and streets	2,856,795			8,564		2,865,359	3,306,623
Sanitation and waste removal	54,198					54,198	43,169
Economic development	317,540				455,487	773,027	754,102
Culture and recreation	1,778,571					1,778,571	2,362,062
Capital outlay:							
General government	33,471					33,471	16,151
Public safety	247,633					247,633	257,349
Highways and streets	155,596		14,055	33,131	55,984	258,766	569,367
Sanitation and waste removal							7,811
Economic development			3,850			3,850	13,046
Culture and recreation	125,000				52,623	177,623	345,466
Debt service:							
Bond principal		1,245,000			115,000	1,360,000	1,420,000
Interest and other expenditures		204,454			20,079	224,533	274,117
Total expenditures	14,977,253	1,449,454	17,905	41,695	814,147	17,300,454	19,937,403
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	612,776	(522,021)	(11,308)	(39,089)	638,073	678,431	(830,001)
OTHER FINANCING (USES) SOURCES:							
Transfer to other funds	(929,634)				(765,766)	(1,695,400)	(1,126,572)
Transfers from other funds	991,344			700,000	64,546	1,755,890	2,141,305
Total other financing sources (uses)	61,710	-	-	700,000	(701,220)	60,490	1,014,733
NET CHANGE IN FUND BALANCE	674,486	(522,021)	(11,308)	660,911	(63,147)	738,921	184,732
FUND BALANCE (DEFICIT) — January 1, 2009	8,400,337	2,318,749	848,810	(598,390)	3,914,286	14,883,792	14,699,060
FUND BALANCE — December 31, 2009	\$ 9,074,823	\$ 1,796,728	\$ 837,502	\$ 62,521	\$3,851,139	\$15,622,713	\$14,883,792

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, 2009

NET CHANGE IN FUND BALANCES — TOTAL GOVERNMENTAL FUNDS \$ 738,921

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	\$ 33,131	
Capital outlay	345,914	
Depreciation expense	<u>(1,904,166)</u>	(1,525,121)
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	44,401	
Special assessments	(284,530)	
Charges for services	11,600	
Other	<u>14,634</u>	(213,895)
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	<u>1,485,000</u>	1,485,000
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, 2009	(82,755)	
Accrued interest payable — December 31, 2008	<u>102,300</u>	19,545
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.		(280,939)
6. Bond issuance costs are amortized over the bond life and are not expended in the year of issuance.		<u>(7,610)</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES		<u>\$ 215,901</u>

See notes to basic financial statements.

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CITY OF WINONA, MINNESOTA

STATEMENT OF NET ASSETS — PROPRIETARY FUNDS AS OF DECEMBER 31, 2009 (with comparative totals for 2008)

ASSETS	Water	Sewer	Inspections	Airport	Public Transportation
CURRENT ASSETS:					
Cash and cash equivalents	\$ 5,223,222	\$ 7,901,296	\$ 245,966	\$ 785,774	\$ 126,283
Receivables — net:					
Billed	153,599	86,940			
Unbilled	463,210	254,320			
Other	1,794	401,577	6,057	1,544	56,652
Due from other funds					
Due from other governmental units				53,127	269,099
Prepaid items	273	2,271	722		
Accrued interest on investments	13,875	20,989	653	1,476	
Inventories	225,339				
Total current assets	<u>6,081,312</u>	<u>8,667,393</u>	<u>253,398</u>	<u>841,921</u>	<u>452,034</u>
PROPERTY AND EQUIPMENT —					
CAPITAL ASSETS (Note 3):					
Nondepreciable:					
Land	16,600	11,900		458,840	
Collections					
Construction in progress		1,206,875		45,668	
Depreciable:					
Buildings	7,877,257	5,277,641		1,475,550	58,140
Improvements other than buildings	9,779,143	12,219,266		950,119	62,746
Machinery and equipment	2,758,269	897,564	48,612	70,395	1,169,838
Infrastructure	4,725,591	6,572,901			
Books					
Accumulated depreciation	(9,134,952)	(12,777,785)	(39,272)	(2,006,405)	(717,541)
Total capital assets	<u>16,021,908</u>	<u>13,408,362</u>	<u>9,340</u>	<u>994,167</u>	<u>573,183</u>
TOTAL ASSETS	<u>22,103,220</u>	<u>22,075,755</u>	<u>262,738</u>	<u>1,836,088</u>	<u>1,025,217</u>
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES:					
Accounts payable	234,813	151,204	2,534	13,904	30,464
Accrued salaries and compensated absences	256,595	419,457	125,512	34,792	326
Bonds payable	617,250	297,750			
Accrued interest payable	85,730	17,429			
Due to other funds				530,000	
Deferred revenue	126				7,500
Outstanding and incurred, but not reported claims					
Total current liabilities	<u>1,194,514</u>	<u>885,840</u>	<u>128,046</u>	<u>578,696</u>	<u>38,290</u>
NONCURRENT LIABILITIES:					
Revenue bonds payable	4,675,499	524,501			
Unamortized bond premium	26,772				
Unamortized bond discount	(20,176)	(2,346)			
Total noncurrent liabilities	<u>4,682,095</u>	<u>522,155</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>5,876,609</u>	<u>1,407,995</u>	<u>128,046</u>	<u>578,696</u>	<u>38,290</u>
NET ASSETS:					
Invested in capital assets — net of related debt	10,722,563	12,588,457	9,340	994,167	573,183
Restricted (Note 8)	1,745,242	575,822	125,352	20,878	
Unrestricted	3,758,806	7,503,481		242,347	413,744
TOTAL NET ASSETS	<u>\$ 16,226,611</u>	<u>\$ 20,667,760</u>	<u>\$ 134,692</u>	<u>\$ 1,257,392</u>	<u>\$ 986,927</u>

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

Net assets of business-type activities.

See notes to basic financial statements.

Recreation	Library	Storm Sewer	Total		Governmental Activities — Internal Service Funds	
			2009	2008	2009	2008
\$ 156,637	\$ 364,963	\$ 658,752	\$ 15,462,893	\$ 15,924,643	\$ 9,732,030	\$ 9,606,983
			240,539	192,155		
			717,530	766,195		
122	168	8,522	476,436	299,962	116	
					530,000	1,000,000
4,044	3,033		329,303	64,793		
30			3,296	4,957		
56	969	1,750	39,768	14,142	15,628	5,324
			225,339	239,801		
<u>160,889</u>	<u>369,133</u>	<u>669,024</u>	<u>17,495,104</u>	<u>17,506,648</u>	<u>10,277,774</u>	<u>10,612,307</u>
	5,286	363,193	855,819	855,819		
	175,800		175,800	175,800		
112,942			1,365,485	2,417,904		
1,705,842	327,622		16,722,052	15,709,197		
1,409,077			24,420,351	23,820,020		
106,351	74,447		5,125,476	4,634,601		
		3,230,089	14,528,581	13,139,340		
	788,135		788,135	749,738		
(2,138,577)	(956,338)	(934,368)	(28,705,238)	(27,248,599)		
<u>1,195,635</u>	<u>414,952</u>	<u>2,658,914</u>	<u>35,276,461</u>	<u>34,253,820</u>	<u>-</u>	<u>-</u>
<u>1,356,524</u>	<u>784,085</u>	<u>3,327,938</u>	<u>52,771,565</u>	<u>51,760,468</u>	<u>10,277,774</u>	<u>10,612,307</u>
15,104	12,625	463	461,111	552,556	198,247	58,734
255,996	249,756	7,979	1,350,413	1,292,923	2,475,739	2,665,906
			915,000	900,000		
			103,159	117,986		
	150,000		680,000	450,000		
			7,626	7,158	928	879
					116,463	119,452
<u>271,100</u>	<u>412,381</u>	<u>8,442</u>	<u>3,517,309</u>	<u>3,320,623</u>	<u>2,791,377</u>	<u>2,844,971</u>
			5,200,000	6,115,000		
			26,772	31,234		
			(22,522)	(26,429)		
<u>-</u>	<u>-</u>	<u>-</u>	<u>5,204,250</u>	<u>6,119,805</u>	<u>-</u>	<u>-</u>
<u>271,100</u>	<u>412,381</u>	<u>8,442</u>	<u>8,721,559</u>	<u>9,440,428</u>	<u>2,791,377</u>	<u>2,844,971</u>
1,195,635	414,952	2,658,914	29,157,211	27,238,820		
436,112	274,179	11,000	3,188,585	4,337,253	6,974,308	7,389,578
(546,323)	(317,427)	649,582	11,704,210	10,743,967	512,089	377,758
<u>\$ 1,085,424</u>	<u>\$ 371,704</u>	<u>\$ 3,319,496</u>	<u>44,050,006</u>	<u>42,320,040</u>	<u>\$ 7,486,397</u>	<u>\$ 7,767,336</u>
			5,895	5,895		
			<u>\$ 44,055,901</u>	<u>\$ 42,325,935</u>		

CITY OF WINONA, MINNESOTA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS — PROPRIETARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2009 (with comparative totals for 2008)

	Water	Sewer	Inspections	Airport	Public Transportation
OPERATING REVENUES:					
Water sales	\$ 3,244,859	\$ -	\$ -	\$ -	\$ -
Sewer and storm sewer charges		2,869,999			
Permits and licenses			530,618		
Athletic fees and memberships					
Fares and passes					99,856
Rents				28,200	
Charges to city departments					
Other charges and services	54,377	23,451	13,151		100,378
Tap fees	20,000	19,930			
Library sales					
Refunds and reimbursements					
Contributions					
Other				3,502	
Total operating revenues	<u>3,319,236</u>	<u>2,913,380</u>	<u>543,769</u>	<u>31,702</u>	<u>200,234</u>
OPERATING EXPENSES:					
Salaries and employee benefits	682,696	953,651	325,653	66,017	5,683
Health insurance stop-loss premium					
Health insurance claims and fees					
Contractual services	998,284	385,772	137,927	310,510	375,123
Supplies	384,239	181,083	3,400	3,490	63,367
Maintenance of equipment	89,765	50,051			41,622
Utilities	206,275	260,839		5,758	390
Depreciation	533,838	617,747	7,628	55,320	57,698
Other expense	(10)				1,740
Total operating expenses	<u>2,895,087</u>	<u>2,449,143</u>	<u>474,608</u>	<u>441,095</u>	<u>545,623</u>
OPERATING INCOME (LOSS)	424,149	464,237	69,161	(409,393)	(345,389)
NONOPERATING REVENUES (EXPENSES):					
General property taxes				52,577	
Investment earnings	38,775	60,350	1,415	4,922	2,176
Intergovernmental revenues:					
Federal grants				104,241	446,400
State market value credits and LGA				113,831	
State grants		337,500		25,474	241,416
County					
Interest expense	(207,519)	(43,028)			
(Loss) gain B33on sale of capital asset		(4,281)			
Other revenue	4,462				
Other expense	(5,779)	(1,199)			
Nonoperating (expenses) revenues	<u>(170,061)</u>	<u>349,342</u>	<u>1,415</u>	<u>301,045</u>	<u>689,992</u>
INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	254,088	813,579	70,576	(108,348)	344,603
TRANSFERS IN			9,874	3,500	66,742
TRANSFERS OUT					
INCREASE (DECREASE) IN NET ASSETS	254,088	813,579	80,450	(104,848)	411,345
NET ASSETS — Beginning of year	<u>15,972,523</u>	<u>19,854,181</u>	<u>54,242</u>	<u>1,362,240</u>	<u>575,582</u>
NET ASSETS — End of year	<u>\$16,226,611</u>	<u>\$20,667,760</u>	<u>\$134,692</u>	<u>\$ 1,257,392</u>	<u>\$ 986,927</u>

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

Change in net assets-business-type activities

See notes to basic financial statements.

Recreation	Library	Storm Sewer	Total		Governmental Activities — Internal Service Fund	
			2009	2008	2009	2008
\$ -	\$ -	\$ -	\$ 3,244,859	\$ 3,294,000	\$ -	\$ -
		297,168	3,167,167	3,055,445		
354,375			530,618	366,946		
			354,375	394,077		
			99,856	85,032		
			28,200	28,200		
	15		191,372	243,301	1,294,125	1,444,244
			39,930	135,394	613,556	467,114
	15,513		15,513	17,076		
97	1,071		1,168	9,379	216,633	297,863
11,358	27,535		38,893	24,674		
			3,502	3,121		
<u>365,830</u>	<u>44,134</u>	<u>297,168</u>	<u>7,715,453</u>	<u>7,656,645</u>	<u>2,124,314</u>	<u>2,209,221</u>
999,541	776,550	43,709	3,853,500	4,115,219	190,471	150,910
					248,714	241,048
					1,290,431	1,507,734
155,086	114,266	16,574	2,493,542	1,956,774	360,268	379,728
160,237	52,861	779	849,456	804,014		
192,460	26,957		400,855	151,738		
68,497	23,159		564,918	645,964		
89,721	71,021	63,642	1,496,615	1,464,518		
(54)			1,676	1,791		
<u>1,665,488</u>	<u>1,064,814</u>	<u>124,704</u>	<u>9,660,562</u>	<u>9,140,018</u>	<u>2,089,884</u>	<u>2,279,420</u>
(1,299,658)	(1,020,680)	172,464	(1,945,109)	(1,483,373)	34,430	(70,199)
363,264	272,448		688,289	676,892		
278	413	4,274	112,603	549,547	46,563	212,588
			550,641	154,728		
761,858	574,533		1,450,222	1,434,092		
			604,390	413,462		
7,000	217,832		224,832	198,970		
			(250,547)	(334,456)		
			(4,281)	2,520		
			4,462	4,462		
			(6,978)	(8,998)		
<u>1,132,400</u>	<u>1,065,226</u>	<u>4,274</u>	<u>3,373,633</u>	<u>3,091,219</u>	<u>46,563</u>	<u>212,588</u>
(167,258)	44,546	176,738	1,428,524	1,607,846	80,993	142,389
191,318	91,008		362,442	84,425	853,088	390,000
		(61,000)	(61,000)	(64,170)	(1,215,020)	(1,424,988)
24,060	135,554	115,738	1,729,966	1,628,101	(280,939)	(892,599)
<u>1,061,364</u>	<u>236,150</u>	<u>3,203,758</u>	<u>42,320,040</u>	<u>40,691,939</u>	<u>7,767,336</u>	<u>8,659,935</u>
<u>\$ 1,085,424</u>	<u>\$ 371,704</u>	<u>\$3,319,496</u>	<u>44,050,006</u>	<u>42,320,040</u>	<u>\$ 7,486,397</u>	<u>\$7,767,336</u>
			5,895	5,895		
			<u>\$44,055,901</u>	<u>\$42,325,935</u>		

CITY OF WINONA, MINNESOTA

STATEMENT OF CASH FLOWS — PROPRIETARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2009 (with comparative totals for 2008)

	Water	Sewer	Inspections	Airport	Public Transportation
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers	\$ 3,319,433	\$ 2,734,754	\$ 546,389	\$ 7,295	\$ 203,431
Payments to employees	(684,738)	(920,558)	(312,028)	(63,734)	(5,560)
Payments to other funds	(67,865)		(74,317)		
Payments to suppliers	(1,662,461)	(864,917)	(70,291)	(308,721)	(493,454)
Service charges	10				
Net cash provided by (used in) operating activities	<u>904,379</u>	<u>949,279</u>	<u>89,753</u>	<u>(365,160)</u>	<u>(295,583)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
County grants					
Deferred revenue-increase					
Deferred revenue-decrease					
Due from other funds					(242,453)
Due to other funds				230,000	
Federal grants				104,241	446,400
State grants		337,500		25,474	241,416
State LGA and market value credits				113,831	
Taxes				52,577	
Contributions					
Transfers from other funds			9,874	3,500	66,742
Transfers to other funds					
Unamortized bond (premium) discount	(898)	469			
Net cash (used in) provided by noncapital financing activities	<u>(898)</u>	<u>337,969</u>	<u>9,874</u>	<u>529,623</u>	<u>512,105</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition of capital assets	(505,530)	(1,349,755)		(45,668)	(418,471)
Interest paid on capital debt	(216,350)	(49,023)			
Other fiscal agent charges	(5,780)	(1,199)			
Payments on capital debt	(612,250)	(287,750)			
Restriction of proceeds from capital debt					
Net cash used in capital and related financing activities	<u>(1,339,910)</u>	<u>(1,687,727)</u>	<u>-</u>	<u>(45,668)</u>	<u>(418,471)</u>
CASH FLOWS FROM INVESTING ACTIVITIES — Interest received	<u>29,937</u>	<u>46,638</u>	<u>892</u>	<u>4,039</u>	<u>2,468</u>
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(406,492)	(353,841)	100,519	122,834	(199,481)
CASH AND CASH EQUIVALENTS — Beginning of year	<u>5,629,714</u>	<u>8,255,137</u>	<u>145,447</u>	<u>662,940</u>	<u>325,764</u>
CASH AND CASH EQUIVALENTS — End of year	<u>\$ 5,223,222</u>	<u>\$ 7,901,296</u>	<u>\$ 245,966</u>	<u>\$ 785,774</u>	<u>\$ 126,283</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:					
Operating income (loss)	\$ 424,149	\$ 464,237	\$ 69,161	\$ (409,393)	\$ (345,389)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	533,838	617,747	7,628	55,320	57,698
Changes in assets and liabilities:					
Accounts payable	(66,224)	12,827	(3,281)	12,075	(11,212)
Compensated absences	(20,194)	11,737	3,933	1,144	
Customer receivables	(4,265)	(178,625)	2,620	(24,406)	1,817
Inventory	14,462				
Other accrued liabilities	4,462			(1,038)	1,380
Salaries and benefits payable	18,151	21,356	9,692	1,138	123
Net cash provided by (used in) operating activities	<u>\$ 904,379</u>	<u>\$ 949,279</u>	<u>\$ 89,753</u>	<u>\$ (365,160)</u>	<u>\$ (295,583)</u>

See notes to basic financial statements.

Recreation	Library	Storm Sewer	Total		Governmental Activities — Internal Service Funds	
			2009	2008	2009	2008
\$ 377,130 (987,154)	\$ 47,402 (786,507)	\$295,868 (35,730)	\$ 7,531,702 (3,796,009)	\$ 7,818,488 (3,925,007)	\$ 2,324,389	\$ 2,210,009
(587,546)	(235,873)	(23,031)	(142,182) (4,246,294)	(136,859) (3,131,999)	(2,113,502)	(2,374,341)
<u>(1,197,570)</u>	<u>(974,978)</u>	<u>237,107</u>	<u>10</u> <u>(652,773)</u>	<u>10</u> <u>624,633</u>	<u>(230,167)</u> <u>(19,280)</u>	<u>147,262</u> <u>(17,070)</u>
	217,832		217,832	200,470		3,008
				6,600		
			(242,453)	(4,246)	470,000	300,000
			230,000			
			550,641	154,729		
			604,390	411,962		
761,858	574,533		1,450,222	1,434,093		
363,264	272,448		688,289	676,892		
				63,825		
191,318	91,008		362,442	20,600	853,088	390,000
		(61,000)	(61,000)	(64,170)	(1,215,020)	(1,424,988)
			(429)	(555)		
<u>1,316,440</u>	<u>1,155,821</u>	<u>(61,000)</u>	<u>3,799,934</u>	<u>2,900,200</u>	<u>108,068</u>	<u>(731,980)</u>
(165,715)	(38,397)		(2,523,536)	(3,681,371)		
			(265,373)	(361,408)		
			(6,979)	(8,998)		
			(900,000)	(3,120,000)		
				2,289,731		
<u>(165,715)</u>	<u>(38,397)</u>	<u>-</u>	<u>(3,695,888)</u>	<u>(4,882,046)</u>	<u>-</u>	<u>-</u>
407	(357)	2,953	86,977	617,842	36,259	234,152
(46,438)	142,089	179,060	(461,750)	(739,371)	125,047	(514,898)
203,075	222,874	479,692	15,924,643	16,664,014	9,606,983	10,121,881
<u>\$ 156,637</u>	<u>\$ 364,963</u>	<u>\$658,752</u>	<u>\$15,462,893</u>	<u>\$15,924,643</u>	<u>\$ 9,732,030</u>	<u>\$ 9,606,983</u>
\$ (1,299,658)	\$ (1,020,680)	\$172,464	\$ (1,945,109)	\$ (1,483,373)	\$ 34,430	\$ (70,199)
89,721	71,021	63,642	1,496,615	1,464,518		
(11,320)	(18,631)	(5,677)	(91,443)	340,953	(4,028)	(94,921)
4,522	(24,947)	7,612	(16,193)	33,207		
4,301	3,269	(1,301)	(196,590)	157,378	(117)	2,007
			14,462	(49,520)		
7,000			11,804	4,463	(49,565)	146,043
7,864	14,990	367	73,681	157,007		
<u>\$ (1,197,570)</u>	<u>\$ (974,978)</u>	<u>\$237,107</u>	<u>\$ (652,773)</u>	<u>\$ 624,633</u>	<u>\$ (19,280)</u>	<u>\$ (17,070)</u>

CITY OF WINONA, MINNESOTA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES — TOURISM PROMOTION AGENCY FUND AS OF DECEMBER 31, 2009 (with comparative totals for 2008)

	2009	2008
ASSETS —		
Cash	\$ 23	\$ 25
Accounts receivable — total assets	<u>13,613</u>	<u>14,284</u>
Total assets	<u>\$13,636</u>	<u>\$14,309</u>
LIABILITIES —		
Accounts payable — total liabilities	<u>\$13,636</u>	<u>\$14,309</u>

See notes to basic financial statements.

CITY OF WINONA, MINNESOTA

NOTES TO BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2009

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 2009.

