

PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 5, 2024

**NEW ISSUE
BANK QUALIFIED
BOOK ENTRY ONLY**

MOODY'S RATING: Aa1

In the opinion of Taft Stettinius & Hollister LLP, as Bond Counsel, based on present federal and Minnesota laws, regulations, rulings and decisions, at the time of the issuance of the Certificates, the interest on the Certificates is excluded from gross income for federal income tax purposes and is excluded, to the same extent, from both gross income and taxable net income for Minnesota income tax purposes (other than Minnesota franchise taxes measured by income and imposed on corporations and financial institutions). Interest on the Certificates is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals or for purposes of the Minnesota alternative minimum tax applicable to individuals, estates or trusts; however, interest on the Certificates is taken into account in determining "annual adjusted financial statement income" for the purpose of computing the federal alternative minimum tax imposed on certain corporations for tax years beginning after December 31, 2022. No opinion will be expressed by Bond Counsel regarding other state or federal tax consequences caused by the receipt or accrual of interest on the Certificates or arising with respect to ownership of the Certificates. See "TAX MATTERS" herein.

CITY OF WINONA, MINNESOTA \$2,585,000* General Obligation Equipment Certificates of Indebtedness, Series 2024A (the "Certificates")

Dated Date	Date of Delivery (anticipated to be February 15, 2024)
Sale Date	Tuesday, January 16, 2024 until 10:30 A.M., Central Time
Consideration of Award	City Council meeting commencing at 6:30 P.M., Central Time on Tuesday, January 16, 2024.
Security	The Certificates will be general obligations of the City for which the City will pledge its full faith and credit and power to levy direct general ad valorem taxes.
Authorization	The Certificates are being issued pursuant to Minnesota Statutes, Chapters 475, and Sections 410.32 and 412.301. See "Authority and Security" herein.
Purpose	The proceeds of the Certificates will be used to finance the purchase of various items of capital equipment. See "Authority and Security" herein.
Principal and Interest Payments	Principal will be paid annually on February 1 beginning February 1, 2025. Interest will be payable semiannually on February 1 and August 1, beginning August 1, 2024.
Redemption Provisions	The City may elect on February 1, 2032 and on any day thereafter, to redeem Certificates due on or after February 1, 2033 at a price of par plus accrued interest The Certificates may be issued as term bonds at the discretion of the Underwriter (as hereinafter defined) and, in such case, will be subject to mandatory sinking fund redemption.
Book Entry	The Certificates will be issued only as fully registered obligations, and when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"). See Appendix B for "Book Entry".
Denominations	The Certificates are being issued in the denomination of \$5,000 or integral multiple thereof.
Registrar and Paying Agent	Computershare Trust Company, National Association, located in Minneapolis, Minnesota ("Registrar" and "Paying Agent").
Bidding Information	Interested bidders should review the Terms of Proposal for additional instructions. See Appendix G herein.

Further information may be obtained from Baker Tilly Municipal Advisors, LLC 30 East Seventh Street, Suite 3025, Saint Paul, MN 55101 (651) 223-3000 or bids@bakertilly.com.

*Preliminary, subject to change.

The information contained in this Preliminary Official Statement is deemed by the City to be final as of the date hereof; however, the pricing and underwriting information is subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

MATURITY SCHEDULE
(Base CUSIP(1) _____)

<u>Maturity</u> <u>(February 1)</u>	<u>Principal(2)</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP(1)</u>
2025	\$220,000				
2026	\$225,000				
2027	\$235,000				
2028	\$245,000				
2029	\$250,000				
2030	\$260,000				
2031	\$270,000				
2032	\$280,000				
2033	\$295,000				
2034	\$305,000				

(1) CUSIP® is a registered trademark of the American Bankers Association ("ABA"). CUSIP data (including CUSIP identifiers and related descriptive data) contained herein is provided by CUSIP Global Services ("CGS"), which is operated on behalf of the ABA by FactSet Research Systems Inc. CUSIP data is the valuable intellectual property of the ABA and the inclusion of CUSIP data herein is not intended to create a database and does not serve in any way as a substitute for any CUSIP Service provided by CGS. CUSIP data herein is provided for convenience of reference only. Neither the City, the Municipal Advisor, the Underwriter nor their agents take any responsibility for the accuracy of such data now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Certificates as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Certificates.

(2) Preliminary subject to change. The City reserves the right to adjust individual maturity amounts to achieve its financial objectives.

The Certificates are being offered for delivery when, as and if issued and received by the Underwriter (hereinafter defined) and subject to the approval of legality by Taft Stettinius & Hollister LLP, Minneapolis, Minnesota, Bond Counsel. The Certificates are expected to be available for delivery to DTC, in New York, New York on or about February 15, 2024.

In connection with this offering the underwriter may over-allot or effect transactions which stabilize or maintain the market price of the Certificates offered hereby at a level above that which might otherwise prevail in the open market, and such stabilizing, if commenced, may be discontinued at any time.

No dealer, broker, salesperson, or other person has been authorized by the City to give any information or to make any representations with respect to the Certificates, other than as contained in the Preliminary Official Statement or the Final Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the City. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the securities described herein by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale.

Certain information contained in the Preliminary Official Statement or the Final Official Statement may have been obtained from sources other than records of the City and, while believed to be reliable, is not guaranteed as to completeness or accuracy. The information and expressions of opinion in the Preliminary Official Statement and the Final Official Statement are subject to change, and neither the delivery of the Preliminary Official Statement nor the Final Official Statement nor any sale made under either such document shall create any implication that there has been no change in the affairs of the City since the respective date thereof. However, upon delivery of the securities, the City will provide a certificate stating there have been no material changes in the information contained in the Final Official Statement since its delivery.

References herein to laws, rules, regulations, resolutions, agreements, reports, and other documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein. Where full texts have not been included as appendices to the Preliminary Official Statement or the Final Official Statement, they will be furnished upon request.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for the purposes of, and as that term is defined in, Securities and Exchange Commission Rule 15c2-12.

The Certificates are considered securities and have not been approved or disapproved by the Securities and Exchange Commission or any state or federal regulatory authority nor has any state or federal regulatory authority confirmed the accuracy or determined the adequacy of this Official Statement. Any representation to the contrary is a criminal offense. Investors must rely on their own examination of this Official Statement, the security pledged to repay the Certificates, the City and the merits and risks of the investment opportunity.

FORWARD-LOOKING STATEMENTS

This Official Statement, including its appendices, contains statements which should be considered "forward-looking statements," meaning they refer to possible future events or conditions. Such statements are generally identifiable by the words such as "plan," "expect," "estimate," "budget," "may," or similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause a deviation from the actual results, performance or achievements expressed or implied by such forward-looking statements. The City does not expect or intend to update or revise any forward-looking statements contained herein if or when its expectations, or events, conditions, or circumstances on which such statements are based occur.

CITY CONTACT INFORMATION

Additional information regarding the City may be obtained by contacting Jessica Wojahn, Finance Director, City of Winona, Minnesota, 207 Lafayette Street, Winona, MN 55987, phone 507-457-8200, email: jwojahn@ci.winona.mn.us.

CITY OF WINONA, MINNESOTA

CITY COUNCIL

Scott Sherman	Mayor
Monica Hennessy Mohan	Clerk
Jessica Wojahn	Treasurer
George Borzyskowski	Councilmember
Jerome Christenson	Councilmember
Pamela Eyden	Councilmember
Jeff Hyma	Councilmember
Aaron Repinski	Councilmember
Steven Young	Councilmember

CITY MANAGER

Chad Ubl

FINANCE DIRECTOR

Jessica Wojahn

MUNICIPAL ADVISOR

Baker Tilly Municipal Advisors, LLC
Saint Paul, Minnesota

BOND COUNSEL

Taft Stettinius & Hollister LLP
Minneapolis, Minnesota

REGISTRAR AND PAYING AGENT

Computershare Trust Company, National Association
Minneapolis, Minnesota

UNDERWRITER

TABLE OF CONTENTS

	<u>Page</u>
PURPOSE OF THE ISSUE AND USE OF FUNDS.....	1
PURPOSE OF THE CERTIFICATES	1
SOURCES AND USES OF FUNDS.....	1
INVESTMENT OF FUNDS	1
DESCRIPTION OF THE CERTIFICATES.....	1
INTEREST CALCULATION.....	1
REGISTRATION AND EXCHANGE FEATURES.....	1
BOOK ENTRY	2
PROVISIONS FOR PAYMENT	2
NOTICE OF REDEMPTION	2
OPTIONAL REDEMPTION.....	2
[MANDATORY REDEMPTION.....	2
AUTHORITY AND SECURITY.....	3
AUTHORITY	3
SECURITY AND SOURCES OF PAYMENT	3
RATING	3
RISK FACTORS AND INVESTOR CONSIDERATIONS	3
MAINTENANCE OF RATINGS	3
SECONDARY MARKET.....	4
FUTURE CHANGES IN LAW.....	4
LIMITATIONS ON REMEDIES AVAILABLE TO OWNERS OF THE CERTIFICATES	4
POTENTIAL IMPACTS RESULTING FROM EPIDEMICS OR PANDEMICS	4
CYBERSECURITY.....	5
PURCHASER/UNDERWRITING	5
CONTINUING DISCLOSURE	5
FUTURE FINANCING	6
LITIGATION	6
LEGAL MATTERS.....	6
TAX MATTERS	6
TAX EXEMPTION	6
RELATED TAX CONSIDERATIONS	7
BANK-QUALIFIED TAX-EXEMPT OBLIGATIONS.....	8
MUNICIPAL ADVISOR.....	8
MUNICIPAL ADVISOR REGISTRATION	8
OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS	8
MISCELLANEOUS.....	8
CERTIFICATION	9

- | | |
|--|--|
| A. General Information of the City | E. Summary of Tax Levies, Payment Provisions, and Minnesota Real |
| B. Book Entry | Property Valuation |
| C. Form of Bond Counsel Opinion | F. 2022 Annual Comprehensive Financial Report |
| D. Form of Continuing Disclosure Undertaking | G. Bidding Information: Terms of Proposal and Proposal Form |

OFFICIAL STATEMENT

CITY OF WINONA, MINNESOTA

\$2,585,000* GENERAL OBLIGATION EQUIPMENT CERTIFICATES OF INDEBTEDNESS, SERIES 2024A

PURPOSE OF THE ISSUE AND USE OF FUNDS

PURPOSE OF THE CERTIFICATES

The proceeds of the Certificates will be used to finance the purchase of various items of capital equipment.

SOURCES AND USES OF FUNDS

The composition of the Certificates is as follows:

Sources of Funds:	
Principal Amount	\$ _____
[Net] Reoffering [Premium][Discount]	_____
Total Sources of Funds	\$ _____
Uses of Funds:	
Deposit to Project Fund	\$ _____
Costs of Issuance(1)	_____
Underwriter's Compensation	_____
Total Uses of Funds	\$ _____

(1) Includes fees for bond counsel, municipal advisor, registrar, rating, and other miscellaneous expenses.

INVESTMENT OF FUNDS

The proceeds of this issue are to be invested in accordance with the laws of the State relating to the depositing, holding, securing, or investing of public funds. The City shall direct the investment of Certificate proceeds.

DESCRIPTION OF THE CERTIFICATES

INTEREST CALCULATION

Interest on the Certificates is payable on February 1 and August 1 of each year, commencing August 1, 2024. Interest will be payable to the holder (initially Cede & Co.) registered on the books of the Registrar as of the fifteenth day of the calendar month next preceding such interest payment date (the "Record Date"). Interest will be computed on the basis of a 360-day year of twelve 30-day months.

REGISTRATION AND EXCHANGE FEATURES

Each registered Certificate shall be transferable or exchangeable only on such record at the designated corporate trust office of the "Registrar" and "Paying Agent," Computershare Trust Company, National Association, Minneapolis, Minnesota, at the written request of the registered owner thereof or his attorney duly authorized in writing upon surrender thereof, together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or his duly authorized attorney.

*Preliminary; subject to change.

BOOK ENTRY

When issued, the Certificates will be registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). Purchases of beneficial interests in the Certificates will be made in book entry only form. See Appendix B: Book Entry.

PROVISIONS FOR PAYMENT

The principal on the Certificates shall be payable at the designated corporate trust office of the Registrar and Paying Agent, or by wire transfer to DTC or any successor depository. All payments of interest on the Certificates shall be paid to the registered owners as the names appear as of the Record Date and at the addresses as they appear on the registration books kept by the Registrar or at such other address as is provided to the Registrar or by wire transfer to DTC or any successor depository. If payment of principal or interest is made to DTC or any successor depository, payment shall be made by wire transfer on the payment date in same-day funds. If the payment date occurs on a date when financial institutions are not open for business, the wire transfer shall be made on the next succeeding business day. The Paying Agent shall be instructed to wire transfer payments by 1:00 p.m. (New York City time) so such payments are received at the depository by 2:30 p.m. (New York City time). Payments on the Certificates shall be made in lawful money of the United States of America which, on the date of such payment, shall be legal tender.

So long as DTC or its nominee is the registered owner of the Certificates, principal and interest on the Certificates will be paid directly to DTC by the Paying Agent. (The final disbursement of such payments to the Beneficial Owners of the Certificates will be the responsibility of the DTC Participants and Indirect Participants.

NOTICE OF REDEMPTION

Mailed notice of redemption shall be given to the registered owner(s) of the Certificates in accordance with the requirements of DTC which currently requires no less than twenty (20) days nor more than sixty (60) days prior to the redemption date. Failure to give such written notice to any registered owner of the Certificates or any defect therein shall not affect the validity of any proceedings for the redemption of the Certificates. All Certificates or portions thereof called for redemption will cease to bear interest after the specified redemption date, provided funds for their redemption are on deposit at the place of payment.

OPTIONAL REDEMPTION

The City may elect on February 1, 2032, and on any day thereafter, to redeem Certificates due on or after February 1, 2033. Redemption may be in whole or in part and if in part at the option of the City and in such manner as the City shall determine. If less than all the Certificates of a maturity are called for redemption, the City will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. All redemptions shall be at a price of par plus accrued interest.

[MANDATORY REDEMPTION

The Term Bonds maturing on _____ [and _____] (the "Term Bonds") are subject to mandatory sinking fund redemption and shall be redeemed in part at par plus accrued interest on the mandatory dates and in the principal amounts as follows:

<u>Year</u>	<u>[] Term Bonds</u> <u>Amount</u>
[first year]	\$ _____
[second/last year]*	\$ _____

<u>Year</u>	<u>[] Term Bonds</u> <u>Amount</u>
[first year]	\$ _____
[second/last year]*	\$ _____

<u>Year</u>	<u>[] Term Bonds</u> <u>Amount</u>
[first year]	\$ _____
[second/last year]*	\$ _____

* *Final Maturity.*

The principal amount of the Term Bonds may be reduced through the earlier optional redemption, with any partial optional redemptions of the Term Bonds credited against future mandatory redemption requirements for such Term Bonds in such order as the City shall determine.]

AUTHORITY AND SECURITY

AUTHORITY

The Certificates are being issued pursuant to Minnesota Statutes, Chapter 475, and Sections 410.32, and 412.301.

SECURITY AND SOURCES OF PAYMENT

The Certificates will be general obligations of the City for which the City will pledge its full faith and credit and power to levy direct general ad valorem taxes. The City budgeted \$359,000 for the first year's debt service payments in the 2023 levy to be collected in 2024. The City will make its first levy for the Certificates in 2024 for collection in 2025. Each year's collection of taxes, if collected in full, will be sufficient to pay 105% of the interest payment due August 1 of the collection year and the principal and interest payment due February 1 of the following year.

Minnesota Statutes, Section 412.301, as amended, specifies that the City may issue certificates of indebtedness to purchase capital equipment without referendum and without being subject to a petition for a referendum if the total amount of the issue does not exceed $\frac{1}{4}$ of 1% of the estimated market value of the City. Based on the City's 2022/23 estimated market value of \$2,269,903,000, this represents a maximum issue size of approximately \$5,674,578. The principal amount of the Certificates is within that limitation and is therefore not subject to petition.

RATING

Moody's Investors Service ("Moody's"), 7 World Trade Center, 250 Greenwich Street, 23rd Floor, New York, New York have assigned a rating of "Aa1" to the Certificates. Such rating reflects only the view of Moody's and any explanation of the significance of such rating may only be obtained from Moody's.

The rating is not a recommendation to buy, sell or hold the Certificates, and such rating may be subject to revision or withdrawal at any time by Moody's. Any revision or withdrawal of the rating may have an adverse effect upon the market price of the Certificates.

The City has not applied to any other rating service for a rating on the Certificates.

RISK FACTORS AND INVESTOR CONSIDERATIONS

Prospective purchasers of the Certificates should consider carefully, along with other matters referred to herein, the following risks of investment. The ability of the City to meet the debt service requirements of the Certificates is subject to various risks and uncertainties which are discussed throughout this Official Statement. Certain investment considerations are set forth below.

MAINTENANCE OF RATINGS

The Certificates have been rated as to their creditworthiness by Moody's. While the City does not anticipate any material changes in the future, no assurance can be given that the Certificates will maintain their original rating. If the rating on the Certificates decreases or is withdrawn, the Certificates may lack liquidity in the secondary market in comparison with other such municipal obligations. See "Rating" herein.

SECONDARY MARKET

While the purchaser of the Certificates may expect, insofar as possible, to maintain a secondary market in the Certificates, no assurance can be given concerning the future existence of such a secondary market or its maintenance by the purchasers or others, and prospective purchasers of the Certificates should therefore be prepared, if necessary, to hold their Certificates to maturity or prior redemption, if any.

FUTURE CHANGES IN LAW

Future legislative proposals, if enacted into law, clarification of the Code (defined herein) or court decisions may cause interest on the Certificates to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Certificates. Prospective purchasers of the Certificates should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations, or litigation, as to which Bond Counsel expresses no opinion.

Legislation affecting municipal bonds is considered from time to time by the United States Congress and the Executive Branch. Bond Counsel's opinion is based upon the law in existence on the date of issuance of the Certificates. It is possible that legislation enacted after the date of issuance of the Certificates or proposed for consideration will have an adverse effect on the excludability of all or a part of the interest on the Certificates from gross income, the manner in which such interest is subject to federal income taxation or the market price of the Certificates.

Legislation affecting municipal bonds is considered from time to time by the Minnesota legislature and Executive Branch. It is possible that legislation enacted after the date of the Certificates or proposed for consideration will have an adverse effect on payment or timing of payment or other matters impacting the Certificates.

The City cannot predict the outcome of any such federal or state proposals as to passage, ultimate content or impact if passed, or timing of consideration or passage. Purchasers of the Certificates should reach their own conclusions regarding the impact of any such federal or state proposals.

There can be no assurance that there will not be any change in, interpretation of, or addition to the applicable laws and provisions which would have a material effect, directly or indirectly, on the affairs of the City.

LIMITATIONS ON REMEDIES AVAILABLE TO OWNERS OF THE CERTIFICATES

No Acceleration. There is no provision for acceleration of maturity of the principal of the Certificates in the event of a default in the payment of principal or interest on the Certificates. Consequently, the owners of the Certificates may have to enforce available remedies.

No Trustee. There is no bond trustee or similar person or entity to monitor or enforce the provisions of the Resolution on behalf of the owners of the Certificates, and therefore the owners should be prepared to enforce such provisions themselves if the need to do so ever arises.

POTENTIAL IMPACTS RESULTING FROM EPIDEMICS OR PANDEMICS

The City's finances may be materially adversely affected by unforeseen impacts of future epidemics and pandemics, such as the Coronavirus (COVID-19) pandemic. The City cannot predict future impacts of epidemics or pandemics, any similar outbreaks, or their impact on travel, on assemblies or gatherings, on the State, national or global economy, or on securities markets, or whether any such disruptions may have a material adverse impact on the financial condition or operations of the City, including but not limited to the payment of debt service on any of its outstanding debt obligations.

CYBERSECURITY

The City relies on computer networks, data storage, collection, and transmission to conduct the operations of the City and has implemented security measures to protect data and limit financial exposure, including securing cyber security insurance to assist with the reduction of potential risk of financial and operational damage resulting from network attacks. Even with these security measures, the City, its information technology, data stored by the City and its infrastructure may be vulnerable in the event of a deliberate system attack, including malware, ransomware, computer virus, employee error or general disruption. If breached or compromised, the networks could be disrupted and information could be accessed, disclosed, lost, or stolen. The City acknowledges that its systems could be affected by a cybersecurity attack and that a loss, disruption, or unauthorized access to data held by the City could have a material impact on the City. Further, as cybersecurity threats evolve, the City will continue to evaluate and implement security measures and work to mitigate any vulnerabilities in its system.

PURCHASER/UNDERWRITING

The Certificates are being purchased by _____ (the "Underwriter") [and its syndicate] at a purchase price of \$_____, which is the par amount of the Certificates of \$_____, less the Underwriter's discount of \$_____, plus the [net] original issue premium/discount of \$_____, plus accrued interest \$_____.

The Underwriter intends to offer the Certificates to the public at the offering prices set forth on the inside cover page of this Official Statement. The Underwriter may allow concessions to certain dealers (including dealers in a selling group of the Underwriter and other dealers depositing the Certificates into investment trusts), who may reallocate concessions to other dealers. After the initial public offering, the public offering price may be varied from time to time by the Certificates.

CONTINUING DISCLOSURE

In order to assist the Underwriters in complying with SEC Rule 15c2-12 (the "Rule"), pursuant to the Award Resolution and Continuing Disclosure Undertaking to be executed on behalf of the City on or before closing, the City has and will covenant (the "Undertaking") for the benefit of holders or beneficial owners of the Certificates to provide certain financial information and operating data relating to the City to certain information repositories annually, and to provide notices of the occurrence of certain events enumerated in the Rule to certain information repositories or the Municipal Securities Rulemaking Board and to any state information depository. The specific nature of the Undertaking, as well as the information to be contained in the annual report or the notices of material events, is set forth in the Undertaking in substantially the form attached hereto as Appendix II, subject to such modifications thereof or additions thereto as: (i) consistent with requirements under the Rule, (ii) required by the purchaser of the Certificates from the City, and (iii) acceptable to the Mayor and Clerk of the City.

The City believes it has complied for the past five years in accordance with the terms of its previous continuing disclosure undertakings entered into pursuant to the Rule, except to the extent the following are deemed to be material. In reviewing its past disclosure practices, the City notes the following:

- Prior continuing disclosure undertakings entered into by the City included language stating that the City's audited financial statements would be filed "as soon as available." Although not always filed "as soon as available," the audited financial statements were filed within the required twelve (12) month timeframe as required in each undertaking.

A failure by the City to comply with the Undertaking will not constitute an event of default on the Certificates (although holders or other beneficial owners of the Certificates will have the sole remedy of bringing an action for specific performance). Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Certificates in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Certificates and their market price.

FUTURE FINANCING

As of the date of the Official Statement, the Port Authority of Winona, Minnesota does currently anticipate issuing additional debt in the calendar year 2024. The issuance is expected to be around \$1,000,000 for the Welcome Center, which is anticipated to be a private placement.

The City periodically evaluates market conditions and outstanding financial obligations for refunding and refinancing opportunities and may issue refunding obligations if debt service savings can be achieved.

LITIGATION

To the knowledge of the officers for the City, there is no litigation pending, or threatened, against the City, which in any way questions or affects the validity of the Certificates, or any proceedings or transactions relating to the issuance, sale, or delivery thereof.

The officers for the City will certify at the time of delivery of the Certificates that there is no litigation pending or in any way threatened questioning the validity of the Certificates, or any of the proceedings relating to the authorization, issuance and sale of the Certificates that would result in a material adverse impact on the financial condition of the City.

LEGAL MATTERS

The Certificates are subject to approval as to certain matters incident to the issuance of the Certificates and with regard to the tax status of the interest thereon by Taft Stettinius & Hollister LLP, of Minneapolis, Minnesota, as bond counsel ("Bond Counsel"). In its capacity as bond counsel, Bond Counsel has reviewed those portions of this Official Statement under the captions "DESCRIPTION OF THE CERTIFICATES" (except "Book Entry" therein), "AUTHORITY AND SECURITY," "LEGAL MATTERS," "TAX MATTERS," "APPENDIX C. Form of Bond Counsel Opinion," and "APPENDIX D. Form of Continuing Undertaking." Except as described in the previous sentence, Bond Counsel has not participated in the preparation of this Official Statement and will not pass upon its accuracy, completeness, or sufficiency, including with respect to any risk factors or other investor considerations contained herein. Bond Counsel has not examined nor attempted to examine or verify, and will express no opinion regarding, any of the financial, operational or statistical statements or data contained in this Official Statement or any other offering or disclosure documents or other information that may be prepared or made available by the City, the Municipal Advisor, the prospective purchasers of the Certificates, or others. A legal opinion in substantially the form set out in Appendix C herein is expected to be delivered at closing.

By expressing its opinion, Bond Counsel is expressing its professional judgment and does not become an insurer or guarantor of the result indicated by that expression of professional judgment or of the transaction or the future performance of the parties to the transaction. Ownership of the Certificates may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Certificates. Prospective purchasers of the Certificates should consult their own tax advisors regarding the applicability of any such state and local taxes.

TAX MATTERS

TAX EXEMPTION

At closing Taft Stettinius & Hollister LLP, Bond Counsel, will render an opinion that, at the time of their issuance and delivery to the original purchaser, under present federal and State of Minnesota laws, regulations, rulings and decisions (which excludes any pending legislation which may have a retroactive effect), the interest on each Certificate is excluded from gross income for purposes of United States income tax and is excluded, to the same extent, in computing both gross income and taxable net income for purposes of State of Minnesota income tax (other than Minnesota franchise taxes measured by income and imposed on corporations and financial institutions), and that interest on the Certificates is not an item of tax preference for purposes of computing the federal alternative minimum tax imposed on individuals or the Minnesota alternative minimum tax applicable to individuals, estates or trusts; however, interest on the

Certificates is taken into account in determining "annual adjusted financial statement income" for the purpose of computing the federal alternative minimum tax imposed on certain corporations for tax years beginning after December 31, 2022. No opinion will be expressed by Bond Counsel regarding other federal or state tax consequences caused by the receipt or accrual of interest on the Certificates or arising with respect to ownership of the Certificates. Preservation of the exclusion of interest on the Certificates from federal gross income and state gross and taxable net income, however, depends upon compliance by the City with all requirements of the Internal Revenue Code of 1986, as amended, (the "Code") that must be satisfied subsequent to the issuance of the Certificates in order that interest thereon be (or continue to be) excluded from federal gross income and state gross and taxable net income. The City will covenant to comply with requirements necessary under the Code to establish and maintain the Certificates as tax-exempt under Section 103 thereof, including without limitation, requirements relating to temporary periods for investments and limitations on amounts invested at a yield greater than the yield on the Certificates.

RELATED TAX CONSIDERATIONS

Property and Casualty Insurance Companies

Property and casualty insurance companies are required to reduce the amount of their loss reserve deduction by 15% of the amount of tax-exempt interest received or accrued during the taxable year on certain obligations acquired after August 7, 1986, including interest on the Certificates.

Foreign Insurance Companies

Foreign companies carrying on an insurance business in the United States are subject to a tax on income which is effectively connected with their conduct of any trade or business in the United States, including "net investment income." Net investment income includes tax-exempt interest such as interest on the Certificates.

Branch Profits Tax

A foreign corporation is subject to a branch profits tax equal to 30% of the "dividend equivalent amount" for the taxable year. The "dividend equivalent amount" is the foreign corporation's "effectively connected earnings and profits" adjusted for increase or decrease in "U.S. net equity." A branch's earnings and profits may include tax-exempt municipal bond interest, such as interest on the Certificates.

Passive Investment Income of S Corporations

Passive investment income, including interest on the Certificates, may be subject to federal income taxation under Section 1375 of the Code for an S corporation that has Subchapter C earnings and profits at the close of the taxable year if more than 25% of the gross receipts of such S corporation is passive investment income.

Financial Institutions

For federal income tax purposes, financial institutions are unable to deduct any portion of the interest expense allocable to the ownership of certain tax-exempt obligations acquired after August 7, 1986, including the Certificates but for the designation as Qualified Tax-Exempt Obligations. See "Bank-Qualified Tax-Exempt Obligations" herein.

General

The preceding is not a comprehensive list of all federal tax consequences which may arise from the receipt or accrual of interest on the Certificates. The receipt or accrual of interest on the Certificates may otherwise affect the federal income tax (or Minnesota income tax or franchise tax) liability of the recipient based on the particular taxes to which the recipient is subject and the particular tax status of other items of income

or deductions. All prospective purchasers of the Certificates are advised to consult their own tax advisors as to the tax consequences of, or tax considerations for, purchasing or holding the Certificates.

BANK-QUALIFIED TAX-EXEMPT OBLIGATIONS

The City will designate the Certificates as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code, relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

MUNICIPAL ADVISOR

The City has retained Baker Tilly Municipal Advisors, LLC as municipal advisor in connection with certain aspects of the issuance of Certificates (the “Municipal Advisor” or “BTMA”). BTMA is a registered municipal advisor and controlled subsidiary of Baker Tilly US, LLP (“BTUS”), an accounting firm and has been retained by the City to provide certain financial advisory services including, among other things, preparation of the deemed “nearly final” Preliminary Official Statement and the Final Official Statement (the “Official Statements”). The information contained in the Official Statements has been compiled from records and other materials provided by City officials and other sources deemed to be reliable. The Municipal Advisor has not verified and will not independently verify the completeness and accuracy of the information contained in the Official Statement. The Municipal Advisor’s duties, responsibilities and fees arise solely as Municipal Advisor to the City and they have no secondary obligations or other responsibility.

MUNICIPAL ADVISOR REGISTRATION

BTMA is a Municipal Advisor registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. As such, BTMA is providing certain specific municipal advisory services to the City, but is neither a placement agent to the City nor a broker/dealer and cannot participate in the underwriting of the Certificates.

The offer and sale of the Certificates shall be made by the City, in the sole discretion of the City, and under its control and supervision. The City has agreed that BTMA does not undertake to sell or attempt to sell the Certificates, and will take no part in the sale thereof.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

BTUS is an advisory, tax and assurance firm headquartered in Chicago, Illinois. BTUS and its affiliated entities, have operations in North America, South America, Europe, Asia and Australia. BTUS is an independent member of Baker Tilly International, a worldwide network of independent accounting and business advisory firms.

Baker Tilly Wealth Management, LLC (“BTWM”), a U.S. Securities and Exchange Commission (“SEC”) registered investment adviser under the Federal Investment Advisers Act of 1940. Baker Tilly Capital, LLC (“BTC”), a wholly owned subsidiary of BTUS, is a limited purpose broker/dealer registered with the SEC and a member of the Financial Industry Regulatory Authority (“FINRA”). Baker Tilly Financial, LLC (“BTF”), is a wholly owned subsidiary of BTUS, registered with the SEC as an investment advisor.

BTUS, BTWM and subsidiaries of BTUS may provide advisory services to the clients of BTMA. BTMA has no other activities or arrangements that are material to its advisory business or its clients with a related person who is a broker-dealer, investment company, other investment adviser or financial planner, bank, law firm or other financial entity.

MISCELLANEOUS

The information contained in this Official Statement has been compiled from the City officials and other sources deemed to be reliable, and while not guaranteed as to completeness or accuracy, it is believed to be correct as of this date. However, the Official Statement speaks only as of its date, and the information contained herein is subject to change.

The references, excerpts, and summaries of all documents referred to herein do not purport to be complete statements of the provisions of such documents, and reference is directed to all such documents for full and complete statements of all matters of fact relating to the Certificates, the security for the payment of the Certificates and the rights and obligations of the owners thereof.

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Neither this Official Statement nor any statement which may have been made orally or in writing is to be construed as a contract with the owners of the Certificates.

CERTIFICATION

The City has authorized the distribution of the Preliminary Official Statement for use in connection with the initial sale of the Certificates and a Final Official Statement following award of the Certificates. The City certifies to the best of its knowledge and belief that this Official Statement, as of its date and as it relates to the City and its economic and financial condition, (i) is complete and accurate; (ii) does not contain any untrue statement of a material fact; and (iii) does not omit any material facts or information which would make the statements contained herein misleading.

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GENERAL INFORMATION OF THE CITY

CITY PROPERTY VALUES

Trend of Values(1)

Assessment/ Collection Year	Assessor's Estimated Market Value	Sales Ratio(2)	Economic Market Value(3)	Market Value Homestead Exclusion	Taxable Market Value	Adjusted Taxable Net Tax Capacity
2022/23	\$2,269,903,000	93.9%	\$2,419,584,799	\$114,872,300	\$2,138,945,600	\$26,492,434
2021/22	2,050,073,600	93.8	2,190,413,538	126,447,700	1,908,936,900	23,858,961
2020/21	1,924,568,200	94.1	2,064,098,735	132,010,900	1,779,660,400	22,363,222
2019/20	1,839,421,600	92.7	1,985,180,709	135,904,900	1,691,671,700	21,373,293
2018/19	1,783,625,700	98.3	1,817,892,454	139,473,600	1,633,454,000	20,666,064

(1) For a description of the Minnesota property tax system, see Appendix E.

(2) Sales Ratio Study for the year of assessment as posted by the Minnesota Department of Revenue, <https://www.revenue.state.mn.us/economic-market-values> and <https://www.revenue.state.mn.us/economic-market-values-reports>.

(3) Economic market values for the year of assessment as posted by the Minnesota Department of Revenue, <https://www.revenue.state.mn.us/economic-market-values> and <https://www.revenue.state.mn.us/economic-market-values-reports>.

Source: Winona County, Minnesota, October 2023, except as otherwise noted.

2022/23 Adjusted Taxable Net Tax Capacity: \$26,492,434(1)

Real Estate:		
Residential Homestead	\$11,651,918	43.6%
Commercial/Industrial and Public Utility	9,561,841	35.8
Residential Non-Homestead	5,072,431	19.0
Agricultural, Commercial & Residential, and Seasonal/Recreational	115,624	0.4
Personal Property	<u>326,527</u>	<u>1.2</u>
2022/23 Net Tax Capacity	\$26,728,341	100.0%
Less: Captured Tax Increment	<u>(235,907)</u>	
2022/23 Adjusted Taxable Net Tax Capacity	\$26,492,434	

(1) Excludes mobile home valuation of \$139.

Ten of the Largest Taxpayers in the City

<u>Taxpayer</u>	<u>Type of Property</u>	<u>2022/23 Net Tax Capacity</u>
Fastenal Company Purchasing	Commercial/Industrial	\$ 725,182
Rivers Development & Const Co	Commercial	370,793
Main Square Development LLC	Commercial	286,646
Northern States Power Co	Utility	283,980
Mikrut Properties LLLP	Commercial/Industrial	280,107
Gundersen Lutheran Admin Serv	Commercial	268,742
Wal-Mart Real Estate Business	Retail	213,904
Broadstone HLC Midwest LLC	Commercial/Industrial	200,826
Automotive Enterprises LLC	Commercial	199,744
MSDJ LLC	Commercial/Industrial	<u>193,460</u>
Total		\$3,023,384(1)

(1) Represents 11.4% of the City's 2022/23 adjusted taxable net tax capacity.

CITY INDEBTEDNESS

Legal Debt Limit and Debt Margin(1)

Legal Debt Limit (3% of 2022/23 Estimated Market Value)	\$68,097,090
Less: Outstanding Debt Subject to Limit	<u>(5,500,000)</u>
Legal Debt Margin as of February 15, 2024	\$62,527,090

(1) The legal debt margin is referred to statutorily as the “Net Debt Limit” and may be increased by debt service funds and current revenues which are applicable to the payment of debt in the current fiscal year.

NOTE: Certain types of debt are not subject to the legal debt limit. See Appendix E – Debt Limitations.

General Obligation Debt Supported Solely by Taxes(1)

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Est. Principal Outstanding As of 2-15-24</u>
12-8-22	3,185,000	Equipment Certificates	2-1-2032	2,915,000
2-15-24	2,585,000	Equipment Certificates (the Certificates)	2-1-2034	<u>2,585,000</u>
Total				\$5,500,000

(1) These issues are subject to the legal debt limit, except as otherwise noted.

General Obligation Tax Abatement Debt

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Est. Principal Outstanding As of 2-15-24</u>
4-20-17	\$4,805,000	Infrastructure Improvements	2-1-2029	\$2,285,000

General Obligation Utility Revenue Debt

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Est. Principal Outstanding As of 2-15-24</u>
3-23-17	\$4,730,000	Sanitary Sewer Improvements	2-1-2029	\$2,170,000

Estimated Calendar Year Debt Service Payments

<u>Year</u>	<u>G.O. Debt Supported Solely by Taxes</u>		<u>G.O. Tax Abatement Debt</u>	
	<u>Principal</u>	<u>Principal & Interest(1)</u>	<u>Principal</u>	<u>Principal & Interest</u>
2024 (at 2-15)	(Paid)	\$ 114,433	(Paid)	\$ 32,100
2025	\$ 525,000	749,643	\$ 435,000	494,850
2026	545,000	745,352	440,000	488,900
2027	575,000	750,045	455,000	490,475
2028	600,000	748,648	470,000	491,600
2029	620,000	741,291	485,000	492,275
2030	650,000	742,727		
2031	680,000	744,773		
2032	705,000	742,650		
2033	295,000	313,037		
2034	<u>305,000</u>	<u>311,121</u>		
Total	\$5,500,000	\$6,703,720	\$2,285,000	\$2,490,200

<u>G.O. Utility Revenue Debt</u>		
<u>Year</u>	<u>Principal</u>	<u>Principal & Interest</u>
2024 (at 2-15)	(Paid)	\$ 25,950
2025	\$ 410,000	455,750
2026	425,000	459,819
2027	435,000	460,144
2028	445,000	460,244
2029	<u>455,000</u>	<u>460,119</u>
Total	\$2,170,000	\$2,322,026

(1) Includes debt service on the Certificates.

