

# City of Winona, Minnesota

Comprehensive Annual Financial  
Report for the Year Ended  
December 31, 2012

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**The cover photograph was taken by Tom Grier, Professor of Mass Communication at Winona State University. It is a summer scene of an evening municipal band concert on Lake Winona.**

**Cover design also by Tom Grier.**

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

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# CITY OF WINONA, MINNESOTA

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## CITY HALL

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May 15, 2013

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

Dear Mayor Peterson and City Council Members:

The Comprehensive Annual Financial Report (CAFR) of the City of Winona, MN (the "City"), for the fiscal year ended December 31, 2012, is submitted herewith. Responsibility for the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the City. The Finance Department believes that the data presented is accurate in all material respects and is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of the various funds. All disclosures necessary for a reader to gain an understanding of the City's financial activities have been included.

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

1. *Introductory Section*—Includes this letter of transmittal, a list of the City's leaders, an organization chart, and a reproduction of the City's Certificate of Achievement for Excellence in Financial Reporting.
2. *Financial Section*—Includes the report of our independent auditors, Management's Discussion and Analysis (MD&A), and the basic financial statements. The combining fund financial statements are presented after the basic financial statements.
3. *Statistical Section*—Includes selected financial, economic, and demographic information, generally presented on a 10-year historical basis.

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

### *Profile of the City:*

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

The Honorable Mayor and  
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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; sanitary sewer; inspections; airport; public transportation; recreation, library; and storm sewer.

*Local Economy:*

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

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

- Winona's highly diversified tax base that experienced an increase in its market value of 36.7% from 2003 to 2013;
- Stable financial operations (including financial management, cash flow dollars, and reserves for future capital needs);
- Low debt burden with rapid principal amortization (100% within 10 years) and significant nonproperty tax levy support for debt service;
- An "entrepreneurial spirit" for start-up companies;
- An independent, community-managed healthcare system, including emergency room services. The community also sponsors extensive programs for people with disabilities;
- A "regional center" for southeastern Minnesota (for education, employment, entertainment, visual arts 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;

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- An arts/tourism base that continues to grow with attractions such as the Minnesota Beethoven Festival featuring Joshua Bell in 2008, Yo-Yo Ma in 2010 and Branford Marsalis in July of 2012, the Shakespeare Festival, and the Minnesota Marine Art Museum featuring original Impressionist and Hudson River School paintings by artists such as Vincent van Gogh, Paul Cézanne, Henri Matisse, Pablo Picasso, Thomas Moran and Mary Cassatt;
- Located in the scenic Mississippi River valley.

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

- Available (and developable) land for the City to continue to grow;
- Transportation needs for improvements and maintenance;
- Infrastructure—maintenance costs (the City is 156 years old);
- City government financial dependency on state-provided local government aid;
- Substantial real estate is exempt from property tax, such as college campuses which still require City services.

Other key objectives of the City:

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

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

- Electronic  
Company (customers): Benchmark (original equipment manufacturer users of circuit boards) – located in the Winona regional area  
  
Company (customers): Watlow Controls (construction industry)  
Products: electronic design, contract manufacturer of mechanical and electronic components, and process control instruments;  
  
Company (customers): TRW (major auto manufacturers);
- Distribution  
Company: Fastenal  
National and international distributor of threaded fasteners and other industrial maintenance and construction supplies (founded in 1967, Fastenal’s sales in 2012 were \$3.134 billion);

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

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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;  
  
Company: Hiawatha Broadband Communications, Inc.  
Product: a provider of broadband internet, cable television, and telephone services within the Winona regional area;  
  
Company: Charter Communications  
Product: a provider of internet and cable television services;
- Music  
Company: Hal Leonard Publishing  
Product: largest manufacturer of printed music—internationally distributed;
- Stained Glass  
More than five stained glass companies within the area  
Customers include the Vatican Chapel in Jerusalem and Radio City Music Hall in New York City  
Products: studios that manufacture, design, and restore stained glass;
- Equipment Manufacturer  
Company: Thern, Inc.  
Product: manufacturer of material handling equipment such as winches, hoists and cranes with emphasis on niche market products.  
  
Company: Peerless Chain Company  
Largest producer of welded and weld-less chain in the U.S.A.
- Rail Products  
Company: Miller Felpax  
Product: designer and manufacturer of rolling stock products (rail) used in over 100 countries for 50 years. They were the original inventor and OEM of traction motor lubricators and gear case seals for the companies of GE and EMD.
- Knitwear  
Company: Knitcraft Corporation (located in the Winona regional area)  
Product: manufacturer of knitwear (“St. Croix” brand—international).

*Major Initiatives:*

**Current Projects—2012 Highlights:**

- City property values increased, during 2012, through the issuance of \$26,450,804 in building permits, (116 nonresidential permits for a value of \$16,436,708 and 1,050 residential permits for a value of \$10,014,096), which includes the list below:
  - CPI Banini – Construct a 45,000 sq. ft. manufacturing/warehouse addition (\$3,000,000)
  - Technical School – Construct a Transportation building (\$2,378,800)
  - Cotter High School – Remodel buildings and replace windows (\$1,870,000)
  - Fastenal Company – Construct an automated warehouse (\$1,693,000)
  - Winona State University—Remodel dormitory and other buildings (\$3,025,300)

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- Site Twelve LLC – Construct new strip mall (\$540,000)
- Gernes – Apartment unit addition (\$525,000)
- KTJ LLC – Construct two new retail buildings (\$490,000)
- Winona Crossings – A build out for Gotta Dance and a remodel for a Charter School (\$350,000)
- Winona Development Group – New retail tenant build out (\$300,000)
- Saint Mary’s University—Remodeling of a building and garage addition (\$287,000)
- Miller Scrap Iron and Metal Company – Construct new building (\$239,472)
- Winona Golf and Dining – Construct a summer house (\$210,500)
- Cinema Entertainment Corporation – Remodel theatre auditoriums (\$200,000)

*Long-term Financial Planning:*

The City Airport is undergoing an environmental analysis. The City’s plans are to lengthen the main runway, upgrade the alignment lighting and provide for a realignment of the taxiways at the Airport and will complete this study in order to do so.

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

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

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

*Accounting System and Budgetary Control:*

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

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

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requires estimates and judgments by management. We believe that the City's internal control structure adequately safeguards assets, and provides reasonable assurance of the proper recording of financial transactions.

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

*General Fund Functions:*

Revenues:

The following table presents a comparative analysis of General Fund budgeted revenues for 2013 and actual revenues for 2012 and 2011:

Revenue/Sources	2013 Budget		2012 Actual		2011 Actual	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Property taxes	\$ 4,401,392	25.9 %	\$ 4,363,492	29.2 %	\$ 4,546,701	29.0 %
Franchise fees and other taxes	1,225,000	7.2	1,245,615	8.3	1,304,498	8.3
Licenses and permits	149,900	0.9	165,798	1.1	169,473	1.1
Fines and forfeits	209,000	1.2	228,408	1.5	211,375	1.4
Intergovernmental	8,608,399	50.7	8,222,593	55.0	8,676,090	55.4
Investment earnings and change in fair value of investments	100	0.0	10,759	0.1	30,339	0.2
Charges for services	645,510	3.8	720,349	4.8	707,147	4.5
Other	1,748,700	10.3	3,556	0.0	8,206	0.1
	<u>\$16,988,001</u>	<u>100.0 %</u>	<u>\$ 14,960,570</u>	<u>100.0 %</u>	<u>\$15,653,829</u>	<u>100.0 %</u>

The certified **property taxes** in the General Fund will be more in 2013 than in 2012 due to the proposed issuance of a 2013 improvement bond for the Lake Winona Bike path project. (The 2013 tax levy for this bond is \$85,450.) The total increase in property taxes for the General Fund was \$37,900 for 2013 from 2012. (The property taxes in the General Fund were less in 2012 than in 2011 due to the a change in the State of Minnesota's Market Value Credit program. The decrease in property taxes for the General Fund operations was \$179,918 for 2012 from 2011.)

**Intergovernmental** remains the largest percentage of General Fund revenues at 50.7% for 2013 and at 55.0% for 2012. Included in this category are the State of Minnesota's payments to the City for Local Government Aid (LGA), which were approximately \$9,160,000 (total for all funds) for 2012. Also included in 2012 were the Market Value credits of \$416 for all funds. Market value credits are payments to the City, from the State of Minnesota, which lower the amount of property tax liability for a homeowner. (In 2011, the market value credit program revenue for the City was reduced by \$39,135.)

Included in the 2013 budget (**other**) is \$1,124,000 for transfers into the General Fund from various Funds, which represent 6.6% of the total.

The Honorable Mayor and  
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Expenditures:

A comparative analysis of General Fund budgeted expenditures for 2013 and actual expenditures for 2012 and 2011 is presented in the table below:

Expenditures/Uses	2013 Budget		2012 Actual		2011 Actual	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
General government	\$ 3,710,646	21.8 %	\$ 2,605,809	19.1 %	\$ 2,587,110	18.6 %
Public safety	7,546,587	44.4	6,722,914	49.3	6,692,901	48.1
Highways and streets	3,162,928	18.6	2,596,166	19.0	2,800,377	20.1
Sanitation and waste removal	53,150	0.3	34,888	0.3	45,635	0.3
Economic development	297,032	1.8	212,798	1.6	251,799	1.8
Park maintenance	2,217,658	13.1	1,460,381	10.7	1,538,180	11.1
	<u>\$16,988,001</u>	<u>100.0 %</u>	<u>\$13,632,956</u>	<u>100.0 %</u>	<u>\$13,916,002</u>	<u>100.0 %</u>

**General Government** includes \$272,155 for contingencies in the 2013 budget (General Government), which represents 1.6% of the total. The amount incurred for contingencies for the 2012 actual and the 2011 actual was \$0.

**Public safety** remained the largest area of the General Fund expenditures during 2012 (at 49.3%) and includes the departments of the Police, Fire, Emergency Management, Safety and Health Coordinator, and Flood Control. It is important to note that 18.1% of the 2012 \$660,507 cost to operate the Law Enforcement Center, “LEC,” (a facility shared with Winona County) is included in the City’s financial reports (and 16.1% of \$657,774 for 2011). Winona County includes the LEC in its annual budget and pays the total costs for the facility. The amount the City pays to Winona County per year is based on a contractual formula.

**Highways and streets** (19.0% in 2012) 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.

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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. (At December 31, 2012, the collateral in one of the banks was not sufficient to fulfill this requirement. The bank reported that due to an error in their reporting process, the correct deposit amount was not listed in a report that was used to determine the sufficiency of the collateral. This bank has since corrected their reporting process and has pledged additional collateral to meet the requirements.)

All of the City's pooled deposits and investments at December 31, 2012, are classified in the most secure credit risk category as defined by GASB. None of the City's investments were held by the counterparty's trust department or agent.

The City has not purchased any collateralized mortgage obligations (CMO), derivative securities, or interest-only strip investments. GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, requires investments to be reported at fair value in the balance sheet with changes in the fair value of investments reported in the operating statement. The City's practice is to hold investments to maturity; therefore, the City does not expect the net decrease in the fair value of investments shown in the financial statements will be realized. All investments in the City's portfolio had a maturity of two years or less at December 31, 2012.

*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 2012 and 2011.

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

*City Policies:*

The City has a policy that the annual budget needs to be balanced. This policy resulted in the General Fund total 2013 adopted budget of \$16,988,001 being \$1,733,879 more than the 2012 adopted budget (of \$15,254,122).

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

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

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*Debt Management:*

Bond Rating:

Moody’s Investors Service of New York, the City’s bond rating agency, has assigned an Aa1 rating to the City of Winona’s \$1.7 million General Obligation Water Revenue Refunding Bonds, Series 2013A. Concurrently, Moody’s affirmed the Aa1 rating on the City’s outstanding general obligation debt, affecting approximately \$9.1 million post-sale. In issuing the rating, the service had discussed the City’s diversified tax base and its role as a regional economic center due to its significant health care, education and manufacturing presences. The service also expects the City’s financial position to remain stable and healthy. The City’s debt is modestly sized, with a direct debt burden of 0.4% and overall debt burden of 1.5%. Principal amortization is rapid with 100% of its debt to be retired in ten years.

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 \$125 in 2012. The City believes that its current low debt per capita enables it to issue debt, if needed, for specific projects that would greatly benefit the community. The City is more than \$44 million below Minnesota law’s legal debt margin. Debt statistics as of December 31, 2012 and 2011, follow:

<b>Net Direct and Overlapping Debt</b>	<b>2012 Amount</b>	<b>2011 Amount</b>	<b>2012 Debt per Capita</b>	<b>2011 Debt per Capita</b>
Net direct bonded	\$ 3,440,875	\$ 4,297,613	\$ 125	\$ 156
Overlapping	<u>15,147,142</u>	<u>17,901,947</u>	<u>550</u>	<u>649</u>
Total	<u>\$ 18,588,017</u>	<u>\$22,199,560</u>	<u>\$ 675</u>	<u>\$ 805</u>

*Important Economic Factors:*

During 2012, the City expended approximately \$209 thousand in capital assets for construction in progress. Taxable market values in the City declined from 2012 to 2013 by 1.8%. Growth in values related to construction during 2012 were approximately \$16 million for nonresidential and \$10 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 2012 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.

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*Awards and Acknowledgments:*

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting (“Certificate of Achievement”) to the City of Winona, Minnesota, for its CAFR for the fiscal year ended December 31, 2011. The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standards for preparation of state and local government financial reports. Approximately 15% of the cities in Minnesota receive this award.

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

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

A big thank you to the Finance Department for their hard work and extra effort in the completion of this report. A special acknowledgment goes to Accountant Allyn Burgmeier and Financial Analyst Jessica Wojahn for their assistance and review of the Comprehensive Annual Financial Report.

Also, thank you to the Mayor, the City Council, the Port Authority Commissioners, the City Manager and the Department Heads for their work throughout the year. The Finance team looks forward to working with all of them in the future.

Respectfully submitted,



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, 2011

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.



*Christopher P. Morinell*

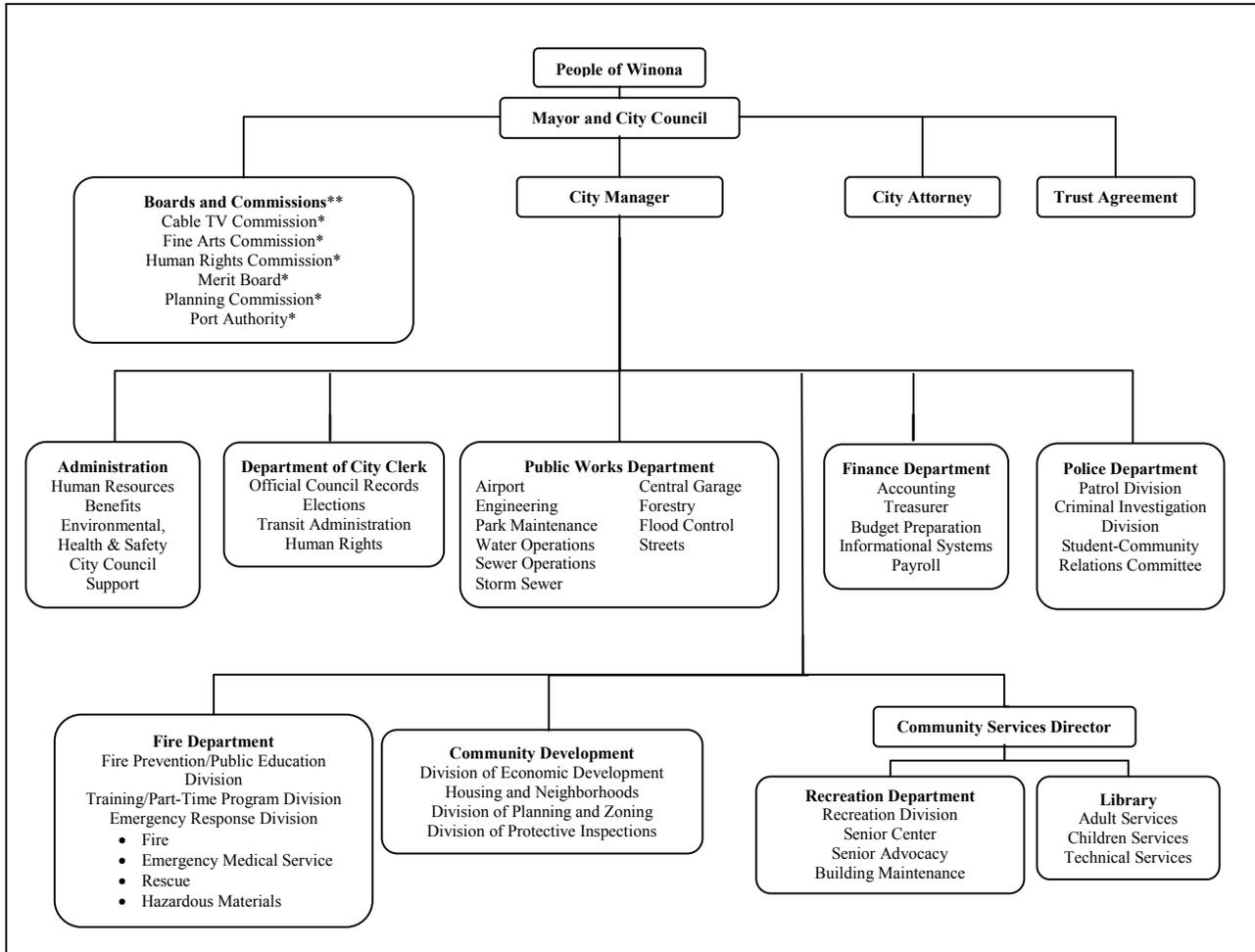
President

*Jeffrey R. Emer*

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, 2012

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### *City Council:*

	<b>Appointed/ Elected Date</b>	<b>Term Expires</b>
Jerry Miller, Mayor	01/01/01	12/31/12
Mark Peterson, Mayor	01/01/13	12/31/16
Allyn Thurley, 1st Ward	01/01/01	12/31/16
Gerry Krage, 2nd Ward	01/01/99	12/31/14
Deb Salyards, 3rd Ward (deceased 6/13/12)	01/01/05	06/13/12
Pam Eyden, 3rd Ward	11/19/12	12/31/16
George Borzyskowski, 4th Ward	01/01/99	12/31/14
Michelle Alexander, At-Large	01/01/11	12/31/14
Debbie White, At-Large	11/15/04	12/31/12
Paul Double, At-Large	01/01/13	12/31/16

### *City Staff:*

Judith Bodway	City Manager
Chris Hood	City Attorney
Keith Nelson	Assistant City Manager for Public Works
Monica Hennessy Mohan	City Clerk
Mary B. Burrichter	Finance Director
Paul Bostrack	Chief of Police
Edward Krall	Fire Chief
Lucy McMartin	Economic Development Director
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
Steve Jasnoch	Superintendent of Parks & Forestry
Arlan Runnigen	Central Garage Superintendent
Mike Biggerstaff	Street Superintendent
Jack Lipinski (retired November 30, 2012)	Wastewater Treatment Plant Superintendent
Paul Drazkowski (effective December 24, 2012)	Wastewater Treatment Plant Superintendent
Bob Dunn	Water Department Superintendent

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**SECTION II**  
**FINANCIAL SECTION**

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## INDEPENDENT AUDITORS' REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component 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, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents. The prior-year summarized comparative information has been derived from the City's 2011 financial statements and, in our report dated May 16, 2012, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position 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, as of December 31, 2012, and the respective changes in financial position, and, where applicable, cash flows thereof and the

respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

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

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

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

*Deloitte + Touche LLP*

May 15, 2013

# CITY OF WINONA, MINNESOTA

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

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This section of the comprehensive annual financial report (CAFR) of the City of Winona, Minnesota (the "City"), presents a discussion and analysis of the City's financial performance during the fiscal year ended December 31, 2012. 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 \$117,319,076 (net position). Of this amount, \$69,861,295 is the net investment in capital assets, \$21,508,894 is restricted for specific purposes and \$25,948,887 (unrestricted net position) may be used to meet the City's ongoing obligations to its citizens and creditors in accordance with the City's fund designations, cash flow needs and fiscal policies. The City-wide financial statements include \$4.3 million of depreciation expense on its investment in capital assets and \$3.4 million of capital expenditures.
- The City's total net position increased by \$2,400,716. A contributor to this was the increase in the net position for business type activities of \$1,895,825. In the business type activities the non-current liabilities decreased by \$1,489,057. This was partly due to a decrease in outstanding bonds payable of \$735,000 in the City's Water and Sanitary Sewer Funds.
- The City's governmental funds reported combined ending fund balances of \$15.1 million. Of this total amount, all of it is either nonspendable, restricted, committed, or assigned.
- At the end of the current fiscal year, the fund balance for the General Fund was distributed as follows: restricted of \$1,724,538, committed of \$1,192,915, assigned of \$5,606,375 and nonspendable of \$16,440.
- The City decreased total outstanding debt obligations during the current fiscal year. The total indebtedness of City Bond and Equipment Certificates decreased by \$1,035,000. The Port Authority of Winona ("Port Authority") also decreased total outstanding debt obligations during the current fiscal year. The total Port Authority bond indebtedness decreased by \$220,000.
- The City maintained its Aal bond rating from Moody's in December 2012. Moody's cited the City's highly diversified tax base, favorable debt profile including rapid payback of debt, stable financial operations and strong financial management.

### *Using the Financial Section of This Comprehensive Annual Financial Report*

This annual report consists of a series of financial statements.

1. Government-wide financial statements providing information for the City as a whole. These include the Statement of Net Position and the Statement of Activities, which provide information about the activities of the City as a whole, and present a longer-term view of the City's finances.
2. Fund financial statements are presented after the Statement of Activities and provide detailed information for the City's significant funds. Fund financial statements report the City's operations in more detail than the government-wide statements by providing information about the City's funds.

The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of organizations outside of the government.

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

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

### ***Government-Wide Financial Statements***

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

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

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

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

### ***Fund Financial Statements***

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

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

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

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

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

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

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

### ***Notes to the Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 43–79 of this report.

### ***Other Information***

The combining statements in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 81–104 of this report.

### ***Government-Wide Financial Analysis***

Net position may serve over time as a useful indicator of the City’s financial position. For the City, the assets exceeded liabilities by \$117,319,076 at December 31, 2012.

The largest portion of the City’s net position (58%) reflects the City’s investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City’s investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate liabilities.

A condensed version of the Statement of Net Position at December 31, 2012, is as follows:

Table 1  
 STATEMENT OF NET POSITION (Primary Government only) at December 31, 2012, compared to  
 December 31, 2011  
*(In thousands)*

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$34,105	\$32,828	\$20,960	\$18,758	\$ 55,065	\$ 51,586
Capital assets	<u>43,055</u>	<u>44,733</u>	<u>33,728</u>	<u>34,759</u>	<u>76,783</u>	<u>79,492</u>
Total assets	<u>\$77,160</u>	<u>\$77,561</u>	<u>\$54,688</u>	<u>\$53,517</u>	<u>\$131,848</u>	<u>\$131,078</u>
Current and other liabilities	\$ 2,870	\$ 5,845	\$ 1,080	\$ 2,391	\$ 3,950	\$ 8,236
Long-term liabilities	<u>6,270</u>	<u>4,201</u>	<u>4,309</u>	<u>3,723</u>	<u>10,579</u>	<u>7,924</u>
Total liabilities	<u>9,140</u>	<u>10,046</u>	<u>5,389</u>	<u>6,114</u>	<u>14,529</u>	<u>16,160</u>
Net position:						
Net investment in capital assets	39,640	40,283	30,221	30,516	69,861	70,799
Restricted	19,413	18,389	2,096	2,559	21,509	20,948
Unrestricted	<u>8,967</u>	<u>8,843</u>	<u>16,982</u>	<u>14,328</u>	<u>25,949</u>	<u>23,171</u>
Total net position	<u>68,020</u>	<u>67,515</u>	<u>49,299</u>	<u>47,403</u>	<u>117,319</u>	<u>114,918</u>
Total liabilities and net position	<u>\$77,160</u>	<u>\$77,561</u>	<u>\$54,688</u>	<u>\$53,517</u>	<u>\$131,848</u>	<u>\$131,078</u>

A portion of the City's net position is invested in capital assets, at \$70 million. Another portion of the net position represents resources that are subject to external restrictions on how they may be used (approximately \$21 million). The remaining balance of unrestricted net position (approximately \$26 million) may be used to meet the City's ongoing obligations to citizens, creditors and cash flow needs.

At both December 31, 2012 and 2011, the City is able to report positive balances in all three categories of net position, both for the City, as a whole, as well as for its separate governmental and business-type activities.

The City's net position in governmental activities increased by approximately \$505,000. Contributors were an increase in cash and investments in the Street Reconstruction Fund and the Equipment Certificates Fund.

The City's net position in business activities increased by \$1.9 million. This is primarily a result of an increase in net position in the Water Fund of \$1.2 million and an increase in the Sanitary Sewer Fund of \$.6 million. The increase in the Water Fund and the Sanitary Sewer Fund was mainly due to a decrease in the noncurrent liabilities (Revenue Bonds Payable). This was the result of the retirement of City bonds.

## Governmental Activities

Governmental activities increased the City's net position by \$504,891.

Table 2

STATEMENT OF ACTIVITIES (Primary Government only) for the year ended December 31, 2012, compared to the year ended December 31, 2011

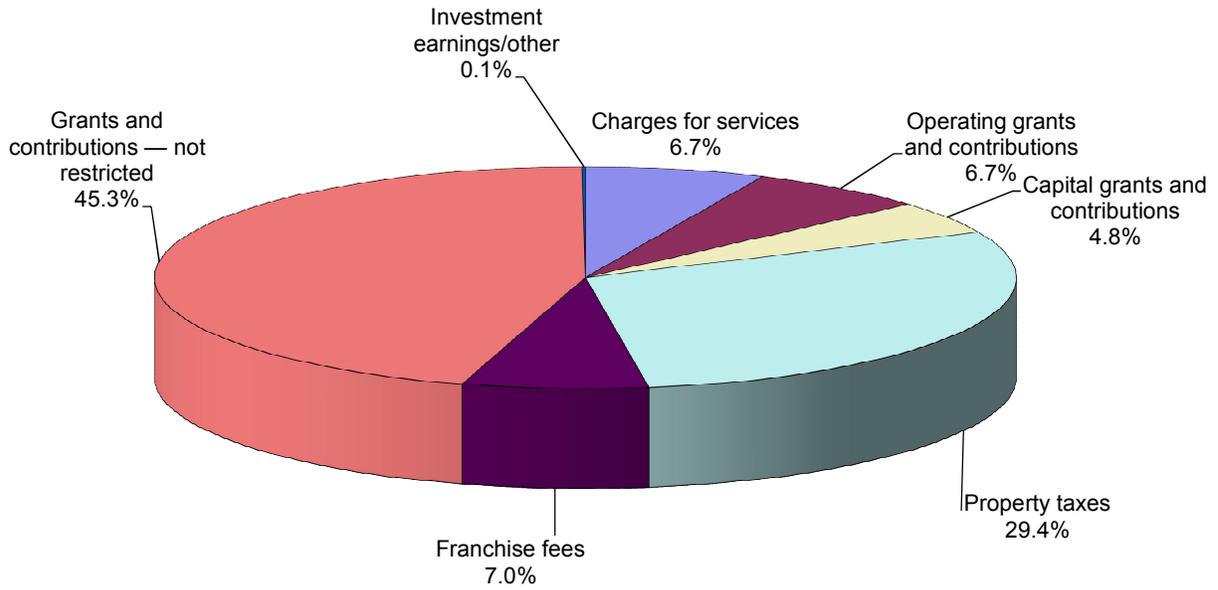
(In thousands)

	2012			2011		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
REVENUES:						
Program revenues:						
Charges for services	\$ 1,207	\$ 8,611	\$ 9,818	\$ 1,235	\$ 7,726	\$ 8,961
Operating grants and contributions	1,206	799	2,005	1,029	845	1,874
Capital grants and contributions	858	142	1,000	705	329	1,034
General revenues:						
Taxes (property)	5,255	822	6,077	5,209	658	5,867
Franchise fees	1,246		1,246	1,305		1,305
Grants and contributions not restricted	8,100	1,115	9,215	8,039	1,173	9,212
Investment earnings	22	12	34	41	15	56
Total revenues	<u>17,894</u>	<u>11,501</u>	<u>29,395</u>	<u>17,563</u>	<u>10,746</u>	<u>28,309</u>
EXPENSES:						
General government	2,779		2,779	2,733		2,733
Public safety	7,809		7,809	7,610		7,610
Highways and streets	4,616		4,616	4,062		4,062
Sanitation and waste removal	35		35	46		46
Economic development	548		548	852		852
Park maintenance	1,538		1,538	1,519		1,519
Interest on long-term debt	102		102	131		131
Water		2,407	2,407		2,297	2,297
Sanitary Sewer		2,732	2,732		2,695	2,695
Inspections		343	343		397	397
Airport		383	383		395	395
Public transportation		691	691		700	700
Recreation		1,798	1,798		1,660	1,660
Library		931	931		986	986
Storm sewer		282	282		159	159
Total expenses	<u>17,427</u>	<u>9,567</u>	<u>26,994</u>	<u>16,953</u>	<u>9,289</u>	<u>26,242</u>
CHANGE IN NET POSITION BEFORE TRANSFER	467	1,934	2,401	610	1,457	2,067
TRANSFERS	<u>38</u>	<u>(38)</u>		<u>(340)</u>	<u>340</u>	
CHANGE IN NET POSITION	505	1,896	2,401	270	1,797	2,067
NET POSITION—Beginning of year	<u>67,515</u>	<u>47,403</u>	<u>114,918</u>	<u>67,245</u>	<u>45,606</u>	<u>112,851</u>
NET POSITION—End of year	<u>\$ 68,020</u>	<u>\$49,299</u>	<u>\$117,319</u>	<u>\$67,515</u>	<u>\$47,403</u>	<u>\$114,918</u>

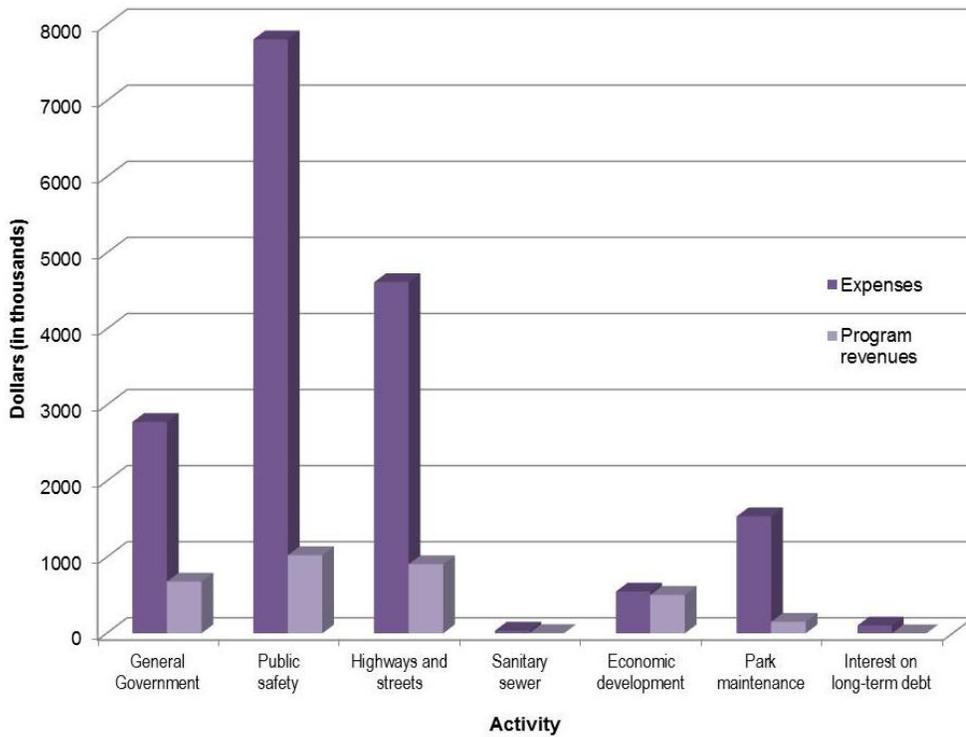
**Governmental Activities (continued)**

The following charts illustrate the City’s governmental activities for the year ended December 31, 2012:

**Revenues by Source — Governmental Activities**

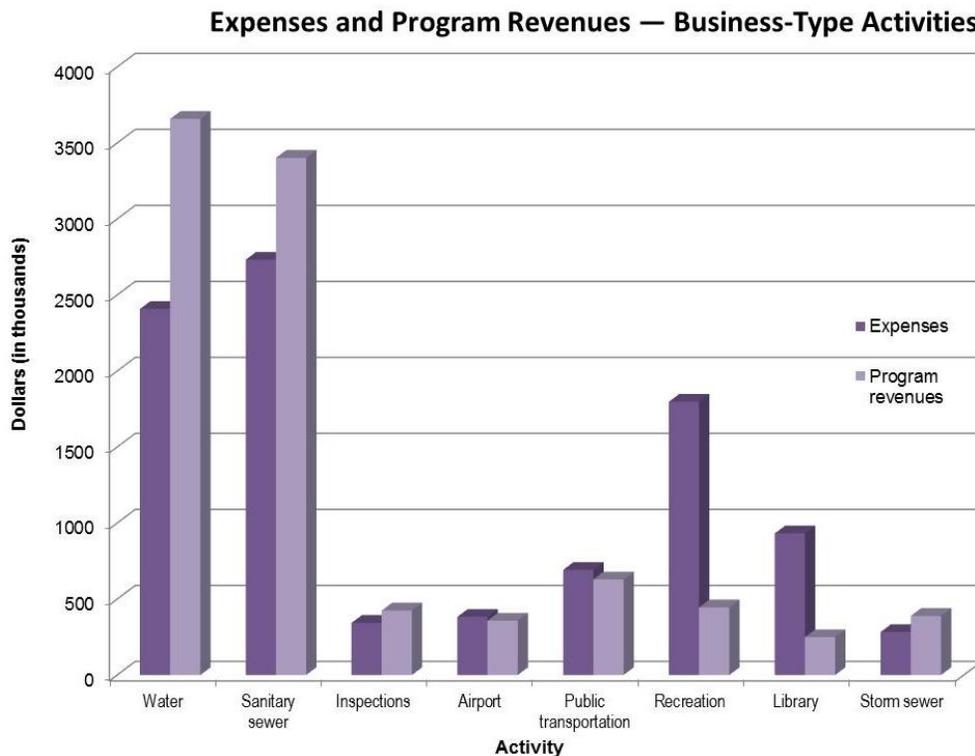


**Expenses and Program Revenues — Governmental Activities**



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

The following charts illustrate the City's business-type activities for the year ended December 31, 2012:



## ***Financial Analysis of the City's Funds***

### **Governmental Funds:**

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

*General Fund*—At December 31, 2012, the fund balance of the General Fund was composed of the following: restricted of \$1,724,538, committed of \$1,192,915, assigned of \$5,606,375, and nonspendable of \$16,440. The 2012 expenditures for the General Fund decreased by approximately \$283,000 from 2011 mainly due to the decrease in expenditures in the departments of Streets and Park Maintenance. (The Streets Department's capital outlay expenditures were approximately \$160,000 less in 2012 and the Park Maintenance Department's capital outlay expenditures were approximately \$82,000 less in 2012 than in 2011.)