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 \$1,191,982 in appropriations between the General Fund original and final amended budget. Following are some of the components of the increase:

- \$516,700 was added to various departments for encumbrances from December 31, 2008;
- \$265,000 was added to various departments for an energy savings program;
- \$142,000 was added to the Park Maintenance Department for improvements at Woodlawn Cemetery;
- \$125,000 was added to the Park Maintenance Department for the payment on bluff land;
- \$50,000 was added to the Street Department for the purchase of a snowplow;
- \$40,000 was added to the Police Department for the purchase of various items due to the receipt of grants;
- \$11,000 was added to the Planning Department for the Shade Tree Program.

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	\$ 853,656
Special Revenue Funds	594,469
Risk Management	622,129
LELS Program	64
Pelzer Street Construction Fund	<u>62,521</u>
 Total Governmental	 <u>\$ 2,132,839</u>
 Business-Type Activities	
Commitments	<u>\$ 459,516</u>
 Component Unit	
Port Authority projects	<u>\$ 2,432,052</u>

The majority of the commitments are externally imposed.

N. Bond Discounts/Issuance Costs

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

O. Interfund Transactions

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

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

P. Property Taxes

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

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

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

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

Q. New Accounting Pronouncements

In 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 City does not expect the implementation to have a significant effect on the City’s basic financial statements.

In November 2007, the GASB issued Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*. This statement requires endowments to report their land and other real estate investments at fair value rather than their historical costs. The provisions of this statement were effective for fiscal 2009. The adoption of GASB Statement No. 52 in fiscal 2009 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 City does not expect the implementation to 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.

In April 2009, the GASB issued Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which moves the portions of the GAAP hierarchy that are relevant to governmental entities from the Statement of Auditing Standards No. 69 to the GASB’s authoritative literature. The objective of Statement No. 55 is to “improve

financial reporting by contributing to the GASB’s efforts to codify all GAAP for state and local governments so that they derive from a single source.” The Statement became effective upon issuance. The adoption of GASB Statement No. 55 in fiscal 2009 did not have a significant effect on the City’s basic financial statements.

In April 2009, the GASB issued Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*, which incorporates accounting and financial reporting guidance on related-party transactions, going-concern considerations, and subsequent events contained in the AICPA’s auditing literature into the GASB’s authoritative literature. The statement became effective upon issuance. The adoption of GASB Statement No. 56 in fiscal 2009 did not have a significant effect on the City’s basic financial statements.

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

A. Deposits

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

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

Deposit balances at December 31, 2009, for the City and its component unit are as follows:

Deposit Type	Bank Balances	Carrying Amount
Insured or collateralized with securities held by the City or its agent in the City's name	<u>\$ 7,546,051</u>	<u>\$ 7,209,737</u>
Primary government	<u>\$ 7,093,288</u>	<u>\$ 6,777,153</u>
Component unit	<u>\$ 452,763</u>	<u>\$ 432,584</u>

B. Investments

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

- Governmental bonds, notes, bills, and other federal government instruments

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

Primary Government

The City's balances at December 31, 2009, are as follows:

Investment Type	Carrying/ Fair Value
U.S. treasury securities	<u>\$17,232,675</u>
Money market mutual funds	<u>17,783,742</u>
Total investments, restricted cash, and escrow deposits	35,016,417
Total deposits (Note 2.A.)	<u>6,777,153</u>
Total deposits, investments, restricted cash, and escrow accounts	<u>\$41,793,570</u>

A reconciliation to the basic financial statements at December 31, 2009, is as follows:

Governmental activities:	
Governmental funds — cash and cash equivalents	\$ 16,285,108
Governmental funds — restricted investments	313,516
Internal service funds — cash and cash equivalents	9,732,030
Agency fund — cash and cash equivalents	<u>23</u>
Total governmental activities	<u>26,330,677</u>
Business-type activities:	
Enterprise funds — cash and cash equivalents	<u>15,462,893</u>
Total business-type activities	<u>15,462,893</u>
Total	<u>\$ 41,793,570</u>

As of December 31, 2009, the City had the following investments and weighted-average maturity in number of years:

Investment Type	Fair Value	Weighted-Average Maturity (Years)
U.S. Treasury Securities (excluding escrow account)	<u>\$17,232,675</u>	0.68
Total fair value	<u>\$17,232,675</u>	
Portfolio weighted average maturity		0.68

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, 2009.) Also, as of December 31, 2009, the primary government and the component unit has \$19,173,451 invested in a money market fund with a rating of AAAM/Aaa and \$738,434 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, 2009, 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, 2009, are listed below:

Maturity Year	Fair Value
2010	\$32,986,432
2011	<u>2,029,985</u>
Total	<u>\$35,016,417</u>

Component Unit

The component unit's balances at December 31, 2009, are as follows:

Investment Type	Carrying/ Fair Value
Money market mutual funds	\$2,160,464
Total deposits (Note 2.A.)	<u>432,584</u>
Total deposits and investments	<u>\$2,593,048</u>

The maturity date for securities held in investment accounts at December 31, 2009, is listed below:

Maturity Year	Fair Value
2010	<u>\$2,160,464</u>

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

3. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2009, was as follows:

	Primary Government			Ending Balance
	Beginning Balance	Increases	Decreases	
Governmental activities:				
Nondepreciable:				
Land	\$ 1,530,520	\$ -	\$ -	\$ 1,530,520
Construction in progress	23,211,005	33,131		23,244,136
Depreciable:				
Buildings and improvements	5,631,896			5,631,896
Machinery and equipment	6,782,042	454,180	(108,265)	7,127,957
Infrastructure:				
Flood control	33,000,000			33,000,000
Street system	18,073,647			18,073,647
Park	278,000			278,000
Total at historical cost	<u>88,507,110</u>	<u>487,311</u>	<u>(108,265)</u>	<u>88,886,156</u>
Less accumulated depreciation:				
Buildings and improvements	(3,054,295)	(198,667)		(3,252,962)
Machinery and equipment	(4,787,226)	(426,837)	105,824	(5,108,239)
Infrastructure:				
Flood control	(20,829,545)	(715,909)		(21,545,454)
Street system	(10,350,008)	(659,133)		(11,009,141)
Park	(102,822)	(9,444)		(112,266)
Total accumulated depreciation	<u>(39,123,896)</u>	<u>(2,009,990)</u>	<u>105,824</u>	<u>(41,028,062)</u>
Governmental activities capital assets — net	<u>\$49,383,214</u>	<u>\$(1,522,679)</u>	<u>\$ (2,441)</u>	<u>\$ 47,858,094</u>
Business-type activities:				
Nondepreciable:				
Land	\$ 855,819	\$ -	\$ -	\$ 855,819
Collections	175,800			175,800
Construction in progress	2,417,904	1,365,485	(2,417,904)	1,365,485
Depreciable:				
Buildings and improvements	39,529,217	1,613,186		41,142,403
Machinery and equipment	4,634,601	535,132	(44,257)	5,125,476
Books	749,738	38,397		788,135
Infrastructure:				
Water	4,033,977	691,614		4,725,591
Sewer	5,875,274	697,627		6,572,901
Storm sewer	3,230,089			3,230,089
Total at historical cost	<u>61,502,419</u>	<u>4,941,441</u>	<u>(2,462,161)</u>	<u>63,981,699</u>
Less accumulated depreciation:				
Buildings and improvements	(19,903,894)	(999,743)		(20,903,637)
Machinery and equipment	(3,719,531)	(181,169)	39,977	(3,860,723)
Books	(600,132)	(54,206)		(654,338)
Infrastructure:				
Water	(936,020)	(80,598)		(1,016,618)
Sewer	(1,218,296)	(117,258)		(1,335,554)
Storm sewer	(870,726)	(63,642)		(934,368)
Total accumulated depreciation	<u>(27,248,599)</u>	<u>(1,496,616)</u>	<u>39,977</u>	<u>(28,705,238)</u>
Business-type activities capital assets — net	<u>\$34,253,820</u>	<u>\$ 3,444,825</u>	<u>\$(2,422,184)</u>	<u>\$ 35,276,461</u>

Depreciation expense for governmental activities is charged to functions in 2009, as follows:

General government	\$ 136,496
Public safety	878,415
Highways and streets	828,478
Culture and recreation	<u>149,120</u>
 Total depreciation expense for governmental activities	 <u><u>\$1,992,509</u></u>

The Governmental activities accumulated depreciation “Increases” column, on the previous page, of \$2,009,990 includes \$17,481 due to capital asset transfers between the general fund and the sewer, fund.

Depreciation expense for business-type activities charged in 2009, as follows:

Water	\$ 533,839
Sewer	617,747
Inspections	7,628
Airport	55,320
Public transportation	57,698
Recreation	89,721
Library	71,021
Storm sewer	<u>63,642</u>
 Total depreciation expense for business-type activities	 <u><u>\$1,496,616</u></u>

Construction in Progress

One project is included in the capital assets — construction in progress (in the governmental activities) at December 31, 2009. This project is as follows:

Pelzer Street construction	<u><u>\$23,244,136</u></u>
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There are four projects included in the capital assets — construction in progress (in the business-type activities) at December 31, 2009. They are as follows:

Sewer — Methane burner	\$ 1,183,919
Sewer — East Garvin lift station	22,956
Airport — Hangar building	45,668
Recreation — Waterslide	<u>112,942</u>
 Total	 <u><u>\$ 1,365,485</u></u>

Component Unit

There was no capital asset activity for the year ended December 31, 2009.

4. PROPERTIES HELD FOR DEVELOPMENT

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

Development costs of \$425,802 were added during 2009 for the current purpose of building a parking lot at Fourth Avenue and Main Street. (At December 31, 2009, this property has .17 developable acres.)

5. LONG-TERM DEBT

Primary Government

A summary of bonds outstanding at year-end follows:

Bonds	Maturities	Rates	December 31, 2009
Governmental activities:			
G.O. bonds — supported by taxes	2010-2015	2.25 – 4.38%	\$ 2,001,800
G.O. bonds — supported by special assessments	2010-2015	2.25 – 5.10	<u>3,073,200</u>
Total			<u>5,075,000</u>
Business-type activities:			
Bonds	2010-2019	2.25 – 5.65	6,115,000
Add unamortized premium			26,772
Less unamortized discounts			<u>(22,522)</u>
			<u>6,119,250</u>
Total bonds outstanding			<u>\$ 11,194,250</u>

A summary of changes in bonds payable (at par) during 2009 is as follows:

Bonds	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Governmental activities:					
G.O. bonds — supported by taxes	\$ 2,398,100	\$ -	\$ (396,300)	\$ 2,001,800	\$ 396,300
G.O. bonds — supported by special assessments	<u>3,921,900</u>	<u> </u>	<u>(848,700)</u>	<u>3,073,200</u>	<u>783,700</u>
Total governmental activities	6,320,000	-	(1,245,000)	5,075,000	1,180,000
Business-type activities	<u>7,015,000</u>	<u> </u>	<u>(900,000)</u>	<u>6,115,000</u>	<u>915,000</u>
Total	<u>\$13,335,000</u>	<u>\$ -</u>	<u>\$(2,145,000)</u>	<u>\$ 11,190,000</u>	<u>\$ 2,095,000</u>

Debt service requirements to maturity as of December 31, 2009, including interest of \$1,433,137, are as follows:

Year Ending December 31	General Obligation (G.O.) Bonds			Total Bonds
	Supported by Property Taxes	Supported by Special Assessments	Supported by Water and Sewer Utilities	
2010	\$ 459,434	\$ 880,631	\$ 1,143,866	\$ 2,483,931
2011	446,609	768,042	1,149,950	2,364,601
2012	432,857	556,159	890,357	1,879,373
2013	420,524	540,335	846,731	1,807,590
2014	216,471	298,936	842,491	1,357,898
2015-2019	<u>211,486</u>	<u>292,053</u>	<u>2,226,205</u>	<u>2,729,744</u>
Total	<u>\$ 2,187,381</u>	<u>\$ 3,336,156</u>	<u>\$ 7,099,600</u>	<u>\$ 12,623,137</u>

Year Ending December 31	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2010	\$ 1,180,000	\$ 160,065	\$ 1,340,065	\$ 915,000	\$ 228,866	\$ 1,143,866
2011	1,095,000	119,651	1,214,651	960,000	189,950	1,149,950
2012	905,000	84,016	989,016	735,000	155,357	890,357
2013	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
2015-2019	<u>495,000</u>	<u>8,539</u>	<u>503,539</u>	<u>2,040,000</u>	<u>186,205</u>	<u>2,226,205</u>
Total	<u>\$ 5,075,000</u>	<u>\$ 448,537</u>	<u>\$ 5,523,537</u>	<u>\$ 6,115,000</u>	<u>\$ 984,600</u>	<u>\$ 7,099,600</u>

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

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

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

Supported by Water and 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, 2009
Governmental funds —			
G.O. Equipment Certificates	2010	3.40 %	\$ 120,000
	2011	3.45	125,000
	2012	3.50	130,000
	2013	3.55	<u>135,000</u>
	Total		<u>\$ 510,000</u>

Debt service requirements to maturity as of December 31, 2009, including interest of \$36,657, listed below for other debt are summarized as follows:

Year Ending December 31	G.O. Equipment Certificates		
	Principal	Interest	Total
2010	\$ 120,000	\$ 15,695	\$ 135,695
2011	125,000	11,499	136,499
2012	130,000	7,067	137,067
2013	<u>135,000</u>	<u>2,396</u>	<u>137,396</u>
	<u>\$ 510,000</u>	<u>\$ 36,657</u>	<u>\$ 546,657</u>

The Primary Government did not issue any bonds or certificates during 2009.

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	\$6,320,000	\$ -	\$ (1,245,000)	\$5,075,000
Note payable — land	375,000		(125,000)	250,000
Other debt	<u>625,000</u>		<u>(115,000)</u>	<u>510,000</u>
Total	<u>\$7,320,000</u>	<u>\$ -</u>	<u>\$ (1,485,000)</u>	<u>\$5,835,000</u>

A review of improvement bonds for the years 1995-2009 is as follows:

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

Component Unit

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

Bonds	Maturities	Rates	December 31, 2009
Long-term debt — G.O.	2010-2020	4.00 – 7.35%	<u>\$ 3,010,000</u>

A summary of changes in bonds payable (at par) during 2009 is as follows:

Bonds	Beginning Balance	Issued	Retired	Ending Balance
Long-term (G.O.) — bonds payable	<u>\$ 3,235,000</u>	<u>\$ -</u>	<u>\$ (225,000)</u>	<u>\$ 3,010,000</u>

Debt service requirements to maturity as of December 31, 2009, including interest of \$715,822, are listed below for general long-term debt (bonds):

Year Ending December 31	General Obligation		
	Principal	Interest	Total
2010	\$ 245,000	\$ 124,239	\$ 369,239
2011	240,000	113,483	353,483
2012	270,000	102,050	372,050
2013	275,000	89,587	364,587
2014	285,000	76,800	361,800
2015-2019	1,400,000	203,763	1,603,763
2020	<u>295,000</u>	<u>5,900</u>	<u>300,900</u>
Total	<u>\$ 3,010,000</u>	<u>\$ 715,822</u>	<u>\$ 3,725,822</u>

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

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

The Component Unit didn't issue any bonds or certificates during 2009.

Long-Term Liability Activity

Long-term liability activity for the year ended December 31, 2009, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Governmental activities:					
Bonds and certificates payable	\$ 6,945,000	\$ -	\$(1,360,000)	\$ 5,585,000	\$1,300,000
Note payable — land	375,000		(125,000)	250,000	125,000
Compensated absences	<u>3,728,492</u>	<u>34,174</u>	<u>(150,500)</u>	<u>3,612,166</u>	<u>2,826,245</u>
Total governmental activities	11,048,492	34,174	(1,635,500)	9,447,166	4,251,245
Business-type activities:					
Bonds and certificates payable	7,015,000		(900,000)	6,115,000	915,000
Compensated absences	1,292,923	87,489	(30,000)	1,350,412	1,135,546
Other	<u>4,805</u>		<u>(555)</u>	<u>4,250</u>	
Total business-type activities	<u>8,312,728</u>	<u>87,489</u>	<u>(930,555)</u>	<u>7,469,662</u>	<u>2,050,546</u>
	<u>\$19,361,220</u>	<u>\$ 121,663</u>	<u>\$(2,566,055)</u>	<u>\$16,916,828</u>	<u>\$6,301,791</u>

Compensated absences classified as long-term liabilities include unused vacation, compensated time, and sick leave estimated to be paid or used by employees for periods ending after December 31, 2009. 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 Basic Plan members and Coordinated Plan members were required to contribute 9.1% and 6.0%, respectively, of their annual covered salary in 2009. There will be no change in the contribution rates for the Coordinated Plan for 2010. PEPFF members were required to contribute 9.4% of their annual covered salary in 2009, that rate will not increase in 2010. For 2009, the City was required to contribute the following percentages of annual covered payroll: 11.78% for Basic Plan PERF members; 6.75% for Coordinated Plan PERF members; and 14.1% for PEPFF members. Employer contribution rates for the Coordinated Plan and PEPFF will increase to 7% and no increase respectively, effective January 1, 2010. The City's contributions to the PERF for the years ended December 31, 2009, 2008, and 2007, were \$428,154, \$383,206, and \$375,464, respectively. The City's contributions to the PEPFF for the years ended December 31, 2009, 2008, and 2007, were \$561,293, \$472,284,

and \$446,694, 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 2009, the ratio of assets to liabilities of PERF was 69.99% and 83.22% for PEPFF. At the end of fiscal year 2008, the ratio of assets to liabilities of PERF was 73.60% and 88.42% for PEPFF.

Schedule of Funding Progress for PERF (last nine 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

Schedule of Funding Progress for PEPFF (last nine 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

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 \$1,299, \$1,590, and \$1,386 for the years ended December 31, 2009, 2008, and 2007, respectively. The employee contributions to the PEDCP were \$1,299, \$1,590, and \$1,386 for the years ended December 31, 2009, 2008, and 2007, 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, 2009, are listed below for the primary government and the component unit.

Receivable Fund	Payable Fund	Amount	Purpose
Due to/due from Other Funds			
(Primary Government):			
General	Library	\$ 150,000	[1]
Internal service (Facilities)	Airport	530,000	[2]
Downtown 1990 CD Loan	Central City Rehab	<u>43,068</u>	[3]
Total		<u>\$ 723,068</u>	

[1] The Library Fund will repay the General Fund when it accumulates sufficient funds. The City expects the repayment to occur in 2010 or 2011.

[2] The Airport Fund will repay the Facilities Fund after it receives money from the state and federal governments for project reimbursement. The City expects the repayment to occur in 2010 or 2011.

[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 2010.

Transfers during 2009 were as follows for the primary government. (A brief summary of the transfer activity is at the end of this note.)