Other Debt Obligations

This City currently has an outstanding lease for office and garage space for their Police department. This lease will terminate in May 2024 at which time the City will have the option of renewing the lease.

Additionally, the City has various other leases outstanding for various City departments primarily related to equipment. Most of the leases have a short-term contract with the option to renew the lease at the end of the contract or to purchase the equipment. In some cases, the City will have the option to purchase the equipment at the end of the lease.

In compliance with GASB 87, the City has provided detailed information on their leases in its 2022 Annual Comprehensive Financial Report. GASB 87 is a new lease accounting standard for US government entities that requires specific accounting and reporting of leases both by the lessee and the lessor.

Overlapping Debt

<u>Taxing Unit(1)</u>	<u>2022/23 Adjusted Taxable Net Tax Capacity</u>	<u>Est. G.O. Debt As of 2-15-24 (2)</u>	<u>Debt Applicable to Tax Capacity in City</u>	
			<u>Percent</u>	<u>Amount</u>
Winona County	\$63,206,822	\$25,905,000	41.9%	\$10,854,195
I.S.D. No. 861 (Winona)	43,372,166	17,520,000	61.1	<u>10,704,720</u>
Total				\$21,558,915

(1) Only those units with outstanding general obligation debt are shown here.

(2) Excludes general obligation tax and aid anticipation certificates and revenue-supported debt.

Debt Ratios(1)

	<u>G.O. Direct Debt</u>	<u>G.O. Direct & Overlapping Debt</u>
2022/23 Estimated Market Value (\$2,269,903,000)	0.44%	1.39%
Per Capita (25,842 – 2022 U.S. Census Estimate)	\$385	\$1,219

(1) Excludes general obligation utility revenue debt, revenue debt, and other debt obligations.

CITY TAX RATES, LEVIES AND COLLECTIONS

Tax Capacity Rates for a Resident in I.S.D. No. 861 (Winona)

	<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>
Winona County	39.712%	39.101%	37.966%	36.925%	35.301%
City of Winona	41.597	41.846	42.031	41.456	40.881
I.S.D. No. 861 (Winona)(1)	22.198	20.474	17.355	16.712	15.364
Port Authority	<u>2.836</u>	<u>2.222</u>	<u>2.098</u>	<u>2.021</u>	<u>1.942</u>
Total	106.343%	103.643%	99.450%	97.114%	93.488%

(1) In addition, Independent School District No. 861 (Winona) has a 2022/23 market value tax rate of 0.125279% spread across the market value of property in support of an excess operating levy.

NOTE: This table includes only net tax capacity-based rates. Certain other tax rates are based on market value. See Appendix E.

Tax Levies and Collections

<u>Levy/Collect</u>	<u>Net Levy(1)</u>	<u>Collected During Collection Year</u>		<u>Collected and/or Abated as of</u>	
		<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
2022/23	\$10,828,405	(In Process of Collection)			
2021/22	9,889,294	\$9,813,111	99.2%	\$9,864,424	99.7%
2020/21	9,397,801	9,359,998	99.6	9,390,205	99.9
2019/20	8,924,258	8,832,054	99.0	8,917,331	99.9
2018/19	8,594,923	8,389,686	97.6	8,590,172	99.9

(1) The net levy excludes state aid for property tax relief and fiscal disparities, if applicable. The net levy is the basis for computing tax capacity rates. See Appendix E.

FUNDS ON HAND
As of October 31, 2023

General Fund	\$11,454,752
Special Revenue Funds	2,939,971
Debt Service Funds:	
Supported by Property Taxes	994,364
Supported by Special Assessments	1,469,288
Supported by Other	373,074
Capital Project Funds	5,769,084
Permanent Funds	331,895
Enterprise Funds	28,376,371
Internal Service Funds	18,461,998
Custodial Fund	21
Port Authority – General Fund	2,612,644
Port Authority – Special Revenue Funds	914,453
Port Authority – Debt Service Funds:	
Supported by Property Taxes	350,042
Port Authority – Capital Project Funds	<u>1,335,199</u>
 Total Cash and Investments	 \$75,383,156

INVESTMENTS

The City approved a revised investment policy as part of their Financial Management Policy that was adopted by the Council on October 3, 2022. Investments of the City are made in accordance with Minnesota Statutes and in a manner that seeks to ensure the preservation of capital in the overall portfolio. The Finance Director is charged with the responsibility of conducting investment transactions. Investments as of October 31, 2023, had a value of \$75,383,156.

The investment portfolio is invested as follows:

Money Market Savings/Checking	\$62,477,316	82.88%
Certificates of Deposit	3,200,000	4.24
U.S. Treasuries	<u>9,705,840</u>	<u>12.88</u>
 Total City Investments	 \$75,383,156	 100.00%

FINANCIAL MANAGEMENT POLICY

The City's financial management policy was adopted by the Council on October 3, 2022. The policy provides for the sound financial management for the City, the setting aside of dollars to fund City commitments and future capital needs, and discussions of the City's operating needs along with capital projects.

GENERAL INFORMATION CONCERNING THE CITY

The City is located in Winona County in the southeastern part of the state of Minnesota. The City is situated on the west bank of the Mississippi River, Approximately 110 miles southeast of the Minneapolis/Saint Paul metropolitan area. The City encompasses an area of approximately 24 square miles (15,500 acres).

Population

The City's population trend is shown below.

	<u>Population</u>	<u>Percent Change</u>
2022 U.S. Census Estimate	25,842	(0.41)%
2020 U.S. Census	25,948	(5.96)
2010 U.S. Census	27,592	1.93
2000 U.S. Census	27,069	6.58
1990 U.S. Census	25,399	0.59
1980 U.S. Census	25,250	--

Sources: United States Census Bureau, <http://www.census.gov/>.

The City's estimated population by age group for the past five years is as follows:

<u>Data Year/ Report Year</u>	<u>0-17</u>	<u>18-34</u>	<u>35-64</u>	<u>65 and Over</u>
2022/23	3,882	9,436	7,627	4,929
2021/22	4,004	9,958	7,818	4,814
2020/21	4,047	10,050	7,701	4,654
2019/20	4,118	10,395	7,733	4,574
2018/19	4,095	10,688	7,666	4,416

Source: Claritas, LLC.

Transportation

Interstate Highway 90, U.S. Highways 61 and 14, and State Highway 43 traverse the City. In 2016, the Winona Municipal Airport completed reconstruction of its 5,680-foot runway and navigational aids. The City-owned airport, which provides both chartered air and general aviation services, actively serves area businesses, industries, and educational organizations.

AREA ECONOMY

Major Employers

<u>Employer</u>	<u>Product/Service</u>	<u>Approximate Number of Employees</u>
Fastenal Company	Wholesale distribution	1,584
Winona State University	Post-secondary education	875
Winona Health	Hospital/health care	703
WinCraft Inc.	Promotional materials	472
RTP Company	Plastics and synthetic resins	472
School District No. 861	Public education	422
Saint Mary's University	Post-secondary education	365
Watlow Controls	Electronic heating devices and supplies	344
Solvay Group	Aerospace Products	275
Winona County	County government	273
Peerless Chain	Fabricated wire products	237
Hal Leonard Publishing	Publishing/printing	230
Merchants Bank	Banking services	212
HyVee	Supermarkets & Other Grocery Stores	195
BCS Automotive Electronics	Industrial machinery	170
City of Winona	City government	169
Behrens Manufacturing	Steel container manufacturing	141
Gundersen Clinic	Outpatient Care Center	131
Watkins, Inc.	Spices & extract manufacturing	137
Bay State Milling	Flour milling	110
Thern Inc.	Industrial crane manufacturing	110

Source: The City

Labor Force Data

	<u>Annual Average</u>				<u>October</u>
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Labor Force:					
City of Winona	15,309	15,197	14,845	14,997	15,288
Winona County	28,731	28,513	27,912	28,246	28,766
State of Minnesota	3,108,681	3,134,160	3,039,322	3,077,500	3,113,762
Unemployment Rate (%):					
City of Winona	3.0%	5.3%	3.2%	2.1%	2.4%
Winona County	2.9	5.0	3.1	2.2	2.4
State of Minnesota	3.3	6.3	3.8	2.7	2.7

Source: Minnesota Department of Employment and Economic Development,
<https://apps.deed.state.mn.us/lmi/laus>. 2023 data are preliminary.

Retail Sales and Effective Buying Income (EBI)

City of Winona

<u>Data Year/ Report Year</u>	<u>Total Retail Sales (\$000)</u>	<u>Total EBI (\$000)</u>	<u>Median Household EBI</u>
2022/23	\$620,568	\$706,023	\$50,949
2021/22	546,427	667,474	49,485
2020/21	508,394	587,730	43,775
2019/20	628,006	584,157	43,358
2018/19	616,945	592,135	43,087

Winona County

<u>Data Year/ Report Year</u>	<u>Total Retail Sales (\$000)</u>	<u>Total EBI (\$000)</u>	<u>Median Household EBI</u>
2022/23	\$972,438	\$1,559,852	\$60,851
2021/22	869,797	1,419,799	57,475
2020/21	804,355	1,256,610	51,280
2019/20	947,410	1,229,880	50,528
2018/19	915,001	1,216,066	50,098

The 2022/23 Median Household EBI for the State of Minnesota was \$71,569. The 2022/23 Median Household EBI for the United States was \$64,600.

Source: Claritas, LLC.

Permits Issued by the City

	<u>New Single Family Residential</u>		<u>New Commercial/Industrial</u>		<u>Total Value(1) (All Permits)</u>
	<u>Number</u>	<u>Value</u>	<u>Number</u>	<u>Value</u>	
2023 (to 12/18/23)	532	\$19,695,359	70	\$69,293,474	\$88,988,833
2022	850	13,664,954	90	35,760,613	49,425,567
2021	914	23,189,355	81	17,387,203	40,576,558
2020	903	20,239,458	99	74,049,742	94,289,200
2019	455	9,349,378	109	73,975,522	83,324,900
2018	431	29,396,109	114	15,380,591	44,776,700
2017	560	10,019,568	104	16,287,543	26,307,111
2016	558	8,320,718	125	46,497,621	54,818,339
2015	637	12,079,801	140	27,246,499	39,326,300
2014	757	8,515,072	116	23,196,034	31,711,106

(1) In addition to building permits, the total value includes all other permits issued by the City (i.e. heating, lighting, plumbing, roof replacement, etc.).

Source: City of Winona.

Recent Development

City property values increased during 2022 through the issuance of \$49,425,567 in building permits, (90 nonresidential permits for a value of \$35,760,613 and 850 residential permits for a value of \$13,664,954) which includes the list below:

- Cotter Schools – New elementary school foundation for \$2,800,000 and structural steel framework for \$16,100,000.
- WREF Exchange – Historic renovation of a five-story building into short and long-term rental housing for \$5,350,000.
- Solvay – Construction of mezzanine and rehabilitation for \$1,326,700.
- CHS Inc – Foundation and dust control system for \$1,200,000.
- TWAS Properties LLC – Construction of a new car wash/spa for \$900,000.
- Winona State University – Installation of new rooftop solar on 6 buildings including Haake & Helve Halls, Wellness Center, Kirkland Hall, McCown Gym and Rec Center for a total of \$878,900.
- Winona State University – Installation of a solar pv steel canopy over parking lot for \$700,000.
- Modern Transport – Installation of a new roof for \$694,000.
- Port Authority – Construction of 2 buildings at 890 Riverview Drive a 60' x 130' building and 150' x 100' building for a total of \$575,000.
- State of Minnesota Winona Armory – Installation of a new roof for \$321,480.
- Griffith Family Ltd – Installation of siding on 4 buildings in a multi-family housing development for \$296,764.
- U Haul Amerco – Construction of storage units for \$250,000.

Through December 18, 2023, building permits of \$88,988,833 were issued, (70 nonresidential permits for a value of \$69,293,474 and 532 residential permits for \$19,695,359).

- WinCraft Inc. – Expansion project of 147,000 square foot in the amount of \$8,140,172.
- Cotter High School – Renovate, remodel and add an addition for \$7,233,757.
- Winona Volunteer Services – New 20,000 square-foot building for \$3,900,000.
- Main Square Development – footing and foundation for Minnesota Masterpiece Hall, a new 700 seat music hall and art studio for \$2,000,000.
- BDK Investments – new coffee house for \$650,000.
- Keith Dencker – two new four-plexes for \$500,000
- Winona Health – replacement of coolers and freezers for \$418,350.
- Whitewater Properties – New 63 unit residential building for \$7,500,000.
- Island City Living – Addition of 10 apartments and commercial space for \$1,500,000.
- Minnesota Masterpiece Hall – New 4 story 72,586 square-foot building including a concert hall and art gallery for \$39,500,000.

Fanatics, the nation's leading licensed supports merchandiser, purchased Winona-based WinCraft in 2020. In 2023 construction began on a new 147,000 square foot facility in Technology Park, a park developed by the Port Authority in the 1990's. Minnesota Masterpiece Hall is a \$35 million building that will include a 700 – 800 seat concert hall, art galleries and education space and is expected to be complete in 2025.

Education

Public Education

The following district serves the residents of the City:

<u>School</u>	<u>Location</u>	<u>Grades</u>	<u>2022/23(1) Enrollment</u>
I.S.D. No. 861 (Winona)	City of Winona	PK-12	2,455

(1) 2023/24 enrollment figures are not yet available.

Source: Minnesota Department of Education, www.education.state.mn.us.

Non-Public Education

City residents are also served by the following private schools:

<u>School</u>	<u>Location</u>	<u>Grades</u>	<u>2022/23(1) Enrollment</u>
Cotter Schools	City of Winona		888
St. Martin's Lutheran	City of Winona		110
Hope Lutheran High School	City of Winona		63
St. Matthew's Lutheran	City of Winona		58

(1) 2023/24 enrollment figures are not yet available.

Source: Minnesota Department of Education, www.education.state.mn.us.

Post-Secondary Education

There are three post-secondary institutions located in the City: Winona State University, a public, four-year university; Saint Mary's University of Minnesota, a private, Catholic, four-year university; and Minnesota State College Southeast Technical, a multi-campus, regional technical college.

Winona State University offers 80 academic majors and 10 pre-professional programs, and has a total enrollment of approximately 6,165 students in both undergraduate and graduate programs. Saint Mary's University of Minnesota serves approximately 1,000 students at its Winona residential campus and approximately 3,730 graduate students at its non-residential Minneapolis campus. The University's President and cabinet are located on the campus in Winona. Minnesota State College-Southeast Technical offers associate degrees, certificates, and diplomas in over 45 programs in eight major career areas. The College currently serves a total of approximately 2,503 students on its Winona and Red Wing, Minnesota campuses.

GOVERNMENTAL ORGANIZATION AND SERVICES

Organization

The City of Winona has been a municipal corporation since 1857 and adopted its current Home Rule Charter in 1968. The City operates with a Council-Manager form of government. The City Council consists of six members, two elected at-large and four elected by ward to overlapping four-year terms of office. The Mayor is elected at large to a four-year term. The current Mayor and Council Members are listed below:

The following individuals comprise the current City Council:

		<u>Expiration of Term</u>
Scott Sherman	Mayor	December 31, 2024
George Borzyskowski	Council Member	December 31, 2026
Pamela Eyden	Council Member	December 31, 2024
Jeff Hyma	Council Member	December 31, 2026
Jerome Christenson	Council Member	December 31, 2026
Aaron Repinski	Council Member	December 31, 2024
Steven Young	Council Member	December 31, 2024

The chief administrative officer of the City is the City Manager, Mr. Chad Ubl. Mr. Ubl's responsibilities include the coordination, preparation, and dissemination of information for Council decision-making; the oversight and direction of the City's budget; and the oversight and coordination of the City's departmental activities, including Public Works, Finance, Library, Community Development, Police, Fire, Recreation, and serves as the Executive Secretary to the Port Authority. He is also responsible for hiring all City personnel. Mr. Ubl has been with the City since 1997, having previously served as the City's Facility Coordinator in the

Parks Department, Community Services Director, and Assistant City Manager. Mr. Ubl is a graduate of the University of Wisconsin- Eau Claire with a bachelor's degree in Communication Science and from Winona State University with a bachelor's degree in Recreation and Leisure studies.

Financial operations of the City are the responsibility of the Finance Director, Ms. Jessica Wojahn. Ms. Wojahn was appointed in 2020 and is responsible for the direction and coordination of financial functions of the City. This includes the management of the City's investments, leadership of the accounting activities, assistance to the City Manager for budget preparation, and financial support to City departments and operations. Prior to this position, Ms. Wojahn served for seven years as a Financial Analyst to the City. Ms. Wojahn is a graduate of Winona State University with a Bachelor of Science degree in Accounting and Finance. She is an accountant certified by the Minnesota State Board of Accountancy and has completed the Certified Public Finance Officers program through the Government Finance Officers Association.

The Director of Public Works is Mr. Brian DeFrang, who was appointed in 2020. Mr. DeFrang's responsibilities include the direction and oversight of the Engineering; Street Maintenance; Water; Sanitary Sewer; Central Garage; and Airport departments. Mr. DeFrang has served in private practice and municipal government since 1993. He is a graduate of Winona State University with a Bachelor of Science degree in Engineering.

The Director of Community Development and the Port Authority Director is Lucy McMartin, who was appointed in 2011. Ms. McMartin's responsibilities include advising and implementing economic development and community development goals and objective and oversight of Planning, Zoning; Protective Inspections; and Community Development Department. Ms. McMartin has been with the City since 1987, and previously served as the Program Development Director. Ms. McMartin is a graduate of Winona State University with a Bachelor of Science degree in Business Administration and Minor in Accounting. She has also completed course work with the International Economic Development Council and National Development Council.

The City Clerk is Ms. Monica Hennessy Mohan, who was appointed in 1998. Ms. Hennessy Mohan also serves as Secretary to the City Council, certifies official documents, and is responsible for the publication of legal notices and the issuance and administration of agreements and licenses. Ms. Hennessy Mohan previously worked as an analyst for the City of Minneapolis finance department for 10 years. She is a graduate of Saint Mary's University of Winona with a Bachelor of Arts degree in Public Administration and completed graduate work in Public Affairs at the University of Minnesota's Hubert H. Humphrey Institute. Ms. Hennessy Mohan has received the Master Municipal Clerk designation from the IIMC, and the Minnesota Master Municipal Clerk designation from the MCFOA.

Services

The City has approximately 165 full-time equivalent employees providing a variety of services for City residents. Services provided by the City include public safety, encompassing police and fire, highway and street maintenance, public transportation, cultural-recreation programs, park maintenance, planning, zoning, building inspections, public improvements, and general administrative services.

Police protection for the City includes 33 officers and a full-time Police Chief. The City's Fire Department is comprised of 26 full-time and 16 part-time fire fighters.

The City owns and operates a municipal airport, the Winona Public Library System, and there are 18 playgrounds and 27 parks on 3,000 acres.

The City provides municipal water and sanitary sewer facilities for the entire community of Winona, and sanitary sewer service for the neighboring City of Goodview. The City's water supply consists of eight wells with a pumping capacity of 550-1,500 gallons per minute for each well. The average daily consumption of the City's water system is 2.9 million gallons per day (gpd) with a maximum capacity of 11.6 million gpd. The storage capacity of the City's water system is 7.95 million gallons. The City's water treatment facilities consist of three filtration plants, with the Johnson Street Plant serving as the primary treatment facility.

The average daily flow to the City's sewage treatment system is estimated at 4.14 million gpd with a peak demand of 13.6 million gpd. The treatment capacity of the sewage treatment plant is 9.6 million gpd with a peak hourly wet weather flow of 10,500 gpm. The City upgraded its wastewater treatment plant by installing additional secondary treatment processes and made solids-handling improvements in 1999. Both the main water treatment facility and sewer treatment facility have stationary backup power generators. A portable generator for the other plants, wells, and pumping stations was purchased in 2002, a smaller secondary generator was purchased in 2021.

Labor Contracts

The status of labor contracts in the City is as follows:

<u>Bargaining Unit</u>	<u>No. of Employees</u>	<u>Expiration Date of Current Contract</u>
AFSCME	33	December 31, 2025
COWPEA	12	December 31, 2025
IAFF Firefighters	14	December 31, 2025
IAFF Fire Captains	6	December 31, 2025
LELS Officers	24	December 31, 2025
LELS Sergeants	7	December 31, 2025
Teamsters	<u>45</u>	December 31, 2025
Subtotal	141	
Non-unionized employees	<u>43</u>	
Total employees	184	

Employee Pensions

All full-time employees and certain part-time employees of the City are covered by defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Fund (GERF), the Public Employees Police and Fire Fund (PEPFF) and the Public Employees Correctional Fund (PECF), which are cost-sharing multiple-employer retirement plans. In addition, the City participates in the Public Employees Defined Contribution Plan (PEDCP), a multiple-employer deferred compensation plan administered by PERA.

A detailed description of these plans, along with the City's required contributions to each plan, are represented in the City's Annual Comprehensive Financial Reports. The City's Annual Comprehensive Financial Report for fiscal year ended December 31, 2022, is included as Appendix F of this Official Statement. (The City's Annual Comprehensive Financial Report for the fiscal year ended December 31, 2023 are not yet available.)

Other Postemployment Benefits

The City has obligations to its employees for post-employment benefits other than pensions, accounted for pursuant to the Government Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (GASB 75). The City's OPEB liabilities and associated contributions are represented in the City's Annual Comprehensive Financial Reports. The City's Annual Comprehensive Financial Report for fiscal year ended December 31, 2022, is included as Appendix F of this Official Statement. (The City's Annual Comprehensive Financial Report for the fiscal year ended December 31, 2023 are not yet available.)

Sources: City's Annual Comprehensive Financial Reports.

Federal Financial Assistance

As of the date of this Official Statement, the City has received \$2,906,252 of American Rescue Plan Act (ARPA) Funds.

Major General Fund Revenue Sources

<u>Revenue</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Intergovernmental	\$8,961,401	\$9,046,297	\$11,180,467	\$9,401,838	\$9,597,653
General Property Taxes	5,693,184	6,051,095	6,393,533	6,748,263	7,186,862
Franchise Fees	1,485,669	1,446,196	1,416,801	1,518,837	1,655,693
Charges for Services	984,569	1,049,917	914,867	1,346,896	1,146,268
Transfers from other Funds	472,645	518,772	770,269	1,209,151	215,241

Sources: City's Annual Comprehensive Financial Reports.

General Fund Budget Summary

	<u>2022 Budget</u>	<u>2022 Actual</u>	<u>2023 Budget</u>
Revenues:			
Taxes	\$ 7,221,784	\$ 7,186,862	\$ 7,943,815
Franchise Fees	1,430,000	1,655,693	1,430,000
Licenses and Permits	186,550	181,399	189,750
Intergovernmental	9,313,197	9,597,653	9,438,896
Charges for Services	1,017,459	1,146,268	1,063,870
Fines and Forfeits	142,000	168,701	142,000
Investment Earnings	50,000	116,681	75,000
Miscellaneous	<u>40,000</u>	<u>46,796</u>	<u>0</u>
Total Revenues	\$19,400,990	\$20,100,053	\$20,283,331
Expenditures:			
General Government	\$ 3,967,518	\$ 3,608,359	\$ 4,217,399
Public Safety	9,962,711	9,420,762	10,146,813
Highways and Streets	3,124,287	3,112,602	3,188,769
Sanitation and Waste Removal	48,450	48,374	48,450
Economic Development	346,731	308,417	348,264
Park Maintenance	2,048,293	2,131,796	2,198,636
Capital Outlay	199,000	379,184	215,000
Debt Service	<u>0</u>	<u>23,392</u>	<u>0</u>
Total Expenditures	\$19,696,990	\$19,032,886	\$20,363,331
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (296,000)	\$ 1,067,167	\$ (80,000)
Other Financing Sources (Uses):			
Transfers In	\$ 116,000	\$ 215,241	\$ 182,000
Transfers Out	0	(66,452)	(102,000)
Lease Recognition	0	180,609	0
Sale of Capital Assets	<u>180,000</u>	<u>127,950</u>	<u>0</u>
Total Other Financing Sources (Uses)	\$ 296,000	\$ 457,348	\$ 80,000
Net Change in Fund Balance	<u>\$ 0</u>	<u>\$ 1,524,515</u>	<u>\$ 0</u>
Beginning Fund Balance - January 1	\$10,874,421	\$10,874,421	\$12,398,936
Ending Fund Balance - December 31	\$10,874,421	\$12,398,936	\$12,398,936

Sources: City's Annual Comprehensive Financial Reports and 2023 Budget.

BOOK ENTRY

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Certificates. The Certificates will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Certificates, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Certificates on DTC’s records. The ownership interest of each actual purchaser of each Certificate (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Certificates are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Certificates, except in the event that use of the book-entry system for the Certificates is discontinued.

To facilitate subsequent transfers, all Certificates deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Certificates; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Certificates, such as redemptions, tenders, defaults, and proposed amendments to the Certificates documents. For example, Beneficial Owners of the Certificates may wish to ascertain that the nominee holding the Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Certificates within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Certificates unless authorized by a Direct Participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Certificates will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or its agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or its agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Certificates at any time by giving reasonable notice to City or its agent. Under such circumstances, in the event that a successor depository is not obtained, certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

FORM OF BOND COUNSEL OPINION

§ _____
 GENERAL OBLIGATION EQUIPMENT CERTIFICATES OF
 INDEBTEDNESS, SERIES 2024A
 CITY OF WINONA
 WINONA COUNTY
 MINNESOTA

We have acted as bond counsel in connection with the issuance by the City of Winona, Winona County, Minnesota (the "Issuer"), of its § _____ General Obligation Equipment Certificates of Indebtedness, Series 2024A, bearing a date of original issue of February 15, 2024 (the "Certificates"). We have examined the law and such certified proceedings and other documents as we deem necessary to render this opinion.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Certificates, and we express no opinion relating thereto.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon such examinations, and assuming the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as certified or photostatic copies and the authenticity of the originals of such documents, and the accuracy of the statements of fact contained in such documents, and based upon present Minnesota and federal laws (which excludes any pending legislation which may have a retroactive effect on or before the date hereof), regulations, rulings and decisions, it is our opinion that:

The proceedings show lawful authority for the issuance of the Certificates according to their terms under the Constitution, Charter of the Issuer and laws of the State of Minnesota now in force.

The Certificates are valid and binding general obligations of the Issuer, and all of the taxable property within the Issuer's jurisdiction is subject to the levy of an ad valorem tax to pay the same without limitation as to rate or amount; provided that the enforceability (but not the validity) of the Certificates and the pledge of taxes for the payment of the principal and interest thereon is subject to the exercise of judicial discretion in accordance with general principles of equity, to the constitutional powers of the United States of America and to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted.

At the time of the issuance and delivery of the Certificates to the original purchaser, the interest on the Certificates is excluded from gross income for United States income tax purposes and is excluded, to the same extent, from both gross income and taxable net income for State of Minnesota income tax purposes (other than Minnesota franchise taxes measured by income and imposed on corporations and financial institutions), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals or the Minnesota

alternative minimum tax applicable to individuals, estates or trusts; however, interest on the Certificates is taken into account in determining "annual adjusted financial statement income" for the purpose of computing the federal alternative minimum tax imposed on certain corporations for tax years beginning after December 31, 2022. The opinions set forth in the preceding sentence are subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Certificates in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes and from both gross income and taxable net income for State of Minnesota income tax purposes. Failure to comply with certain of such requirements may cause the inclusion of interest on the Certificates in gross income and taxable net income retroactive to the date of issuance of the Certificates.

We express no opinion regarding other state or federal tax consequences caused by the receipt or accrual of interest on the Certificates or arising with respect to ownership of the Certificates.

This opinion is given as of the date hereof, and we assume no obligation to update, revise, or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur and be retroactive.

TAFT STETTINIUS & HOLLISTER LLP

FORM OF CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the "Disclosure Undertaking") is executed and delivered by the City of Winona, Minnesota (the "Issuer"), in connection with the issuance of its \$_____ General Obligation Equipment Certificates of Indebtedness, Series 2024A (the "Certificates"). The Certificates are being issued pursuant to a Resolution adopted on January 16, 2024 (the "Resolution"). Pursuant to the Resolution and this Disclosure Undertaking, the Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Undertaking. This Disclosure Undertaking is being executed and delivered by the Issuer for the benefit of the Owners and in order to assist the Participating Underwriters in complying with SEC Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Undertaking unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any annual financial information provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Undertaking.

"Audited Financial Statements" shall mean the financial statements of the Issuer audited annually by an independent certified public accounting firm, prepared pursuant to generally accepted accounting principles promulgated by the Financial Accounting Standards Board, modified by governmental accounting standards promulgated by the Government Accounting Standards Board.

"Dissemination Agent" shall mean such party from time to time designated in writing by the Issuer to act as information dissemination agent and which has filed with the Issuer a written acceptance of such designation.

"Financial Obligation" shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). This term shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Fiscal Year" shall be the fiscal year of the Issuer.

"Governing Body" shall, with respect to the Certificates, have the meaning given that term in Minnesota Statutes, Section 475.51, Subdivision 9.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Occurrence(s)" shall mean any of the events listed in Section 5 of this Disclosure Undertaking.

"Official Statement" shall be the Official Statement dated _____, 202_, prepared in connection with the Certificates.

"Owners" shall mean the registered holders and, if not the same, the beneficial owners of any Certificates.

"Participating Underwriter" shall mean any of the original underwriters of the Certificates required to comply with the Rule in connection with offering of the Certificates.

"Resolution" shall mean the resolution or resolutions adopted by the Governing Body of the Issuer providing for, and authorizing the issuance of, the Certificates.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time or interpreted by the Securities and Exchange Commission.

SECTION 3. Provision of Annual Reports.

A. Beginning in connection with the Fiscal Year ending on December 31, 2023, the Issuer shall, or shall cause the Dissemination Agent to provide to the MSRB by filing at www.emma.msrb.org, together with such identifying information as prescribed by the MSRB, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Undertaking by not later than December 31, 2024, and by December 31 of each year thereafter.

B. If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection A, the Issuer shall send a notice of such delay and estimated date of delivery to the MSRB.

SECTION 4. Content and Format of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the financial information and operating data pertaining to the Issuer listed below as of the end of the preceding Fiscal Year. The Annual Report may be submitted to the MSRB as a single document or as separate documents comprising a package, and may cross-reference other information as provided in this Disclosure Undertaking.

The following financial information and operating data shall be supplied:

A. An update of the operating and financial data of the type of information contained in the Official Statement under the captions: City Property Values; City Indebtedness; and City Tax Rates, Levies and Collections.

B. Audited Financial Statements of the Issuer. The Audited Financial Statements of the Issuer may be submitted to the MSRB separately from the balance of the Annual Report. In the event Audited Financial Statements of the Issuer are not available on or before the date for filing the Annual Report with the MSRB as set forth in Section 3.A. above, unaudited financial statements shall be provided as part of the Annual Report. The accounting principles pursuant to which the financial statements will be prepared will be pursuant to generally accepted accounting principles promulgated by the Financial Accounting Standards Board, as such principles are modified by the governmental accounting standards promulgated by the Government Accounting Standards Board, as in effect from time to time. If Audited Financial Statements are not provided because they are not available on or before the date for filing the Annual Report, the Issuer shall promptly provide them to the MSRB when available.

SECTION 5. Reporting of Significant Events. This Section 5 shall govern the giving of notices of the occurrence of any of the following events with respect to the Certificates:

- (1) Principal and interest payment delinquencies;

- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Certificates, or other material events affecting the tax status of the Certificates;
- (7) Modifications to rights of security holders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Certificates, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the Issuer;
- (13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material; and,
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

Whenever an event listed above has occurred, the Issuer shall promptly, which may not be in excess of the ten (10) business days after the Occurrence, file a notice of such Occurrence with the MSRB, by filing at www.emma.msrb.org, together with such identifying information as prescribed by the MSRB.

The Issuer agrees to provide or cause to be provided, in a timely manner, to the MSRB notice of a failure by the Issuer to provide the Annual Reports described in Section 4.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Undertaking shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Certificates.

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Undertaking, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Undertaking, the Issuer may amend this Disclosure Undertaking, and any provision of this Disclosure Undertaking may be waived, if (a) a change in law or change in the ordinary business or operation of the Issuer has occurred, (b) such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule, and (c) such amendment or waiver is supported by an opinion of counsel expert in federal securities laws to the effect that such amendment or waiver would not materially impair the interests of Owners.

SECTION 9. Additional Information. Nothing in this Disclosure Undertaking shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Undertaking or any other means of communication, or including any other information in any Annual Report or notice of an Occurrence, in addition to that which is required by this Disclosure Undertaking. If the Issuer chooses to include any information in any Annual Report or notice of an Occurrence in addition to that which is specifically required by this Disclosure Undertaking, the Issuer shall have no obligation under this Disclosure Undertaking to update such information or include it in any future Annual Report or notice of an Occurrence.

SECTION 10. Default. In the event of a failure of the Issuer to provide information required by this Disclosure Undertaking, any Owner may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations to provide information under this Disclosure Undertaking. A default under this Disclosure Undertaking shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure Undertaking in the event of any failure of the Issuer to comply with this Disclosure Undertaking shall be an action to compel performance.

SECTION 11. Beneficiaries. This Disclosure Undertaking shall inure solely to the benefit of the Issuer, the Participating Underwriters and Owners from time to time of the Certificates, and shall create no rights in any other person or entity.

SECTION 12. Reserved Rights. The Issuer reserves the right to discontinue providing any information required under the Rule if a final determination should be made by a court of competent jurisdiction that the Rule is invalid or otherwise unlawful or, subject to the provisions of Section 8 hereof, to modify the undertaking under this Disclosure Undertaking if the Issuer determines that such modification is required by the Rule or by a court of competent jurisdiction.

Dated: February 15, 2024.

CITY OF WINONA, MINNESOTA

By _____

Its Mayor

By _____

Its City Clerk

SUMMARY OF TAX LEVIES, PAYMENT PROVISIONS, AND MINNESOTA REAL PROPERTY VALUATION

Following is a summary of certain statutory provisions relative to tax levy procedures, tax payment and credit procedures, and the mechanics of real property valuation. The summary does not purport to be inclusive of all such provisions or of the specific provisions discussed, and is qualified by reference to the complete text of applicable statutes, rules and regulations of the State of Minnesota.

PROPERTY VALUATIONS (CHAPTER 273, MINNESOTA STATUTES)

Assessor's Estimated Market Value. Each parcel of real property subject to taxation must, by statute, be appraised at least once every five years as of January 2 of the year of appraisal. With certain exceptions, all property is valued at its market value, which is the value the assessor determines to be the price the property to be fairly worth, and which is referred to as the "Estimated Market Value." The 2013 Minnesota Legislature established the Estimated Market Value as the value used to calculate a municipality's legal debt limit.

Economic Market Value. The Economic Market Value is the value of locally assessed real property (Assessor's Estimated Market Value) divided by the sales ratio as provided by the State of Minnesota Department of Revenue plus the estimated market value of personal property, utilities, railroad, and minerals.

Taxable Market Value. The Taxable Market Value is the value that Net Tax Capacity is based on, after all reductions, limitations, exemptions and deferrals.

Net Tax Capacity. The Net Tax Capacity is the value upon which net taxes are levied, extended and collected. The Net Tax Capacity is computed by applying the class rate percentages specific to each type of property classification against the Taxable Market Value. Class rate percentages vary depending on the type of property as shown on the last page of this Appendix. The formulas and class rates for converting Taxable Market Value to Net Tax Capacity represent a basic element of the State's property tax relief system and are subject to annual revisions by the State Legislature. Property taxes are the sum of the amounts determined by (i) multiplying the Net Tax Capacity by the tax capacity rate, and (ii) multiplying the referendum market value by the market value rate.

Market Value Homestead Exclusion. In 2011, the Market Value Homestead Exclusion Program (MVHE) was implemented to offset the elimination of the Market Value Homestead Credit Program that provided relief to certain homesteads. The MVHE reduces the taxable market value of a homestead with an Assessor's Estimated Market Value up to \$413,800 in an attempt to result in a property tax similar to the effective property tax prior to the elimination of the homestead credit. The MVHE applies to property classified as Class 1a or 1b and Class 2a, and causes a decrease in the City's aggregate Taxable Market Value, even if the Assessor's Estimated Market Value on the same properties did not decline.

PROPERTY TAX PAYMENTS AND DELINQUENCIES (CHAPTERS 275, 276, 277, 279-282 AND 549, MINNESOTA STATUTES)

Ad valorem property taxes levied by local governments in Minnesota are extended and collected by the various counties within the State. Each taxing jurisdiction is required to certify the annual tax levy to the county auditor within five (5) working days after December 20 of the year preceding the collection year. A listing of property taxes due is prepared by the county auditor and turned over to the county treasurer on or before the first business day in March.

The county treasurer is responsible for collecting all property taxes within the county. Real estate and personal property tax statements are mailed out by March 31. One-half (1/2) of the taxes on real property is due on or before May 15. The remainder is due on or before October 15. Real property taxes not paid by their due date are assessed a penalty on homestead property of 2% until May 31 and increased to 4% on June 1. The penalty on nonhomestead property is assessed at a rate of 4% until May 31 and increased to 8% on June 1. Thereafter, an additional 1% penalty shall accrue each month through October 1 of the collection year for unpaid real property taxes. In the case of the second installment of real property taxes

due October 15, a penalty of 2% on homestead property and 4% on nonhomestead property is assessed. The penalty for homestead property increases to 6% on November 1 and again to 8% on December 1. The penalty for nonhomestead property increases to 8% on November 1 and again to 12% on December 1. Personal property taxes remaining unpaid on May 16 are deemed to be delinquent and a penalty of 8% attaches to the unpaid tax. However, personal property that is owned by a tax-exempt entity, but is treated as taxable by virtue of a lease agreement, is subject to the same delinquent property tax penalties as real property.