Park Maintenance Department had less salary and benefit costs in 2012 than in 2011 and the Streets Department did not have much snow to plow or ice to treat in 2012 as compared to 2011.

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

*Permanent Improvement Revolving Bond Fund*—The fund balance for this fund has decreased by \$253,639 from 2011 to 2012 due to bond principal and interest expenditures of \$990,287 and revenues of \$736,648 (\$497,545 property taxes, \$238,891 special assessments and \$212 other).

### **Proprietary Funds:**

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

*Water Fund*—The rates for the Water utility were increased by 4.5% for 2012. A new water rate structure was put into place for 2012, which includes a seasonal variable rate and recovers more of the fixed costs of the system as an availability charge.

*Sanitary Sewer Fund*—The Sanitary Sewer rates were increased by approximately 6.4% for 2012. A new Sanitary Sewer utility rate structure was approved for 2012, which recovers more of the fixed costs of the system with the addition of an availability charge.

*Storm Sewer Fund*—This utility began in 2003 to cover the maintenance costs of handling storm water and the increased responsibilities of handling storm water due to federal requirements. During 2012, the Storm Sewer utility rates were not changed from those of 2011.

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

During 2012 there were increases of \$845,483 in appropriations for the General Fund from the original to the final amended budget. Following are some of the components of the increase:

- \$795,787 was added to various departments for encumbrances from December 31, 2011;
- \$35,458 was added to the Police Department for the drug forfeiture account;
- \$4,750 was added to the Fire Department for fire fighter training.

Following is a budget variance analysis:

- The Streets and Alleys Department had a favorable budget variance of approximately \$148,000 because they spent approximately \$133,000 less on capital outlay in 2012 than in 2011.

### ***Capital Assets***

At the end of 2012, the City had \$76,783,505 invested in a broad range of capital assets (net of accumulated depreciation). The total decrease in capital assets for the current fiscal year was 3.4% (a 3.7% decrease for governmental activities and a 3.0% decrease for business-type activities). Major capital asset events during the current year included the following:

- The Police department purchased one vehicle for \$27,960.
- The Street department purchased a street sweeper, a mower and a truck (\$259,600).
- The Fire department purchased a pumper truck (\$482,000).
- In the Water Fund, \$214,500 was spent on the Pinecrest water main project.
- The Sanitary Sewer Fund spent \$335,000 on sanitary sewer extensions for the Pinecrest and Sunnyridge projects. A digester cover was purchased for \$780,000.
- The Airport Fund spent \$601,700 on a new T hangar and \$173,700 on a tractor/mower/plow unit.

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, 2012, the City had \$6,920,000 in bonds and equipment certificates outstanding versus \$8,690,000 last year, a decrease of \$1,770,000. Also, as of December 31, 2012, the Port Authority had

\$2,080,000 in bonds outstanding versus \$2,300,000 last year, a decrease of \$220,000. 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 assigned and affirmed in December 2012 with the issuance of the \$1.7 million General Obligation Water Revenue Refunding Bonds, Series 2013A.

No new debt was issued by the Port Authority during 2012.

### ***Economic Factors and Next Year's Budget***

- The City has stayed with short-term maturities and high-credit quality on investments as disclosed in Note 2 to the financial statements (weighted-average maturity of .36 years). This is due to the concern that the City wants to remain protected against a significant increase in interest rates which would create a large reduction in the fair value of any long maturity investments.
- Beginning in the 2012 tax collection year, the State of Minnesota Market Value Homestead Credit program was changed to a Homestead Market Value Exclusion program which resulted in a reduction to the overall taxable market values and tax capacities of Minnesota cities. The City of Winona experienced a loss of approximately \$151 million (or 9.8% of the 2011 collection year) taxable market value due to this change.
- As a labor-intensive organization, the City faces competitive pressures and rising costs relating to staff. The cost of the City's health benefits was approximately \$1.6 million in both 2012 and 2011.
- For 2012, the City offered three health plan options with consumer-driven healthcare programs that combined high deductibles with individual Health Plan Accounts or Health Savings Accounts employer-held (HPA) or employee-held (HSA) accounts used for health care expenses not covered by the underlying plan. The City will continue to pursue healthcare options that would contain costs for the City, and remain a benefit to the employees.
- City retirees have the same choice of healthcare plans that the City provides to their active employees. The City requires the former employee to pay the full group active employee cost of the plan they select. Until 2007, the benefit expired at age 65. In late 2007, the City began allowing retirees to continue their coverage beyond age 65 by continuing to pay the full group active employee cost. At this time, the seven police sergeants have elected not to participate in the City's healthcare plan. (They are entitled to review the options again in 2013.) For 2012, the City's annual other postemployment benefit cost was \$158,777 which reflects the incremental actuarial cost of employees being able to stay in the City's group healthcare plan. The actuarial accrued liability and the unfunded actuarial accrued liability is \$2,179,743. (In 2009, the City Council passed a resolution to begin funding the liability; \$703,088 was set aside in both 2009 and 2010, \$1,361,176 was set aside in 2011 and \$100,000 was set aside in 2012. The \$2,867,352 is held in general assets and is not considered plan assets.) Sixteen retirees and two dependent spouses are currently covered by the City's plan. For additional detail, refer to Note 13 of the basic financial statements.
- As discussed in Note 6 to the basic financial statements, the City participates in the statewide defined benefit pension plans. The City's contributions to the General Employees Retirement Fund (GERF) in 2012 were \$401,909. The City's contributions to the Public Employees Police and Fire Fund (PEPFF) in 2012 were \$548,774. As of December 31, 2012, the General Employees Retirement Fund was 73.5% funded and the Public Employees Police and Fire Fund was 78.3% funded. (As of December 31, 2011, the General Employees Retirement Fund was 75.2% funded and the Public Employees Police and Fire Fund was 82.9% funded.) Contribution rates were increased in 2009, 2010 and 2011 (from 6.5% in 2008 to 7.25% in 2011 for the GERF and from 12.9% in 2008 to 14.4% in 2011 for the PEPFF) to move the plans back to a fully funded status as required by Minnesota state law. (Contribution rates did not change in 2012.)
- There are no increases in rates in 2012 and none are scheduled for 2013 for the Public Employees Retirement Association of Minnesota (PERA) for the City.

- The outstanding bonds for the City and the Port Authority totaled \$9 million on December 31, 2012. Amortization is rapid at 100% within ten years with all of the interest at a fixed rate. The majority of the debt is supported by special assessments and utility fund revenues.
- For 2013 the City and Port Authority's Capital Plan includes \$524,000 for a bike path overlay, Franklin Street reconstruction for \$770,000, Hilbert Street reconstruction for \$145,000, a filter media replacement at the Westfield Water Plant for \$250,000, controls at the sanitary sewer lift station (#4) and a recirculation pump at the Wastewater Treatment Plant for \$120,000, improvements and a bus garage addition for \$105,000, \$300,000 for a slip lining for the Ninth Street Sanitary Sewer project and \$6,500,000 for Airport runway and taxiway construction project. The City anticipates issuing bonds of approximately \$1,150,000 to fund the bike path and the City's portion of the airport capital project.
- The City continues to see new construction growth both in residential and in commercial construction. In 2012 the building permits totaled approximately \$26.5 million.
- The increase to the City's tax base during the past ten years is at 36.7%.
- Per State Statute, the State of Minnesota will have a balance budget for the next biennium. (The legislature is scheduled to adjourn during the third week of May.)
- The City signed an agreement in May 2005 to annex 318 acres for residential development of an adjacent township. This agreement also includes an orderly annexation for 1,700 acres (property owners within the 1,700 acres may petition to be annexed to the City, and the township will not contest it). The City will receive, from the developers, \$17,000 per acre for platted and developed land. This payment allows access to the City utilities of water, sanitary sewer and storm sewer.
- The Mayor, the City Council, and the management of the City are currently focused on what they can do to promote continued growth.

***Contacting the City's Financial Management***

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

## **BASIC FINANCIAL STATEMENTS**

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**CITY OF WINONA, MINNESOTA**

**STATEMENT OF NET POSITION  
AS OF DECEMBER 31, 2012 (with comparative totals for 2011)**

	Primary Government				Component Unit— Port Authority	
	Governmental Activities	Business- Type Activities	2012	2011	2012	2011
<b>ASSETS:</b>						
Cash and cash equivalents	\$ 31,302,302	\$ 19,663,595	\$ 50,965,897	\$ 47,522,665	\$ 2,516,502	\$ 2,222,108
Restricted investments	317,722		317,722	315,666		
Receivables	1,049,853	1,467,321	2,517,174	2,367,335	27,864	9,100
Internal balances	674,105	(674,105)		-		
Due from component unit	12,397		12,397	21,224		
Due from other governmental units	95,781	109,478	205,259	350,706	4,266	112,972
Note receivable	588,000		588,000	588,000		
Funds held by others					100,000	100,000
Inventories		298,800	298,800	309,398		
Prepaid items	16,440	94,800	111,240	48,727	5,766	5,766
Bond issuance costs	48,404		48,404	61,506		
Properties held for development (Note 4)					4,187,198	4,187,198
Capital assets (Note 3):						
Nondepreciable	7,074,361	1,031,619	8,105,980	2,562,139		
Construction in progress		209,034	209,034	1,625,760		1,020,300
Depreciable buildings, property, and equipment—net	3,859,492	20,804,807	24,664,299	24,362,556	1,238,113	
Depreciable infrastructure—net	<u>32,121,244</u>	<u>11,682,948</u>	<u>43,804,192</u>	<u>50,941,944</u>		
Capital assets—net	<u>43,055,097</u>	<u>33,728,408</u>	<u>76,783,505</u>	<u>79,492,399</u>	<u>1,238,113</u>	<u>1,020,300</u>
Total assets	<u>\$ 77,160,101</u>	<u>\$ 54,688,297</u>	<u>\$ 131,848,398</u>	<u>\$ 131,077,626</u>	<u>\$ 8,079,709</u>	<u>\$ 7,657,444</u>
<b>LIABILITIES:</b>						
Accounts payable	\$ 589,705	\$ 209,286	\$ 798,991	\$ 1,126,516	\$ 1,086	\$ 3,146
Outstanding and incurred, but not reported claims	270,000		270,000	96,039		
Accrued salaries & comp absences payable	36,571	58,737	95,308	118,808	34,667	38,333
Accrued interest payable					12,397	21,224
Due to primary government	571,532	37,642	609,174	572,997		
Unearned revenue						
Noncurrent liabilities:						
Due within one year	1,402,148	774,575	2,176,723	6,320,979	225,000	220,000
Due in more than one year	<u>6,270,416</u>	<u>4,308,710</u>	<u>10,579,126</u>	<u>7,923,927</u>	<u>1,855,000</u>	<u>2,080,000</u>
Total liabilities	<u>9,140,372</u>	<u>5,388,950</u>	<u>14,529,322</u>	<u>16,159,266</u>	<u>2,128,150</u>	<u>2,362,703</u>
<b>NET POSITION:</b>						
Net investment in capital assets	39,640,097	30,221,198	69,861,295	70,799,259	(841,887)	
Restricted for:						
OPEB—Contribution & retiree subsidy health	2,853,885	19,665	2,873,550	2,767,352		
PERA contribution	1,571,180	191,609	1,762,789	1,713,621		
Capital projects	3,714,733		3,714,733	3,998,536	2,619,255	
Health insurance	1,031,242		1,031,242	891,521		
Debt service	1,218,851	833,850	2,052,701	2,250,055	413,354	397,807
PIR Construction	750,706		750,706	776,808		
Equipment	3,321,416		3,321,416	3,007,964		
Facilities	1,934,754		1,934,754	1,501,458		
Infrastructure replacement	1,978,740		1,978,740	1,527,804		
Lake Winona dredging project					565,014	564,644
Water projects		70,000	70,000	440,955		
Other purposes (Note 1.M.)	702,323	981,182	1,683,505	1,755,448	3,195,823	4,332,290
Nonspendable—other than permanent funds	16,440		16,440			
Nonspendable—permanent funds	56,000		56,000	56,000		
Expendable-permanent funds	262,318		262,318	260,401		
Unrestricted	<u>8,967,044</u>	<u>16,981,843</u>	<u>25,948,887</u>	<u>23,171,178</u>		
Total net position	<u>\$ 68,019,729</u>	<u>\$ 49,299,347</u>	<u>\$ 117,319,076</u>	<u>\$ 114,918,360</u>	<u>\$ 5,951,559</u>	<u>\$ 5,294,741</u>

See notes to basic financial statements.

**CITY OF WINONA, MINNESOTA**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2012 (with comparative totals for 2011)**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position				Component Unit	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Port Authority			
					Governmental Activities	Business-Type Activities	2012	2011	2012	2011
<b>GOVERNMENTAL ACTIVITIES:</b>										
General government	\$ 2,779,097	\$ 653,782	\$ 25,844	\$ -	\$ (2,099,471)	\$ -	\$ (2,099,471)	\$ (1,956,201)		
Public safety	7,808,418	309,834	716,843		(6,781,741)		(6,781,741)	(6,918,611)		
Highways and streets	4,616,226	28,844	259,523	619,198	(3,708,661)		(3,708,661)	(3,428,016)		
Sanitation and waste removal	34,888	2,075			(32,813)		(32,813)	(43,360)		
Economic development	548,383	61,894	204,336	238,891	(43,262)		(43,262)	(126,748)		
Park maintenance	1,538,243	150,367			(1,387,876)		(1,387,876)	(1,380,328)		
Interest on long-term debt	102,332				(102,332)		(102,332)	(131,150)		
Total governmental activities	<u>17,427,587</u>	<u>1,206,796</u>	<u>1,206,546</u>	<u>858,089</u>	<u>(14,156,156)</u>	<u>-</u>	<u>(14,156,156)</u>	<u>(13,984,414)</u>		
<b>BUSINESS-TYPE ACTIVITIES:</b>										
Water	2,407,299	3,658,003				1,250,704	1,250,704	1,083,474		
Sanitary Sewer	2,731,544	3,401,815				670,271	670,271	233,658		
Inspections	342,585	424,325				81,740	81,740	102,402		
Airport	382,734	36,828	178,326	142,561		(25,019)	(25,019)	84,632		
Public transportation	691,364	239,707	389,149			(62,508)	(62,508)	(75,078)		
Recreation	1,797,826	421,892	22,514			(1,353,420)	(1,353,420)	(1,234,003)		
Library	931,196	39,859	208,859			(682,478)	(682,478)	(730,753)		
Storm sewer	282,245	388,544				106,299	106,299	147,126		
Total business-type activities	<u>9,566,793</u>	<u>8,610,973</u>	<u>798,848</u>	<u>142,561</u>	<u>-</u>	<u>(14,411)</u>	<u>(14,411)</u>	<u>(388,542)</u>		
Total primary government	<u>\$26,994,380</u>	<u>\$ 9,817,769</u>	<u>\$2,005,394</u>	<u>\$ 1,000,650</u>	<u>(14,156,156)</u>	<u>(14,411)</u>	<u>(14,170,567)</u>	<u>(14,372,956)</u>		
Component unit activities—										
Port Authority	<u>\$ 407,811</u>	<u>\$ 406,373</u>	<u>\$ -</u>	<u>\$ 181,027</u>					<u>\$ 179,589</u>	<u>\$ 769,024</u>
General revenues:										
Taxes:										
Property taxes levied for general purposes					5,254,948	821,748	6,076,696	5,866,558	455,833	425,642
Franchise fees					1,245,615		1,245,615	1,304,498		
Grants and contributions not restricted to specific programs					8,099,790	1,114,850	9,214,640	9,212,843	1,909	40,748
Interest and investment earnings					22,297	12,035	34,332	56,654	1,487	1,906
Sale of assets									18,000	15,863
Transfers					38,397	(38,397)				
Total general revenues and transfers					<u>14,661,047</u>	<u>1,910,236</u>	<u>16,571,283</u>	<u>16,440,553</u>	<u>477,229</u>	<u>484,159</u>
Change in net position					504,891	1,895,825	2,400,716	2,067,597	656,818	1,253,183
Net position—beginning					67,514,838	47,403,522	114,918,360	114,918,360	5,294,741	4,041,558
Net position—ending					<u>\$ 68,019,729</u>	<u>\$49,299,347</u>	<u>\$ 117,319,076</u>	<u>\$ 114,918,360</u>	<u>\$ 5,951,559</u>	<u>\$5,294,741</u>

See notes to basic financial statements

**CITY OF WINONA, MINNESOTA**

**BALANCE SHEET—GOVERNMENTAL FUNDS  
AS OF DECEMBER 31, 2012 (with comparative totals for 2011)**

ASSETS	General	Permanent	Permanent	Other	Total	
		Improvement Revolving Bond	Improvement Revolving Construction	Nonmajor Governmental Funds	Governmental Funds	
					2012	2011
Cash, cash equivalents, and investments	\$10,138,586	\$ 642,275	\$ 750,706	\$4,889,235	\$16,420,802	\$16,691,689
Restricted investments				317,722	317,722	315,666
Receivables—net:						
Taxes	122,836	11,414		4,835	139,085	111,986
Special assessments		612,169			612,169	665,141
Customers and other	287,124			3,467	290,591	303,057
Due from other funds	150,000				150,000	195,068
Due from other governmental units	63,758	18,305		13,718	95,781	175,201
Due from component unit	12,397				12,397	21,224
Prepaid items	16,440				16,440	40,355
Accrued interest on investments	8,008				8,008	5,580
<b>TOTAL</b>	<b>\$10,799,149</b>	<b>\$1,284,163</b>	<b>\$ 750,706</b>	<b>\$5,228,977</b>	<b>\$18,062,995</b>	<b>\$18,524,967</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES:</b>						
Accounts payable	\$ 390,960	\$ -	\$ -	\$ 1,779	\$ 392,739	\$ 673,553
Accrued salaries and compensated absences	1,745,086			47,262	1,792,348	1,580,942
Due to other funds						45,068
Unavailable revenue	122,835	623,583		9,814	756,232	795,871
<b>Total liabilities</b>	<b>2,258,881</b>	<b>623,583</b>	<b>-</b>	<b>58,855</b>	<b>2,941,319</b>	<b>3,095,434</b>
<b>FUND BALANCES (DEFICITS):</b>						
Nonspendable	16,440			56,000	72,440	56,000
Restricted	1,724,538	660,580	750,706	4,535,322	7,671,146	8,034,260
Committed	1,192,915			611,439	1,804,354	1,667,719
Assigned	5,606,375				5,606,375	5,703,244
Unassigned (deficit)				(32,639)	(32,639)	(31,690)
<b>Total fund balances</b>	<b>8,540,268</b>	<b>660,580</b>	<b>750,706</b>	<b>5,170,122</b>	<b>15,121,676</b>	<b>15,429,533</b>
<b>TOTAL</b>	<b>\$10,799,149</b>	<b>\$1,284,163</b>	<b>\$ 750,706</b>	<b>\$5,228,977</b>	<b>\$18,062,995</b>	<b>\$18,524,967</b>

See notes to basic financial statements.

# CITY OF WINONA, MINNESOTA

## RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION AS OF DECEMBER 31, 2012

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FUND BALANCE—TOTAL GOVERNMENTAL FUNDS \$15,121,676

Amounts reported for governmental activities in the statement of net position are different because:

1. Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds:		
Construction in progress	\$ -	
Governmental capital assets	89,955,621	
Less accumulated depreciation	<u>(46,900,524)</u>	43,055,097
2. Unavailable revenue in governmental funds is susceptible to full accrual on the government-wide statements—		
Unavailable special assessments, property taxes, state grant, and service charges		756,231
3. Long-term liabilities (bonds payable) are not payable with current financial resources and are therefore not reported in the governmental funds.		(3,415,000)
4. Long-term debt-bond issuance costs are susceptible to full accrual on the government-wide statements		111,774
5. Bond issuance costs are amortized and susceptible to full accrual on the government-wide statements		(63,370)
6. The City uses an internal service fund to charge the cost of its self-insurance activities to individual funds:		
Internal service funds net position	12,495,787	
Cumulative portion to business-type activities	<u>(5,895)</u>	12,489,892
7. Accrued interest is not payable with current financial resources and is therefore not reported in the governmental funds.		(36,571)
8. Note receivable in governmental funds is susceptible to full accrual on the government-wide statements:		
Note receivable	588,000	
Less unavailable revenue	<u>(588,000)</u>	<u>-</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$68,019,729</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, 2012 (with comparative totals for 2011)**

	General	Permanent Improvement Revolving Bond	Permanent Improvement Revolving Construction	Other Nonmajor Governmental Funds	Total Governmental Funds	
					2012	2011
<b>REVENUES:</b>						
General property taxes	\$ 4,363,492	\$ 497,545	\$ -	\$ 366,813	\$ 5,227,850	\$ 5,234,345
Franchise fees	1,245,615				1,245,615	1,304,498
Special assessments		238,891			238,891	362,968
Licenses and permits	165,798				165,798	169,473
Fines and forfeits	228,408				228,408	211,375
Intergovernmental revenues	8,222,593			1,680,941	9,903,534	9,588,783
Investment earnings	9,567	212	481	4,942	15,202	19,577
Net increase in fair value of investments	1,192			584	1,776	16,236
Charges for services	720,349			158,980	879,329	878,153
Contributions	3,556			18,443	21,999	8,206
Refunds and reimbursements						88
<b>Total revenues</b>	<b>14,960,570</b>	<b>736,648</b>	<b>481</b>	<b>2,230,703</b>	<b>17,928,402</b>	<b>17,793,702</b>
<b>EXPENDITURES:</b>						
<b>Current:</b>						
General government	2,605,809			111,086	2,716,895	2,696,087
Public safety	6,694,954			342,782	7,037,736	6,640,661
Highways and streets	2,580,500				2,580,500	2,625,036
Sanitation and waste removal	34,888				34,888	45,635
Economic development	212,798			329,371	542,169	837,643
Park maintenance	1,391,948				1,391,948	1,389,884
<b>Capital outlay:</b>						
General government						14,106
Public safety	27,960			490,368	518,328	92,996
Highways and streets	15,666		10,833	1,027,581	1,054,080	980,329
Sanitation and waste removal						13,965
Economic development			15,750		15,750	
Park maintenance	68,433				68,433	150,296
<b>Debt service:</b>						
Bond principal		905,000		130,000	1,035,000	1,220,000
Interest and other expenditures		85,287		20,051	105,338	166,171
<b>Total expenditures</b>	<b>13,632,956</b>	<b>990,287</b>	<b>26,583</b>	<b>2,451,239</b>	<b>17,101,065</b>	<b>16,872,809</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,327,614</b>	<b>(253,639)</b>	<b>(26,102)</b>	<b>(220,536)</b>	<b>827,337</b>	<b>920,893</b>
<b>OTHER FINANCING (USES) SOURCES:</b>						
G.O. Equipment Certificates Issued						1,385,000
Transfer to other funds	(1,413,504)			(423,102)	(1,836,606)	(3,528,952)
Transfers from other funds	243,908			457,504	701,412	968,269
<b>Total other financing (uses) sources</b>	<b>(1,169,596)</b>	<b>-</b>	<b>-</b>	<b>34,402</b>	<b>(1,135,194)</b>	<b>(1,175,683)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>158,018</b>	<b>(253,639)</b>	<b>(26,102)</b>	<b>(186,134)</b>	<b>(307,857)</b>	<b>(254,790)</b>
<b>FUND BALANCE—</b>						
January 1, 2012	8,382,250	914,219	776,808	5,356,256	15,429,533	15,684,323
<b>FUND BALANCE—</b>						
December 31, 2012	\$ 8,540,268	\$ 660,580	\$ 750,706	\$ 5,170,122	\$ 15,121,676	\$ 15,429,533

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, 2012

NET CHANGE IN FUND BALANCES—TOTAL GOVERNMENTAL FUNDS \$ (307,857)

Amounts reported for governmental activities in the statement of activities are different because:

1. Governmental funds report capital outlays as expenditures while the government-wide statement of activities reports depreciation expense to allocate those expenditures over the life of the assets. As a result, fund balance decreases by the amount of financial resources expended, whereas net position decreases by the amount of depreciation expense charged for the year. This is the amount by which capital outlays exceeded depreciation expense.	Construction in progress <span style="float: right;">\$ -</span> Capital outlay <span style="float: right;">(109,643)</span> Depreciation expense <span style="float: right;"><u>(1,568,300)</u></span>	<span style="float: right;">(1,677,943)</span>
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 <span style="float: right;">27,099</span> Special assessments <span style="float: right;">(52,972)</span> Charges for services <span style="float: right;"><u>(13,767)</u></span>	<span style="float: right;">(39,640)</span>
3. Bond proceeds are reported as other financing sources in governmental funds and thus contribute to the increase in fund balance. In the government-wide statements, however, issuing debt increases long-term liabilities in the statement of net position and does not affect the statement of activities. This is the amount received related to the issuance of debt.	Net of issuance and repayment of the principal on long-term debt <span style="float: right;"><u>1,035,000</u></span>	<span style="float: right;">1,035,000</span>
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, 2012 <span style="float: right;">(36,571)</span> Accrued interest payable—December 31, 2011 <span style="float: right;"><u>48,080</u></span>	<span style="float: right;">11,509</span>
5. Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. This amount represents the change in net position of the internal service fund, which is reported with governmental activities.		<span style="float: right;">1,496,924</span>
6. Bond issuance costs are amortized over the bond life and are not expended in the year of issuance.		<span style="float: right;"><u>(13,102)</u></span>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		<span style="float: right;"><u>\$ 504,891</u></span>

See notes to basic financial statements.