Primary Government	Transfers In	Transfers Out
Governmental activities:		
General (1)	\$ 101,190	\$ 10,000
General (2)	3,600	5,000
General (3)	2,000	54,546
General (4)	61,000	2,500
General (5)	91,000	3,500
General (6)	28,000	1,000
General (7)	125,000	150,000
General (8)	125,000	703,088
General (9)	100,000	
General (10)	48,596	
General (11)	163,670	
General (12)	142,000	
General (13)	288	
Pelzer Street Construction (14)	700,000	
Nonmajor Governmental Funds:		
Senior Advocacy Program (15)	54,546	
Emergency Fund (16)	10,000	
Library Memorials		65,478
Municipal State Aid		700,000
Softball Field Development		288
Total governmental funds	1,755,890	1,695,400
Internal Service Funds:		
Health Insurance (17)	150,000	
Employee Benefit Fund (18)	703,088	
Equipment Replacement		91,000
Equipment Replacement		28,000
Equipment Replacement		125,000
Equipment Replacement		125,000
Equipment Replacement		100,000
Equipment Replacement		48,596
Equipment Replacement		163,670
Equipment Replacement		142,000
Equipment Replacement		66,742
Equipment Replacement		3,530
Equipment Replacement		4,296
Equipment Replacement		31,772
Facilities		101,190
Facilities		3,600
Facilities		2,000
Facilities		146,750
Facilities		22,000
Facilities		9,874
Total internal service funds	853,088	1,215,020
Total governmental activities	2,608,978	2,910,420

	Transfers In	Transfers Out
Primary Government		
Business-type activities:		
Storm Sewer Fund	\$ -	\$ 61,000
Airport Fund (19)	3,500	
Library Fund (20)	3,530	
Library Fund (21)	22,000	
Library Fund (22)	65,478	
Inspections Fund (23)	9,874	
Public Transportation Fund (24)	66,742	
Recreation Fund (25)	146,750	
Recreation Fund (26)	31,772	
Recreation Fund (27)	4,296	
Recreation Fund (28)	5,000	
Recreation Fund (29)	2,500	
Recreation Fund (30)	1,000	
	<u>362,442</u>	<u>61,000</u>
Total business-type activities	<u>\$ 2,971,420</u>	<u>\$ 2,971,420</u>
Total Primary Government	<u>\$ 2,971,420</u>	<u>\$ 2,971,420</u>

PURPOSE OF TRANSFERS IN:

- (1) From the Facilities Fund for McKinstry energy savings projects
- (2) From the Facilities Fund for Central Fire Station lot
- (3) From the Facilities Fund for Winona Island Café Improvements
- (4) From the Storm Sewer Fund for reimbursements
- (5) From the Equipment Replacement Fund for police cars
- (6) From the Equipment Replacement Fund for fire department pickup
- (7) From the Equipment Replacement Fund for fire department fire apparatus
- (8) From the Equipment Replacement Fund for bluff land agreement
- (9) From the Equipment Replacement Fund for a street department dump truck
- (10) From the Equipment Replacement Fund for a street department snow plow
- (11) From the Equipment Replacement Fund for McKinstry energy savings projects
- (12) From the Equipment Replacement Fund for Woodlawn Cemetary
- (13) From the Bambenek Field #1 Fund for scoreboard repairs
- (14) From the Municipal State Aid Fund for Pelzer Street improvements
- (15) From the General Fund — provide subsidy to cover portion of the Senior Advocacy's operation
- (16) From the General Fund — budgeted transfer to Emergency Fund for Community Development match
- (17) From the General Fund for health insurance
- (18) From the General Fund for OPEB funding
- (19) From the General Fund for Airport trailers
- (20) From the Facilities Fund for the Library's share of the McKinstry energy savings project
- (21) From the Facilities Fund for the Recreation Fund's share of the McKinstry energy savings project
- (22) From the Library Memorials Fund for library budget reduction reimbursements
- (23) From the Facilities Fund for hazardous building demolition at 863 E. Broadway
- (24) From the Equipment Replacement Fund for transit buses
- (25) From the Facilities Fund for McKinstry energy savings projects
- (26) From the Equipment Replacement Fund for McKinstry energy savings projects
- (27) From the Equipment Replacement Fund for aquatic center water slide
- (28) From the General Fund for Lake Park Regatta
- (29) From the General Fund for Family Art Day
- (30) From the General Fund for Downtown Banners

8. FUND EQUITY

Restricted, Reserved, or Designated — Net assets, fund balances, and retained earnings in the various funds at December 31, 2009, 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	\$	555,839
Snow removal		84,789
Drug seizure and DWI penalty assessment (Police)		24,582
Boat harbor		148,446
CMH property transfer		35,000
Japanese Garden		5,000
OPEB — retiree subsidy health plan		973,319
PERA Contribution		1,650,363
P.I.R. Bond Fund — for debt payments		1,796,728
P.I.R. Construction Fund — for P.I.R. projects		837,502
Pelzer Street Construction Fund — for Pelzer Street project		62,521

Other Funds (Internal Service Funds):

Health Insurance Fund:

Health plan account		64,488
Contributed to start the fund		199,654
Health insurance		264,788
LELS Health Fund — health insurance		64

Employee Benefit Fund:

OPEB — contribution		703,088
OPEB — retiree subsidy health plan		703,088

Risk Management Fund:

Property self-insurance		202,729
Workers' compensation maximum		319,400
Emergency issues		100,000

Equipment Replacement Fund:

Equipment replacement		1,901,540
Commitments		906,558

Facilities Fund:

Commitments		135,000
Facilities		847,473

Infrastructure Replacement Fund

626,438

Nonmajor Governmental Funds:

Special Revenue Funds:

Emergency		28,502
Athletic		13,927
Library Memorials		287,612
1990 Downtown Redevelopment Grant		43,068
1994 Downtown Redevelopment Grant		143,053
Metro Plains		57
West Central Revitalization		77,565
Central City Rehab		685

Debt Service Funds:

1999B Sales Tax Revenue Bond — for Riverbend Industrial Park infrastructure/sales tax issues		132,177
Equipment Certificates — for debt payments		319,587

RESTRICTED (Continued)

Capital Projects Funds:	
Municipal State Aid — projects	\$ 81,646
Dike construction	202,477
Park Site-parks for subdivisions	104,202
Engineering projects	175,937
City building improvements	2,524
City equipment	100,475
Street reconstruction projects	3,164
High Wagon Bridge reconstruction	139,378
Aghaghming Park construction	1,832
Softball field development — improvements	101,714
Softball field development — Bambenek Field	778
Permanent Funds:	
Endowment (original contributions)	56,000
Expendable	<u>258,135</u>
Total governmental activities	<u>15,422,892</u>
<u>Major Proprietary Funds:</u>	
Water Fund:	
Commitments	800,000
Bond requirements	765,902
OPEB — retiree subsidy health plan	118,961
PERA Contribution	60,379
Sewer Fund:	
Commitments	
Bond requirements	334,600
OPEB — retiree subsidy health plan	140,590
PERA Contribution	100,632
Inspections Fund:	
Commitments	83,837
OPEB — retiree subsidy health plan	41,515
Airport Fund:	
Commitments	
OPEB — retiree subsidy health plan	10,815
PERA Contribution	10,063
Recreation Fund:	
Commitments	247,460
OPEB — retiree subsidy health plan	108,146
PERA Contribution	80,506
Library Fund:	
Commitments	117,219
OPEB — retiree subsidy health plan	86,517
PERA Contribution	70,443
Storm Sewer Fund — commitments	<u>11,000</u>
Total business-type activities	<u>3,188,585</u>
Total Restricted (Primary Government)	<u>\$ 18,611,477</u>

RESERVED — Fund Financial StatementsMajor Governmental Funds:

General Fund:

Encumbrances and commitments	\$	555,839
Snow removal		84,789
Drug seizure and DWI penalty assessment (Police)		24,582
Boat harbor		148,446
CMH property transfer		35,000
Japanese Garden		5,000
OPEB — retiree subsidy health plan		973,319
PERA Contribution		1,650,363
P.I.R. Bond Fund — for debt payments		1,796,728
P.I.R. Construction Fund — for P.I.R. projects		837,502
Pelzer Street Construction Fund — for Pelzer Street project		62,521

Other Funds (Internal Service Funds):

Health Insurance Fund:

Health plan account		64,488
Contributed to start the fund		199,654
Health insurance		264,788
LELS Health Fund — health insurance		64

Employee Benefit Fund:

OPEB — contribution		703,088
OPEB — retiree subsidy health plan		703,088

Risk Management Fund:

Property self-insurance		202,729
Workers' compensation maximum		319,400
Emergency issues		100,000

Equipment Replacement Fund:

Equipment replacement		1,901,540
Commitments		906,558

Facilities Fund:

Commitments		135,000
Facilities		847,473

Infrastructure Replacement Fund

626,438

Nonmajor Governmental Funds:

Special Revenue Funds:

Emergency		28,502
Athletic		13,927
Library Memorials		287,612
1990 Downtown Redevelopment Grant		43,068
1994 Downtown Redevelopment Grant		143,053
Metro Plains		57
West Central Revitalization		77,565
Central City Rehab		685

Debt Service Funds:

1999B Sales Tax Revenue Bond — for Riverbend Industrial Park infrastructure/sales tax issue		132,177
Equipment Certificates — for debt payments		319,587

RESERVED (Continued)

Capital Projects Funds:	
Municipal State Aid — projects	\$ 81,646
Dike construction	202,477
Park Site — parks for subdivisions	104,202
Engineering projects	175,937
City building improvements	2,524
City equipment	100,475
Street reconstruction projects	3,164
High Wagon Bridge reconstruction	139,378
Aghaghming Park construction	1,832
Softball field development — Improvements	101,714
Softball field development — Bambenek Field	778
Permanent Funds:	
Endowment (original contributions)	56,000
Current	<u>258,135</u>
Total Reserved	<u>15,422,892</u>

DESIGNATED — Fund Financial Statements

General Fund — cash flow	5,597,485
Capital Projects Funds — Infrastructure Revolving	<u>1,595,306</u>
Total Designated	<u>7,192,791</u>
Total Reserved and Designated (Primary Government)	<u>\$ 22,615,683</u>

COMPONENT UNIT

<u>Restricted — Government-Wide Financial Statements</u>	
Debt Service Funds — for debt service	\$ 829,620
Capital Projects Funds — Lake Winona dredging project	563,585
Port commitments	<u>2,432,052</u>
Total Restricted	<u>\$ 3,825,257</u>

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

Primary Government

Fund Equity Deficits — At December 31, 2009, the Senior Advocacy Program Fund, a special revenue fund, had a deficit fund balance of \$18,662. This fund had a carryover deficit of fund balance from 2008. (The deficit fund balance at December 31, 2008 was \$11,870.) The deficit fund balance should be eliminated in 2010 or 2011.

Individual Fund Disclosures — For the year ended December 31, 2009, actual expenditures exceeded the budget in the following General Fund departments:

General Fund	Budgeted	Actual	Final Variance
City manager	\$ 245,994	\$ 249,793	\$ (3,799)
Human resources	103,423	103,570	(147)
Safety and health coordinator	96,901	98,794	(1,893)
Public works	57,224	65,511	(8,287)
Compost site	46,385	54,198	(7,813)

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, 2009, the Component Unit had no fund equity deficits.

10. FUND CHANGES

Funds opened during 2009:

City — No funds were opened during 2009

Component Unit — No funds were opened during 2009

Funds closed during 2009:

City — No funds were closed during 2009

Component Unit — No funds were closed during 2009

11. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

At December 31, 2009, 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 2009, there were no significant reductions in insurance coverage from 2008 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 2009 (\$100,000 per family in 2008). Also included in the program is an aggregate excess coverage policy; for 2009, the attachment point for this policy was set at \$1,445,196. 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 2009, the City offered four health plan options with consumer-driven healthcare programs that combined high deductibles with individual Health Plan Accounts (HPAs) — employer-held accounts used for healthcare expenses not covered by the underlying plan. Eide Bailly administers the HPA accounts for these programs.

During 2009, net claims were \$1,178,286 (total claims of \$1,266,660; less pharmaceutical rebates of \$11,610 and specific and aggregate stop-loss recoveries of \$76,764 paid back to the City). Other 2009 costs are listed as follows: administrative costs of \$71,212; network fees of \$32,933; HPA reimbursements of \$25,664; and a reduction in incurred but not reported claims (over December 31, 2008) of \$51,426, 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 \$248,714; 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 \$116,463 has been accrued as a liability in the Health Insurance Fund at December 31, 2009. In addition, a reserved fund balance of \$64,488 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:

	2009	2008
Beginning of year liability	\$ 232,377	\$ 358,239
Current year claims, administration fees, and changes to estimates	1,505,383	1,622,920
Payments for claims and administration fees	<u>(1,556,809)</u>	<u>(1,748,782)</u>
End of year liability and HPA reserves	<u>\$ 180,951</u>	<u>\$ 232,377</u>

Also, effective January 1, 2003, the police officers and police sergeants left the City-sponsored health plan to enroll in a non-City-sponsored health plan. At that time, these two groups represented approximately 20% of the City's health plan. Effective January 1, 2010, the police officers' group has 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, 2009, PERF was 70.0% funded and PEPFF was 83.2% funded. As of December 31, 2008, PERF was 73.6% funded and PEPFF was 88.4% funded. (See Note 6.)

Other Post-Employment Benefits — Other Than Pensions:

Plan Description — The City of Winona administers a single-employer defined benefit healthcare plan. Retirees have the same choice of healthcare plans that the City provides to their active employees.

Funding Policy — The City requires the former employee to pay the full group active employee cost of the plan they select. Until 2007, the benefit expired at age 65. In late 2007, the City began allowing retirees to continue their coverage beyond age 65 by continuing to pay the full group active employee cost. At this time, police sergeants 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 2009, the City's annual OPEB cost (expense) of \$353,597 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. Nine retirees and five dependent spouses are currently covered by the City's plan. They paid \$66,664 in premiums at the group rate. The components of the OPEB expense is as follows:

Contribution Rates:	
City	Pay As You Go
Plan Members	N/A
Annual required contribution	\$ 427,857
Interest on net OPEB obligation	42,500
Adjustment to annual required contribution	<u>(116,760)</u>
Increase in net OPEB obligation	353,597
Net OPEB obligation, Beginning of year	<u>944,447</u>
Net OPEB obligation, End of year	<u>\$1,298,044</u>

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
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 three years is as follows:

Actuarial Valuation Date	Actuarial Value of Asset (1) (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as of Covered Payroll [(b-a)/c]
December 31, 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 healthcare liability in 2009. These assets are held in general assets (not plan assets) and are therefore not used to offset the AAL

Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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

The December 31, 2009, 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 with an ultimate rate of 5.0+%. The amortization of unfunded liabilities as a level dollar amount over 10 years was selected by the City to comply with GASB Statement No. 45 requirements. 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 2009, costs of premiums associated with the program were \$251,768 (2008 premium costs were \$254,432). There were no changes in the program for 2009 as compared to 2008.

City property is insured on a blanket basis with a limit of \$71,870,272 and \$70,549,877 for 2009 and 2008, respectively. The City also carried a \$25,000 deductible, per occurrence, for property losses for 2009 and 2008.

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 \$1,200,000 liability limit per Minnesota Statutes both in 2009 and 2008. During 2009

and 2008, costs of premiums associated with the municipal liability program were \$80,045 and \$77,649, respectively.

For 2009, the boiler and equipment breakdown policy continued with comprehensive protection of \$5,000,000 for all the City's locations with a \$25,000 deductible for 2009 (\$25,000 deductible for 2008). The 2009 premium for this option was \$7,187, and for 2008 it was \$8,325. For 2009 and 2008, the premium for mobile property was \$7,947 and \$7,720, respectively, which included comprehensive protection for equipment and replacement cost.

The LMCIT provided airport insurance for the City in 2009 and 2008. 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 2009 and 2008 costs were \$709 and \$1,347, respectively.

Premiums are charged to the funds/departments based on a formula of usage and expenditures. For the past three years, there have been no settlements paid more than the insurance coverage. The amounts paid that are less than the deductible are as follows: \$96,739 for 2009; \$47,040 for 2008; and \$11,003 for 2007.

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 2009 totaled \$261,223 (in 2008, it totaled \$275,901). The City's premiums are adjusted in future years based upon the cost of claims with the minimum cost of \$79,604 and the maximum cost of \$574,758.

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, 2009, \$319,400 has been reserved within fund balance to pay the 2009 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

* * * * *

**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, 2009 (with comparative total for 2008)

	2009				
	Budgeted Amounts		Actual	Variance With Final Budget	2008 Actual
	Original	Final			
REVENUES:					
General property taxes	\$ 4,430,561	\$ 4,430,561	\$ 4,054,257	\$ (376,304)	\$ 3,963,998
Franchise fees	1,230,000	1,230,000	1,066,901	(163,099)	1,263,465
Licenses and permits	149,100	149,100	163,149	14,049	171,860
Fines and forfeits	263,000	263,000	219,823	(43,177)	254,135
Intergovernmental revenues	9,531,714	9,565,767	9,411,833	(153,934)	9,394,012
Investment earnings	103,879	103,879	81,615	(22,264)	320,053
Net decrease in fair value of investments			(47,410)	(47,410)	(140,219)
Charges for services	644,156	660,699	625,720	(34,979)	795,851
Contributions		13,641	14,141	500	22,199
Total revenues	16,352,410	16,416,647	15,590,029	(826,618)	16,045,354
EXPENDITURES:					
General government	3,864,435	3,843,466	2,895,986	947,480	2,878,659
Public safety	7,304,566	6,765,977	6,512,463	253,514	7,584,452
Highways and streets	3,097,578	3,391,658	2,856,795	534,863	3,226,034
Sanitation and waste removal	46,385	46,385	54,198	(7,813)	43,169
Economic development	327,701	330,317	317,540	12,777	385,293
Culture and recreation	1,707,614	1,738,131	1,778,571	(40,440)	1,878,654
Capital outlay	503,750	1,060,324	561,700	498,624	791,456
Total expenditures	16,852,029	17,176,258	14,977,253	2,199,005	16,787,717
(DEFICIENCY) EXCESS OF REVENUES (UNDER) OVER EXPENDITURES	<u>(499,619)</u>	<u>(759,611)</u>	<u>612,776</u>	<u>1,372,387</u>	<u>(742,363)</u>
OTHER FINANCING SOURCES (USES):					
Operating transfers in	561,500	1,147,844	991,344	(156,500)	1,199,942
Operating transfers out	(61,881)	(929,634)	(929,634)		(421,834)
Total other financing sources (uses)	499,619	218,210	61,710	(156,500)	778,108
NET CHANGE IN FUND BALANCES		(541,401)	674,486	1,215,887	35,745
FUND BALANCE — January 1, 2009	<u>8,400,337</u>	<u>8,400,337</u>	<u>8,400,337</u>		<u>8,364,592</u>
FUND BALANCE — December 31, 2009	<u>\$ 8,400,337</u>	<u>\$ 7,858,936</u>	<u>\$ 9,074,823</u>	<u>\$ 1,215,887</u>	<u>\$ 8,400,337</u>

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CITY OF WINONA, MINNESOTA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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 \$1,191,982 in appropriations between the General Fund original and final amended budget. Following are some of the components of the increase:

- \$516,700 was added to various departments for encumbrances from December 31, 2008;
- \$265,000 was added to various departments for an energy savings program;
- \$142,000 was added to the Park Maintenance Department for improvements at Woodlawn Cemetery;

- \$125,000 was added to the Park Maintenance Department for the payment on bluff land;
 - \$50,000 was added to the Street Department for the purchase of a snowplow;
 - \$40,000 was added to the Police Department for the purchase of various items due to the receipt of grants;
 - \$11,000 was added to the Planning Department for the Shade Tree Program.
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, 2009, there were no annual appropriated budgets in which the actual expenditures exceeded the budget.

**OTHER SUPPLEMENTARY
INFORMATION**

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NONMAJOR FUNDS

Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

Debt Service Funds

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

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

Equipment Certificates of Indebtedness (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.

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

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

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

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

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

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

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

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

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

Permanent Funds

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

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

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

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

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

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

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

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

CITY OF WINONA, MINNESOTA

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

AS OF DECEMBER 31, 2009 (with comparative totals for 2008)

ASSETS	Special Revenue				
	Emergency	Athletic	Senior Advocacy Program	Library Memorials	Downtown 1990 C.D. Loan
Cash and cash equivalents	\$28,379	\$13,927	\$22,325	\$286,850	\$-
Restricted investments					
Receivables — net:					
Taxes					
Customers and other	123		506		
Due from other governmental units					
Due from other funds					43,068
Accrued interest on investments				762	
TOTAL	<u>\$28,502</u>	<u>\$13,927</u>	<u>\$22,831</u>	<u>\$287,612</u>	<u>\$43,068</u>
LIABILITIES AND FUND BALANCES (DEFICITS)					
LIABILITIES:					
Accounts payable	\$-	\$-	\$1,109	\$-	\$-
Due to other funds					
Accrued salaries and compensated absences			25,884		
Deferred revenue			14,500		
Total liabilities	<u>-</u>	<u>-</u>	<u>41,493</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS):					
Reserved	28,502	13,927		287,612	43,068
Reserved — endowment					
Reserved — current					
Unreserved — designated					
Unreserved — undesignated			(18,662)		
Total fund balances (deficits)	<u>28,502</u>	<u>13,927</u>	<u>(18,662)</u>	<u>287,612</u>	<u>43,068</u>
TOTAL	<u>\$28,502</u>	<u>\$13,927</u>	<u>\$22,831</u>	<u>\$287,612</u>	<u>\$43,068</u>

					Debt Service		
Downtown 1994 C.D. Loan	Metro Plains Housing	West Central Revitalization	Central City Rehab	Special Revenue Total	1999B G.O. Sales Tax Revenue Bond	Equipment Certificates (2006A)	Debt Service Total
\$143,316	\$ 57	\$ 77,565	\$ 8,362	\$580,781	\$ 132,177	\$317,306	\$449,483
						3,043	3,043
				629			
			35,568	35,568		1,438	1,438
				43,068			
				762		843	843
<u>\$143,316</u>	<u>\$ 57</u>	<u>\$ 77,565</u>	<u>\$ 43,930</u>	<u>\$660,808</u>	<u>\$ 132,177</u>	<u>\$322,630</u>	<u>\$454,807</u>
\$ -	\$ -	\$ -	\$ -	\$ 1,109	\$ -	\$ -	\$ -
			43,068	43,068			-
				25,884			-
<u>263</u>			<u>177</u>	<u>14,940</u>		<u>3,043</u>	<u>3,043</u>
<u>263</u>	<u>-</u>	<u>-</u>	<u>43,245</u>	<u>85,001</u>	<u>-</u>	<u>3,043</u>	<u>3,043</u>
143,053	57	77,565	685	594,469	132,177	319,587	451,764
				(18,662)			-
<u>143,053</u>	<u>57</u>	<u>77,565</u>	<u>685</u>	<u>575,807</u>	<u>132,177</u>	<u>319,587</u>	<u>451,764</u>
<u>\$143,316</u>	<u>\$ 57</u>	<u>\$ 77,565</u>	<u>\$ 43,930</u>	<u>\$660,808</u>	<u>\$ 132,177</u>	<u>\$322,630</u>	<u>\$454,807</u>

CITY OF WINONA, MINNESOTA

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

AS OF DECEMBER 31, 2009 (with comparative totals for 2008)

	Municipal State Aid	Dike Construction	Park Site	Engineering Department Projects	Boiler Construction	City Building Improve- ments
ASSETS						
Cash and cash equivalents	\$81,646	\$202,405	\$104,202	\$185,218	\$ -	\$ 2,524
Restricted investments						
Receivables — Net:						
Taxes						
Customers and other						
Due from other governmental units				266		
Due from other funds						
Accrued interest on investments		72		66		
TOTAL	<u>\$81,646</u>	<u>\$202,477</u>	<u>\$104,202</u>	<u>\$185,550</u>	<u>\$ -</u>	<u>\$ 2,524</u>
LIABILITIES AND FUND BALANCES (DEFICITS)						
LIABILITIES:						
Accounts payable	\$ -	\$ -	\$ -	\$ 9,613	\$ -	\$ -
Due to other funds						
Accrued salaries and compensated absences						
Deferred revenue						
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,613</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS):						
Reserved	81,646	202,477	104,202	175,937		2,524
Reserved — Endowment						
Reserved — Current						
Unreserved — Designated						
Unreserved — Undesignated						
Total fund balances (deficits)	<u>81,646</u>	<u>202,477</u>	<u>104,202</u>	<u>175,937</u>	<u>-</u>	<u>2,524</u>
TOTAL	<u>\$81,646</u>	<u>\$202,477</u>	<u>\$104,202</u>	<u>\$185,550</u>	<u>\$ -</u>	<u>\$ 2,524</u>