On the first business day of January of the year following collection all delinquencies are subject to an additional 2% penalty, and those delinquencies outstanding as of February 15 are filed for a tax lien judgment with the district court. By March 20 the county auditor files a publication of legal action and a mailing of notice of action to delinquent parties. Those property interests not responding to this notice have judgment entered for the amount of the delinquency and associated penalties. The amount of the judgment is subject to a variable interest determined annually by the Department of Revenue, and equal to the adjusted prime rate charged by banks but in no event is the rate less than 10% or more than 14%.

Property owners subject to a tax lien judgment generally have three years (3) to redeem the property. After expiration of the redemption period, unredeemed properties are declared tax forfeit with title held in trust by the State of Minnesota for the respective taxing districts. The county auditor, or equivalent thereof, then sells those properties not claimed for a public purpose at auction. The net proceeds of the sale are first dedicated to the satisfaction of outstanding special assessments on the parcel, with any remaining balance in most cases being divided on the following basis: county - 40%; town or city - 20%; and school district - 40%.

PROPERTY TAX CREDITS (CHAPTER 273, MINNESOTA STATUTES)

In addition to adjusting the taxable value for various property types, primary elements of Minnesota's property tax relief system are: property tax levy reduction aids; the homestead credit refund and the renter's property tax refund, which relate property taxes to income and provide relief on a sliding income scale; and targeted tax relief, which is aimed primarily at easing the effect of significant tax increases. The homestead credit refund, the renter's property tax refund, and targeted credits are reimbursed to the taxpayer upon application by the taxpayer. Property tax levy reduction aid includes educational aids, local governmental aid, equalization aid, county program aid and disparity reduction aid.

DEBT LIMITATIONS

All Minnesota municipalities (counties, cities, towns, and school districts) are subject to statutory "net debt" limitations under the provisions of Minnesota Statutes, Section 475.53. Net debt is defined as the amount remaining after deducting from gross debt the amount of current revenues that are applicable within the current fiscal year to the payment of any debt and the aggregate of the principal of the following:

1. Obligations issued for improvements which are payable wholly or partly from the proceeds of special assessments levied upon property specially benefited thereby, including those which are general obligations of the municipality issuing them, if the municipality is entitled to reimbursement in whole or in part from the proceeds of the special assessments.
2. Warrants or orders having no definite or fixed maturity.
3. Obligations payable wholly from the income from revenue producing conveniences.
4. Obligations issued to create or maintain a permanent improvement revolving fund.
5. Obligations issued for the acquisition, and betterment of public waterworks systems, and public lighting, heating or power systems, and of any combination thereof or for any other public convenience from which a revenue is or may be derived.
6. Debt service loans and capital loans made to a school district under the provisions of Minnesota Statutes, Sections 126C.68 and 126C.69.

7. Amount of all money and the face value of all securities held as a debt service fund for the extinguishment of obligations other than those deductible under this subdivision.
8. Obligations to repay loans made under Minnesota Statutes, Section 216C.37.
9. Obligations to repay loans made from money received from litigation or settlement of alleged violations of federal petroleum pricing regulations.
10. Obligations issued to pay pension fund or other postemployment benefit liabilities under Minnesota Statutes, Section 475.52, subdivision 6, or any charter authority.
11. Obligations issued to pay judgments against the municipality under Minnesota Statutes, Section 475.52, subdivision 6, or any charter authority.
12. All other obligations which under the provisions of law authorizing their issuance are not to be included in computing the net debt of the municipality.

**LEVIES FOR GENERAL OBLIGATION DEBT
(SECTIONS 475.61 AND 475.74, MINNESOTA STATUTES)**

Any municipality that issues general obligation debt must, at the time of issuance, certify levies to the county auditor of the county(ies) within which the municipality is situated. Such levies shall be in an amount that if collected in full will, together with estimates of other revenues pledged for payment of the obligations, produce at least five percent in excess of the amount needed to pay principal and interest when due. Notwithstanding any other limitations upon the ability of a taxing unit to levy taxes, its ability to levy taxes for a deficiency in prior levies for payment of general obligation indebtedness is without limitation as to rate or amount.

**STATUTORY FORMULAE: CONVERSION OF TAXABLE MARKET VALUE (TMV) TO
NET TAX CAPACITY FOR MAJOR PROPERTY CLASSIFICATIONS**

<u>Property Type</u>	<u>Local Tax Payable 2019-2023</u>
Residential Homestead (1a)	
Up to \$500,000	1.00%
Over \$500,000	1.25%
Residential Non-homestead	
Single Unit (4bb)	
Up to \$500,000	1.00%
Over \$500,000	1.25%
2-3 unit and undeveloped land (4b1)	1.25%
Market Rate Apartments	
Regular (4a)	1.25%
Low-Income (4d)	
Up to \$100,000 ⁽³⁾	0.75%
Over \$100,000 ⁽³⁾	0.25%
Commercial/Industrial/Public Utility (3a)	
Up to \$150,000	1.50% ⁽¹⁾
Over \$150,000	2.00% ⁽¹⁾
Electric Generation Machinery	2.00%
Commercial Seasonal Residential	
Homestead Resorts (1c)	
Up to \$600,000	0.50%
\$600,000 - \$2,300,000	1.00%
Over \$2,300,000	1.25% ⁽¹⁾
Seasonal Resorts (4c1)	
Up to \$500,000	1.00% ⁽¹⁾
Over \$500,000	1.25% ⁽¹⁾
Non-Commercial (4c12)	
Up to \$500,000	1.00% ⁽¹⁾⁽²⁾
Over \$500,000	1.25% ⁽¹⁾⁽²⁾
Disabled Homestead (1b)	
Up to \$50,000	0.45%
Agricultural Land & Buildings	
Homestead (2a)	
Up to \$500,000	1.00%
Over \$500,000	1.25%
Remainder of Farm	
Up to \$1,890,000 ⁽⁴⁾	0.50% ⁽²⁾
Over \$1,890,000 ⁽⁴⁾	1.00% ⁽²⁾
Non-homestead (2b)	1.00% ⁽²⁾

(1) State tax is applicable to these classifications.

(2) Exempt from referendum market value-based taxes.

(3) Legislative increases, payable 2023. Historical valuations are: Payable 2022 - \$100,000; Payable 2021 - \$174,000; Payable 2020 - \$150,000; and Payable 2019 - \$139,000.

(4) Legislative increases, payable 2023. Historical valuations are: Payable 2022 - \$1,890,000; Payable 2021 - \$1,890,000; Payable 2020 - \$1,880,000; and Payable 2019 - \$1,900,000.

NOTE: For purposes of the State general property tax only, the net tax capacity of non-commercial class 4c(1) seasonal residential recreational property has the following class rate structure: First \$76,000 – 0.40%; \$76,000 to \$500,000 – 1.00%; and over \$500,000 – 1.25%. In addition to the State tax base exemptions referenced by property classification, airport property exempt from city and school district property taxes under M.S. 473.625 is exempt from the State general property tax (MSP International Airport and Holman Field in Saint Paul are exempt under this provision).

2022 ANNUAL COMPREHENSIVE FINANCIAL REPORT

The following pages include the City's Annual Comprehensive Financial Report ("ACFR") for fiscal year ended December 31, 2022. (The City's Annual Comprehensive Financial Report for the fiscal year ended December 31, 2023 are not yet available.)

City of Winona, Minnesota

Annual Comprehensive Financial
Report for the Year Ended
December 31, 2022

*Prepared by Finance Department:
Jessica Wojahn
Director of Finance*

The cover photograph of a sunset on the levee in Winona, Minnesota by Kari Yearous.

TABLE OF CONTENTS
AND SECTION I
INTRODUCTORY SECTION

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CITY OF WINONA, MINNESOTA

ANNUAL COMPREHENSIVE FINANCIAL REPORT YEAR ENDED DECEMBER 31, 2022 TABLE OF CONTENTS

	Page
I. INTRODUCTORY SECTION (Unaudited)	
Letter of Transmittal	1–9
Certificate of Achievement for Excellence in Financial Reporting	10
Organizational Chart	11
City Leaders	12
II. FINANCIAL SECTION	
Independent Auditor’s Report	13–15
Management’s Discussion and Analysis	17–27
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	29
Statement of Activities	30–31
Fund Financial Statements:	
Balance Sheet—Governmental Funds	32
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	33
Statement of Revenues, Expenditures, and Changes in Fund Balances—Governmental Funds	34
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	35
Budgetary Comparison Statement—General Fund	36
Statement of Net Position—Proprietary Funds	38–39
Statement of Revenues, Expenses, and Changes in Net Position—Proprietary Funds	40–41
Statement of Cash Flows—Proprietary Funds	42–43
Statement of Fiduciary Net Position Custodial Fund—Tourism Promotion	44
Statement of Changes in Fiduciary Net Position Custodial Fund—Tourism Promotion	45
Notes to Basic Financial Statements	47–91
Required Supplementary Information:	
Schedule of Contributions—Public Employees General Employees Retirement Fund	93
Schedule of Proportionate Share Of Net Pension Liability— Public Employees General Employees Retirement Fund	94
Schedule of Contributions— Public Employees Police And Fire Fund	95
Schedule of Proportionate Share Of Net Pension Liability—Public Employees Police And Fire Fund	96
Schedule of Changes in OPEB Liability And Related Ratios	97
Other Supplementary Information:	
Nonmajor Funds	99– 101
Combining Balance Sheet—Nonmajor Governmental Funds	102–109
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances—Nonmajor Governmental Funds	110–117

	Page
Internal Service Funds	119
Internal Service Funds—Combining Statement of Net Position	120–121
Internal Service Funds—Combining Statement of Revenues, Expenses, and Changes in Net Position	122–123
Internal Service Funds—Combining Statement of Cash Flows	124–125
General Fund—Schedule of Revenues—Budget and Actual	126–127
General Fund—Schedule of Expenditures—Budget and Actual	128–132
Schedule of Revenues, Expenditures, and Changes in Fund Balance— Budget and Actual—Senior Advocacy Program	133
Schedule of Revenues, Expenditures, and Changes in Fund Balance— Budget and Actual—Municipal State Aid Fund	134
Schedule of Revenues, Expenditures, and Changes in Fund Balance— Budget and Actual—Dike Construction Fund	135
Schedule of Revenues, Expenditures, and Changes in Fund Balance— Budget and Actual—Permanent Improvement Revolving Construction Fund	136
Schedule of Long-Term Obligations—Primary Government	137
Schedule of Bonds Payable—Primary Government	138–141
Schedule of Other Debt—Primary Government	142–143
Schedule of Salaries, Employee Benefits, and Clothing Allowance	144–145
Schedule of Expenditures of Federal Awards	146
Reconciliation of Schedule of Expenditures of Federal Awards to Annual Comprehensive Financial Report	147
 III. STATISTICAL SECTION	
Statistical Section—Contents and Tables	149
Government-Wide Net Position by Component	150–151
Changes in Net Position—Governmental Activities	152–153
Changes in Net Position—Governmental Activities—Percentage of Total	154–155
Changes in Net Position—Business-Type Activities	156–157
Changes in Net Position—Total	158–159
Fund Balances—Governmental Funds	160–161
General Governmental Revenues by Source	162–163
Tax Revenues by Source—Governmental Funds	164
General Governmental Expenditures by Function	166–167
General Governmental Current Expenditures by Function	168–169
Summary of Changes in Fund Balances—Governmental Funds	170–171
Estimated Actual Value of Property and Tax Capacity by Property Type	172–173
Direct and Overlapping Property Tax Rates	174
Property Tax Levies and Collections	175
Principal Property Taxpayers	176
Ratios of Total Debt Outstanding by Type	178–179
Ratios of Net General Bonded Debt Outstanding	180–181
Ratios of Net General Bonded Debt to Market Value and Net Bonded Debt per Capita	182–183
Direct and Overlapping Governmental Activities Debt	184
Legal Debt Margin	186–187
Pledged Revenue Bond Coverage	188
Demographic and Economic Factors	189
Principal Employers	190
Property Values and Construction	191
City Employees by Function/Program	192–193
Operating Statistics by Function/Program	194–195
Capital Asset and Infrastructure Statistics and Infrastructure Statistics by Function/Program	196–197
Schedule of Funding Progress for General Employees Retirement Fund	198
Schedule of Funding Progress for Public Employees Police and Fire Fund	199



FINANCE DEPARTMENT

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507-457-8262
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May 15, 2023

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

Dear Mayor Sherman, City Council Members and Citizens of the City of Winona,

The Annual Comprehensive Financial Report (ACFR) of the City of Winona, MN (the “City”), for the fiscal year ended December 31, 2022, 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 ACFR 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.

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, Members of the
City Council and Citizens of the City of Winona
May 15, 2023

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 Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, *Defining the Financial Reporting Entity* and Section 2600, *Reporting Entity and Component Unit Presentation and Disclosure*, 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.

Profile of the City:

The City of Winona, incorporated in 1857, is located in southeastern Minnesota between the bluffs and the Mississippi River and has a population over 25,400. The City serves as an important regional center and employment and economic driver for southeast Minnesota and western Wisconsin. The City is the hub and regional center for area recreational activities and offerings for southeast Minnesota. Winona is proud to be home to thriving four-year public and private universities in Winona State University and Saint Mary's University, a regionally attractive community and technical college in Minnesota State-Southeast, and uniquely diverse preK-12 system that includes Winona Area Public Schools; Cotter, the internationally attended private institution; and several charter schools, including one of the first in the country. Winona is also a regional employer, over 28,000 available workers in the county, with major employers including Fastenal, Winona Health, Gundersen Health Care, WinCraft (recently acquired by the national retailer Fanatics), RTP Company and a strong cluster of growing composite industries. Winona is regionally and nationally known for its arts and culture amenities with numerous museums and festivals serving southeast Minnesota and beyond.

The City of Winona has made intentional, long-term investments in Arts and Culture, Outdoor Recreation, Entrepreneurship and Opportunity Winona-Downtown. These investments have improved our City, by leading an ongoing transformation of downtown for both employment and recreation, and have created a city ripe for development and investment.

Winona is known for leading outdoor recreation trends across the State of Minnesota and is home to one of only a few outdoor ice climbing parks in the nation. Winona is located in the unique Driftless area, defined by bluffs and prairies, and boasts several state parks and protected lands with countless miles of hiking, biking, and cross-country skiing trails. Winona is home to Trinona, a nationally recognized triathlon, and is becoming a go-to destination for mountain bikers and fat-tire winter bikers. Within the city itself, Winona has more than 20 miles of hiking, biking, water, cross country skiing and snowshoeing trails located along colorful bluffs and overlooking the scenic lakes and Mississippi River. The Bud King Ice Arena provides a full-size hockey arena along with an outdoor rink. Ice skates, snowshoes, canoes, kayaks, long boards, bicycles, stand-up paddle boards, and more are available with membership to the Lake Lodge Recreation Center. The Bob Welch Aquatic Center has a zero-depth, Olympic-sized pool with a 208-foot water slide. Located at Lake Park, Every Child's Dream Playground is an all-inclusive playground on 16,000 square feet of pour in place surfacing.

The Honorable Mayor, Members of the
City Council and Citizens of the City of Winona
May 15, 2023

Winona has a mission to support the quality of life for older adults. The Winona Friendship Center has been accredited since 2010. It achieved its first National Accreditation in 2015 and subsequent National Accreditation in 2020, making it the only Nationally Accredited Senior Center in the State of Minnesota. The National Institute of Senior Centers has developed nine standards of excellence for senior center operations. These standards serve as a guide for all senior centers to improve their operations and position themselves for the future. Achieving National Accreditation ensures the Friendship Center continues to grow and improve, measuring its progress against national baselines. By offering programs for older adults across the seven dimensions of wellness, the Friendship Center helps them feel empowered, valued, independent, accepted, community-minded, and knowledgeable. In addition, the Friendship Center promotes independent living for older adults through our Senior Advocacy program, Chore Services, Dementia Friendly Communities, and award-winning Virtual Programs.

In addition to supporting outdoor recreation and older adults, the City of Winona has a long history of supporting arts and culture. For decades, the City has funded the Municipal Band, Fine Arts Commission, and made occasional, larger, one-time allocations to the arts. City arts investments include capital projects like the Masonic Theater, Levee Park, community arts programs, organizational support, and staff. Capital investments exceeded \$4 million over several years. There are also one-time costs for organizational support and planning of more than \$400,000. Staff supplements City investments with grants and other outside support.

Winona is home to unique and popular public art initiatives, programs, events, festivals, and organizations. Highlights include the Minnesota Marine Art Museum, which presents six galleries and an educational and events space; the Frozen River Film Festival; the Minnesota Beethoven Festival, which has featured artists such as Yo-Yo Ma, Joshua Bell, Branford Marsalis, and James Galway; the Winona County Historical Society; and the Great River Shakespeare Festival, along with extensive creative, arts educational, and community programming at St. Mary's and Winona State universities. Minnesota Masterpiece Hall is currently under development and will include two art galleries, educational space, and concert hall with world class music.

Local Economy:

Winona's workforce plays a key role in its success. The City continues to have favorable unemployment rates when compared to the state and national rates, according to the Minnesota Department of Employment and Economic Development.

	City of Winona	State of Minnesota	United States
December 2022	2.40%	2.90%	3.50%
December 2021	2.00%	3.00%	3.90%
December 2020	3.70%	4.80%	6.70%

In addition to a strong workforce, Winona has experienced growth in market value. Taxable market values in the City increased from 2021 to 2022 by 10.6%. Growth in values related to construction during 2022 were approximately \$35.8 million for nonresidential and \$13.7 million for residential. The City continues to benefit from other favorable conditions including a stable, diverse tax base and a desirable location for work and living.

A crucial element in the City's continued financial stability is the revenue it receives from the State of Minnesota in the form of Local Government Aid (LGA), which is approximately 50% of the City's General

The Honorable Mayor, Members of the
City Council and Citizens of the City of Winona
May 15, 2023

Fund's revenues. (A discussion and analysis of the City's overall financial condition during the fiscal year ended 2022 is included as part of the MD&A.)

Winona is a Regional Center for employment, healthcare, education, retail, recreation, arts, and numerous entertainment events. The City has long been known for its entrepreneurial spirit and successes. A key objective of the City is to encourage and support the expansion of existing businesses and to cultivate the development of new businesses. Many new and long-standing businesses call Winona home. The following summary of businesses is a sample of some of these businesses.

Winona is known for its wide array of composite companies, many of which were founded here. Solvay (aero and computer industries) manufactures thermosets and molding compounds. RTP Company (founded in Winona) is a compounder of raw materials for the composite industry. Wenonah Canoe (founded in Winona) is a leading worldwide manufacturer of composite canoes and kayaks including models that have been used by Olympic teams and recreational users. Avient was founded in Winona as PlastiComp and is an innovator in long-fiber thermoplastic molding. CodaBow, supported by professional musicians across the world, creates award-winning musical bows with graphite-fiber construction, which produce fine sound and quality performance without warping or fatigue.

Agriculture is prevalent in the Midwest and local companies process those commodities and transport them throughout the nation. Malteurop North America is one of the world's largest manufacturers of malt, which craft brewers, distilleries and food producers use to create their products. Bay State Milling Co. is a producer of whole and ancient grains, rye and traditional bakery flour for bakers, food manufacturers and distributors. Gypsoil manufactures a gypsum product, which is used as a soil amendment. Winona's transportation networks allow for the transportation of agricultural commodities including soybeans, corn fertilizer and gypsum. Most of the agricultural products are shipped via waterborne transportation through the City's Commercial Harbor.

Equipment manufacturers include Thern Inc. and Peerless Industrial Group. Thern Inc. (founded in Winona) manufactures material handling equipment such as winches, hoists, and cranes with emphasis on niche market products such as the winch to hold and lower the New York City Times Square ball that is dropped on New Year's Eve. Peerless Industrial Group (founded in Winona, 1917) is the market leader in the design, manufacturing, and supply of chain, overhead lifting, cargo control and traction products in North America.

As a distributor and manufacturer, Fastenal (founded in Winona, 1967) is an expert consultant, a logistics company, a technology provider, and a distributor of wide ranging industrial and construction products. Hal Leonard Publishing (founded in Winona, 1947) is the largest publisher of educational music and songbooks, sheet music, orchestral and choral arrangements, eBooks, digital sheet music, and apps, which are distributed internationally. WinCraft Inc. (now Fanatics), founded in Winona in 1967, is the leading manufacturer of licensed and promotional products for retailers, professional sports teams, concessionaries, colleges, businesses, distributors, and schools.

Other manufacturers in Winona include JR Watkins and Midwest Co-Pack. JR Watkins is an award-winning manufacturer of spices and natural products that was founded in Plainview, MN and moved to Winona. Midwest Co-Pack LLC (founded in Winona, 2017) is a certified food process manufacturer that serves as the primary supplier for contract manufacturing of Midwest-based food brands, gummy candy and health products.

Winona is known as the Stained-Glass capital of the U.S. Many stained-glass companies were founded in Winona, where the glass was fabricated, repaired, and installed. Associated Crafts & Willet Hauser Studio has performed award winning restoration on two of the largest Tiffany windows in the world; in addition to restoration this studio provides repairs, preservation, conservation, and new creations.

The Honorable Mayor, Members of the
City Council and Citizens of the City of Winona
May 15, 2023

As a designer and manufacturer of rolling stock rail products, Miller Ingenuity (founded in Winona) creates products 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.

Electronic manufacturers in Winona include Benchmark and BCS Automotive Solutions. Benchmark manufactures printed circuit board assemblies and system integration products for medical, complex industrial, computing and data centers. Watlow designs and manufactures industrial heaters, temperature sensors, controllers, and supporting software for various industries. BCS Automotive Solutions is a manufacturer of automotive parts.

Telecommunications provide local businesses and residents with the ability to interact with others worldwide. Hiawatha Broadband Communications Inc. (founded in Winona, 1997) provides residential and business voice, data, and video services to communities across southern Minnesota. Spectrum – Charter Communications is a provider of internet and cable television services.

Winona offers multiple educational opportunities. Winona State University (founded in Winona, 1858) offers more than 80 majors and programs to its more than 6,100 Winona students. Saint Mary's University of Minnesota (founded in 1912) offers more than 20 majors and programs to its nearly 1,000 Winona undergrad students. Minnesota State College Southeast is a technical and community college that offers almost 50 programs in 8 career areas to more than 1,300 students. Within Winona are the Public School District 861, 3 Charter Schools and 5 Private Schools including one international residency high school.

Winona provides options when it comes to healthcare. Winona Health (founded in Winona, 1894) has been recognized as a Top 100 Rural and Community Hospital since 2017. With more than 90 physicians and associate providers in 13 specialties, 1,000 staff members, and 330 volunteers, Winona Health provides 49 hospital beds, 110 nursing home beds, 60 assisted living apartments and 20 assisted living apartments for memory care. Gundersen Lutheran Health Care System – Winona Campus opened in 2019 and offers multiple specialties and services including urgent care, dental specialties, eye clinic, sports medicine, lab and infusion services.

There are many financial institutions in Winona including Merchants National Bank (founded in Winona, 1875). The bank was constructed in 1912 and was designed by architects Purcell and Elmslie, and is the largest and most famous example of the Prairie School of Architecture. WNB Financial (founded in Winona, 1874) constructed its 204 Main Street building over two years and opened in 1916. It was designed by George Washington Maher and features monumental columns in the front entrance, Italian marble, a massive steel vault, and Tiffany stained-glass windows.

Many of these businesses have made investments in their Winona presence by redeveloping and expanding their buildings. In the last few years, some of these developments have redesigned Winona's downtown. The City and the Port Authority of Winona continue to encourage development in downtown Winona with Opportunity Winona.

The Honorable Mayor, Members of the
City Council and Citizens of the City of Winona
May 15, 2023

Major Initiatives:

Current Building Projects—2022 Highlights:

The construction and improvement of buildings in the area is essential to the City because it attracts new residents and visitors. Interest in residential and nonresidential development remains strong. City property values increased during 2022 through the issuance of \$49,425,567 in building permits, (90 nonresidential permits for a value of \$35,760,613 and 850 residential permits for a value of \$13,664,954) which includes the list below:

- Cotter Schools – New elementary school foundation for \$2,800,000 and structural steel framework for \$16,100,000
- WREF Exchange – Historic renovation of a five-story building into short and long-term rental housing for \$5,350,000
- Solvay – Construction of mezzanine and rehabilitation for \$1,326,700
- CHS Inc – Foundation and dust control system for \$1,200,000
- TWAS Properties LLC – Construction of a new car wash/spa for \$900,000
- Winona State University – Installation of new rooftop solar on 6 buildings including Haake & Helvle Halls, Wellness Center, Kirklan Hall, McCown Gym and Rec Center for a total of \$878,900
- Winona State University – Installation of a solar pv steel canopy over parking lot for \$700,000
- Modern Transport – Installation of a new roof for \$694,000
- Port Authority – Construction of 2 buildings at 890 Riverview Drive a 60' x 130' building and 150' x 100' building for a total of \$575,000
- State of Minnesota Winona Armory – Installation of a new roof for \$321,480
- Griffith Family Ltd – Installation of siding on 4 buildings in a multi-family housing development for \$296,764
- U Haul Amerco – Construction of storage units for \$250,000

Building construction and rehabilitation remains strong and investments continue to be made by commercial and manufacturing facilities. Significant investments in educational facilities from elementary to post-secondary were made in 2022. Over \$5 million in a historic downtown renovation and an investment in rental housing occurred in 2022. Minnesota Masterpiece Hall is a \$35 million building that will include a 700 – 800 seat concert hall, art galleries and education space and is expected to be complete in 2025.

Long-term Financial Planning:

In 2021, the City began its major update to the City's Comprehensive Plan, which was last completed in 2007. This Comprehensive Plan will result in a vision of how the City wants to grow and change – how it will develop its land, redevelop older areas, ensure adequate housing, provide roads and sewers, protect natural areas, and meet other community objectives.

Reducing the amount of phosphorus in the Mississippi River is an important goal of the City. To achieve this goal the City has contracted SEH Engineering to develop a Facilities Plan for the Wastewater Treatment Plant. This plan will determine the most effective methods for the removal of phosphorus which will determine upgrades and improvements to facilitate phosphorus removal as well as other enhancements. The report will also include a sanitary sewer rate study which will provide a cost comparison of similar cities sewer rates.

The Parks and Recreation system plays an integral part in drawing attention to the natural beauty of Winona to attract residents and visitors. To ensure our vision for the future aligns with the City's tradition of protecting the environment and embracing outdoor recreation a Comprehensive Park System Plan was

The Honorable Mayor, Members of the
City Council and Citizens of the City of Winona
May 15, 2023

developed that identifies implementation steps to guide investment and development through the Parks and Recreation system over the next 15 years. This plan provides detailed guidance in the development, management, and operations of the system.

Other long-term financial planning items include the City's continued work on the Levee Accreditation project. This is the certification of the levee by FEMA to protect the City in case of a 100-year flood event. (The City's levee was built in the 1980s.) The City continues to complete updates and upgrades on the Lift Stations of the City's Sanitary Sewer. Extension of the water and sanitary sewer utilities of the City continues to be important to accommodate the orderly annexation of property into the City of Winona.

Relevant Financial Policies:

An Investment Policy is in place that seeks to ensure the preservation of capital in the City's investment portfolio. Collateralization is required of deposits more than FDIC insurance coverage. Changes that arise from the annual review of the policy are approved by the City Council. This policy follows Minnesota State requirements related to acceptable investments and collateralization requirements. 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 are allocated to the various funds based upon their average cash balance.

The City maintains an Equipment Replacement Fund, Facilities Fund, Park Revolving Fund, and an Infrastructure Replacement Fund to assist in the funding for the replacement of City equipment, the renovation of City facilities, enhancement to City parks and the reconstruction of the City's infrastructure over the long-term life of the City.

The Financial Management Policy approved by the City Council is in place to plan for adequate funding, manage municipal finances wisely, and account for public funds. This policy requires a balanced annual budget and capital funds cannot be used to meet current operating needs. A portion of the City's General Fund Balance is designated for cash flow purposes. The dollars set-aside are crucial to avoid short-term borrowing to meet cash flow needs.

Independent Audit:

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

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.

The Honorable Mayor, Members of the
City Council and Citizens of the City of Winona
May 15, 2023

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

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

Debt Management:

Bond Rating:

In October 2022, Moody's Investors Service of New York, the City's bond rating agency, assigned an Aa1 rating to the City of Winona's \$3.2 million General Obligation Equipment Certificates, Series 2022A.

Also in October 2022, concurrently, Moody's affirmed the Aa1 rating on the City's outstanding general obligation debt, affecting approximately \$7 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 0.2% of full value. Principal amortization is rapid with 100% of debt to be retired in ten years. All of the City's debt is fixed rate, and the City is not a party to any interest rate swap agreements.

Debt Per Capita:

Net bonded debt per capita is a useful indicator of a city's debt position to management, citizens, and investors in city bonds. As presented below, net direct bonded debt per capita for the City was approximately \$189 in 2022. As of December 31, 2022, the City has exhausted 11.39% of its legal debt margin. If needed, this low debt burden allows for future projects that could enhance our community and provide value to citizens. Debt statistics as of December 31, 2022 and 2021, follow:

Net Direct and Overlapping Debt	2022 Amount	2021 Amount	2022 per Capita	2021 Debt per Capita
Net direct bonded	\$ 4,811,054	\$ 2,982,100	\$ 189	\$ 117
Overlapping	<u>26,057,210</u>	<u>14,814,600</u>	<u>1,026</u>	<u>583</u>
Total	<u>\$ 30,868,264</u>	<u>\$ 17,796,700</u>	<u>\$ 1,215</u>	<u>\$ 700</u>

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 annual report for the fiscal year ended December 31, 2021. 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.

The Honorable Mayor, Members of the
City Council and Citizens of the City of Winona
May 15, 2023

Approximately 15% of cities in Minnesota receive this award. This was the 42nd year the City has achieved this award.

In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized annual comprehensive 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. This report is intended to meet the Certificate of Achievement program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

The preparation of this report comes with many questions, calculations, interruptions, and collaboration. I want to thank all departments within the City of Winona for their contributions and effort throughout this process. Thank you to the Finance Department who have created a team environment in which everyone strives to learn and contribute. With a deep knowledge and understanding of accounting and governmental finance, Christine Aylsworth, Accountant, and Danielle Fetting, Accounting Analyst, provided the analytical skills needed to pull this report together in a timely and accurate manner. Thanks to Brad Budnick for ensuring the secure transfer of data throughout this audit. Also, thanks to Angela DeWitt, Accounting Clerk, Emily Babbitt, General Accountant, and Katie Larson, Payroll Accountant for their attention to detail while processing transactions throughout the year.

Thank you to Mayor Sherman, the City Council, the Port Authority Commissioners, City Manager Ubl, and City Department Heads for their commitment to enhancing the lives of those in our community and working to create an environment where businesses thrive.

Respectfully submitted,

A handwritten signature in cursive script that reads "Jessica L. Wojahn". The signature is written in dark ink and is positioned above the printed name and title.

Jessica Wojahn
Director of Finance

CITY OF WINONA, MINNESOTA

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING



Government Finance Officers Association

**Certificate of
Achievement
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Presented to

**City of Winona
Minnesota**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

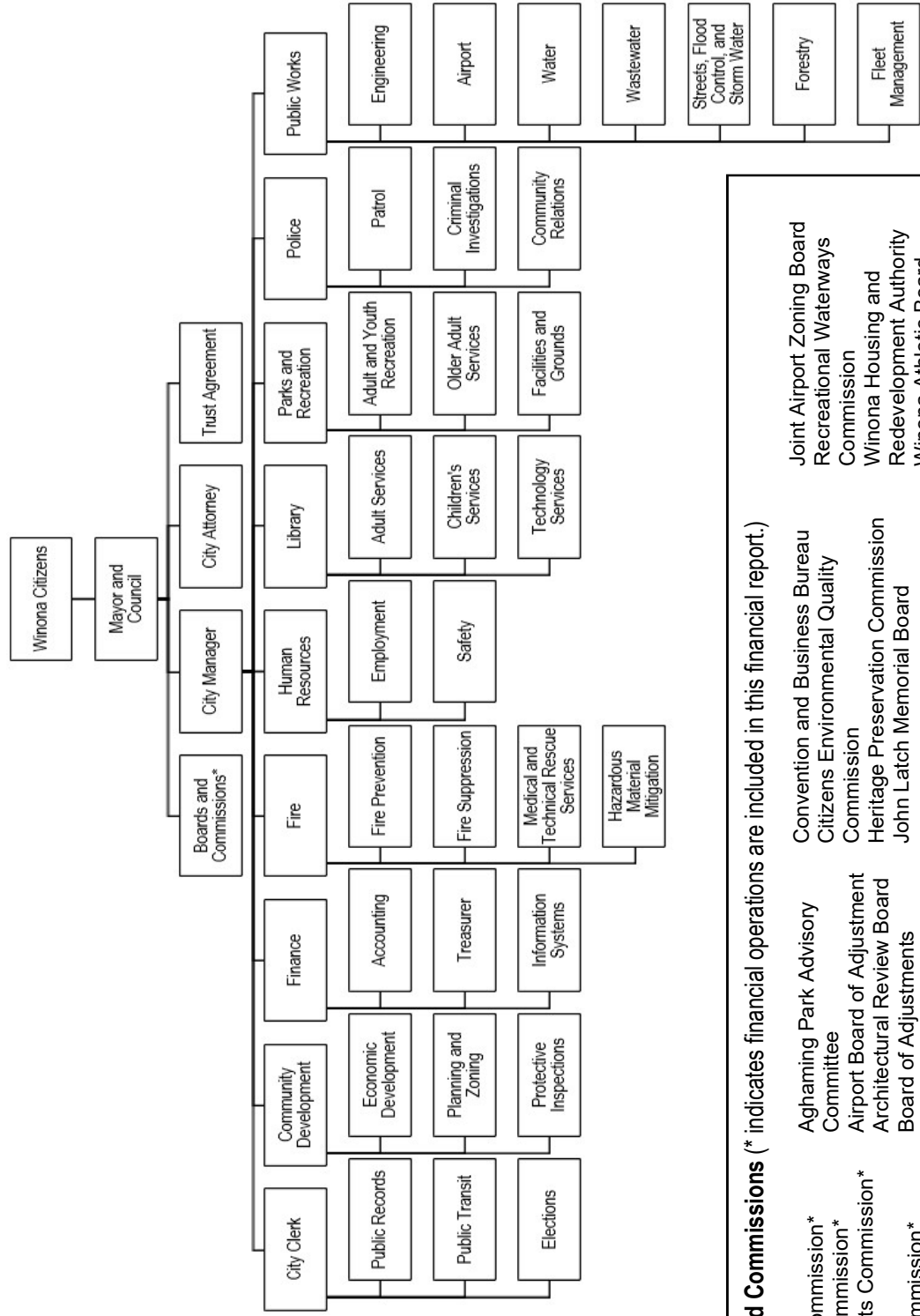
December 31, 2021

Christopher P. Morill

Executive Director/CEO

CITY OF WINONA, MINNESOTA

ORGANIZATIONAL STRUCTURE



Boards and Commissions (* indicates financial operations are included in this financial report.)

- Cable TV Commission*
- Fine Arts Commission*
- Human Rights Commission*
- Merit Board*
- Planning Commission*
- Port Authority*
- Aghaming Park Advisory Committee
- Airport Board of Adjustment
- Architectural Review Board
- Board of Adjustments
- Board of Gas Examiners
- Charter Commission
- Convention and Business Bureau
- Citizens Environmental Quality Commission
- Heritage Preservation Commission
- John Latch 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, 2022

City Council:

	Appointed/ Elected Date	Term Expires
Scott Sherman, Mayor	01/01/21	12/31/24
Steve Young, 1st Ward	01/01/21	12/31/24
Eileen Moeller, 2nd Ward (retired)	01/01/19	12/31/22
Jeff Hyma, 2nd Ward (newly elected)	01/01/23	12/31/26
Pam Eyden, 3rd Ward	11/19/12	12/31/24
George Borzyskowski, 4th Ward	01/01/99	12/31/26
Michelle Alexander, At-Large (not reelected)	01/01/11	12/31/22
Jerome Christensen, At-Large (newly elected)	01/01/23	12/31/26
Aaron Repinski, At-Large	01/01/21	12/31/24

City Staff:

Chad Ubl	City Manager
Deb Beckman	Human Resources Manager
Flaherty and Hood, P.A.	City Attorney
Monica Hennessy Mohan	City Clerk
Lucy McMartin	Director of Community Development
Carlos Espinosa	City Planner
Nick Larson	Development Coordinator
Chad Sommer	Building Official
Jessica Wojahn	Director of Finance
Christine Aylsworth	City Accountant
Danielle Fetting	Accounting Analyst
Curt Bittle	Fire Chief
Jason Theusch	Assistant Fire Chief (Fire Prevention/Inspections)
Joel Corcoran	Assistant Fire Chief (Fire Suppression/Medical)
Lezlea Dahlke	Director of Library Services
Patrick Menton	Director of Parks and Facilities
Marty Mullen	Park Maintenance Superintendent (retired in 2022)
Mike Durnen	Park Maintenance Superintendent (promoted in 2022)
Laura Hoberg	Director of Recreation Services
Malia Fox	Friendship Center Director (retired in 2022)
Tom Williams	Chief of Police
Jared Rasmussen	Deputy Chief (Investigations)
Eric Engrav	Deputy Chief (Patrol/Community Relations) (retired in 2022)
Brian DeFrang	Director of Public Works
Ryan Meiners	City Engineer (left employment in 2022)
Amy VanGuilder	Central Garage Superintendent
Mike Biggerstaff	Street Superintendent
Paul Drazkowski	Wastewater Treatment Plant Superintendent
Aaron Hauser	Water Department Superintendent

SECTION II
FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the City Council
Winona, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the 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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of December 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended, and the budgetary comparison statement—general fund for the year ended December 31, 2022, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material

misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 17–27, the Schedules of Contributions and Schedules of Proportionate Share of Net Pension Liability, and the Schedule of Changes in OPEB Liability and Related Ratios on pages 93–97 be presented to supplement the basic financial statements. Such information is the responsibility of management, and, 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.