# CITY OF WINONA, MINNESOTA

## BUDGETARY COMPARISON SCHEDULE—GENERAL FUND FOR THE YEAR ENDED DECEMBER 31, 2012 (with comparative total for 2011)

	2012				
	Budgeted Amounts		Actual	Variance With Final Budget	2011 Actual
	Original	Final			
<b>REVENUES:</b>					
General property taxes	\$ 4,366,783	\$ 4,366,783	\$ 4,363,492	\$ (3,291)	\$ 4,546,701
Franchise fees	1,175,000	1,175,000	1,245,615	70,615	1,304,498
Licenses and permits	147,650	147,650	165,798	18,148	169,473
Fines and forfeits	216,000	216,000	228,408	12,408	211,375
Intergovernmental revenues	8,448,399	8,458,619	8,222,593	(236,026)	8,676,090
Investment earnings	100	100	9,567	9,467	12,970
Net decrease in fair value of investments			1,192	1,192	17,369
Charges for services	691,140	694,918	720,349	25,431	707,147
Contributions	24,000	24,240	3,556	(20,684)	8,206
<b>Total revenues</b>	<u>15,069,072</u>	<u>15,083,310</u>	<u>14,960,570</u>	<u>(122,740)</u>	<u>15,653,829</u>
<b>EXPENDITURES:</b>					
General government	3,134,852	3,235,044	2,605,809	629,235	2,573,004
Public safety	6,794,037	6,923,784	6,694,954	228,830	6,599,905
Highways and streets	2,910,995	3,233,403	2,580,500	652,903	2,625,036
Sanitation and waste removal	50,150	50,150	34,888	15,262	45,635
Economic development	297,599	297,599	212,798	84,801	251,799
Park maintenance	1,420,727	1,485,205	1,391,948	93,257	1,387,884
Capital outlay	589,716	710,916	112,059	598,857	432,739
<b>Total expenditures</b>	<u>15,198,076</u>	<u>15,936,101</u>	<u>13,632,956</u>	<u>2,303,145</u>	<u>13,916,002</u>
<b>(DEFICIENCY) EXCESS OF REVENUES (UNDER) OVER EXPENDITURES</b>	<u>(129,004)</u>	<u>(852,791)</u>	<u>1,327,614</u>	<u>2,180,405</u>	<u>1,737,827</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers from other funds	185,050	185,050	243,908	58,858	225,003
Transfers to other funds	(56,046)	(63,504)	(1,413,504)	(1,350,000)	(2,836,727)
<b>Total other financing sources (uses)</b>	<u>129,004</u>	<u>121,546</u>	<u>(1,169,596)</u>	<u>(1,291,142)</u>	<u>(2,611,724)</u>
<b>NET CHANGE IN FUND BALANCES</b>		<u>(731,245)</u>	<u>158,018</u>	<u>889,263</u>	<u>(873,897)</u>
<b>FUND BALANCE—January 1, 2012</b>	<u>8,382,250</u>	<u>8,382,250</u>	<u>8,382,250</u>		<u>9,256,147</u>
<b>FUND BALANCE—December 31, 2012</b>	<u>\$ 8,382,250</u>	<u>\$ 7,651,005</u>	<u>\$ 8,540,268</u>	<u>\$ 889,263</u>	<u>\$ 8,382,250</u>

# CITY OF WINONA, MINNESOTA

## STATEMENT OF NET POSITION—PROPRIETARY FUNDS AS OF DECEMBER 31, 2012 (with comparative totals for 2011)

ASSETS	Water	Sanitary Sewer	Inspections	Airport	Public Transportation
Cash and cash equivalents	\$ 6,851,135	\$ 9,274,539	\$ 353,790	\$ 863,623	\$ 621,266
Receivables—net:					
Billed	152,184	76,924			
Unbilled	526,266	332,303			
Other	20,504	305,268	9,182	2,449	28,593
Due from other funds					
Due from other governmental units				96,265	7,050
Prepaid items		89,707		992	
Accrued interest on investments					
Inventories	298,800				
Total	<u>7,848,889</u>	<u>10,078,741</u>	<u>362,972</u>	<u>963,329</u>	<u>656,909</u>
PROPERTY AND EQUIPMENT—CAPITAL ASSETS (Note 3):					
Nondepreciable:					
Land	16,600	11,900		458,840	
Collections					
Construction in progress	154,954	54,080			
Depreciable:					
Buildings	7,877,257	5,270,478		2,077,271	58,140
Improvements other than buildings	9,818,110	14,300,186		950,119	62,746
Machinery and equipment	2,697,762	881,913	48,611	210,197	610,023
Infrastructure	5,490,378	6,892,071			
Books					
Accumulated depreciation	<u>(10,785,349)</u>	<u>(14,926,724)</u>	<u>(48,611)</u>	<u>(2,157,672)</u>	<u>(452,998)</u>
Total capital assets	<u>15,269,712</u>	<u>12,483,904</u>	<u>-</u>	<u>1,538,755</u>	<u>277,911</u>
TOTAL ASSETS	<u>23,118,601</u>	<u>22,562,645</u>	<u>362,972</u>	<u>2,502,084</u>	<u>934,820</u>
<b>LIABILITIES AND NET POSITION</b>					
Accounts payable	54,192	46,521	2,273	40,821	40,666
Accrued salaries and compensated absences	324,208	479,528	120,269	41,219	78
Bonds payable	650,700	69,300			
Accrued interest payable	55,798	2,939			
Due to other funds				530,000	
Unearned revenue	19,617			540	17,400
Outstanding and incurred, but not reported claims					
Revenue bonds payable (net of unamortized premiums and discounts)	<u>2,714,998</u>	<u>72,212</u>			
Total liabilities	<u>3,819,513</u>	<u>670,500</u>	<u>122,542</u>	<u>612,580</u>	<u>58,144</u>
NET POSITION:					
Net investment in capital assets	11,904,014	12,342,392		1,538,755	277,911
Restricted for (Note 8):					
Commitments	70,000	523,223	11,181		133,500
Bond requirements	757,380	76,470			
OPEB-retiree subsidy health plan	7,080	9,439	3,146		
PERA contribution	76,645	95,804	19,160		
Unrestricted	<u>6,483,969</u>	<u>8,844,817</u>	<u>206,943</u>	<u>350,749</u>	<u>465,265</u>
TOTAL NET POSITION	<u>\$ 19,299,088</u>	<u>\$ 21,892,145</u>	<u>\$ 240,430</u>	<u>\$ 1,889,504</u>	<u>\$ 876,676</u>

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

Net position of business-type activities.

See notes to basic financial statements.

Recreation	Library	Storm Sewer	Total		Governmental Activities—Internal Service Funds	
			2012	2011	2012	2011
\$ 373,327	\$ 408,991	\$ 916,924	\$ 19,663,595	\$ 17,677,971	\$ 14,881,500	\$ 13,153,005
			229,108	188,635		
			858,569	802,390		
1,293	2,049	10,306	379,644	269,464		21,083
					530,000	530,000
3,368	2,795		109,478	175,504		
242	3,834	25	94,800	8,372		
			298,800	309,398		
<u>378,230</u>	<u>417,669</u>	<u>927,255</u>	<u>21,633,994</u>	<u>19,431,734</u>	<u>15,411,500</u>	<u>13,704,088</u>
	5,286	363,193	855,819	855,819		
	175,800		175,800	175,800		
			209,034	1,625,760		
1,705,842	327,622		17,316,610	16,722,051		
1,538,966			26,670,127	26,083,483		
43,104	49,425		4,541,035	4,605,706		
		3,450,841	15,833,290	15,395,597		
	917,879		917,879	870,380		
(2,220,787)	(1,098,607)	(1,100,438)	(32,791,186)	(31,575,237)		
<u>1,067,125</u>	<u>377,405</u>	<u>2,713,596</u>	<u>33,728,408</u>	<u>34,759,359</u>	<u>-</u>	<u>-</u>
<u>1,445,355</u>	<u>795,074</u>	<u>3,640,851</u>	<u>55,362,402</u>	<u>54,191,093</u>	<u>15,411,500</u>	<u>13,704,088</u>
14,098	10,524	190	209,285	276,400	177,802	157,399
321,618	277,746	11,410	1,576,076	1,520,684	2,465,216	2,450,140
			720,000	735,000		
			58,737	70,728		
	150,000		680,000	680,000		
85			37,642	2,514	2,695	1,647
					270,000	96,039
			2,787,210	3,508,140		
<u>335,801</u>	<u>438,270</u>	<u>11,600</u>	<u>6,068,950</u>	<u>6,793,466</u>	<u>2,915,713</u>	<u>2,705,225</u>
1,067,125	377,405	2,713,596	30,221,198	30,516,219		
				2,558,921		
313,278			1,051,182			
			833,850			
			19,665			
			191,609		11,669,002	10,298,742
(270,849)	(20,601)	915,655	16,975,948	14,322,487	826,785	700,121
<u>\$ 1,109,554</u>	<u>\$ 356,804</u>	<u>\$ 3,629,251</u>	<u>49,293,452</u>	<u>47,397,627</u>	<u>\$ 12,495,787</u>	<u>\$ 10,998,863</u>
			5,895	5,895		
			<u>\$ 49,299,347</u>	<u>\$ 47,403,522</u>		

# CITY OF WINONA, MINNESOTA

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION—PROPRIETARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2012 (with comparative totals for 2011)

	Water	Sanitary Sewer	Inspections	Airport	Public Transportation
OPERATING REVENUES:					
Water sales	\$ 3,593,272	\$ -	\$ -	\$ -	\$ -
Sewer and storm sewer charges		3,356,643			
Permits and licenses			411,059		
Athletic fees and memberships					
Fares and passes					118,134
Rents				33,380	
Charges to city departments					
Other charges and services	60,270	40,173	13,265		121,573
Tap fees		5,000			
Library sales					
Refunds and reimbursements					
Other				3,448	
Total operating revenues	<u>3,653,542</u>	<u>3,401,816</u>	<u>424,324</u>	<u>36,828</u>	<u>239,707</u>
OPERATING EXPENSES:					
Salaries and employee benefits	669,132	920,811	241,482	70,800	6,048
Health insurance stop-loss premium					
Health insurance claims and fees					
Contractual services	438,874	383,102	94,269	210,541	379,436
Supplies	309,381	436,983	6,041	10,106	123,853
Maintenance of equipment	27,560	13,635			81,605
Utilities	192,876	187,839		6,755	258
Depreciation	595,792	751,663	793	84,532	98,424
Other expense	24				1,740
Total operating expenses	<u>2,233,639</u>	<u>2,694,033</u>	<u>342,585</u>	<u>382,734</u>	<u>691,364</u>
OPERATING INCOME (LOSS)	1,419,903	707,783	81,739	(345,906)	(451,657)
NONOPERATING REVENUES (EXPENSES):					
General property taxes				94,331	
Contributions					
Investment earnings	4,116	5,878	215	471	393
Intergovernmental revenues:					
Federal grants				142,561	94,500
State market value credits and LGA				110,680	
State grants				178,326	294,649
County					
Interest expense	(136,051)	(7,315)			
(Loss) gain on sale of capital asset	(32,688)	(29,441)			
Other revenue	4,462				
Other expense	(4,922)	(756)			
Nonoperating (expenses) revenues	<u>(165,083)</u>	<u>(31,634)</u>	<u>215</u>	<u>526,369</u>	<u>389,542</u>
INCOME (LOSS) BEFORE TRANSFERS	1,254,820	676,149	81,954	180,463	(62,115)
TRANSFERS IN			6,000	66,603	
TRANSFERS OUT	<u>(100,000)</u>	<u>(100,000)</u>			
INCREASE (DECREASE) IN NET POSITION	1,154,820	576,149	87,954	247,066	(62,115)
NET POSITION—Beginning of year	<u>18,144,268</u>	<u>21,315,996</u>	<u>152,476</u>	<u>1,642,438</u>	<u>938,791</u>
NET POSITION—End of year	<u>\$19,299,088</u>	<u>\$21,892,145</u>	<u>\$240,430</u>	<u>\$ 1,889,504</u>	<u>\$ 876,676</u>

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

Change in net position-business-type activities

See notes to basic financial statements.

Recreation	Library	Storm Sewer	Total		Governmental Activities—Internal Service Fund	
			2012	2011	2012	2011
\$ -	\$ -	\$ -	\$ 3,593,272	\$ 3,216,983	\$ -	\$ -
		388,544	3,745,187	3,206,912		
421,819			411,059	484,191		
			421,819	384,804		
			118,134	117,017		
			33,380	35,505		
	6,633		241,914	237,106	1,456,391	1,541,245
			5,000		471,563	476,413
	33,104		33,104	33,808		
73	123		196	2,180	212,841	133,351
			3,448	2,847		
<u>421,892</u>	<u>39,860</u>	<u>388,544</u>	<u>8,606,513</u>	<u>7,721,353</u>	<u>2,140,795</u>	<u>2,151,009</u>
986,102	640,703	37,727	3,572,805	3,641,157	348,903	(24,529)
					350,900	352,813
					1,094,812	1,288,786
290,382	144,964	93,690	2,035,258	1,754,713	28,166	227,142
116,234	60,726	21,233	1,084,557	923,782		
194,587	3,092		320,479	521,571		
71,370	20,714		479,812	536,136		
104,451	60,997	69,878	1,766,530	1,729,590		
76			1,840	1,792		
<u>1,763,202</u>	<u>931,196</u>	<u>222,528</u>	<u>9,261,281</u>	<u>9,108,741</u>	<u>1,822,781</u>	<u>1,844,212</u>
(1,341,310)	(891,336)	166,016	(654,768)	(1,387,388)	318,014	306,797
397,518	329,899		821,748	657,790		
7,013	14,658		21,671	44,917		
213	199	550	12,035	15,310	5,319	5,531
10,000			247,061	423,494		
624,569	379,601		1,114,850	1,173,526		
			472,975	499,029		
5,500	194,201		199,701	206,701		
			(143,366)	(173,114)		
(34,623)		(59,717)	(156,469)	-		
			4,462	4,462		
			(5,678)	(6,643)		
<u>1,010,190</u>	<u>918,558</u>	<u>(59,167)</u>	<u>2,588,990</u>	<u>2,845,472</u>	<u>5,319</u>	<u>5,531</u>
(331,120)	27,222	106,849	1,934,222	1,458,084	323,333	312,328
11,000		200,000	283,603	406,249	1,350,020	2,758,346
		(122,000)	(322,000)	(66,400)	(176,429)	(537,512)
(320,120)	27,222	184,849	1,895,825	1,797,933	1,496,924	2,533,162
<u>1,429,674</u>	<u>329,582</u>	<u>3,444,402</u>			<u>10,998,863</u>	<u>8,465,701</u>
<u>\$ 1,109,554</u>	<u>\$ 356,804</u>	<u>\$3,629,251</u>			<u>\$ 12,495,787</u>	<u>\$ 10,998,863</u>
			<u>\$ 1,895,825</u>	<u>\$ 1,797,933</u>		

# CITY OF WINONA, MINNESOTA

## STATEMENT OF CASH FLOWS—PROPRIETARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2012 (with comparative totals for 2011)

	Water	Sanitary Sewer	Inspections	Airport	Public Transportation
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers	\$ 3,572,076	\$3,198,864	\$ 426,373	\$ 106,480	\$ 232,910
Payments to employees	(656,317)	(928,248)	(246,759)	(66,492)	(6,039)
Payments to other funds	(67,865)		(57,468)		
Payments to suppliers	(941,082)	(1,014,759)	(48,222)	(219,269)	(582,306)
Service charges	(24)				
Net cash provided by (used in) operating activities	<u>1,906,788</u>	<u>1,255,857</u>	<u>73,924</u>	<u>(179,281)</u>	<u>(355,435)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
County grants					17,400
Unearned revenue-increase					
Unearned revenue-decrease	17,746			(18)	
Due from other funds					(5,315)
Federal grants				142,561	94,500
State grants				178,325	294,649
State LGA and market value credits				110,680	
Taxes				94,331	
Contributions					
Transfers from other funds			6,000	66,603	
Transfers to other funds	(100,000)	(100,000)			
Unamortized bond (premium) discount	3,064	469			
Net cash (used in) provided by noncapital financing activities	<u>(79,190)</u>	<u>(99,531)</u>	<u>6,000</u>	<u>592,482</u>	<u>401,234</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition of capital assets	(287,323)	(302,710)		(199,661)	
Interest paid on capital debt	(146,734)	(8,624)			
Other fiscal agent charges	(4,921)	(756)			
Payments on capital debt	(669,550)	(65,450)			
Net cash used in capital and related financing activities	<u>(1,108,528)</u>	<u>(377,540)</u>	<u>-</u>	<u>(199,661)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES—Interest received	<u>4,116</u>	<u>5,878</u>	<u>215</u>	<u>471</u>	<u>393</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	723,186	784,664	80,139	214,011	46,192
CASH AND CASH EQUIVALENTS—Beginning of year	<u>6,127,949</u>	<u>8,489,875</u>	<u>273,651</u>	<u>649,612</u>	<u>575,074</u>
CASH AND CASH EQUIVALENTS—End of year	<u>\$ 6,851,135</u>	<u>\$9,274,539</u>	<u>\$ 353,790</u>	<u>\$ 863,623</u>	<u>\$ 621,266</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:					
Operating income (loss)	\$ 1,419,903	\$ 707,783	\$ 81,739	\$(345,906)	\$(451,657)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	595,792	751,663	793	84,532	98,424
Changes in assets and liabilities:					
Accounts payable	(50,854)	6,800	(5,380)	8,133	4,586
Compensated absences	(813)	(24,120)	(13,783)	2,861	(6,797)
Customer receivables	(81,466)	(202,951)	2,048	69,652	
Inventory	10,598				
Other accrued liabilities					
Salaries and benefits payable	13,628	16,682	8,507	1,447	9
Net cash provided by (used in) operating activities	<u>\$ 1,906,788</u>	<u>\$1,255,857</u>	<u>\$ 73,924</u>	<u>\$(179,281)</u>	<u>\$(355,435)</u>

See notes to basic financial statements.

Recreation	Library	Storm Sewer	Total		Governmental Activities—Internal Service Funds	
			2012	2011	2012	2011
\$ 422,874 (950,596)	\$ 38,520 (626,822)	\$ 386,496 (36,140)	\$ 8,384,593 (3,517,413)	\$ 7,583,834 (3,576,805)	\$ 2,161,878	\$ 2,136,809
(679,937)	(226,586)	(140,946)	(125,333) (3,853,107)	(134,636) (3,727,541)	(1,645,527)	(1,862,545)
<u>(1,207,659)</u>	<u>(814,888)</u>	<u>209,410</u>	<u>(24)</u> <u>888,716</u>	<u>(13)</u> <u>144,839</u>	<u>15,076</u> <u>531,427</u>	<u>(24,529)</u> <u>249,735</u>
5,500	194,201		199,701 17,400 17,728 (5,315)	206,701 643 -	18,158	7,460
10,000			247,061 472,974	25,360 423,494 499,030		
624,569 397,518 7,013 11,000	379,601 329,899 14,659	200,000 (122,000)	1,114,850 821,748 21,672 283,603 (322,000) 3,533	1,173,526 657,790 44,918 406,249 (66,400) 4,054	1,350,020 (176,429)	2,758,346 (537,512)
<u>1,055,600</u>	<u>918,360</u>	<u>78,000</u>	<u>2,872,955</u>	<u>3,375,365</u>	<u>1,191,749</u>	<u>2,228,294</u>
(54,854)	(47,499)		(892,047) (155,358) (5,677) (735,000)	(1,688,779) (189,948) (6,643) (960,000)		
<u>(54,854)</u>	<u>(47,499)</u>	<u>-</u>	<u>(1,788,082)</u>	<u>(2,845,370)</u>	<u>-</u>	<u>-</u>
213	199	550	12,035	15,310	5,319	5,531
(206,700)	56,172	287,960	1,985,624	690,144	1,728,495	2,483,560
<u>580,027</u>	<u>352,819</u>	<u>628,964</u>	<u>17,677,971</u>	<u>16,987,827</u>	<u>13,153,005</u>	<u>10,669,445</u>
<u>\$ 373,327</u>	<u>\$ 408,991</u>	<u>\$ 916,924</u>	<u>\$ 19,663,595</u>	<u>\$ 17,677,971</u>	<u>\$ 14,881,500</u>	<u>\$ 13,153,005</u>
\$ (1,341,310)	\$ (891,336)	\$ 166,016	\$ (654,768)	\$ (1,387,388)	\$ 318,014	\$ 306,797
104,451	60,997	69,878	1,766,530	1,729,590		
(7,287)	2,909	(26,022)	(67,115)	(96,515)	177,254	(18,335)
20,225	3,808	1,002	(17,617)	28,358		
982	(1,339)	(2,049)	(215,123) 10,598	(137,519) (27,680)	21,083	(14,198)
<u>15,280</u>	<u>10,073</u>	<u>585</u>	<u>66,211</u>	<u>35,993</u>	<u>15,076</u>	<u>(24,529)</u>
<u>\$ (1,207,659)</u>	<u>\$ (814,888)</u>	<u>\$ 209,410</u>	<u>\$ 888,716</u>	<u>\$ 144,839</u>	<u>\$ 531,427</u>	<u>\$ 249,735</u>

# CITY OF WINONA, MINNESOTA

## STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES—TOURISM PROMOTION AGENCY FUND AS OF DECEMBER 31, 2012 (with comparative totals for 2011)

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	2012	2011
ASSETS:		
Accounts receivable—total assets	<u>\$16,928</u>	<u>\$16,053</u>
Total assets	<u>\$16,928</u>	<u>\$16,053</u>
LIABILITIES—		
Accounts payable—total liabilities	<u>\$16,928</u>	<u>\$16,053</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, 2012

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (“generally accepted accounting principles” or GAAP) as applied to governmental units by the Governmental Accounting Standards Board (GASB). The basic financial statements include certain prior-year summarized comparative information in total, but not at the level of detail required for presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the City’s financial statements for the year ended December 31, 2011, from which the summarized information was derived. The following is a summary of the more significant accounting policies:

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

In accordance with GASB Statement No. 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 2012.

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

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

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

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

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

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

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

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

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

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

- *Permanent Improvement Revolving (P.I.R.) Bond Fund*—The PIR Bond Fund is established to account for the collection of assessments from benefited properties for the retirement of debt. The property owners are assessed their share of the costs of the benefit, according to City policy. Interest is charged on the unpaid assessments.
- *P.I.R. Construction Fund*—The P.I.R. Construction Fund is established to finance public improvements. Expenditures made from this fund are for improvements, the obligation for which is payable wholly or partially from the proceeds of special assessments levied upon property specifically benefited by the improvements.

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

- *Water Fund*—The Water Fund is established to account for the provision of water services to the residents and to commercial and industrial establishments of the City. All activities necessary to provide this service are accounted for in this fund, including, but not limited to, administrative, operations, maintenance, financing, and related debt service.
- *Sanitary Sewer Fund*—The Sanitary Sewer Fund is established to account for the provision of sewage disposal services to the residents and to commercial and industrial establishments of the City. All activities necessary to provide this service are accounted for in this fund, including, but not limited to, administrative, operations, maintenance, financing, and related debt service.
- *Inspections Fund*—The Inspections Fund is established to account for the revenues and expenses associated with the enforcement of State of Minnesota Codes (building, plumbing, and mechanical), the City’s ordinances, and other specific laws.
- *Airport Fund*—The Airport Fund is established to account for the revenues and the expenses of the Winona Municipal Airport.
- *Public Transportation Fund*—The Public Transportation Fund is established to account for the revenues and the expenses of the Winona Transit Service.
- *Recreation Fund*—The Recreation Fund is established to account for the revenues and the expenses of the City’s recreation programs, the Winona Senior Friendship Center, the Aquatic Center, park administration, and the Winona Municipal Band.
- *Library Fund*—The Library Fund is established to account for the revenues and the expenses relating to the City-owned library.
- *Storm Sewer Fund*—The Storm Sewer Fund is established to account for the revenues and the expenses of the City’s storm sewer system.

Other funds—The City reports the following fund types:

- *Permanent Funds*—The permanent funds (included in other nonmajor governmental funds) are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the City’s programs. These funds include the following: Bell Art Endowment; Laird and Bell Endowment; C. M. Youman Memorial; H.C. Garvin Winona Civic; Dr. C. A. Rohrer; Leonhard Fried Educational; and the Mielimonka Library.
- *Internal Service Funds*—The internal service funds account for the services of insurance, benefits, risk management, equipment, and facilities provided to other departments of the City on a cost reimbursement basis. These funds include the following: Health Insurance; Law Enforcement Labor Services (LELS); Employee Benefit; Risk Management; Equipment Replacement; Facilities and Infrastructure Replacement.
- *Tourism Promotion Agency Fund*—The Tourism Promotion Fund accounts for the lodging tax paid to the City, and the amount of lodging tax paid out.

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

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

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

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

#### D. Budgets and Budgetary Accounting

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

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

The budget is legally enacted through passage of a resolution.

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

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

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

During the year there were increases of \$845,483 in appropriations between the General Fund original and final amended budget. Following are some of the components of the increase:

- \$795,787 was added to various departments for encumbrances from December 31, 2011;
- \$35,458 was added to the Police Department for the drug forfeiture account;
- \$4,750 was added to the Fire Department for fire fighter training (funded by a grant).

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

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

#### E. Cash, Cash Equivalents, and Investments

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

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

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

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

F. Interfund Receivables/Payables

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

G. Inventories and Prepaid Items

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

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

H. Funds Held by Others

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

I. Restricted Assets

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

J. Capital Assets

Capital assets, which include land, buildings, machinery and equipment, and infrastructure, are reported in the applicable governmental or business-type activity columns in the government-wide statements. The capitalization threshold for individual capital assets is \$10,000. The capitalization threshold for the City's infrastructure is \$50,000. Library books are capitalized on an annual group basis when the total purchase of books is \$10,000 or greater. Capital assets purchased with a Federal Grant have a capitalization threshold at the current Federal threshold level. (In 2012, the Federal level was \$5,000.)

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

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

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

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

K. Compensated Absences Benefits

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

L. Long-Term Obligations

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

M. Fund Equity

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

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

<b>Governmental Activities</b>	<b>Amount</b>
General Fund	\$ 66,825
Risk Management	635,236
LELS Program	<u>262</u>
Total Governmental	<u>\$ 702,323</u>
<b>Business-Type Activities</b>	
Projects	<u>\$ 981,182</u>
<b>Component Unit</b>	
Port Authority projects	<u>\$3,195,823</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 position represents interfund receivables or payables between the two types of activities, governmental and business-type.

P. Property Taxes

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

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

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

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

Q. New Accounting Pronouncements

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* (GASB 63). This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. The provisions of this statement are effective for the City in 2012. The implementation of this standard 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 fair value of collateral pledged must equal 110% of the deposits not covered by insurance or bonds. Minnesota Statutes require that securities pledged as collateral can only be safely kept in either a restricted account at the Federal Reserve or at a financial institution not owned or controlled by the financial institution furnishing the collateral.

Deposit balances at December 31, 2012, 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>\$ 6,856,008</u>	<u>\$ 6,682,499</u>
Primary government	<u>\$ 6,513,208</u>	<u>\$ 6,348,374</u>
Component unit	<u>\$ 342,800</u>	<u>\$ 334,125</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, 2012, are as follows:

<b>Investment Type</b>	<b>Carrying/ Fair Value</b>
U.S. treasury securities	<u>\$ 4,504,240</u>
Money market mutual funds	<u>40,431,005</u>
Total investments, restricted cash, and escrow deposits	44,935,245
Total deposits (Note 2.A.)	<u>6,348,374</u>
Total deposits, investments, restricted cash, and escrow accounts	<u>\$ 51,283,619</u>

A reconciliation to the basic financial statements at December 31, 2012, is as follows:

Governmental activities:	
Governmental funds—cash and cash equivalents	\$ 16,420,802
Governmental funds—restricted investments	317,722
Internal service funds—cash and cash equivalents	<u>14,881,500</u>
Total governmental activities	<u>31,620,024</u>
Business-type activities:	
Enterprise funds—cash and cash equivalents	<u>19,663,595</u>
Total business-type activities	<u>19,663,595</u>
Total	<u>\$ 51,283,619</u>

As of December 31, 2012, the City had the following investments and weighted-average maturity in number of years:

<b>Investment Type</b>	<b>Fair Value</b>	<b>Weighted- Average Maturity (Years)</b>
U.S. Treasury Securities (excluding escrow account)	<u>\$4,504,240</u>	0.36
Total fair value	<u>\$4,504,240</u>	
Portfolio weighted average maturity		0.36

*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, 2012.) Also, as of December 31, 2012, the primary government and the component unit has \$41,840,840 invested in a money market fund with a rating of AAAM/Aaa and \$738,980 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, 2012, 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. (At December 31, 2012, the collateral in one of the banks was not sufficient to fulfill this requirement by approximately \$681,000. The bank reported that due to an error in their reporting process, the correct deposit amount was not listed in a report that was used to determine the sufficiency of the collateral. This bank has since corrected their reporting process and has pledged additional collateral to meet the requirements.)

*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, 2012, are listed below:

<b>Maturity Year</b>	<b>Fair Value</b>
2013	<u>\$44,935,245</u>
Total	<u>\$44,935,245</u>

## Component Unit

The component unit's balances at December 31, 2012, are as follows:

<b>Investment Type</b>	<b>Carrying/ Fair Value</b>
Money market mutual funds	\$2,182,377
Total deposits (Note 2.A.)	<u>334,125</u>
Total deposits and investments	<u>\$2,516,502</u>

The maturity date for securities held in investment accounts at December 31, 2012, is listed below:

<b>Maturity Year</b>	<b>Fair Value</b>
2013	<u>\$2,182,377</u>

### 3. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2012, was as follows:

	Primary Government			Ending Balance
	Beginning Balance	Increases	Decreases	
Governmental activities:				
Nondepreciable:				
Land	\$ 7,074,361	\$ -	\$ -	\$ 7,074,361
Depreciable:				
Buildings and improvements	5,692,380	46,705	(203,526)	5,535,559
Machinery and equipment	7,282,857	809,962	(795,719)	7,297,100
Infrastructure:				
Flood control	33,000,000			33,000,000
Street system	36,737,666	50,935	(18,000)	36,770,601
Park	278,000			278,000
Total at historical cost	<u>90,065,264</u>	<u>907,602</u>	<u>(1,017,245)</u>	<u>89,955,621</u>
Less accumulated depreciation:				
Buildings and improvements	(3,652,826)	(194,642)	169,779	(3,677,689)
Machinery and equipment	(5,536,055)	(529,039)	769,616	(5,295,478)
Infrastructure:				
Flood control	(22,977,272)	(715,909)		(23,693,181)
Street system	(13,034,916)	(1,076,661)	18,000	(14,093,577)
Park	(131,155)	(9,444)		(140,599)
Total accumulated depreciation	<u>(45,332,224)</u>	<u>(2,525,695)</u>	<u>957,395</u>	<u>(46,900,524)</u>
Governmental activities capital assets—net	<u>\$ 44,733,040</u>	<u>\$ (1,618,093)</u>	<u>\$ (59,850)</u>	<u>\$ 43,055,097</u>
Business-type activities:				
Nondepreciable:				
Land	\$ 855,819	\$ -	\$ -	\$ 855,819
Collections	175,800			175,800
Construction in progress	1,625,760	209,034	(1,625,760)	209,034
Depreciable:				
Buildings and improvements	42,805,534	1,465,662	(284,459)	43,986,737
Machinery and equipment	4,605,706	245,921	(310,591)	4,541,036
Books	870,380	47,499		917,879
Infrastructure:				
Water	5,280,856	214,522	(5,000)	5,490,378
Sanitary Sewer	6,572,901	335,170	(16,000)	6,892,071
Storm sewer	3,541,840		(91,000)	3,450,840
Total at historical cost	<u>66,334,596</u>	<u>2,517,808</u>	<u>(2,332,810)</u>	<u>66,519,594</u>
Less accumulated depreciation:				
Buildings and improvements	(23,228,456)	(1,185,907)	210,502	(24,203,861)
Machinery and equipment	(3,725,230)	(217,007)	299,609	(3,642,628)
Books	(751,734)	(42,621)		(794,355)
Infrastructure:				
Water	(1,212,324)	(119,064)	2,871	(1,328,517)
Sanitary Sewer	(1,595,649)	(132,054)	6,316	(1,721,387)
Storm sewer	(1,061,844)	(69,877)	31,283	(1,100,438)
Total accumulated depreciation	<u>(31,575,237)</u>	<u>(1,766,530)</u>	<u>550,581</u>	<u>(32,791,186)</u>
Business-type activities capital assets—net	<u>\$ 34,759,359</u>	<u>\$ 751,278</u>	<u>\$ (1,782,229)</u>	<u>\$ 33,728,408</u>

Depreciation expense for governmental activities is charged to functions in 2012, as follows:

General government	\$ 141,563
Public safety	895,429
Highways and streets	1,311,253
Park maintenance	<u>158,009</u>
 Total depreciation expense for governmental activities	 <u><u>\$2,506,254</u></u>

The Governmental activities accumulated depreciation “Increases” column, on the previous page, of \$2,525,695, includes \$19,441 of any capital asset transfers between the general fund and the business-type fund (Water Fund).

Depreciation expense for business-type activities charged in 2012, as follows:

Water	\$ 595,792
Sanitary Sewer	751,663
Inspections	793
Airport	84,532
Public transportation	98,424
Recreation	104,451
Library	60,997
Storm sewer	<u>69,878</u>
 Total depreciation expense for business-type activities	 <u><u>\$1,766,530</u></u>

The Business-type activities accumulated depreciation “Increases” column, on the previous page, of \$1,766,530, does not include any capital asset transfers between the General Fund and the business-type funds.

### **Construction in Progress**

There are no projects included in the capital assets—construction in progress (in the governmental activities) at December 31, 2012.

Governmental activities—construction in progress	<u><u>\$ -</u></u>
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There are two projects included in the capital assets—construction in progress (in the business-type activities) at December 31, 2012. They are as follows:

Water—County Road #17 Water main	\$ 154,954
Sanitary Sewer—Lake Boulevard Sewer extension	<u>54,080</u>
 Total	 <u><u>\$ 209,034</u></u>

### **Component Unit**

There are no projects included in the capital assets—construction in progress (Port Authority) at December 31, 2012.