Capital Projects

			High Wagon				
City Equipment	Infra- structure Revolving	Street Recon- struction	Bridge Recon- struction	Aghaghming Park Construction	Softball Field Development	Bambenek Field #1	Capital Projects Total
\$ 100,475	\$1,591,079	\$3,164	\$143,537	\$ 1,832	\$101,714	\$ 778	\$2,518,574
	7						7
							266
	4,227		51				4,416
<u>\$ 100,475</u>	<u>\$1,595,313</u>	<u>\$3,164</u>	<u>\$143,588</u>	<u>\$ 1,832</u>	<u>\$101,714</u>	<u>\$ 778</u>	<u>\$2,523,263</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,613
	7		4,210				4,217
-	7	-	4,210	-	-	-	13,830
100,475		3,164	139,378	1,832	101,714	778	914,127
	1,595,306						1,595,306
<u>100,475</u>	<u>1,595,306</u>	<u>3,164</u>	<u>139,378</u>	<u>1,832</u>	<u>101,714</u>	<u>778</u>	<u>2,509,433</u>
<u>\$ 100,475</u>	<u>\$1,595,313</u>	<u>\$3,164</u>	<u>\$143,588</u>	<u>\$ 1,832</u>	<u>\$101,714</u>	<u>\$ 778</u>	<u>\$2,523,263</u>

CITY OF WINONA, MINNESOTA

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

AS OF DECEMBER 31, 2009 (with comparative totals for 2008)

	Permanent Funds				
	Bell Art Endow- ment	Laird and Bell Endowment	C.M. Youman Memorial	H.C. Garvin Winona Civic	Dr. C. A. Rohrer
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted investments	5,487	12,335	11,546	228,920	17,386
Receivables — net:					
Taxes					
Customers and other					
Due from other governmental units					
Due from other funds					
Accrued interest on investments				608	
TOTAL	<u>\$ 5,487</u>	<u>\$ 12,335</u>	<u>\$ 11,546</u>	<u>\$ 229,528</u>	<u>\$ 17,386</u>
LIABILITIES AND FUND BALANCES (DEFICITS)					
LIABILITIES:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds					
Accrued salaries and compensated absences					
Deferred revenue					
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS):					
Reserved					
Reserved — endowment	5,000	10,000	2,000	35,000	2,000
Reserved — current	487	2,335	9,546	194,528	15,386
Unreserved — designated					
Unreserved — undesignated					
Total fund balances (deficits)	<u>5,487</u>	<u>12,335</u>	<u>11,546</u>	<u>229,528</u>	<u>17,386</u>
TOTAL	<u>\$ 5,487</u>	<u>\$ 12,335</u>	<u>\$ 11,546</u>	<u>\$ 229,528</u>	<u>\$ 17,386</u>

Leonhard Fried Educational	Mielimonka Library	Permanent Funds Total	Total Nonmajor Governmental Funds	
			2009	2008
\$ - 35,666	\$ - 2,176	\$ - 313,516	\$ 3,548,838 313,516	\$3,592,588 308,555
11		11	3,050 640 37,272 43,068	2,021 17,687 23,601 43,067
		608	6,629	3,074
<u>\$35,677</u>	<u>\$ 2,176</u>	<u>\$314,135</u>	<u>\$ 3,953,013</u>	<u>\$3,990,593</u>
\$ -	\$ -	\$ -	\$ 10,722 43,068 25,884 22,200	\$ 8,245 43,067 18,460 6,535
-	-	-	101,874	76,307
35,677	2,000 176	56,000 258,135	1,960,360 56,000 258,135 1,595,306 (18,662)	2,035,560 56,000 252,916 1,581,680 (11,870)
<u>35,677</u>	<u>2,176</u>	<u>314,135</u>	<u>3,851,139</u>	<u>3,914,286</u>
<u>\$35,677</u>	<u>\$ 2,176</u>	<u>\$314,135</u>	<u>\$ 3,953,013</u>	<u>\$3,990,593</u>

CITY OF WINONA, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2009 (with comparative totals for 2008)

	Special Revenue					
	Emergency	Athletic	Senior Advocacy Program	Library Memorials	Downtown 1990 C.D. Loan	Downtown 1994 C.D. Loan
REVENUES:						
General property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues			22,288			
Investment earnings		98	147	2,593		
Net decrease in fair value of investments						
Charges for services	<u>37,195</u>	<u>1,000</u>	<u>31,201</u>	<u>25,857</u>		<u>5,629</u>
Total revenues	<u>37,195</u>	<u>1,098</u>	<u>53,636</u>	<u>28,450</u>	<u>-</u>	<u>5,629</u>
EXPENDITURES:						
General government			114,974			
Economic development	30,100				89,986	16,750
Culture and recreation		691				
Capital outlay						
Debt service:						
Bond principal						
Interest and other expenditures						
Total expenditures	<u>30,100</u>	<u>691</u>	<u>114,974</u>	<u>-</u>	<u>89,986</u>	<u>16,750</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>7,095</u>	<u>407</u>	<u>(61,338)</u>	<u>28,450</u>	<u>(89,986)</u>	<u>(11,121)</u>
OTHER FINANCING SOURCES (USES):						
Transfers to other funds				(65,478)		
Transfers from other funds	<u>10,000</u>		<u>54,546</u>			
Total other financing sources (uses)	<u>10,000</u>	<u>-</u>	<u>54,546</u>	<u>(65,478)</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	17,095	407	(6,792)	(37,028)	(89,986)	(11,121)
FUND BALANCES (DEFICITS) — January 1, 2009	<u>11,407</u>	<u>13,520</u>	<u>(11,870)</u>	<u>324,640</u>	<u>133,054</u>	<u>154,174</u>
FUND BALANCES (DEFICITS) — December 31, 2009	<u>\$28,502</u>	<u>\$13,927</u>	<u>\$(18,662)</u>	<u>\$287,612</u>	<u>\$ 43,068</u>	<u>\$143,053</u>

Metro Plains Housing	West Central Revitalization	Central City Rehab	Special Revenue Total	Debt Service		
				1999B G.O. Sales Tax Revenue Bond	Equipment Certificates (2006A)	Debt Service Total
\$ 9,591	\$ -	\$ -	\$ 9,591	\$ -	\$ 131,134	\$ 131,134
		280,881	303,169		12,568	12,568
			2,838	973	1,617	2,590
		1,150	102,032			
<u>9,591</u>	<u>-</u>	<u>282,031</u>	<u>417,630</u>	<u>973</u>	<u>145,319</u>	<u>146,292</u>
9,591	27,489	281,571	114,974			
			455,487			
			691		115,000	115,000
					20,079	20,079
<u>9,591</u>	<u>27,489</u>	<u>281,571</u>	<u>571,152</u>	<u>-</u>	<u>135,079</u>	<u>135,079</u>
	(27,489)	460	(153,522)	973	10,240	11,213
			(65,478)			
			64,546			
<u>-</u>	<u>-</u>	<u>-</u>	<u>(932)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	(27,489)	460	(154,454)	973	10,240	11,213
<u>57</u>	<u>105,054</u>	<u>225</u>	<u>730,261</u>	<u>131,204</u>	<u>309,347</u>	<u>440,551</u>
<u>\$ 57</u>	<u>\$ 77,565</u>	<u>\$ 685</u>	<u>\$ 575,807</u>	<u>\$ 132,177</u>	<u>\$ 319,587</u>	<u>\$ 451,764</u>

CITY OF WINONA, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2009 (with comparative totals for 2008)

	Municipal State Aid	Dike Construction	Park Site	Engineering Department Projects	Boiler Construction	City Building Improvements
REVENUES:						
General property taxes	\$ -	\$ -	\$ -	\$ 23,899	\$ -	\$ -
Intergovernmental revenues	760,198			47,691		
Investment earnings	1,820	1,563	767	1,235		19
Net decrease in fair value of investments						
Charges for services						
Total revenues	<u>762,018</u>	<u>1,563</u>	<u>767</u>	<u>72,825</u>	<u>-</u>	<u>19</u>
EXPENDITURES:						
General government						
Economic development						
Culture and recreation						
Capital outlay				55,984		
Debt service:						
Bond principal						
Interest and other expenditures						
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,984</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>762,018</u>	<u>1,563</u>	<u>767</u>	<u>16,841</u>		<u>19</u>
OTHER FINANCING SOURCES (USES):						
Transfers to other funds	(700,000)					
Transfers from other funds						
Total other financing sources (uses)	<u>(700,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	62,018	1,563	767	16,841		19
FUND BALANCES (DEFICITS) — January 1, 2009	<u>19,628</u>	<u>200,914</u>	<u>103,435</u>	<u>159,096</u>		<u>2,505</u>
FUND BALANCES (DEFICITS) — December 31, 2009	<u>\$ 81,646</u>	<u>\$ 202,477</u>	<u>\$ 104,202</u>	<u>\$ 175,937</u>	<u>\$ -</u>	<u>\$ 2,524</u>

Capital Projects

City Equipment	Infra- structure Revolving	Street Recon- struction	High Wagon Bridge Recon- struction	Aghaghming Park Construction	Softball Field Development	Bam benek Field #1	Capital Projects Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,899
738	12,308	24	1,082	13	693	16,952 74	824,841 20,336
<u>738</u>	<u>13,188</u>	<u>24</u>	<u>4,210</u>	<u>13</u>	<u>8,475</u>	<u>17,026</u>	<u>14,003</u>
<u>738</u>	<u>13,626</u>	<u>24</u>	<u>5,292</u>	<u>13</u>	<u>9,168</u>	<u>17,026</u>	<u>883,079</u>
						51,932	51,932 55,984
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,932</u>	<u>107,916</u>
<u>738</u>	<u>13,626</u>	<u>24</u>	<u>5,292</u>	<u>13</u>	<u>9,168</u>	<u>(34,906)</u>	<u>775,163</u>
						(288)	(700,288)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(288)</u>	<u>(700,288)</u>
738	13,626	24	5,292	13	9,168	(35,194)	74,875
<u>99,737</u>	<u>1,581,680</u>	<u>3,140</u>	<u>134,086</u>	<u>1,819</u>	<u>92,546</u>	<u>35,972</u>	<u>2,434,558</u>
<u>\$ 100,475</u>	<u>\$1,595,306</u>	<u>\$3,164</u>	<u>\$139,378</u>	<u>\$ 1,832</u>	<u>\$101,714</u>	<u>\$ 778</u>	<u>\$2,509,433</u>

CITY OF WINONA, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2009 (with comparative totals for 2008)

	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	41	88	85	1,772
Net decrease in fair value of investments				
Charges for services				
Total revenues	<u>41</u>	<u>88</u>	<u>85</u>	<u>1,772</u>
EXPENDITURES:				
General government				
Economic development				
Culture and recreation				
Capital outlay				
Debt service:				
Bond principal				
Interest and other expenditures				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>41</u>	<u>88</u>	<u>85</u>	<u>1,772</u>
OTHER FINANCING SOURCES (USES):				
Transfers to other funds				
Transfers from other funds				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	41	88	85	1,772
FUND BALANCES (DEFICITS) — January 1, 2009	<u>5,446</u>	<u>12,247</u>	<u>11,461</u>	<u>227,756</u>
FUND BALANCES (DEFICITS) — December 31, 2009	<u>\$ 5,487</u>	<u>\$ 12,335</u>	<u>\$ 11,546</u>	<u>\$ 229,528</u>

Dr. C. A. Rohrer	Leonhard Fried Educational	Mielimonka Library	Permanent Funds Total	Total Nonmajor Governmental Funds	
				2009	2008
\$ -	\$ -	\$ -	\$ -	\$ 164,624	\$ 166,387
128	151	14	2,279	1,140,578	1,251,778
	2,940		2,940	28,043	122,911
				2,940	(3,051)
				<u>116,035</u>	<u>121,562</u>
<u>128</u>	<u>3,091</u>	<u>14</u>	<u>5,219</u>	<u>1,452,220</u>	<u>1,659,587</u>
				114,974	105,029
				455,487	368,809
				52,623	483,408
				55,984	148,908
				115,000	110,000
				<u>20,079</u>	<u>24,322</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>814,147</u>	<u>1,240,476</u>
<u>128</u>	<u>3,091</u>	<u>14</u>	<u>5,219</u>	<u>638,073</u>	<u>419,111</u>
				(765,766)	(704,738)
				<u>64,546</u>	<u>337,334</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(701,220)</u>	<u>(367,404)</u>
128	3,091	14	5,219	(63,147)	51,707
<u>17,258</u>	<u>32,586</u>	<u>2,162</u>	<u>308,916</u>	<u>3,914,286</u>	<u>3,862,579</u>
<u>\$ 17,386</u>	<u>\$ 35,677</u>	<u>\$ 2,176</u>	<u>\$ 314,135</u>	<u>\$ 3,851,139</u>	<u>\$ 3,914,286</u>

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INTERNAL SERVICE FUNDS

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

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

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

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

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

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

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

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

CITY OF WINONA, MINNESOTA

INTERNAL SERVICE FUNDS COMBINING BALANCE SHEET

AS OF DECEMBER 31, 2009 (with comparative totals for 2008)

	Health Insurance	LELS Health	Employee Benefit	Risk Manage- ment
ASSETS				
Cash and cash equivalents	\$644,957	\$196,600	\$ 3,881,915	\$ 1,132,456
Receivables — Net — Customers and other	116			
Due from other funds				
Accrued interest on investments	<u>1,713</u>	<u> </u>	<u> </u>	<u>3,008</u>
TOTAL	<u><u>\$646,786</u></u>	<u><u>\$196,600</u></u>	<u><u>\$ 3,881,915</u></u>	<u><u>\$ 1,135,464</u></u>
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable	\$ 465	\$196,536	\$ -	\$ 1,246
Accrued salaries and compensation			2,475,739	
Deferred revenue	928			
Outstanding and incurred, but not reported claims	<u>116,463</u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>117,856</u>	<u>196,536</u>	<u>2,475,739</u>	<u>1,246</u>
FUND BALANCES:				
Reserved	528,930	64	1,406,176	622,129
Unreserved reported in — Internal Service Fund	<u> </u>	<u> </u>	<u> </u>	<u>512,089</u>
Total fund balances	<u>528,930</u>	<u>64</u>	<u>1,406,176</u>	<u>1,134,218</u>
TOTAL	<u><u>\$646,786</u></u>	<u><u>\$196,600</u></u>	<u><u>\$ 3,881,915</u></u>	<u><u>\$ 1,135,464</u></u>

Equipment Replace- ment	Facilities	Infrastructure Replace- ment	Total	
			2009	2008
\$ 2,570,659	\$ 680,665	\$ 624,778	\$ 9,732,030	\$ 9,606,983
			116	
230,000	300,000		530,000	1,000,000
<u>7,439</u>	<u>1,808</u>	<u>1,660</u>	<u>15,628</u>	<u>5,324</u>
<u>\$ 2,808,098</u>	<u>\$ 982,473</u>	<u>\$ 626,438</u>	<u>\$ 10,277,774</u>	<u>\$ 10,612,307</u>
\$ -	\$ -	\$ -	\$ 198,247	\$ 58,734
			2,475,739	2,665,906
			928	879
			<u>116,463</u>	<u>119,452</u>
			<u>2,791,377</u>	<u>2,844,971</u>
2,808,098	982,473	626,438	6,974,308	7,389,578
			<u>512,089</u>	<u>377,758</u>
<u>2,808,098</u>	<u>982,473</u>	<u>626,438</u>	<u>7,486,397</u>	<u>7,767,336</u>
<u>\$ 2,808,098</u>	<u>\$ 982,473</u>	<u>\$ 626,438</u>	<u>\$ 10,277,774</u>	<u>\$ 10,612,307</u>

CITY OF WINONA, MINNESOTA

INTERNAL SERVICE FUNDS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2009 (with comparative totals for 2008)

	Health Insurance	LELS Health	Employee Benefit	Risk Manage- ment
OPERATING REVENUES:				
Charges to city departments	\$1,294,125	\$ -	\$ -	\$ -
Other charges and services	420,730		190,471	
Refunds and reimbursements	<u>2,989</u>			<u>196,927</u>
Total operating revenues	<u>1,717,844</u>	<u>-</u>	<u>190,471</u>	<u>196,927</u>
OPERATING EXPENSES:				
Salaries and employee benefits			190,471	
Health insurance claims and fees	1,290,431			
Health insurance stop-loss premium	248,714			
Contractual services	<u>223,529</u>			<u>96,739</u>
Total operating expenses	<u>1,762,674</u>	<u>-</u>	<u>190,471</u>	<u>96,739</u>
OPERATING (LOSS) INCOME	(44,830)	-	-	100,188
NONOPERATING REVENUES —				
Investment earnings	<u>4,133</u>			<u>7,922</u>
Total nonoperating revenues	<u>4,133</u>	<u>-</u>	<u>-</u>	<u>7,922</u>
(LOSS) INCOME BEFORE TRANSFERS	(40,697)	-	-	108,110
TRANSFERS IN	150,000		703,088	
TRANSFERS OUT				
INCREASE (DECREASE) IN NET ASSETS	109,303	-	703,088	108,110
NET ASSETS — Beginning of year	<u>419,627</u>	<u>64</u>	<u>703,088</u>	<u>1,026,108</u>
NET ASSETS — End of year	<u>\$ 528,930</u>	<u>\$ 64</u>	<u>\$1,406,176</u>	<u>\$ 1,134,218</u>

Equipment Replace- ment	Facilities	Infrastructure Replace- ment	Totals	
			2009	2008
\$ -	\$ -	\$ -	\$1,294,125	\$ 1,444,244
	2,355		613,556	467,114
<u>16,717</u>	<u> </u>	<u> </u>	<u>216,633</u>	<u>297,863</u>
<u>16,717</u>	<u>2,355</u>	<u>-</u>	<u>2,124,314</u>	<u>2,209,221</u>
			190,471	150,910
			1,290,431	1,507,734
			248,714	241,048
	<u>40,000</u>	<u> </u>	<u>360,268</u>	<u>379,728</u>
<u>-</u>	<u>40,000</u>	<u>-</u>	<u>2,089,884</u>	<u>2,279,420</u>
16,717	(37,645)	-	34,430	(70,199)
<u>27,008</u>	<u>2,662</u>	<u>4,838</u>	<u>46,563</u>	<u>212,588</u>
<u>27,008</u>	<u>2,662</u>	<u>4,838</u>	<u>46,563</u>	<u>212,588</u>
43,725	(34,983)	4,838	80,993	142,389
			853,088	390,000
<u>(929,606)</u>	<u>(285,414)</u>	<u> </u>	<u>(1,215,020)</u>	<u>(1,424,988)</u>
(885,881)	(320,397)	4,838	(280,939)	(892,599)
<u>3,693,979</u>	<u>1,302,870</u>	<u>621,600</u>	<u>7,767,336</u>	<u>8,659,935</u>
<u>\$2,808,098</u>	<u>\$ 982,473</u>	<u>\$ 626,438</u>	<u>\$7,486,397</u>	<u>\$ 7,767,336</u>

CITY OF WINONA, MINNESOTA

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2009 (with comparative totals for 2008)

	Health Insurance	LELS Health	Employee Benefit
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers	\$ 1,718,655	\$ 199,264	\$ 190,471
Service charges			(190,167)
Payments to suppliers	<u>(1,768,075)</u>	<u>(58,711)</u>	<u>(190,471)</u>
Net cash (used in) provided by operating activities	<u>(49,420)</u>	<u>140,553</u>	<u>(190,167)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Deferred revenue — increase			
Deferred revenue — decrease			
Due from other funds			
Transfers to other funds			
Transfers from other funds	<u>150,000</u>	<u> </u>	<u>703,088</u>
Net cash provided by (used in) noncapital financing activities	<u>150,000</u>	<u>-</u>	<u>703,088</u>
CASH FLOWS FROM INVESTING ACTIVITIES —			
Interest received	<u>2,905</u>	<u> </u>	<u> </u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	103,485	140,553	512,921
CASH AND CASH EQUIVALENTS — Beginning of year	<u>541,472</u>	<u>56,047</u>	<u>3,368,994</u>
CASH AND CASH EQUIVALENTS — End of year	<u>\$ 644,957</u>	<u>\$ 196,600</u>	<u>\$ 3,881,915</u>
RECONCILIATION OF OPERATING (LOSS) INCOME TO NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES:			
Operating (loss) income	\$ (44,830)	\$ -	\$ -
Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities —			
Changes in assets and liabilities:			
Customer receivables	(117)		
Accounts payable	(4,522)		
Other accrued liabilities	<u>49</u>	<u>140,553</u>	<u>(190,167)</u>
Net cash (used in) provided by operating activities	<u>\$ (49,420)</u>	<u>\$ 140,553</u>	<u>\$ (190,167)</u>

Risk Management	Equipment Replacement	Facilities	Infrastructure Replacement	Total	
				2009	2008
\$ 196,927	\$ 16,717	\$ 2,355	\$ -	\$ 2,324,389	\$ 2,210,009
(96,245)		(40,000)		(230,167)	147,262
<u>100,682</u>	<u>16,717</u>	<u>(37,645)</u>	<u>-</u>	<u>(19,280)</u>	<u>(17,070)</u>
				-	3,008
	(230,000)	700,000		-	-
	(929,606)	(285,414)		470,000	300,000
				(1,215,020)	(1,424,988)
				<u>853,088</u>	<u>390,000</u>
<u>-</u>	<u>(1,159,606)</u>	<u>414,586</u>	<u>-</u>	<u>108,068</u>	<u>(731,980)</u>
<u>5,859</u>	<u>22,864</u>	<u>1,004</u>	<u>3,627</u>	<u>36,259</u>	<u>234,152</u>
106,541	(1,120,025)	377,945	3,627	125,047	(514,898)
<u>1,025,915</u>	<u>3,690,684</u>	<u>302,720</u>	<u>621,151</u>	<u>9,606,983</u>	<u>10,121,881</u>
<u>\$ 1,132,456</u>	<u>\$ 2,570,659</u>	<u>\$ 680,665</u>	<u>\$ 624,778</u>	<u>\$ 9,732,030</u>	<u>\$ 9,606,983</u>
\$ 100,188	\$ 16,717	\$ (37,645)	\$ -	\$ 34,430	\$ (70,199)
494				(117)	2,007
				(4,028)	(94,921)
				<u>(49,565)</u>	<u>146,043</u>
<u>\$ 100,682</u>	<u>\$ 16,717</u>	<u>\$ (37,645)</u>	<u>\$ -</u>	<u>\$ (19,280)</u>	<u>\$ (17,070)</u>