Supplementary 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 combining and individual nonmajor fund financial statements and supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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. The 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 combining and individual nonmajor fund financial statements and supplemental schedules is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Deloitte & Touche LLP

May 15, 2023

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CITY OF WINONA, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a discussion and analysis of the City's financial performance during the fiscal year ended December 31, 2022. This section should be read 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 and deferred outflows of the City exceeded liabilities and deferred inflows by \$138,957,572 (net position). Of this amount, \$86,484,532 is the net investment in capital assets, \$15,195,074 is restricted for specific purposes and \$37,277,966 (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's financial statements include \$6,606,400 of depreciation expense to the primary government on its investment in capital assets.
- The City's total net position increased by \$414,281. A contributor to this was the increase in the net position for governmental activities of \$1,071,774 and a decrease in the net position for business-type activities of \$657,493. In the governmental activities, cash increased by \$5,722,316 due to the receipt of bond proceed and final installment of the Coronavirus State and Local Recovery grant. Deferred outflows increased by \$6,522,826 while deferred inflows decreased by \$10,893,293 primarily due to differences between projected and actual investment earnings of the Public Employee Retirement Association's (PERA) pension fund. Governmental activities also had an increase in liabilities of \$21,912,193 due to the performance of PERA's pension fund, the issuance of debt, and an increase in unearned revenue. In business-type activities, accounts payable increased by \$790,638 due to the timing of payments for water and sanitary sewer equipment.
- Net investments in capital assets for governmental activities were \$42,539,382. This amount includes net capital assets of \$46,129,382 less capital related borrowings of \$6,775,000 plus capital related debt proceeds not yet expended of \$3,185,000. The City's net investments in capital assets for business-type activities were \$43,945,150. Included in this amount are net capital assets of \$47,212,754 less capital related borrowings of \$3,267,604.
- The City's governmental funds reported combined ending fund balances of \$24,068,935. Of this total amount, the majority is either 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 \$163,755, committed of \$2,705,072, assigned of \$9,324,391 and nonspendable of \$205,718.
- In 2022, the City received federal funding for the Riverview Drive and Broadway reconstruction projects of \$903,236.
- The total indebtedness of City Bond and Equipment Certificates (of \$8,150,000) decreased by principal payments of \$1,355,000 and increased by the issuance of an Equipment Certificate in the amount of \$3,185,000. The Port Authority had no outstanding debt obligations during the current fiscal year.

- The City maintained its Aal bond rating from Moody's in October 2022. 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.
- The City is a participating employer of Public Employees Retirement Association (PERA), the State pension trust fund. Funding of the pension plan will continue based on the required contribution rates as set by Minnesota statute. Net Pension Liability (NPL) in 2022 increased from 2021 as follows: Pension-Coordinated to \$8,110,400 from \$4,522,404 and the Pension-Police and Fire to \$19,852,014 from \$3,641,024. According to PERA's financial report for the fiscal year end of June 30, 2022, invested assets produced a negative return of approximately 6.4% due to a sharp decline in the investment market.

Using the Financial Section of This Annual Comprehensive Financial Report

This annual report consists of a series of financial statements.

1. Government-wide financial statements provide 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 32 – 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 38 – 43 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 pages 44 – 45 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 47 – 91 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 99 - 125 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 and deferred outflows exceeded liabilities and deferred inflows by \$138,957,572 at December 31, 2022.

The largest portion of the City's net position (62%) 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, 2022, is as follows:

Table 1
STATEMENT OF NET POSITION (Primary Government only) on December 31, 2022, compared to
December 31, 2021
(In thousands)

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 47,438	\$40,797	\$32,531	\$32,809	\$ 79,969	\$ 73,606
Capital assets	<u>46,129</u>	<u>46,505</u>	<u>47,213</u>	<u>47,323</u>	<u>93,342</u>	<u>93,828</u>
Total assets	<u>\$ 93,567</u>	<u>\$87,302</u>	<u>\$79,744</u>	<u>\$80,132</u>	<u>\$173,311</u>	<u>\$167,434</u>
Deferred outflows of resources	<u>\$ 16,240</u>	<u>\$ 9,183</u>	<u>\$ 1,719</u>	<u>\$ 1,833</u>	<u>\$ 17,959</u>	<u>\$ 11,016</u>
Total assets and deferred outflows of resources	<u>\$109,807</u>	<u>\$96,485</u>	<u>\$81,463</u>	<u>\$81,965</u>	<u>\$191,270</u>	<u>\$178,450</u>
Current liabilities	\$ 5,337	\$ 2,752	\$ 1,816	\$ 682	\$ 7,153	\$ 3,434
Long-term liabilities	<u>35,833</u>	<u>16,059</u>	<u>7,654</u>	<u>7,229</u>	<u>43,487</u>	<u>23,288</u>
Total liabilities	<u>\$ 41,170</u>	<u>\$18,811</u>	<u>\$ 9,470</u>	<u>\$ 7,911</u>	<u>\$ 50,640</u>	<u>\$ 26,722</u>
Deferred inflows of resources	<u>\$ 1,246</u>	<u>\$11,354</u>	<u>\$ 427</u>	<u>\$ 1,830</u>	<u>\$ 1,673</u>	<u>\$ 13,184</u>
Net position:						
Net investment in capital assets	\$ 42,539	\$42,055	\$43,945	\$43,551	\$ 86,484	\$ 85,606
Restricted	14,530	10,791	665	565	15,195	11,356
Unrestricted	<u>10,322</u>	<u>13,473</u>	<u>26,956</u>	<u>28,108</u>	<u>37,278</u>	<u>41,581</u>
Total net position	<u>\$ 67,391</u>	<u>\$66,319</u>	<u>\$71,566</u>	<u>\$72,224</u>	<u>\$138,957</u>	<u>\$138,543</u>
Total liabilities, deferred inflows of resources and net position	<u>\$109,807</u>	<u>\$96,484</u>	<u>\$81,463</u>	<u>\$81,965</u>	<u>\$191,270</u>	<u>\$178,449</u>

A portion of the City's net position is invested in capital assets, at \$86.5 million. Another portion of the net position represents resources that are subject to external restrictions on how they may be used (approximately \$15.2 million). The remaining balance of unrestricted net position (approximately \$37.3 million) may be used to meet the City's ongoing obligations to citizens, creditors and cash flow needs.

On December 31, 2022 and 2021 the City is able to report positive balances in all of the categories of net position for the City as a whole and in two of the three categories of net position for its separate governmental and business-type activities.

In 2022 the net position in governmental activities changed due to the difference between revenues and expenditures. Further information is provided in the Governmental Activities section below.

In 2022 the net position in business activities decreased by \$657,493. Further information is provided in the Governmental Activities section below.

Governmental Activities

The City's net position increased due to Governmental Activities of \$1,071,774 in 2022, compared to an increase of \$1,316,422 in 2021.

Table 2

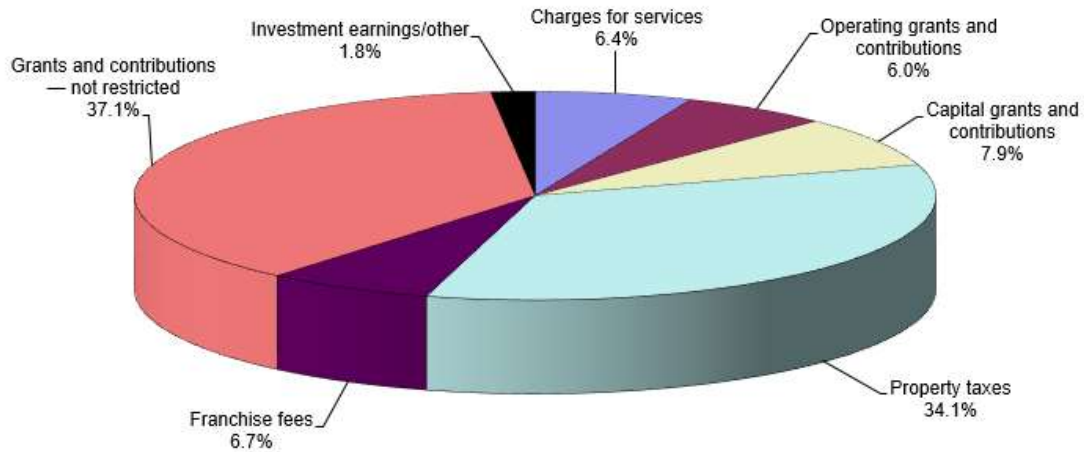
STATEMENT OF ACTIVITIES (Primary Government only) for the year ended December 31, 2022, compared to the year ended December 31, 2021: (In thousands)

	2022			2021		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
REVENUES:						
Program revenues:						
Charges for services	\$ 1,561	\$ 8,696	\$ 10,257	\$ 1,926	\$ 8,682	\$ 10,608
Operating grants and contributions	1,472	1,790	3,262	1,027	867	1,894
Capital grants and contributions	1,936	-	1,936	1,541	396	1,937
General revenues:						
Taxes (property)	8,386	1,492	9,878	7,885	1,511	9,396
Franchise fees	1,655	-	1,655	1,519	-	1,519
Grants and contributions not restricted	9,120	1,232	10,352	9,052	1,247	10,299
Investment earnings	306	298	604	20	52	72
Other	130	-	130	-	-	-
Total revenues	<u>24,566</u>	<u>13,508</u>	<u>38,074</u>	<u>22,970</u>	<u>12,755</u>	<u>35,725</u>
EXPENSES:						
General government	4,042	-	4,042	3,191	-	3,191
Public safety	10,864	-	10,864	10,005	-	10,005
Highways and streets	5,170	-	5,170	5,234	-	5,234
Sanitation and waste removal	48	-	48	52	-	52
Economic development	341	-	341	479	-	479
Culture/recreation	3,010	-	3,010	2,528	-	2,528
Interest on long-term debt	22	-	22	28	-	28
Water	-	3,284	3,284	-	3,406	3,406
Sanitary Sewer	-	4,307	4,307	-	3,683	3,683
Inspections	-	654	654	-	557	557
Airport	-	977	977	-	950	950
Public transportation	-	1,239	1,239	-	1,146	1,146
Recreation	-	1,986	1,986	-	2,232	2,232
Library	-	1,347	1,347	-	1,209	1,209
Storm sewer	-	369	369	-	374	374
Total expenses	<u>23,497</u>	<u>14,163</u>	<u>37,660</u>	<u>21,517</u>	<u>13,557</u>	<u>35,074</u>
CHANGE IN NET POSITION BEFORE TRANSFERS	1,069	(655)	414	1,453	(802)	651
TRANSFERS	<u>2</u>	<u>(2)</u>	<u>-</u>	<u>(136)</u>	<u>136</u>	<u>-</u>
CHANGE IN NET POSITION	1,071	(657)	414	1,317	(666)	651
NET POSITION—Beginning of year	66,320	72,223	138,543	64,415	72,889	137,304
PRIOR PERIOD ADJUSTMENT—	-	-	-	588	-	588
NET POSITION—Beginning of year, restated	<u>66,320</u>	<u>72,223</u>	<u>138,543</u>	<u>65,003</u>	<u>72,889</u>	<u>137,892</u>
NET POSITION—End of year	<u>\$ 67,391</u>	<u>\$ 71,566</u>	<u>\$ 138,957</u>	<u>\$ 66,320</u>	<u>\$ 72,223</u>	<u>\$ 138,543</u>

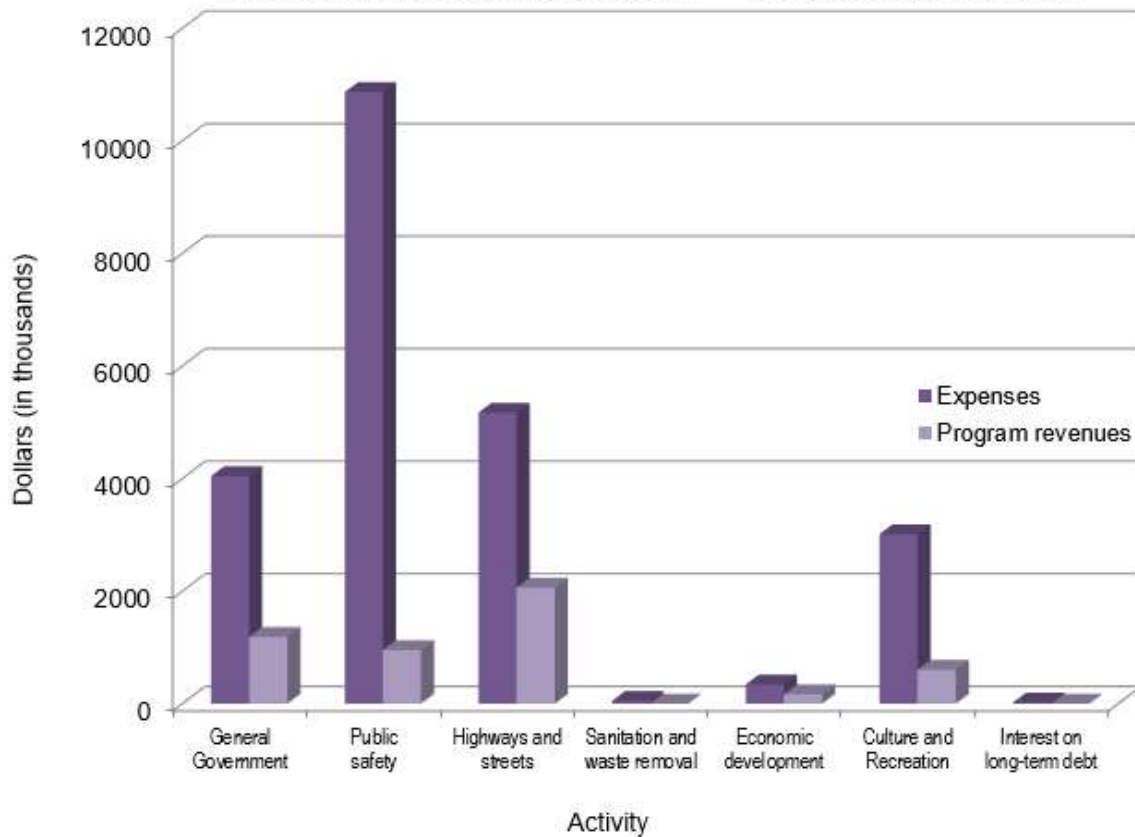
Governmental Activities (continued)

The following charts illustrate the City's governmental activities for the year ended December 31, 2022:

Revenues by Source — Governmental Activities

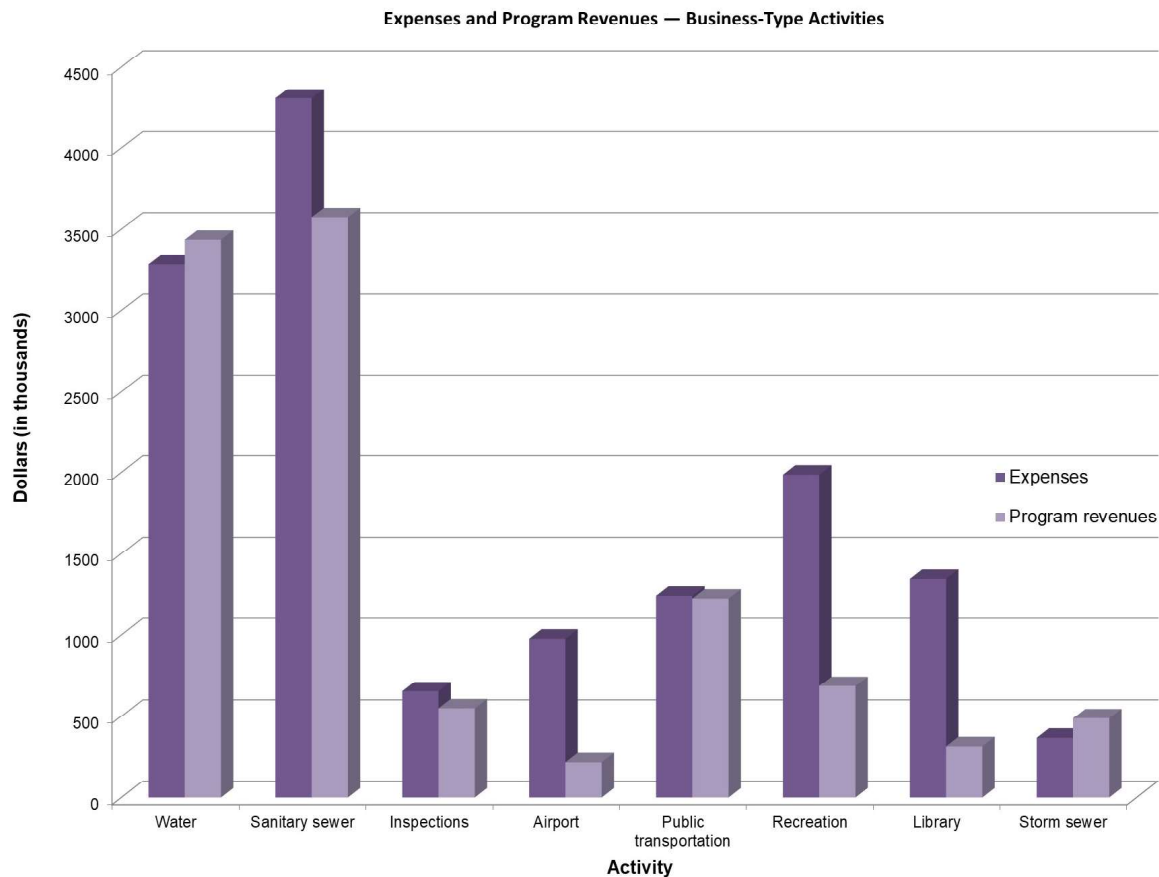


Expenses and Program Revenues — Governmental Activities



Business-Type Activities

The following charts illustrate the City's business-type activities for the year ended December 31, 2022:



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, 2022, the fund balance of the General Fund was composed of the following: restricted of \$163,755, committed of \$2,705,072, assigned of \$9,324,391, and nonspendable of \$205,718. The 2022 expenditures for the General Fund decreased by \$884,784 from 2021 mainly due to the delayed projects or purchases in the departments of Public Safety and Highway and Streets. (The General Government expenditures increased by \$252,264, Public Safety expenditures decreased by \$652,085, Highway and Streets decreased by \$511,496, Sanitation and Waste Removal decreased by \$3,444, the Economic Development expenditures decreased by \$33,523 and the Park Maintenance expenditures increased by \$40,108 from 2021.)

Riverview Drive Reconstruction Fund—The fund balance for this fund has increased by \$10,988 from 2021 to 2022 due to \$13,833 transfers in, \$3,263 intergovernmental revenues and \$6,081 spent on capital outlay in 2022.

Recovery Grant Fund—The City spent \$81,339 of the American Rescue Plan Act (ARPA) funds on public safety expenditures in 2022. The remaining funds of \$2,574,913 were not spent in 2022, therefore classified as unearned revenue which in turn left a \$0 fund balance.

Equipment Certificate 2022A—The City issued an Equipment Certificate in 2022. Apart from prepayment of a fire engine and bond issuance costs, the proceeds were not spent in 2022.

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 variable and fixed rates for the Water utility did not change for 2022. (In 2021, the variable and fixed rates increased by 1%).

Sanitary Sewer Fund—The variable rate for the Sanitary Sewer utility did not change for 2022. The Sanitary Sewer fixed rate increased by \$5 per quarter. (In 2021, both fixed and variable rates increased by 1%).

Storm Sewer Fund—In 2022, there were no changes to the storm sewer rates.

General Fund Budgetary Highlights and Analysis

During 2022 there was a net increase of \$2,774,238 in appropriations for the General Fund from the original to the final amended budget. Following are the components of the increase:

- \$2,628,661 was added to various departments for encumbrances from December 31, 2021;
- \$115,409 was added to various departments for donations and grants;
- \$30,168 was added to various departments for reimbursement of expenses related to training, overtime, and repairs.

Following is a budget variance analysis:

- The General Fund's Finance department had a favorable budget variance of \$348,518 because the actual expenses for other services and charges were less than budgeted by \$155,800 and capital outlay was less than budgeted by \$202,000. Of this amount, \$125,000 has been encumbered for server upgrades.
- The General Fund's Police department had a favorable budget variance of approximately \$752,860 primarily due to delayed vehicles, supplies, and unfilled positions. Of this amount, \$199,100 has been encumbered for the replacement of vehicles and supply purchases.
- The General Fund's Engineering department had a favorable budget variance of \$162,010 primarily due to actual expenses for other services and charges less than budgeted of \$110,934. Of this amount, \$138,000 has been encumbered for engineering services.
- The General Fund's Streets and Alleys department had a favorable budget variance of \$333,455 mainly because the actual expense was approximately \$191,169 less for supplies and \$152,997 less for other charges and services than the 2022 budget. Of this amount, \$153,300 has been encumbered for street resurfacing.
- The General Fund's Flood Control department had a favorable budget variance of approximately \$919,372 mainly because the actual expense was approximately \$741,000 less for capital outlay related to an ongoing project and \$190,133 less for other services and charges than the 2022 budget. Of this amount, \$915,000 has been encumbered for culvert repairs and a study of Gilmore Creek.

Capital Assets

At the end of 2022, the City had \$93,342,136 invested in a broad range of capital assets (net of accumulated depreciation). The total decrease in capital assets for the current fiscal year was 0.5% (a 0.8% decrease for governmental activities and a 0.2% decrease for business-type activities). The decrease in capital assets of both governmental activities and business-type activities is due to depreciation exceeding the assets capitalized during 2022. Assets that were capitalized during the current year included the following:

- The Streets and Alleys department spent \$154,624 on the reconstruction of West Lake Bridge.
- The Sanitary Sewer fund spent \$384,646 on a new vacuum truck.
- The Streets and Alleys department spent \$289,701 on a new dump truck and 2 trucks.

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, 2022, the City had \$9,980,000 in bonds and equipment certificates outstanding versus \$8,150,000 at December 31, 2021, an increase of \$1,830,000. In 2022, the City issued an Equipment Certificate for \$3,185,000. The Port Authority had no outstanding debt. All debt is backed by the full faith and credit of the City. Refer to Note 5 of the basic financial statements for a schedule showing the City's long-term debt activity.

The City's general obligation bond rating carries a Aa1 bond rating from Moody's Investors Services. This rating was assigned in October 2022 with the issuance of the City of Winona's \$3.2 million General Obligation Equipment Certificate, Series 2022A.

Economic Factors and Next Year's Budget

- Investments that are held by the City have short-term maturities and high-credit quality as disclosed in Note 2 to the financial statements (weighted-average maturity of 0.41 years).
- The outstanding bonds for the City and the Port Authority totaled \$9.98 million on December 31, 2022 and \$8.15 million on December 31, 2021. Amortization is rapid at 100% within ten years with a fixed interest rate. The debt is supported by property taxes and utility fund revenues.
- 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 \$1.93 million in 2022 and \$2.1 million in 2021. The City offered three health plan options with consumer-driven healthcare programs that combined high deductibles with individual Health Savings Accounts—employee-held accounts used for health care expenses not covered by the underlying plan. The City will continue to pursue healthcare options that would contain costs for the City and remain a benefit to the employees.
- In an effort to keep pace with the changing community, the City's tax levy was increased by approximately \$939,300 or 9.5%.
- For 2023 the City and Port Authority's Capital Plan included \$2,351,000 for street reconstruction projects, Mississippi Riverfront trail upgrade of \$2,000,000, watermain extension at the Water Department of \$300,000, Sanitary Sewer pretreatment building modifications of \$3,916,000, curb and gutter repairs of \$140,000, and replacement of transit buses.
- The City Council approved funding for the City's Comprehensive Plan for the 2021 and 2022 budgets. The previous plan was adopted in 2007. The Comprehensive Plan serves as a guide for future development and

sets the stage for planning and zoning for many years to come. It involves extensive engagement from the community.

- Development within the City continued to grow in 2022 with \$49.4 million of building permits issued. The prior 2 years had development of \$40.6 million in 2021 and \$94.3 million in 2020.
- Over the past ten years, the City's tax base has grown by 35.0%.
- In 2022, the total estimated market value increased by 6.7% from 2021.
- Winona had an unemployment rate of 2.4% as of December 2022, lower than the unemployment rates for Minnesota of 2.9% and the US average of 3.5%.
- Per State Statute, the State of Minnesota will have a balanced budget for the next biennium. (The legislature is scheduled to adjourn during the third week of May.)
- Growth and development within the City are key areas that the Mayor, the City Council, and management of the City continue to strive for when making budgetary decisions.

These economic issues and future capital improvements are factors that were considered in preparation of the City of Winona's budget for the 2023 fiscal year.

Contacting the City's Financial Management

This annual report is designed to provide a general overview of the City's finances for all those interested 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, please contact the City of Winona Finance Department (Finance Director) at Post Office Box 378, Winona, MN 55987.

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BASIC FINANCIAL STATEMENTS

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CITY OF WINONA, MINNESOTA

STATEMENT OF NET POSITION AS OF DECEMBER 31, 2022

	Primary Government			Component
	Governmental	Business -		Unit—
	Activities	Type Activities	Total	Port Authority
ASSETS:				
Cash and cash equivalents	\$ 26,007,774	\$ 30,604,786	\$ 56,612,560	\$ 4,411,446
Investments	17,949,890	-	17,949,890	-
Investments held in permanent funds	356,671	-	356,671	-
Receivables	1,035,147	1,580,170	2,615,317	13,970
Lease receivable	326,892	25,043	351,935	5,651,993
Internal balances	45,000	(45,000)	-	-
Due from component unit	26,183	-	26,183	-
Due from other governmental units	98,073	204,332	302,405	3,360
Note receivable	588,000	-	588,000	751,490
Inventories	-	147,410	147,410	-
Prepaid items	1,004,353	14,819	1,019,172	17,500
Properties held for development (Note 4)	-	-	-	3,162,741
Capital assets (Note 3):				
Nondepreciable	7,285,735	1,031,619	8,317,354	-
Construction in progress	2,867,355	2,451,270	5,318,625	-
Depreciable buildings, property, and equipment—net	11,723,061	29,528,093	41,251,154	1,465,998
Depreciable infrastructure—net	24,093,639	14,201,772	38,295,411	1,133,763
Right to use leased asset	159,592	-	159,592	-
Capital assets—net	46,129,382	47,212,754	93,342,136	2,599,761
Total assets	93,567,365	79,744,314	173,311,679	16,612,261
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred outflow - pension	15,073,495	1,131,409	16,204,904	-
Deferred outflow - OPEB	1,166,110	587,197	1,753,307	-
Total deferred outflows of resources	16,239,605	1,718,606	17,958,211	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 109,806,970	\$ 81,462,920	\$ 191,269,890	\$ 16,612,261
LIABILITIES:				
Accounts payable	1,511,072	1,186,455	2,697,527	125,165
Accrued salaries payable	212,868	66,876	279,744	-
Outstanding and incurred, but not reported claims	135,000	-	135,000	-
Accrued interest payable	52,552	33,926	86,478	-
Due to primary government	-	-	-	26,183
Unearned revenue	2,588,425	25,265	2,613,690	-
Noncurrent liabilities due within one year:				
Compensated absences	150,000	60,000	210,000	-
Bonds and certificates payable	880,000	510,000	1,390,000	-
Lease liability	19,763	-	19,763	-
Noncurrent liabilities due in more than one year:				
Compensated absences	2,226,457	699,455	2,925,912	-
Bonds and certificates payable	6,075,245	2,757,604	8,832,849	17,118
Lease liability	141,518	-	141,518	-
Net OPEB liability	2,244,388	1,100,269	3,344,657	-
Net pension liability	24,932,244	3,030,170	27,962,414	-
Total liabilities	41,169,532	9,470,020	50,639,552	168,466
DEFERRED INFLOWS OF RESOURCES:				
Deferred inflow - pension	361,844	138,469	500,313	-
Deferred inflow - OPEB	557,289	263,229	820,518	-
Deferred inflow - leases	326,892	25,043	351,935	6,031,993
Total deferred inflows of resources	1,246,025	426,741	1,672,766	6,031,993
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	\$ 42,415,557	\$ 9,896,761	\$ 52,312,318	\$ 6,200,459
NET POSITION:				
Net investment in capital assets	42,539,382	43,945,150	86,484,532	2,599,761
Restricted for:				
Capital projects	3,860,027	-	3,860,027	-
Risk Management	1,192,774	-	1,192,774	-
Health insurance	1,800,175	-	1,800,175	-
Debt service	3,362,687	613,403	3,976,090	285,664
Library memorials	245,000	-	245,000	-
Equipment	3,343,457	-	3,343,457	-
Lake Winona dredging project	-	-	-	608,635
Other purposes (Note 1.M.)	163,755	51,173	214,928	543,035
Nonexpendable—other than permanent funds	205,738	-	205,738	3,162,741
Nonexpendable—permanent funds	56,000	-	56,000	-
Expendable permanent funds	300,885	-	300,885	-
Unrestricted	10,321,533	26,956,433	37,277,966	3,211,966
Total net position	\$ 67,391,413	\$ 71,566,159	\$ 138,957,572	\$ 10,411,802

See notes to basic financial statements.

CITY OF WINONA, MINNESOTA

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2022

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating and Other Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES:				
General government	\$ 4,042,242	\$ 1,082,415	\$ 102,792	\$ -
Public safety	10,863,999	194,255	759,664	-
Highways and streets	5,169,896	20,322	364,550	1,674,758
Sanitation and waste removal	48,374	1,025	-	-
Economic development	340,738	12,446	-	154,839
Culture/ recreation	3,010,104	250,562	245,000	106,889
Interest on long-term debt	21,564	-	-	-
Total governmental activities	23,496,917	1,561,025	1,472,006	1,936,486
BUSINESS-TYPE ACTIVITIES:				
Water	3,283,633	3,435,700	-	-
Sanitary Sewer	4,307,268	3,573,013	-	-
Inspections	654,002	549,450	-	-
Airport	977,406	31,878	183,641	-
Public transportation	1,239,401	226,209	995,921	-
Recreation	1,986,377	423,622	262,130	-
Library	1,347,425	18,363	299,144	-
Storm sewer	368,989	438,276	49,461	-
Total business-type activities	14,164,501	8,696,511	1,790,297	-
Total primary government	\$ 37,661,418	\$ 10,257,536	\$ 3,262,303	\$ 1,936,486
Component unit activities—				
Port Authority	\$ 1,207,301	\$ 729,429	\$ -	\$ 48,750
General revenues:				
Taxes:				
Property taxes levied for general purposes				
Other taxes				
Franchise fees				
Grants and contributions not restricted to specific programs				
Interest and investment earnings				
Sale of assets				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position—beginning				
Net position—ending				

See notes to basic financial statements.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Port Authority
\$ (2,857,035)	\$ -	\$ (2,857,035)	
(9,910,080)	-	(9,910,080)	
(3,110,266)	-	(3,110,266)	
(47,349)	-	(47,349)	
(173,453)	-	(173,453)	
(2,407,653)	-	(2,407,653)	
(21,564)	-	(21,564)	
<u>(18,527,400)</u>	<u>-</u>	<u>(18,527,400)</u>	
-	152,067	152,067	
-	(734,255)	(734,255)	
-	(104,552)	(104,552)	
-	(761,887)	(761,887)	
-	(17,271)	(17,271)	
-	(1,300,625)	(1,300,625)	
-	(1,029,918)	(1,029,918)	
-	118,748	118,748	
<u>-</u>	<u>(3,677,693)</u>	<u>(3,677,693)</u>	
<u>(18,527,400)</u>	<u>(3,677,693)</u>	<u>(22,205,093)</u>	
			\$ (429,122)
8,386,515	1,492,094	9,878,609	479,355
-	-	-	215,592
1,655,693	-	1,655,693	-
9,120,616	1,232,205	10,352,821	1,566
305,758	298,543	604,301	39,831
127,950	-	127,950	-
2,642	(2,642)	-	-
<u>19,599,174</u>	<u>3,020,200</u>	<u>22,619,374</u>	<u>736,344</u>
1,071,774	(657,493)	414,281	307,222
66,319,639	72,223,652	138,543,291	10,104,580
<u>\$ 67,391,413</u>	<u>\$ 71,566,159</u>	<u>\$ 138,957,572</u>	<u>\$ 10,411,802</u>

CITY OF WINONA, MINNESOTA

**BALANCE SHEET—GOVERNMENTAL FUNDS
AS OF DECEMBER 31, 2022**

	General	Riverview Drive Recon- struction	Recovery Grant	Equipment Certificate 2022A	Other Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 2,091,251	\$ -	\$ 443,804	\$ 433,007	\$ 4,777,858	\$ 7,745,920
Investments	10,251,629	-	2,175,594	2,122,667	3,400,000	17,949,890
Restricted investments	-	-	-	-	356,671	356,671
Receivables—net:						
Taxes	91,957	-	-	-	11,076	103,033
Special assessments	-	-	-	-	516,098	516,098
Customers and other	395,470	-	-	-	214	395,684
Lease receivable	326,892	-	-	-	-	326,892
Due from other funds	45,000	-	-	-	-	45,000
Due from other governmental units	70,670	-	-	-	27,403	98,073
Due from component unit	26,183	-	-	-	-	26,183
Prepaid items	205,718	-	-	797,733	20	1,003,471
Accrued interest on investments	20,333	-	-	-	-	20,333
TOTAL ASSETS	\$ 13,525,103	\$ -	\$ 2,619,398	\$ 3,353,407	\$ 9,089,340	\$ 28,587,248
LIABILITIES AND FUND BALANCES						
LIABILITIES:						
Accounts payable	\$ 497,656	\$ -	\$ 44,485	\$ 48,950	\$ 131,284	\$ 722,375
Accrued salaries and compensated absences	209,662	-	-	-	11,340	221,002
Unearned revenue	-	-	2,574,913	-	-	2,574,913
Due to other funds	-	-	-	-	54,000	54,000
Total liabilities	707,318	-	2,619,398	48,950	196,624	3,572,290
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	91,957	-	-	-	527,174	619,131
Lease related	326,892	-	-	-	-	326,892
Total deferred inflows of resources	418,849	-	-	-	527,174	946,023
FUND BALANCES:						
Nonspendable	205,718	-	-	-	56,020	261,738
Restricted	163,755	-	-	3,304,457	7,768,599	11,236,811
Committed	2,705,072	-	-	-	594,892	3,299,964
Assigned	9,324,391	-	-	-	-	9,324,391
Unassigned deficit	-	-	-	-	(53,969)	(53,969)
Total fund balances	12,398,936	-	-	3,304,457	8,365,542	24,068,935
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 13,525,103	\$ -	\$ 2,619,398	\$ 3,353,407	\$ 9,089,340	\$ 28,587,248

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, 2022

FUND BALANCE—TOTAL GOVERNMENTAL FUNDS		\$	24,068,935
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	\$	2,867,355	
Governmental capital assets		113,468,803	
Less accumulated depreciation		<u>(70,206,776)</u>	46,129,382
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			619,131
3. Long-term liabilities (bonds and leases payable) are not payable with current financial resources and are therefore not reported in the governmental funds.			(7,116,527)
4. The City uses an internal service fund to charge the cost of its self-insurance activities to individual funds:			
Internal service funds net position			3,155,044
5. Accrued interest is not payable with current financial resources and is therefore not reported in the governmental funds.			(52,552)
6. Long-term receivables are not included in governmental funds because they are not available:			
Note receivable			<u>588,000</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES		\$	<u>67,391,413</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, 2022

	General	Riverview Drive Recon- struction	Recovery Grant	Equipment Certificate 2022A	Other Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:						
General property taxes	\$ 7,186,862	\$ -	\$ -	\$ -	\$ 1,158,058	\$ 8,344,920
Franchise fees	1,655,693	-	-	-	-	1,655,693
Special assessments	-	-	-	-	130,796	130,796
Licenses and permits	181,399	-	-	-	-	181,399
Fines and forfeits	168,701	-	-	-	-	168,701
Intergovernmental revenues	9,597,653	3,236	81,339	-	2,297,540	11,979,768
Investment earnings	116,681	-	-	6,167	65,683	188,531
Lease earnings	8,150	-	-	-	-	8,150
Net increase (decrease) in fair value of investments	2,031	-	-	-	(3,971)	(1,940)
Charges for services	1,146,268	-	-	-	65,634	1,211,902
Contributions	36,615	-	-	-	357,888	394,503
Total revenues	<u>20,100,053</u>	<u>3,236</u>	<u>81,339</u>	<u>6,167</u>	<u>4,071,628</u>	<u>24,262,423</u>
EXPENDITURES:						
Current:						
General government	3,608,359	-	-	-	200,313	3,808,672
Public safety	9,420,762	-	81,339	-	-	9,502,101
Highways and streets	3,112,602	-	-	-	-	3,112,602
Sanitation and waste removal	48,374	-	-	-	-	48,374
Economic development	308,417	-	-	-	24,721	333,138
Park maintenance	2,131,796	-	-	-	20,650	2,152,446
Capital outlay:						
Public safety	90,121	-	-	-	-	90,121
Highways and streets	179,885	6,081	-	-	3,257,316	3,443,282
Economic development	-	-	-	-	7,600	7,600
Park maintenance	109,178	-	-	-	56,611	165,789
Debt service:						
Principal	19,328	-	-	-	860,000	879,328
Interest and other expenditures	4,064	-	-	-	113,075	117,139
Bond issuance costs	-	-	-	69,331	-	69,331
Total expenditures	<u>19,032,886</u>	<u>6,081</u>	<u>81,339</u>	<u>69,331</u>	<u>4,540,286</u>	<u>23,729,923</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,067,167</u>	<u>(2,845)</u>	<u>-</u>	<u>(63,164)</u>	<u>(468,658)</u>	<u>532,500</u>
OTHER FINANCING (USES) SOURCES:						
Transfer to other funds	(66,452)	-	-	-	(1,098,664)	(1,165,116)
Transfers from other funds	215,241	13,833	-	2,376	1,655,571	1,887,021
Bonds issued	-	-	-	3,185,000	-	3,185,000
Premium on bonds issued	-	-	-	180,245	-	180,245
Lease recognition	180,609	-	-	-	-	180,609
Sale of capital assets	127,950	-	-	-	-	127,950
Total other financing sources	<u>457,348</u>	<u>13,833</u>	<u>-</u>	<u>3,367,621</u>	<u>556,907</u>	<u>4,395,709</u>
NET CHANGE IN FUND BALANCE	1,524,515	10,988	-	3,304,457	88,249	4,928,209
FUND BALANCE (DEFICITS)—Beginning of year	<u>10,874,421</u>	<u>(10,988)</u>	<u>-</u>	<u>-</u>	<u>8,277,293</u>	<u>19,140,726</u>
FUND BALANCE—End of year	<u>\$ 12,398,936</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,304,457</u>	<u>\$ 8,365,542</u>	<u>\$24,068,935</u>

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, 2022

NET CHANGE IN FUND BALANCES—TOTAL GOVERNMENTAL FUNDS \$ 4,928,209

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 expenses charged for the year.