#### 4. PROPERTIES HELD FOR DEVELOPMENT

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

During 2012, there were no sales in the properties held for development of land category. There are 43.06 developable acres as of December 31, 2012.

#### 5. LONG-TERM DEBT

##### Primary Government

A summary of bonds outstanding at year-end follows:

Bonds	Maturities	Rates	December 31, 2012
Governmental activities:			
G.O. bonds—supported by taxes	2013–2015	2.25–4.38%	\$ 812,500
G.O. bonds—supported by special assessments	2013–2015	2.25–5.10	<u>1,082,500</u>
Total			<u>1,895,000</u>
Business-type activities:			
Bonds	2013–2019	2.25–5.65	3,505,000
Add unamortized premium			13,386
Less unamortized discounts			<u>(11,176)</u>
			<u>3,507,210</u>
Total bonds outstanding			<u><u>\$5,402,210</u></u>

A summary of changes in bonds payable (at par) during 2012 is as follows:

Bonds	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Governmental activities:					
G.O. bonds—supported by taxes	\$ 1,209,000	\$ -	\$ (396,500)	\$ 812,500	\$ 398,800
G.O. bonds—supported by special assessments	<u>1,591,000</u>	<u>      </u>	<u>(508,500)</u>	<u>1,082,500</u>	<u>511,200</u>
Total governmental activities	2,800,000	-	(905,000)	1,895,000	910,000
Business-type activities	<u>4,240,000</u>	<u>      </u>	<u>(735,000)</u>	<u>3,505,000</u>	<u>720,000</u>
Total	<u><u>\$ 7,040,000</u></u>	<u><u>\$ -</u></u>	<u><u>\$(1,640,000)</u></u>	<u><u>\$5,400,000</u></u>	<u><u>\$1,630,000</u></u>

Debt service requirements to maturity as of December 31, 2012, including interest of \$495,232, are as follows:

Year Ending December 31	General Obligation (G.O.) Bonds			
	Supported by Property Taxes	Supported by Special Assessments	Supported by Water and Sewer Utilities	Total Bonds
2013	\$ 420,524	\$ 540,335	\$ 846,731	\$ 1,807,590
2014	216,471	298,936	842,491	1,357,898
2015	211,486	292,053	739,318	1,242,857
2016			369,750	369,750
2017			371,650	371,650
2018–2019			745,487	745,487
Total	<u>\$ 848,481</u>	<u>\$1,131,324</u>	<u>\$3,915,427</u>	<u>\$ 5,895,232</u>

Year Ending December 31	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2013	\$ 910,000	\$ 50,859	\$ 960,859	\$ 720,000	\$ 126,731	\$ 846,731
2014	490,000	25,407	515,407	745,000	97,491	842,491
2015	495,000	8,539	503,539	670,000	69,318	739,318
2016				320,000	49,750	369,750
2017				335,000	36,650	371,650
2018–2019	-	-	-	715,000	30,487	745,487
Total	<u>\$1,895,000</u>	<u>\$ 84,805</u>	<u>\$ 1,979,805</u>	<u>\$ 3,505,000</u>	<u>\$ 410,427</u>	<u>\$ 3,915,427</u>

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

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

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

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

There are limitations and restrictions contained in the bond indentures.

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

<b>Other Debt</b>	<b>Maturities</b>	<b>Interest Rates</b>	<b>December 31, 2012</b>
Governmental funds—			
G.O. Equipment Certificates	2013	0.5–3.55 %	\$ 350,000
	2014	0.70 %	290,000
	2015	1.10 %	290,000
	2016	1.35 %	295,000
	2017	1.60 %	<u>295,000</u>
	Total		<u>\$1,520,000</u>

Debt service requirements to maturity as of December 31, 2012, including interest of \$49,132, listed below for other debt are summarized as follows:

<b>Year Ending December 31</b>	<b>G.O. Equipment Certificates</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2013	\$ 350,000	\$16,856	\$ 366,856
2014	290,000	12,908	302,908
2015	290,000	10,297	300,297
2016	295,000	6,711	301,711
2017	<u>295,000</u>	<u>2,360</u>	<u>297,360</u>
	<u>\$1,520,000</u>	<u>\$49,132</u>	<u>\$1,569,132</u>

The City issued General Obligation Water Revenue Refunding Bonds, Series 2013A, dated January 1, 2013, for \$1,745,000. The 2013 Bonds were sold to the bidder at a true interest rate of 0.96% and will be repaid with water user charges. The transaction is being undertaken to achieve an estimated interest savings of \$106,000 beginning in 2014. The Bonds are secured by the City's full faith, credit, and taxing authority of the City.

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

<b>Debt</b>	<b>Beginning Balance</b>	<b>Issued</b>	<b>Retired</b>	<b>Ending Balance</b>
Bonds payable	\$2,800,000	\$ -	\$ (905,000)	\$1,895,000
Other debt	<u>1,650,000</u>	<u>          </u>	<u>(130,000)</u>	<u>1,520,000</u>
Total	<u>\$4,450,000</u>	<u>\$ -</u>	<u>\$ (1,035,000)</u>	<u>\$3,415,000</u>

A review of improvement bonds for the years 1995–2012 is as follows:

<b>Bonds Issued</b>	<b>Assessed per Document</b>	<b>Total Project Costs</b>	<b>Assessed per Actual-to-Date</b>
G.O. Improvement, 1995C:			
1996 Projects	\$ 480,508	\$ 1,850,882	\$ 480,508
1997 Projects	827,356	1,194,396	827,356
1998 Projects	<u>387,136</u>	<u>525,507</u>	<u>387,136</u>
Total	<u>\$1,695,000</u>	<u>\$3,570,785</u>	<u>\$1,695,000</u>
G.O. Improvement, 1998B:			
1998 Projects	\$ 207,284	\$ 282,966	\$ 207,284
1999 Projects	1,138,550	1,992,705	1,138,550
2000 Projects	<u>134,743</u>	<u>180,507</u>	<u>134,743</u>
Total	<u>\$1,480,577</u>	<u>\$2,456,178</u>	<u>\$1,480,577</u>
G.O. Improvement, 2001A:			
2001 Projects	\$ 34,605	\$ 61,612	\$ 34,605
2002 Projects	929,940	1,397,713	718,432
2003 Projects	550,888	683,617	418,090
2004 Projects	<u>1,069,752</u>	<u>1,684,814</u>	<u>1,069,752</u>
Total	<u>\$2,585,185</u>	<u>\$3,827,756</u>	<u>\$2,240,879</u>
G.O. Improvement, 2004A:			
2004 Projects	\$ 245,552	\$ 532,768	\$ 245,552
2005 Projects	1,766,923	5,783,908	1,766,923
2006 Projects	31,729	79,538	31,729
2007 Projects	43,932	43,932	43,932
2008 Projects	21,026	21,026	21,026
2009 Projects	12,296	12,296	12,296
2010 Projects	-	-	-
2011 Projects	-	-	-
2012 Projects	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$2,121,458</u>	<u>\$6,473,468</u>	<u>\$2,121,458</u>

### Component Unit

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

<b>Bonds</b>	<b>Maturities</b>	<b>Rates</b>	<b>December 31, 2012</b>
Long-term debt—G.O.	2013–2020	4.00%	<u>\$2,080,000</u>

A summary of changes in bonds payable (at par) during 2012 is as follows:

Bonds	Beginning Balance	Issued	Retired	Ending Balance
Long-term (G.O.)—Bonds payable	<u>\$2,300,000</u>	<u>\$ -</u>	<u>\$(220,000)</u>	<u>\$2,080,000</u>

Debt service requirements to maturity as of December 31, 2012, including interest of \$349,600, are listed below for general long-term debt (bonds):

Year Ending December 31	General Obligation		
	Principal	Interest	Total
2013	\$ 225,000	\$ 78,700	\$ 303,700
2014	235,000	69,500	304,500
2015	245,000	59,900	304,900
2016	255,000	49,900	304,900
2017	265,000	39,500	304,500
2018-2020	<u>855,000</u>	<u>52,100</u>	<u>907,100</u>
Total	<u>\$2,080,000</u>	<u>\$349,600</u>	<u>\$2,429,600</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 2012.

### Long-Term Liability Activity

Long-term liability activity for the year ended December 31, 2012, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Governmental activities:					
Bonds and certificates payable	\$ 4,450,000	\$ -	\$(1,035,000)	\$ 3,415,000	\$1,260,000
Compensated absences	<u>4,031,082</u>	<u>290,000</u>	<u>(63,518)</u>	<u>4,257,564</u>	<u>142,148</u>
Total governmental activities	8,481,082	290,000	(1,098,518)	7,672,564	1,402,148
Business-type activities:					
Bonds and certificates payable	4,240,000		(735,000)	3,505,000	720,000
Compensated absences	1,520,684	70,000	(14,609)	1,576,075	54,575
Other	<u>3,140</u>		<u>(930)</u>	<u>2,210</u>	
Total business-type activities	<u>5,763,824</u>	<u>70,000</u>	<u>(750,539)</u>	<u>5,083,285</u>	<u>774,575</u>
	<u>\$14,244,906</u>	<u>\$ 360,000</u>	<u>\$(1,849,057)</u>	<u>\$12,755,849</u>	<u>\$2,176,723</u>

Compensated absences classified as long-term liabilities include unused vacation, compensated time, other post-employment benefit obligation (OPEB) and sick leave estimated to be paid or used by employees for periods ending after December 31, 2012. For the governmental activities, compensated absences are generally liquidated by the general fund.

## 6. PENSION PLANS

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

#### 1. Plan Description

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

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

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

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

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

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

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

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

## 2. Funding Policy

Minnesota Statutes, Chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the state legislature. The City makes annual contributions to the pension plans equal to the amount required by state statutes. GERP Coordinated Plan members were required to contribute 6.25% of their annual covered salary in 2012. The member contribution rates for the Coordinated Plan for 2013 will be at 6.25%. PEPFF members were required to contribute 9.6% of their annual covered salary in 2012, that rate will not increase in 2013. For 2012, the City was required to contribute the following percentages of annual covered payroll: 7.25% for Coordinated Plan GERP members; and 14.4% for PEPFF members. Employer contribution rates for the Coordinated Plan and PEPFF will remain the same for 2013. The City's contributions to the GERP for the years ended December 31, 2012, 2011, and 2010, were \$401,909, \$406,240, and \$415,002, respectively. The City's contributions to the PEPFF for the years ended December 31, 2012, 2011, and 2010, were \$548,774, \$545,766, and \$524,234, 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 2012, the ratio of assets to liabilities of GERF was 73.5% and 78.3% for PEPFF. At the end of fiscal year 2011, the ratio of assets to liabilities of GERF was 75.2% and 82.9% for PEPFF.

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
June 30, 2003	\$11,195,902	\$13,776,198	\$2,580,296	81.3 %	\$4,387,649	58.8 %
June 30, 2004	11,477,961	14,959,465	3,481,504	76.7	3,968,034	87.7
June 30, 2005	11,843,936	15,892,555	4,048,619	74.5	4,096,138	98.8
June 30, 2006	12,495,207	16,737,757	4,242,550	74.7	4,247,109	99.9
June 30, 2007	12,985,324	17,705,627	4,720,303	73.3	4,448,954	106.1
June 30, 2008	13,048,970	17,729,847	4,680,877	73.6	4,722,432	99.1
June 30, 2009	13,158,490	18,799,416	5,640,926	70.0	4,778,708	118.0
June 30, 2010	13,126,993	17,180,956	4,053,963	76.4	4,804,627	84.4
June 30, 2011	13,455,753	17,898,949	4,443,096	75.2	5,079,429	87.5
June 30, 2012	13,661,682	18,598,897	4,937,125	73.5	5,142,592	96.0

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
June 30, 2003	\$4,713,606	\$4,390,953	\$(322,653)	107.3 %	\$560,503	(57.6)%
June 30, 2004	4,746,834	4,692,190	(54,644)	101.2	551,266	(9.9)
June 30, 2005	4,814,961	4,956,340	141,379	97.2	580,723	24.4
June 30, 2006	5,017,951	5,260,564	242,613	95.4	618,435	39.2
June 30, 2007	5,198,922	5,669,347	470,425	91.7	648,342	72.6
June 30, 2008	5,233,015	5,918,061	685,046	88.4	703,701	97.3
June 30, 2009	5,239,855	6,296,274	1,056,419	83.2	733,164	144.1
June 30, 2010	5,188,339	5,963,672	775,333	87.0	740,101	104.8
June 30, 2011	5,274,602	6,363,546	1,088,944	82.9	775,806	140.4
June 30, 2012	5,797,868	7,403,295	1,605,427	78.3	794,417	202.1

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 \$1,400, \$1,529, and \$1,223 for the years ended December 31, 2012, 2011, and 2010, respectively. The employee contributions to the PEDCP were \$1,400, \$1,529, and \$1,223 for the years ended December 31, 2012, 2011, and 2010, 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, 2012, are listed below for the primary government.

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

[1] The Library Fund will repay the General Fund when it accumulates sufficient funds. The City expects the repayment to occur in 2013 or 2014.

[2] The Airport Fund will repay the Equipment and Facilities Funds after it receives money from the state and federal governments for project reimbursement. The City expects the repayment to occur in 2013 or 2014.

Transfers during 2012 were as follows for the primary government. (A brief summary of the transfer activity is at the end of this note.)

	Transfers In	Transfers Out
<b>Primary Government</b>		
Governmental activities:		
General (1)	\$ 61,000	\$ 56,046
General (2)	61,000	1,458
General (3)	27,960	6,000
General (4)	11,726	450,000
General (5)	21,728	450,000
General (6)	48,392	450,000
General (7)	10,182	
General (8)	1,920	
Nonmajor Governmental Funds:		
Senior Advocacy Program (9)	56,046	
Senior Advocacy Program (10)	1,458	
Municipal State Aid		10,182
Municipal State Aid		1,920
Municipal State Aid		400,000
Street Reconstruction (11)	400,000	
Softball Field Development		11,000
Total governmental funds	<u>701,412</u>	<u>1,836,606</u>
Internal Service Funds:		
Equipment Replacement (12)	450,000	27,960
Equipment Replacement (13)	10	11,726
Equipment Replacement		21,728
Equipment Replacement		48,392
Equipment Replacement		4,300
Equipment Replacement		27,200
Equipment Replacement		3,360
Equipment Replacement		5,360
Equipment Replacement		8,883
Facilities (14)	450,000	17,500
Facilities (15)	10	
Risk Management		10
Risk Management		10
Infrastructure Replacement (16)	450,000	
Total internal service funds	<u>1,350,020</u>	<u>176,429</u>
Total governmental activities	<u>2,051,432</u>	<u>2,013,035</u>

	Transfers In	Transfers Out
<b>Primary Government</b>		
Business-type activities:		
Water Fund		\$ 100,000
Sanitary Sewer Fund		100,000
Storm Sewer Fund (17)	\$ 100,000	61,000
Storm Sewer Fund (18)	100,000	61,000
Airport Fund (19)	4,300	
Airport Fund (20)	27,200	
Airport Fund (21)	3,360	
Airport Fund (22)	5,360	
Airport Fund (23)	17,500	
Airport Fund (24)	8,883	
Recreation Fund (25)	11,000	
Inspections Fund (26)	6,000	
	<u>283,603</u>	<u>322,000</u>
Total business-type activities		
Total Primary Government	<u>\$ 2,335,035</u>	<u>\$ 2,335,035</u>

PURPOSE OF TRANSFERS IN:

- (1) From the Storm Sewer Fund for reimbursements
- (2) From the Storm Sewer Fund for reimbursements
- (3) From the Equipment Replacement Fund for police vehicle
- (4) From the Equipment Replacement Fund for street department pickup
- (5) From the Equipment Replacement Fund for park maintenance pickup
- (6) From the Equipment Replacement Fund for east recreation playground
- (7) From the Municipal State Aid Fund for Highway 43 bypass and turn lane
- (8) From the Municipal State Aid Fund for Highway 43 bypass and turn lane
- (9) From the General Fund—provide subsidy to cover portion of the Senior Advocacy's operation
- (10) From the General Fund—salary increase
- (11) From the Municipal State Aid Fund for Highway 43 bypass and turn lane
- (12) From the General Fund per Financial Management Policy
- (13) From the Risk Management Fund per Financial Management Policy
- (14) From the General Fund per Financial Management Policy
- (15) From the Risk Management Fund per Financial Management Policy
- (16) From the General Fund per Financial Management Policy
- (17) From the Water Fund for lake outlet roller gate
- (18) From the Sanitary Sewer Fund for lake outlet roller gate
- (19) From the Equipment Replacement Fund for a mower
- (20) From the Equipment Replacement Fund for a tractor
- (21) From the Equipment Replacement Fund for a mower
- (22) From the Equipment Replacement Fund for an airport broom
- (23) From the Facilities Fund for runway & taxiway design
- (24) From the Equipment Replacement Fund for a large mower
- (25) From the Softball Field Development fund for field irrigation
- (26) From the General Fund for the removal of a hazardous building

## 8. FUND EQUITY

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

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

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

Restricted: Externally-imposed constraints that apply to the use of the funds.

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

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

Unassigned: Not constrained in any way.

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

Net position, fund balances, and retained earnings in the various funds at December 31, 2012, have been set up as nonspendable, restricted, committed, assigned, or unassigned for the following purposes:

### **PRIMARY GOVERNMENT**

#### **RESTRICTED—Government-Wide Financial Statements**

##### Major Governmental Funds:

##### General Fund:

Drug seizure and DWI penalty assessment (Police)	\$ 26,825
CMH property transfer	35,000
Japanese Garden	5,000
OPEB - retiree subsidy health plan	86,533
PERA Contribution	1,571,180
P.I.R. Bond Fund—for debt payments	660,580
P.I.R. Construction Fund—for P.I.R. projects	750,706
Other Funds (Internal Service Funds):	
Health Insurance Fund:	
Health plan account	26,000
Contributed to start the fund	199,654
Health insurance	805,588
LELS Health Fund—health insurance	262
Employee Benefit Fund:	
OPEB—retiree subsidy health plan	2,767,352
Risk Management Fund:	
Property self-insurance	202,729
Workers' compensation maximum	332,507
Emergency issues	100,000
Equipment Replacement Fund:	
Equipment replacement	2,463,426
Commitments	857,990
Facilities Fund:	
Commitments	164,990
Facilities	1,769,764
Infrastructure Replacement Fund	1,978,740

**RESTRICTED—Continued**Nonmajor Governmental Funds:

## Debt Service Funds:

1999B Sales Tax Revenue Bond— for Riverbend Industrial Park infrastructure/sales tax issues	\$ 132,513
Equipment Certificates—for debt payments	425,758

## Capital Projects Funds:

Municipal State Aid—projects	165,256
Dike construction	202,992
Park Site-parks for subdivisions	104,467
Engineering projects	297,765
Radio project	
City building improvements	2,527
City equipment	258,103
Infrastructure Revolving	1,603,443
Street reconstruction projects	811,138
High Wagon Bridge reconstruction	151,286
Aghaghming Park construction	1,835
Softball field development—improvements	115,921

## Permanent Funds:

Expendable	262,318
Total governmental activities	<u>19,340,148</u>

Major Proprietary Funds:

## Water Fund:

Commitments	70,000
Bond requirements	757,380
OPEB - retiree subsidy health plan	7,080
PERA Contribution	76,645

## Sanitary Sewer Fund:

Commitments	523,223
Bond requirements	76,470
OPEB - retiree subsidy health plan	9,439
PERA Contribution	95,804

## Inspections Fund:

Commitments	11,181
OPEB - retiree subsidy health plan	3,146
PERA Contribution	19,160

## Airport Fund—commitments

Public Transportation Fund—commitments	133,500
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Recreation Fund—commitments	313,278
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Total business-type activities	<u>2,096,306</u>
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Total Restricted (Primary Government) Excluding Nonspendable	<u><u>\$ 21,436,454</u></u>
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**RESTRICTED, NONSPENDABLE—Fund Financial Statements**Nonmajor Governmental Funds:

General Fund	\$ 16,440
Permanent Funds:	
Endowment (original contributions)	56,000
Total Nonspendable	<u>72,440</u>
Total Restricted (Primary Government) Including Nonspendable	<u><u>\$ 21,508,894</u></u>

**COMMITTED—Fund Financial Statements**Major Governmental Fund:

General Fund:	
Encumbrances and commitments	\$ 815,675
Snow removal	84,789
Boat harbor	191,951
Trail maintenance	500
OPEB Funding - 2013	100,000

Nonmajor Governmental Funds:

Special Revenue Funds:	
Emergency	\$ 15,709
Athletic	13,178
Library Memorials	265,262
1990 Downtown Redevelopment Grant	43,068
1994 Downtown Redevelopment Grant	157,963
Metro Plains	57
West Central Revitalization	49,393
Central City Rehab	<u>66,809</u>

Total Committed (Primary Government) \$ 1,804,354

**ASSIGNED—Fund Financial Statements**Major Governmental Fund:

General Fund:	
Cash flow	<u>\$ 5,606,375</u>
Total Assigned (Primary Government)	<u><u>\$ 5,606,375</u></u>

**UNASSIGNED—Fund Financial Statements**Nonmajor Governmental Fund:

Special Revenue Fund:	
Senior Advocacy Program	<u>\$ (32,639)</u>
Total Unassigned (Primary Government)	<u><u>\$ (32,639)</u></u>

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

Restricted-Port Debt Service and projects	<u>\$ 5,951,559</u>
Total Component Unit	<u><u>\$ 5,951,559</u></u>

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

**Primary Government**

*Fund Equity Deficits*—At December 31, 2012, the Senior Advocacy Program Fund, a special revenue fund, had a deficit fund balance of \$32,639. This fund had a carryover deficit of fund balance from 2011. (The deficit fund balance at December 31, 2011 was \$31,690.) The deficit fund balance should be eliminated in 2013 or 2014.

*Individual Fund Disclosures*—For the year ended December 31, 2012; actual expenditures exceeded the budget in the following General Fund departments:

General Fund	Budgeted	Actual	Final Variance
Human resources	\$ 99,407	\$ 100,414	\$ (1,007)
Planning	218,859	219,136	(277)
Public Works	47,105	47,907	(802)

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, 2012, the Component Unit had no fund equity deficits.

**10. FUND CHANGES**

*Funds opened during 2012:*

City— No funds were opened during 2012

Component Unit— No funds were opened during 2012

*Funds closed during 2012:*

City— Pelzer Street Construction

Component Unit— No funds were closed during 2012

**11. SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

At December 31, 2012, the City reported eight Enterprise Funds. These funds provide water, sanitary sewer, inspections, airport, public transportation, recreation, library, and storm sewer. There are no revenue bonds where investors rely solely on the revenue generated by the individual segments or other individual activities for repayment.

## 12. CONTINGENCIES

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

## 13. RISK MANAGEMENT

### *City's Programs:*

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

For 2012, there were no significant reductions in insurance coverage from 2011 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 2012 (\$100,000 per family in 2011). Also included in the program is an aggregate excess coverage policy; for 2012, the attachment point for this policy was set at \$1,727,164. 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 2012, the City offered three health plan options with consumer-driven healthcare programs that combined high deductibles with individual Health Plan Accounts (HPA) or Health Savings Accounts (HSA)—employer-held (HPA) or employee-held (HSA) accounts used for healthcare expenses not covered by the underlying plan. Eide Bailly administers the HPA accounts for these programs.

During 2012, net claims were \$1,017,171 (total claims of \$1,030,893 less pharmaceutical rebates of \$13,722 paid back to the City). Other 2012 costs are listed as follows: administrative costs of \$77,641; HPA reimbursements of \$5,177; and a reduction in incurred but not reported claims (over December 31, 2011) of \$173,961, reflecting the depletion of unused funds in employees' HPAs and a decrease in overall incurred, but not reported claims. The stop-loss premium was \$333,827; 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 \$270,000 has been accrued as a liability in the Health Insurance Fund at December 31, 2012. In addition, a reserved fund balance of \$26,000 has been established for future HPA claims. For the past three years, there have been no settlements paid for more than the insurance coverage.

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

	<b>2012</b>	<b>2011</b>
Beginning of year liability	\$ 127,070	\$ 155,523
Current year claims, administration fees, and changes to estimates	1,597,423	1,612,466
Payments for claims and administration fees	<u>(1,428,639)</u>	<u>(1,640,919)</u>
End of year liability and HPA reserves	<u>\$ 295,854</u>	<u>\$ 127,070</u>

Also, effective January 1, 2003, the police officers and police sergeants left the City-sponsored health plan to enroll in a non-City-sponsored health plan. This group represents approximately 4% of the City's benefits-eligible workforce. Effective January 1, 2010, the police officers' group returned to the City's health plan.

***Other Post-Employment Benefits—Pensions:***

State law requires that all full-time and certain part-time employees of the City participate in a statewide defined benefit pension plan administered by PERA. PERA administers GERS and PEPFF. As of December 31, 2012, GERS was 73.5% funded and PEPFF was 78.3% funded. As of December 31, 2011, GERS was 75.2% funded and PEPFF was 82.9% funded. (See Note 6.)

***Other Post-Employment Benefits—Other Than Pensions:***

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

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

*Annual Other Post-employment Benefit (OPEB) Cost*—For 2012, the City’s annual OPEB cost (expense) of \$158,777 was equal to the Annual Required Contribution (ARC), plus one year’s interest on the net OPEB obligation and an adjustment to the ARC to amortize the Contribution Deficiency over 10 years. Sixteen retirees and two dependent spouses are currently covered by the City’s plan. They paid \$117,693 in premiums at the group rate. (Claims and fees of \$181,281 were paid on their behalf.) The components of the OPEB expense are as follows:

Contribution Rates:		
City		Pay As You Go
Plan Members		N/A
Annual required contribution		\$ 332,633
Interest on net OPEB obligation		85,965
Adjustment to annual required contribution		<u>(259,821)</u>
Increase in net OPEB obligation		158,777
Net OPEB obligation, Beginning of year		2,149,113
Contribution		<u>(53,354)</u>
Net OPEB obligation, End of year		<u><u>\$2,254,536</u></u>

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

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
December 31, 2012	\$158,777	33.6%	\$2,254,536
December 31, 2011	316,915	5.7%	2,149,113
December 31, 2010	552,273	0.0%	1,850,317
December 31, 2009	353,597	0.0%	1,298,044
December 31, 2008	417,739	3.3%	944,447

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

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

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Asset (1) (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Unfunded Actuarial Accrued Liability (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>Unfunded AAL as of of Covered Payroll [(b-a)/c]</b>
December 31, 2012	\$ -	\$2,179,743	\$2,179,743	0%	8,950,638	24.4%
December 31, 2011		2,057,813	2,057,813	0%	9,093,756	22.6%
December 31, 2010		2,702,180	2,702,180	0%	9,128,667	29.6%
December 31, 2009		3,700,179	3,700,179	0%	9,698,098	38.2%
December 31, 2008		2,451,382	2,451,382	0%	9,530,739	25.7%

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

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

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

As of December 31, 2012, the City's actuary rolled forward the results of the December 31, 2011, actuarial valuation, as allowed under GASB 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. There were no significant changes to the OPEB benefits, the composition of the population covered by the plan, or any other factor affecting the long-term assumptions of the plan. The December 31, 2011 actuarial valuation used the entry age actuarial cost method. Relevant actuarial assumptions included a 4.0% discount rate, an initial medical trend rate of 8.0%, and a reduction schedule of 0.5% per year (beginning in 2014) with an ultimate rate of 5.0%. The medical trend rate for 2012 was 8.0%. There have not been any factors significantly affecting trends. The amortization of unfunded liabilities as a level dollar amount over 10 years was selected by the City to comply with GASB Statement No. 45 requirements. The amortization period used is open.

***Property and Casualty Insurance Program:***

The City participates in the self-insurance program of the League of Minnesota Cities Insurance Trust (LMCIT) to provide the City's property and casualty coverage. During 2012, costs of premiums associated with the program were \$226,223 (2011 premium costs were \$228,221). There were no changes in the program for 2012 as compared to 2011.

City property is insured on a blanket basis with a limit of \$81,927,850 and \$80,269,772 for 2012 and 2011, respectively. The City also carried a \$50,000 deductible, per occurrence, for property losses for both 2012 and 2011.

The liability policy is on a claims-made basis, and is retroactive to January 1, 1987. The deductibles included within the policy are \$50,000 per occurrence and \$200,000 annual aggregate. The policy includes a \$1,500,000 liability limit per Minnesota Statutes in 2012 and a \$1,500,000 liability limit per Minnesota Statutes in 2011. During 2012 and 2011, costs of premiums associated with the municipal liability program were \$72,613 and \$76,074, respectively.

For 2012, the boiler and equipment breakdown policy continued with comprehensive protection of \$5,000,000 for all the City's locations with a \$50,000 deductible for 2012 (\$50,000 deductible for 2011). The 2012 premium for this option was \$6,719, and for 2011 it was \$6,582. For 2012 and 2011, the premium for mobile property was \$7,255 and \$6,889, respectively, which included comprehensive protection for equipment and replacement cost.

The LMCIT provided airport insurance for the City in 2012 and 2011. 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 2012 cost was \$709 and 2011 cost was \$702.

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: \$28,167 for 2012; \$28,408 for 2011; and \$19,959 for 2010.

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 2012 totaled \$267,089 (in 2011, it totaled \$241,058). The City's premiums are adjusted in future years based upon the cost of claims with the minimum cost of \$94,169 and the maximum cost of \$599,804.

***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, 2012, \$332,507 has been restricted within fund balance to pay the 2012 maximum, if needed.

**14. CONDUIT DEBT OBLIGATIONS**

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

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

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

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**OTHER SUPPLEMENTARY INFORMATION**

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## **NONMAJOR FUNDS**

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### **Special Revenue Funds**

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

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

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

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

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

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

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

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

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

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

### **Debt Service Funds**

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

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

*Equipment Certificates of Indebtedness (2011A/2006A) Fund*—Established to account for property tax proceeds and debt service on the 2011A and the 2006A G.O. Equipment Certificates.