CITY OF WINONA, MINNESOTA

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES — TOURISM PROMOTION AGENCY FUND FOR THE YEAR ENDED DECEMBER 31, 2009

	Beginning Balance	Increases	Decreases	Ending Balance
ASSETS:				
Cash and cash equivalents	\$ 25	\$ 250,655	\$ 250,657	\$ 23
Accounts receivable	<u>14,284</u>	<u>13,613</u>	<u>14,284</u>	<u>13,613</u>
Total assets	<u>\$ 14,309</u>	<u>\$ 264,268</u>	<u>\$ 264,941</u>	<u>\$ 13,636</u>
LIABILITIES —				
Accounts payable — total liabilities	<u>\$ 14,309</u>	<u>\$ 249,984</u>	<u>\$ 250,657</u>	<u>\$ 13,636</u>

CITY OF WINONA, MINNESOTA

GENERAL FUND

SCHEDULE OF REVENUES — BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2009 (with comparative totals for 2008)

	2009			2008 Actual
	Final Budget	Actual	Variance	
GENERAL PROPERTY TAX:				
Ad valorem	\$ 4,430,561	\$ 3,977,812	\$ (452,749)	\$ 3,904,791
Delinquent ad valorem taxes		61,936	61,936	53,072
Penalties and interest		14,509	14,509	6,135
Total general property taxes	<u>4,430,561</u>	<u>4,054,257</u>	<u>(376,304)</u>	<u>3,963,998</u>
FRANCHISE FEES:				
Cable TV	260,000	292,599	32,599	278,395
Electric	<u>970,000</u>	<u>774,302</u>	<u>(195,698)</u>	<u>985,070</u>
Total franchise fees	<u>1,230,000</u>	<u>1,066,901</u>	<u>(163,099)</u>	<u>1,263,465</u>
LICENSES AND PERMITS:				
Business	124,900	129,328	4,428	135,132
Nonbusiness	<u>24,200</u>	<u>33,821</u>	<u>9,621</u>	<u>36,728</u>
Total licenses and permits	<u>149,100</u>	<u>163,149</u>	<u>14,049</u>	<u>171,860</u>
FINES AND FORFEITS — Other fines and forfeits	<u>263,000</u>	<u>219,823</u>	<u>(43,177)</u>	<u>254,135</u>
INTERGOVERNMENTAL REVENUES:				
Shared taxes:				
State aid maintenance	190,000	211,191	21,191	201,343
Payment in lieu of tax	18,000	22,275	4,275	19,464
State grants:				
Local government aid	8,652,525	8,200,130	(452,395)	7,865,988
Police training	13,385	15,064	1,679	15,621
Fire/police aid	300,000	145,278	(154,722)	272,196
Insurance aid	315,000	347,519	32,519	366,509
Market value credits		385,029	385,029	397,110
State grants restricted to programs	24,581	26,987	2,406	10,570
State grants not restricted to programs	27,304	27,304		27,854
Local — County road and bridge maintenance	17,722	21,511	3,789	23,884
Federal grants	<u>7,250</u>	<u>9,545</u>	<u>2,295</u>	<u>193,473</u>
Total intergovernmental revenues	<u>9,565,767</u>	<u>9,411,833</u>	<u>(153,934)</u>	<u>9,394,012</u>
INVESTMENT EARNINGS	<u>103,879</u>	<u>81,615</u>	<u>(22,264)</u>	<u>320,053</u>
NET DECREASE IN FAIR VALUE OF INVESTMENTS		<u>(47,410)</u>	<u>(47,410)</u>	<u>(140,219)</u>

(Continued)

CITY OF WINONA, MINNESOTA

GENERAL FUND

SCHEDULE OF REVENUES — BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2009 (with comparative totals for 2008)

	2009			2008 Actual
	Final Budget	Actual	Variance	
CHARGES FOR SERVICES:				
General government	\$ 5,800	\$ 5,591	\$ (209)	\$ 7,250
Public safety	56,640	2,582	(54,058)	59,304
Public works	1,000	1,790	790	1,310
Inspections	74,317	74,317		70,810
Investment fee	43,000	3,000	(40,000)	43,000
Administrative fee — Lodging tax	13,000	14,383	1,383	14,342
Recreation	40,000	76,496	36,496	65,356
Water and sewer	135,730	135,730		132,098
Port Authority	239,867	232,121	(7,746)	294,323
Rents	28,602	31,664	3,062	33,007
Commissions on sales	6,000	8,410	2,410	7,964
Refunds and reimbursements	16,643	38,767	22,124	61,238
Other	<u>100</u>	<u>869</u>	<u>769</u>	<u>5,849</u>
Total charges for services	<u>660,699</u>	<u>625,720</u>	<u>(34,979)</u>	<u>795,851</u>
CONTRIBUTIONS — Contributions	<u>13,641</u>	<u>14,141</u>	<u>500</u>	<u>22,199</u>
Total revenues	<u>\$16,416,647</u>	<u>\$15,590,029</u>	<u>\$ (826,618)</u>	<u>\$16,045,354</u>

(Concluded)

CITY OF WINONA, MINNESOTA

GENERAL FUND

SCHEDULE OF EXPENDITURES — BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2009 (with comparative totals for 2008)

	2009			2008 Actual
	Final Budget	Actual	Variance	
GENERAL GOVERNMENT:				
Mayor — council:				
Salaries and employee benefits	\$ 99,814	\$ 97,606	\$ 2,208	\$ 96,534
Supplies	17,305	27,562	(10,257)	56,204
Other services and charges	359,430	335,328	24,102	355,511
Total mayor — council	<u>476,549</u>	<u>460,496</u>	<u>16,053</u>	<u>508,249</u>
City clerk:				
Salaries and employee benefits	147,426	138,774	8,652	155,348
Supplies	6,935	1,387	5,548	1,528
Other services and charges	8,951	6,726	2,225	8,649
Total city clerk	<u>163,312</u>	<u>146,887</u>	<u>16,425</u>	<u>165,525</u>
City manager:				
Salaries and employee benefits	226,069	237,713	(11,644)	224,151
Supplies	6,800	3,493	3,307	11,369
Other services and charges	13,125	8,587	4,538	13,273
Total city manager	<u>245,994</u>	<u>249,793</u>	<u>(3,799)</u>	<u>248,793</u>
Elections and voter registration:				
Salaries and employee benefits				24,251
Supplies				3,159
Other services and charges	13,000		13,000	2,109
Total elections and voter registration	<u>13,000</u>	<u>-</u>	<u>13,000</u>	<u>29,519</u>
Finance:				
Salaries and employee benefits	514,238	537,760	(23,522)	497,876
Supplies	54,180	50,689	3,491	37,908
Other services and charges	537,102	258,427	278,675	272,371
Capital outlay	43,750	33,471	10,279	16,151
Total finance	<u>1,149,270</u>	<u>880,347</u>	<u>268,923</u>	<u>824,306</u>
Independent audit —				
Other services and charges	<u>105,000</u>	<u>97,638</u>	<u>7,362</u>	<u>87,513</u>
Assessing —				
Other services and charges	<u>100,000</u>	<u>99,000</u>	<u>1,000</u>	<u>95,500</u>
Legal:				
Supplies	5,550	5,426	124	6,903
Other services and charges	309,488	307,112	2,376	298,963
Total legal	<u>315,038</u>	<u>312,538</u>	<u>2,500</u>	<u>305,866</u>
Charter commission —				
Supplies	<u>80</u>	<u>-</u>	<u>80</u>	<u>-</u>

(Continued)

CITY OF WINONA, MINNESOTA

**GENERAL FUND
SCHEDULE OF EXPENDITURES — BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2009 (with comparative totals for 2008)**

	2009			2008 Actual
	Final Budget	Actual	Variance	
GENERAL GOVERNMENT (continued):				
Merit board —				
Other services and charges	\$ 4,700	\$ 1,468	\$ 3,232	\$ 3,948
Human rights commission —				
Other services and charges	1,550	1,070	480	1,518
Cable television commission —				
Other services and charges	775	-	775	496
Fine arts commission:				
Supplies	1,150	577	573	-
Other services and charges	1,500	1,048	452	1,489
Total fine arts commission	2,650	1,625	1,025	1,489
Human resources:				
Salaries and employee benefits	89,963	96,429	(6,466)	88,036
Supplies	600	344	256	405
Other services and charges	12,860	6,797	6,063	7,107
Total human resources	103,423	103,570	(147)	95,548
Planning:				
Salaries and employee benefits	232,380	202,809	29,571	213,591
Supplies	7,500	5,299	2,201	3,339
Other services and charges	44,790	30,621	14,169	27,662
Total planning	284,670	238,729	45,941	244,592
Building maintenance:				
Salaries and employee benefits	142,711	144,012	(1,301)	141,560
Supplies	67,410	52,044	15,366	67,193
Other services and charges	100,184	103,531	(3,347)	28,062
Total building maintenance	310,305	299,587	10,718	236,815
Central communications:				
Supplies	7,900	7,562	338	7,698
Other services and charges	57,811	29,148	28,663	37,435
Total central communications	65,711	36,710	29,001	45,133
Contingency —				
Other services and charges	86,824	-	86,824	-
Total general government	3,428,851	2,929,458	499,393	2,894,810

(Continued)

CITY OF WINONA, MINNESOTA

**GENERAL FUND
SCHEDULE OF EXPENDITURES — BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2009 (with comparative totals for 2008)**

	2009			2008 Actual
	Final Budget	Actual	Variance	
PUBLIC SAFETY:				
Police:				
Salaries and employee benefits	\$ 3,640,051	\$ 3,610,490	\$ 29,561	\$ 3,848,144
Supplies	233,547	154,514	79,033	177,274
Other services and charges	257,397	273,623	(16,226)	286,082
Capital outlay	91,000	92,865	(1,865)	112,472
Total police	<u>4,221,995</u>	<u>4,131,492</u>	<u>90,503</u>	<u>4,423,972</u>
Fire:				
Salaries and employee benefits	2,078,631	2,028,878	49,753	2,555,305
Supplies	167,057	129,043	38,014	370,418
Other services and charges	167,131	139,924	27,207	146,880
Capital outlay	219,600	154,767	64,833	144,877
Total fire	<u>2,632,419</u>	<u>2,452,612</u>	<u>179,807</u>	<u>3,217,480</u>
Emergency management:				
Other services and charges	85,177	57,305	27,872	71,694
Total emergency management	<u>85,177</u>	<u>57,305</u>	<u>27,872</u>	<u>71,694</u>
Safety and health coordinator:				
Salaries and employee benefits	73,168	74,989	(1,821)	73,742
Supplies	8,550	5,399	3,151	11,543
Other services and charges	15,183	18,406	(3,223)	10,514
Total safety and health coordinator	<u>96,901</u>	<u>98,794</u>	<u>(1,893)</u>	<u>95,799</u>
Flood control:				
Supplies	29,493	15,362	14,131	28,709
Other services and charges	10,592	4,531	6,061	4,147
Total flood control	<u>40,085</u>	<u>19,893</u>	<u>20,192</u>	<u>32,856</u>
Total public safety	<u>7,076,577</u>	<u>6,760,096</u>	<u>316,481</u>	<u>7,841,801</u>
HIGHWAYS AND STREETS:				
Engineering:				
Salaries and employee benefits	323,864	304,325	19,539	375,971
Supplies	26,350	5,415	20,935	9,371
Other services and charges	171,229	66,919	104,310	163,159
Total engineering	<u>521,443</u>	<u>376,659</u>	<u>144,784</u>	<u>548,501</u>
Streets and alleys:				
Salaries and employee benefits	956,045	972,591	(16,546)	987,327
Supplies	494,230	285,043	209,187	375,593
Other services and charges	466,871	402,635	64,236	335,550
Capital outlay	298,596	148,596	150,000	156,562
Total streets and alleys	<u>2,215,742</u>	<u>1,808,865</u>	<u>406,877</u>	<u>1,855,032</u>

(Continued)

CITY OF WINONA, MINNESOTA

**GENERAL FUND
SCHEDULE OF EXPENDITURES — BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2009 (with comparative totals for 2008)**

	2009			2008 Actual
	Final Budget	Actual	Variance	
HIGHWAYS AND STREETS (continued):				
Highways and street lighting:				
Supplies	\$ 254,080	\$ 240,739	\$ 13,341	\$ 236,145
Other services and charges	145,063	131,643	13,420	46,177
Total highways and street lighting	<u>399,143</u>	<u>372,382</u>	<u>26,761</u>	<u>282,322</u>
Central garage:				
Salaries and employee benefits	291,830	304,838	(13,008)	292,129
Supplies	110,690	35,676	75,014	21,781
Other services and charges	94,182	41,460	52,722	382,831
Capital outlay	26,500	6,999	19,501	8,117
Total central garage	<u>523,202</u>	<u>388,973</u>	<u>134,229</u>	<u>704,858</u>
Public works:				
Salaries and employee benefits	55,624	64,761	(9,137)	-
Supplies	600	251	349	-
Other services and charges	1,000	499	501	-
Total public works	<u>57,224</u>	<u>65,511</u>	<u>(8,287)</u>	<u>-</u>
Total highways and streets	<u>3,716,754</u>	<u>3,012,390</u>	<u>704,364</u>	<u>3,390,713</u>
SANITATION AND WASTE REMOVAL —				
Compost site:				
Supplies	150	116	34	-
Other services and charges	46,235	54,082	(7,847)	43,169
Capital outlay				7,811
Total compost site	<u>46,385</u>	<u>54,198</u>	<u>(7,813)</u>	<u>50,980</u>
ECONOMIC DEVELOPMENT:				
Community development:				
Salaries and employee benefits	225,149	233,507	(8,358)	238,783
Supplies	7,000	4,639	2,361	2,436
Other services and charges	23,493	11,897	11,596	60,978
Total community development	<u>255,642</u>	<u>250,043</u>	<u>5,599</u>	<u>302,197</u>
Community Development Matching:				
Salaries and employee benefits	64,375	66,046	(1,671)	56,106
Supplies	100	50	50	159
Other services and charges	10,200	1,401	8,799	26,831
Total community development matching	<u>74,675</u>	<u>67,497</u>	<u>7,178</u>	<u>83,096</u>
Total economic development	<u>330,317</u>	<u>317,540</u>	<u>12,777</u>	<u>385,293</u>
CULTURE AND RECREATION —				
Park maintenance:				
Salaries and employee benefits	1,256,748	1,219,130	37,618	1,286,264
Supplies	257,342	194,827	62,515	232,622
Other services and charges	224,041	364,614	(140,573)	359,768
Capital outlay	400,378	125,000	275,378	345,466
Total park maintenance	<u>2,138,509</u>	<u>1,903,571</u>	<u>234,938</u>	<u>2,224,120</u>
Total culture and recreation	<u>2,138,509</u>	<u>1,903,571</u>	<u>234,938</u>	<u>2,224,120</u>
Total expenditures	<u>\$ 16,737,393</u>	<u>\$ 14,977,253</u>	<u>\$ 1,760,140</u>	<u>\$ 16,787,717</u>

(Concluded)

CITY OF WINONA, MINNESOTA

SENIOR ADVOCACY PROGRAM SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE — BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2009 (with comparative totals for 2008)

	2009			Variance With Final Budget	2008 Actual
	Budgeted Amounts				
	Original	Final	Actual		
REVENUES:					
Intergovernmental — Federal	\$ 22,288	\$ 22,288	\$ 22,288	\$ -	\$ 22,288
Investment earnings	600	600	147	(453)	895
Charges for services	<u>30,650</u>	<u>30,650</u>	<u>31,201</u>	<u>551</u>	<u>30,778</u>
Total revenues	<u>53,538</u>	<u>53,538</u>	<u>53,636</u>	<u>98</u>	<u>53,961</u>
EXPENDITURES —					
Current:					
Salaries and employee benefits	101,288	103,953	111,852	(7,899)	89,986
Contractual services	2,131	2,131	2,414	(283)	9,102
Supplies	<u>2,000</u>	<u>2,000</u>	<u>708</u>	<u>1,292</u>	<u>5,941</u>
Total expenditures	<u>105,419</u>	<u>108,084</u>	<u>114,974</u>	<u>(6,890)</u>	<u>105,029</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(51,881)	(54,546)	(61,338)	(6,792)	(51,068)
OTHER FINANCING SOURCES —					
Operating transfers in	<u>51,881</u>	<u>54,546</u>	<u>54,546</u>	<u>-</u>	<u>51,834</u>
(DEFICIENCY) EXCESS OF REVENUES AND OTHER FINANCING SOURCES (UNDER) OVER EXPENDITURES	-	-	(6,792)	(6,792)	766
FUND DEFICIT — Beginning of year	<u>(11,870)</u>	<u>(11,870)</u>	<u>(11,870)</u>	<u>-</u>	<u>(12,636)</u>
FUND DEFICIT — End of year	<u>\$(11,870)</u>	<u>\$(11,870)</u>	<u>\$(18,662)</u>	<u>\$(6,792)</u>	<u>\$(11,870)</u>

CITY OF WINONA, MINNESOTA

**MUNICIPAL STATE AID FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE — BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2009 (with comparative totals for 2008)**

	2009			Variance With Final Budget	2008 Actual
	Budgeted Amounts				
	Original	Final	Actual		
REVENUES:					
Intergovernmental —					
State of Minnesota grant	\$609,456	\$609,456	\$ 760,198	\$ 150,742	\$ 604,029
Investment earnings			1,820	1,820	12,256
Total revenues	<u>609,456</u>	<u>609,456</u>	<u>762,018</u>	<u>152,562</u>	<u>616,285</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>609,456</u>	<u>609,456</u>	<u>762,018</u>	<u>152,562</u>	<u>616,285</u>
OTHER FINANCING USES —					
Transfers to other funds	<u>(609,456)</u>	<u>(609,456)</u>	<u>(700,000)</u>	<u>(90,544)</u>	<u>(604,029)</u>
EXCESS OF REVENUES AND OTHER FINANCING USES OVER EXPENDITURES			62,018	62,018	12,256
FUND BALANCE — Beginning of year	<u>19,628</u>	<u>19,628</u>	<u>19,628</u>	<u>-</u>	<u>7,372</u>
FUND BALANCE — End of year	<u>\$ 19,628</u>	<u>\$ 19,628</u>	<u>\$ 81,646</u>	<u>\$ 62,018</u>	<u>\$ 19,628</u>

**DIKE CONSTRUCTION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE — BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2009 (with comparative totals for 2008)**

	2009			
	Original and Final Budget	Actual	Variance With Final Budget	2008 Actual
REVENUES —				
Investment earnings	<u>\$ 4,000</u>	<u>\$ 1,563</u>	<u>\$(2,437)</u>	<u>\$ 6,347</u>
Total revenues	4,000	1,563	(2,437)	6,347
EXPENDITURES —				
Capital outlay	<u>10,000</u>	_____	<u>10,000</u>	_____
(DEFICIENCY) EXCESS OF REVENUES (UNDER) OVER EXPENDITURES	(6,000)	1,563	7,563	6,347
FUND BALANCE — Beginning of year	<u>200,914</u>	<u>200,914</u>	_____	<u>194,567</u>
FUND BALANCE — End of year	<u><u>\$ 194,914</u></u>	<u><u>\$202,477</u></u>	<u><u>\$ 7,563</u></u>	<u><u>\$ 200,914</u></u>

CITY OF WINONA, MINNESOTA

**PERMANENT IMPROVEMENT REVOLVING CONSTRUCTION FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE — BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2009 (with comparative totals for 2008)**

	<u>2009</u>			
	Original and Final Budget	Actual	Variance With Final Budget	2008 Actual
REVENUES:				
Special assessments	\$ 20,000	\$ -	\$ (20,000)	\$ -
Investment earnings	<u>15,000</u>	<u>6,597</u>	<u>(8,403)</u>	<u>27,867</u>
Total revenues	35,000	6,597	(28,403)	27,867
EXPENDITURES — Capital outlay	<u>200,000</u>	<u>17,905</u>	<u>182,095</u>	<u>36,913</u>
(DEFICIENCY) EXCESS OF REVENUES (UNDER) OVER EXPENDITURES	(165,000)	(11,308)	153,692	(9,046)
FUND BALANCE — Beginning of year	<u>848,810</u>	<u>848,810</u>	<u> </u>	<u>857,856</u>
FUND BALANCE — End of year	<u>\$ 683,810</u>	<u>\$ 837,502</u>	<u>\$ 153,692</u>	<u>\$ 848,810</u>