Construction in progress	\$ 2,515,794	
Capital outlay	434,705	
Depreciation expense	<u>(3,326,075)</u>	(375,576)

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	41,596	
Special assessments	24,042	
Other	<u>(9,127)</u>	56,511

3. Long-term liabilities, including bonds and leases payable, are not due and payable in the current period and therefore are not reported in the fund financial statements.

<u>(2,666,526)</u>	(2,666,526)
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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, 2022	49,301	
Accrued interest payable—December 31, 2021	<u>(52,552)</u>	(3,251)

5. Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds:

Internal service funds change in net assets	<u>(867,593)</u>	<u>(867,593)</u>
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 1,071,774

See notes to basic financial statements.

CITY OF WINONA, MINNESOTA

BUDGETARY COMPARISON STATEMENT—GENERAL FUND FOR THE YEAR ENDED DECEMBER 31, 2022

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES:				
General property taxes	\$ 7,221,784	\$ 7,221,784	\$ 7,186,862	\$ (34,922)
Franchise fees	1,430,000	1,430,000	1,655,693	225,693
Licenses and permits	186,550	186,550	181,399	(5,151)
Fines and forfeits	142,000	142,000	168,701	26,701
Intergovernmental revenues	9,313,197	9,397,280	9,597,653	200,373
Investment earnings	50,000	50,000	116,681	66,681
Lease earnings	-	-	8,150	8,150
Net increase in fair value of investments	-	-	2,031	2,031
Charges for services	1,017,459	1,042,413	1,146,268	103,855
Contributions	40,000	76,540	36,615	(39,925)
Total revenues	19,400,990	19,546,567	20,100,053	553,486
EXPENDITURES:				
General government	3,967,518	4,447,996	3,608,359	839,637
Public safety	9,962,711	10,442,686	9,420,762	1,021,924
Highways and streets	3,124,287	3,599,307	3,112,602	486,705
Sanitation and waste removal	48,450	48,450	48,374	76
Economic development	346,731	356,834	308,417	48,417
Park maintenance	2,048,293	2,171,426	2,131,796	39,630
Capital outlay	199,000	1,340,453	379,184	961,269
Debt service:				
Principal	-	-	19,328	(19,328)
Interest and other expenditures	-	-	4,064	(4,064)
Total expenditures	19,696,990	22,407,152	19,032,886	3,374,266
(DEFICIENCY) EXCESS OF REVENUES (UNDER) OVER EXPENDITURES	(296,000)	(2,860,585)	1,067,167	3,927,752
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	116,000	116,000	215,241	99,241
Transfers to other funds		(64,076)	(66,452)	(2,376)
Lease recognition			180,609	180,609
Sale of capital assets	180,000	180,000	127,950	(52,050)
Total other financing sources (uses)	296,000	231,924	457,348	225,424
NET CHANGE IN FUND BALANCES	-	(2,628,661)	1,524,515	4,153,176
FUND BALANCE—Beginning of year	10,874,421	10,874,421	10,874,421	-
FUND BALANCE—End of year	\$ 10,874,421	\$ 8,245,760	\$ 12,398,936	\$ 4,153,176

See notes to basic financial statements.

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CITY OF WINONA, MINNESOTA

**STATEMENT OF NET POSITION—PROPRIETARY FUNDS
AS OF DECEMBER 31, 2022**

ASSETS	Water	Sanitary Sewer	Inspections	Airport
CURRENT ASSETS:				
Cash and cash equivalents	\$ 12,086,930	\$ 10,261,208	\$ 1,574,755	\$ 3,041,896
Receivables—net:				
Billed	128,938	438,339	3,145	4,339
Unbilled	528,812	427,538	-	-
Due from other funds	-	-	-	-
Due from other governmental units	-	-	-	60,049
Prepaid items	129	163	100	2,535
Leases receivable	-	-	-	-
Inventories	147,410	-	-	-
Total current assets	<u>12,892,219</u>	<u>11,127,248</u>	<u>1,578,000</u>	<u>3,108,819</u>
PROPERTY AND EQUIPMENT—CAPITAL ASSETS (Note 3):				
Nondepreciable:				
Land	16,600	11,900	-	458,840
Collections	-	-	-	-
Construction in progress	2,451,270	-	-	-
Depreciable:				
Buildings	7,877,257	5,742,387	-	3,139,147
Improvements other than buildings	11,519,222	21,182,030	-	14,123,979
Machinery and equipment	1,776,108	1,758,887	101,405	248,730
Infrastructure	9,199,961	9,592,531	-	-
Books	-	-	-	-
Accumulated depreciation	<u>(16,788,132)</u>	<u>(22,620,915)</u>	<u>(46,606)</u>	<u>(6,530,926)</u>
Total capital assets	<u>16,052,286</u>	<u>15,666,820</u>	<u>54,799</u>	<u>11,439,770</u>
TOTAL ASSETS	<u>28,944,505</u>	<u>26,794,068</u>	<u>1,632,799</u>	<u>14,548,589</u>
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred outflow - pension	233,227	300,260	106,813	-
Deferred outflow - OPEB	104,376	169,808	65,702	13,079
Total deferred outflows of resources	<u>337,603</u>	<u>470,068</u>	<u>172,515</u>	<u>13,079</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 29,282,108</u>	<u>\$ 27,264,136</u>	<u>\$ 1,805,314</u>	<u>\$ 14,561,668</u>
LIABILITIES AND NET POSITION				
CURRENT LIABILITIES:				
Accounts payable	433,829	500,031	12,345	1,959
Accrued salaries and compensated absences	236,228	275,572	61,535	47,688
Bonds payable	-	390,000	-	120,000
Accrued interest payable	-	31,500	-	2,426
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
Outstanding and incurred, but not reported claims	-	-	-	-
Total current liabilities	<u>670,057</u>	<u>1,197,103</u>	<u>73,880</u>	<u>172,073</u>
NONCURRENT LIABILITIES:				
Net pension liability	627,976	817,652	274,001	-
Net OPEB liability	216,196	314,992	110,373	19,470
Revenue bonds payable (net of unamortized premiums and discounts)	-	2,633,223	-	124,381
Total noncurrent liabilities	<u>844,172</u>	<u>3,765,867</u>	<u>384,374</u>	<u>143,851</u>
Total liabilities	<u>1,514,229</u>	<u>4,962,970</u>	<u>458,254</u>	<u>315,924</u>
DEFERRED INFLOWS OF RESOURCES:				
Deferred inflow - leases	-	-	-	-
Deferred inflow - pension	29,579	17,161	500	-
Deferred inflow - OPEB	46,601	75,522	32,057	6,359
Total deferred outflows of resources	<u>76,180</u>	<u>92,683</u>	<u>32,557</u>	<u>6,359</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>\$ 1,590,409</u>	<u>\$ 5,055,653</u>	<u>\$ 490,811</u>	<u>\$ 322,283</u>
NET POSITION:				
Net investment in capital assets	16,052,286	12,643,597	54,799	11,195,389
Restricted for (Note 8):				
Contributor and Donor restrictions	-	-	-	-
Bond requirements	-	482,738	-	130,665
Equipment	-	-	-	-
Unrestricted	<u>11,639,413</u>	<u>9,082,148</u>	<u>1,259,704</u>	<u>2,913,331</u>
TOTAL NET POSITION	<u>\$ 27,691,699</u>	<u>\$ 22,208,483</u>	<u>\$ 1,314,503</u>	<u>\$ 14,239,385</u>

See notes to basic financial statements.

Public Transportation	Recreation	Library	Storm Sewer	Total	Governmental Activities— Internal Service Funds
\$ 1,234,885	\$ 138,469	\$ 192,244	\$ 2,074,399	\$ 30,604,786	\$ 18,261,854
26,496	2,910	2,032	17,621	623,820	-
-	-	-	-	956,350	-
-	-	-	-	-	54,000
88,668	5,373	3,851	46,391	204,332	-
8,001	2,970	904	17	14,819	882
17,219	7,824	-	-	25,043	-
-	-	-	-	147,410	-
<u>1,375,269</u>	<u>157,546</u>	<u>199,031</u>	<u>2,138,428</u>	<u>32,576,560</u>	<u>18,316,736</u>
-	-	5,286	363,193	855,819	-
-	-	175,800	-	175,800	-
-	-	-	-	2,451,270	-
211,455	1,705,842	623,819	-	19,299,907	-
11,220	2,610,596	230,805	-	49,677,852	-
870,319	131,557	28,000	50,000	4,965,006	-
-	-	-	3,613,036	22,405,528	-
-	-	489,755	-	489,755	-
<u>(924,881)</u>	<u>(3,333,668)</u>	<u>(1,021,474)</u>	<u>(1,841,581)</u>	<u>(53,108,183)</u>	<u>-</u>
<u>168,113</u>	<u>1,114,327</u>	<u>531,991</u>	<u>2,184,648</u>	<u>47,212,754</u>	<u>-</u>
<u>1,543,382</u>	<u>1,271,873</u>	<u>731,022</u>	<u>4,323,076</u>	<u>79,789,314</u>	<u>18,316,736</u>
-	246,947	244,162	-	1,131,409	15,073,495
-	121,948	112,284	-	587,197	1,166,110
-	368,895	356,446	-	1,718,606	16,239,605
<u>\$ 1,543,382</u>	<u>\$ 1,640,768</u>	<u>\$ 1,087,468</u>	<u>\$ 4,323,076</u>	<u>\$ 81,507,920</u>	<u>\$ 34,556,341</u>
85,473	55,644	21,038	76,136	1,186,455	788,697
167	65,560	111,886	27,695	826,331	2,368,323
-	-	-	-	510,000	-
-	-	-	-	33,926	-
-	-	45,000	-	45,000	-
-	25,265	-	-	25,265	13,512
-	-	-	-	-	135,000
<u>85,640</u>	<u>146,469</u>	<u>177,924</u>	<u>103,831</u>	<u>2,626,977</u>	<u>3,305,532</u>
-	641,544	668,997	-	3,030,170	24,932,244
-	219,165	220,073	-	1,100,269	2,244,388
-	-	-	-	2,757,604	-
-	860,709	889,070	-	6,888,043	27,176,632
<u>85,640</u>	<u>1,007,178</u>	<u>1,066,994</u>	<u>103,831</u>	<u>9,515,020</u>	<u>30,482,164</u>
17,219	7,824	-	-	25,043	-
-	68,371	22,858	-	138,469	361,844
-	51,818	50,872	-	263,229	557,289
<u>17,219</u>	<u>128,013</u>	<u>73,730</u>	<u>-</u>	<u>426,741</u>	<u>919,133</u>
<u>\$ 102,859</u>	<u>\$ 1,135,191</u>	<u>\$ 1,140,724</u>	<u>\$ 103,831</u>	<u>\$ 9,941,761</u>	<u>\$ 31,401,297</u>
168,113	1,114,327	531,991	2,184,648	43,945,150	-
-	800	50,373	-	51,173	2,992,949
-	-	-	-	613,403	-
-	-	-	-	-	39,000
<u>1,272,410</u>	<u>(609,550)</u>	<u>(635,620)</u>	<u>2,034,597</u>	<u>26,956,433</u>	<u>123,095</u>
<u>\$ 1,440,523</u>	<u>\$ 505,577</u>	<u>\$ (53,256)</u>	<u>\$ 4,219,245</u>	<u>\$ 71,566,159</u>	<u>\$ 3,155,044</u>

CITY OF WINONA, MINNESOTA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION—PROPRIETARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2022

	Water	Sanitary Sewer	Inspections	Airport
OPERATING REVENUES:				
Water sales	\$ 3,333,145	\$ -	\$ -	\$ -
Sewer and storm sewer charges	-	3,495,662	-	-
Permits and licenses	-	-	532,299	-
Athletic fees and memberships	-	-	-	-
Fares and passes	-	-	-	-
Rents	-	-	-	31,839
Lease earnings	-	-	-	-
Charges to city departments	-	-	-	-
Other charges and services	76,655	51,281	16,891	-
Tap fees	25,900	26,070	-	-
Library sales	-	-	-	-
Refunds and reimbursements	-	-	260	39
Total operating revenues	<u>3,435,700</u>	<u>3,573,013</u>	<u>549,450</u>	<u>31,878</u>
OPERATING EXPENSES:				
Salaries and employee benefits	885,637	1,184,840	524,051	108,758
Health insurance stop-loss premium	-	-	-	-
Health insurance claims and fees	-	-	-	-
Contractual services	561,399	1,125,391	114,190	62,164
Supplies	685,043	351,278	3,479	25,267
Maintenance of equipment	11,541	158,027	-	-
Utilities	279,462	394,565	-	13,543
Depreciation	860,551	1,011,130	12,282	760,073
Other expense	-	-	-	-
Total operating expenses	<u>3,283,633</u>	<u>4,225,231</u>	<u>654,002</u>	<u>969,805</u>
OPERATING INCOME (LOSS)	152,067	(652,218)	(104,552)	(937,927)
NONOPERATING REVENUES (EXPENSES):				
General property taxes	-	-	-	166,488
Contributions	-	-	-	131,138
Investment earnings	126,823	98,072	15,036	26,591
Intergovernmental nonoperating revenues:				
Federal grants	-	-	-	-
State market value credits and LGA	-	-	-	110,680
State grants	-	-	-	52,503
County grants	-	-	-	-
Interest expense	-	(76,537)	-	(6,033)
Other revenue	-	-	-	-
Other expense	-	(5,500)	-	(1,568)
Total nonoperating revenues (expenses)	<u>126,823</u>	<u>16,035</u>	<u>15,036</u>	<u>479,799</u>
INCOME (LOSS) BEFORE TRANSFERS	278,890	(636,183)	(89,516)	(458,128)
TRANSFERS IN	-	-	-	-
TRANSFERS OUT	<u>(16,504)</u>	<u>(4,534)</u>	<u>-</u>	<u>-</u>
INCREASE (DECREASE) IN NET POSITION	262,386	(640,717)	(89,516)	(458,128)
NET POSITION—Beginning of year	<u>27,429,313</u>	<u>22,849,200</u>	<u>1,404,019</u>	<u>14,697,513</u>
NET POSITION—End of year	<u>\$ 27,691,699</u>	<u>\$ 22,208,483</u>	<u>\$ 1,314,503</u>	<u>\$ 14,239,385</u>

See notes to basic financial statements.

Public Transportation	Recreation	Library	Storm Sewer	Total	Governmental Activities— Internal Service Fund
\$ -	\$ -	\$ -	\$ -	\$ 3,333,145	\$ -
-	-	-	438,276	3,933,938	-
-	-	-	-	532,299	-
-	410,553	-	-	410,553	-
130,127	-	-	-	130,127	-
10,513	9,204	-	-	51,556	-
511	348	-	-	859	-
-	-	-	-	-	2,795,743
85,058	-	3,177	-	233,062	385,852
-	-	-	-	51,970	-
-	-	8,996	-	8,996	-
-	3,517	6,190	-	10,006	382,651
<u>226,209</u>	<u>423,622</u>	<u>18,363</u>	<u>438,276</u>	<u>8,696,511</u>	<u>3,564,246</u>
12,846	1,247,941	954,211	110,217	5,028,501	2,071,034
-	-	-	-	-	416,361
-	-	-	-	-	1,093,435
821,241	236,451	159,834	180,769	3,261,439	250,914
124,527	102,692	72,383	1,666	1,366,335	-
167,104	25,587	4,865	-	367,124	-
3,066	235,852	26,481	-	952,969	-
83,528	137,854	129,650	76,337	3,071,405	-
27,089	-	1	-	27,090	-
<u>1,239,401</u>	<u>1,986,377</u>	<u>1,347,425</u>	<u>368,989</u>	<u>14,074,863</u>	<u>3,831,744</u>
(1,013,192)	(1,562,755)	(1,329,062)	69,287	(5,378,352)	(267,498)
-	772,157	553,449	-	1,492,094	-
-	3,301	57,091	3,071	194,601	-
12,136	184	505	19,196	298,543	119,168
312,121	250,000	4,991	-	567,112	-
-	723,572	397,953	-	1,232,205	-
683,800	3,829	1,088	46,390	787,610	-
-	5,000	235,974	-	240,974	-
-	-	-	-	(82,570)	-
-	-	-	-	-	-
-	-	-	-	(7,068)	-
<u>1,008,057</u>	<u>1,758,043</u>	<u>1,251,051</u>	<u>68,657</u>	<u>4,723,501</u>	<u>119,168</u>
(5,135)	195,288	(78,011)	137,944	(654,851)	(148,330)
-	65,220	14,176	-	79,396	2,686
-	-	-	(61,000)	(82,038)	(721,949)
(5,135)	260,508	(63,835)	76,944	(657,493)	(867,593)
<u>1,445,658</u>	<u>245,069</u>	<u>10,579</u>	<u>4,142,301</u>	<u>72,223,652</u>	<u>4,022,637</u>
<u>\$ 1,440,523</u>	<u>\$ 505,577</u>	<u>\$ (53,256)</u>	<u>\$ 4,219,245</u>	<u>\$ 71,566,159</u>	<u>\$ 3,155,044</u>

CITY OF WINONA, MINNESOTA

STATEMENT OF CASH FLOWS—PROPRIETARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2022

	Water	Sanitary Sewer	Inspections	Airport
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	\$ 3,421,737	\$ 3,442,036	\$ 546,797	\$ 381,013
Payments to employees	(867,854)	(1,082,152)	(476,700)	(107,002)
Payments to other funds	(152,808)	-	(70,000)	-
Payments to suppliers	(926,774)	(1,611,641)	(39,204)	(101,809)
Service charges	-	-	-	-
Net cash provided by (used in) operating activities	<u>1,474,301</u>	<u>748,243</u>	<u>(39,107)</u>	<u>172,202</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Due from other funds	-	-	-	-
Federal grants	-	-	-	-
State grants	-	-	-	52,503
State LGA and market value credits	-	-	-	110,680
County grants	-	-	-	-
Taxes	-	-	-	166,488
Contributions	-	-	-	131,138
Cash written against future deposits	-	-	-	-
Transfers from other funds	-	-	-	-
Transfers to other funds	(16,504)	(4,534)	-	-
Net cash (used in) provided by noncapital financing activities	<u>(16,504)</u>	<u>(4,534)</u>	<u>-</u>	<u>460,809</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets	(2,468,369)	(427,604)	(33,518)	-
Proceeds from disposal of assets	6,083	12,607	-	-
Interest and fees paid on capital debt	-	(91,765)	-	(6,464)
Other fiscal agent charges	-	(5,500)	-	(1,568)
Payments on capital debt	-	(375,000)	-	(120,000)
Net cash (used in) capital and related financing activities	<u>(2,462,286)</u>	<u>(887,262)</u>	<u>(33,518)</u>	<u>(128,032)</u>
CASH FLOWS FROM INVESTING ACTIVITIES—interest received	<u>126,823</u>	<u>98,072</u>	<u>15,036</u>	<u>26,591</u>
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(877,666)	(45,481)	(57,589)	531,570
CASH AND CASH EQUIVALENTS—Beginning of year	<u>12,964,596</u>	<u>10,306,689</u>	<u>1,632,344</u>	<u>2,510,326</u>
CASH AND CASH EQUIVALENTS—End of year	<u>\$ 12,086,930</u>	<u>\$ 10,261,208</u>	<u>\$ 1,574,755</u>	<u>\$ 3,041,896</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:				
Operating income (loss)	\$ 152,067	\$ (652,218)	\$ (104,552)	\$ (937,927)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	860,551	1,011,130	12,282	760,073
Changes in assets and liabilities:				
Accounts payable	336,653	417,620	8,465	(835)
Deferred outflow - OPEB	(42,403)	(72,299)	(30,811)	(6,101)
Deferred outflow - pension	75,973	97,680	39,796	-
Net pension liability	316,461	406,879	165,765	-
Deferred inflow - OPEB	36,418	62,094	26,462	5,240
Deferred inflow - pension	(344,579)	(443,029)	(180,493)	-
Compensated absences	(43,356)	15,721	11,187	(211)
Customer receivables	(10,828)	(126,953)	(1,014)	349,135
Inventory	121,207	-	-	-
Other accrued liabilities	-	-	-	-
Salaries and benefits payable	16,137	31,618	13,806	2,828
Net cash provided by (used in) operating activities	<u>\$ 1,474,301</u>	<u>\$ 748,243</u>	<u>\$ (39,107)</u>	<u>\$ 172,202</u>

See notes to basic financial statements.

Public Transportation	Recreation	Library	Storm Sewer	Total	Governmental Activities— Internal Service Funds
\$ 214,576	\$ 432,573	\$ 13,202	\$ 395,728	\$ 8,847,662	\$ 3,751,598
(12,842)	(1,274,510)	(897,577)	(109,213)	(4,827,850)	-
-	-	-	-	(222,808)	-
(1,102,930)	(603,239)	(257,286)	(172,336)	(4,815,219)	(1,437,512)
-	-	-	-	-	(1,694,084)
<u>(901,196)</u>	<u>(1,445,176)</u>	<u>(1,141,661)</u>	<u>114,179</u>	<u>(1,018,215)</u>	<u>620,002</u>
68,947	-	(15,000)	-	53,947	-
312,121	250,000	4,991	-	567,112	-
597,200	3,829	1,088	46,390	701,010	-
-	723,572	397,953	-	1,232,205	-
-	5,000	235,974	-	240,974	-
-	772,157	553,449	-	1,492,094	-
-	3,301	57,091	3,071	194,601	-
-	(239,618)	-	-	(239,618)	-
-	65,220	14,176	-	79,396	2,686
-	-	-	(61,000)	(82,038)	(721,949)
<u>978,268</u>	<u>1,583,461</u>	<u>1,249,722</u>	<u>(11,539)</u>	<u>4,239,683</u>	<u>(719,263)</u>
-	-	(50,260)	-	(2,979,751)	-
-	-	-	-	18,690	-
-	-	-	-	(98,229)	-
-	-	-	-	(7,068)	-
-	-	-	-	(495,000)	-
<u>-</u>	<u>-</u>	<u>(50,260)</u>	<u>-</u>	<u>(3,561,358)</u>	<u>-</u>
<u>12,136</u>	<u>184</u>	<u>505</u>	<u>19,196</u>	<u>298,543</u>	<u>119,168</u>
89,208	138,469	58,306	121,836	(41,347)	19,907
<u>1,145,677</u>	<u>-</u>	<u>133,938</u>	<u>1,952,563</u>	<u>30,646,133</u>	<u>18,241,947</u>
<u>\$ 1,234,885</u>	<u>\$ 138,469</u>	<u>\$ 192,244</u>	<u>\$ 2,074,399</u>	<u>\$ 30,604,786</u>	<u>\$ 18,261,854</u>
\$ (1,013,192)	\$ (1,562,755)	\$ (1,329,062)	\$ 69,287	\$ (5,378,352)	\$ (267,498)
83,528	137,854	129,650	76,337	3,071,405	-
40,097	(2,694)	6,278	10,098	815,682	(55,377)
-	(46,979)	(48,809)	-	(247,402)	(533,547)
-	72,356	75,973	-	361,778	(6,522,826)
-	301,392	316,461	-	1,506,958	18,292,034
-	40,348	41,920	-	212,482	458,243
-	(328,170)	(344,578)	-	(1,640,849)	(10,893,293)
-	(77,717)	(9,786)	960	(103,202)	(378,589)
(11,633)	11,968	(2,030)	(42,548)	166,097	290,040
-	-	-	-	121,207	-
-	-	-	-	-	230,815
<u>4</u>	<u>9,221</u>	<u>22,322</u>	<u>45</u>	<u>95,981</u>	<u>-</u>
<u>\$ (901,196)</u>	<u>\$ (1,445,176)</u>	<u>\$ (1,141,661)</u>	<u>\$ 114,179</u>	<u>\$ (1,018,215)</u>	<u>\$ 620,002</u>

CITY OF WINONA, MINNESOTA

STATEMENT OF FIDUCIARY NET POSITION CUSTODIAL FUND—TOURISM PROMOTION AS OF DECEMBER 31, 2022

ASSETS:	
Cash and cash equivalents	\$ 46
Accounts receivable—total assets	<u>23,633</u>
Total assets	<u>23,679</u>
LIABILITIES—	
Accounts payable—total liabilities	<u>23,679</u>
NET POSITION—	
Restricted for Tourism promotion	<u>-</u>
TOTAL NET POSITION	<u><u>\$ -</u></u>

See notes to basic financial statements.

CITY OF WINONA, MINNESOTA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION CUSTODIAL FUND—TOURISM PROMOTION FOR THE YEAR ENDED DECEMBER 31, 2022

ADDITIONS—	
Lodging tax collections for other entity	<u>\$ 456,312</u>
DEDUCTIONS—	
Payments of lodging tax to other entity	456,312
CHANGE IN FIDUCIARY NET POSITION	-
NET POSITION—Beginning of year	<u>-</u>
NET POSITION—End of year	<u>\$ -</u>

See notes to basic financial statements.

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CITY OF WINONA, MINNESOTA

NOTES TO BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Financial Reporting Entity of the City

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

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

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

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

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

Blended Component Units:

The City has no blended component units.

Discretely Presented Component Units:

Port Authority of Winona:

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

Related Organizations:

Housing and Redevelopment Authority of Winona:

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

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

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

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

Joint Ventures and Jointly Governed Organizations:

The City was not part of any joint venture or jointly governed organization during 2022.

B. Government-Wide and Fund Financial Statements

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

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements and the custodial fund financial statements. 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.
- *Riverview Drive Reconstruction Fund*—The Riverview Drive Reconstruction Fund is established to account for federal grants, state grants and other revenues to finance the reconstruction of Riverview Drive.
- *Recovery Grant*—The Recovery Grant Fund is established to account for federal grants to finance the response to the COVID-19 public health emergency and its economic impacts.

- *Equipment Certificate 2022A*—The Equipment Certificate 2022A Fund is established to account for the equipment purchased with the proceeds from the equipment certificate issued in 2022.

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, facilities and pension liabilities 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; Infrastructure Replacement; Park Revolving; Pension-Coordinated; and Pension-Police and Fire.

- *Tourism Promotion Custodial Fund*—The Tourism Promotion Custodial 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 the same fund. Only the City Council may authorize the transfers of budgeted amounts between departments which are not under the same Director/Department Head, transfers of budgeted amounts between funds, and budget amendments.

During the year there was a net increase of \$2,774,238 in appropriations between the General Fund original and final amended budget. Listed below are the components of the increase:

- \$2,628,661 was added to various departments for encumbrances from December 31, 2021;
- \$30,168 was added to various departments for reimbursement of expenses related to training, overtime, and repairs;
- \$115,409 was added to various departments for donations and grants;

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 commitments of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent fiscal year.

E. Cash, Cash Equivalents, and Investments

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

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

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

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

F. Interfund Receivables/Payables

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

G. Inventories and Prepaid Items

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

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

H. Funds Held by Others

There were no funds held by others for the City of Winona or the Port Authority during 2022.

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 financial statements. The capitalization threshold for individual capital assets is \$15,000. 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 \$15,000 or greater. Capital assets purchased with a Federal Grant have a capitalization threshold at the current Federal threshold level.

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

Capital outlays are recorded as expenditures in the City's fund financial statements, which use the modified accrual basis of accounting. Capital outlays are capitalized in the City's government-wide statement of net position, which uses the full accrual basis of accounting. All capital assets are recorded at historical cost or estimated historical cost if actual cost was not available. Donated capital assets are valued at the acquisition value as of the date received. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value.

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

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

K. Compensated Absences Benefits and Pensions

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.

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to or deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. See Note 6 for a detailed description of the PERA plans.

L. Long-Term Obligations

Long-term obligations are recorded in the City’s government-wide statement of net position and the proprietary fund statement of net position when they become a liability of the City. Bond premiums and discounts are deferred and amortized over the life of the bonds.

Long-term obligations are recognized as a liability of a governmental fund when due. Bond premiums are reported as other financing sources. Issuance discounts are reported as other financing uses.

M. Net Position

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

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

Governmental Activities	Amount
General Fund	<u>\$ 163,755</u>
Business-Type Activities	
Library	50,373
Art Projects	<u>800</u>
Total Business-Type Activities	<u>\$ 51,173</u>
Component Unit	
Port Authority loans	<u>\$ 543,035</u>

N. Bond Discounts

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

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

Newly Implemented Accounting Pronouncements

The GASB has issued Statement No. 87, *Leases*. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this Statement were adopted in the current year. The implementation of this statement resulted in recording leases receivable of \$412,083 and leases payable of \$180,609 for the primary government. See Note 14 for further information regarding Statement No. 87.

The GASB has issued Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to establish accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. The requirements of this Statement were adopted in the current year. The adoption of Statement No. 92 did not have a material impact on the City's financial statements.

The GASB has issued Statement No. 93, *Replacement of Interbank Offered Rates*. This Statement establishes accounting and financial reporting requirements related to the replacement of interbank offered rates (IBOR) in hedging derivative instruments and leases. The requirements of this Statement are effective for financial statements starting with the fiscal years that end December 31, 2021. The requirements in paragraphs 13 and 14 will take effect for financial statements starting with the fiscal year that ends June 30, 2022. The adoption of Statement No. 93 and early adoption of paragraphs 13 and 14 did not have a material impact on the City's financial statements.

The GASB has issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and benefit plans other than pension or OPEB plans; and enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement were adopted in the current year. The adoption of Statement No. 97 did not have a material impact on the City's financial statements.

Accounting Pronouncements Issued But Not Yet Implemented

The GASB has issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement establishes standards of accounting and financial reporting for subscription-based information technology arrangements by a government end user (a government). The requirements of this Statement are effective for financial statements starting with the fiscal years that end June 30, 2023. The City is evaluating the requirements of this Statement to determine the impact on the City's financial statements.

The GASB has issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for financial statements starting with the fiscal years that end December 15, 2024. The adoption of this statement is not expected to have a material impact on the City's 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, 2022, 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>\$ 4,541,881</u>	<u>\$3,633,947</u>
Primary government	<u>\$ 4,289,259</u>	<u>\$3,431,825</u>
Component unit	<u>\$ 252,622</u>	<u>\$ 202,122</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, 2022, are as follows:

Investment Type	Carrying/ Fair Value
U.S. treasury securities	\$ 10,803,090
U.S. treasury bills	6,928,760
Money market mutual funds	<u>53,755,446</u>
Total investments, restricted cash, and escrow deposits	71,487,296
Total deposits (Note 2.A.)	<u>3,431,825</u>
Total deposits, investments, restricted cash, and escrow accounts	<u>\$ 74,919,121</u>

A reconciliation to the basic financial statements at December 31, 2022, is as follows:

Governmental activities:	
Governmental funds—cash and cash equivalents	\$ 7,745,920
Governmental funds—investments	17,949,890
Governmental funds—restricted investments	356,671
Internal service funds—cash and cash equivalents	18,261,854
Internal service funds—investment	<u>-</u>
Total governmental activities	<u>44,314,335</u>
Business-type activities:	
Enterprise funds—cash and cash equivalents	30,604,786
Enterprise funds—restricted investments	<u>-</u>
Total business-type activities	<u>30,604,786</u>
Total	<u><u>\$ 74,919,121</u></u>

As of December 31, 2022, the City had the following investments and weighted-average maturity in number of years:

Investment Type	Fair Value	Weighted-Average Maturity (Years)
U.S. Treasury Bills	\$ 3,946,800	0.31
U.S. Treasury Securities (excluding escrow account)	10,803,090	0.42
Certificates of Deposit	<u>3,200,000</u>	0.50
Total fair value	<u><u>\$ 17,949,890</u></u>	
Portfolio weighted average maturity		0.41

Interest Rate Risk—Interest rate risk is the risk that the market value of securities will fall due to changes in market interest rates. The City manages its exposure to declines in fair value by limiting the average maturity of short-term investments to 2 years. 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—Credit risk is the risk of loss due to failure of the security issuer or backer. The U.S.’s AA+ credit rating was affirmed by Standard & Poor’s in March 2021. 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, 2022. Also, as of December 31, 2022, the primary government and the component unit had \$53,933,555 invested in

a money market fund with a rating of AAAM/Aaa and \$786,340 was invested in a money market fund that is not rated for the fund itself, but the underlying investments are all rated or insured/collateralized as per Minnesota Statutes.

Concentration of Credit Risk—Concentration of credit risk is the risk of loss that may be caused by the City’s investment in a single issuer. The City’s investment policy states that it is the City’s preference to limit to no more than 10% of total City investments in any one company for the commercial paper that is purchased. At December 31, 2022, the City does not hold any commercial paper as part of its investment portfolio.

Custodial Credit Risk—Deposits— The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Minnesota state law requires that to the extent that City funds deposited are in excess of available federal deposit insurance, the City shall require the financial institution to furnish collateral security or a corporate surety bond executed by a company authorized to do business in the State of Minnesota. The total amount of the collateral computed at its market value shall be at least 10% more than the amount on deposit, plus accrued interest at the close of the business. The financial institutions may furnish both a surety bond and collateral aggregating the required amount.

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

Maturity dates for securities held in investments, restricted cash and escrow accounts at December 31, 2022, are listed below:

Maturity Year	Fair Value
2023	<u>\$ 17,949,890</u>

C. Investments – Fair Value Hierarchy

The City categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs or quoted prices in markets that are not active; and Level 3 inputs are significant unobservable inputs.

The City has the following recurring fair value measurements as of December 31, 2022:

- * U.S. Treasury Obligations of \$17.7 million -
Valued using quoted prices for similar assets in markets that are not active (Level 2 inputs)

Component Unit

The component unit's balances at December 31, 2022, are as follows:

Investment Type	Carrying/ Fair Value
Money market mutual funds	\$ 4,209,324
Total deposits (Note 2.A.)	<u>202,122</u>
Total deposits and investments	<u>\$ 4,411,446</u>

The maturity date for securities held in investment accounts at December 31, 2022, is listed below:

Maturity Year	Fair Value
2023	<u>\$ 4,209,324</u>

3. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2022, was as follows:

	Primary Government			
	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Nondepreciable:				
Land	\$ 7,285,735	\$ -	\$ -	\$ 7,285,735
Construction in progress	351,561	2,758,089	(242,295)	2,867,355
Depreciable:				
Buildings and improvements	15,951,676	51,526	-	16,003,202
Machinery and equipment	10,827,262	289,701	(241,755)	10,875,208
Right-to-use leased assets	180,609	-	-	180,609
Infrastructure:				
Flood control	33,000,000	-	-	33,000,000
Street system	45,691,425	154,624	-	45,846,049
Park	278,000	-	-	278,000
Total at historical cost	<u>113,385,659</u>	<u>3,253,940</u>	<u>(484,050)</u>	<u>116,336,158</u>
Less accumulated depreciation:				
Buildings and improvements	(6,249,799)	(827,743)	-	(7,077,542)
Machinery and equipment	(7,501,078)	(837,175)	260,446	(8,077,807)
Right-to-use leased assets	-	(21,017)	-	(21,017)
Infrastructure:				
Flood control	(30,136,362)	(715,909)	-	(30,852,271)
Street system	(22,775,098)	(1,180,657)	-	(23,955,755)
Park	(218,364)	(4,020)	-	(222,384)
Total accumulated depreciation	<u>(66,880,701)</u>	<u>(3,586,521)</u>	<u>260,446</u>	<u>(70,206,776)</u>
Governmental activities capital assets—net	<u>\$ 46,504,958</u>	<u>\$ (332,581)</u>	<u>\$ (223,604)</u>	<u>\$ 46,129,382</u>
Business-type activities:				
Nondepreciable:				
Land	\$ 855,819	\$ -	\$ -	\$ 855,819
Collections	175,800	-	-	175,800
Construction in progress	-	2,451,270	-	2,451,270
Depreciable:				
Buildings and improvements	69,012,735	16,550	(51,526)	68,977,759
Machinery and equipment	4,738,430	522,917	(296,341)	4,965,006
Books	479,996	50,260	(40,501)	489,755
Infrastructure:				
Water	9,199,961	-	-	9,199,961
Sanitary sewer	9,592,531	-	-	9,592,531
Storm sewer	3,613,036	-	-	3,613,036
Total at historical cost	<u>97,668,308</u>	<u>3,040,997</u>	<u>(388,368)</u>	<u>100,320,937</u>
Less accumulated depreciation:				
Buildings and improvements	(38,425,999)	(2,160,477)	51,526	(40,534,950)
Machinery and equipment	(3,966,922)	(339,737)	296,341	(4,010,318)
Books	(342,109)	(57,551)	40,501	(359,159)
Infrastructure:				
Water	(2,827,533)	(275,560)	-	(3,103,093)
Sanitary sewer	(3,052,400)	(246,682)	-	(3,299,082)
Storm sewer	(1,730,244)	(71,337)	-	(1,801,581)
Total accumulated depreciation	<u>(50,345,207)</u>	<u>(3,151,344)</u>	<u>388,368</u>	<u>(53,108,183)</u>
Business-type activities capital assets—net	<u>\$ 47,323,101</u>	<u>\$ (110,347)</u>	<u>\$ -</u>	<u>\$ 47,212,754</u>

Depreciation expense for governmental activities is charged to functions in 2022, as follows:

General government	\$ 166,272
Public safety	1,055,870
Highways and streets	1,493,763
Culture/recreation	<u>819,090</u>
Total depreciation expense for governmental activities	<u>\$ 3,534,995</u>

The Governmental activities accumulated depreciation “Increases” column, on the previous page, of \$3,586,521, includes capital asset transfers between the general fund and the business-type funds.