## Capital Projects Funds

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

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

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

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

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

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

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

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

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

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

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

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

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

## Permanent Funds

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

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

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

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

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

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

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

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

# CITY OF WINONA, MINNESOTA

## COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS AS OF DECEMBER 31, 2012 (with comparative totals for 2011)

	Special Revenue				
	Emergency	Athletic	Senior Advocacy Program	Library Memorials	Downtown 1990 C.D. Loan
<b>ASSETS</b>					
Cash and cash equivalents	\$ 15,709	\$ 13,178	\$ 14,874	\$ 265,262	\$ 43,068
Restricted investments					
Receivables—Net:					
Taxes					
Customers and other			30		
Due from other governmental units					
Due from other funds					
<b>TOTAL</b>	<u>\$ 15,709</u>	<u>\$ 13,178</u>	<u>\$ 14,904</u>	<u>\$ 265,262</u>	<u>\$ 43,068</u>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>					
<b>LIABILITIES:</b>					
Accounts payable	\$ -	\$ -	\$ 281	\$ -	\$ -
Due to other funds					
Accrued salaries and compensated absences			47,262		
Unavailable revenue					
<b>Total liabilities</b>			<u>47,543</u>		
<b>FUND BALANCES (DEFICITS):</b>					
Nonspendable					
Restricted					
Committed	15,709	13,178		265,262	43,068
Unassigned (deficit)			(32,639)		
<b>Total fund balances (deficits)</b>	<u>15,709</u>	<u>13,178</u>	<u>(32,639)</u>	<u>265,262</u>	<u>43,068</u>
<b>TOTAL</b>	<u>\$ 15,709</u>	<u>\$ 13,178</u>	<u>\$ 14,904</u>	<u>\$ 265,262</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 (2011A&2006A)	Debt Service Total
\$157,963	\$ 57	\$ 49,393	\$ 54,707	\$614,211	\$ 132,513	\$423,564	\$556,077
			2,841	2,871		4,835	4,835
			10,030	10,030		2,194	2,194
<u>\$157,963</u>	<u>\$ 57</u>	<u>\$ 49,393</u>	<u>\$ 67,578</u>	<u>\$627,112</u>	<u>\$ 132,513</u>	<u>\$430,593</u>	<u>\$563,106</u>
\$ -	\$ -	\$ -	\$ -	\$ 281	\$ -	\$ -	\$ -
				47,262			
			769	769		4,835	4,835
			769	48,312		4,835	4,835
157,963	57	49,393	66,809	611,439	132,513	425,758	558,271
				(32,639)			
<u>157,963</u>	<u>57</u>	<u>49,393</u>	<u>66,809</u>	<u>578,800</u>	<u>132,513</u>	<u>425,758</u>	<u>558,271</u>
<u>\$157,963</u>	<u>\$ 57</u>	<u>\$ 49,393</u>	<u>\$ 67,578</u>	<u>\$627,112</u>	<u>\$ 132,513</u>	<u>\$430,593</u>	<u>\$563,106</u>

**CITY OF WINONA, MINNESOTA**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
AS OF DECEMBER 31, 2012 (with comparative totals for 2011)**

	<b>Municipal State Aid</b>	<b>Dike Construction</b>	<b>Park Site</b>	<b>Engineering Department Projects</b>	<b>Radio Project</b>	<b>City Building Improve- ments</b>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 166,204	\$202,992	\$104,467	\$297,481	\$ -	\$ 2,527
Restricted investments						
Receivables—Net:						
Taxes						
Customers and other						
Due from other governmental units	550			284		
Due from other funds						
<b>TOTAL</b>	<u>\$ 166,754</u>	<u>\$202,992</u>	<u>\$104,467</u>	<u>\$297,765</u>	<u>\$ -</u>	<u>\$ 2,527</u>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>						
<b>LIABILITIES:</b>						
Accounts payable	\$ 1,498	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds						
Accrued salaries and compensated absences						
Unavailable revenue						
<b>Total liabilities</b>	<u>1,498</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS):</b>						
Nonspendable						
Restricted	165,256	202,992	104,467	297,765		2,527
Committed						
Unassigned (deficit)						
<b>Total fund balances (deficits)</b>	<u>165,256</u>	<u>202,992</u>	<u>104,467</u>	<u>297,765</u>	<u>-</u>	<u>2,527</u>
<b>TOTAL</b>	<u>\$ 166,754</u>	<u>\$202,992</u>	<u>\$104,467</u>	<u>\$297,765</u>	<u>\$ -</u>	<u>\$ 2,527</u>

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**Capital Projects**

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<b>City Equipment</b>	<b>Infra- structure Revolving</b>	<b>Street Recon- struction</b>	<b>High Wagon Bridge Recon- struction</b>	<b>Aghaghming Park Construction</b>	<b>Softball Field Development</b>	<b>Capital Projects Total</b>
\$ 258,103	\$1,603,443	\$810,478	\$155,496	\$ 1,835	\$115,921	\$3,718,947
		660				1,494
<u>\$ 258,103</u>	<u>\$1,603,443</u>	<u>\$811,138</u>	<u>\$155,496</u>	<u>\$ 1,835</u>	<u>\$115,921</u>	<u>\$3,720,441</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,498
			4,210			4,210
			4,210	-	-	5,708
258,103	1,603,443	811,138	151,286	1,835	115,921	3,714,733
<u>258,103</u>	<u>1,603,443</u>	<u>811,138</u>	<u>151,286</u>	<u>1,835</u>	<u>115,921</u>	<u>3,714,733</u>
<u>\$ 258,103</u>	<u>\$1,603,443</u>	<u>\$811,138</u>	<u>\$155,496</u>	<u>\$ 1,835</u>	<u>\$115,921</u>	<u>\$3,720,441</u>

**CITY OF WINONA, MINNESOTA**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
AS OF DECEMBER 31, 2012 (with comparative totals for 2011)**

	Permanent Funds				
	Bell Art Endow - ment	Laird and Bell Endowment	C.M. Youman Memorial	H.C. Garvin Winona Civic	Dr. C. A. Rohrer
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted investments	5,499	12,363	11,574	230,107	17,430
Receivables—Net:					
Taxes					
Customers and other					
Due from other governmental units					
Due from other funds					
	_____	_____	_____	_____	_____
<b>TOTAL</b>	<u>\$ 5,499</u>	<u>\$12,363</u>	<u>\$11,574</u>	<u>\$230,107</u>	<u>\$17,430</u>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>					
<b>LIABILITIES:</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds					
Accrued salaries and compensated absences					
Unavailable revenue					
	_____	_____	_____	_____	_____
Total liabilities	-	-	-	-	-
	_____	_____	_____	_____	_____
<b>FUND BALANCES (DEFICITS):</b>					
Nonspendable	5,000	10,000	2,000	35,000	2,000
Restricted	499	2,363	9,574	195,107	15,430
Committed					
Unassigned (deficit)					
	_____	_____	_____	_____	_____
Total fund balances (deficits)	<u>5,499</u>	<u>12,363</u>	<u>11,574</u>	<u>230,107</u>	<u>17,430</u>
<b>TOTAL</b>	<u>\$ 5,499</u>	<u>\$12,363</u>	<u>\$11,574</u>	<u>\$230,107</u>	<u>\$17,430</u>

Leonhard Fried Educational	Mielimonka Library	Permanent Funds Total	Total Nonmajor Governmental Funds	
			2012	2011
\$ - 38,570	\$ - 2,179	\$ - 317,722	\$ 4,889,235 317,722	\$5,377,532 315,666
596		596	4,835 3,467 13,718	2,849 1,804 74,532 45,068
<u>\$39,166</u>	<u>\$ 2,179</u>	<u>\$318,318</u>	<u>\$ 5,228,977</u>	<u>\$5,817,451</u>
\$ -	\$ -	\$ -	\$ 1,779 - 47,262 9,814	\$ 350,204 45,068 44,330 21,593
-	-	-	58,855	461,195
39,166	2,000 179	56,000 262,318	56,000 4,535,322 611,439 (32,639)	56,000 4,722,517 609,429 (31,690)
<u>39,166</u>	<u>2,179</u>	<u>318,318</u>	<u>5,170,122</u>	<u>5,356,256</u>
<u>\$39,166</u>	<u>\$ 2,179</u>	<u>\$318,318</u>	<u>\$ 5,228,977</u>	<u>\$5,817,451</u>

# CITY OF WINONA, MINNESOTA

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2012 (with comparative totals for 2011)

	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		8	12	174		
Net increase (decrease) in fair value of investments						
Refunds and reimbursements						
Contributions						
Charges for services	<u>3,320</u>	<u>1,000</u>	<u>30,333</u>	<u>      </u>	<u>      </u>	<u>4,731</u>
Total revenues	<u>3,320</u>	<u>1,008</u>	<u>52,633</u>	<u>174</u>	<u>-</u>	<u>4,731</u>
EXPENDITURES:						
General government			111,086			
Public safety						
Economic development	695					
Park maintenance						
Capital outlay						
Debt service:						
Bond principal						
Interest and other expenditures						
Total expenditures	<u>695</u>	<u>-</u>	<u>111,086</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,625</u>	<u>1,008</u>	<u>(58,453)</u>	<u>174</u>	<u>      </u>	<u>4,731</u>
OTHER FINANCING SOURCES (USES):						
G.O. Equipment Certificates Issued						
Transfers to other funds						
Transfers from other funds			57,504			
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>57,504</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	2,625	1,008	(949)	174		4,731
FUND BALANCES (DEFICITS)— January 1, 2012	<u>13,084</u>	<u>12,170</u>	<u>(31,690)</u>	<u>265,088</u>	<u>43,068</u>	<u>153,232</u>
FUND BALANCES (DEFICITS)— December 31, 2012	<u>\$15,709</u>	<u>\$13,178</u>	<u>\$(32,639)</u>	<u>\$265,262</u>	<u>\$ 43,068</u>	<u>\$157,963</u>

				Debt Service		
Metro Plains Housing	West Central Revitalization	Central City Rehab	Special Revenue Total	1999B G.O. Sales Tax Revenue Bond	Equipment Certificates (2011A&2006A)	Debt Service Total
\$11,664	\$ -	\$ - 185,893	\$ 11,664 208,181 194	\$ - 87	\$243,825 830	\$243,825 917
		18,443	18,443			
	12,499	93,649	145,532			
<u>11,664</u>	<u>12,499</u>	<u>297,985</u>	<u>384,014</u>	<u>87</u>	<u>244,655</u>	<u>244,742</u>
			111,086			
11,664		317,012	329,371			
					130,000	130,000
					20,051	20,051
<u>11,664</u>	<u>-</u>	<u>317,012</u>	<u>440,457</u>	<u>-</u>	<u>150,051</u>	<u>150,051</u>
	12,499	(19,027)	(56,443)	87	94,604	94,691
			57,504			
-	-	-	57,504	-	-	-
	12,499	(19,027)	1,061	87	94,604	94,691
<u>57</u>	<u>36,894</u>	<u>85,836</u>	<u>577,739</u>	<u>132,426</u>	<u>331,154</u>	<u>463,580</u>
<u>\$ 57</u>	<u>\$ 49,393</u>	<u>\$ 66,809</u>	<u>\$578,800</u>	<u>\$132,513</u>	<u>\$425,758</u>	<u>\$558,271</u>

# CITY OF WINONA, MINNESOTA

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2012 (with comparative totals for 2011)

	Municipal State Aid	Dike Construction	Park Site	Engineering Department Projects	Radio Project	City Building Improve- ments
REVENUES:						
General property taxes	\$ -	\$ -	\$ -	\$ 33,458	\$ -	\$ -
Intergovernmental revenues	619,198			51,055	342,504	
Investment earnings	151	134	69	198		
Net increase (decrease) in fair value of investments						
Refunds and reimbursements						
Contributions						
Charges for services						
Total revenues	<u>619,349</u>	<u>134</u>	<u>69</u>	<u>84,711</u>	<u>342,504</u>	<u>-</u>
EXPENDITURES:						
General government						
Public safety					342,782	
Economic development						
Park maintenance						
Capital outlay	143,636			69,032		
Debt service:						
Bond principal						
Interest and other expenditures						
Total expenditures	<u>143,636</u>	<u>-</u>	<u>-</u>	<u>69,032</u>	<u>342,782</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>475,713</u>	<u>134</u>	<u>69</u>	<u>15,679</u>	<u>(278)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):						
G.O. Equipment Certificates Issued						
Transfers to other funds	(412,102)					
Transfers from other funds						
Total other financing sources (uses)	<u>(412,102)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	63,611	134	69	15,679	(278)	
FUND BALANCES (DEFICITS)— January 1, 2012	<u>101,645</u>	<u>202,858</u>	<u>104,398</u>	<u>282,086</u>	<u>278</u>	<u>2,527</u>
FUND BALANCES (DEFICITS)— December 31, 2012	<u>\$165,256</u>	<u>\$ 202,992</u>	<u>\$104,467</u>	<u>\$297,765</u>	<u>\$ -</u>	<u>\$ 2,527</u>

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**Capital Projects**

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<b>City Equipment</b>	<b>Infra- structure Revolving</b>	<b>Street Recon- struction</b>	<b>High Wagon Bridge Recon- struction</b>	<b>Aghaghming Park Construction</b>	<b>Softball Field Development</b>	<b>Capital Projects Total</b>
\$ -	\$ -	\$ 77,866	\$ -	\$ -	\$ -	\$ 111,324
340	1,051	460,003	101		79	1,472,760
		375				2,498
	<u>1,163</u>		<u>4,210</u>		<u>8,075</u>	<u>13,448</u>
<u>340</u>	<u>2,214</u>	<u>538,244</u>	<u>4,311</u>	<u>-</u>	<u>8,154</u>	<u>1,600,030</u>
						342,782
752,511		552,770				1,517,949
<u>752,511</u>	<u>-</u>	<u>552,770</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,860,731</u>
<u>(752,171)</u>	<u>2,214</u>	<u>(14,526)</u>	<u>4,311</u>		<u>8,154</u>	<u>(260,701)</u>
					(11,000)	(423,102)
		<u>400,000</u>				<u>400,000</u>
<u>-</u>	<u>-</u>	<u>400,000</u>	<u>-</u>	<u>-</u>	<u>(11,000)</u>	<u>(23,102)</u>
(752,171)	2,214	385,474	4,311		(2,846)	(283,803)
<u>1,010,274</u>	<u>1,601,229</u>	<u>425,664</u>	<u>146,975</u>	<u>1,835</u>	<u>118,767</u>	<u>3,998,536</u>
<u>\$ 258,103</u>	<u>\$1,603,443</u>	<u>\$ 811,138</u>	<u>\$151,286</u>	<u>\$ 1,835</u>	<u>\$115,921</u>	<u>\$3,714,733</u>

**CITY OF WINONA, MINNESOTA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2012 (with comparative totals for 2011)**

	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	1	7	7	150
Net increase (decrease) in fair value of investments				
Refunds and reimbursements				
Contributions				
Charges for services				
Total revenues	<u>1</u>	<u>7</u>	<u>7</u>	<u>150</u>
EXPENDITURES:				
General government				
Public safety				
Economic development				
Park maintenance				
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>1</u>	<u>7</u>	<u>7</u>	<u>150</u>
OTHER FINANCING SOURCES (USES):				
G.O. Equipment Certificates Issued				
Transfers to other funds				
Transfers from other funds				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	1	7	7	150
FUND BALANCES (DEFICITS)— January 1, 2012	<u>5,498</u>	<u>12,356</u>	<u>11,567</u>	<u>229,957</u>
FUND BALANCES (DEFICITS)— December 31, 2012	<u>\$ 5,499</u>	<u>\$12,363</u>	<u>\$11,574</u>	<u>\$230,107</u>

Dr. C. A. Rohrer	Leonhard Fried Educational	Mielimonka Library	Permanent Funds Total	Total Nonmajor Governmental Funds	
				2012	2011
\$ -	\$ -	\$ -	\$ -	\$ 366,813	\$ 190,087
11	1,157		1,333	1,680,941	899,033
	584		584	4,942	5,326
				584	(1,133)
				18,443	88
				158,980	171,006
<u>11</u>	<u>1,741</u>	<u>-</u>	<u>1,917</u>	<u>2,230,703</u>	<u>1,264,407</u>
				111,086	123,083
				342,782	40,756
				329,371	585,844
					2,000
				1,517,949	789,662
				130,000	125,000
				20,051	45,188
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,451,239</u>	<u>1,711,533</u>
<u>11</u>	<u>1,741</u>	<u>-</u>	<u>1,917</u>	<u>(220,536)</u>	<u>(447,126)</u>
					1,385,000
				(423,102)	(268,886)
				457,504	743,266
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,402</u>	<u>1,859,380</u>
11	1,741		1,917	(186,134)	1,412,254
<u>17,419</u>	<u>37,425</u>	<u>2,179</u>	<u>316,401</u>	<u>5,356,256</u>	<u>3,944,002</u>
<u>\$17,430</u>	<u>\$39,166</u>	<u>\$2,179</u>	<u>\$318,318</u>	<u>\$5,170,122</u>	<u>\$5,356,256</u>

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## **INTERNAL SERVICE FUNDS**

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

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

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

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

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

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

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

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

# CITY OF WINONA, MINNESOTA

## INTERNAL SERVICE FUNDS COMBINING STATEMENT OF NET POSITION AS OF DECEMBER 31, 2012 (with comparative totals for 2011)

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	Health Insurance	LELS Health	Employee Benefit	Risk Manage- ment
<b>ASSETS</b>				
Cash and cash equivalents	\$1,307,264	\$166,920	\$ 5,232,568	\$ 1,469,838
Receivables—Net— Customers and other				
Due from other funds				
Prepaid items				
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>1,307,264</u>	<u>166,920</u>	<u>5,232,568</u>	<u>1,469,838</u>
<b>LIABILITIES AND NET POSITION</b>				
<b>LIABILITIES:</b>				
Accounts payable	\$ 3,327	\$166,658	\$ -	\$ 7,817
Accrued salaries and compensation			2,465,216	
Unavailable revenue	2,695			
Outstanding and incurred, but not reported claims	<u>270,000</u>	<hr/>	<hr/>	<hr/>
Total liabilities	<u>276,022</u>	<u>166,658</u>	<u>2,465,216</u>	<u>7,817</u>
<b>NET POSITION</b>				
Restricted	1,031,242	262	2,767,352	635,236
Unrestricted—Internal Service Fund	<hr/>	<hr/>	<hr/>	<u>826,785</u>
Total net position	<u>\$1,031,242</u>	<u>\$ 262</u>	<u>\$ 2,767,352</u>	<u>\$ 1,462,021</u>

Equipment Replace- ment	Facilities	Infrastructure Replace- ment	Total	
			2012	2011
\$ 3,091,416	\$ 1,634,754	\$1,978,740	\$ 14,881,500	\$ 13,153,005
			-	21,083
230,000	300,000		530,000	530,000
<u>3,321,416</u>	<u>1,934,754</u>	<u>1,978,740</u>	<u>15,411,500</u>	<u>13,704,088</u>
\$ -	\$ -	\$ -	\$ 177,802	\$ 157,399
			2,465,216	2,450,140
			2,695	1,647
			<u>270,000</u>	<u>96,039</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>2,915,713</u>	<u>2,705,225</u>
3,321,416	1,934,754	1,978,740	11,669,002	10,298,742
			826,785	700,121
<u>\$ 3,321,416</u>	<u>\$ 1,934,754</u>	<u>\$1,978,740</u>	<u>\$ 12,495,787</u>	<u>\$ 10,998,863</u>

# CITY OF WINONA, MINNESOTA

## INTERNAL SERVICE FUNDS

### STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

FOR THE YEAR ENDED DECEMBER 31, 2012 (with comparative totals for 2011)

	Health Insurance	LELS Health	Employee Benefit	Risk Manage- ment
OPERATING REVENUES:				
Charges to city departments	\$1,456,391	\$ -	\$ -	\$ -
Other charges and services	456,487		15,076	
Refunds and reimbursements	<u>5,564</u>			<u>186,736</u>
Total operating revenues	<u>1,918,442</u>	<u>-</u>	<u>15,076</u>	<u>186,736</u>
OPERATING EXPENSES:				
Salaries and employee benefits	333,827		15,076	
Health insurance claims and fees	1,094,812			
Health insurance stop-loss premium	350,900			
Contractual services				<u>28,166</u>
Total operating expenses	<u>1,779,539</u>	<u>-</u>	<u>15,076</u>	<u>28,166</u>
OPERATING INCOME	138,903	-	-	158,570
NONOPERATING REVENUES—				
Investment earnings	<u>818</u>			<u>969</u>
Total nonoperating revenues	<u>818</u>	<u>-</u>	<u>-</u>	<u>969</u>
INCOME BEFORE TRANSFERS	139,721	-	-	159,539
TRANSFERS IN				
TRANSFERS OUT				
				<u>(20)</u>
INCREASE IN NET POSITION	139,721	-	-	159,519
NET POSITION—Beginning of year	<u>891,521</u>	<u>262</u>	<u>2,767,352</u>	<u>1,302,502</u>
NET POSITION—End of year	<u>\$1,031,242</u>	<u>\$ 262</u>	<u>\$2,767,352</u>	<u>\$ 1,462,021</u>

Equipment Replac- ement	Facilities	Infrastructure Replac- ement	Totals	
			2012	2011
\$ -	\$ -	\$ -	\$ 1,456,391	\$ 1,541,245
			471,563	476,413
<u>20,541</u>			<u>212,841</u>	<u>133,351</u>
<u>20,541</u>	<u>-</u>	<u>-</u>	<u>2,140,795</u>	<u>2,151,009</u>
			348,903	(24,529)
			1,094,812	1,288,786
			350,900	352,813
			<u>28,166</u>	<u>227,142</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,822,781</u>	<u>1,844,212</u>
20,541	-	-	318,014	306,797
<u>1,810</u>	<u>786</u>	<u>936</u>	<u>5,319</u>	<u>5,531</u>
<u>1,810</u>	<u>786</u>	<u>936</u>	<u>5,319</u>	<u>5,531</u>
22,351	786	936	323,333	312,328
450,010	450,010	450,000	1,350,020	2,758,346
<u>(158,909)</u>	<u>(17,500)</u>		<u>(176,429)</u>	<u>(537,512)</u>
313,452	433,296	450,936	1,496,924	2,533,162
<u>3,007,964</u>	<u>1,501,458</u>	<u>1,527,804</u>	<u>10,998,863</u>	<u>8,465,701</u>
<u>\$3,321,416</u>	<u>\$1,934,754</u>	<u>\$1,978,740</u>	<u>\$12,495,787</u>	<u>\$10,998,863</u>

# CITY OF WINONA, MINNESOTA

## INTERNAL SERVICE FUNDS COMBINING STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2012 (with comparative totals for 2011)

	Health Insurance	LELS Health	Employee Benefit	Risk Manage- ment
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	\$ 1,939,525	\$ -	\$ 15,076	\$ 186,736
Service charges			15,076	
Payments to suppliers	<u>(1,605,511)</u>	<u>          </u>	<u>(15,076)</u>	<u>(24,940)</u>
Net cash (used in) provided by operating activities	<u>334,014</u>	<u>-</u>	<u>15,076</u>	<u>161,796</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Unavailable revenue—decrease	1,048	17,110		
Transfers to other funds				(20)
Transfers from other funds	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Net cash provided by (used in) noncapital financing activities	<u>1,048</u>	<u>17,110</u>	<u>-</u>	<u>(20)</u>
CASH FLOWS FROM INVESTING ACTIVITIES—				
Interest received	<u>818</u>	<u>          </u>	<u>          </u>	<u>969</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	335,880	17,110	15,076	162,745
CASH AND CASH EQUIVALENTS—Beginning of year	<u>971,384</u>	<u>149,810</u>	<u>5,217,492</u>	<u>1,307,093</u>
CASH AND CASH EQUIVALENTS—End of year	<u>\$ 1,307,264</u>	<u>\$ 166,920</u>	<u>\$5,232,568</u>	<u>\$1,469,838</u>
RECONCILIATION OF OPERATING (LOSS) INCOME TO NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES:				
Operating income	\$ 138,903	\$ -	\$ -	\$ 158,570
Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities —				
Changes in assets and liabilities:				
Customer receivables	21,083			
Accounts payable	174,028			3,226
Other accrued liabilities	<u>          </u>	<u>          </u>	<u>15,076</u>	<u>          </u>
Net cash (used in) provided by operating activities	<u>\$ 334,014</u>	<u>\$ -</u>	<u>\$ 15,076</u>	<u>\$ 161,796</u>

Equipment Replace- ment	Facilities	Infrastructure Replace- ment	Total	
			2012	2011
\$ 20,541	\$ -	\$ -	\$ 2,161,878	\$ 2,136,809
			15,076	(24,529)
			<u>(1,645,527)</u>	<u>(1,862,545)</u>
<u>20,541</u>	<u>-</u>	<u>-</u>	<u>531,427</u>	<u>249,735</u>
			18,158	7,460
(158,909)	(17,500)		(176,429)	(537,512)
<u>450,010</u>	<u>450,010</u>	<u>450,000</u>	<u>1,350,020</u>	<u>2,758,346</u>
<u>291,101</u>	<u>432,510</u>	<u>450,000</u>	<u>1,191,749</u>	<u>2,228,294</u>
<u>1,810</u>	<u>786</u>	<u>936</u>	<u>5,319</u>	<u>5,531</u>
313,452	433,296	450,936	1,728,495	2,483,560
<u>2,777,964</u>	<u>1,201,458</u>	<u>1,527,804</u>	<u>13,153,005</u>	<u>10,669,445</u>
<u>\$3,091,416</u>	<u>\$ 1,634,754</u>	<u>\$1,978,740</u>	<u>\$14,881,500</u>	<u>\$ 13,153,005</u>
\$ 20,541	\$ -	\$ -	\$ 318,014	\$ 306,797
			21,083	(14,198)
			177,254	(18,335)
			<u>15,076</u>	<u>(24,529)</u>
<u>\$ 20,541</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 531,427</u>	<u>\$ 249,735</u>

**CITY OF WINONA, MINNESOTA**

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES—TOURISM PROMOTION  
AGENCY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012**

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	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
ASSETS:				
Cash and cash equivalents	\$ -	\$ 343,197	\$ 343,197	\$ -
Accounts receivable	<u>16,053</u>	<u>16,928</u>	<u>16,053</u>	<u>16,928</u>
Total assets	<u>\$ 16,053</u>	<u>\$ 360,125</u>	<u>\$ 359,250</u>	<u>\$ 16,928</u>
LIABILITIES—				
Accounts payable—total liabilities	<u>\$ 16,053</u>	<u>\$ 344,072</u>	<u>\$ 343,197</u>	<u>\$ 16,928</u>

**CITY OF WINONA, MINNESOTA**

**GENERAL FUND**

**SCHEDULE OF REVENUES—BUDGET AND ACTUAL**

**FOR THE YEAR ENDED DECEMBER 31, 2012 (with comparative totals for 2011)**

	2012			2011 Actual
	Final Budget	Actual	Variance	
GENERAL PROPERTY TAX:				
Ad valorem	\$ 4,366,783	\$ 4,304,067	\$ (62,716)	\$ 4,450,359
Delinquent ad valorem taxes		47,744	47,744	80,534
Penalties and interest		11,681	11,681	15,808
Total general property taxes	<u>4,366,783</u>	<u>4,363,492</u>	<u>(3,291)</u>	<u>4,546,701</u>
FRANCHISE FEES:				
Cable TV	280,000	332,759	52,759	352,542
Electric	<u>895,000</u>	<u>912,856</u>	<u>17,856</u>	<u>951,956</u>
Total franchise fees	<u>1,175,000</u>	<u>1,245,615</u>	<u>70,615</u>	<u>1,304,498</u>
LICENSES AND PERMITS:				
Business	124,900	131,961	7,061	128,512
Nonbusiness	<u>22,750</u>	<u>33,837</u>	<u>11,087</u>	<u>40,961</u>
Total licenses and permits	<u>147,650</u>	<u>165,798</u>	<u>18,148</u>	<u>169,473</u>
FINES AND FORFEITS—Other fines and forfeits	<u>216,000</u>	<u>228,408</u>	<u>12,408</u>	<u>211,375</u>
INTERGOVERNMENTAL REVENUES:				
Shared taxes:				
State aid maintenance	218,000	240,079	22,079	235,087
Payment in lieu of tax	17,000	24,916	7,916	23,455
State grants:				
Local government aid	7,536,095	7,536,095		7,934,735
Police training	13,000	12,287	(713)	14,392
Fire/police aid				
Insurance aid	250,000	333,878	83,878	331,401
Market value credits		416	416	81
State grants restricted to programs	374,750	11,010	(363,740)	29,141
State grants not restricted to programs	29,304	27,304	(2,000)	27,304
Local—County road and bridge maintenance	17,000	19,444	2,444	21,457
Local—Other county grants	3,470	6,623	3,153	
Federal grants		10,541	10,541	59,037
Total intergovernmental revenues	<u>8,458,619</u>	<u>8,222,593</u>	<u>(236,026)</u>	<u>8,676,090</u>
INVESTMENT EARNINGS	<u>100</u>	<u>9,567</u>	<u>9,467</u>	<u>12,970</u>
NET INCREASE IN FAIR VALUE OF INVESTMENTS		<u>1,192</u>	<u>1,192</u>	<u>17,369</u>

(Continued)

**CITY OF WINONA, MINNESOTA**

**GENERAL FUND**

**SCHEDULE OF REVENUES—BUDGET AND ACTUAL**

**FOR THE YEAR ENDED DECEMBER 31, 2012 (with comparative totals for 2011)**

	2012			2011 Actual
	Final Budget	Actual	Variance	
CHARGES FOR SERVICES:				
General government	\$ 41,150	\$ 44,024	\$ 2,874	\$ 4,453
Public safety	70,386	71,136	750	1,977
Public works	500	1,640	1,140	660
Inspections	57,468	57,468		66,771
Investment fee	2,000		(2,000)	
Administrative fee—Lodging tax	10,000	18,849	8,849	20,741
Recreation	82,000	141,293	59,293	129,267
Water and sewer	135,730	135,730		135,730
Port Authority	236,206	168,080	(68,126)	219,123
Rents	38,100	46,044	7,944	44,849
Commissions on sales	3,000	7,656	4,656	7,404
Refunds and reimbursements	18,378	26,600	8,222	35,045
Other		1,829	1,829	41,127
Total charges for services	<u>694,918</u>	<u>720,349</u>	<u>25,431</u>	<u>707,147</u>
CONTRIBUTIONS—Contributions	<u>24,240</u>	<u>3,556</u>	<u>(20,684)</u>	<u>8,206</u>
Total revenues	<u>\$15,083,310</u>	<u>\$14,960,570</u>	<u>\$ (122,740)</u>	<u>\$ 15,653,829</u>

(Concluded)

# CITY OF WINONA, MINNESOTA

## GENERAL FUND

### SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2012 (with comparative totals for 2011)

	2012			2011 Actual
	Final Budget	Actual	Variance	
GENERAL GOVERNMENT:				
Mayor—council:				
Salaries and employee benefits	\$ 95,451	\$ 91,567	\$ 3,884	\$ 93,938
Supplies	11,115	10,870	245	5,170
Other services and charges	<u>294,332</u>	<u>165,916</u>	<u>128,416</u>	<u>127,705</u>
Total mayor—council	<u>400,898</u>	<u>268,353</u>	<u>132,545</u>	<u>226,813</u>
City clerk:				
Salaries and employee benefits	108,674	110,758	(2,084)	108,388
Supplies	1,200	1,236	(36)	1,400
Other services and charges	<u>8,759</u>	<u>5,888</u>	<u>2,871</u>	<u>5,843</u>
Total city clerk	<u>118,633</u>	<u>117,882</u>	<u>751</u>	<u>115,631</u>
City manager:				
Salaries and employee benefits	237,752	241,066	(3,314)	345,578
Supplies	4,500	2,007	2,493	4,386
Other services and charges	<u>8,534</u>	<u>7,136</u>	<u>1,398</u>	<u>15,835</u>
Total city manager	<u>250,786</u>	<u>250,209</u>	<u>577</u>	<u>365,799</u>
Elections and voter registration:				
Salaries and employee benefits	23,796	17,344	6,452	(681)
Supplies	4,030	3,945	85	
Other services and charges	<u>10,065</u>	<u>10,053</u>	<u>12</u>	<u>5,484</u>
Total elections and voter registration	<u>37,891</u>	<u>31,342</u>	<u>6,549</u>	<u>4,803</u>
Finance:				
Salaries and employee benefits	536,093	533,559	2,534	536,803
Supplies	83,712	53,415	30,297	30,706
Other services and charges	480,469	228,471	251,998	245,877
Capital outlay	<u>97,216</u>	<u>97,216</u>	<u>0</u>	<u>14,106</u>
Total finance	<u>1,197,490</u>	<u>815,445</u>	<u>382,045</u>	<u>827,492</u>
Independent audit—				
Other services and charges	<u>98,000</u>	<u>91,737</u>	<u>6,263</u>	<u>90,942</u>
Assessing—				
Other services and charges	<u>101,000</u>	<u>101,000</u>	<u>0</u>	<u>101,000</u>
Legal:				
Supplies				
Other services and charges	<u>310,500</u>	<u>310,500</u>	<u>0</u>	<u>285,068</u>
Total legal	<u>310,500</u>	<u>310,500</u>	<u>0</u>	<u>285,068</u>
Charter commission—				
Supplies	<u>80</u>	<u>80</u>	<u>0</u>	<u>0</u>