CITY OF WINONA, MINNESOTA

SCHEDULE OF LONG-TERM OBLIGATIONS — PRIMARY GOVERNMENT AS OF DECEMBER 31, 2009

	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	\$ 754,400
G.O. Permanent Improvement Revolving Bonds of 2004A (G.O. Portion)	2.86	<u>2,091,600</u>	<u>1,247,400</u>
Total G.O. Bonds supported by taxes		<u>3,963,800</u>	<u>2,001,800</u>
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	465,000
G.O. Permanent Improvement Revolving Bonds of 2001A (Special Assessment Portion)	4.03	2,197,800	885,600
G.O. Permanent Improvement Revolving Bonds of 2004A (Special Assessment Portion)	2.86	<u>2,888,400</u>	<u>1,722,600</u>
Total G.O. Special Assessment Bonds		<u>9,691,200</u>	<u>3,073,200</u>
G.O. Enterprise Fund Bonds:			
G.O. Water and Sewer Revenue Bonds of 1995 (Sewer Portion)	4.88	2,460,000	495,000
G.O. Water and Sewer Revenue Bonds of 1998C (Water Portion)	4.78	230,000	97,750
G.O. Water and Sewer Revenue Bonds of 1998C (Sewer Portion)	4.78	770,000	327,250
G.O. Water Revenue Bonds of 2001B	3.99	420,000	145,000
G.O. Water Revenue Bonds of 2003B	3.68	4,250,000	3,055,000
G.O. Water Revenue Refunding Bonds of 2006B	3.63	<u>2,295,000</u>	<u>1,995,000</u>
Total G.O. Enterprise Fund Bonds		<u>10,425,000</u>	<u>6,115,000</u>
OTHER INDEBTEDNESS:			
G.O. Equipment Certificates of 2006A	3.59	<u>845,000</u>	<u>510,000</u>
Total other indebtedness		<u>845,000</u>	<u>510,000</u>
		<u>\$ 24,925,000</u>	<u>\$ 11,700,000</u>

CITY OF WINONA, MINNESOTA

SCHEDULE OF BONDS PAYABLE — PRIMARY GOVERNMENT AS OF DECEMBER 31, 2009

General Obligation Bonds	Interest Rates and Maturity Dates	Issue Date	Final Maturity Date
GENERAL OBLIGATION BONDS SUPPORTED BY TAXES:			
G.O. Permanent Improvement	4.000 % (2010)	December 1, 2001	February 1, 2013
Revolving Bonds of 2001A (G.O. Portion)	4.100 (2011)		
	4.200 (2012)		
	4.375 (2013)		
G.O. Permanent Improvement	2.500 (2010)	February 1, 2004	February 1, 2015
Revolving Bonds of 2004A (G.O. Portion)	2.700 (2011)		
	3.000 (2012)		
	3.250 (2013)		
	3.400 (2014)		
	3.450 (2015)		
Total G.O. Bonds Supported by Taxes			
GENERAL OBLIGATION SPECIAL ASSESSMENT BONDS:			
G.O. Improvement Bonds of 1995		December 1, 1995	February 1, 2009
G.O. Improvement Bonds of 1998B	4.700 (2010)	June 1, 1998	February 1, 2011
	4.750 (2011)		

Annual Payment		Authorized and Issued	Retired	Outstanding
\$ 186,300	(2010)	\$1,872,200	\$1,117,800	\$ 754,400
188,600	(2011-12)			
190,900	(2013)			
210,000	(2010)	2,091,600	844,200	1,247,400
207,900	(2011-13)			
205,800	(2014)			
207,900	(2015)			
		<u>3,963,800</u>	<u>1,962,000</u>	<u>2,001,800</u>
		1,845,000	1,845,000	
275,000	(2010)	2,760,000	2,295,000	465,000
190,000	(2011)			

CITY OF WINONA, MINNESOTA

SCHEDULE OF BONDS PAYABLE — PRIMARY GOVERNMENT AS OF DECEMBER 31, 2009

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

Annual Payment		Authorized and Issued	Retired	Outstanding
\$218,700	(2010)	\$2,197,800	\$ 1,312,200	\$ 885,600
221,400	(2011-12)			
224,100	(2013)			
290,000	(2010)	2,888,400	1,165,800	1,722,600
287,100	(2011-13)			
284,200	(2014)			
287,100	(2015)			
		<u>9,691,200</u>	<u>6,618,000</u>	<u>3,073,200</u>
240,000	(2010)	2,460,000	1,965,000	495,000
255,000	(2011)			
17,250	(2010)	230,000	132,250	97,750
18,400	(2011)			
19,550	(2012)			
20,700	(2013)			
21,850	(2014)			

CITY OF WINONA, MINNESOTA

SCHEDULE OF BONDS PAYABLE — PRIMARY GOVERNMENT AS OF DECEMBER 31, 2009

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

Annual Payment		Authorized and Issued	Retired	Outstanding
\$ 57,750	(2010)	\$ 770,000	\$ 442,750	\$ 327,250
61,600	(2011)			
65,450	(2012)			
69,300	(2013)			
73,150	(2014)			
45,000	(2010)	420,000	275,000	145,000
50,000	(2011-12)			
255,000	(2010)	4,250,000	1,195,000	3,055,000
265,000	(2011)			
275,000	(2012)			
285,000	(2013)			
295,000	(2014)			
310,000	(2015)			
320,000	(2016)			
335,000	(2017)			
350,000	(2018)			
365,000	(2019)			
300,000	(2010)	2,295,000	300,000	1,995,000
310,000	(2011)			
325,000	(2012)			
345,000	(2013)			
355,000	(2014)			
360,000	(2015)			
		<u>10,425,000</u>	<u>4,310,000</u>	<u>6,115,000</u>
		<u>\$24,080,000</u>	<u>\$12,890,000</u>	<u>\$11,190,000</u>

CITY OF WINONA, MINNESOTA

SCHEDULE OF OTHER DEBT — PRIMARY GOVERNMENT AS OF DECEMBER 31, 2009

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

Annual Payment		Authorized and Issued	Retired	Outstanding
\$120,000	(2010)	<u>\$ 845,000</u>	<u>\$ 335,000</u>	<u>\$ 510,000</u>
125,000	(2011)			
130,000	(2012)			
135,000	(2013)			
		<u>\$ 845,000</u>	<u>\$ 335,000</u>	<u>\$ 510,000</u>
		<u>\$24,080,000</u>	<u>\$ 12,890,000</u>	<u>\$ 11,190,000</u>
		<u>\$24,925,000</u>	<u>\$ 13,225,000</u>	<u>\$ 11,700,000</u>

PORT AUTHORITY OF WINONA, MINNESOTA

SCHEDULE OF LONG-TERM OBLIGATIONS

AS OF DECEMBER 31, 2009

	True Interest Rate	Authorized	Outstanding
BONDED INDEBTEDNESS —			
G.O. Bonds:			
Taxable G.O. Bonds of 1995 (Tourist Center Share)	7.100 %	\$ 300,000	\$ 170,000
Taxable G.O. Bonds of 1995 (Campground Share)	7.100	290,000	125,000
General Obligation Bonds of 2005 (Pelzer Street)	3.890	<u>3,570,000</u>	<u>2,715,000</u>
Total G.O. Bonds		<u>4,160,000</u>	<u>3,010,000</u>
Total Bonded Indebtedness		<u>\$4,160,000</u>	<u>\$ 3,010,000</u>

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PORT AUTHORITY OF WINONA, MINNESOTA

SCHEDULE OF BONDS PAYABLE AS OF DECEMBER 31, 2009

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

Total G.O. Bonds

Total Bonded Indebtedness

Annual Payment		Authorized and Issued	Retired	Outstanding
\$ 15,000	(2010-11)	\$ 300,000	\$ 130,000	\$ 170,000
20,000	(2012-13)			
25,000	(2014-17)			
25,000	(2010)	290,000	165,000	125,000
15,000	(2011)			
30,000	(2012-13)			
25,000	(2014)			
205,000	(2010)	3,570,000	855,000	2,715,000
210,000	(2011)			
220,000	(2012)			
225,000	(2013)			
235,000	(2014)			
245,000	(2015)			
255,000	(2016)			
265,000	(2017)			
275,000	(2018)			
285,000	(2019)			
295,000	(2020)			
		<u>4,160,000</u>	<u>1,150,000</u>	<u>3,010,000</u>
		<u>\$4,160,000</u>	<u>\$ 1,150,000</u>	<u>\$3,010,000</u>

CITY OF WINONA, MINNESOTA

SCHEDULE OF SALARIES, EMPLOYEE BENEFITS, AND CLOTHING ALLOWANCE FOR THE YEAR ENDED DECEMBER 31, 2009 (with comparative totals for 2008)

	Number of Employees*		Salaries and Wages	Pensions**	Clothing/ Tuition Allowance***
	Full Time	All Other			
GOVERNMENTAL FUNDS:					
General government	26.775	9.00	\$ 1,736,763	\$ 164,105	\$ 4,199
Police	40.500	2.00	2,809,704	332,104	44,840
Fire	21.500	20.00	1,481,669	187,793	50,278
Safety and health coordinator	1.000		52,889	5,528	200
Highways and streets/Public Works	13.400		703,761	107,395	2,700
Park maintenance	17.000		907,741	87,042	4,827
Senior advocacy program		2.00	75,365	13,839	
Rehabilitation Projects			3,667	248	
Total governmental funds	<u>120.175</u>	<u>33.00</u>	<u>7,771,559</u>	<u>898,054</u>	<u>107,044</u>
ENTERPRISE FUNDS:					
Water utility	10.375		510,679	42,781	2,849
Sewer utility/Storm Sewer	13.300		682,331	102,969	5,172
Inspections	4.000	1.00	222,719	33,273	239
Airport	1.000		48,609	7,375	200
Public transportation			4,328	311	
Library	7.900	9.00	606,648	31,663	78
Recreation programs	<u>10.250</u>	<u>59.00</u>	<u>770,546</u>	<u>72,550</u>	<u>883</u>
Total enterprise funds	<u>46.825</u>	<u>69.00</u>	<u>2,845,860</u>	<u>290,922</u>	<u>9,421</u>
	<u>167.000</u>	<u>102.00</u>	<u>\$ 10,617,419</u>	<u>\$ 1,188,976</u>	<u>\$116,465</u>

*Reflects the employment of the City of Winona on December 31, 2009. Numbers from the Finance Department.

**Pensions include the following: PERA (\$990,746),
Fire — other (\$14,700), Benefit adjustment (-\$203,302),
and Retiree health insurance subsidy (\$386,832).

***Clothing/Tuition allowance include the following: Clothing (\$86,112), Car (\$1,727),
Incentive (\$25,626), and Tuition (\$3,000).

Medicare/ Unemployment Compensation	Social Security	Health Insurance	Life and Disability Insurance	Dental Insurance	Workers' Compensation	Total	
						2009	2008
\$ 25,429	\$103,018	\$ 303,437	\$ 7,082	\$ -	\$ 19,787	\$ 2,363,820	\$ 2,404,337
35,280	11,507	296,464	7,024		73,568	3,610,491	3,848,144
12,112	5,426	213,666	3,521	9,474	64,940	2,028,879	2,555,307
750	3,209	12,108	152		152	74,988	73,741
12,357	43,548	131,717	1,883		33,992	1,037,353	987,328
15,232	56,053	123,657	2,401		22,178	1,219,131	1,286,265
1,007	4,305	16,398	218		720	111,852	89,985
<u>50</u>	<u>214</u>	<u>879</u>	<u>9</u>		<u>16</u>	<u>5,083</u>	<u>13,010</u>
<u>102,217</u>	<u>227,280</u>	<u>1,098,326</u>	<u>22,290</u>	<u>9,474</u>	<u>215,353</u>	<u>10,451,597</u>	<u>11,258,117</u>
9,111	30,348	73,163	1,270		12,492	682,693	752,201
9,718	41,325	143,222	1,902		10,772	997,411	969,224
3,101	13,261	51,692	641		672	325,598	338,185
717	3,066	4,680	126		1,244	66,017	65,788
60	257	686	18		24	5,684	10,284
12,761	36,966	82,492	1,391		4,552	776,551	877,149
<u>13,249</u>	<u>47,276</u>	<u>81,088</u>	<u>1,526</u>		<u>12,424</u>	<u>999,542</u>	<u>1,102,383</u>
<u>48,717</u>	<u>172,499</u>	<u>437,023</u>	<u>6,874</u>	<u>-</u>	<u>42,180</u>	<u>3,853,496</u>	<u>4,115,214</u>
<u>\$150,934</u>	<u>\$399,779</u>	<u>\$1,535,349</u>	<u>\$ 29,164</u>	<u>\$ 9,474</u>	<u>\$ 257,533</u>	<u>\$14,305,093</u>	<u>\$15,373,331</u>

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	<u>66,734</u>
Total U.S. Department of Transportation		<u>550,641</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT —		
Passed through the MN Department of Employment and Economic Development —		
Small Cities Development Block Grant	14.228	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	<u>2,295</u>
Total U.S. Department of Justice		<u>8,565</u>
Total expenditures of federal awards		<u>\$ 863,355</u>

**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	<u>863,355</u>
Other intergovernmental revenues:	
Shared taxes	233,466
State sources	12,082,315
Local sources	<u>246,343</u>
Total other intergovernmental revenues	<u>12,562,124</u>
TOTAL INTERGOVERNMENTAL REVENUES —	
Governmental and proprietary funds (Primary Government)	<u>\$ 13,425,479</u>

CITY OF WINONA, MINNESOTA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2008

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	2008 Expenditures
U.S. DEPARTMENT OF TRANSPORTATION —		
Passed through the MN Department of Transportation:		
Formula Grants for Other than Urbanized Areas	20.509	\$ 3,398
Formula Grants for Other than Urbanized Areas	20.509	140,290
Office of Aeronautics — Obstruction Removal - Trees SP 8501-53	20.106	<u>11,040</u>
Total U.S. Department of Transportation		<u>154,728</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT —		
Passed through the MN Department of Employment and Economic Development —		
Small Cities Development Block Grant	14.228	317,621
Passed through the MN Department of Health —		
Lead Hazard Control Grant	14.900	<u>10,410</u>
Total U.S. Department of Housing and Urban Development		<u>328,031</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES —		
Passed through S.E. MN Area Agency on Aging —		
Special Programs for the Aging — Title III, Part B Grants for Supportive Services and Senior Centers	93.044	<u>22,288</u>
Total U.S. Department of Health and Human Services		<u>22,288</u>
U.S. DEPARTMENT OF JUSTICE:		
Bulletproof Vest Partnership Program	16.607	518
Office of Juvenile Justice and Delinquency Prevention — Enforcing Underage Drinking Law Programs	16.727	<u>2,500</u>
Total U.S. Department of Justice		<u>3,018</u>
U.S. DEPARTMENT OF HOMELAND SECURITY:		
Assistance to Firefighters Grant Program	97.044	<u>190,455</u>
Total expenditures of federal awards		<u>\$ 698,520</u>

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

TOTAL EXPENDITURES OF FEDERAL AWARDS	\$ 698,520
Total federal grant revenue — 2008	<u>698,520</u>
Other intergovernmental revenues:	
Shared taxes	220,807
State sources	11,749,076
Local sources	<u>222,854</u>
Total other intergovernmental revenues	<u>12,192,737</u>
TOTAL INTERGOVERNMENTAL REVENUES —	
Governmental and proprietary funds (Primary Government)	<u>\$12,891,257</u>

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SECTION III
STATISTICAL SECTION

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CITY OF WINONA, MINNESOTA

STATISTICAL SECTION

(Unaudited)

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

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

CITY OF WINONA, MINNESOTA

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

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

Notes:

- (1) Accounting standards require that net assets be reported in three components in the financial statements: invested in capital assets, net of related debt; restricted; and unrestricted. Net assets are considered restricted only when (1) an external party, such as the State of Minnesota or the federal government, places a restriction on how the resources may be used, or (2) enabling legislation is enacted by the City.
- (2) The City implemented GASB Statement No. 34 in calendar year 2003; therefore, only seven 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

2007	2008	2009
\$ 41,611,501	\$ 42,438,214	\$ 42,023,094
16,736,009	14,575,890	15,422,892
<u>8,488,228</u>	<u>9,149,796</u>	<u>8,933,815</u>
<u>\$ 66,835,738</u>	<u>\$ 66,163,900</u>	<u>\$ 66,379,801</u>
\$ 21,899,448	\$ 27,238,820	\$ 29,157,211
4,508,086	4,337,253	3,188,585
<u>14,290,300</u>	<u>10,749,862</u>	<u>11,710,105</u>
<u>\$ 40,697,834</u>	<u>\$ 42,325,935</u>	<u>\$ 44,055,901</u>
\$ 63,510,949	\$ 69,677,034	\$ 71,180,305
21,244,095	18,913,143	18,611,477
<u>22,778,528</u>	<u>19,899,658</u>	<u>20,643,920</u>
<u>\$107,533,572</u>	<u>\$108,489,835</u>	<u>\$110,435,702</u>

CITY OF WINONA, MINNESOTA

CHANGES IN NET ASSETS — GOVERNMENTAL ACTIVITIES (Unaudited)

LAST SEVEN 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	<u>15,555,876</u>	<u>21,182,638</u>	<u>18,014,094</u>	<u>20,089,070</u>
PROGRAM REVENUES:				
Charges for services:				
General government	514,233	694,441	685,888	773,290
Public safety (4)	304,495	326,407	344,744	382,717
Highways and streets	226,630	134,357	139,565	30,766
Economic development		1,918,892	1,132,279	54,323
Other	1,242,725	2,263,799	81,772	2,182,070
Operating grants and contributions (4)	1,162,981	1,492,215	1,533,822	1,585,976
Capital grants and contributions (5)	2,084,166	7,969,171	12,511,166	5,678,612
Total program revenues	<u>5,535,230</u>	<u>14,799,282</u>	<u>16,429,236</u>	<u>10,687,754</u>
NET EXPENSE	<u>(10,020,646)</u>	<u>(6,383,356)</u>	<u>(1,584,858)</u>	<u>(9,401,316)</u>
GENERAL REVENUES:				
Taxes:				
Property	2,912,562	3,152,749	3,807,566	4,212,753
Sales	153,567			
Franchise	855,270	891,865	1,030,866	1,143,200
Unrestricted grants and contributions	8,713,858	8,072,545	8,340,598	8,877,334
Gain on sale of capital assets		2,526	7,621	
Investment earnings	183,501	143,079	676,916	1,168,228
Miscellaneous		8,051		
Total general revenues	<u>12,818,758</u>	<u>12,270,815</u>	<u>13,863,567</u>	<u>15,401,515</u>
NET TRANSFERS IN (OUT)	<u>388,479</u>	<u>(42,114)</u>	<u>566,027</u>	<u>(87,418)</u>
TOTAL NET TRANSFERS AND GENERAL REVENUES	<u>13,207,237</u>	<u>12,228,701</u>	<u>14,429,594</u>	<u>15,314,097</u>
CHANGE IN NET ASSETS	<u>\$ 3,186,591</u>	<u>\$ 5,845,345</u>	<u>\$12,844,736</u>	<u>\$ 5,912,781</u>

Notes:

- (1) The City implemented GASB Statement No. 34 in calendar year 2003; therefore, only seven 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
\$ 3,758,765	\$ 3,736,373	\$ 3,121,449
9,123,908	9,589,140	7,358,480
3,986,125	4,586,202	3,750,342
63,532	50,981	54,198
353,074	755,172	803,547
2,094,671	2,765,600	1,969,496
<u>318,089</u>	<u>269,367</u>	<u>222,065</u>
<u>19,698,164</u>	<u>21,752,835</u>	<u>17,279,577</u>
1,352,315	1,430,071	702,919
1,398,639	1,417,066	231,591
644,359	565,644	30,949
(485,882)	(369,718)	56,789
373,016	366,702	114,079
1,306,458	1,696,519	1,111,357
766,018	1,158,495	903,340
<u>5,354,923</u>	<u>6,264,779</u>	<u>3,151,024</u>
<u>(14,343,241)</u>	<u>(15,488,056)</u>	<u>(14,128,553)</u>
4,334,907	4,558,328	4,711,442
1,193,201	1,263,465	1,066,901
9,062,208	8,411,657	8,737,980
1,083,303	603,023	129,573
<u>15,673,619</u>	<u>14,836,473</u>	<u>14,645,896</u>
<u>(113,488)</u>	<u>(20,255)</u>	<u>(301,442)</u>
<u>15,560,131</u>	<u>14,816,218</u>	<u>14,344,454</u>
<u>\$ 1,216,890</u>	<u>\$ (671,838)</u>	<u>\$ 215,901</u>

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CITY OF WINONA, MINNESOTA

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

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

Notes:

- (1) The City implemented GASB Statement No. 34 in calendar year 2003; therefore, only seven 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 SEVEN 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	<u>7,289,451</u>	<u>7,837,074</u>	<u>8,642,538</u>	<u>8,724,693</u>
PROGRAM REVENUES:				
Charges for services:				
Water	2,523,901	2,670,148	3,118,317	3,246,470
Sewer	2,807,080	2,829,411	2,807,382	2,956,748
Inspections	413,584	456,653	484,546	369,732
Airport	18,916	38,638	37,547	28,444
Public Transportation	94,968	115,190	126,694	157,904
Recreation	264,199	256,537	268,580	267,910
Library	17,886	18,030	19,912	23,240
Storm Sewer	207,145	208,570	258,721	271,003
Operating grants and contributions	549,908	572,671	597,728	815,498
Capital grants and contributions	759,000	2,053,942	79,074	122,109
Total program revenues	<u>7,656,587</u>	<u>9,219,790</u>	<u>7,798,501</u>	<u>8,259,058</u>
NET REVENUE (EXPENSE)	<u>367,136</u>	<u>1,382,716</u>	<u>(844,037)</u>	<u>(465,635)</u>
GENERAL REVENUES:				
Property taxes	337,570	399,823	469,150	505,504
Unrestricted grants	1,236,551	1,198,394	1,288,082	1,243,131
Investment earnings	142,105	159,251	318,443	564,981
Total general revenues	<u>1,716,226</u>	<u>1,757,468</u>	<u>2,075,675</u>	<u>2,313,616</u>
NET TRANSFERS (OUT) IN	<u>(388,479)</u>	<u>42,114</u>	<u>(566,027)</u>	<u>87,418</u>
Total net transfers and general revenues	<u>1,327,747</u>	<u>1,799,582</u>	<u>1,509,648</u>	<u>2,401,034</u>
CHANGE IN NET ASSETS	<u>\$1,694,883</u>	<u>\$3,182,298</u>	<u>\$ 665,611</u>	<u>\$ 1,935,399</u>

Notes —

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

Data Source —

Applicable years' comprehensive annual financial report.