Depreciation expense for business-type activities charged in 2022, as follows:

Water	\$ 860,551
Sanitary Sewer	1,011,130
Inspections	12,282
Airport	760,073
Public transportation	83,528
Recreation	137,854
Library	129,650
Storm sewer	<u>76,337</u>
Total depreciation expense for business-type activities	<u>\$ 3,071,405</u>

The Business-type activities accumulated depreciation “Increases” column, on the previous page, of \$3,151,344, includes capital asset transfers between the general fund and the business-type funds.

Component Unit

Capital asset activity (Port Authority) for the year ended December 31, 2022, was as follows:

	Component Unit			
	Beginning Balance	Increases	Decreases	Ending Balance
Component unit:				
Nondepreciable:				
Construction in progress	\$ 1,040,905	\$ -	\$ (1,040,905)	\$ -
Depreciable:				
Buildings and improvements	1,930,628	-	-	1,930,628
Infrastructure	<u>-</u>	<u>1,145,215</u>	<u>-</u>	<u>1,145,215</u>
Total at historical cost	<u>2,971,533</u>	<u>1,145,215</u>	<u>(1,040,905)</u>	<u>3,075,843</u>
Less accumulated depreciation:				
Buildings and improvements	(371,785)	(92,845)	-	(464,630)
Infrastructure	<u>-</u>	<u>(11,452)</u>	<u>-</u>	<u>(11,452)</u>
Total accumulated depreciation	<u>(371,785)</u>	<u>(104,297)</u>		<u>(476,082)</u>
Component unit capital assets—net	<u>\$ 2,599,748</u>	<u>\$ 1,040,918</u>	<u>\$ (1,040,905)</u>	<u>\$ 2,599,761</u>

Construction in Progress

There are four projects included in the capital assets—construction in progress (in the governmental activities) at December 31, 2022.

Bluff Traverse Trail Project	\$ 109,266
Broadway St Pedestrian Improvement Project	1,505,107
Lions Playground Shade Shelters	<u>51,611</u>
Mankato Ave-Street Reconstruction	<u>1,201,371</u>
Total Governmental Activities	<u>\$ 2,867,355</u>

There are three projects included in the capital assets—construction in progress (in the business-type activities) at December 31, 2022.

Johnson St Filter Media Replacement Project	\$ 1,155,073
Mankato Ave-Water Mains	1,273,496
South Baker-Water Mains	<u>22,701</u>
Total Business Type Activities	<u>2,451,270</u>
Total	<u>\$ 5,318,625</u>

Component Unit

There are no projects included in the capital assets—construction in progress (Port Authority) at December 31, 2022.

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.

As of January 1, 2022, there were 26.72 developable acres held for development. During 2022, there were 0.34 acres purchased and no acres sold. A reconciliation of the acres held for development was completed. The amount of acreage held for development was reduced by 1.42 acres in 2022 to match the actual amount of acreage listed for all parcels held for development per Winona County records. There are 25.64 developable acres as of December 31, 2022.

5. LONG-TERM DEBT

Primary Government

A summary of bonds outstanding at year-end follows:

Bonds	Maturities	Rates	December 31, 2023
Governmental activities:			
G.O. bonds—supported by taxes	2023–2029	2.0–3.0%	\$ 3,120,000
Add unamortized premium			<u>180,245</u>
Total			<u>3,300,245</u>
Business-type activities:			
Bonds	2023–2029	1.4–3.0%	3,205,000
Add unamortized premium			70,450
Less unamortized discounts			<u>(7,846)</u>
Total			<u>3,267,604</u>
Total bonds outstanding			<u>\$ 6,567,849</u>

A summary of changes in bonds payable (at par) during 2022 is as follows:

Bonds	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Governmental activities:					
G.O. bonds—supported by taxes	\$ 3,520,000	\$ -	\$ (400,000)	\$ 3,120,000	\$ 410,000
Business-type activities:					
G.O. revenue bonds	<u>3,700,000</u>	<u>-</u>	<u>(495,000)</u>	<u>3,205,000</u>	<u>510,000</u>
Total	<u>\$ 7,220,000</u>	<u>\$ -</u>	<u>\$ (895,000)</u>	<u>\$ 6,325,000</u>	<u>\$ 920,000</u>

Debt service requirements to maturity as of December 31, 2022, including interest of \$582,262, are as follows:

Year Ending December 31	General Obligation (G.O.) Bonds		
	Supported by Property Taxes	Supported by Water and Sewer Utilities	Total Bonds
2023	\$ 489,950	\$ 584,192	\$ 1,074,142
2024	494,513	584,431	1,078,944
2025	494,850	455,750	950,600
2026	488,900	459,819	948,719
2027	490,475	460,144	950,619
2028-2029	<u>983,875</u>	<u>920,363</u>	<u>1,904,238</u>
Total	<u>\$ 3,442,563</u>	<u>\$ 3,464,699</u>	<u>\$ 6,907,262</u>

Year Ending December 31	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 410,000	\$ 79,950	\$ 489,950	\$ 510,000	\$ 74,192	\$ 584,192
2024	425,000	69,513	494,513	525,000	59,431	584,431
2025	435,000	59,850	494,850	410,000	45,750	455,750
2026	440,000	48,900	488,900	425,000	34,819	459,819
2027	455,000	35,475	490,475	435,000	25,144	460,144
2028-2029	<u>955,000</u>	<u>28,875</u>	<u>983,875</u>	<u>900,000</u>	<u>20,363</u>	<u>920,363</u>
Total	<u>\$ 3,120,000</u>	<u>\$ 322,563</u>	<u>\$ 3,442,563</u>	<u>\$ 3,205,000</u>	<u>\$ 259,699</u>	<u>\$ 3,464,699</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 Water and Sanitary Sewer Utilities—All of the bonds in this category are G.O. Water and Sanitary Sewer Revenue and are recorded as a liability in the appropriate Enterprise Fund. These bonds are intended to be paid first from the revenues of the appropriate Enterprise Fund, and are also backed by the full faith, credit, and taxing authority of the City.

There are limitations and restrictions contained in the bond indentures.

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

Other Debt	Maturities	Interest Rates	December 31, 2023
Governmental funds—			
G.O. Equipment Certificates	2023	2.5 - 5.0%	\$ 470,000
	2024	5.0 %	270,000
	2025	5.0 %	305,000
	2026	5.0 %	320,000
	2027	5.0 %	340,000
	2028	5.0 %	355,000
	2029	5.0 %	370,000
	2030	5.0 %	390,000
	2031	4.0 %	410,000
	2032	4.0 %	<u>425,000</u>
	Total		<u>\$ 3,655,000</u>

Debt service requirements to maturity as of December 31, 2022 including interest of \$103,541, listed below for other debt are summarized as follows:

Year Ending December 31	G.O. Equipment Certificates		
	Principal	Interest	Total
2023	\$ 470,000	\$ 103,541	\$ 573,541
2024	270,000	144,150	414,150
2025	305,000	129,775	434,775
2026	320,000	114,150	434,150
2027	340,000	97,650	437,650
2023	<u>1,950,000</u>	<u>219,275</u>	<u>2,169,275</u>
	<u>\$ 3,655,000</u>	<u>\$ 808,541</u>	<u>\$ 4,463,541</u>

The City issued General Equipment Certificates of Indebtedness, Series 2022A, dated December 8, 2022, for \$3,185,000. The 2022A Bonds were sold to the bidder at a true interest rate of 3.56% and will be repaid with property taxes. The 2022A Bonds are secured by the City's full faith, credit, and taxing authority of the City. Proceeds from the 2022A Bonds will be used to finance the purchase of various equipment for the City such as HVAC equipment for the Masonic Temple, a fire truck and three plow/dump trucks.

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

Debt	Beginning Balance	Issued	Retired	Ending Balance
Bonds payable	\$ 3,520,000	\$ -	\$ (400,000)	\$ 3,120,000
Other debt	<u>930,000</u>	<u>3,185,000</u>	<u>(460,000)</u>	<u>3,655,000</u>
Total	<u>\$ 4,450,000</u>	<u>\$ 3,185,000</u>	<u>\$ (860,000)</u>	<u>\$ 6,775,000</u>

A review of improvement bonds for the years 1995–2022 is as follows:

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

Component Unit

There were no bonds outstanding at year-end.

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 2022.

Long-Term Liability Activity

Long-term liability activity for the year ended December 31, 2022, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Governmental activities:					
Bonds and certificates payable	\$ 4,450,000	\$ 3,185,000	\$ (860,000)	\$ 6,775,000	\$ 880,000
Unamortized premiums and discounts	-	180,245	-	180,245	-
Net OPEB liability	2,013,573	689,058	(458,243)	2,244,388	-
Net pension liability	6,640,210	19,785,939	(1,493,905)	24,932,244	-
Lease liability	180,609	-	(19,328)	161,281	19,763
Compensated absences	2,955,396	1,221,253	(1,800,192)	2,376,457	150,000
Total governmental activities	16,239,788	25,061,495	(4,631,668)	36,669,615	1,049,763
Business-type activities:					
Bonds and certificates payable	3,700,000	-	(495,000)	3,205,000	510,000
Unamortized premiums and discounts	72,526	-	(9,922)	62,604	-
Net OPEB liability	993,242	319,509	(212,482)	1,100,269	-
Net pension liability	1,523,212	1,883,643	(376,685)	3,030,170	-
Compensated absences	940,580	304,533	(485,658)	759,455	60,000
Total business-type activities	7,229,560	2,507,685	(1,579,747)	8,157,498	570,000
	<u>\$ 23,469,348</u>	<u>\$ 27,569,180</u>	<u>\$ (6,211,415)</u>	<u>\$ 44,827,113</u>	<u>\$ 1,619,763</u>

Compensated absences classified as long-term liabilities include unused vacation, compensated time and sick leave estimated to be paid or used by employees for periods ending after December 31, 2022. The Governmental activities - unused vacation liability on December 31, 2022, was \$555,803 and decreased by \$42,547 from December 31, 2021. The Business-type activities - unused vacation was \$193,523 at December 31, 2022 and decreased by \$23,770 from December 31, 2021. The Net Other Post Employment Benefit Obligation at December 31, 2022 is \$3,344,657. For the governmental activities, compensated absences and OPEB liability are generally liquidated by the general fund.

6. PENSION PLANS

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

1. Plan Description

The City participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

General Employees Retirement Fund (GERF)

All full-time and certain part-time employees of the City are covered by the GERF plan. Members of GERF belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

Public Employees Police and Fire Fund (PEPFF)

The PEPFF, originally established for police officers and firefighters not covered by a local relief association, now covers all police officers and firefighters hired since 1980. Effective July 1, 1999, the PEPFF also covers police officers and firefighters belonging to a local fire relief association that elected to merge with and transfer assets and administration to PERA.

2. Benefits Provided

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state legislature. 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.

GERF Benefits

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 or service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the annuity accrual rate for a Coordinated Plan member is 1.2% of average salary for each of the first ten years of service and 1.7% of average salary for each remaining year. Under Method 2, the annuity accrual rate is 1.7% of annual salary for each year of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

Annuities, disability benefits, and survivor benefits are increased effective every January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024 or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

PEPFF Benefits

Benefits for the PEPFF members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50% after five years up to 100% after ten years of credited service. Benefits for PEPFF members first hired after June 30, 2014, vest on a prorated basis from 50% after ten years of service up to 100% after twenty years of credited service. The annuity accrual rate is 3% of average salary for each year of service. A full, unreduced pension is earned when members are age 55 and vested, or for members who were first hired prior to July 1, 1989, when age plus years of service equal at least 90.

Annuities, disability benefits, and survivor benefits are increased effective every January. The postretirement increase is fixed at 1%. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least 25

months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

3. Contributions

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state legislature.

GERF Contributions

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in calendar year 2022. The City was required to contribute 7.50% for Coordinated Plan members in calendar year 2022. The City expense to the GERF for years ended December 31, 2022, 2021 and 2020 were \$576,187, \$579,916, and \$570,145 respectively. The City's contributions were equal to the required contributions as set by state statute.

PEPFF Contributions

Plan members were required to contribute 11.80% of their annual covered salary in calendar year 2022. The City was required to contribute 17.70% of pay for PEPFF members in calendar year 2022. The City expense to the PEPFF for the years ended December 31, 2022, 2021 and 2020 were \$970,232, \$995,179, and \$986,790, respectively. The City's contributions were equal to the required contributions as set by state statute.

4. Pension Costs

GERF Pension Costs

At December 31, 2022, the City reported a liability of \$8,110,400 for its proportionate share of the GERF's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million to the fund in 2021. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of the special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$35,493.

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2021 through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2022, the City's proportion was .1023%, which was a decrease of .0036% from its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the City recognized pension expense of \$1,180,862 for its proportionate share of the GERF's pension expense. In addition, the City recognized an additional \$35,493 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to GERF.

At December 31, 2022, the City reported its proportionate share of the GERF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 72,188	\$ 89,483
Changes in actuarial assumptions	1,899,945	33,628
Differences between projected and actual investment earnings	37,613	-
Changes in proportion	83,669	122,989
GERF contributions paid subsequent to the measurement date	<u>308,364</u>	<u>-</u>
Totals	<u>\$2,401,779</u>	<u>\$ 246,100</u>

The deferred outflows of resources in the amount of \$308,364 related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2023. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,

2023	\$ 726,111
2024	719,879
2025	(333,464)
2026	<u>734,792</u>
Total	<u>\$ 1,847,318</u>

PEPFF Pension Costs

At December 31, 2022, the City reported a liability of \$19,852,014 for its proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period of employer payroll paid dates from July 1, 2021 through June 30, 2022, relative to the total employer contributions from all of PERA's participating employers. At June 30, 2022, the City's proportion was .4562% which was a decrease of .0155% from its proportion measured as of June 30, 2021.

The State of Minnesota contributed \$18 million on behalf of all members of the PEPFF plan for the fiscal year ended June 30, 2022. The contribution consisted of \$9 million in direct state aid that does meet the definition of a special funding situation and \$9 million in supplemental state aid that does not meet the definition of a special fund situation. By October 1 of each year, the state will pay \$9 million to the PEPFF until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90% funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90% funded, whichever occurs later.

The amount contributed by the State of Minnesota on behalf of the City was recognized as pension expense of \$41,058 for its proportionate share of the PEPFF pension expense in accordance with GASB 68 special funding situation accounting and financial reporting

requirements. The City recognized \$41,058 for the year ended December 31, 2022, as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to PEPFF of \$9 million.

For the year ended December 31, 2022, the City recognized a pension expense of \$3,806,127 for its proportionate share of the PEPFF's pension expense.

At December 31, 2022, the City reported its proportionate share of the PEPFF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 1,229,078	\$ -
Changes in actuarial assumptions	11,826,650	121,996
Differences between projected and actual investment earnings	101,603	-
Changes in proportion	135,423	132,217
PEPFF contributions paid subsequent to the measurement date	510,371	-
Totals	<u>\$ 13,803,125</u>	<u>\$ 254,213</u>

The deferred outflows of resources in the amount of \$510,371 related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,

2023	\$ 2,554,945
2024	2,526,773
2025	2,222,694
2026	4,102,335
2027	1,631,794
Total	<u>\$ 13,038,541</u>

5. Total Pension Expense

The total pension expense for all plans recognized by the City for the year ended December 31, 2022 was \$5,063,540 (\$1,216,355 for GERF and \$3,847,185 for PEPFF).

6. Actuarial Assumptions

The total pension liability in the June 30, 2022 actual valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.50%.

Salary growth assumptions in the GERF range in annual increments from 10.25% after one year of service to 3.00% after 27 years of services. In the PEPFF, salary growth assumptions range from 11.75% after one year of service to 3.00% after 24 years of service.

Mortality rates for the GERP are based on the Pub-2010 General Employee Mortality Table. Mortality rates for the PEPFF are based on the Pub-2010 Public Safety Employee Mortality tables. The tables are adjusted slightly to fit PERA's experience.

Actuarial assumptions used in the June 30, 2022 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the GERP was completed in 2019. The assumption changes were adopted by PERA's Board of Trustees and became effective with the July 1, 2020 actuarial valuation. The most recent four-year experience study for PEPFF was completed in 2020. The PEPFF assumption changes were adopted by PERA's Board of Trustees and became effective with the July 1, 2021 actuarial valuation.

Inflation is assumed to be 2.25% for both GERP and PEPFF. Benefit increases after retirement are assumed to be 1.25% for GERP. The PEPFF benefit increase is fixed at 1.00% per year and that increase was used in the valuation.

The following changes in actuarial assumptions occurred in 2022:

GERP Changes in Actuarial Assumptions

The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

GERP Changes in Plan Provisions:

There were no changes in plan provisions since the previous valuation.

PEPFF Changes in Actuarial Assumptions:

The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

The single discount rate changed from 6.50% to 5.40%.

PEPFF Changes in Plan Provisions:

There have been no changes since the prior valuation.

7. Long-Term Expected Return on Investment

The State Board of Investment, which manages the investments of PERA, prepares an analysis on a regular basis of the reasonableness of the long-term expected rate of return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Domestic Stocks	33.50%	5.10%
International Stocks	16.50%	5.30%
Fixed Income	25.00%	0.75%
Private Markets	25.00%	5.90%
Total	<u>100.00%</u>	

* From PERA's ACFR for the Fiscal Year Ended June 30, 2022

8. Discount Rate

The discount rate used to measure the total pension liability was 6.50% in 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at the rate specified in Minnesota Statute. Based on that assumption, the fiduciary net position of the GERP was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

In the PEPFF, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through June 30, 2060. Beginning in fiscal year ended June 30, 2061, projected benefit payments exceed the fund's projected fiduciary net position. Benefit payments projected after were discounted at the municipal bond rate of 3.69% (based on the weekly rate closest but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"). The resulting equivalent single discount rate of 5.40% was determined to give approximately the same present value of projected benefits when applied to all years of projected benefits as the present value of projected benefits using 6.50% applied to all years of projected benefits through the point of asset depletion and 3.69% thereafter.

9. Pension Liability Sensitivity

The following presents the City's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

Sensitivity of Net Pension Liability at Current Single Discount Rate

	General Employees Fund		Police and Fire Fund	
One Point Decrease	5.50%	\$ 12,797,839	4.40%	\$ 30,043,489
Current Discount Rate	6.50%	8,110,400	5.40%	19,852,014
One Point Increase	7.50%	4,251,040	6.40%	11,612,831

10. Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the internet at www.mnpera.org, by writing to PERA, 60 Empire Drive Suite 200, Saint Paul, MN 55103-2088, or by email at benefits@mnpera.org.

B. Defined Contribution Plan—Statewide

There are six Council members of the City covered by the Public Employees Defined Contribution Plan (PEDCP), a multiple-employer deferred compensation plan administered by PERA. The 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.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Minnesota Statutes, Chapter 353(D.03), specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes five percent of salary which is matched by the elected official's employer. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives two percent of employer contributions and twenty-five hundredths of one percent (.0025%) of the assets in each member's account annually.

Total Contributions made by the City during 2022, 2021, and 2020 were:

For the Year Ended:	<u>Contribution Amount</u>		<u>Percentage of Covered Payroll</u>		<u>Required Rate for Employees &</u>	
	Employee	Employer	Employee	Employer	Employee	Employer
December 31, 2020	\$ 2,466	\$ 2,466	5.0%	5.0%	5.0%	5.0%
December 31, 2021	\$ 2,851	\$ 2,851	5.0%	5.0%	5.0%	5.0%
December 31, 2022	\$ 2,851	\$ 2,851	5.0%	5.0%	5.0%	5.0%

7. **INTERFUND RECEIVABLES, PAYABLES, AND TRANSACTIONS**

Interfund receivables and payables at December 31, 2022, are listed below for the primary government.

Receivable Fund	Payable Fund	Amount	Purpose
Due to/due from Other Funds			
(Primary Government):			
Facilities	Trail Development Fund	\$ 54,000	[1]
General	Library	<u>45,000</u>	[2]
Total		<u>\$ 99,000</u>	

[1] The Trail Development Fund will repay the Facilities through an annual pay back schedule after completion.

[2] The Library Fund will repay the General Fund through an annual pay back schedule.

Transfers during 2022 were as follows for the primary government. (A brief summary of the transfer activity is at the end of this note.)

	Transfers In	Transfers Out
Primary Government		
Governmental activities:		
General (1)	\$ 33,000	\$ 29,366
General (2)	88,183	2,376
General (3)	33,000	3,080
General (4)	58	17,454
General (5)	61,000	14,176
Nonmajor Governmental Funds:		
Senior Advocacy Program Special Revenue Fund (6)	3,080	-
Metro Plains Housing Special Revenue Fund	-	58
Equipment Certificate 2011A/2015A Debt Service Fund (7)	310,564	-
Engineering Dept. Capital Project Fund (8)	16,504	-
Engineering Dept. Capital Project Fund (9)	4,534	-
Engineering Dept. Capital Project Fund (10)	520,000	-
Engineering Dept. Capital Project Fund (11)	629,717	-
City Building Improvements Capital Project Fund		2,686
City Equipment Capital Project Fund		310,564
Street Reconstruction Capital Project Fund (12)	29,366	13,833
Street Reconstruction Capital Project Fund (13)	141,806	-
Riverview Drive Reconstruction Capital Project Fund (14)	13,833	-
Equipment Certificate 2022A Capital Project Fund (15)	2,376	-
Municipal State Aid Capital Project Fund	-	141,806
Municipal State Aid Capital Project Fund	-	629,717
Total governmental funds	<u>1,887,021</u>	<u>1,165,116</u>
Internal Service Funds:		
Equipment Replacement	-	33,000
Equipment Replacement	-	88,183
Equipment Replacement	-	33,000
Facilities (16)	2,686	21,986
Facilities	-	25,780
Infrastructure Replacement	-	520,000
Total internal service funds	<u>2,686</u>	<u>721,949</u>
Total governmental activities	<u>1,889,707</u>	<u>1,887,065</u>

(continued)

Business-type activities:		
Water Fund	\$ -	\$ 16,504
Sewer Fund	-	4,534
Storm Sewer Fund	-	61,000
Recreation Fund (17)	21,986	-
Recreation Fund (18)	25,780	-
Recreation Fund (19)	17,454	-
Library Fund (20)	14,176	-
Total business-type activities	<u>79,396</u>	<u>82,038</u>
Total Primary Government	<u>\$ 1,969,103</u>	<u>\$ 1,969,103</u>

PURPOSE OF TRANSFERS IN:

- (1) From the Equipment Replacement Fund for streets truck
- (2) From the Equipment Replacement Fund for streets dump truck
- (3) From the Equipment Replacement Fund for streets truck
- (4) From the Metro Plains Housing Fund for residual equity transfer to close out fund
- (5) From the Storm Sewer Fund for street sweeping
- (6) From the General Fund for salary increase
- (7) From the City Equipment Fund for residual equity transfer to close out fund
- (8) From the Water Fund for Mankato Avenue project
- (9) From the Sewer Fund for Mankato Avenue project
- (10) From the Infrastructure Fund for Mankato Avenue project
- (11) From the Municipal State Aid Fund for Mankato Avenue project
- (12) From the General Fund for 2022 Mill & Overlay project
- (13) From the Municipal State Aid Fund for West Lake Blvd bridge project
- (14) From the Street Reconstruction Fund for Riverview Drive Reconstruction project
- (15) From the General Fund for equity contribution related to Equipment Certificate 2022A bond proceeds
- (16) From the City Building Improvements Fund for residual equity transfer to close out fund
- (17) From the Facilities Fund for Bob Welch Aquatic Center pool seam leak repair
- (18) From the Facilities Fund for Bud King ice arena heaters
- (19) From the General Fund for salary increase
- (20) From the General Fund for salary increase

(concluded)

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 such as by grantor or debt covenants. If money is set aside for this purpose, it is used first before the other classifications.

Committed: Internally-imposed constraints that apply to use of the funds. The City Council approves a resolution for committed items each year. An equal action must be enacted to rescind the commitment. The City Council is the highest level of decision-making authority.

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: The General Fund is the only fund that reports a positive unassigned fund balance amount.

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

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

Net position, fund balances, and retained earnings in the various funds at December 31, 2022, have been set up as nonspendable, restricted, committed, assigned, or unassigned for the following purposes:

PRIMARY GOVERNMENT

RESTRICTED

Major Governmental Funds:

General Fund:

	Fund Balance	Net Position
Drug seizure and DWI penalty assessment (Police)	\$ 38,466	\$ 38,466
CMH property transfer	35,000	35,000
Japanese garden	5,000	5,000
Snow removal	84,789	84,789
Trail maintenance	500	500
Equipment Certificate 2022A	3,304,457	3,304,457

Other Funds (Internal Service Funds):

Health Insurance Fund:

Health insurance	\$ -	\$ 1,800,175
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Risk Management Fund:

Property self-insurance	-	382,729
Workers' compensation maximum	-	710,045
Emergency issues/claims	-	100,000

Equipment Replacement Fund:

Equipment replacement	-	39,000
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Nonmajor Governmental Funds:

Debt Service Funds:

1999B Sales Tax Revenue Bond— for Riverbend Industrial Park infrastructure/sales tax issues	\$ 192,917	\$ 192,917
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Equipment Certificates—for debt payments

	1,136,363	1,136,363
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Tax Abatement Bond (2017B)—for debt payments

	594,002	594,002
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PIR Bond Fund—for debt payments

	1,439,405	1,439,405
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Special Revenue Funds:

Library Memorials	245,000	245,000
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Capital Projects Funds:

Municipal State Aid—projects	304,305	304,305
Dike construction	211,161	211,161
Park Site-parks for subdivisions	28,570	28,570
Engineering projects	160,074	160,074
Infrastructure revolving	1,465,147	1,465,147
High Wagon Bridge reconstruction	207,300	207,300
Aghaghming Park construction	1,968	1,968
Softball field development—improvements	121,789	121,789
Bankdshell Lions Playground Project	55,412	55,412
Levee Park Project	120,439	120,439
2017B Masonic Temple Project	153,075	153,075
Broadway street reconstruction	116,151	116,151
PIR Construction Fund—for P.I.R. projects	104,411	104,411
Street Reconstruction Project	810,225	810,225

Permanent Funds:

Expendable	300,885	300,885
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Total governmental activities	<u>\$ 11,236,811</u>	<u>\$ 14,268,760</u>
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Major Proprietary Funds:

Sanitary Sewer Fund—Bond requirements	\$ -	\$ 482,738
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Airport Fund—Bond requirements	-	130,665
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Recreation Fund—Blue Heron contribution	-	800
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Library Fund - Donation	-	50,373
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Total business-type activities	<u>\$ -</u>	<u>\$ 664,576</u>
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Total Restricted (Primary Government) Excluding Nonspendable	<u>\$ 11,236,811</u>	<u>\$ 14,933,336</u>
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(continued)

	Fund Balance	Net Position
RESTRICTED, NONSPENDABLE		
<u>Major Governmental Funds:</u>		
General Fund-not in spendable form	\$ 205,718	\$ 205,718
<u>Nonmajor Governmental Funds:</u>		
Senior Advocacy Fund-not in spendable form	20	20
Permanent Funds:		
Endowment (original contributions)-legally or contractually required to be maintained intact	56,000	56,000
Total Nonexpendable	261,738	261,738
Total Restricted (Primary Government) Including Nonexpendable	<u>\$ 11,498,549</u>	<u>\$ 15,195,074</u>

UNRESTRICTED—COMMITTED

<u>Major Governmental Fund:</u>		
General Fund:		
Campground	\$ 95,362	\$ 95,362
Encumbrances	2,285,258	2,285,258
Boat harbor	324,452	324,452
<u>Nonmajor Governmental Funds:</u>		
Special Revenue Funds:		
Emergency	\$ 36,082	\$ 36,082
Athletic	7,640	7,640
Senior Advocacy Fund	22,397	22,397
Library Memorials	137,642	137,642
1990 Downtown Redevelopment Grant	43,068	43,068
1994 Downtown Redevelopment Grant	176,797	176,797
West Central Revitalization	47,368	47,368
Central City Rehab	123,898	123,898
Total Committed (Primary Government)	<u>\$ 3,299,964</u>	<u>\$ 3,299,964</u>

UNRESTRICTED—ASSIGNED

<u>Major Governmental Fund:</u>		
General Fund:		
Cash flow	\$ 9,324,391	\$ 6,952,443
<u>Other Funds (Internal Service Funds):</u>		
Employee Benefit	\$ -	\$ 2,867,352
Risk Management	-	691,238
Equipment Replacement	-	350,588
Facilities	-	2,733,655
Infrastructure Replacement	-	3,548,050
Park Revolving	-	177,490
Total Assigned (Governmental)	<u>\$ 9,324,391</u>	<u>\$ 17,320,816</u>

<u>Major Proprietary Funds:</u>		
Water Fund	\$ -	\$ 11,639,413
Sanitary Sewer Fund—Bond requirements	-	9,082,148
Inspections Fund	-	1,259,704
Airport Fund—Bond requirements	-	2,913,331
Public Transportation Fund	-	1,272,410
Storm Sewer Fund	-	2,034,597
Total Assigned (Business-type)	-	28,201,603
Total Assigned (Primary Government)	<u>\$ 9,324,391</u>	<u>\$ 45,522,419</u>

(continued)

	Fund Balance	Net Position
UNRESTRICTED—UNASSIGNED		
<u>Major Governmental Fund:</u>		
General Fund	\$ -	\$ -
<u>Other Funds (Internal Service Funds):</u>		
LELS Health	\$ -	\$ (24,685)
Pension Coordinated	-	(3,917,491)
Pension Police & Fire	-	(6,303,102)
<u>Nonmajor Governmental Fund:</u>		
Capital Project Fund:		
Trail Development	(53,969)	(53,969)
Total Unassigned (Primary Government)	<u>\$ (53,969)</u>	<u>\$ (10,299,247)</u>
<u>Major Proprietary Funds:</u>		
Recreation Fund	\$ -	\$ (609,550)
Library Fund	-	(635,620)
Total business type	-	(1,245,170)
Total Unassigned (Primary Government)	<u>\$ (53,969)</u>	<u>\$ (11,544,417)</u>
Total Unrestricted	<u>\$ 12,570,386</u>	<u>\$ 37,277,966</u>
COMPONENT UNIT—Government-Wide Financial Statements		
Nonexpendable	\$ -	\$ 3,162,741
Capital Projects	-	-
Restricted-Port Debt Service and Projects	-	285,664
Lake Winona Dredging	-	608,635
Port Loans and Projects	-	543,035
Unrestricted	-	3,211,966
Total Component Unit	<u>\$ -</u>	<u>\$ 7,812,041</u>

(concluded)

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

Primary Government

Fund Equity Deficits—At December 31, 2022, the Trail Development Fund, a capital project fund, had a deficit fund balance of \$53,969. This fund balance deficit will be eliminated with the receipt of state funding. At December 31, 2022, the Library Fund, an enterprise fund, had a deficit fund balance of \$53,256. This fund balance deficit will be addressed in the 2024 budget process.

Individual Fund Disclosures—For the year ended December 31, 2022, actual expenditures exceeded budgeted amounts in the following General Fund departments:

General Fund	Budgeted	Actual	Final Variance
Cable television commission	\$ 15,000	\$ 22,850	\$ (7,850)
Human resources	149,378	150,191	(813)
Highways and street lighting	259,000	273,625	(14,625)
Public works - trees	447,649	450,243	(2,594)

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, 2022, the Riverbend Brownfields Fund, a capital project fund, had a deficit fund balance of \$254,544.

10. FUND CHANGES

Funds opened during 2022:

City— Capital Project Fund	Equipment Certificate 2022A
Component Unit –	No funds were opened during 2022

Funds closed during 2022:

City—Special Revenue Fund	Metro Plains Housing
City—Capital Projects Fund	City Building Improvements
City—Capital Projects Fund	City Equipment
Component Unit—	No funds were closed during 2022

11. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

At December 31, 2022, the City reported eight Enterprise Funds. These funds provide water, sanitary sewer, inspections, airport, public transportation, recreation, library, and storm sewer.

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 2022, there were no significant reductions in insurance coverage from 2021 in either of the health benefit or the property and casualty insurance program.

Other Post-Employment Benefits—Other Than Pensions:

Health and Dental 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 \$125,000 per person, per year in 2022 (\$115,000 per person in 2021). Also included in the program is an aggregate excess coverage policy; for 2022, the attachment point for this policy was set at \$1,676,246. 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 2022, the City offered three health plan options with consumer-driven healthcare programs that combined high deductibles with individual Health Savings Accounts (HSAs)—employee-held accounts used for healthcare expenses not covered by the underlying plan.

During 2022, net claims were \$1,060,532 (total claims of \$1,060,532 less specific stop-loss claim reimbursements of \$0 paid back to the City). Other 2022 costs are listed as follows: administrative costs of \$32,194 and a decrease to incurred but not reported claims (over December 31, 2021) of \$57,000, reflecting the depletion of unused funds in employees' HPAs and an increase in overall incurred, but not reported claims. The stop-loss premium was \$416,361; 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 \$135,000 has been accrued as a liability in the Health Insurance Fund within the Internal Service Fund at December 31, 2022. For the past three years, there have been no settlements paid for more than the insurance coverage.

The dental benefit plan is a fully insured program with annual claims costs equal to the fully insured premiums, adjusted by age.

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

	2022	2021
Beginning of year liability	\$ 191,839	\$ 159,839
Current year claims, administration fees, and changes to estimates	1,452,088	1,702,060
Payments for claims and administration fees	<u>(1,509,087)</u>	<u>(1,670,060)</u>
End of year liability and HPA reserves	<u>\$ 134,840</u>	<u>\$ 191,839</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. The police officers' group returned to the City's health plan effective January 1, 2010, but left again effective January 1, 2016. These two groups represent approximately 22% of the City's benefits-eligible workforce.

Plan Description—The City of Winona administers a single-employer defined benefit healthcare plan, as part of the City of Winona Medical Benefit and Dental Plan (funded on a pay-as-you-go basis).

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. The City has no assets accumulated in a trust that meets the criteria in GASB 75.

Benefits Provided and Funding Policy—The City of Winona provides medical insurance and dental insurance benefits to its retired employees and their dependents. An employee must be eligible for retirement and currently enrolled in the health insurance or dental insurance plan to be eligible for retiree insurance. (A separate audited report is not available.) The City requires the former employee to pay the full group active employee cost of the plan they select. Until 2007, the benefit expired at age 65. In late 2007, the City began allowing retirees to continue their coverage beyond age 65 by continuing to pay the full group active employee cost. At this time, police sergeants and police officers have elected not to participate in the City's health plan. (The decision to provide this benefit is made by the City Council of the City of Winona on a year-to-year basis.)

The rates are set annually by the City Council based on the combination of premiums and prior year costs of the self-funded plan. The plan is funded on a pay-as-you-go basis.

Employee Covered by Benefit Terms—At December 31, 2022, the measurement date, the following participants were covered by the health insurance plan:

	Health Insurance	Dental Insurance
Active plan members	128	160
Inactive currently receiving payments (includes spouse)	13	5
Total participants	141	165

Total Other Post-Employment Benefit (OPEB) Liability—The City's total OPEB liability of \$3,344,657 was measured as of December 31, 2022 and was determined by an actuarial valuation as of that date.

Total OPEB Liability-Actuarial Assumptions and Other Inputs—The total OPEB liability at December 31, 2022 was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation rate	Not applicable
Discount rate	4.31% Based on the Municipal Bond Rate as of the measurement date.
Healthcare cost trend rates	7.50% For one year after valuation, decreasing by .50% per year to 4.50% in the seventh year after valuation. Trend rates are based on plan experience, historical trends, and industry norms. The immediate trend rates are assumed to decrease to an ultimate trend rate over a period of 5 to 10 years.
Dental cost trend rates	4.50% Trend rates are based on plan experience, historical trends, and industry norms.
Salary Scale	3.00%

Annual OPEB Cost—OPEB includes health insurance. For 2022, the City's Net OPEB Liability and Projected OPEB Expense were calculated based on the requirements of GASB Statements No. 74, *Financial Reporting for Postemployment Benefits Plans Other Than Pension Plans*, and No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

The following table shows the components of the City's Total OPEB Liability, including service and interest costs and the net benefits paid by the City:

	2022	2021
Service Cost	\$ 167,244	\$ 170,973
Interest Cost	68,399	58,815
Annual OPEB cost	235,643	229,788
Differences between expected and actual experience	943,472	(83,363)
Changes in Assumptions	(740,350)	(79,017)
Net Benefits Paid by Employer	(100,923)	(44,991)
Increase in total OPEB obligation	337,842	22,417
Total OPEB liability, beginning of year	3,006,815	2,984,398
Total OPEB liability, end of year	<u>\$ 3,344,657</u>	<u>\$ 3,006,815</u>

Sensitivity Analysis—The following table shows the Net OPEB Liability of the City, as well as what the City's Net OPEB Liability would be if it were calculated using discount rates and healthcare cost trend rates that are 1% lower or 1% higher than the current rates:

Sensitivity of Net OPEB Liability

	Discount Rate		Healthcare Trend Sensitivity	
One Point Decrease	3.31%	\$ 3,677,772	6.5% decreasing to 3.5%	\$ 2,997,327
Current Discount Rate	4.31%	3,344,657	7.5% decreasing to 4.5%	3,344,657
One Point Increase	5.31%	3,053,501	8.5% decreasing to 5.5%	3,753,030

Deferred Outflows and Deferred Inflows of Resources related to OPEB—For the year ended December 31, 2022, the City recognized deferred outflows and deferred inflows of resources as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 1,293,718	\$ 70,439
Changes in actuarial assumptions	<u>459,589</u>	<u>750,079</u>
Totals	<u>\$ 1,753,307</u>	<u>\$ 820,518</u>

These amounts will be recognized as OPEB expense as follows:

Year Ended December 31,

2023	\$ 92,898
2024	92,898
2025	92,898
2026	92,898
2027	92,898
Thereafter	<u>468,299</u>
Total	<u>\$ 932,789</u>

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 2022, costs of premiums associated with the program were \$230,562 (2021 premium costs were \$228,283). There were no changes in the overall program for 2022 as compared to 2021.