(Continued)

# CITY OF WINONA, MINNESOTA

## GENERAL FUND SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2012 (with comparative totals for 2011)

	2012			2011 Actual
	Final Budget	Actual	Variance	
GENERAL GOVERNMENT (continued):				
Merit board—				
Other services and charges	\$ 3,700	\$ 3,187	\$ 513	\$ 457
Human rights commission—				
Other services and charges	2,910	311	2,599	190
Cable television commission—				
Other services and charges	500		500	220
Fine arts commission:				
Supplies	1,250	32	1,218	-
Other services and charges	1,000	820	180	709
Total fine arts commission	2,250	852	1,398	709
Human resources:				
Salaries and employee benefits	91,047	95,091	(4,044)	93,807
Supplies	300	363	(63)	1,336
Other services and charges	8,060	4,960	3,100	4,809
Total human resources	99,407	100,414	(1,007)	99,952
Planning:				
Salaries and employee benefits	181,882	187,551	(5,669)	183,362
Supplies	3,000	822	2,178	409
Other services and charges	33,977	30,763	3,214	43,645
Total planning	218,859	219,136	(277)	227,416
Building maintenance:				
Salaries and employee benefits	130,002	130,770	(768)	130,887
Supplies	61,350	41,766	19,584	49,150
Other services and charges	31,720	28,594	3,126	28,255
Total building maintenance	223,072	201,130	21,942	208,292
Central communications:				
Supplies	6,900	4,533	2,367	5,201
Other services and charges	105,100	89,778	15,322	27,125
Total central communications	112,000	94,311	17,689	32,326
Contingency—				
Other services and charges	154,284		154,284	
Total general government	3,332,260	2,605,809	726,451	2,587,110

(Continued)

# CITY OF WINONA, MINNESOTA

## GENERAL FUND SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2012 (with comparative totals for 2011)

	2012			2011 Actual
	Final Budget	Actual	Variance	
<b>PUBLIC SAFETY:</b>				
Police:				
Salaries and employee benefits	\$ 3,647,003	\$ 3,658,197	\$ (11,194)	\$ 3,592,999
Supplies	311,630	232,122	79,508	186,375
Other services and charges	370,957	313,476	57,481	292,775
Capital outlay	<u>35,000</u>	<u>27,960</u>	<u>7,040</u>	<u>92,996</u>
Total police	<u>4,364,590</u>	<u>4,231,755</u>	<u>132,835</u>	<u>4,165,145</u>
Fire:				
Salaries and employee benefits	2,148,260	2,091,885	56,375	2,085,899
Supplies	110,730	105,561	5,169	115,625
Other services and charges	<u>140,862</u>	<u>153,116</u>	<u>(12,254)</u>	<u>117,493</u>
Total fire	<u>2,399,852</u>	<u>2,350,562</u>	<u>49,290</u>	<u>2,319,017</u>
Emergency management:				
Other services and charges	<u>53,428</u>	<u>53,427</u>	<u>1</u>	<u>64,943</u>
Total emergency management	<u>53,428</u>	<u>53,427</u>	<u>1</u>	<u>64,943</u>
Safety and health coordinator:				
Salaries and employee benefits	67,029	39,108	27,921	67,428
Supplies	4,525	4,211	314	2,968
Other services and charges	<u>13,282</u>	<u>10,844</u>	<u>2,438</u>	<u>8,845</u>
Total safety and health coordinator	<u>84,836</u>	<u>54,163</u>	<u>30,673</u>	<u>79,241</u>
Flood control:				
Supplies	45,000	16,749	28,251	49,616
Other services and charges	<u>11,078</u>	<u>16,258</u>	<u>(5,180)</u>	<u>14,939</u>
Total flood control	<u>56,078</u>	<u>33,007</u>	<u>23,071</u>	<u>64,555</u>
Total public safety	<u>6,958,784</u>	<u>6,722,914</u>	<u>235,870</u>	<u>6,692,901</u>
<b>HIGHWAYS AND STREETS:</b>				
Engineering:				
Salaries and employee benefits	304,265	302,306	1,959	290,234
Supplies	20,178	9,078	11,100	11,626
Other services and charges	133,611	60,831	72,780	87,293
Capital outlay	<u>458,054</u>	<u>372,215</u>	<u>85,839</u>	<u>11,468</u>
Total engineering	<u>458,054</u>	<u>372,215</u>	<u>85,839</u>	<u>400,621</u>
Streets and alleys:				
Salaries and employee benefits	858,316	834,077	24,239	827,613
Supplies	526,615	338,676	187,939	284,610
Other services and charges	610,383	383,850	226,533	459,527
Capital outlay	<u>23,000</u>	<u>15,666</u>	<u>7,334</u>	<u>148,336</u>
Total streets and alleys	<u>2,018,314</u>	<u>1,572,269</u>	<u>446,045</u>	<u>1,720,086</u>

(Continued)

**CITY OF WINONA, MINNESOTA**

**GENERAL FUND**

**SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL**

**FOR THE YEAR ENDED DECEMBER 31, 2012 (with comparative totals for 2011)**

	2012			2011 Actual
	Final Budget	Actual	Variance	
HIGHWAYS AND STREETS (continued):				
Highways and street lighting:				
Supplies	\$ 235,000	\$ 243,611	\$ (8,611)	\$ 232,994
Other services and charges	30,243	17,633	12,610	15,279
Total highways and street lighting	<u>265,243</u>	<u>261,244</u>	<u>3,999</u>	<u>248,273</u>
Central garage:				
Salaries and employee benefits	284,718	274,190	10,528	293,323
Supplies	111,890	33,576	78,314	46,965
Other services and charges	71,079	34,765	36,314	30,123
Capital outlay				15,537
Total central garage	<u>467,687</u>	<u>342,531</u>	<u>125,156</u>	<u>385,948</u>
Public works:				
Salaries and employee benefits	45,105	46,062	(957)	44,516
Supplies	600	766	(166)	541
Other services and charges	1,400	1,079	321	392
Total public works	<u>47,105</u>	<u>47,907</u>	<u>(802)</u>	<u>45,449</u>
Total highways and streets	<u>3,256,403</u>	<u>2,596,166</u>	<u>660,237</u>	<u>2,800,377</u>
SANITATION AND WASTE REMOVAL—				
Compost site:				
Supplies	150	96	54	66
Other services and charges	50,000	34,792	15,208	45,569
Total compost site	<u>50,150</u>	<u>34,888</u>	<u>15,262</u>	<u>45,635</u>
ECONOMIC DEVELOPMENT:				
Community development:				
Salaries and employee benefits	225,157	147,371	77,786	184,317
Supplies	4,500	2,873	1,627	2,424
Other services and charges	18,205	21,413	(3,208)	8,560
Total community development	<u>247,862</u>	<u>171,657</u>	<u>76,205</u>	<u>195,301</u>
Community Development Matching:				
Salaries and employee benefits	45,437	39,512	5,925	51,995
Supplies	300	135	165	1,130
Other services and charges	4,000	1,494	2,506	3,373
Total community development matching	<u>49,737</u>	<u>41,141</u>	<u>8,596</u>	<u>56,498</u>
Total economic development	<u>297,599</u>	<u>212,798</u>	<u>84,801</u>	<u>251,799</u>
PARK MAINTENANCE—				
Park maintenance:				
Salaries and employee benefits	991,790	1,015,480	(23,690)	1,005,566
Supplies	243,400	203,177	40,223	178,950
Other services and charges	250,015	173,291	76,724	203,368
Capital outlay	555,700	68,433	487,267	150,296
Total park maintenance	<u>2,040,905</u>	<u>1,460,381</u>	<u>580,524</u>	<u>1,538,180</u>
Total park maintenance	<u>2,040,905</u>	<u>1,460,381</u>	<u>580,524</u>	<u>1,538,180</u>
Total expenditures	<u>\$ 15,936,101</u>	<u>\$ 13,632,956</u>	<u>\$ 2,303,145</u>	<u>\$ 13,916,002</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, 2012 (with comparative totals for 2011)

	2012			Variance With Final Budget	2011 Actual
	Budgeted Amounts				
	Original	Final	Actual		
REVENUES:					
Intergovernmental—Federal	\$ 22,288	\$ 22,288	\$ 22,288	\$ -	\$ 22,288
Investment earnings			12	12	44
Charges for services	<u>30,000</u>	<u>30,000</u>	<u>30,333</u>	<u>333</u>	<u>30,289</u>
Total revenues	<u>52,288</u>	<u>52,288</u>	<u>52,633</u>	<u>345</u>	<u>52,621</u>
EXPENDITURES—					
Current:					
Salaries and employee benefits	106,657	108,115	109,901	(1,786)	108,039
Contractual services	1,327	1,327	965	362	1,060
Supplies	<u>350</u>	<u>350</u>	<u>220</u>	<u>130</u>	<u>1,463</u>
Total expenditures	<u>108,334</u>	<u>109,792</u>	<u>111,086</u>	<u>(1,294)</u>	<u>110,562</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(56,046)	(57,504)	(58,453)	(949)	(57,941)
OTHER FINANCING SOURCES—					
Operating transfers in	<u>56,046</u>	<u>57,504</u>	<u>57,504</u>	<u>-</u>	<u>56,557</u>
DEFICIENCY OF REVENUES AND OTHER FINANCING SOURCES (UNDER) OVER EXPENDITURES	-	-	(949)	(949)	(1,384)
FUND DEFICIT—Beginning of year	<u>(31,690)</u>	<u>(31,690)</u>	<u>(31,690)</u>	<u>-</u>	<u>(30,306)</u>
FUND DEFICIT—End of year	<u>\$(31,690)</u>	<u>\$(31,690)</u>	<u>\$(32,639)</u>	<u>\$( 949)</u>	<u>\$(31,690)</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, 2012 (with comparative totals for 2011)**

	2012		Variance With Final Budget	2011 Actual
	Original and Final Budget	Actual		
REVENUES:				
Intergovernmental—				
State of Minnesota grant	\$ 705,260	\$ 619,198	\$ (86,062)	\$ 328,377
Investment earnings		151	151	90
Total revenues	<u>705,260</u>	<u>619,349</u>	<u>(85,911)</u>	<u>328,467</u>
EXPENDITURES—				
Capital outlay		143,636	(143,636)	77,299
EXCESS OF REVENUES OVER EXPENDITURES	<u>705,260</u>	<u>475,713</u>	<u>(229,547)</u>	<u>251,168</u>
OTHER FINANCING USES—				
Transfers to other funds	<u>(705,260)</u>	<u>(412,102)</u>	<u>293,158</u>	<u>(239,838)</u>
EXCESS OF REVENUES AND OTHER FINANCING USES OVER EXPENDITURES		63,611	63,611	11,330
FUND BALANCE—Beginning of year	<u>101,645</u>	<u>101,645</u>	<u>-</u>	<u>90,315</u>
FUND BALANCE—End of year	<u>\$ 101,645</u>	<u>\$ 165,256</u>	<u>\$ 63,611</u>	<u>\$ 101,645</u>

**CITY OF WINONA, MINNESOTA**

**DIKE CONSTRUCTION FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE—BUDGET AND ACTUAL  
 FOR THE YEAR ENDED DECEMBER 31, 2012 (with comparative totals for 2011)**

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	2012			2011 Actual
	Original and Final Budget	Actual	Variance With Final Budget	
REVENUES—				
Investment earnings	\$ 100	\$ 134	\$ 34	\$ 190
Total revenues	100	134	34	190
EXPENDITURES—				
Capital outlay	5,000		5,000	
(DEFICIENCY) EXCESS OF REVENUES (UNDER) OVER EXPENDITURES	(4,900)	134	5,034	190
FUND BALANCE—Beginning of year	202,858	202,858		202,668
FUND BALANCE—End of year	<u>\$197,958</u>	<u>\$202,992</u>	<u>\$ 5,034</u>	<u>\$ 202,858</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, 2012 (with comparative totals for 2011)

	2012		Variance With Final Budget	2011 Actual
	Original and Final Budget	Actual		
REVENUES:				
Special assessments	\$ 20,000	\$ -	\$ (20,000)	\$ -
Investment earnings	700	481	(219)	749
Total revenues	20,700	481	(20,219)	749
EXPENDITURES—Capital outlay	130,000	26,583	103,417	29,291
(DEFICIENCY) EXCESS OF REVENUES (UNDER) OVER EXPENDITURES	(109,300)	(26,102)	83,198	(28,542)
FUND BALANCE—Beginning of year	776,808	776,808		805,350
FUND BALANCE—End of year	<u>\$ 667,508</u>	<u>\$ 750,706</u>	<u>\$ 83,198</u>	<u>\$ 776,808</u>

# CITY OF WINONA, MINNESOTA

## SCHEDULE OF LONG-TERM OBLIGATIONS—PRIMARY GOVERNMENT AS OF DECEMBER 31, 2012

	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	\$ 190,900
G.O. Permanent Improvement Revolving Bonds of 2004A (G.O. Portion)	2.86	<u>2,091,600</u>	<u>621,600</u>
Total G.O. Bonds supported by taxes		<u>3,963,800</u>	<u>812,500</u>
G.O. Special Assessment Bonds:			
G.O. Permanent Improvement Revolving Bonds of 2001A (Special Assessment Portion)	4.03	2,197,800	224,100
G.O. Permanent Improvement Revolving Bonds of 2004A (Special Assessment Portion)	2.86	<u>2,888,400</u>	<u>858,400</u>
Total G.O. Special Assessment Bonds		<u>5,086,200</u>	<u>1,082,500</u>
G.O. Enterprise Fund Bonds:			
G.O. Water and Sewer Revenue Bonds of 1998C (Water Portion)	4.78	230,000	42,550
G.O. Water and Sewer Revenue Bonds of 1998C (Sanitary Sewer Portion)	4.78	770,000	142,450
G.O. Water Revenue Bonds of 2001B	3.99	420,000	
G.O. Water Revenue Bonds of 2003B	3.68	4,250,000	2,260,000
G.O. Water Revenue Refunding Bonds of 2006B	3.63	<u>2,295,000</u>	<u>1,060,000</u>
Total G.O. Enterprise Fund Bonds		<u>7,965,000</u>	<u>3,505,000</u>
OTHER INDEBTEDNESS:			
G.O. Equipment Certificates of 2006A	3.59	845,000	135,000
G.O. Equipment Certificates of 2011A	1.36	<u>1,385,000</u>	<u>1,385,000</u>
Total other indebtedness		<u>2,230,000</u>	<u>1,520,000</u>
		<u>\$ 19,245,000</u>	<u>\$ 6,920,000</u>

# CITY OF WINONA, MINNESOTA

## SCHEDULE OF BONDS PAYABLE—PRIMARY GOVERNMENT AS OF DECEMBER 31, 2012

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General Obligation Bonds	Interest Rates and Maturity Dates	Issue Date	Final Maturity Date
GENERAL OBLIGATION BONDS SUPPORTED BY TAXES:			
G.O. Permanent Improvement Revolving Bonds of 2001A (G.O. Portion)	4.375 % (2013)	December 1, 2001	February 1, 2013
G.O. Permanent Improvement Revolving Bonds of 2004A (G.O. Portion)	3.250 (2013) 3.400 (2014) 3.450 (2015)	February 1, 2004	February 1, 2015
Total G.O. Bonds Supported by Taxes			
GENERAL OBLIGATION SPECIAL ASSESSMENT BONDS:			
G.O. Permanent Improvement Revolving Bonds of 2001A (Special Assessment Portion)	4.375 (2013)	December 1, 2001	February 1, 2013
G.O. Permanent Improvement Revolving Bonds of 2004A (Special Assessment Portion)	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 1998C (Water Portion)	4.900 (2013) 5.000 (2014)	June 1, 1998	February 1, 2014

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Annual Payment		Authorized and Issued	Retired	Outstanding
\$ 190,900	(2013)	\$1,872,200	\$1,681,300	\$ 190,900
207,900	(2013)	2,091,600	1,470,000	621,600
205,800	(2014)			
207,900	(2015)			
		<u>3,963,800</u>	<u>3,151,300</u>	<u>812,500</u>
224,100	(2013)	2,197,800	1,973,700	224,100
287,100	(2013)	2,888,400	2,030,000	858,400
284,200	(2014)			
287,100	(2015)			
		<u>5,086,200</u>	<u>4,003,700</u>	<u>1,082,500</u>
20,700	(2013)	230,000	187,450	42,550
21,850	(2014)			

# CITY OF WINONA, MINNESOTA

## SCHEDULE OF BONDS PAYABLE—PRIMARY GOVERNMENT AS OF DECEMBER 31, 2012

General Obligation Bonds	Interest Rates and Maturity Dates	Issue Date	Final Maturity Date
G.O. Water and Sewer Revenue Bonds of 1998C (Sanitary Sewer Portion)	5.000 % (2013-14)	June 1, 1998	February 1, 2014
G.O. Water Revenue Bonds of 2001B		December 1, 2001	February 1, 2012
G.O. Water Revenue Bonds of 2003B	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 (2013-15)	December 15, 2006	February 1, 2015
Total G.O. Enterprise Fund Bonds			
Total G.O. bonds payable			

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<b>Annual Payment</b>		<b>Authorized and Issued</b>	<b>Retired</b>	<b>Outstanding</b>
\$ 69,300	(2013)	\$ 770,000	\$ 627,550	\$ 142,450
73,150	(2014)			
		420,000	420,000	
285,000	(2013)	4,250,000	1,990,000	2,260,000
295,000	(2014)			
310,000	(2015)			
320,000	(2016)			
335,000	(2017)			
350,000	(2018)			
365,000	(2019)			
345,000	(2013)	2,295,000	1,235,000	1,060,000
355,000	(2014)			
360,000	(2015)			
		<u>7,965,000</u>	<u>4,460,000</u>	<u>3,505,000</u>
		<u>\$ 17,015,000</u>	<u>\$ 11,615,000</u>	<u>\$ 5,400,000</u>

# CITY OF WINONA, MINNESOTA

## SCHEDULE OF OTHER DEBT—PRIMARY GOVERNMENT AS OF DECEMBER 31, 2012

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Other Debt	Interest Rates and Maturity Dates	Issue Date	Final Maturity Date
G.O. Equipment Certificates of 2006A	3.550 % (2013)	March 15, 2006	February 1, 2013
G.O. Equipment Certificates of 2011A	0.500 (2013) 0.700 (2014) 1.100 (2015) 1.350 (2016) 1.600 (2017)	November 1, 2011	February 1, 2017
Total other debt			
Total G.O. bonds payable			
Total long-term obligations			

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<b>Annual Payment</b>		<b>Authorized and Issued</b>	<b>Retired</b>	<b>Outstanding</b>
\$135,000	(2013)	\$ 845,000	\$ 710,000	\$ 135,000
215,000	(2013)	1,385,000	-	1,385,000
290,000	(2014-15)			
295,000	(2016-17)			
		<hr/>	<hr/>	<hr/>
		<u>\$ 2,230,000</u>	<u>\$ 710,000</u>	<u>\$ 1,520,000</u>
		<u>\$17,015,000</u>	<u>\$11,615,000</u>	<u>\$ 5,400,000</u>
		<u>\$19,245,000</u>	<u>\$12,325,000</u>	<u>\$ 6,920,000</u>

# PORT AUTHORITY OF WINONA, MINNESOTA

## SCHEDULE OF LONG-TERM OBLIGATIONS AS OF DECEMBER 31, 2012

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	True Interest Rate	Authorized	Outstanding
BONDED INDEBTEDNESS—			
G.O. Bonds:			
General Obligation Bonds of 2005 (Pelzer Street)	3.890 %	\$3,570,000	\$2,080,000
Total G.O. Bonds		<u>3,570,000</u>	<u>2,080,000</u>
Total Bonded Indebtedness		<u>\$3,570,000</u>	<u>\$2,080,000</u>

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# PORT AUTHORITY OF WINONA, MINNESOTA

## SCHEDULE OF BONDS PAYABLE AS OF DECEMBER 31, 2012

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General Obligation Bonds	Interest Rates and Maturity Dates	Issue Date	Final Maturity Date
G.O. Bonds of 2005 (Pelzer Street)	4.000 % (2013-20)	December 1, 2005	February 1, 2020

Total G.O. Bonds

Total Bonded Indebtedness

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<b>Annual Payment</b>	<b>Authorized and Issued</b>	<b>Retired</b>	<b>Outstanding</b>
\$ 225,000 (2013)	\$3,570,000	\$ 1,490,000	\$2,080,000
235,000 (2014)			
245,000 (2015)			
255,000 (2016)			
265,000 (2017)			
275,000 (2018)			
285,000 (2019)			
295,000 (2020)			
	<u>3,570,000</u>	<u>1,490,000</u>	<u>2,080,000</u>
	<u>\$3,570,000</u>	<u>\$ 1,490,000</u>	<u>\$2,080,000</u>

# CITY OF WINONA, MINNESOTA

## SCHEDULE OF SALARIES, EMPLOYEE BENEFITS, AND CLOTHING ALLOWANCE FOR THE YEAR ENDED DECEMBER 31, 2012 (with comparative totals for 2011)

	Number of Employees*		Salaries and Wages	Pensions**	Clothing/ Tuition Allowance***	Medicare/ Unemployment Compensation
	Full Time	All Other				
GOVERNMENTAL FUNDS:						
General government	23.200	9.00	\$ 1,654,669	\$ 80,719	\$ 5,344	\$ 22,082
Police	41.000	2.00	2,639,956	453,183	73,747	35,376
Fire	21.500	18.00	1,472,393	258,787	55,256	15,862
Safety and health coordinator	0.500		29,727	2,953	91	419
Highways and streets/Public Works	12.400		601,324	67,960	3,149	8,187
Park maintenance	15.000	1.00	738,455	82,499	3,773	10,032
Senior advocacy program		2.00	76,645	8,268		994
Rehabilitation Projects			24,777	1,796		336
<b>Total governmental funds</b>	<b>113.600</b>	<b>32.00</b>	<b>7,237,946</b>	<b>956,165</b>	<b>141,360</b>	<b>93,288</b>
ENTERPRISE FUNDS:						
Water utility	9.100		488,723	44,808	4,051	6,593
Sanitary Sewer utility/Storm Sewer	12.800		706,371	40,830	5,011	9,259
Inspections	3.500		184,777	3,971	545	5,281
Airport	1.000		44,989	7,392	200	534
Public transportation			4,648	337		61
Library	7.650	13.00	497,669	46,026		8,441
Recreation programs	9.350	61.00	753,813	69,067	590	10,777
<b>Total enterprise funds</b>	<b>43.400</b>	<b>74.00</b>	<b>2,680,990</b>	<b>212,431</b>	<b>10,397</b>	<b>40,946</b>
	<b>157.000</b>	<b>106.00</b>	<b>\$ 9,918,936</b>	<b>\$ 1,168,596</b>	<b>\$151,757</b>	<b>\$134,234</b>

\* Reflects the employment of the City of Winona on December 31, 2012. Numbers from the Finance Department.

\*\*Pensions include the following: PERA (\$952,084),  
Fire—other (\$15,360), Benefit adjustment (\$4,429),  
and Retiree health insurance subsidy (\$196,723).

\*\*\*Clothing/Tuition allowance include the following: Clothing (\$111,261), Car (\$2,550),  
Incentive (\$33,467), Phone (\$425), and Tuition (\$4,054).  
(Incentive pay is per union contract and includes paramedic certification,  
more-than-required license for water and sanitary sewer operators,  
additional monthly payment for the Police-Community Liaison officer  
and employees hired prior to a date in 1999 that took educational classes.)

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Social Security	Health Insurance	Life and Disability Insurance	Dental Insurance	Workers' Compensation	Total	
					2012	2011
\$ 93,655	\$ 291,887	\$ 3,682	\$ -	\$ 17,226	\$ 2,169,264	\$ 2,310,206
10,287	358,533	6,154		80,960	3,658,196	3,593,000
6,950	207,592	3,161	6,862	65,024	2,091,887	2,078,998
1,791	3,674	58		396	39,109	67,428
35,007	130,143	1,485		32,884	880,139	872,130
42,892	115,260	1,769		20,800	1,015,480	1,005,566
4,251	18,876	203		664	109,901	108,040
<u>1,437</u>	<u>6,552</u>	<u>63</u>		<u>88</u>	<u>35,049</u>	<u>20,727</u>
<u>196,270</u>	<u>1,132,517</u>	<u>16,575</u>	<u>6,862</u>	<u>218,042</u>	<u>9,999,025</u>	<u>10,056,095</u>
28,191	81,970	1,143		13,652	669,131	688,957
39,592	138,859	1,660		16,956	958,538	975,284
10,795	34,870	439		805	241,483	292,565
2,283	13,656	115		1,632	70,801	69,727
259	699	12		32	6,048	6,663
29,234	54,359	909		4,064	640,702	651,040
<u>44,123</u>	<u>93,192</u>	<u>1,184</u>		<u>13,356</u>	<u>986,102</u>	<u>961,918</u>
<u>154,477</u>	<u>417,605</u>	<u>5,462</u>		<u>50,497</u>	<u>3,572,805</u>	<u>3,646,154</u>
<u>\$350,747</u>	<u>\$1,550,122</u>	<u>\$ 22,037</u>	<u>\$ 6,862</u>	<u>\$ 268,539</u>	<u>\$13,571,830</u>	<u>\$13,702,249</u>

# CITY OF WINONA, MINNESOTA

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

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

# CITY OF WINONA, MINNESOTA

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

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

# CITY OF WINONA, MINNESOTA

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2011

Federal Grantor/Pass-Through Grantor/Program Title	Grantor Entity Identifying Number	CFDA Number	2011 Expenditures
U.S. DEPARTMENT OF TRANSPORTATION—			
Passed through the MN Department of Transportation:			
Formula Grants for Other than Urbanized Areas-Operating Office of Aeronautics: Obstruction Removal—Trees SP 8501-53	97644	20.509	\$ 94,500
EA and Obstruction Removal SP 8501-54	74256	20.106	152,856
Pavement Maintenance SP 8501-55	95502	20.106	119,967
Update airport layout plan; Improve runway SP 8501-58	99844	20.106	<u>56,171</u>
Total U.S. Department of Transportation			<u>423,494</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—			
Passed through the MN Department of Employment and Economic Development:			
Small Cities Development Block Grant	CDAP-09-0027-O-FY10	14.228	410,734
Passed through the MN Department of Health:			
Lead Hazard Control	31731	14.900	<u>12,500</u>
Total U.S. Department of Housing and Urban Development			<u>423,234</u>
U.S. DEPARTMENT OF COMMERCE—			
Passed through Blandin Foundation:			
Minnesota Intelligent Rural Communities Program-ARRA	U2010-0011	11.557	47,758
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES—			
Passed through S.E. MN Area Agency on Aging: Special Programs for the Aging—Title III, Part B Grants for Supportive Services and Senior Centers			
	310-025	93.044	22,288
U.S. DEPARTMENT OF JUSTICE—			
Office of Community Oriented Policing Services (COPS)			
Bulletproof Vest Partnership Program	CKWX0702	16.710	4,098
Bulletproof Vest Partnership Program	1121-0235	16.607	2,149
Passed through MN Department of Public Health:			
Alcohol Compliance Check and Alternate Underage Drinking Enforcement Grant	36857001-01	16.727	562
Passed through MN Department of Public Safety:			
State & Community Highway Safety Act (DWI Enforcement Grant Program)	5000-6752	20.608	<u>1,057</u>
Total U.S. Department of Justice			<u>7,866</u>
U.S. DEPARTMENT OF HOMELAND SECURITY—			
Assistance to Firefighters Program	EMW-2009-FO-01382	97.044	3,413
Assistance to Firefighters Program	EMW-2009-FR-00005	97.044	<u>32,130</u>
Total U.S. Department of Homeland Security			<u>35,543</u>
U.S. DEPARTMENT OF INTERIOR—			
Passed through Minnesota Historical Society:			
Certified local government grant	27-11-31930.026	15.904	600
Total expenditures of federal awards			<u>\$ 960,783</u>

# CITY OF WINONA, MINNESOTA

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

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TOTAL EXPENDITURES OF FEDERAL AWARDS	\$ 960,783
Total federal grant revenue—2011	<u>960,783</u>
Other intergovernmental revenues:	
Shared taxes	258,542
State sources	10,428,628
Local sources	<u>243,580</u>
Total other intergovernmental revenues	<u>10,930,750</u>
TOTAL INTERGOVERNMENTAL REVENUES—	
Governmental and proprietary funds (Primary Government)	<u>\$ 11,891,533</u>

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

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# CITY OF WINONA, MINNESOTA

## STATISTICAL SECTION

(Unaudited)

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

<b>Contents</b>	<b>Table</b>
<b>FINANCIAL TRENDS</b> These tables contain trend information that may assist the reader in assessing the City's current financial performance by placing it in a historical perspective.	I–XI
<b>REVENUE CAPACITY</b> These tables contain information that may assist the reader in assessing the viability of the City's most significant own-source revenue source, which is property taxes.	XII–XV
<b>DEBT CAPACITY</b> These tables contain information that may assist the reader in analyzing the affordability of the City's current levels of outstanding debt, and the City's ability to issue additional debt in the future.	XVI–XXI
<b>DEMOGRAPHIC AND ECONOMIC INFORMATION</b> These tables present demographic and economic information intended (1) to assist users in understanding the socioeconomic environment within which the City operates and (2) to provide information that facilitates comparisons of financial statement information over time and among cities.	XXII–XXIV
<b>OPERATING INFORMATION</b> These tables contain service and infrastructure indicators that can inform one's understanding of how the information in the City's financial statements relates to the services the City provides, and the activities it performs.	XXV–XXVII
<b>DATA SOURCE</b> Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial report for the applicable year. The City implemented GASB Statement No. 54 in 2011 (retrospective to 2010); therefore, tables presenting governmental fund financial information only reflect the adoption of GASB Statement No. 54 in 2012, 2011 and 2010.	

# CITY OF WINONA, MINNESOTA

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

	2003	2004	2005	2006
<b>GOVERNMENTAL ACTIVITIES:</b>				
Net investment in capital assets (2)	\$ 17,416,196	\$ 20,085,618	\$ 25,317,387	\$ 37,952,203
Restricted (3)	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>
<b>BUSINESS-TYPE ACTIVITIES:</b>				
Net investment in capital assets (2)	\$ 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>
<b>TOTAL PRIMARY GOVERNMENT:</b>				
Net investment in capital assets (2)	\$ 38,532,713	\$ 39,716,999	\$ 47,397,292	\$ 59,027,039
Restricted (3)	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 position be reported in three components in the financial statements: invested in capital assets; restricted; and unrestricted. Net position are considered restricted only when (1) an external party, such as the State of Minnesota or the federal government, places a restriction on how the resources may be used, or (2) enabling legislation is enacted by the City. Effective 2012 the title Net Position replaced Net Assets.
- (2) The significant increase in the invested in capital assets, net of related debt amount from 2004 to 2007 relates to construction in progress for various capital projects. Effective 2012, Net investment in capital assets replaced Investments in capital assets-net of related debt.
- (3) The significant increase in the restricted net assets amount from 2004 to 2005 relates to assets restricted for the Pelzer Street construction.

Data Source—

Applicable years' comprehensive annual financial report.