TABLE IV

<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 2,572,331	\$ 2,436,411	\$ 3,108,385
2,312,959	2,373,000	2,493,370
524,880	474,242	474,607
194,493	182,393	441,095
599,160	727,352	545,624
1,686,896	1,840,605	1,665,488
1,193,005	1,313,732	1,064,813
<u>70,558</u>	<u>135,739</u>	<u>124,704</u>
<u>9,154,282</u>	<u>9,483,474</u>	<u>9,918,086</u>
3,323,052	3,425,888	3,323,698
2,936,907	2,856,741	2,913,380
388,919	381,204	543,769
32,180	31,321	31,701
206,962	231,732	200,234
333,883	396,577	354,471
25,686	23,955	16,598
280,443	289,016	297,169
913,286	780,795	1,314,516
<u>133,340</u>	<u>13,560</u>	<u>99,960</u>
<u>8,574,658</u>	<u>8,430,789</u>	<u>9,095,496</u>
<u>(579,624)</u>	<u>(1,052,685)</u>	<u>(822,590)</u>
615,105	676,892	688,289
1,569,793	1,434,092	1,450,222
<u>728,438</u>	<u>549,547</u>	<u>112,603</u>
<u>2,913,336</u>	<u>2,660,531</u>	<u>2,251,114</u>
<u>113,488</u>	<u>20,255</u>	<u>301,442</u>
<u>3,026,824</u>	<u>2,680,786</u>	<u>2,552,556</u>
<u>\$ 2,447,200</u>	<u>\$ 1,628,101</u>	<u>\$ 1,729,966</u>

CITY OF WINONA, MINNESOTA

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

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

Notes —

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

Data Source:

(2) See Table II.

(3) See Table IV.

TABLE V

2007	2008	2009
\$19,698,164	\$21,752,835	\$17,279,577
<u>9,154,282</u>	<u>9,483,474</u>	<u>9,918,086</u>
<u>28,852,446</u>	<u>31,236,309</u>	<u>27,197,663</u>
5,354,923	6,264,779	3,151,024
<u>8,574,658</u>	<u>8,430,789</u>	<u>9,095,496</u>
<u>13,929,581</u>	<u>14,695,568</u>	<u>12,246,520</u>
<u>(14,922,865)</u>	<u>(16,540,741)</u>	<u>(14,951,143)</u>
15,560,131	14,816,218	14,344,454
<u>3,026,824</u>	<u>2,680,786</u>	<u>2,552,556</u>
<u>18,586,955</u>	<u>17,497,004</u>	<u>16,897,010</u>
<u>\$ 3,664,090</u>	<u>\$ 956,263</u>	<u>\$ 1,945,867</u>

CITY OF WINONA, MINNESOTA

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

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
GENERAL FUND:				
Reserved (1)	\$ 607,858	\$ 4,932,350	\$ 4,149,610	\$ 3,556,465
Unreserved	<u>6,365,632</u>	<u>2,344,007</u>	<u>2,987,208</u>	<u>3,273,042</u>
Subtotal general fund	<u>6,973,490</u>	<u>7,276,357</u>	<u>7,136,818</u>	<u>6,829,507</u>
GENERAL FUND PERCENTAGE CHANGE FROM PRIOR YEAR				
	<u>6.5 %</u>	<u>4.3 %</u>	<u>(1.9)%</u>	<u>(4.3)%</u>
ALL OTHER GOVERNMENTAL FUNDS:				
Reserved (2)(3)	5,169,206	7,213,007	9,509,356	6,671,750
Unreserved:				
Special Revenue Funds	436,654	166,710		
Debt Service Funds				
Capital Projects Funds	<u>3,269,269</u>	<u>6,534,060</u>	<u>913,425</u>	<u>1,089,336</u>
Subtotal all other Governmental Funds	<u>8,875,129</u>	<u>13,913,777</u>	<u>10,422,781</u>	<u>7,761,086</u>
ALL OTHER GOVERNMENTAL FUNDS PERCENTAGE CHANGE FROM PRIOR YEAR				
	<u>17.3 %</u>	<u>56.8 %</u>	<u>(25.1)%</u>	<u>(25.5)%</u>
TOTAL GOVERNMENTAL FUNDS:				
Reserved (2)(3)	5,777,064	12,145,357	13,658,966	10,228,215
Unreserved	<u>10,071,555</u>	<u>9,044,777</u>	<u>3,900,633</u>	<u>4,362,378</u>
TOTAL GOVERNMENTAL FUNDS	<u>\$ 15,848,619</u>	<u>\$ 21,190,134</u>	<u>\$ 17,559,599</u>	<u>\$ 14,590,593</u>
ALL GOVERNMENTAL FUNDS PERCENTAGE CHANGE FROM PRIOR YEAR				
	<u>12.3 %</u>	<u>33.7 %</u>	<u>(17.1)%</u>	<u>(16.9)%</u>

Notes:

- (1) The increase in reserved fund balance from 2000 to 2001 relates to police and fire required retirement contributions.
- (2) The increase in reserved fund balance from 2004 to 2005 relates to resources held for the Pelzer Street Construction.
- (3) For the years 2000-2002, 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,					
2004	2005	2006	2007	2008	2009
\$ 2,966,412	\$ 2,447,048	\$ 2,588,629	\$ 2,367,809	\$ 1,674,277	\$ 3,477,338
<u>4,270,740</u>	<u>5,584,406</u>	<u>5,393,400</u>	<u>5,996,783</u>	<u>6,726,060</u>	<u>5,597,485</u>
<u>7,237,152</u>	<u>8,031,454</u>	<u>7,982,029</u>	<u>8,364,592</u>	<u>8,400,337</u>	<u>9,074,823</u>
<u>6.0 %</u>	<u>11.0 %</u>	<u>(0.6)%</u>	<u>4.8 %</u>	<u>0.4 %</u>	<u>8.0 %</u>
6,204,660	15,958,462	8,312,408	5,992,197	5,512,035	4,971,246
(1,777)	(8,149)	(7,963)	(12,662)	(11,870)	(18,662)
<u>85,911</u>	<u>1,396,469</u>	<u>1,458,642</u>	<u>354,933</u>	<u>983,290</u>	<u>1,595,306</u>
<u>6,288,794</u>	<u>17,346,782</u>	<u>9,763,087</u>	<u>6,334,468</u>	<u>6,483,455</u>	<u>6,547,890</u>
<u>(19.0)%</u>	<u>175.8 %</u>	<u>(43.7)%</u>	<u>(35.1)%</u>	<u>2.4 %</u>	<u>1.0 %</u>
9,171,072	18,405,510	10,901,037	8,360,006	7,186,312	8,448,584
<u>4,354,874</u>	<u>6,972,726</u>	<u>6,844,079</u>	<u>6,339,054</u>	<u>7,697,480</u>	<u>7,174,129</u>
<u>\$ 13,525,946</u>	<u>\$ 25,378,236</u>	<u>\$ 17,745,116</u>	<u>\$ 14,699,060</u>	<u>\$ 14,883,792</u>	<u>\$ 15,622,713</u>
<u>(7.3)%</u>	<u>87.6 %</u>	<u>(30.1)%</u>	<u>(17.2)%</u>	<u>1.3 %</u>	<u>5.0 %</u>

CITY OF WINONA, MINNESOTA

GENERAL GOVERNMENTAL REVENUES BY SOURCE (Unaudited) (1)

LAST TEN CALENDAR YEARS

(Modified accrual basis of accounting)

	2000	2001	2002	2003
	Amount			
REVENUE SOURCE:				
Taxes (2)	\$ 6,313,662	\$ 6,519,574	\$ 4,675,056	\$ 3,863,765
Special assessments	624,743	691,166	722,462	704,292
Intergovernmental (3)	9,180,328	8,934,685	11,565,303	10,082,154
Licenses and permits	147,209	141,698	138,688	143,657
Fines and forfeitures	182,360	211,520	241,842	227,502
Charges for services	409,984	432,514	419,354	438,002
Contributions (4)				525,739
Investment earnings (5)	957,667	739,084	315,657	118,415
Miscellaneous (5)	<u>423,909</u>	<u>333,301</u>	<u>663,621</u>	<u>982,170</u>
Total revenues	<u>\$18,239,862</u>	<u>\$18,003,542</u>	<u>\$18,741,983</u>	<u>\$17,085,696</u>
PERCENTAGE CHANGE FROM PRIOR YEAR				
	<u>2.4 %</u>	<u>(1.3)%</u>	<u>4.1 %</u>	<u>(8.8)%</u>
Taxes (2)	34.6 %	36.2 %	24.9 %	22.6 %
Special assessments	3.4	3.8	3.9	4.1
Intergovernmental (3)	50.3	49.6	61.8	59.0
Licenses and permits	0.8	0.8	0.7	0.8
Fines and forfeitures	1.0	1.2	1.3	1.3
Charges for services	2.2	2.4	2.2	2.6
Contributions (4)				3.1
Investment earnings (5)	5.3	4.1	1.7	0.7
Miscellaneous (5)	<u>2.4</u>	<u>1.9</u>	<u>3.5</u>	<u>5.8</u>
Total revenues	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>

Notes:

- (1) Includes all governmental fund types.
- (2) For explanations of significant changes in tax revenues, see Table VIII.
- (3) In 2005, intergovernmental revenue included over \$6 million for the Pelzer Street construction project.
- (4) In 2004, the City received \$4 million from the Port Authority West-end (Riverfront) Tax Increment District for the construction of Pelzer Street.
- (5) For the years 2000-2002, 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,

2004	2005	2006	2007	2008	2009
\$ 4,022,767	\$ 4,767,055	\$ 5,358,613	\$ 5,532,317	\$ 5,833,891	\$ 5,733,942
849,338	1,584,851	894,270	766,018	554,465	427,672
10,267,873	18,575,068	14,608,555	10,328,659	10,690,005	10,595,394
149,070	150,529	149,753	161,329	171,860	163,149
257,688	275,810	313,581	253,614	254,135	219,823
873,461	952,724	880,358	838,500	917,413	741,755
4,135,315	911,487	349,772	40,006	22,199	14,141
80,852	630,775	1,075,531	957,663	390,434	83,009
722		446	363,713	273,000	
<u>\$20,637,086</u>	<u>\$27,848,299</u>	<u>\$23,630,879</u>	<u>\$19,241,819</u>	<u>\$19,107,402</u>	<u>\$17,978,885</u>
<u>20.8 %</u>	<u>34.9 %</u>	<u>(15.1)%</u>	<u>(18.6)%</u>	<u>(0.7)%</u>	<u>(5.9)%</u>

Percentage of Total

19.5 %	17.1 %	22.7 %	28.7 %	30.5 %	31.9 %
4.1	5.7	3.8	4.0	2.9	2.4
49.8	66.7	61.8	53.7	56.0	58.9
0.7	0.5	0.6	0.8	0.9	0.9
1.2	1.0	1.3	1.3	1.3	1.2
4.2	3.4	3.7	4.4	4.8	4.1
20.0	3.3	1.5	0.2	0.1	0.1
0.4	2.3	4.6	5.0	2.1	0.5
0.1			1.9	1.4	0.0
<u>100.0 %</u>					

TABLE VIII

CITY OF WINONA, MINNESOTA

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

	Amounts			
	Property	Franchise	Sales (2)	Total
2000	\$4,223,129	\$ 697,406	\$1,393,127	\$6,313,662
2001	4,145,287	926,915	1,447,372	6,519,574
2002 (3)	2,409,616	860,568	1,404,872	4,675,056
2003	2,854,928	855,270	153,567	3,863,765
2004	3,130,902	891,865		4,022,767
2005	3,736,189	1,030,866		4,767,055
2006	4,215,412	1,143,201		5,358,613
2007	4,339,116	1,193,201		5,532,317
2008	4,570,426	1,263,465		5,833,891
2009	4,667,041	1,066,901		5,733,942

	Percentage of Total			
	Property	Franchise	Sales (2)	Total
2000	66.9 %	11.0 %	22.1 %	100.0 %
2001	63.6	14.2	22.2	100.0
2002 (3)	51.5	18.4	30.1	100.0
2003	73.9	22.1	4.0	100.0
2004	77.8	22.2		100.0
2005	78.4	21.6		100.0
2006	78.7	21.3		100.0
2007	78.4	21.6		100.0
2008	78.3	21.7		100.0
2009	81.4	18.6		100.0

Notes:

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

Data Source —

Applicable years' comprehensive annual financial report.

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CITY OF WINONA, MINNESOTA

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

Function	2000 (2)	2001	2002 (3)	2003 (4)	2004
CURRENT:					
General government (10)	\$ 2,296,184	\$ 2,278,566	\$ 2,353,665	\$ 2,419,287	\$ 2,756,961
Public safety (6)	5,392,070	5,822,227	5,984,521	6,019,664	6,624,222
Highways and streets (7)	2,458,026	2,359,827	2,430,688	2,235,562	2,974,591
Economic development (8)					909,194
Culture and recreation	2,109,340	2,215,869	1,586,799	1,352,133	1,317,640
Other	556,212	509,671	261,292	502,926	924,957
Total current	<u>12,811,832</u>	<u>13,186,160</u>	<u>12,616,965</u>	<u>12,529,572</u>	<u>15,507,565</u>
PERCENTAGE CHANGE FROM PRIOR YEAR	<u>(6.8)%</u>	<u>2.9 %</u>	<u>(4.3)%</u>	<u>(0.7)%</u>	<u>23.8 %</u>
CAPITAL OUTLAY (9)	<u>1,800,866</u>	<u>1,088,183</u>	<u>4,182,955</u>	<u>6,599,814</u>	<u>1,382,109</u>
PERCENTAGE CHANGE FROM PRIOR YEAR	<u>109.5 %</u>	<u>(39.6)%</u>	<u>284.4 %</u>	<u>57.8 %</u>	<u>(79.1)%</u>
DEBT SERVICE:					
Principal	1,018,500	1,372,000	1,550,000	833,000	1,386,000
Interest and fees	432,278	408,919	430,539	330,845	362,544
Other (5)			2,368,261		
Total debt service	<u>1,450,778</u>	<u>1,780,919</u>	<u>4,348,800</u>	<u>1,163,845</u>	<u>1,748,544</u>
PERCENTAGE CHANGE FROM PRIOR YEAR	<u>31.6 %</u>	<u>22.8 %</u>	<u>144.2 %</u>	<u>(73.2)%</u>	<u>50.2 %</u>
Total expenditures	<u>\$16,063,476</u>	<u>\$16,055,262</u>	<u>\$21,148,720</u>	<u>\$20,293,231</u>	<u>\$18,638,218</u>
PERCENTAGE CHANGE FROM PRIOR YEAR	<u>2.2 %</u>	<u>(0.1)%</u>	<u>31.7 %</u>	<u>(4.0)%</u>	<u>(8.2)%</u>
DEBT SERVICES AS A PERCENT OF NONCAPITAL EXPENDITURES	<u>10.2 %</u>	<u>11.9 %</u>	<u>11.7 %</u>	<u>8.5 %</u>	<u>10.1 %</u>

Notes:

- (1) Includes all governmental fund types.
- (2) In 2000, the City established a recreation enterprise fund. Previously, these costs were charged to the culture and recreation function.
- (3) In 2002, the City established a library enterprise fund. Previously, these costs were charged to the culture and recreation function.
- (4) In 2003, the City established a storm sewer enterprise fund. Previously, these costs were charged to the highways and streets function.
- (5) In 2002, the City refunded debt with a payment made to a bond refunding escrow agent.
- (6) In 2004, the public safety function increased 10%, primarily due to a change in policy for reimbursement for sick pay from 33% vested to 100% vested.
- (7) In 2004, the highways and streets function increased 33.1% as a result of engineering costs for Pelzer Street.
- (8) Prior to 2004, the economic development costs were reported in the general government function.
- (9) 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.
- (10) For the years 2000-2002, the nonexpendable trust funds have been reclassified as permanent funds, for consistency.

Data Source —

Applicable years' comprehensive annual financial report.

TABLE IX

2005	2006	2007	2008	2009
\$ 2,712,375	\$ 3,327,563	\$ 3,073,892	\$ 2,983,688	\$ 3,010,960
6,336,382	6,813,091	7,221,380	7,584,452	6,512,463
2,788,973	2,606,047	2,774,581	3,306,623	2,865,359
446,122	346,931	365,911	754,102	773,027
1,507,681	1,720,125	1,729,743	2,362,062	1,778,571
29,256	30,166	43,532	43,169	54,198
<u>13,820,789</u>	<u>14,843,923</u>	<u>15,209,039</u>	<u>17,034,096</u>	<u>14,994,578</u>
(10.9)%	7.4 %	2.5 %	12.0 %	(11.9)%
<u>480,984</u>	<u>5,136,903</u>	<u>382,443</u>	<u>571,871</u>	<u>721,343</u>
(65.2)%	968.0 %	(92.6)%	49.5 %	26.1 %
1,157,500	1,575,000	1,495,000	1,420,000	1,360,000
400,827	350,963	321,256	274,117	224,533
<u>1,558,327</u>	<u>1,925,963</u>	<u>1,816,256</u>	<u>1,694,117</u>	<u>1,584,533</u>
(10.9)%	23.6 %	(5.7)%	(6.7)%	(6.5)%
<u>\$ 15,860,100</u>	<u>\$ 21,906,789</u>	<u>\$ 17,407,738</u>	<u>\$ 19,300,084</u>	<u>\$ 17,300,454</u>
(14.9)%	38.1 %	(20.5)%	10.9 %	(10.4)%
<u>10.1 %</u>	<u>11.5 %</u>	<u>10.7 %</u>	<u>9.0 %</u>	<u>10.6 %</u>

CITY OF WINONA, MINNESOTA

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

Function	2000 (2)	2001	2002 (3)	2003 (4)
CURRENT:				
General government (8)	\$ 2,296,184	\$ 2,278,566	\$ 2,353,665	\$ 2,419,287
Public safety (5)	5,392,070	5,822,227	5,984,521	6,019,664
Highways and streets (6)	2,458,026	2,359,827	2,430,688	2,235,562
Economic development (7)				
Culture and recreation	2,109,340	2,215,869	1,586,799	1,352,133
Other	<u>556,212</u>	<u>509,671</u>	<u>261,292</u>	<u>502,926</u>
Total current	<u>\$12,811,832</u>	<u>\$13,186,160</u>	<u>\$12,616,965</u>	<u>\$12,529,572</u>
	2000	2001	2002	2003
CURRENT:				
General government (8)	17.9 %	17.3 %	18.6 %	19.3 %
Public safety (5)	42.1	44.1	47.4	48.1
Highways and streets (6)	19.2	17.9	19.3	17.8
Economic development (7)				
Culture and recreation	16.5	16.8	12.6	10.8
Other	<u>4.3</u>	<u>3.9</u>	<u>2.1</u>	<u>4.0</u>
Total current	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>

Notes:

- (1) Includes all governmental fund types.
 - (2) In 2000, the City established a recreation enterprise fund. Previously, these costs were charged to the culture and recreation function.
 - (3) In 2002, the City established a library enterprise fund. Previously, these costs were charged to the culture and recreation function.
 - (4) In 2003, the City established a storm sewer enterprise fund. Previously, these costs were charged to the highways and streets function.
 - (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) For the years 2000-2002, the nonexpendable trust funds have been reclassified as permanent funds, for consistency.
- Data Source — Table IX.

TABLE X

Amounts					
2004	2005	2006	2007	2008	2009
\$ 2,756,961	\$ 2,712,375	\$ 3,327,563	\$ 3,073,892	\$ 2,983,688	\$ 3,010,960
6,624,222	6,336,382	6,813,091	7,221,380	7,584,452	6,512,463
2,974,591	2,788,973	2,606,047	2,774,581	3,306,623	2,865,359
909,194	446,122	346,931	365,911	754,102	773,027
1,317,640	1,507,681	1,720,125	1,729,743	2,362,062	1,778,571
<u>924,957</u>	<u>29,256</u>	<u>30,166</u>	<u>43,532</u>	<u>43,169</u>	<u>54,198</u>
<u>\$15,507,565</u>	<u>\$13,820,789</u>	<u>\$14,843,923</u>	<u>\$15,209,039</u>	<u>\$17,034,096</u>	<u>\$ 14,994,578</u>
Percentage of Total					
2004	2005	2006	2007	2008	2008
17.8 %	19.6 %	22.4 %	20.2 %	17.5 %	20.0 %
42.7	45.9	45.9	47.5	44.5	43.4
19.2	20.2	17.6	18.2	19.4	19.1
5.8	3.2	2.3	2.4	4.4	5.2
8.5	10.9	11.6	11.4	13.9	11.9
<u>6.0</u>	<u>0.2</u>	<u>0.2</u>	<u>0.3</u>	<u>0.3</u>	<u>0.4</u>
<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>

CITY OF WINONA, MINNESOTA

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

Source	2000	2001	2002	2003
TOTAL REVENUES (3)	\$18,239,862	\$18,003,542	\$18,741,983	\$17,085,696
TOTAL EXPENDITURES (4)	<u>16,063,476</u>	<u>16,055,262</u>	<u>21,148,720</u>	<u>20,293,231</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,176,386</u>	<u>1,948,280</u>	<u>(2,406,737)</u>	<u>(3,207,535)</u>
OTHER FINANCING (USES) SOURCES:				
Other				
Sale of capital assets				
Debt proceeds	606,501	4,038,965		614,188
Transfers in	1,022,551	501,884	467,460	1,856,075
Transfers out	<u>(2,073,007)</u>	<u>(1,147,614)</u>	<u>(1,691,258)</u>	<u>(2,231,734)</u>
Total other financing (uses) sources	<u>(443,955)</u>	<u>3,393,235</u>	<u>(1,223,798)</u>	<u>238,529</u>
NET CHANGE IN FUND BALANCES	1,732,431	5,341,515	(3,630,535)	(2,969,006)
FUND BALANCES — Beginning of year	<u>14,116,188</u>	<u>15,848,619</u>	<u>21,190,134</u>	<u>17,559,599</u>
FUND BALANCES — End of year	<u>\$15,848,619</u>	<u>\$21,190,134</u>	<u>\$17,559,599</u>	<u>\$14,590,593</u>

Notes:

(1) Includes all governmental fund types.