City property is insured on a blanket basis with a limit of \$111,304,631 and \$103,430,643 for 2022 and 2021, respectively. The City also carried a \$50,000 deductible, per occurrence, for property losses for both 2022 and 2021.

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 \$2,000,000 liability limit per Minnesota Statutes in 2022 and 2021. During 2022 and 2021, costs of premiums associated with the municipal liability program were \$95,376 and \$102,447, respectively.

For 2022, the boiler and equipment policy is covered up to whatever the loss is subject to the statement of values for property limit of \$111,304,631 with a \$50,000 deductible. (For 2021, the value for the property limit was \$103,430,643 with a \$50,000 deductible.) The 2022 premium for this option was \$7,757, and for 2021 it was \$7,757. For 2022 and 2021, the premium for mobile property was \$4,752 and \$4,785, respectively, which included comprehensive protection for equipment and replacement cost.

The LMCIT provided airport insurance for the City in 2022 and 2021. This policy provided both a \$2,000,000 coverage for each occurrence and in a \$3,000,000 aggregate. In this policy, the Airport

Hangarkeeper's Liability is unlimited. The 2022 cost was included in the municipal liability policy. This was also true for the 2021 cost.

Premiums are charged to the funds/departments based on a formula of usage and expenditures. For the past three years, there have been no settlements paid more than the insurance coverage. The amounts paid that are less than the deductible are as follows: \$42,027 for 2022; \$25,225 for 2021; and \$81,184 for 2020.

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 2022 totaled \$521,639 (in 2021 it totaled \$589,146). The City's premiums are adjusted in future years based upon the cost of claims with the minimum cost of \$101,367 and the maximum cost of \$1,178,684.

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, 2022, \$521,639 has been restricted within fund balance to pay the 2022 maximum, if needed.

14. LEASES

Effective January 1, 2022, the City implemented GASB Statement No. 87, *Leases*, which required the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

Leases receivable

The City recognizes a lease receivable and deferred inflow of resources in the government-wide, governmental funds and proprietary funds financial statements.

The City initially measured the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of the lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgements include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term and (3) lease receipts.

The City uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the non-cancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a re-measurement of its lease and will re-measure the lease receivable and deferred inflow of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

The City has leases related to facility use and easements for land, cell sites, and the marina. Lease rate, term and ending leases receivable including variable amounts such as the Consumer Price Index (CPI) and other terms as follows:

Leases Receivable	Interest Rates	Lease Term in Years	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:						
Land	2.25%	17.58	\$ 71,178	\$ -	\$ (3,483)	\$ 67,695
Docking	2.25%	14.00	59,480	-	(3,662)	55,818
Cell site	2.25%	8.00 - 9.25	193,433	-	(20,847)	172,586
Marina	2.25%	5.00	<u>38,072</u>	<u>-</u>	<u>(7,279)</u>	<u>30,793</u>
			362,163	-	(35,271)	326,892
Business-type activities:						
Land	2.25%	1.50	11,736	-	(11,736)	-
Building	2.25%	2.25	15,476	-	(7,652)	7,824
Advertising space	2.25%	4.00	<u>22,708</u>	<u>-</u>	<u>(5,489)</u>	<u>17,219</u>
			49,920	-	(24,877)	25,043

Annual requirements to amortize leases and interest receivable outstanding as of December 31, 2022:

Year Ending December 31	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 36,066	\$ 7,355	\$ 43,421	\$ 13,437	\$ 563	\$ 14,000
2024	36,877	6,544	43,421	5,739	261	6,000
2025	37,707	5,714	43,421	5,867	132	5,999
2026	38,556	4,865	43,421	-	-	-
2027	31,287	3,998	35,285	-	-	-
2028-2032	103,806	10,219	114,025	-	-	-
2033-2037	37,622	2,803	40,425	-	-	-
2038-2042	<u>4,971</u>	<u>112</u>	<u>5,083</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 326,892</u>	<u>\$ 41,610</u>	<u>\$ 368,502</u>	<u>\$ 25,043</u>	<u>\$ 956</u>	<u>\$ 25,999</u>

Component Unit

The component unit has leases related to the commercial harbor and parking lot. Lease rate, term and ending leases receivable for the component unit are as follows:

Leases Receivable	Interest Rates	Lease Term in Years	Beginning Balance	Increases	Decreases	Ending Balance
Land	2.25%	10.00 - 20.00	\$ 1,466,578	\$ 4,412,179	\$ (244,546)	\$ 5,634,211
Parking lot and building	2.25%	2.00	<u>-</u>	<u>30,917</u>	<u>(13,135)</u>	<u>17,782</u>
			1,466,578	\$ 4,443,096	\$ (257,681)	\$ 5,651,993

Annual requirements to amortize leases and interest receivable outstanding as of December 31, 2022:

Year Ending December 31	Component Unit		
	Principal	Interest	Total
2023	\$ 257,308	\$ 124,756	\$ 382,064
2024	251,455	119,033	370,488
2025	273,937	113,167	387,104
2026	287,045	106,875	393,920
2027	300,654	100,282	400,936
2028-2032	1,649,904	387,673	2,037,577
2033-2037	1,299,794	227,582	1,527,376
2038-2042	<u>1,331,896</u>	<u>63,250</u>	<u>1,395,146</u>
Total	<u>\$ 5,651,993</u>	<u>\$ 1,242,618</u>	<u>\$ 6,894,611</u>

Leases payable

The City recognizes a lease liability and a lease right-to-use asset in the government-wide and proprietary fund financial statements.

The City initially measured the lease liability at the present value of payments expected to be made during the remaining lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease right-to-use asset was initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease right-to-use asset is amortized on a straight-line basis over its useful life.

Key estimates and judgements related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term and (3) lease payments.

The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the non-cancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a re-measurement of its lease and will re-measure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets (see Note 3) and lease liabilities are reported with long-term debt (see note 5) on the statement of net position.

The City leases land for a public trail system. This agreement includes variable payments based on the change in the Consumer Price Index published by the Bureau of Labor and Statistics every five years. The lease rate, term, and ending lease liability are as follows:

Leases Payable	Interest Rates	Lease Term in Years	Liability at Commencement	Ending Lease Liability
Governmental activities:				
Land	2.25%	23.50	\$ 90,488	\$ 87,524
Equipment	2.25%	5.25	90,121	73,757

Annual requirements to amortize leases payable and interest outstanding as of December 30, 2022:

Year Ending December 31	Leases Payable		
	Principal	Interest	Total
2023	\$ 19,763	\$ 3,629	\$ 23,392
2024	20,208	3,184	23,392
2025	20,663	2,729	23,392
2026	21,128	2,264	23,392
2027	7,847	1,738	9,585
2028-2032	17,717	7,283	25,000
2033-2037	19,800	5,200	25,000
2038-2042	22,132	2,868	25,000
2043-2047	<u>12,023</u>	<u>463</u>	<u>12,486</u>
Total	<u>\$ 161,281</u>	<u>\$ 29,358</u>	<u>\$ 190,639</u>

15. 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.

As of December 31, 2022, the balance outstanding totals \$6,201,927. 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	Principal Balance
Winona State University Foundation Project—September 1, 2002	September 1, 2027	\$9,816,000	\$1,892,040
Education Facilities Revenue Bond, Series 2011,			
MN State SE Technical Foundation Project—March 29, 2012	March 29, 2032	900,000	94,887
(Refunded Education Facilities Bonds, Series 2005)			
*Bluffview Montessori School, Series 2016A			
Revenue Refunding Bonds (Tax Exempt)	June 1, 2046	4,520,000	4,215,000

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REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF WINONA, MINNESOTA

SCHEDULE OF CONTRIBUTIONS

PUBLIC EMPLOYEES GENERAL EMPLOYEES RETIREMENT FUND

REQUIRED SUPPLEMENTARY INFORMATION (LAST TEN YEARS) (1)

Year	Statutorily Required Contributions (a)	Contributions in Relation to the Statutorily Required Contributions (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (d) (2)	Contributions as a Percentage of Covered Payroll (b/d)
2022	\$ 575,874	\$ 575,874	\$ -	\$ 7,678,323	7.50%
2021	576,463	576,463	-	7,686,177	7.50%
2020	586,743	586,743	-	7,823,237	7.50%
2019	552,655	552,655	-	7,368,732	7.50%
2018	519,389	519,389	-	6,925,187	7.50%
2017	485,063	485,063	-	6,467,511	7.50%
2016	444,285	444,285	-	5,923,797	7.50%
2015	428,821	428,821	-	5,717,617	7.50%

Notes:

(1) This schedule is presented prospectively beginning with the fiscal year ended December 31, 2015.

(2) For purposes of this schedule, covered payroll is defined as "pensionable wages".

CITY OF WINONA, MINNESOTA

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY PUBLIC EMPLOYEES GENERAL EMPLOYEES RETIREMENT FUND REQUIRED SUPPLEMENTARY INFORMATION (LAST TEN YEARS) (1)

Year	Employer's Proportion (Percentage) of the Net Pension Liability	Employer's Proportionate Share (Amount) of the Net Pension Liability (a)	Employer's Covered Payroll (b) (2)	Employers Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2022	0.1023%	\$ 8,110,400	\$ 7,657,219	105.92%	76.67%
2021	0.1059%	4,522,405	7,627,278	59.29%	87.00%
2020	0.1044%	6,259,257	7,442,278	84.10%	79.06%
2019	0.1016%	5,617,236	7,190,139	78.12%	80.23%
2018	0.0999%	5,542,042	6,708,984	82.61%	79.53%
2017	0.0969%	6,186,032	6,242,622	99.09%	75.90%
2016	0.0932%	7,567,378	5,786,150	130.78%	68.91%
2015	0.0979%	5,073,686	5,755,988	88.15%	78.19%

Notes:

(1) This schedule is presented prospectively beginning with the fiscal year ended December 31, 2015.

(2) For purposes of this schedule, covered payroll is defined as "pensionable wages".

CITY OF WINONA, MINNESOTA

SCHEDULE OF CONTRIBUTIONS

PUBLIC EMPLOYEES POLICE AND FIRE FUND

REQUIRED SUPPLEMENTARY INFORMATION (LAST TEN YEARS) (1)

Year	Statutorily Required Contributions (a)	Contributions in Relation to the Statutorily Required Contributions (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (d) (2)	Contributions as a Percentage of Covered Payroll (b/d)
2022	\$ 969,066	\$ 969,066	\$ -	\$ 5,474,950	17.70%
2021	988,853	988,853	-	5,586,742	17.70%
2020	1,017,616	1,017,616	-	5,749,243	17.70%
2019	858,309	858,309	-	5,063,773	16.95%
2018	784,937	784,937	-	4,845,293	16.20%
2017	739,626	739,626	-	4,565,593	16.20%
2016	708,363	708,363	-	4,372,611	16.20%
2015	661,846	661,846	-	4,085,468	16.20%

Notes:

(1) This schedule is presented prospectively beginning with the fiscal year ended December 31, 2015.

(2) For purposes of this schedule, covered payroll is defined as "pensionable wages".

CITY OF WINONA, MINNESOTA

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY PUBLIC EMPLOYEES POLICE AND FIRE FUND REQUIRED SUPPLEMENTARY INFORMATION (LAST TEN YEARS) (1)

Year	Employer's Proportion (Percentage) of the Net Pension Liability	Employer's Proportionate Share (Amount) of the Net Pension Liability (a)	Employer's Covered Payroll (b) (2)	Employers Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2022	0.4562%	\$ 19,852,014	\$ 5,541,963	358.21%	70.53%
2021	0.4717%	3,641,017	5,574,857	65.31%	93.66%
2020	0.4754%	6,266,281	5,358,798	116.93%	87.19%
2019	0.4690%	4,992,979	4,945,102	100.97%	89.26%
2018	0.4480%	4,777,350	4,723,419	101.14%	88.84%
2017	0.4360%	5,886,519	4,473,364	131.59%	85.43%
2016	0.4420%	17,738,229	4,257,706	416.61%	63.88%
2015	0.4360%	4,953,980	3,998,041	123.91%	86.60%

Notes:

(1) This schedule is presented prospectively beginning with the fiscal year ended December 31, 2015.

(2) For purposes of this schedule, covered payroll is defined as "pensionable wages".

CITY OF WINONA, MINNESOTA

SCHEDULE OF CHANGES IN OPEB LIABILITY AND RELATED RATIOS REQUIRED SUPPLEMENTARY INFORMATION (LAST TEN YEARS) (1) (2)

	2018	2019	2020	2021	2022
Total OPEB Liability					
Service cost	\$ 121,001	\$ 124,631	\$ 140,167	\$ 170,973	\$ 167,244
Interest cost	56,798	63,692	59,849	58,815	68,399
Difference between expected and actual experience	-	-	551,093	(83,363)	943,472
Changes of assumptions	-	52,059	553,117	(79,017)	(740,350)
Benefit payments	<u>(551,826)</u>	<u>(174,536)</u>	<u>(171,168)</u>	<u>(44,991)</u>	<u>(100,923)</u>
Net change in total OPEB liability	(374,027)	65,846	1,133,058	22,417	337,842
Total OPEB liability, beginning	<u>2,159,521</u>	<u>1,785,494</u>	<u>1,851,340</u>	<u>2,984,398</u>	<u>3,006,815</u>
Total OPEB liability, ending (a)	<u>\$ 1,785,494</u>	<u>\$ 1,851,340</u>	<u>\$ 2,984,398</u>	<u>\$ 3,006,815</u>	<u>\$ 3,344,657</u>
Fiduciary Net Position					
Employer contributions	\$ 551,826	\$ 174,536	\$ 171,168	\$ 44,991	\$ 100,923
Participant contributions	106,414	49,716	67,987	115,140	102,166
Benefit payments	<u>(658,240)</u>	<u>(224,252)</u>	<u>(239,155)</u>	<u>(160,131)</u>	<u>(203,089)</u>
Net change in fiduciary net position	-	-	-	-	-
Fiduciary net position, beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fiduciary net position, ending (b)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total OPEB liability, ending = (a) - (b)	<u>\$ 1,785,494</u>	<u>\$ 1,851,340</u>	<u>\$ 2,984,398</u>	<u>\$ 3,006,815</u>	<u>\$ 3,344,657</u>
Fiduciary net position as a percentage of total					
OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%
Covered employee payroll	\$ 7,888,664	\$ 7,772,179	\$ 9,116,517	\$ 9,960,511	\$ 8,912,132
Total OPEB liability as a percentage of covered					
employee payroll	22.63%	23.82%	32.74%	30.19%	37.53%

Notes:

(1) This schedule is presented prospectively beginning with the fiscal year ended December 31, 2018.

(2) No assets are accumulated in a trust to pay related benefits.

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OTHER SUPPLEMENTARY INFORMATION

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NONMAJOR FUNDS

Special Revenue Funds

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

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

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

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

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

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

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

Metro Plains Housing Fund—Established to facilitate the development of rental housing for low- and moderate-income people in the former Winona Middle School building. This fund was closed in 2022.

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 & 2015A) Fund—Established to account for property tax proceeds and debt service on the 2011A and the 2015A G.O. Equipment Certificates.

G.O. Tax Abatement Bonds (2017B) Fund—Established to account for property tax proceeds and debt service on the Recreation projects.

Permanent Improvement Revolving (PIR) 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.

Capital Projects Funds

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

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

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

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

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

City Building Improvements Fund—Established to account for revenues and expenditures relating to the improvements of City buildings. This fund was closed in 2022.

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.

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.

Bandshell Lions Playground Project Fund—Established to account for revenues and expenditures relating to the playground equipment (Bandshell) project mostly funded by donations raised by the Lions Club of Winona.

Levee Park Project Fund—Established to account for revenues and expenditures relating to one of the recreation projects called Levee Park project funded by the G.O. Tax Abatement bond issue (2017B).

Masonic Temple Project Fund (2017B)—Established to account for revenues and expenditures relating to one of the recreation projects called Masonic Temple project funded by the G.O. Tax Abatement bond issue (2017B).

Trail Development Fund—Established to account for trail development within the City.

Broadway Reconstruction Fund—Established to account for the redevelopment of Broadway street.

PIR Construction Fund—The PIR 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.

City Equipment Fund—Established to account for the proceeds of the 2011A and 2006A General Obligation Equipment Certificates used to purchase equipment and vehicles for the police, fire, emergency management, streets and park maintenance/recreation departments. This fund was closed in 2022.

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

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, 2022

	Emergency	Athletic	Senior Advocacy Program	Library Memorials	Downtown 1990 C.D. Loan
ASSETS					
Cash and cash equivalents	\$ 36,082	\$ 7,640	\$ 19,302	\$ 82,642	\$43,068
Investments	-	-	-	300,000	-
Restricted investments	-	-	-	-	-
Receivables—Net:					
Taxes	-	-	-	-	-
Special Assessments	-	-	-	-	-
Customers and other	-	-	-	-	-
Due from other funds	-	-	-	-	-
Due from other governmental units	-	-	15,560	-	-
Prepaid items	-	-	20	-	-
TOTAL ASSETS	<u>\$ 36,082</u>	<u>\$ 7,640</u>	<u>\$ 34,882</u>	<u>\$ 382,642</u>	<u>\$43,068</u>
LIABILITIES AND FUND BALANCES (DEFICITS)					
LIABILITIES:					
Accounts payable	\$ -	\$ -	\$ 1,125	\$ -	\$ -
Accrued salaries and compensated absences	-	-	11,340	-	-
Due to other funds	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>12,465</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	-	-	-	-
FUND BALANCES (DEFICITS):					
Nonspendable	-	-	20	-	-
Restricted	-	-	-	245,000	-
Committed	36,082	7,640	22,397	137,642	43,068
Unassigned (deficit)	-	-	-	-	-
Total fund balances (deficits)	<u>36,082</u>	<u>7,640</u>	<u>22,417</u>	<u>382,642</u>	<u>43,068</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 36,082</u>	<u>\$ 7,640</u>	<u>\$ 34,882</u>	<u>\$ 382,642</u>	<u>\$43,068</u>

Special Revenue				
Downtown 1994 C.D. Loan	Metro Plains Housing	West Central Revitalization	Central City Rehab	Special Revenue Total
\$ 76,797	\$ -	\$47,368	\$ 23,898	\$ 336,797
100,000	-	-	100,000	500,000
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	15,560
-	-	-	-	20
<u>\$ 176,797</u>	<u>\$ -</u>	<u>\$47,368</u>	<u>\$ 123,898</u>	<u>\$ 852,377</u>
\$ -	\$ -	\$ -	\$ -	\$ 1,125
-	-	-	-	11,340
-	-	-	-	-
-	-	-	-	12,465
-	-	-	-	-
-	-	-	-	20
-	-	-	-	245,000
176,797	-	47,368	123,898	594,892
-	-	-	-	-
<u>176,797</u>	<u>-</u>	<u>47,368</u>	<u>123,898</u>	<u>839,912</u>
<u>\$ 176,797</u>	<u>\$ -</u>	<u>\$47,368</u>	<u>\$ 123,898</u>	<u>\$ 852,377</u>

(continued)

CITY OF WINONA, MINNESOTA

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS AS OF DECEMBER 31, 2022

	Debt Service				
	1999B G.O. Sales Tax Revenue Bond	Equipment Certificates (2011A) (2015A)	2017B G.O. Tax Abatement Bond	Permanent Improvement Revolving Bond	Debt Service Total
ASSETS					
Cash and cash equivalents	\$192,917	\$ 1,133,038	\$ 590,580	\$ 1,435,158	\$ 3,351,693
Investments	-	-	-	-	-
Restricted investments	-	-	-	-	-
Receivables—Net:					
Taxes	-	5,505	5,486	85	11,076
Special Assessments	-	-	-	516,098	516,098
Customers and other	-	-	-	-	-
Due from other funds	-	-	-	-	-
Due from other governmental units	-	3,525	3,622	4,247	11,394
Prepaid items	-	-	-	-	-
TOTAL ASSETS	<u>\$192,917</u>	<u>\$ 1,142,068</u>	<u>\$ 599,688</u>	<u>\$ 1,955,588</u>	<u>\$ 3,890,261</u>
LIABILITIES AND FUND BALANCES (DEFICITS)					
LIABILITIES:					
Accounts payable	\$ -	\$ 200	\$ 200	\$ -	\$ 400
Accrued salaries and compensated absences	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	<u>-</u>	<u>200</u>	<u>200</u>	<u>-</u>	<u>400</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	5,505	5,486	516,183	527,174
FUND BALANCES (DEFICITS):					
Nonspendable	-	-	-	-	-
Restricted	192,917	1,136,363	594,002	1,439,405	3,362,687
Committed	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-
Total fund balances (deficits)	<u>192,917</u>	<u>1,136,363</u>	<u>594,002</u>	<u>1,439,405</u>	<u>3,362,687</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$192,917</u>	<u>\$ 1,142,068</u>	<u>\$ 599,688</u>	<u>\$ 1,955,588</u>	<u>\$ 3,890,261</u>

Capital Projects						
Municipal State Aid	Dike Construction	Park Site	Engineering Department Projects	City Building Improve- ments	Infra- structure Revolving	High Wagon Bridge Recon- struction
\$ 104,305	\$ 11,161	\$28,570	\$ 59,625	\$ -	\$ 165,147	\$ 107,300
200,000	200,000	-	100,000	-	1,300,000	100,000
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	449	-	-	-
-	-	-	-	-	-	-
<u>\$ 304,305</u>	<u>\$ 211,161</u>	<u>\$28,570</u>	<u>\$ 160,074</u>	<u>\$ -</u>	<u>\$ 1,465,147</u>	<u>\$ 207,300</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
304,305	211,161	28,570	160,074	-	1,465,147	207,300
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>304,305</u>	<u>211,161</u>	<u>28,570</u>	<u>160,074</u>		<u>1,465,147</u>	<u>207,300</u>
<u>\$ 304,305</u>	<u>\$ 211,161</u>	<u>\$28,570</u>	<u>\$ 160,074</u>	<u>\$ -</u>	<u>\$ 1,465,147</u>	<u>\$ 207,300</u> (continued)

CITY OF WINONA, MINNESOTA

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS AS OF DECEMBER 31, 2022

	Capital Projects			
	Aghaghaming Park Construction	Softball Field Development	Bandshell Lions Playground Project	Levee Park Project
ASSETS				
Cash and cash equivalents	\$ 1,968	\$ 21,789	\$55,412	\$ 120,439
Investments	-	100,000	-	-
Restricted investments	-	-	-	-
Receivables—Net:				
Taxes	-	-	-	-
Special Assessments	-	-	-	-
Customers and other	-	-	-	-
Due from other funds	-	-	-	-
Due from other governmental units	-	-	-	-
Prepaid items	-	-	-	-
TOTAL ASSETS	<u>\$ 1,968</u>	<u>\$ 121,789</u>	<u>\$55,412</u>	<u>\$ 120,439</u>
LIABILITIES AND FUND BALANCES (DEFICITS)				
LIABILITIES:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued salaries and compensated absences	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	-	-	-
FUND BALANCES (DEFICITS):				
Nonspendable	-	-	-	-
Restricted	1,968	121,789	55,412	120,439
Committed	-	-	-	-
Unassigned (deficit)	-	-	-	-
Total fund balances (deficits)	<u>1,968</u>	<u>121,789</u>	<u>55,412</u>	<u>120,439</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 1,968</u>	<u>\$ 121,789</u>	<u>\$55,412</u>	<u>\$ 120,439</u>

Capital Projects						
2017B Masonic Temple Project	Trail Development	Broadway Street Recon- struction	Permanent Improvement Revolving Construction	City Equipment	Street Recon- struction	Capital Projects Total
\$ 153,075	\$ 31	\$ 45,910	\$ 104,411	\$ -	\$ 110,225	\$ 1,089,368
-	-	200,000	-	-	700,000	2,900,000
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	449
-	-	-	-	-	-	-
<u>\$ 153,075</u>	<u>\$ 31</u>	<u>\$ 245,910</u>	<u>\$ 104,411</u>	<u>\$ -</u>	<u>\$ 810,225</u>	<u>\$ 3,989,817</u>
\$ -	\$ -	\$ 129,759	\$ -	\$ -	\$ -	\$ 129,759
-	-	-	-	-	-	-
-	54,000	-	-	-	-	54,000
-	54,000	129,759	-	-	-	183,759
-	-	-	-	-	-	-
-	-	-	-	-	-	-
153,075	-	116,151	104,411	-	810,225	3,860,027
-	-	-	-	-	-	-
-	(53,969)	-	-	-	-	(53,969)
<u>153,075</u>	<u>(53,969)</u>	<u>116,151</u>	<u>104,411</u>	<u>-</u>	<u>810,225</u>	<u>3,806,058</u>
<u>\$ 153,075</u>	<u>\$ 31</u>	<u>\$ 245,910</u>	<u>\$ 104,411</u>	<u>\$ -</u>	<u>\$ 810,225</u>	<u>\$ 3,989,817</u>

(continued)

CITY OF WINONA, MINNESOTA

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS AS OF DECEMBER 31, 2022

	Bell Art Endow- ment	Laird and Bell Endowment	C.M. Youman Memorial	H.C. Garvin Winona Civic
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-
Restricted investments	5,920	11,628	12,468	225,567
Receivables—Net:				
Taxes	-	-	-	-
Special Assessments	-	-	-	-
Customers and other	-	-	-	-
Due from other funds	-	-	-	-
Due from other governmental units	-	-	-	-
Prepaid items	-	-	-	-
TOTAL ASSETS	<u>\$ 5,920</u>	<u>\$ 11,628</u>	<u>\$ 12,468</u>	<u>\$ 225,567</u>
LIABILITIES AND FUND BALANCES (DEFICITS)				
LIABILITIES:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued salaries and compensated absences	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	-	-	-
FUND BALANCES (DEFICITS):				
Nonspendable	5,000	10,000	2,000	35,000
Restricted	920	1,628	10,468	190,567
Committed	-	-	-	-
Unassigned (deficit)	-	-	-	-
Total fund balances (deficits)	<u>5,920</u>	<u>11,628</u>	<u>12,468</u>	<u>225,567</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 5,920</u>	<u>\$ 11,628</u>	<u>\$ 12,468</u>	<u>\$ 225,567</u>

Permanent Funds				Total Nonmajor Governmental Funds
Dr. C. A. Rohrer	Leonhard Fried Educational	Mielimonka Library	Permanent Funds Total	
\$ -	\$ -	\$ -	\$ -	\$ 4,777,858
-	-	-	-	3,400,000
67,106	31,637	2,345	356,671	356,671
-	-	-	-	11,076
-	-	-	-	516,098
-	214	-	214	214
-	-	-	-	-
-	-	-	-	27,403
-	-	-	-	20
<u>\$ 67,106</u>	<u>\$ 31,851</u>	<u>\$ 2,345</u>	<u>\$ 356,885</u>	<u>\$ 9,089,340</u>
\$ -	\$ -	\$ -	\$ -	\$ 131,284
-	-	-	-	11,340
-	-	-	-	54,000
-	-	-	-	196,624
-	-	-	-	527,174
2,000	-	2,000	56,000	56,020
65,106	31,851	345	300,885	7,768,599
-	-	-	-	594,892
-	-	-	-	(53,969)
<u>67,106</u>	<u>31,851</u>	<u>2,345</u>	<u>356,885</u>	<u>8,365,542</u>
<u>\$ 67,106</u>	<u>\$ 31,851</u>	<u>\$ 2,345</u>	<u>\$ 356,885</u>	<u>\$ 9,089,340</u> (concluded)

CITY OF WINONA, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2022

	Emergency	Athletic	Senior Advocacy Program	Library Memorials	Downtown 1990 C.D. Loan
REVENUES:					
General property taxes	\$ -	\$ -	\$ 73,999	\$ -	\$ -
Special Assessments	-	-	-	-	-
Intergovernmental revenues	-	-	60,198	-	-
Investment earnings	-	85	107	2,776	-
Net increase (decrease) in fair value of investments	-	-	-	-	-
Contributions	-	-	5,979	245,000	-
Charges for services	9,379	1,000	44,845	-	-
Total revenues	9,379	1,085	185,128	247,776	-
EXPENDITURES:					
General government	-	-	200,313	-	-
Public safety	-	-	-	-	-
Economic development	24,721	-	-	-	-
Park maintenance	-	2,365	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Bond principal	-	-	-	-	-
Interest and other expenditures	-	-	-	-	-
Total expenditures	24,721	2,365	200,313	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(15,342)	(1,280)	(15,185)	247,776	-
OTHER FINANCING SOURCES (USES):					
Transfers to other funds	-	-	-	-	-
Transfers from other funds	-	-	3,080	-	-
Total other financing sources (uses)	-	-	3,080	-	-
NET CHANGE IN FUND BALANCES	(15,342)	(1,280)	(12,105)	247,776	-
FUND BALANCES (DEFICITS)—beginning	51,424	8,920	34,522	134,866	43,068
FUND BALANCES (DEFICITS)—ending	\$ 36,082	\$ 7,640	\$ 22,417	\$ 382,642	\$ 43,068

Special Revenue				
Downtown 1994 C.D. Loan	Metro Plains Housing	West Central Revitalization	Central City Rehab	Special Revenue Total
\$ -	\$ -	\$ -	\$ -	\$ 73,999
-	-	-	-	-
-	-	-	-	60,198
-	-	-	-	2,968
-	-	-	-	-
-	-	-	-	250,979
-	-	-	-	55,224
-	-	-	-	443,368
-	-	-	-	200,313
-	-	-	-	-
-	-	-	-	24,721
-	-	-	-	2,365
-	-	-	-	-
-	-	-	-	-
-	-	-	-	227,399
-	-	-	-	215,969
-	(58)	-	-	(58)
-	-	-	-	3,080
-	(58)	-	-	3,022
-	(58)	-	-	218,991
176,797	58	47,368	123,898	620,921
\$ 176,797	\$ -	\$ 47,368	\$ 123,898	\$ 839,912

(continued)

CITY OF WINONA, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2022

	Debt Service				
	1999B G.O. Sales Tax Revenue Bond	Equipment Certificates (2011A and 2015A)	2017B G.O. Tax Abatement Bond	Permanent Improvement Revolving Bond	Debt Service Total
REVENUES:					
General property taxes	\$ -	\$ 502,843	\$ 516,685	\$ 43	\$ 1,019,571
Special Assessments	-	-	-	130,796	130,796
Intergovernmental revenues	-	-	-	-	-
Investment earnings	1,815	6,829	6,466	12,705	27,815
Net increase (decrease) in fair value of investments	-	-	-	-	-
Contributions	-	-	-	-	-
Charges for services	-	-	-	-	-
Total revenues	<u>1,815</u>	<u>509,672</u>	<u>523,151</u>	<u>143,544</u>	<u>1,178,182</u>
EXPENDITURES:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Economic development	-	-	-	-	-
Park maintenance	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Bond principal	-	460,000	400,000	-	860,000
Interest and other expenditures	-	18,700	94,375	-	113,075
Total expenditures	<u>-</u>	<u>478,700</u>	<u>494,375</u>	<u>-</u>	<u>973,075</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,815</u>	<u>30,972</u>	<u>28,776</u>	<u>143,544</u>	<u>205,107</u>
OTHER FINANCING SOURCES (USES):					
Transfers to other funds	-	-	-	-	-
Transfers from other funds	-	310,564	-	-	310,564
Total other financing sources (uses)	<u>-</u>	<u>310,564</u>	<u>-</u>	<u>-</u>	<u>310,564</u>
NET CHANGE IN FUND BALANCES	1,815	341,536	28,776	143,544	515,671
FUND BALANCES (DEFICITS)—beginning	<u>191,102</u>	<u>794,827</u>	<u>565,226</u>	<u>1,295,861</u>	<u>2,847,016</u>
FUND BALANCES (DEFICITS)—ending	<u>\$ 192,917</u>	<u>\$ 1,136,363</u>	<u>\$ 594,002</u>	<u>\$ 1,439,405</u>	<u>\$ 3,362,687</u>

Capital Projects						
Municipal State Aid	Dike Construction	Park Site	Engineering Department Projects	City Building Improve- ments	Infra- structure Revolving	High Wagon Bridge Recon- struction
\$ -	\$ -	\$ -	\$ 64,488	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
771,523	-	-	15,000	-	-	-
2,861	1,985	273	58	-	13,774	1,948
-	-	-	-	-	-	-
-	-	-	20	-	-	-
-	-	-	-	-	-	4,210
<u>774,384</u>	<u>1,985</u>	<u>273</u>	<u>79,566</u>	<u>-</u>	<u>13,774</u>	<u>6,158</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	17,500	-	-	-	-
-	-	-	1,201,371	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>17,500</u>	<u>1,201,371</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>774,384</u>	<u>1,985</u>	<u>(17,227)</u>	<u>(1,121,805)</u>	<u>-</u>	<u>13,774</u>	<u>6,158</u>
(771,523)	-	-	-	(2,686)	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,170,755</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(771,523)</u>	<u>-</u>	<u>-</u>	<u>1,170,755</u>	<u>(2,686)</u>	<u>-</u>	<u>-</u>
2,861	1,985	(17,227)	48,950	(2,686)	13,774	6,158
<u>301,444</u>	<u>209,176</u>	<u>45,797</u>	<u>111,124</u>	<u>2,686</u>	<u>1,451,373</u>	<u>201,142</u>
<u>\$ 304,305</u>	<u>\$ 211,161</u>	<u>\$ 28,570</u>	<u>\$ 160,074</u>	<u>\$ -</u>	<u>\$ 1,465,147</u>	<u>\$ 207,300</u>

(continued)

CITY OF WINONA, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2022

	Capital Projects				
	Aghaghming Park Construction	Softball Field Development	Bandshell Lions Playground Project	2017B Levee Park Project	2017B Masonic Temple Project
REVENUES:					
General property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Special Assessments	-	-	-	-	-
Intergovernmental revenues	-	-	-	-	-
Investment earnings	18	1,102	134	-	-
Net increase (decrease) in fair value of investments	-	-	-	-	-
Contributions	-	-	106,889	-	-
Charges for services	-	6,200	-	-	-
Total revenues	<u>18</u>	<u>7,302</u>	<u>107,023</u>	<u>-</u>	<u>-</u>
EXPENDITURES:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Economic development	-	-	-	-	-
Park maintenance	-	-	-	785	-
Capital outlay	-	-	51,611	5,000	-
Debt service:					
Bond principal	-	-	-	-	-
Interest and other expenditures	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>51,611</u>	<u>5,785</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>18</u>	<u>7,302</u>	<u>55,412</u>	<u>(5,785)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):					
Transfers to other funds	-	-	-	-	-
Transfers from other funds	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	18	7,302	55,412	(5,785)	-
FUND BALANCES (DEFICITS)—beginning	<u>1,950</u>	<u>114,487</u>	<u>-</u>	<u>126,224</u>	<u>153,075</u>
FUND BALANCES (DEFICITS)—ending	<u>\$ 1,968</u>	<u>\$ 121,789</u>	<u>\$ 55,412</u>	<u>\$ 120,439</u>	<u>\$ 153,075</u>

Capital Projects					
Trail Development	Broadway Street Reconstruction	Permanent Improvement Revolving Construction	City Equipment	Street Reconstruction	Capital Projects Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 64,488
-	-	-	-	-	-
-	900,000	-	-	550,819	2,237,342
-	832	1,702	-	6,614	31,301
-	-	-	-	-	-
-	-	-	-	-	106,909
-	-	-	-	-	10,410
-	900,832	1,702	-	557,433	2,450,450
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	1,505,108	141,925	-	416,512	18,285
-	-	-	-	-	3,321,527
-	-	-	-	-	-
-	-	-	-	-	-
-	1,505,108	141,925	-	416,512	3,339,812
-	(604,276)	(140,223)	-	140,921	(889,362)
-	-	-	(310,564)	(13,833)	(1,098,606)
-	-	-	-	171,172	1,341,927
-	-	-	(310,564)	157,339	243,321
-	(604,276)	(140,223)	(310,564)	298,260	(646,041)
(53,969)	720,427	244,634	310,564	511,965	4,452,099
\$ (53,969)	\$ 116,151	\$ 104,411	\$ -	\$ 810,225	\$ 3,806,058

(continued)

CITY OF WINONA, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2022

	Permanent Funds			
	Bell Art Endow- ment	Laird and Bell Endowment	C.M. Youman Memorial	H.C. Garvin Winona Civic
REVENUES:				
General property taxes	\$ -	\$ -	\$ -	\$ -
Special Assessments	-	-	-	-
Intergovernmental revenues	-	-	-	-
Investment earnings	55	108	117	2,120
Net increase (decrease) in fair value of investments	-	-	-	-
Contributions	-	-	-	-
Charges for services	-	-	-	-
Total revenues	<u>55</u>	<u>108</u>	<u>117</u>	<u>2,120</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>55</u>	<u>108</u>	<u>117</u>	<u>2,120</u>
OTHER FINANCING SOURCES (USES):				
Transfers to other funds	-	-	-	-
Transfers from other funds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	55	108	117	2,120
FUND BALANCES (DEFICITS)—beginning	<u>5,865</u>	<u>11,520</u>	<u>12,351</u>	<u>223,447</u>
FUND BALANCES (DEFICITS)—ending	<u>\$ 5,920</u>	<u>\$ 11,628</u>	<u>\$ 12,468</u>	<u>\$ 225,567</u>

				Total Nonmajor Governmental Funds
Dr. C. A. Rohrer	Leonhard Fried Educational	Mielimonka Library	Permanent Funds Total	
\$ -	\$ -	\$ -	\$ -	\$ 1,158,058
-	-	-	-	130,796
-	-	-	-	2,297,540
631	546	22	3,599	65,683
-	(3,971)	-	(3,971)	(3,971)
-	-	-	-	357,888
-	-	-	-	65,634
<u>631</u>	<u>(3,425)</u>	<u>22</u>	<u>(372)</u>	<u>4,071,628</u>
-	-	-	-	200,313
-	-	-	-	-
-	-	-	-	24,721
-	-	-	-	20,650
-	-	-	-	3,321,527
-	-	-	-	-
-	-	-	-	860,000
-	-	-	-	113,075
-	-	-	-	4,540,286
<u>631</u>	<u>(3,425)</u>	<u>22</u>	<u>(372)</u>	<u>(468,658)</u>
-	-	-	-	(1,098,664)
-	-	-	-	1,655,571
-	-	-	-	556,907
631	(3,425)	22	(372)	88,249
<u>66,475</u>	<u>35,276</u>	<u>2,323</u>	<u>357,257</u>	<u>8,277,293</u>
<u>\$ 67,106</u>	<u>\$ 31,851</u>	<u>\$ 2,345</u>	<u>\$ 356,885</u>	<u>\$ 8,365,542</u>

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INTERNAL SERVICE FUNDS

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

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

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

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

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

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

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

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

Park Revolving Fund—Established for large-type maintenance of the City’s parks.