**TABLE I**

<b>December 31</b>					
<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
\$ 41,611,501	\$ 42,438,214	\$ 42,023,094	\$ 42,090,682	\$ 40,283,040	\$ 39,640,097
16,736,009	14,575,890	15,422,892	15,884,013	18,389,002	19,412,588
<u>8,488,228</u>	<u>9,149,796</u>	<u>8,933,815</u>	<u>9,270,479</u>	<u>8,842,796</u>	<u>8,967,044</u>
<u>\$ 66,835,738</u>	<u>\$ 66,163,900</u>	<u>\$ 66,379,801</u>	<u>\$ 67,245,174</u>	<u>\$ 67,514,838</u>	<u>\$ 68,019,729</u>
\$ 21,899,448	\$ 27,238,820	\$ 29,157,211	\$ 29,596,476	\$ 30,516,219	\$ 30,221,198
4,508,086	4,337,253	3,188,585	2,634,330	2,558,921	2,096,306
<u>14,290,300</u>	<u>10,749,862</u>	<u>11,710,105</u>	<u>13,374,783</u>	<u>14,328,382</u>	<u>16,981,843</u>
<u>\$ 40,697,834</u>	<u>\$ 42,325,935</u>	<u>\$ 44,055,901</u>	<u>\$ 45,605,589</u>	<u>\$ 47,403,522</u>	<u>\$ 49,299,347</u>
\$ 63,510,949	\$ 69,677,034	\$ 71,180,305	\$ 71,687,158	\$ 70,799,259	\$ 69,861,295
21,244,095	18,913,143	18,611,477	18,518,343	20,947,923	21,508,894
<u>22,778,528</u>	<u>19,899,658</u>	<u>20,643,920</u>	<u>22,645,262</u>	<u>23,171,178</u>	<u>25,948,887</u>
<u>\$ 107,533,572</u>	<u>\$ 108,489,835</u>	<u>\$ 110,435,702</u>	<u>\$ 112,850,763</u>	<u>\$ 114,918,360</u>	<u>\$ 117,319,076</u>

# CITY OF WINONA, MINNESOTA

## CHANGES IN NET POSITION—GOVERNMENTAL ACTIVITIES (Unaudited) (1)

### LAST TEN CALENDAR YEARS

(accrual basis of accounting)

	For The Calendar Year Ended December 31,			
	2003	2004	2005	2006
<b>EXPENSES:</b>				
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
Park maintenance	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>
<b>PROGRAM REVENUES:</b>				
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>
<b>GENERAL REVENUES:</b>				
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 POSITION	<u>\$ 3,186,591</u>	<u>\$ 5,845,345</u>	<u>\$ 12,844,736</u>	<u>\$ 5,912,781</u>

#### Notes:

- (1) In 2012, Net Position replaced Net Assets.
- (2) The 2004 increase in the highways and streets expenses relates primarily to engineering costs for the Pelzer Street Construction Project.
- (3) 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**

<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
\$ 3,758,765	\$ 3,736,373	\$ 3,121,449	\$ 2,758,302	\$ 2,733,573	\$ 2,779,097
9,123,908	9,589,140	7,358,480	8,069,508	7,610,314	7,808,418
3,986,125	4,586,202	3,750,342	3,808,737	4,062,121	4,616,226
63,532	50,981	54,198	45,851	45,635	34,888
353,074	755,172	803,547	763,675	851,661	548,383
2,094,671	2,765,600	1,969,496	1,646,308	1,518,720	1,538,243
318,089	269,367	222,065	175,759	131,150	102,332
<u>19,698,164</u>	<u>21,752,835</u>	<u>17,279,577</u>	<u>17,268,140</u>	<u>16,953,174</u>	<u>17,427,587</u>
1,352,315	1,430,071	702,919	693,994	746,878	653,782
1,398,639	1,417,066	231,591	242,744	223,841	309,834
644,359	565,644	30,949	30,720	35,524	28,844
(485,882)	(369,718)	56,789	58,300	87,638	61,894
373,016	366,702	114,079	91,948	140,667	152,442
1,306,458	1,696,519	1,111,357	1,874,459	1,029,207	1,206,546
766,018	1,158,495	903,340	1,131,448	705,005	858,089
<u>5,354,923</u>	<u>6,264,779</u>	<u>3,151,024</u>	<u>4,123,613</u>	<u>2,968,760</u>	<u>3,271,431</u>
<u>(14,343,241)</u>	<u>(15,488,056)</u>	<u>(14,128,553)</u>	<u>(13,144,527)</u>	<u>(13,984,414)</u>	<u>(14,156,156)</u>
4,334,907	4,558,328	4,711,442	5,016,384	5,208,768	5,254,948
1,193,201	1,263,465	1,066,901	1,205,739	1,304,498	1,245,615
9,062,208	8,411,657	8,737,980	8,026,899	8,039,317	8,099,790
1,083,303	603,023	129,573	51,851	41,344	22,297
<u>15,673,619</u>	<u>14,836,473</u>	<u>14,645,896</u>	<u>14,300,873</u>	<u>14,593,927</u>	<u>14,622,650</u>
<u>(113,488)</u>	<u>(20,255)</u>	<u>(301,442)</u>	<u>(290,973)</u>	<u>(339,849)</u>	<u>38,397</u>
<u>15,560,131</u>	<u>14,816,218</u>	<u>14,344,454</u>	<u>14,009,900</u>	<u>14,254,078</u>	<u>14,661,047</u>
<u>\$ 1,216,890</u>	<u>\$ (671,838)</u>	<u>\$ 215,901</u>	<u>\$ 865,373</u>	<u>\$ 269,664</u>	<u>\$ 504,891</u>

## CITY OF WINONA, MINNESOTA

### CHANGES IN NET POSITION—GOVERNMENTAL ACTIVITIES—

#### PERCENTAGE OF TOTAL (Unaudited) (1)

#### LAST TEN CALENDAR YEARS

(accrual basis of accounting)

	2003	2004	2005	2006
<b>EXPENSES:</b>				
General government	15.8 %	13.8 %	15.6 %	16.7 %
Public safety	44.7	35.3	40.1	44.4
Highways and streets (2)	19.5	17.0	19.5	4.6
Sanitation and waste removal	0.2	0.1	0.2	0.2
Economic development (3)	0.0	17.6	3.5	13.6
Park maintenance	9.2	6.6	8.7	8.8
Other	8.6	7.7	10.3	10.0
Interest and fiscal charges	2.0	1.9	2.1	1.7
Total expenses	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
<b>PROGRAM REVENUES:</b>				
Charges for services:				
General government	9.3 %	4.7 %	4.2 %	7.2 %
Public safety (4)	5.5	2.2	2.1	3.6
Highways and streets	4.1	0.9	0.8	0.3
Economic development	0.0	13.0	6.9	0.5
Other	22.5	15.3	0.5	20.4
Operating grants and contributions (4)	21.0	10.1	9.3	14.8
Capital grants and contributions (5)	37.6	53.8	76.2	53.2
Total program revenues	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
<b>GENERAL REVENUES:</b>				
Taxes:				
Property	22.7 %	25.7 %	27.5 %	27.4 %
Sales	1.2			
Franchise	6.7	7.3	7.4	7.4
Grants and contributions not restricted	68.0	65.7	60.1	57.6
Gain on sale of capital assets			0.1	
Investment earnings	1.4	1.2	4.9	7.6
Miscellaneous		0.1		
Total general revenues	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>

#### Notes:

- (1) In 2012, Net Position replaced Net Assets.
- (2) The 2004 increase in the highways and streets expenses relates primarily to engineering costs for the Pelzer Street Construction Project.
- (3) 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 operating grants and contributions for consistency.
- (5) In 2005, capital grants and contributions revenue included over \$6 million for the Pelzer Street Construction Project.

Data Source—Table II.

**TABLE III**

<b>For the Calendar Year Ended December 31,</b>					
<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
19.1 %	17.2 %	18.1 %	16.0 %	16.1 %	15.9 %
46.3	44.1	42.6	46.7	44.9	44.8
20.2	21.1	21.7	22.1	24.0	26.5
0.3	0.2	0.3	0.3	0.3	0.2
1.8	3.5	4.6	4.4	5.0	3.2
10.7	12.7	11.4	9.5	8.9	8.8
<u>1.6</u>	<u>1.2</u>	<u>1.3</u>	<u>1.0</u>	<u>0.8</u>	<u>0.6</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>
25.3 %	22.8 %	22.3 %	16.8 %	25.2 %	20.0 %
26.1	22.6	7.3	5.9	7.5	9.5
12.0	9.0	1.0	0.7	1.2	0.9
(9.1)	(5.9)	1.8	1.4	3.0	1.9
7.0	5.9	3.6	2.2	4.7	4.6
24.4	27.1	35.3	45.5	34.7	36.9
14.3	18.5	28.7	27.5	23.7	26.2
<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
27.7 %	30.7 %	32.2 %	35.1 %	35.7 %	35.9 %
7.6	8.5	7.3	8.4	8.9	8.5
57.8	56.7	59.6	56.1	55.1	55.4
6.9	4.1	0.9	0.4	0.3	0.2
<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>

## CITY OF WINONA, MINNESOTA

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

	For the Calendar Year Ended December 31,			
	2003	2004	2005	2006
EXPENSES:				
Water	\$ 1,873,199	\$ 2,184,640	\$ 2,469,034	\$ 2,338,414
Sanitary 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
Sanitary 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 POSITION	<u>\$ 1,694,883</u>	<u>\$ 3,182,298</u>	<u>\$ 665,611</u>	<u>\$ 1,935,399</u>

Notes —

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

Data Source —

Applicable years' comprehensive annual financial report.

**TABLE IV**

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 2,572,331	\$ 2,436,411	\$ 3,108,385	\$ 2,367,557	\$ 2,297,415	\$ 2,407,299
2,312,959	2,373,000	2,493,370	2,433,420	2,694,866	2,731,544
524,880	474,242	474,607	471,289	396,645	342,585
194,493	182,393	441,095	326,625	394,964	382,734
599,160	727,352	545,624	617,609	699,450	691,364
1,686,896	1,840,605	1,665,488	1,505,246	1,659,898	1,797,826
1,193,005	1,313,732	1,064,813	1,033,555	985,856	931,196
<u>70,558</u>	<u>135,739</u>	<u>124,704</u>	<u>198,936</u>	<u>159,406</u>	<u>282,245</u>
<u>9,154,282</u>	<u>9,483,474</u>	<u>9,918,086</u>	<u>8,954,237</u>	<u>9,288,500</u>	<u>9,566,793</u>
3,323,052	3,425,888	3,323,698	3,192,309	3,286,008	3,658,003
2,936,907	2,856,741	2,913,380	2,822,274	2,928,524	3,401,815
388,919	381,204	543,769	381,550	499,047	424,325
32,180	31,321	31,701	34,917	38,352	36,828
206,962	231,732	200,234	244,483	239,274	239,707
333,883	396,577	354,471	383,389	384,781	421,892
25,686	23,955	16,598	51,202	43,298	39,859
280,443	289,016	297,169	297,383	306,532	388,544
913,286	780,795	1,314,516	954,596	845,148	798,848
<u>133,340</u>	<u>13,560</u>	<u>99,960</u>	<u>21,766</u>	<u>328,994</u>	<u>142,561</u>
<u>8,574,658</u>	<u>8,430,789</u>	<u>9,095,496</u>	<u>8,383,869</u>	<u>8,899,958</u>	<u>9,552,382</u>
<u>(579,624)</u>	<u>(1,052,685)</u>	<u>(822,590)</u>	<u>(570,368)</u>	<u>(388,542)</u>	<u>(14,411)</u>
615,105	676,892	688,289	633,313	657,790	821,748
1,569,793	1,434,092	1,450,222	1,181,629	1,173,526	1,114,850
<u>728,438</u>	<u>549,547</u>	<u>112,603</u>	<u>14,141</u>	<u>15,310</u>	<u>12,035</u>
<u>2,913,336</u>	<u>2,660,531</u>	<u>2,251,114</u>	<u>1,829,083</u>	<u>1,846,626</u>	<u>1,948,633</u>
<u>113,488</u>	<u>20,255</u>	<u>301,442</u>	<u>290,973</u>	<u>339,849</u>	<u>(38,397)</u>
<u>3,026,824</u>	<u>2,680,786</u>	<u>2,552,556</u>	<u>2,120,056</u>	<u>2,186,475</u>	<u>1,910,236</u>
<u>\$ 2,447,200</u>	<u>\$ 1,628,101</u>	<u>\$ 1,729,966</u>	<u>\$ 1,549,688</u>	<u>\$ 1,797,933</u>	<u>\$ 1,895,825</u>

# CITY OF WINONA, MINNESOTA

## CHANGES IN NET POSITION—TOTAL (Unaudited) (1)

### LAST TEN CALENDAR YEARS

(accrual basis of accounting)

	For the Calendar Year Ended December 31,			
	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 POSITION	<u>\$ 4,881,474</u>	<u>\$ 9,027,643</u>	<u>\$ 13,510,347</u>	<u>\$ 7,848,180</u>

Notes:

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

Data Source:

(2) See Table II.

(3) See Table IV.

**TABLE V**

<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
\$19,698,164	\$21,752,835	\$17,279,577	\$17,268,140	\$16,953,174	\$17,427,587
<u>9,154,282</u>	<u>9,483,474</u>	<u>9,918,086</u>	<u>8,954,237</u>	<u>9,288,500</u>	<u>9,566,793</u>
<u>28,852,446</u>	<u>31,236,309</u>	<u>27,197,663</u>	<u>26,222,377</u>	<u>26,241,674</u>	<u>26,994,380</u>
5,354,923	6,264,779	3,151,024	4,123,613	2,968,760	3,271,431
<u>8,574,658</u>	<u>8,430,789</u>	<u>9,095,496</u>	<u>8,383,869</u>	<u>8,899,958</u>	<u>9,552,382</u>
<u>13,929,581</u>	<u>14,695,568</u>	<u>12,246,520</u>	<u>12,507,482</u>	<u>11,868,718</u>	<u>12,823,813</u>
<u>(14,922,865)</u>	<u>(16,540,741)</u>	<u>(14,951,143)</u>	<u>(13,714,895)</u>	<u>(14,372,956)</u>	<u>(14,170,567)</u>
15,560,131	14,816,218	14,344,454	14,009,900	14,254,078	14,661,047
<u>3,026,824</u>	<u>2,680,786</u>	<u>2,552,556</u>	<u>2,120,056</u>	<u>2,186,475</u>	<u>1,910,236</u>
<u>18,586,955</u>	<u>17,497,004</u>	<u>16,897,010</u>	<u>16,129,956</u>	<u>16,440,553</u>	<u>16,571,283</u>
<u>\$ 3,664,090</u>	<u>\$ 956,263</u>	<u>\$ 1,945,867</u>	<u>\$ 2,415,061</u>	<u>\$ 2,067,597</u>	<u>\$ 2,400,716</u>

**CITY OF WINONA, MINNESOTA**

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

	2003	2004	2005	2006
GENERAL FUND:				
Reserved	\$ 3,556,465	\$ 2,966,412	\$ 2,447,048	\$ 2,588,629
Unreserved	3,273,042	4,270,740	5,584,406	5,393,400
Nonspendable (3)				
Restricted (1)				
Committed (1)				
Assigned (1)				
Subtotal general fund	<u>6,829,507</u>	<u>7,237,152</u>	<u>8,031,454</u>	<u>7,982,029</u>
GENERAL FUND PERCENTAGE CHANGE FROM PRIOR YEAR	<u>(4.3)%</u>	<u>6.0 %</u>	<u>11.0 %</u>	<u>(0.6)%</u>
ALL OTHER GOVERNMENTAL FUNDS:				
Reserved (2)	6,671,750	6,204,660	15,958,462	8,312,408
Unreserved:				
Special Revenue Funds		(1,777)	(8,149)	(7,963)
Debt Service Funds				
Capital Projects Funds	1,089,336	85,911	1,396,469	1,458,642
Nonspendable				
Restricted				
Committed				
Assigned				
Unassigned				
Subtotal all other Governmental Funds	<u>7,761,086</u>	<u>6,288,794</u>	<u>17,346,782</u>	<u>9,763,087</u>
ALL OTHER GOVERNMENTAL FUNDS PERCENTAGE CHANGE FROM PRIOR YEAR	<u>(25.5)%</u>	<u>(19.0)%</u>	<u>175.8 %</u>	<u>(43.7)%</u>
TOTAL GOVERNMENTAL FUNDS:				
Reserved (2)	10,228,215	9,171,072	18,405,510	10,901,037
Unreserved	4,362,378	4,354,874	6,972,726	6,844,079
Nonspendable				
Restricted				
Committed				
Assigned				
Unassigned				
TOTAL GOVERNMENTAL FUNDS	<u>\$ 14,590,593</u>	<u>\$ 13,525,946</u>	<u>\$ 25,378,236</u>	<u>\$ 17,745,116</u>
ALL GOVERNMENTAL FUNDS PERCENTAGE CHANGE FROM PRIOR YEAR	<u>(16.9)%</u>	<u>(7.3)%</u>	<u>87.6 %</u>	<u>(30.1)%</u>

Notes:

- (1) The Fund Balance classifications changed for 2011 from Reserved, Designated and Undesignated to five new categories called Nonspendable, Restricted, Unrestricted-Committed, Unrestricted-Assigned and Unrestricted-Unassigned per GASB Statement No. 54 (retrospective to 2010).
- (2) The increase in reserved fund balance from 2004 to 2005 relates to resources held for the Pelzer Street Construction.
- (3) Nonspendable moved from Assigned in 2012.

Data Source—Applicable years' comprehensive annual financial report.

**TABLE VI**

<b>At December 31,</b>					
<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
\$ 2,367,809	\$ 1,674,277	\$ 3,477,338	\$ -	\$ -	\$ -
5,996,783	6,726,060	5,597,485			16,440
			2,242,981	1,620,716	1,724,538
			948,116	1,058,290	1,192,915
			6,065,050	5,703,244	5,606,375
<u>8,364,592</u>	<u>8,400,337</u>	<u>9,074,823</u>	<u>9,256,147</u>	<u>8,382,250</u>	<u>8,540,268</u>
<u>4.8 %</u>	<u>0.4 %</u>	<u>8.0 %</u>	<u>2.0 %</u>	<u>(9.4)%</u>	<u>1.9 %</u>
5,992,197	5,512,035	4,971,246			
(12,662)	(11,870)	(18,662)			
354,933	983,290	1,595,306			
			56,000	56,000	56,000
			5,766,571	6,413,544	5,946,608
			635,911	609,429	611,439
			(30,306)	(31,690)	(32,639)
<u>6,334,468</u>	<u>6,483,455</u>	<u>6,547,890</u>	<u>6,428,176</u>	<u>7,047,283</u>	<u>6,581,408</u>
<u>(35.1)%</u>	<u>2.4 %</u>	<u>1.0 %</u>	<u>(1.8)%</u>	<u>9.6 %</u>	<u>(6.6)%</u>
8,360,006	7,186,312	8,448,584			
6,339,054	7,697,480	7,174,129			
			56,000	56,000	72,440
			8,009,552	8,034,260	7,671,146
			1,584,027	1,667,719	1,804,354
			6,065,050	5,703,244	5,606,375
			(30,306)	(31,690)	(32,639)
<u>\$ 14,699,060</u>	<u>\$ 14,883,792</u>	<u>\$ 15,622,713</u>	<u>\$ 15,684,323</u>	<u>\$ 15,429,533</u>	<u>\$ 15,121,676</u>
<u>(17.2)%</u>	<u>1.3 %</u>	<u>5.0 %</u>	<u>0.4 %</u>	<u>(1.6)%</u>	<u>(2.0)%</u>

# CITY OF WINONA, MINNESOTA

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

### LAST TEN CALENDAR YEARS

(Modified accrual basis of accounting)

	2003	2004	2005	2006
	Amount			
REVENUE SOURCE:				
Taxes (2)	\$ 3,863,765	\$ 4,022,767	\$ 4,767,055	\$ 5,358,613
Special assessments	704,292	849,338	1,584,851	894,270
Intergovernmental (3)	10,082,154	10,267,873	18,575,068	14,608,555
Licenses and permits	143,657	149,070	150,529	149,753
Fines and forfeitures	227,502	257,688	275,810	313,581
Charges for services	438,002	873,461	952,724	880,358
Contributions (4)	525,739	4,135,315	911,487	349,772
Investment earnings	118,415	80,852	630,775	1,075,531
Miscellaneous	982,170	722		446
Total revenues	<u>\$ 17,085,696</u>	<u>\$ 20,637,086</u>	<u>\$ 27,848,299</u>	<u>\$ 23,630,879</u>
PERCENTAGE CHANGE FROM PRIOR YEAR				
	<u>(8.8)%</u>	<u>20.8 %</u>	<u>34.9 %</u>	<u>(15.1)%</u>
Taxes (2)	22.6 %	19.5 %	17.1 %	22.7 %
Special assessments	4.1	4.1	5.7	3.8
Intergovernmental (3)	59.0	49.8	66.7	61.8
Licenses and permits	0.8	0.7	0.5	0.6
Fines and forfeitures	1.3	1.2	1.0	1.3
Charges for services	2.6	4.2	3.4	3.7
Contributions (4)	3.1	20.0	3.3	1.5
Investment earnings	0.7	0.4	2.3	4.6
Miscellaneous	<u>5.8</u>	<u>0.1</u>		
Total revenues	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>

Notes:

(1) Includes all governmental fund types.

(2) For explanations of significant changes in tax revenues, see Table VIII.

(3) In 2005, intergovernmental revenue included over \$6 million for the Pelzer Street construction project.

(4) In 2004, the City received \$4 million from the Port Authority West-end (Riverfront) Tax Increment District for the construction of Pelzer Street.

Data Source—

Applicable years' comprehensive annual financial report.

**TABLE VII**

**For The Calendar Year Ended December 31,**

<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
\$ 5,532,317	\$ 5,833,891	\$ 5,733,942	\$ 6,203,216	\$ 6,538,843	\$ 6,473,465
766,018	554,465	427,672	360,876	362,968	238,891
10,328,659	10,690,005	10,595,394	10,906,571	9,588,783	9,903,534
161,329	171,860	163,149	155,661	169,473	165,798
253,614	254,135	219,823	222,562	211,375	228,408
838,500	917,413	741,755	750,177	878,153	879,329
40,006	22,199	14,141	6,621	8,206	21,999
957,663	390,434	83,009	46,327	35,813	16,978
363,713	273,000		6,786	88	
<u>\$ 19,241,819</u>	<u>\$ 19,107,402</u>	<u>\$ 17,978,885</u>	<u>\$ 18,658,797</u>	<u>\$ 17,793,702</u>	<u>\$ 17,928,402</u>
<u>(18.6)%</u>	<u>(0.7)%</u>	<u>(5.9)%</u>	<u>3.8 %</u>	<u>(4.6)%</u>	<u>0.8 %</u>

**Percentage of Total**

28.7 %	30.5 %	31.9 %	33.2 %	36.7 %	36.1 %
4.0	2.9	2.4	1.9	2.0	1.3
53.7	56.0	58.9	58.5	53.9	55.3
0.8	0.9	0.9	0.8	1.0	0.9
1.3	1.3	1.2	1.2	1.2	1.3
4.4	4.8	4.1	4.0	4.9	4.9
0.2	0.1	0.1	0.1	0.1	0.1
5.0	2.1	0.5	0.2	0.2	0.1
1.9	1.4	0.0	0.1	0.0	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
2003	\$2,854,928	\$ 855,270	\$ 153,567	\$3,863,765
2004	3,130,902	891,865		4,022,767
2005	3,736,189	1,030,866		4,767,055
2006	4,215,412	1,143,201		5,358,613
2007	4,339,116	1,193,201		5,532,317
2008	4,570,426	1,263,465		5,833,891
2009	4,667,041	1,066,901		5,733,942
2010	4,997,477	1,205,739		6,203,216
2011	5,234,345	1,304,498		6,538,843
2012	5,227,850	1,245,615		6,473,465

	Percentage of Total			
	Property	Franchise	Sales (2)	Total
2003	73.9 %	22.1 %	4.0 %	100.0 %
2004	77.8	22.2		100.0
2005	78.4	21.6		100.0
2006	78.7	21.3		100.0
2007	78.4	21.6		100.0
2008	78.3	21.7		100.0
2009	81.4	18.6		100.0
2010	80.6	19.4		100.0
2011	80.1	19.9		100.0
2012	80.8	19.2		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.

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	2003 (2)	2004	2005	2006
CURRENT:				
General government	\$ 2,419,287	\$ 2,756,961	\$ 2,712,375	\$ 3,327,563
Public safety (3)	6,019,664	6,624,222	6,336,382	6,813,091
Highways and streets (4)	2,235,562	2,974,591	2,788,973	2,606,047
Economic development (5)		909,194	446,122	346,931
Park maintenance	1,352,133	1,317,640	1,507,681	1,720,125
Other	502,926	924,957	29,256	30,166
Total current	12,529,572	15,507,565	13,820,789	14,843,923
PERCENTAGE CHANGE FROM PRIOR YEAR	(0.7)%	23.8 %	(10.9)%	7.4 %
CAPITALIZED CAPITAL OUTLAY (6)				
	6,599,814	1,382,109	480,984	5,136,903
PERCENTAGE CHANGE FROM PRIOR YEAR	57.8 %	(79.1)%	(65.2)%	968.0 %
DEBT SERVICE:				
Principal	833,000	1,386,000	1,157,500	1,575,000
Interest and fees	330,845	362,544	400,827	350,963
Other				
Total debt service	1,163,845	1,748,544	1,558,327	1,925,963
PERCENTAGE CHANGE FROM PRIOR YEAR	(73.2)%	50.2 %	(10.9)%	23.6 %
Total expenditures (7)				
	\$ 20,293,231	\$ 18,638,218	\$ 15,860,100	\$ 21,906,789
PERCENTAGE CHANGE FROM PRIOR YEAR	(4.0)%	(8.2)%	(14.9)%	38.1 %
DEBT SERVICES AS A PERCENT OF NONCAPITAL EXPENDITURES				
	8.5 %	10.1 %	10.1 %	11.5 %

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

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

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

Notes:

- (1) Includes all governmental fund types.
- (2) In 2003, the City established a storm sewer enterprise fund.
- (3) 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.
- (4) In 2004, the highways and streets function increased 33.1% as a result of engineering costs for Pelzer Street.
- (5) Prior to 2004, the economic development costs were reported in the general government function.
- (6) The significant increase from 2003 to 2004 related to the Pelzer Street Construction. The significant increase in 2010 is due to the Pelzer Street project being finalized and the reduction in construction in progress being added to 2010 capital outlay. Capitalized capital outlay used 2010 and on.
- (7) Total expenditures are those from the governmental statements with the change to capital outlay to reflect the Gov't Wide capitalized capital outlay (2010 and on). See reconciliation above.

Data Source —

Applicable years' comprehensive annual financial report.

**TABLE IX**

	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
\$	3,073,892	\$ 2,983,688	\$ 3,010,960	\$ 2,683,792	\$ 2,696,087	\$ 2,716,895
	7,221,380	7,584,452	6,512,463	7,286,443	6,640,661	7,037,736
	2,774,581	3,306,623	2,865,359	2,657,992	2,625,036	2,580,500
	365,911	754,102	773,027	757,831	837,643	542,169
	1,729,743	2,362,062	1,778,571	1,498,905	1,389,884	1,391,948
	<u>43,532</u>	<u>43,169</u>	<u>54,198</u>	<u>45,851</u>	<u>45,635</u>	<u>34,888</u>
	<u>15,209,039</u>	<u>17,034,096</u>	<u>14,994,578</u>	<u>14,930,814</u>	<u>14,234,946</u>	<u>14,304,136</u>
	<u>2.5 %</u>	<u>12.0 %</u>	<u>(11.9)%</u>	<u>(0.4)%</u>	<u>(4.7)%</u>	<u>0.5 %</u>
	<u>382,443</u>	<u>571,871</u>	<u>345,914</u>	<u>729,594</u>	<u>449,514</u>	<u>(109,643)</u>
	<u>(92.6)%</u>	<u>49.5 %</u>	<u>(39.7)%</u>	<u>110.9 %</u>	<u>(38.4)%</u>	<u>(124.4)%</u>
	1,495,000	1,420,000	1,360,000	1,300,000	1,220,000	1,035,000
	321,256	274,117	224,533	177,809	166,171	105,338
	<u>1,816,256</u>	<u>1,694,117</u>	<u>1,584,533</u>	<u>1,477,809</u>	<u>1,386,171</u>	<u>1,140,338</u>
	<u>(5.7)%</u>	<u>(6.7)%</u>	<u>(6.5)%</u>	<u>(6.7)%</u>	<u>(6.2)%</u>	<u>(17.7)%</u>
\$	<u>17,407,738</u>	<u>\$ 19,300,084</u>	<u>\$ 16,925,025</u>	<u>\$ 17,138,217</u>	<u>\$ 16,070,631</u>	<u>\$ 15,334,831</u>
	<u>(20.5)%</u>	<u>10.9 %</u>	<u>(12.3)%</u>	<u>1.3 %</u>	<u>(6.2)%</u>	<u>(4.6)%</u>
	<u>10.7 %</u>	<u>9.0 %</u>	<u>9.6 %</u>	<u>9.0 %</u>	<u>8.9 %</u>	<u>7.4 %</u>
					<b>2011</b>	<b>2012</b>
					\$ 16,872,809	\$ 17,101,065
					(1,251,692)	(1,656,591)
					<u>449,514</u>	<u>(109,643)</u>
					<u>\$ 16,070,631</u>	<u>\$ 15,334,831</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	2003 (2)	2004	2005	2006
CURRENT:				
General government	\$ 2,419,287	\$ 2,756,961	\$ 2,712,375	\$ 3,327,563
Public safety (3)	6,019,664	6,624,222	6,336,382	6,813,091
Highways and streets (4)	2,235,562	2,974,591	2,788,973	2,606,047
Economic development (5)		909,194	446,122	346,931
Park maintenance	1,352,133	1,317,640	1,507,681	1,720,125
Other	<u>502,926</u>	<u>924,957</u>	<u>29,256</u>	<u>30,166</u>
Total current	<u>\$12,529,572</u>	<u>\$15,507,565</u>	<u>\$13,820,789</u>	<u>\$14,843,923</u>
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
CURRENT:				
General government	19.3 %	17.8 %	19.6 %	22.4 %
Public safety (3)	48.1	42.7	45.9	45.9
Highways and streets (4)	17.8	19.2	20.2	17.6
Economic development (5)		5.8	3.2	2.3
Park maintenance	10.8	8.5	10.9	11.6
Other	<u>4.0</u>	<u>6.0</u>	<u>0.2</u>	<u>0.2</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 2003, the City established a storm sewer enterprise fund. Previously, these costs were charged to the highways and streets function.
- (3) 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.
- (4) In 2004, the highways and streets function increased 33.1% as a result of engineering costs for Pelzer Street.
- (5) Prior to 2004, the economic development costs were reported in the general government function.

Data Source—Table IX.