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

(3) Table VII

(4) Table IX

Data Source — Applicable years' comprehensive annual financial report.

TABLE XI

2004	2005	2006	2007	2008	2009
\$20,637,086	\$27,848,299	\$23,630,879	\$19,241,819	\$19,107,402	\$17,978,885
<u>26,790,486</u>	<u>21,428,151</u>	<u>30,607,030</u>	<u>21,315,396</u>	<u>19,937,403</u>	<u>17,300,454</u>
<u>(6,153,400)</u>	<u>6,420,148</u>	<u>(6,976,151)</u>	<u>(2,073,577)</u>	<u>(830,001)</u>	<u>678,431</u>
2,526	7,621				
4,988,090	3,595,585	845,000			
704,863	5,939,945	1,061,683	1,258,053	2,141,305	1,755,890
<u>(606,726)</u>	<u>(4,111,009)</u>	<u>(2,563,652)</u>	<u>(2,230,532)</u>	<u>(1,126,572)</u>	<u>(1,695,400)</u>
<u>5,088,753</u>	<u>5,432,142</u>	<u>(656,969)</u>	<u>(972,479)</u>	<u>1,014,733</u>	<u>60,490</u>
(1,064,647)	11,852,290	(7,633,120)	(3,046,056)	184,732	738,921
<u>14,590,593</u>	<u>13,525,946</u>	<u>25,378,236</u>	<u>17,745,116</u>	<u>14,699,060</u>	<u>14,883,792</u>
<u>\$13,525,946</u>	<u>\$25,378,236</u>	<u>\$17,745,116</u>	<u>\$14,699,060</u>	<u>\$14,883,792</u>	<u>\$15,622,713</u>

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

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 Auditor (2001)
Winona County Assessor (2002-2010)

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
\$ 15,190,610	35.20	\$ 920,378,700	1.65 %	8.7 %
12,122,395	36.02	1,001,125,500	1.21	8.8
13,299,220	27.30	1,114,738,900	1.19	11.3
14,236,303	28.82	1,193,636,000	1.19	7.1
15,663,780	29.95	1,319,881,900	1.19	10.6
17,220,696	30.95	1,422,377,000	1.21	7.8
18,033,639	30.77	1,487,066,000	1.21	4.5
18,672,783	30.44	1,536,927,700	1.21	3.4
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

TABLE XIII

CITY OF WINONA, MINNESOTA

DIRECT AND OVERLAPPING PROPERTY TAX RATES (Unaudited)

LAST TEN CALENDAR YEARS

(rate per \$1,000 of tax capacity)

Year Collected (1)	Direct		Overlapping Rates		Total
	City Rate	Port Authority	School District (2)	Winona County	
2000	35.20 %	0.22 %	49.69 %	37.81 %	122.92 %
2001	36.02	0.38	47.22	38.87	122.49
2002	27.30	0.47	17.71	54.81	100.29
2003	28.82	0.43	17.29	49.82	96.36
2004	29.95	-	14.84	48.78	93.57
2005	30.95	2.08	16.27	47.19	96.49
2006	30.77	1.93	13.08	44.52	90.30
2007	30.44	1.87	16.26	43.51	92.08
2008	30.83	1.78	16.57	43.14	92.32
2009	31.22	2.46	17.62	43.79	95.09

Notes:

(1) Net of homestead and agricultural credit aid, 2000-2001. 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

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
2000 (3)	\$ 4,548,225	\$ 4,504,695	99.04 %	\$ 43,181	\$ 4,547,876	99.99 %
2001 (3)	5,128,812	5,031,828	98.11	39,162	5,070,990	98.87
2002 (4)	2,771,523	2,743,880	99.00	44,964	2,788,844	100.62
2003 (5)	3,238,163	3,207,952	99.07	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)	4,423,556	4,430,685	100.16	66,240	4,496,925	101.66
2006 (8)	5,003,460	4,940,533	98.74	57,690	4,998,223	99.90
2007 (9)	5,238,625	5,165,212	98.60	59,750	5,224,962	99.74
2008 (10)	5,530,485	5,479,274	99.07	41,896	5,521,170	99.83
2009 (11)	5,790,110	5,690,480	98.28		5,690,480	98.28

Notes:

- (1) This table includes the primary government and the discretely presented component unit, the Port Authority.
- (2) The amounts reported from 2000-2003 included the amount of taxes collected in the year, not in the year to which they apply. The 2004-2008 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).

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, 2009 AND 2000**

Principal Taxpayer	Type of Business	2009 (For Taxes Payable in 2010)		
		Tax Capacity (1)	Rank	Percentage of Total Tax Capacity
Northern States Power Co.	Utility	\$ 317,749	1	1.62 %
Rivers Development	Commercial	295,325	2	1.51
Wal-Mart	Commercial	269,964	3	1.38
Menards, Inc.	Commercial	241,764	4	1.24
Fastenal Company	Commercial/Industrial	228,283	5	1.17
Miller Waste Mills	Industrial/Commercial	167,717	6	0.86
Sarnia Realty Investors (Winona Mall)	Commercial	156,272	7	0.80
Mikrut Properties	Commercial/Industrial	146,457	8	0.75
Innovation Partners LLC (Hal Leonard-Tech Park)*	Industrial/Commercial	143,796	9	0.73
Target Corporation	Commercial	<u>134,194</u>	10	<u>0.69</u>
Total Principal Taxpayers		2,101,521		10.75
All Other Taxpayers		<u>17,451,122</u>		<u>89.25</u>
Total		<u>\$19,552,643</u>		<u>100.00 %</u>
Principal Taxpayer	Type of Business	2000 (For Taxes Payable in 2001)		
		Tax Capacity (1)	Rank	Percentage of Total Tax Capacity
Northern State Power Co.	Utility	\$ 352,379	1	2.30 %
Fastenal Company	Commercial	255,000	2	1.70
International Malting Company	Industrial	165,409	3	1.10
Rivers Hotel Company, Inc.	Commercial	155,370	4	1.00
Winona Mall	Commercial	147,287	5	1.00
Kelsey-Hayes Company (Lake Center/Lucas Industries)	Industrial	139,113	6	0.90
Pennwinn Associates	Commercial	130,787	7	0.90
Watlow-Winona	Industrial	130,304	8	0.90
Mills Properties (Mills Fleet Farm)	Commercial	127,176	9	0.80
Dayton Hudson Corporation	Commercial	<u>126,143</u>	10	<u>0.80</u>
Total Principal Taxpayers		1,728,968		11.40
All Other Taxpayers		<u>13,461,642</u>		<u>88.60</u>
Total		<u>\$15,190,610</u>		<u>100.00 %</u>

Notes:

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

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

* In JobZ (lower property tax zone)

Data Source — Winona County Auditor

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CITY OF WINONA, MINNESOTA

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

Calendar Year	Governmental Activities					Total
	General Obligation Bonds Supported by			General Obligation Equipment Certificates		
	Taxes (1)	Other Revenues	Special Assessments (2)			
2000	\$ 335,000	\$ 3,745,000	\$ 4,853,500	\$ 610,000	\$ 9,543,500	
2001	2,057,200	3,045,000	6,674,300	465,000	12,241,500	
2002	1,902,200		6,154,300	315,000	8,371,500	
2003	1,872,200		5,506,300	775,000	8,153,500	
2004	3,768,300		7,564,200	415,000	11,747,500	
2005	3,584,300		6,795,700	210,000	10,590,000	
2006	3,194,500		5,820,500	845,000	9,860,000	
2007	2,794,200		4,835,800	735,000	8,365,000	
2008	2,398,100		3,921,900	625,000	6,945,000	
2009	2,001,800		3,073,200	510,000	5,585,000	

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		Percentage of Personal Income (5)	Estimated Population (5)	Total Debt Per Capita
General Obligation Bonds (3)	Total			
\$ 13,916,500	\$ 23,460,000	0.019 %	27,069	\$ 867
10,893,500	23,135,000	0.019	27,100	854
9,883,500	18,255,000	0.014	26,902	679
12,951,500	21,105,000	0.016	27,018	781
11,892,500	23,640,000	0.017	27,221	868
10,565,000	21,155,000	0.015	27,295	775
11,520,000	21,380,000	0.015	27,324	783
10,135,000	18,500,000	0.012	27,458	674
7,015,000	13,960,000	0.009	27,582	506
6,115,000	11,700,000	0.007	27,582	424

CITY OF WINONA, MINNESOTA

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

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

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
\$ 3,465,345	\$19,384,655	2.11 %	27,069	\$716
3,910,199	18,759,801	1.87	27,100	692
4,041,775	13,898,225	1.25	26,902	517
4,119,104	16,210,896	1.36	27,018	600
4,221,278	19,003,722	1.44	27,221	698
5,006,176	15,938,824	1.12	27,295	584
4,774,810	15,760,190	1.06	27,324	577
3,847,754	13,917,246	0.91	27,458	507
3,407,480	9,927,520	0.64	27,582	360
2,897,230	8,292,770	0.52	27,582	301

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
2000	27,069	\$ 847,102	\$ 24,979,000	\$ 996,153	\$ 13,466,500	\$ 440,000
2001	27,100	920,379	24,838,000	942,194	10,588,500	265,000
2002	26,902	1,001,126	19,496,000	756,115	9,728,500	70,000
2003	27,018	1,114,739	22,867,869	501,613	13,939,500	
2004	27,221	1,193,636	24,060,000	324,277	12,312,500	
2005	27,295	1,319,882	25,120,000	662,721	10,960,000	
2006	27,324	1,422,377	25,050,000	571,941	11,890,000	
2007	27,458	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	27,582	1,547,328	14,710,000	808,454	6,410,000	

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 (2002-2009)
- (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
\$4,853,500	\$994,000	\$ 3,745,000	\$ 483,847	0.0006	\$ 18
6,674,300	853,000	3,045,000	2,470,006	0.0027	91
6,154,300	701,000		2,086,085	0.0021	78
5,506,300	543,000		2,377,456	0.0021	88
7,564,200			3,859,023	0.0032	142
6,795,700			6,701,579	0.0051	246
5,820,500			6,767,559	0.0048	248
4,835,800			6,027,638	0.0041	220
3,921,900			5,157,253	0.0034	187
3,073,200			4,418,346	0.0029	160

TABLE XIX

CITY OF WINONA, MINNESOTA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT (Unaudited)
DECEMBER 31, 2009

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
CITY DIRECT DEBT:			
General obligation bonds supported by property taxes	\$ 2,001,800	100.0 %	\$ 2,001,800
General obligation bonds supported by Port Authority	3,010,000	100.0	3,010,000
General obligation bonds supported by special assessments	3,073,200	100.0	3,073,200
General obligation equipment certificates	510,000	100.0	<u>510,000</u>
Total city direct debt			<u>8,595,000</u>
OVERLAPPING DEBT: (2)			
Debt repaid with property taxes:			
Independent School District No. 861 — G.O. bonds	25,817,903	65.8	16,988,180
Winona County — General obligation bonds	6,939,471	50.0	<u>3,469,736</u>
Total overlapping debt			<u>20,457,916</u>
Total direct and overlapping debt			<u>\$ 29,052,916</u>

This table includes the primary government and the component unit.

Notes:

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

Data Source —

Applicable governments

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CITY OF WINONA, MINNESOTA

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

	2000	2001	2002
ASSESSED VALUE (5)	<u>\$847,101,700</u>	<u>\$920,378,700</u>	<u>\$1,001,125,500</u>
LEGAL DEBT MARGIN:			
Debt limit (2% of market value of taxable property) (1)	<u>\$ 16,942,034</u>	<u>\$ 18,407,574</u>	<u>\$ 20,022,510</u>
Debt applicable to limit:			
Gross debt (6)	23,460,000	23,135,000	18,255,000
Less exempt debt (2)			
Special assessment improvement bonds	(4,853,500)	(6,674,300)	(6,154,300)
G.O. bonds (3)	(3,745,000)	(3,045,000)	
G.O. revenue bonds (4)	<u>(13,466,500)</u>	<u>(10,588,500)</u>	<u>(9,728,500)</u>
Debt subject to limit	<u>1,395,000</u>	<u>2,827,200</u>	<u>2,372,200</u>
Legal debt margin	<u>\$ 15,547,034</u>	<u>\$ 15,580,374</u>	<u>\$ 17,650,310</u>
Total net debt applicable to the limit as a percentage of the debt limit	<u>8.23 %</u>	<u>15.36 %</u>	<u>11.85 %</u>

Notes:

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

2003	2004	2005	2006	2007	2008	2009
<u>\$1,114,738,900</u>	<u>\$1,193,636,000</u>	<u>\$1,319,881,900</u>	<u>\$1,422,377,000</u>	<u>\$1,487,066,000</u>	<u>\$1,536,927,700</u>	<u>\$1,547,328,400</u>
\$ 22,294,778	\$ 23,872,720	\$ 26,397,638	\$ 28,447,540	\$ 29,741,320	\$ 46,107,831	\$ 46,419,852
21,105,000	23,640,000	21,155,000	21,380,000	18,500,000	13,960,000	11,700,000
(5,506,300)	(7,564,200)	(6,795,700)	(5,820,500)	(4,835,800)	(3,921,900)	(3,073,200)
<u>(12,951,500)</u>	<u>(11,892,500)</u>	<u>(10,565,000)</u>	<u>(11,520,000)</u>	<u>(10,135,000)</u>	<u>(7,015,000)</u>	<u>(6,115,000)</u>
<u>2,647,200</u>	<u>4,183,300</u>	<u>3,794,300</u>	<u>4,039,500</u>	<u>3,529,200</u>	<u>3,023,100</u>	<u>2,511,800</u>
<u>\$ 19,647,578</u>	<u>\$ 19,689,420</u>	<u>\$ 22,603,338</u>	<u>\$ 24,408,040</u>	<u>\$ 26,212,120</u>	<u>\$ 43,084,731</u>	<u>\$ 43,908,052</u>
<u>11.87 %</u>	<u>17.52 %</u>	<u>14.37 %</u>	<u>14.20 %</u>	<u>11.87 %</u>	<u>6.56 %</u>	<u>5.41 %</u>

CITY OF WINONA, MINNESOTA

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

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

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)
2000	27,069	50,015	\$ 1,214,200	24,277	3.5 %	4.0 %
2001	27,100	49,763	1,224,411	24,605	4.4	4.7
2002	26,902	49,428	1,265,857	25,610	4.7	5.8
2003	27,018	49,344	1,313,132	26,612	5.6	6.0
2004	27,221	49,172	1,383,206	28,130	5.0	5.6
2005	27,295	49,348	1,428,270	28,943	3.9	5.1
2006	27,324	49,730	1,510,583	30,376	3.8	4.6
2007	27,458	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	27,582	49,590	1,710,826	34,499	7.2	9.7

Data Source:

- (1) State demographer's estimate, except 2000, which is the U.S. Bureau of Census; 2009 not available.
- (2) 2000 - 2008- U.S. Bureau of Economic Analysis - Winona, MN Metropolitan Area,
<http://www.bea.gov/bea/regional/reis/default.cfm?catable=CA1-3§ion=2>. 2009 not available.
- (3) 2000 - 2008 - U.S. Bureau of Economic Analysis - Winona, MN Metropolitan Area,
<http://www.bea.gov/bea/regional/reis/default.cfm?catable=CA1-3§ion=2>. 2009 not available.
- (4) 2000 - 2008 - U.S. Bureau of Economic Analysis - Winona, MN Metropolitan Area,
<http://www.bea.gov/bea/regional/reis/default.cfm?catable=CA1-3§ion=2>. 2009 not available.
- (5) Minnesota Department of Employment and Economic Development (i.e., the yearly annual average),
(2009 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 and 12/31/09)

TABLE XXIII

CITY OF WINONA, MINNESOTA

PRINCIPAL EMPLOYERS (Unaudited)

FOR THE CALENDAR YEARS ENDED DECEMBER 31, 2009 AND 1999

Employer (1)	Type of Business	2009		
		Number of Employees	Rank	Percentage of Total County Employment
Fastenal Company (3)	Commercial/Industrial	1,169	1	6.42 %
Winona Health	Hospital/Clinic/Health Care	950	2	5.22 %
Winona State University	Post-secondary education	860	3	4.73 %
Independent School District No. 861	K-12 education	647	4	3.55 %
TRW Automotive Electronics	Industrial machinery	550	5	3.02 %
Wincraft	Promotional materials	420	6	2.31 %
RTP Company	Plastics and synthetic resins	415	7	2.28 %
Saint Mary's University (4)	Post-secondary education	377	8	2.07 %
Winona County	County Government	375	9	2.06 %
Wal-Mart	Commercial	250	10	1.37 %
Total principal employers		6,013		33.04 %
Other employers		12,188		66.96 %
Total employers (5)		18,201		100.00 %
Employer (2)	Type of Business	1999		
		Number of Employees	Rank	Percentage of Total County Employment
TRW Automotive Electronics	Industrial machinery	980	1	4.74 %
Fastenal Company	Commercial/Industrial	900	2	4.35 %
Winona Health	Hospital/Health Care	820	3	3.96 %
Winona State University	Post-secondary education	750	4	3.62 %
Independent School District No. 861	K-12 education	610	5	2.95 %
Watlow Controls	Electronic Control manufacturer	417	6	2.02 %
RTP Company	Plastic and synthetic resins	407	7	1.97 %
Watkins, Inc.	Spices and extracts manufacturer	375	8	1.81 %
Wincraft	Promotional materials	330	9	1.59 %
Saint Mary's University (4)	Post-secondary education	293	10	1.42 %
Total principal employers		5,882		28.42 %
Other employers		14,812		71.58 %
Total employers (5)		20,694		100.00 %

Data Source:

- (1) Official Statement — Bond Offering (Winona County-March, 2010)
- (2) Official Statement — Bond Offering (City of Winona-April, 2000)
- (3) Fastenal Company information
- (4) Saint Mary's University Finance Department
- (5) MN DEED, 2009 is at 9/30/2009 and 1999 is at 3/31/2000

CITY OF WINONA, MINNESOTA

PROPERTY VALUES AND CONSTRUCTION (Unaudited)
LAST TEN CALENDAR YEARS

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

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 for a new residence hall, and an addition to the Winona County Historical Society for \$3,300,000.

Data Source:

(3) Winona County Assessor.

(4) The City's Inspection Department.

CITY OF WINONA, MINNESOTA

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

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

Notes:

- (1) Information presented in full-time equivalents.
- (2) Full-time equivalent data only available beginning with 2006.
- Data Source —
- (3) The City'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	2000	2001	2002	2003
Public safety:				
Fire:				
Number of emergency responses	1,361	1,444	1,527	1,389
Number of inspections	228	330	283	377
Police:				
Number of traffic arrests	2,000	1,010	1,250	1,375
Crime clearance	56 %	56 %	58 %	58 %
Sewage system:				
Daily average treatment (in gallons)	4,300,000	4,400,000	4,400,000	4,400,000
Maximum daily of capacity of treatment plant (in gallons)	9,600,000	9,700,000	9,700,000	9,700,000
Water system:				
Daily average consumption (in gallons)	2,600,000	2,800,000	2,800,000	2,800,000
Maximum daily capacity of plant (in gallons)	9,200,000	8,500,000	8,500,000	8,500,000
Data Source —				
The City's various departments				

TABLE XXVI

2004	2005	2006	2007	2008	2009
1,565	1,689	1,763	2,033	2,090	1,978
342	414	395	375	491	171
1,289	1,347	1,675	1,540	1,247	1,081
61 %	57 %	55 %	57 %	64 %	61 %
4,400,000	4,400,000	4,400,000	4,326,000	4,400,000	4,400,000
9,700,000	9,700,000	9,700,000	9,600,000	9,600,000	9,600,000
2,800,000	2,800,000	2,800,000	2,860,000	2,860,000	2,860,000
8,500,000	8,500,000	8,500,000	10,296,000	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	2000	2001	2002	2003	2004
Public safety:					
Fire stations	2	2	2	2	2
Police stations	1	1	1	1	1
Streets and highways:					
Streets (miles)	110	110	110	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	102	104	105	107
Miles of storm sewers	85	85	86	86	87
Number of treatment plants	1	1	1	1	1
Water system:					
Miles of water mains	103	104	107	108	108
Number of service connections	8,512	7,647	7,889	9,080	9,080
Number of fire hydrants	1,351	1,210	1,307	1,327	1,327

Data Source —
The City's various departments.

TABLE XXVII

2005	2006	2007	2008	2009
2	2	2	2	2
1	1	1	1	1
111	113	113	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	15	16	16	16
107	111	111	112	112
87	88	88	89	89
1	1	1	1	1
108	113	114	115	115
9,080	8,204	8,359	8,364	8,364
1,327	1,432	1,451	1,461	1,461

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