**TABLE X**

<b>Amounts</b>					
<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
\$ 3,073,892	\$ 2,983,688	\$ 3,010,960	\$ 2,683,792	\$ 2,696,087	\$ 2,716,895
7,221,380	7,584,452	6,512,463	7,286,443	6,640,661	7,037,736
2,774,581	3,306,623	2,865,359	2,657,992	2,625,036	2,580,500
365,911	754,102	773,027	757,831	837,643	542,169
1,729,743	2,362,062	1,778,571	1,498,905	1,389,884	1,391,948
<u>43,532</u>	<u>43,169</u>	<u>54,198</u>	<u>45,851</u>	<u>45,635</u>	<u>34,888</u>
<u>\$15,209,039</u>	<u>\$17,034,096</u>	<u>\$14,994,578</u>	<u>\$14,930,814</u>	<u>\$14,234,946</u>	<u>\$ 14,304,136</u>
<b>Percentage of Total</b>					
<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
20.2 %	17.5 %	20.1 %	18.0 %	18.9 %	19.0 %
47.5	44.5	44.5	48.8	46.7	49.2
18.2	19.4	19.1	17.8	18.4	18.0
2.4	4.4	5.2	5.1	5.9	3.8
11.4	13.9	11.9	10.0	9.8	9.7
<u>0.3</u>	<u>0.3</u>	<u>0.4</u>	<u>0.3</u>	<u>0.3</u>	<u>0.3</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	2003	2004	2005	2006
TOTAL REVENUES (3)	\$17,085,696	\$20,637,086	\$27,848,299	\$23,630,879
TOTAL EXPENDITURES (4)	<u>20,293,231</u>	<u>26,790,486</u>	<u>21,428,151</u>	<u>30,607,030</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(3,207,535)</u>	<u>(6,153,400)</u>	<u>6,420,148</u>	<u>(6,976,151)</u>
OTHER FINANCING (USES) SOURCES:				
Sale of capital assets		2,526	7,621	
Debt proceeds	614,188	4,988,090	3,595,585	845,000
Transfers in	1,856,075	704,863	5,939,945	1,061,683
Transfers out	<u>(2,231,734)</u>	<u>(606,726)</u>	<u>(4,111,009)</u>	<u>(2,563,652)</u>
Total other financing (uses) sources	<u>238,529</u>	<u>5,088,753</u>	<u>5,432,142</u>	<u>(656,969)</u>
NET CHANGE IN FUND BALANCES	(2,969,006)	(1,064,647)	11,852,290	(7,633,120)
FUND BALANCES—Beginning of year	<u>17,559,599</u>	<u>14,590,593</u>	<u>13,525,946</u>	<u>25,378,236</u>
FUND BALANCES—End of year	<u>\$14,590,593</u>	<u>\$13,525,946</u>	<u>\$25,378,236</u>	<u>\$17,745,116</u>

Notes:

- (1) Includes all governmental fund types.
- (2) The City's nonexpendable trust funds are classified as permanent funds.
- (3) Table VII
- (4) Table IX

Data Source:

Applicable years' comprehensive annual financial report.

**TABLE XI**


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<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
\$19,241,819	\$19,107,402	\$17,978,885	\$18,658,797	\$17,793,702	\$17,928,402
<u>21,315,396</u>	<u>19,937,403</u>	<u>17,300,454</u>	<u>17,587,202</u>	<u>16,872,809</u>	<u>17,101,065</u>
<u>(2,073,577)</u>	<u>(830,001)</u>	<u>678,431</u>	<u>1,071,595</u>	<u>920,893</u>	<u>827,337</u>
				1,385,000	
1,258,053	2,141,305	1,755,890	434,619	968,269	701,412
<u>(2,230,532)</u>	<u>(1,126,572)</u>	<u>(1,695,400)</u>	<u>(1,444,604)</u>	<u>(3,528,952)</u>	<u>(1,836,606)</u>
<u>(972,479)</u>	<u>1,014,733</u>	<u>60,490</u>	<u>(1,009,985)</u>	<u>(1,175,683)</u>	<u>(1,135,194)</u>
(3,046,056)	184,732	738,921	61,610	(254,790)	(307,857)
<u>17,745,116</u>	<u>14,699,060</u>	<u>14,883,792</u>	<u>15,622,713</u>	<u>15,684,323</u>	<u>15,429,533</u>
<u>\$14,699,060</u>	<u>\$14,883,792</u>	<u>\$15,622,713</u>	<u>\$15,684,323</u>	<u>\$15,429,533</u>	<u>\$15,121,676</u>

# 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
2004	\$13,924,786	\$1,177,599,700	\$311,517	\$16,036,300
2005	15,343,606	1,303,483,200	320,174	16,398,700
2006	16,904,090	1,406,070,400	316,606	16,306,600
2007	17,709,035	1,470,440,000	324,604	16,626,000
2008	18,368,606	1,521,383,800	304,177	15,543,900
2009	18,590,745	1,531,838,200	302,529	15,490,200
2010	19,249,222	1,578,442,900	303,421	15,533,300
2011	18,673,533	1,547,504,300	322,219	16,525,400
2012 (3)	16,926,347	1,534,908,400	334,620	17,116,300
2013	16,602,774	1,502,200,100	412,967	21,078,200

Notes:

\* The levy of the property taxes was done the year prior to the year of collection.

(1) Tax capacity is determined by multiplying a property's market value by its applicable classification rate. Each property is assigned a classification rate depending upon its use. This table includes the primary government and the discretely presented component unit, the Port Authority of Winona. The tax capacities do not include jobz.

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

(3) Beginning in the 2012 tax collection year, the State of Minnesota Market Value Homestead Credit program was changed to a Homestead Market Value Exclusion program which resulted in a reduction to the overall taxable market values and tax capacities of Minnesota cities.

(Loss of approximately \$151 million taxable market value due to this change.)

Data Source:

Winona County Assessor (2004-2013)

**TABLE XII**

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<b>Total Estimated Tax Capacity (1)</b>	<b>Total Direct Tax Rate (2)</b>	<b>Total Estimated Market Value</b>	<b>Ratio of Total Tax Capacity to Total Estimated Market Value</b>	<b>Annual Percentage Change In Total Estimated Market Value</b>
\$14,236,303	28.82	\$1,193,636,000	1.19 %	7.1 %
15,663,780	29.95	1,319,881,900	1.19	10.6
17,220,696	30.95	1,422,377,000	1.21	7.8
18,033,639	30.77	1,487,066,000	1.21	4.5
18,672,783	30.44	1,536,927,700	1.21	3.4
18,893,274	30.83	1,547,328,400	1.22	0.7
19,552,643	31.22	1,593,976,200	1.23	3.0
18,995,752	31.81	1,564,029,700	1.21	(1.9)
17,260,967	33.64	1,552,024,700	1.11	(0.8)
17,015,741	35.15	1,523,278,300	1.12	(1.9)

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	
2003	28.82 %	0.43 %	17.29 %	49.82 %	96.36 %
2004	29.95	-	14.84	48.78	93.57
2005	30.95	2.08	16.27	47.19	96.49
2006	30.77	1.93	13.08	44.52	90.30
2007	30.44	1.87	16.26	43.51	92.08
2008	30.83	1.78	16.57	43.14	92.32
2009	31.22	2.46	17.62	43.79	95.09
2010	31.81	2.36	16.68	42.03	92.88
2011	33.64	2.42	17.35	42.22	95.63
2012	35.15	2.64	18.86	43.54	100.19

Notes:

- (1) For the City, net of homestead and agriculture credit aid,  
 but not net of Minnesota market value (MV) credits, for 2003–2008.
- (2) For the school district, the MV tax rate is not included in the total tax rate above.

Data Source—  
 Winona County Auditor

CITY OF WINONA, MINNESOTA

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

For The Year Collected	Total Taxes Levied	Collected Within the Year of The Levy		Delinquent Collections (2)	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2003 (3) (11)	\$ 3,285,756	\$3,207,952	97.63 %	\$ 49,808	\$3,257,760	99.15 %
2004 (4)	3,574,935	3,502,915	97.99	67,374	3,570,289	99.87
2005 (5) (11)	4,497,685	4,430,685	98.51	66,793	4,497,478	100.00
2006 (6)	5,003,460	4,940,533	98.74	59,865	5,000,398	99.94
2007 (7)	5,238,625	5,165,212	98.60	66,417	5,231,629	99.87
2008 (8)	5,530,485	5,479,274	99.07	50,473	5,529,747	99.99
2009 (9)	5,790,110	5,690,480	98.28	72,237	5,762,717	99.53
2010 (10)	6,590,943	5,969,463	90.57	75,349	6,044,812	91.71
2011 (10)	6,816,772	6,205,360	91.03	43,547	6,248,907	91.67
2012	6,528,644	6,436,327	98.59		6,436,327	98.59

Notes:

- (1) This table includes the primary government and the discretely presented component unit, the Port Authority.
- (2) The amount reported from 2003 included the amount of taxes collected in the year, not in the year to which they apply. The 2004-2011 amounts reported in the total uncollected taxes column are the uncollected taxes for each tax levy.
- (3) Net of HACA and State of Minnesota MV credits (HACA was zero and MV credits were \$503,781).
- (4) Net of HACA and State of Minnesota MV credits (HACA was zero and MV credits were \$527,596 excluding MV TI credits).
- (5) Net of HACA and State of Minnesota MV credits (HACA was zero and MV credits were \$552,858 excluding MV TI credits).
- (6) Net of HACA and State of Minnesota MV credits (HACA was zero and MV credits were \$577,887 excluding MV TI credits).
- (7) Net of HACA and State of Minnesota MV credits (HACA was zero and MV credits were \$557,383 excluding MV TI credits).
- (8) Net of HACA and State of Minnesota MV credits (HACA was zero and MV credits were \$555,945 excluding MV TI credits).
- (9) Net of HACA and State of Minnesota MV credits (HACA was zero and MV credits were \$549,700 excluding MV TI credits).
- (10) In 2010 and 2011, the market value credit revenues paid to the City was short by \$467,000 because the State of Minnesota discontinued the reimbursement program (due to budget reductions). This is the reason that there is a large drop in the percentage of levy collections.
- (11) In 2003 and 2005, market value tax credits used in Winona County's calculation of net taxes levied were less than actual market value credits received by the City from the State of Minnesota, which resulted in percentage of levy calculations over 100%. These years have been adjusted to reflect the market value tax credit.

Data Source:

Winona County Auditor  
City Finance Department

TABLE XV

## CITY OF WINONA, MINNESOTA

**PRINCIPAL PROPERTY TAXPAYERS (Unaudited)  
FOR THE CALENDAR YEARS ENDED DECEMBER 31, 2012 AND 2003**

Principal Taxpayer	Type of Business	2012 (For Taxes Payable in 2013)		
		Tax Capacity (1)	Rank	Percentage of Total Tax Capacity
Northern States Power Co.	Utility	\$ 387,321	1	2.26 %
Rivers Development	Commercial	257,953	2	1.50
Wal-Mart	Commercial	249,458	3	1.46
Menards, Inc.	Commercial	212,112	4	1.24
Fastenal Company	Commercial/Industrial	206,691	5	1.21
Miller Waste Mills	Industrial/Commercial	146,097	6	0.85
Sarnia Realty Investors (Winona Mall)	Commercial	137,370	7	0.80
Mikrut Properties	Commercial/Industrial	131,055	8	0.76
Innovation Partners LLC (Hal Leonard-Tech Park)*	Industrial/Commercial	125,902	9	0.73
Mills Properties	Commercial	<u>119,504</u>	10	<u>0.70</u>
Total Principal Taxpayers		1,973,463		11.51
All Other Taxpayers		<u>15,172,359</u>		<u>88.49</u>
Total		<u>\$17,145,822</u>		<u>100.00 %</u>
Principal Taxpayer	Type of Business	2003 (For Taxes Payable in 2004)		
		Tax Capacity (1)	Rank	Percentage of Total Tax Capacity
Northern State Power Co.	Utility	\$ 302,803	1	2.13 %
Fastenal Company	Commercial	185,609	2	1.30
Rivers Hotel Company, Inc.	Commercial	130,140	3	0.91
Mills Properties (Mills Fleet Farm)	Commercial	113,932	4	0.80
Winona Mall	Commercial	103,524	5	0.73
International Malting Company	Industrial	100,116	6	0.70
Menards, Inc.	Commercial	99,694	7	0.70
Mikrut Properties LLP	Industrial	94,652	8	0.67
Pennwinn Associates (JC Penney)	Commercial	90,934	9	0.64
Kelsey-Hayes Company (Lake Center/Lucas Industries)	Industrial	<u>89,892</u>	10	<u>0.63</u>
Total Principal Taxpayers		1,311,296		9.21
All Other Taxpayers		<u>12,925,007</u>		<u>90.79</u>
Total		<u>\$14,236,303</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			General Obligation Equipment Certificates		
	Supported by					
	Taxes (1)	Other Revenues	Special Assessments (2)			
2003	\$1,872,200	\$ -	\$5,506,300	\$ 775,000		\$ 8,153,500
2004	3,768,300		7,564,200	415,000	11,747,500	
2005	3,584,300		6,795,700	210,000	10,590,000	
2006	3,194,500		5,820,500	845,000	9,860,000	
2007	2,794,200		4,835,800	735,000	8,365,000	
2008	2,398,100		3,921,900	625,000	6,945,000	
2009	2,001,800		3,073,200	510,000	5,585,000	
2010	1,605,500		2,289,500	390,000	4,285,000	
2011	1,209,000		1,591,000	1,650,000	4,450,000	
2012	812,500		1,082,500	1,520,000	3,415,000	

Notes:

- (1) These bonds are issued for construction of major capital improvements and are backed by the full faith, credit, and taxing authority of the City.
- (2) These bonds are issued for local improvements of privately owned property, and are payable from special assessments levied on these improvements. However, the bonds are backed by the full faith, credit, and taxing authority of the City.
- (3) These bonds are G.O. water and sewer revenue bonds, and are being repaid from revenues from the appropriate enterprise fund. However, the bonds are backed by the full faith, credit, and taxing authority of the City.

Data Source:

- (4) Applicable years' comprehensive annual financial report.
- (5) See Table XXII.

**TABLE XVI**

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<b>Business-type Activities</b>				<b>Total Debt Per Capita</b>
<b>General Obligation Bonds (3)</b>	<b>Total</b>	<b>Percentage of Personal Income (5)</b>	<b>Estimated Population (5)</b>	
\$12,951,500	\$ 21,105,000	0.016	27,018	\$781
11,892,500	23,640,000	0.017	27,221	868
10,565,000	21,155,000	0.015	27,295	775
11,520,000	21,380,000	0.015	27,324	783
10,135,000	18,500,000	0.012	27,458	674
7,015,000	13,960,000	0.009	27,582	506
6,115,000	11,700,000	0.007	27,474	426
5,200,000	9,485,000	0.006	27,592	344
4,240,000	8,690,000	0.005	27,554	315
3,505,000	6,920,000	0.004	27,554	251

# 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)		
2003	\$1,872,200	\$ -	\$ 5,506,300	\$ 12,951,500	\$20,330,000
2004 (4)	3,768,300		7,564,200	11,892,500	23,225,000
2005	3,584,300		6,795,700	10,565,000	20,945,000
2006	3,194,500		5,820,500	11,520,000	20,535,000
2007	2,794,200		4,835,800	10,135,000	17,765,000
2008	2,398,100		3,921,900	7,015,000	13,335,000
2009	2,001,800		3,073,200	6,115,000	11,190,000
2010	1,605,500		2,289,500	5,200,000	9,095,000
2011	1,209,000		1,591,000	4,240,000	7,040,000
2012	812,500		1,082,500	3,505,000	5,400,000

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**

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<b>Less Restricted Assets To Repay Debt Principal (5)</b>	<b>Net General Obligation Bonds</b>	<b>Percentage of Actual Taxable Value of Property (7)</b>	<b>Estimated Population (8)</b>	<b>Total General Obligation Debt Per Capita</b>
\$ 4,119,104	\$16,210,896	1.36 %	27,018	600
4,221,278	19,003,722	1.44	27,221	698
5,006,176	15,938,824	1.12	27,295	584
4,774,810	15,760,190	1.06	27,324	577
3,847,754	13,917,246	0.91	27,458	507
3,407,480	9,927,520	0.64	27,582	360
2,897,230	8,292,770	0.54	27,474	302
2,401,127	6,693,873	0.42	27,592	243
1,786,475	5,253,525	0.33	27,554	191
1,494,430	3,905,570	0.25	27,554	142

## CITY OF WINONA, MINNESOTA

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

<b>Tax Year Collected</b>	<b>Estimated Population (5)</b>	<b>Market Value (6) (in \$1,000)</b>	<b>Gross Bonded Debt (1)</b>	<b>Less Debt Service Monies Available</b>	<b>Less Debt Payable From Port and Enterprise Revenues (2)(3)</b>	<b>Less Debt Payable From Special Assessments</b>
2003	27,018	\$ 1,114,739	\$ 22,867,869	\$ 501,613	\$ 13,939,500	\$ 5,506,300
2004	27,221	1,193,636	24,060,000	324,277	12,312,500	7,564,200
2005	27,295	1,319,882	25,120,000	662,721	10,960,000	6,795,700
2006	27,324	1,422,377	25,050,000	571,941	11,890,000	5,820,500
2007	27,458	1,487,066	21,955,000	611,562	10,480,000	4,835,800
2008	27,582	1,536,928	17,195,000	780,847	7,335,000	3,921,900
2009	27,474	1,547,328	14,710,000	808,454	6,410,000	3,073,200
2010	27,592	1,593,976	11,995,000	822,369	5,200,000	2,289,500
2011	27,554	1,564,030	10,990,000	861,387	4,240,000	1,591,000
2012	27,554	1,522,025	9,000,000	971,625	3,505,000	1,082,500

This table includes the primary government and the component unit.

Notes:

- (1) G.O. certificates are included in this schedule beginning in 2002.
- (2) In 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) 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:

- (5) Table XXII
- (6) Winona County Assessor (2003-2012)
- (7) City's Planning Department  
City's Finance Department

**TABLE XVIII**

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<b>Less Debt Payable From Leased Properties</b>	<b>Net Bonded Debt (4)</b>	<b>Ratio of Net Bonded Debt To Market Value</b>	<b>Net Bonded Debt Per Capita</b>
\$543,000	\$2,377,456	0.0021	\$ 88
	3,859,023	0.0032	142
	6,701,579	0.0051	246
	6,767,559	0.0048	248
	6,027,638	0.0041	220
	5,157,253	0.0034	187
	4,418,346	0.0029	161
	3,683,131	0.0023	133
	4,297,613	0.0027	156
	3,440,875	0.0023	125

**TABLE XIX**

**CITY OF WINONA, MINNESOTA**

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT (Unaudited)  
DECEMBER 31, 2012**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
CITY DIRECT DEBT:			
General obligation bonds supported by property taxes	\$ 812,500	100.0 %	\$ 812,500
General obligation bonds supported by Port Authority	2,080,000	100.0	2,080,000
General obligation bonds supported by special assessments	1,082,500	100.0	1,082,500
General obligation equipment certificates	1,520,000	100.0	<u>1,520,000</u>
Total city direct debt			<u>5,495,000</u>
OVERLAPPING DEBT: (2)			
Debt repaid with property taxes:			
Independent School District No. 861— G.O. bonds	19,147,903	62.7	12,005,735
Winona County— General obligation bonds	6,965,425	45.1	<u>3,141,407</u>
Total overlapping debt			<u>15,147,142</u>
Total direct and overlapping debt			<u>\$ 20,642,142</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

	2003	2004	2005	2006
ASSESSED VALUE (5)	<u>\$ 1,114,738,900</u>	<u>\$ 1,193,636,000</u>	<u>\$ 1,319,881,900</u>	<u>\$ 1,422,377,000</u>
LEGAL DEBT MARGIN:				
Debt limit (3% of market value of taxable property) (1)	<u>\$ 22,294,778</u>	<u>\$ 23,872,720</u>	<u>\$ 26,397,638</u>	<u>\$ 28,447,540</u>
Debt applicable to limit:				
Gross debt (6)	21,105,000	23,640,000	21,155,000	21,380,000
Less exempt debt (2)				
Special assessment improvement bonds	(5,506,300)	(7,564,200)	(6,795,700)	(5,820,500)
G.O. bonds (3)				
G.O. revenue bonds (4)	<u>(12,951,500)</u>	<u>(11,892,500)</u>	<u>(10,565,000)</u>	<u>(11,520,000)</u>
Debt subject to limit	<u>2,647,200</u>	<u>4,183,300</u>	<u>3,794,300</u>	<u>4,039,500</u>
Legal debt margin	<u>\$ 19,647,578</u>	<u>\$ 19,689,420</u>	<u>\$ 22,603,338</u>	<u>\$ 24,408,040</u>
Total net debt applicable to the limit as a percentage of the debt limit	<u>11.87 %</u>	<u>17.52 %</u>	<u>14.37 %</u>	<u>14.20 %</u>

Notes:

(1) MN Statutes, Section 475.53, which reports gross G.O. debt before deducting any available debt service fund balances (3% of market value of taxable property in years after 2007, 2% in 2007 and prior years).

(2) Per MN Statutes.

(3) G.O. debt supported by revenues other than special assessments and enterprise funds.

(4) G.O. debt supported by revenues in enterprise funds.

Data Source:

(5) See Table XII.

(6) Includes G.O. bonds and G.O. equipment certificates.

**TABLE XX**


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<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<u>\$1,487,066,000</u>	<u>\$1,536,927,700</u>	<u>\$1,547,328,400</u>	<u>\$1,593,976,200</u>	<u>\$1,564,029,700</u>	<u>\$1,552,024,700</u>
\$ 29,741,320	\$ 46,107,831	\$ 46,419,852	\$ 47,819,286	\$ 46,920,891	\$ 46,560,741
18,500,000	13,960,000	11,700,000	9,485,000	8,690,000	6,920,000
-	-	-	-	-	-
(4,835,800)	(3,921,900)	(3,073,200)	(2,289,500)	(1,591,000)	(1,082,500)
<u>(10,135,000)</u>	<u>(7,015,000)</u>	<u>(6,115,000)</u>	<u>(5,200,000)</u>	<u>(4,240,000)</u>	<u>(3,505,000)</u>
<u>3,529,200</u>	<u>3,023,100</u>	<u>2,511,800</u>	<u>1,995,500</u>	<u>2,859,000</u>	<u>2,332,500</u>
<u>\$ 26,212,120</u>	<u>\$ 43,084,731</u>	<u>\$ 43,908,052</u>	<u>\$ 45,823,786</u>	<u>\$ 44,061,891</u>	<u>\$ 44,228,241</u>
<u>11.87 %</u>	<u>6.56 %</u>	<u>5.41 %</u>	<u>4.17 %</u>	<u>6.09 %</u>	<u>5.01 %</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	
2003	\$ 5,456,291	\$ 2,325,966	\$3,130,325	\$ 1,027,000	\$ 425,422	\$ 1,452,422	2.16
2004	5,643,048	2,676,232	2,966,816	1,059,000	503,777	1,562,777	1.90
2005	6,208,775	3,246,166	2,962,609	1,327,500	479,536	1,807,036	1.64
2006	6,697,050	3,342,586	3,354,464	1,340,000	428,729	1,768,729	1.90
2007	6,912,334	3,370,212	3,542,122	1,385,000	433,145	1,818,145	1.95
2008 (4)	6,780,595	3,355,293	3,425,302	3,120,000	361,408	3,481,408	0.98
2009	6,336,203	4,192,645	2,143,558	900,000	265,373	1,165,373	1.84
2010	6,026,399	3,245,159	2,781,240	915,000	228,866	1,143,866	2.43
2011	6,227,574	3,477,056	2,750,518	960,000	189,948	1,149,948	2.39
2012	7,069,814	3,580,217	3,489,597	735,000	155,358	890,358	3.92

## Notes:

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

## Data Source—

Applicable years' comprehensive annual financial report.

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)
2003	27,018	49,344	\$ 1,313,132	26,612	5.6 %	6.0 %
2004	27,221	49,172	1,383,206	28,130	5.0	5.6
2005	27,295	49,348	1,428,270	28,943	3.9	5.1
2006	27,324	49,730	1,510,583	30,376	3.8	4.6
2007	27,458	49,848	1,643,177	32,964	4.3	4.8
2008	27,582	49,590	1,710,826	34,499	6.2	7.1
2009	27,474	49,436	1,697,007	34,327	7.2	9.7
2010	27,592	51,395	1,765,396	34,350	7.0	9.1
2011	27,554	51,378	1,800,754	35,049	5.6	8.5
2012	27,554	51,378	1,800,754	35,049	5.1	7.8

## Data Source:

- (1) State demographer's estimate, except 2010, which is from the 2010 Census. 2012 not available.
- (2) 2003–2011—U.S. Bureau of Economic Analysis - Winona, MN Metropolitan Area, <http://www.bea.gov/bea/regional/reis/default.cfm?catable=CA1-3&section=2>. 2012 not available.
- (3) 2003–2011—U.S. Bureau of Economic Analysis - Winona, MN Metropolitan Area, <http://www.bea.gov/bea/regional/reis/default.cfm?catable=CA1-3&section=2>. 2012 not available.
- (4) 2003–2011—U.S. Bureau of Economic Analysis - Winona, MN Metropolitan Area, <http://www.bea.gov/bea/regional/reis/default.cfm?catable=CA1-3&section=2>. 2012 not available.
- (5) Minnesota Department of Employment and Economic Development (i.e., the yearly annual average), (2010, 2011 and 2012 U.S. rate is seasonally adjusted).
- (6) Minnesota Department of Employment and Economic Development  
(Rate is not seasonally adjusted for 12/31/07, 12/31/08, 12/31/09, 12/31/10, 12/31/11 and 12/31/12)

**TABLE XXIII**

**CITY OF WINONA, MINNESOTA**

**PRINCIPAL EMPLOYERS (Unaudited)**

**FOR THE CALENDAR YEARS ENDED DECEMBER 31, 2012 AND 2002**

Employer (1)	Type of Business	2012		
		Number of Employees	Rank	Percentage of Total County Employment
Fastenal Company (3)	Commercial/Industrial	1,432	1	9.11 %
Winona Health	Hospital/Clinic/Health Care	1,200	2	7.64
Winona State University	Post-secondary education	1,029	3	6.55
Independent School District No. 861	K-12 education	631	4	4.02
Wincraft	Promotional materials	500	5	3.18
Saint Mary's University	Post-secondary education	450	6	2.86
TRW Automotive Electronics	Industrial	400	7	2.54
RTP Company	Industrial	375	8	2.39
Winona County	County Government	300	9	1.91
Watlow Controls	Industrial	289	10	1.84
Total principal employers		6,606		42.04
Other employers		9,106		57.96
Total employers (4)		15,712		100.00 %

Employer (2)	Type of Business	2002		
		Number of Employees	Rank	Percentage of Total County Employment
Fastenal Company (3)	Commercial/Industrial	1,300	1	8.58 %
Winona Health	Hospital/Health Care	875	2	5.78
Winona State University	Post-secondary education	700	3	4.62
TRW Automotive Electronics	Industrial machinery	700	4	4.62
Independent School District No. 861	K-12 education	631	5	4.17
RTP Company	Plastic and synthetic resins	418	6	2.76
Wincraft	Promotional materials	400	7	2.64
Saint Mary's University	Post-secondary education	395	8	2.61
Winona County	County Government	378	9	2.49
Watlow Controls	Electronic Control manufacturer	309	10	2.04
Total principal employers		6,106		40.31
Other employers		9,041		59.69
Total employers (4)		15,147		100.00 %

Data Source:

(1) Official Statement—Bond Offering (City of Winona-December 2012)

(2) Official Statement—Bond Offering (City of Winona-February 2003)

(3) Fastenal Company information

(4) MN DEED, 2012 is at 10/31/2012 and 2002 is at 12/31/2002

## CITY OF WINONA, MINNESOTA

PROPERTY VALUES AND CONSTRUCTION (Unaudited)  
LAST TEN CALENDAR YEARS

Tax Collection Year	Estimated Property Value (3)		Nonresidential Construction (4)		Residential Construction (4)	
	Taxable	Nontaxable (1)	Number of Permits	Value (2)	Number of Permits	Value
2003	\$1,114,738,900	\$ 309,768,500	122	\$ 19,816,823	1,099	\$22,453,297
2004	1,193,636,000	309,768,500	145	16,677,585	1,047	18,315,199
2005	1,319,881,900	482,142,700	162	42,168,354	981	14,950,633
2006	1,422,377,000	482,142,700	134	19,912,636	912	10,150,859
2007	1,487,066,000	482,142,700	127	24,965,605	812	8,299,429
2008	1,536,927,000	482,142,700	144	16,101,088	839	10,638,324
2009	1,547,328,000	482,142,700	142	30,462,564	952	27,260,566
2010	1,593,976,000	482,142,700	115	11,755,997	1,135	13,217,273
2011	1,564,029,700	625,833,300	168	15,533,885	1,358	26,189,526
2012	1,552,024,700	625,833,300	116	16,436,708	1,050	10,014,096

## Notes:

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

(2) In 2003, Wal-Mart is included at \$8,430,000.

In 2004, the Winona Health parking ramp is included at \$2,900,000.

In 2005, the Winona Health/Winona Clinic expansion at \$20,912,000, and the WSU Pasteur Hall renovation are included at \$8,160,750.

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

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

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

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

In 2010 are Bradford Development for \$4,650,000 to construct a senior housing cooperative and \$3,449,500 for the Benedictine Health Systems Assisted Living Apartments addition.

In 2011 residential: McNally 16 Condos for \$1,390,000, Gernes apartments for \$900,000, Saint Mary's University's dormitory for \$5,580,400, and Winona Senior Living for \$5,800,000

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

## Data Source:

(3) Winona County Assessor

(4) The City of Winona Inspection Department

# CITY OF WINONA, MINNESOTA

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

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

Notes:

(1) Information presented in full-time equivalents.

(2) Full-time equivalent data only available beginning with 2006.

Data Source—

(3) The City of Winona Finance Department—Current Year Budget Book

**TABLE XXV**

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

# CITY OF WINONA, MINNESOTA

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

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Function/Program	2003	2004	2005	2006
Public safety:				
Fire:				
Number of emergency responses	1,389	1,565	1,689	1,763
Number of inspections	377	342	414	395
Police:				
Number of traffic arrests	1,375	1,289	1,347	1,675
Crime clearance	58 %	61 %	57 %	55 %
Sanitary Sewage system:				
Daily average treatment (in gallons)	4,400,000	4,400,000	4,400,000	4,400,000
Maximum daily of capacity of treatment plant (in gallons)	9,700,000	9,700,000	9,700,000	9,700,000
Water system:				
Daily average consumption (in gallons)	2,800,000	2,800,000	2,800,000	2,800,000
Maximum daily capacity of plant (in gallons)	8,500,000	8,500,000	8,500,000	8,500,000
Data Source—				
The City's various departments				

**TABLE XXVI**

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<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
2,033	2,090	1,978	2,070	2,176	2,124
375	491	171	124	188	154
1,540	1,247	1,081	1,216	1,225	956
57 %	64 %	61 %	60 %	60 %	60 %
4,326,000	4,400,000	4,400,000	4,400,000	5,078,000	5,078,000
9,600,000	9,600,000	9,600,000	9,600,000	9,600,000	9,600,000
2,860,000	2,860,000	2,860,000	2,860,000	2,928,000	2,928,000
10,296,000	10,300,000	10,300,000	10,300,000	10,300,000	10,300,000

## CITY OF WINONA, MINNESOTA

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

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Function/Program	2003	2004	2005	2006	2007
Public safety:					
Fire stations	2	2	2	2	2
Police stations	1	1	1	1	1
Streets and highways:					
Streets (miles)	111	111	111	113	113
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	16
Sanitary sewage system:					
Miles of sanitary sewers	105	107	107	111	111
Miles of storm sewers	86	87	87	88	88
Number of treatment plants	1	1	1	1	1
Water system:					
Miles of water mains	108	108	108	113	114
Number of service connections	9,080	9,080	9,080	8,204	8,359
Number of fire hydrants	1,327	1,327	1,327	1,432	1,451

Data Source—  
The City's various departments.

**TABLE XXVII**

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<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
2	2	2	2	2
1	1	1	1	1
114	114	114	114	114
3,000	3,000	3,000	3,000	3,000
1	1	1	1	1
30	30	30	30	30
2	2	2	2	2
1	1	1	1	1
16	16	16	16	16
112	112	112	112	113
89	89	89	89	89
1	1	1	1	1
115	115	115	115	116
8,364	8,364	8,364	8,364	8,380
1,461	1,461	1,461	1,461	1,470

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