Pension-Coordinated Fund—Due to the adoption of GASB Statement 68, this fund was established to account for the governmental funds net pension liability and related expense related to the PERA Coordinated (GERF) plan.

Pension-Police and Fire Fund— Due to the adoption of GASB Statement 68, this fund was established to account for the governmental funds net pension liability and related expense related to the PERA Police and Fire plan.

CITY OF WINONA, MINNESOTA

INTERNAL SERVICE FUNDS COMBINING STATEMENT OF NET POSITION AS OF DECEMBER 31, 2022

	Health Insurance	LELS Health	Employee Benefit	Risk Manage- ment	Equipment Replace- ment
ASSETS					
Cash and cash equivalents	\$ 3,584,362	\$761,420	\$ 5,235,675	\$ 1,885,614	\$ 389,588
Due from other funds	-	-	-	-	-
Prepaid items	<u>217</u>	<u>665</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>3,584,579</u>	<u>762,085</u>	<u>5,235,675</u>	<u>1,885,614</u>	<u>389,588</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflow - pension	-	-	-	-	-
Deferred outflow - OPEB	<u>1,166,110</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred outflows	<u>1,166,110</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 4,750,689</u>	<u>\$762,085</u>	<u>\$ 5,235,675</u>	<u>\$ 1,885,614</u>	<u>\$ 389,588</u>
LIABILITIES AND NET POSITION					
LIABILITIES:					
Accounts payable	325	786,770	-	1,602	-
Accrued salaries and compensation	-	-	2,368,323	-	-
Net pension liability	-	-	-	-	-
Net OPEB liability	2,244,388	-	-	-	-
Unavailable revenue	13,512	-	-	-	-
Outstanding and incurred, but not reported claims	<u>135,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>2,393,225</u>	<u>786,770</u>	<u>2,368,323</u>	<u>1,602</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflow - pension	-	-	-	-	-
Deferred inflow - OPEB	<u>557,289</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows	<u>557,289</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>\$ 2,950,514</u>	<u>\$786,770</u>	<u>\$ 2,368,323</u>	<u>\$ 1,602</u>	<u>\$ -</u>
NET POSITION					
Restricted for:					
Contributor and Donor restrictions	1,800,175	-	-	1,192,774	-
Equipment	-	-	-	-	39,000
Unrestricted—Internal Service Fund	<u>-</u>	<u>(24,685)</u>	<u>2,867,352</u>	<u>691,238</u>	<u>350,588</u>
Total net position	<u>\$ 1,800,175</u>	<u>\$ (24,685)</u>	<u>\$ 2,867,352</u>	<u>\$ 1,884,012</u>	<u>\$ 389,588</u>

Facilities	Infrastructure Replace- ment	Park Revolving	Pension- Coordinated	Pension- Police & Fire	Total
\$ 2,679,655	\$ 3,548,050	\$ 177,490	\$ -	\$ -	\$ 18,261,854
54,000	-	-	-	-	54,000
-	-	-	-	-	882
<u>2,733,655</u>	<u>3,548,050</u>	<u>177,490</u>			<u>18,316,736</u>
-	-	-	1,270,370	13,803,125	15,073,495
-	-	-	-	-	1,166,110
-	-	-	<u>1,270,370</u>	<u>13,803,125</u>	<u>16,239,605</u>
<u>\$ 2,733,655</u>	<u>\$ 3,548,050</u>	<u>\$ 177,490</u>	<u>\$ 1,270,370</u>	<u>\$ 13,803,125</u>	<u>\$ 34,556,341</u>
-	-	-	-	-	788,697
-	-	-	-	-	2,368,323
-	-	-	5,080,230	19,852,014	24,932,244
-	-	-	-	-	2,244,388
-	-	-	-	-	13,512
-	-	-	-	-	-
-	-	-	-	-	135,000
-	-	-	<u>5,080,230</u>	<u>19,852,014</u>	<u>30,482,164</u>
-	-	-	107,631	254,213	361,844
-	-	-	-	-	557,289
-	-	-	<u>107,631</u>	<u>254,213</u>	<u>919,133</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,187,861</u>	<u>\$ 20,106,227</u>	<u>\$ 31,401,297</u>
-	-	-	-	-	2,992,949
-	-	-	-	-	39,000
<u>2,733,655</u>	<u>3,548,050</u>	<u>177,490</u>	<u>(3,917,491)</u>	<u>(6,303,102)</u>	<u>123,095</u>
<u>\$ 2,733,655</u>	<u>\$ 3,548,050</u>	<u>\$ 177,490</u>	<u>\$ (3,917,491)</u>	<u>\$ (6,303,102)</u>	<u>\$ 3,155,044</u>

CITY OF WINONA, MINNESOTA

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION FOR THE YEAR ENDED DECEMBER 31, 2021

	Health Insurance	LELS Health	Employee Benefit	Risk Manage- ment	Equipment Replace- ment
OPERATING REVENUES:					
Charges to city departments	\$ 1,480,248	\$ -	\$ -	\$ -	\$ -
Other charges and services	661,739	-	(378,589)	-	-
Refunds and reimbursements	<u>138,491</u>	<u>-</u>	<u>-</u>	<u>213,945</u>	<u>30,215</u>
Total operating revenues	<u>2,280,478</u>	<u>-</u>	<u>(378,589)</u>	<u>213,945</u>	<u>30,215</u>
OPERATING EXPENSES:					
Salaries and employee benefits	155,511	-	(378,589)	-	-
Health insurance claims and fees	1,093,435	-	-	-	-
Health insurance stop-loss premium	416,361	-	-	-	-
Contractual services	<u>194,825</u>	<u>14,062</u>	<u>-</u>	<u>42,027</u>	<u>-</u>
Total operating expenses	<u>1,860,132</u>	<u>14,062</u>	<u>(378,589)</u>	<u>42,027</u>	<u>-</u>
OPERATING INCOME (LOSS)	420,346	(14,062)	-	171,918	30,215
NONOPERATING REVENUES—					
Investment earnings	<u>31,629</u>	<u>-</u>	<u>-</u>	<u>17,230</u>	<u>4,933</u>
Total nonoperating revenues	<u>31,629</u>	<u>-</u>	<u>-</u>	<u>17,230</u>	<u>4,933</u>
INCOME (LOSS) BEFORE TRANSFERS	451,975	(14,062)	-	189,148	35,148
TRANSFERS IN	-	-	-	-	-
TRANSFERS OUT	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(154,183)</u>
CHANGE IN NET POSITION	451,975	(14,062)	-	189,148	(119,035)
NET POSITION—Beginning of year	<u>1,348,200</u>	<u>(10,623)</u>	<u>2,867,352</u>	<u>1,694,864</u>	<u>508,623</u>
NET POSITION—End of year	<u>\$ 1,800,175</u>	<u>\$ (24,685)</u>	<u>\$ 2,867,352</u>	<u>\$ 1,884,012</u>	<u>\$ 389,588</u>

Facilities	Infrastructure Replace- ment	Park Revolving	Pension- Coordinated	Pension- Police & Fire	Total
\$ -	\$ -	\$ -	\$ 345,263	\$ 970,232	\$ 2,795,743
-	-	-	20,586	82,116	385,852
-	-	-	-	-	382,651
-	-	-	365,849	1,052,348	3,564,246
-	-	-	680,550	1,613,562	2,071,034
-	-	-	-	-	1,093,435
-	-	-	-	-	416,361
-	-	-	-	-	250,914
-	-	-	680,550	1,613,562	3,831,744
-	-	-	(314,701)	(561,214)	(267,498)
25,601	38,107	1,668	-	-	119,168
25,601	38,107	1,668	-	-	119,168
25,601	38,107	1,668	(314,701)	(561,214)	(148,330)
2,686	-	-	-	-	2,686
(47,766)	(520,000)	-	-	-	(721,949)
(19,479)	(481,893)	1,668	(314,701)	(561,214)	(867,593)
2,753,134	4,029,943	175,822	(3,602,790)	(5,741,888)	4,022,637
<u>\$ 2,733,655</u>	<u>\$ 3,548,050</u>	<u>\$ 177,490</u>	<u>\$ (3,917,491)</u>	<u>\$ (6,303,102)</u>	<u>\$ 3,155,044</u>

CITY OF WINONA, MINNESOTA

INTERNAL SERVICE FUNDS COMBINING STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2022

	Health Insurance	LELS Health	Employee Benefit	Risk Manage- ment	Equipment Replace- ment
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers	\$ 2,293,554	\$ 276,323	\$ (378,589)	\$ 213,945	\$ 30,870
Service charges	-	-	(378,589)	-	-
Payments to suppliers	(1,761,546)	(14,076)	378,589	(40,479)	-
Net cash provided by (used in) operating activities	<u>532,008</u>	<u>262,247</u>	<u>(378,589)</u>	<u>173,466</u>	<u>30,870</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers to other funds	-	-	-	-	(154,183)
Transfers from other funds	-	-	-	-	-
Net cash (used in) provided by noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(154,183)</u>
CASH FLOWS FROM INVESTING ACTIVITIES—					
Interest received	<u>31,629</u>	<u>-</u>	<u>-</u>	<u>17,230</u>	<u>4,933</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	563,637	262,247	(378,589)	190,696	(118,380)
CASH AND CASH EQUIVALENTS—Beginning of year	<u>3,020,725</u>	<u>499,173</u>	<u>5,614,264</u>	<u>1,694,918</u>	<u>507,968</u>
CASH AND CASH EQUIVALENTS—End of year	<u>\$ 3,584,362</u>	<u>\$ 761,420</u>	<u>\$ 5,235,675</u>	<u>\$ 1,885,614</u>	<u>\$ 389,588</u>
RECONCILIATION OF OPERATING (LOSS) INCOME TO NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES:					
Operating income (loss)	\$ 420,346	\$ (14,062)	\$ -	\$ 171,918	\$ 30,215
Adjustments to reconcile operating income (loss) to net cash (used in) provided by operating activities —					
Changes in assets and liabilities:					
Customer receivables	13,076	-	-	-	655
Deferred outflow - OPEB	(533,547)	-	-	-	-
Deferred outflow - pension	-	-	-	-	-
Accounts payable	(56,925)	276,309	-	1,548	-
Net OPEB liability	230,815	-	-	-	-
Net pension liability	-	-	-	-	-
Deferred inflow - OPEB	458,243	-	-	-	-
Deferred inflow - pension	-	-	-	-	-
Decrease in compensated absences	-	-	(378,589)	-	-
Other accrued liabilities	-	-	-	-	-
Net cash provided by (used in) operating activities	<u>\$ 532,008</u>	<u>\$ 262,247</u>	<u>\$ (378,589)</u>	<u>\$ 173,466</u>	<u>\$ 30,870</u>

Facilities	Infrastructure Replace- ment	Park Revolving	Pension- GERF	Pension- PEPFF	Total
\$ -	\$ -	\$ -	\$ 345,263	\$ 970,232	\$ 3,751,598
-	-	-	(345,263)	(970,232)	(1,694,084)
-	-	-	-	-	(1,437,512)
-	-	-	-	-	620,002
(47,766)	(520,000)	-	-	-	(721,949)
2,686	-	-	-	-	2,686
(45,080)	(520,000)	-	-	-	(719,263)
25,601	38,107	1,668	-	-	119,168
(19,479)	(481,893)	1,668	-	-	19,907
2,699,134	4,029,943	175,822	-	-	18,241,947
<u>\$ 2,679,655</u>	<u>\$ 3,548,050</u>	<u>\$ 177,490</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,261,854</u>
\$ -	\$ -	\$ -	\$ (314,701)	\$ (561,214)	\$ (267,498)
-	-	-	-	-	13,731
-	-	-	-	-	(533,547)
-	-	-	499,598	(7,022,424)	(6,522,826)
-	-	-	-	-	220,932
-	-	-	-	-	230,815
-	-	-	2,081,037	16,210,997	18,292,034
-	-	-	-	-	458,243
-	-	-	(2,265,934)	(8,627,359)	(10,893,293)
-	-	-	-	-	(378,589)
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 620,002</u>

CITY OF WINONA, MINNESOTA

GENERAL FUND SCHEDULE OF REVENUES—BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2022

	Final Budget	Actual	Variance
GENERAL PROPERTY TAX:			
Ad valorem	\$ 7,221,784	\$ 7,164,901	\$ (56,883)
Delinquent ad valorem taxes	-	14,984	14,984
Penalties and interest	-	6,977	6,977
Total general property taxes	7,221,784	7,186,862	(34,922)
FRANCHISE FEES:			
Cable TV	330,000	312,233	(17,767)
Electric	1,100,000	1,343,460	243,460
Total franchise fees	1,430,000	1,655,693	225,693
LICENSES AND PERMITS:			
Business	153,750	157,174	3,424
Nonbusiness	32,800	24,225	(8,575)
Total licenses and permits	186,550	181,399	(5,151)
FINES AND FORFEITS—Other fines and forfeits	142,000	168,701	26,701
INTERGOVERNMENTAL REVENUES:			
Shared taxes:			
State aid maintenance	312,528	343,727	31,199
Payment in lieu of tax	28,000	30,452	2,452
State grants:			
Local government aid	8,522,669	8,522,669	-
Police training	20,000	37,548	17,548
Fire training	-	7,170	7,170
Insurance aid	400,000	517,947	117,947
Market value credits	-	1,676	1,676
State grants restricted to programs	6,083	15,599	9,516
State grants not restricted to programs	-	-	-
Local—County road and bridge maintenance	25,500	20,803	(4,697)
Local—Other county grants	-	-	-
Federal grants	82,500	100,062	17,562
Total intergovernmental revenues	9,397,280	9,597,653	200,373
INVESTMENT EARNINGS	50,000	116,681	66,681
LEASE EARNINGS	-	8,150	8,150
NET INCREASE IN FAIR VALUE OF INVESTMENTS	-	2,031	2,031

(Continued)

CITY OF WINONA, MINNESOTA

GENERAL FUND SCHEDULE OF REVENUES—BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2022

	Final Budget	Actual	Variance
General government	\$ 5,000	\$ 4,449	\$ (551)
Public safety	30,000	22,382	(7,618)
Public works	500	1,160	660
Inspections	70,000	70,000	-
Administrative fee—Lodging tax	15,000	24,131	9,131
Recreation	189,000	243,363	54,363
Water and sewer	319,099	319,099	-
Port Authority	314,300	301,607	(12,693)
Rents	66,290	70,874	4,584
Commissions on sales	7,000	11,642	4,642
Refunds and reimbursements	23,985	75,409	51,424
Other	<u>2,239</u>	<u>2,152</u>	<u>(87)</u>
Total charges for services	<u>1,042,413</u>	<u>1,146,268</u>	<u>103,855</u>
CONTRIBUTIONS—Contributions	<u>76,540</u>	<u>36,615</u>	<u>(39,925)</u>
Total revenues	<u>\$ 19,546,567</u>	<u>\$ 20,100,053</u>	<u>\$ 553,486</u> (Concluded)

CITY OF WINONA, MINNESOTA

GENERAL FUND SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2022

	Final Budget	Actual	Variance
GENERAL GOVERNMENT:			
Mayor—council:			
Salaries and employee benefits	\$ 94,908	\$ 94,279	\$ 629
Supplies	4,500	2,582	1,918
Other services and charges	<u>184,857</u>	<u>149,778</u>	<u>35,079</u>
Total mayor—council	<u>284,265</u>	<u>246,639</u>	<u>37,626</u>
City clerk:			
Salaries and employee benefits	149,665	151,486	(1,821)
Supplies	1,800	2,347	(547)
Other services and charges	<u>28,478</u>	<u>23,759</u>	<u>4,719</u>
Total city clerk	<u>179,943</u>	<u>177,592</u>	<u>2,351</u>
City manager:			
Salaries and employee benefits	309,037	407,114	(98,077)
Supplies	500	630	(130)
Other services and charges	<u>6,708</u>	<u>3,510</u>	<u>3,198</u>
Total city manager	<u>316,245</u>	<u>411,254</u>	<u>(95,009)</u>
Elections and voter registration:			
Salaries and employee benefits	36,321	41,142	(4,821)
Supplies	2,500	551	1,949
Other services and charges	<u>10,000</u>	<u>1,945</u>	<u>8,055</u>
Total elections and voter registration	<u>48,821</u>	<u>43,638</u>	<u>5,183</u>
Finance:			
Salaries and employee benefits	680,633	680,805	(172)
Supplies	63,860	72,970	(9,110)
Other services and charges	577,686	421,886	155,800
Capital outlay	<u>202,000</u>	<u>-</u>	<u>202,000</u>
Total finance	<u>1,524,179</u>	<u>1,175,661</u>	<u>348,518</u>
Independent audit:			
Other services and charges	<u>157,000</u>	<u>134,169</u>	<u>22,831</u>
Assessing:			
Other services and charges	<u>122,000</u>	<u>117,500</u>	<u>4,500</u>
Legal:			
Other services and charges	<u>394,166</u>	<u>394,166</u>	<u>-</u>

(Continued)

CITY OF WINONA, MINNESOTA

GENERAL FUND SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2022

	Final Budget	Actual	Variance
GENERAL GOVERNMENT (continued):			
Merit board:			
Other services and charges	\$ 100	\$ -	\$ 100
Human rights commission:			
Supplies	300	400	(100)
Other services and charges	350	-	350
Total human rights commission	650	400	250
Cable television commission:			
Other services and charges	15,000	22,850	(7,850)
Fine arts commission:			
Supplies	6,200	5,275	925
Other services and charges	1,500	525	975
Total fine arts commission	7,700	5,800	1,900
Human resources:			
Salaries and employee benefits	128,153	133,299	(5,146)
Supplies	300	87	213
Other services and charges	20,925	20,630	295
Total human resources	149,378	154,016	(4,638)
Planning:			
Salaries and employee benefits	251,142	245,134	6,008
Supplies	1,750	272	1,478
Other services and charges	223,651	156,883	66,768
Total planning	476,543	402,289	74,254
Building maintenance:			
Salaries and employee benefits	220,353	191,527	28,826
Supplies	58,200	51,981	6,219
Other services and charges	51,325	48,188	3,137
Total building maintenance	329,878	291,696	38,182
Central communications:			
Supplies	4,300	4,216	84
Other services and charges	29,850	26,473	3,377
Total central communications	34,150	30,689	3,461
Contingency:			
Other services and charges	609,978	-	609,978
Total general government	4,649,996	3,608,359	1,041,637
			(Continued)

CITY OF WINONA, MINNESOTA

GENERAL FUND SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2022

	Final Budget	Actual	Variance
PUBLIC SAFETY (continued):			
Police:			
Salaries and employee benefits	\$ 5,599,365	\$ 5,065,226	\$ 534,139
Supplies	506,963	268,290	238,673
Other services and charges	486,154	481,793	4,361
Debt service-lease	-	18,392	(18,392)
Capital outlay	84,200	90,121	(5,921)
Total police	<u>6,676,682</u>	<u>5,923,822</u>	<u>752,860</u>
Fire:			
Salaries and employee benefits	3,246,928	3,182,918	64,010
Supplies	118,390	103,093	15,297
Other services and charges	142,116	166,153	(24,037)
Total fire	<u>3,507,434</u>	<u>3,452,164</u>	<u>55,270</u>
Emergency management:			
Other services and charges	<u>5,000</u>	<u>2,463</u>	<u>2,537</u>
Safety and health coordinator:			
Salaries and employee benefits	54,331	53,440	891
Supplies	6,100	6,297	(197)
Other services and charges	20,296	12,418	7,878
Total safety and health coordinator	<u>80,727</u>	<u>72,155</u>	<u>8,572</u>
Flood control:			
Supplies	52,500	64,261	(11,761)
Other services and charges	204,543	14,410	190,133
Capital outlay	741,000	-	741,000
Total flood control	<u>998,043</u>	<u>78,671</u>	<u>919,372</u>
Total public safety	<u>11,267,886</u>	<u>9,529,275</u>	<u>1,738,611</u>
HIGHWAYS AND STREETS:			
Engineering:			
Salaries and employee benefits	418,602	409,704	8,898
Supplies	13,710	10,532	3,178
Other services and charges	159,906	48,972	110,934
Capital outlay	39,000	-	39,000
Total engineering	<u>631,218</u>	<u>469,208</u>	<u>162,010</u>

(Continued)

CITY OF WINONA, MINNESOTA

GENERAL FUND SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2022

	Final Budget	Actual	Variance
HIGHWAYS AND STREETS (continued):			
Streets and alleys:			
Salaries and employee benefits	\$ 1,041,034	\$ 1,047,013	\$ (5,979)
Supplies	664,329	473,160	191,169
Other services and charges	458,505	305,508	152,997
Capital outlay	<u>175,153</u>	<u>179,885</u>	<u>(4,732)</u>
Total streets and alleys	<u>2,339,021</u>	<u>2,005,566</u>	<u>333,455</u>
Highways and street lighting:			
Supplies	219,000	239,937	(20,937)
Other services and charges	<u>40,000</u>	<u>33,688</u>	<u>6,312</u>
Total highways and street lighting	<u>259,000</u>	<u>273,625</u>	<u>(14,625)</u>
Central garage:			
Salaries and employee benefits	386,744	374,487	12,257
Supplies	62,828	105,595	(42,767)
Other services and charges	<u>84,745</u>	<u>16,168</u>	<u>68,577</u>
Total central garage	<u>534,317</u>	<u>496,250</u>	<u>38,067</u>
Public works:			
Salaries and employee benefits	47,404	47,340	64
Supplies	600	39	561
Other services and charges	<u>1,900</u>	<u>459</u>	<u>1,441</u>
Total public works	<u>49,904</u>	<u>47,838</u>	<u>2,066</u>
Total highways and streets	<u>3,813,460</u>	<u>3,292,487</u>	<u>520,973</u>
SANITATION AND WASTE REMOVAL:			
Compost site:			
Supplies	350	374	(24)
Other services and charges	<u>48,100</u>	<u>48,000</u>	<u>100</u>
Total sanitation and waste removal	<u>48,450</u>	<u>48,374</u>	<u>76</u>
ECONOMIC DEVELOPMENT:			
Community development:			
Salaries and employee benefits	304,334	298,109	6,225
Supplies	2,500	793	1,707
Other services and charges	<u>30,500</u>	<u>9,181</u>	<u>21,319</u>
Total community development	<u>337,334</u>	<u>308,083</u>	<u>29,251</u>
			(Continued)

CITY OF WINONA, MINNESOTA

GENERAL FUND SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2022

	Final Budget	Actual	Variance
ECONOMIC DEVELOPMENT (continued):			
Community Development Matching:			
Other services and charges	\$ 19,500	\$ 334	\$ 19,166
Total economic development	<u>356,834</u>	<u>308,417</u>	<u>48,417</u>
PARK MAINTENANCE:			
Park maintenance:			
Salaries and employee benefits	1,142,510	1,032,114	110,396
Supplies	253,379	247,750	5,629
Other services and charges	327,888	394,020	(66,132)
Debt service-lease	-	5,000	(5,000)
Capital outlay	<u>99,100</u>	<u>109,178</u>	<u>(10,078)</u>
Total park maintenance	<u>1,822,877</u>	<u>1,788,062</u>	<u>34,815</u>
Public Works - Trees:			
Salaries and employee benefits	\$ 391,624	\$ 397,255	\$ (5,631)
Supplies	21,755	25,267	(3,512)
Other services and charges	<u>34,270</u>	<u>35,390</u>	<u>(1,120)</u>
Total public works - trees	<u>447,649</u>	<u>457,912</u>	<u>(10,263)</u>
Total park maintenance	<u>2,270,526</u>	<u>2,245,974</u>	<u>24,552</u>
Total expenditures	<u>\$ 22,407,152</u>	<u>\$ 19,032,886</u>	<u>\$ 3,374,266</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, 2022

	Original and Final Budget	Actual	Variance With Final Budget
REVENUES:			
General property taxes	\$ 74,587	\$ 73,999	\$ (588)
Intergovernmental—Federal	50,408	60,198	9,790
Investment earnings	-	107	107
Contributions	-	5,979	5,979
Charges for services	<u>53,284</u>	<u>44,845</u>	<u>(8,439)</u>
Total revenues	<u>178,279</u>	<u>185,128</u>	<u>6,849</u>
EXPENDITURES—			
Current:			
Salaries and employee benefits	171,720	192,923	(21,203)
Contractual services	4,239	5,667	(1,428)
Supplies	<u>5,400</u>	<u>1,723</u>	<u>3,677</u>
Total expenditures	<u>181,359</u>	<u>200,313</u>	<u>(18,954)</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(3,080)	(15,185)	(12,105)
OTHER FINANCING SOURCES—			
Operating transfers in	<u>3,080</u>	<u>3,080</u>	<u>-</u>
DEFICIENCY OF REVENUES AND OTHER FINANCING SOURCES UNDER EXPENDITURES	-	(12,105)	(12,105)
FUND BALANCE—Beginning of year	<u>34,522</u>	<u>34,522</u>	<u>-</u>
FUND BALANCE—End of year	<u>\$ 34,522</u>	<u>\$ 22,417</u>	<u>\$ (12,105)</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, 2022

	Original and Final Budget	Actual	Variance With Final Budget
REVENUES:			
Intergovernmental—			
State of Minnesota grant	\$ 3,400,000	\$ 771,523	\$ (2,628,477)
Investment earnings	<u>-</u>	<u>2,861</u>	<u>2,861</u>
Total revenues	<u>3,400,000</u>	<u>774,384</u>	<u>(2,625,616)</u>
EXPENDITURES—			
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>3,400,000</u>	<u>774,384</u>	<u>(2,625,616)</u>
OTHER FINANCING (USES) SOURCES—			
Transfers to other funds	<u>(3,400,000)</u>	<u>(771,523)</u>	<u>2,628,477</u>
EXCESS OF REVENUES AND OTHER FINANCING (USES) SOURCES OVER EXPENDITURES	-	2,861	2,861
FUND BALANCE—Beginning of year	<u>301,444</u>	<u>301,444</u>	<u>-</u>
FUND BALANCE—End of year	<u>\$ 301,444</u>	<u>\$ 304,305</u>	<u>\$ 2,861</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, 2022

	Original and Final Budget	Actual	Variance With Final Budget
REVENUES—			
Investment earnings	\$ -	\$ 1,985	\$ 1,985
Total revenues	-	1,985	1,985
EXPENDITURES—			
Capital outlay	-	-	-
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENDITURES	-	1,985	1,985
FUND BALANCE—Beginning of year	209,176	209,176	-
FUND BALANCE—End of year	\$ 209,176	\$211,161	\$ 1,985

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, 2022

	Original and Final Budget	Actual	Variance With Final Budget
REVENUES:			
Special assessments	\$ -	\$ -	\$ -
Investment earnings	<u>-</u>	<u>1,702</u>	<u>1,702</u>
Total revenues	-	1,702	1,702
EXPENDITURES—Capital outlay	<u>30,000</u>	<u>141,925</u>	<u>(111,925)</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(30,000)	(140,223)	(110,223)
OTHER FINANCING USES—			
Transfers to other funds	<u>-</u>	<u>-</u>	<u>-</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	(30,000)	(140,223)	(110,223)
FUND BALANCE—Beginning of year	<u>244,634</u>	<u>244,634</u>	<u>-</u>
FUND BALANCE—End of year	<u>\$214,634</u>	<u>\$104,411</u>	<u>\$ (110,223)</u>

CITY OF WINONA, MINNESOTA

SCHEDULE OF LONG-TERM OBLIGATIONS—PRIMARY GOVERNMENT AS OF DECEMBER 31, 2022

	True Interest Rate	Authorized	Outstanding
BONDED INDEBTEDNESS:			
G.O. Bonds supported by taxes:			
G.O. Tax Abatement Bonds of 2017B	2.25 %	\$ 4,805,000	\$ 3,120,000
G.O. Enterprise Fund Bonds:			
G.O. Airport Bonds of 2013A (Port Authority of Winona)	1.93	1,125,000	245,000
G.O. Sewer Revenue Bonds of 2017A	2.14	<u>4,730,000</u>	<u>2,960,000</u>
Total G.O. Enterprise Fund Bonds		<u>5,855,000</u>	<u>3,205,000</u>
OTHER INDEBTEDNESS:			
G.O. Equipment Certificates of 2015A	1.38	3,525,000	470,000
G.O. Equipment Certificates of 2022A	3.56	<u>3,185,000</u>	<u>3,185,000</u>
Total other indebtedness		<u>6,710,000</u>	<u>3,655,000</u>
		<u>\$ 17,370,000</u>	<u>\$ 9,980,000</u>

CITY OF WINONA, MINNESOTA

SCHEDULE OF BONDS PAYABLE—PRIMARY GOVERNMENT AS OF DECEMBER 31, 2022

General Obligation Bonds	Interest Rates and Maturity Dates	Issue Date	Final Maturity Date
GENERAL OBLIGATION BONDS SUPPORTED BY TAXES:			
G.O. Tax Abatement Bonds of 2017B	2.500 % (2023-24) 2.000 (2025) 3.000 (2026-29)	April 20, 2017	February 1, 2029

Total G.O. Bonds supported by taxes

Annual Payment		Authorized and Issued	Retired	Outstanding
\$ 410,000	(2023)	\$ 4,805,000	\$ 1,685,000	\$ 3,120,000
425,000	(2024)			
435,000	(2025)			
440,000	(2026)			
455,000	(2027)			
470,000	(2028)			
485,000	(2029)			
		<u>4,805,000</u>	<u>1,685,000</u>	<u>3,120,000</u>
				(Continued)

CITY OF WINONA, MINNESOTA

SCHEDULE OF BONDS PAYABLE—PRIMARY GOVERNMENT AS OF DECEMBER 31, 2022

General Obligation Bonds	Interest Rates and Maturity Dates		Issue Date	Final Maturity Date
GENERAL OBLIGATION ENTERPRISE FUND BONDS				
G.O. Airport Bonds of 2013A (Port Authority of Winona) (1)	2.300	(2023)	November 7, 2013	February 1, 2024
	2.450	(2024)		
G.O. Sewer Revenue Bonds of 2017A	3.000	(2023-25)	March 23, 2017	February 1, 2029
	2.250	(2026-29)		

Total G.O. Enterprise Fund Bonds

Total G.O. bonds payable

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

Annual Payment		Authorized and Issued	Retired	Outstanding
\$	120,000 (2023) 125,000 (2024)	\$ 1,125,000	\$ 880,000	\$ 245,000
	390,000 (2023) 400,000 (2024) 410,000 (2025) 425,000 (2026) 435,000 (2027) 445,000 (2028) 455,000 (2029)	4,730,000	1,770,000	2,960,000
		<u>5,855,000</u>	<u>2,650,000</u>	<u>3,205,000</u>
		<u>\$ 10,660,000</u>	<u>\$ 4,335,000</u>	<u>\$ 6,325,000</u>
				(Concluded)

CITY OF WINONA, MINNESOTA

SCHEDULE OF OTHER DEBT—PRIMARY GOVERNMENT AS OF DECEMBER 31, 2022

Other Debt	Interest Rates and Maturity Dates	Issue Date	Final Maturity Date
G.O. Equipment Certificates of 2015A	2.500 (2023)	March 25, 2015	February 1, 2023
G.O. Equipment Certificates of 2022A	5.000 (2024-30) 4.000 (2031-32)	December 8, 2022	February 1, 2032

Total other debt

Total G.O. bonds payable

Total long-term obligations

Annual Payment		Authorized and Issued	Retired	Outstanding
\$	470,000 (2023)	\$ 3,525,000	\$ 3,055,000	\$ 470,000
270,000	(2024)	3,185,000	-	3,185,000
305,000	(2025)			
320,000	(2026)			
340,000	(2027)			
355,000	(2028)			
370,000	(2029)			
390,000	(2030)			
410,000	(2031)			
425,000	(2032)			
		<hr/>	<hr/>	<hr/>
		\$ 6,710,000	\$ 3,055,000	\$ 3,655,000
		<hr/>	<hr/>	<hr/>
		\$ 10,660,000	\$ 4,335,000	\$ 6,325,000
		<hr/>	<hr/>	<hr/>
		\$ 17,370,000	\$ 7,390,000	\$ 9,980,000
		<hr/>	<hr/>	<hr/>

CITY OF WINONA, MINNESOTA

SCHEDULE OF SALARIES, EMPLOYEE BENEFITS, AND CLOTHING ALLOWANCE FOR THE YEAR ENDED DECEMBER 31, 2022

	Number of Employees*		Salaries and Wages	Pensions**	Clothing/ Tuition Allowance***
	Full Time	All Other			
GOVERNMENTAL FUNDS:					
General government	26.610	8.00	\$ 2,267,473	\$ 262,732	\$ 2,429
Police	37.000	7.00	3,788,461	318,942	104,293
Fire	23.500	8.00	2,287,037	423,873	65,371
Safety and health coordinator	0.500	-	37,542	3,114	100
Highways and streets/public works	11.400	-	840,204	51,956	2,813
Park maintenance	17.150	-	1,137,897	37,773	3,615
Senior advocacy program	<u>2.000</u>	<u>1.00</u>	<u>156,183</u>	<u>18,192</u>	<u>-</u>
Total governmental funds	<u>118.160</u>	<u>24.00</u>	<u>10,514,797</u>	<u>1,116,582</u>	<u>178,621</u>
ENTERPRISE FUNDS:					
Water utility	6.950	-	681,359	16,429	7,172
Sanitary sewer utility/storm sewer	13.000	-	914,096	106,405	3,783
Inspections	5.050	-	348,447	46,301	861
Airport	1.000	-	72,484	7,003	200
Public transportation	0.140	-	9,705	728	-
Library	8.000	13.00	700,437	52,998	-
Recreation programs	<u>7.700</u>	<u>33.00</u>	<u>1,017,720</u>	<u>(15,848)</u>	<u>1,198</u>
Total enterprise funds	<u>41.840</u>	<u>46.000</u>	<u>3,744,248</u>	<u>214,016</u>	<u>13,214</u>
	<u>160.000</u>	<u>70.00</u>	<u>\$ 14,259,045</u>	<u>\$ 1,330,598</u>	<u>\$ 191,835</u>

* Reflects the employment of the City of Winona on December 31, 2022.

Numbers are from the Finance Department.

** Pensions include the following: PERA (\$1,550,677)

Fire—other (\$31,117), Compensated absences adjustment (\$478,814), and Retiree health insurance subsidy (\$227,618).

***Clothing/Tuition allowance include the following: Clothing (\$154,099),

Incentive (\$30,519), Phone/Lump Sum (\$4,217), and Tuition (\$3,000).

(Incentive pay is per union contract and includes paramedic certification, more-than-required license for water and sanitary sewer operators and employees hired prior to a date in 1999 that took educational classes.)

Medicare/ Unemployment Compensation	Social Security	Health Insurance	Life and Disability Insurance	Dental Insurance	Workers' Compensation	Total
\$ 29,677	\$ 122,131	\$ 361,969	\$ 4,517	\$ 5,679	\$ 20,093	\$ 3,076,700
50,902	9,366	566,735	6,532	9,760	219,125	5,074,116
30,512	7,020	274,016	4,197	7,361	125,321	3,224,708
452	1,931	10,674	80	239	196	54,328
10,872	46,489	121,950	1,604	2,360	35,665	1,113,913
16,442	62,136	149,254	2,267	3,511	47,682	1,460,577
<u>2,159</u>	<u>9,231</u>	<u>8,124</u>	<u>295</u>	<u>240</u>	<u>2,056</u>	<u>196,480</u>
<u>141,016</u>	<u>258,304</u>	<u>1,492,722</u>	<u>19,492</u>	<u>29,150</u>	<u>450,138</u>	<u>14,200,822</u>
9,969	37,700	65,821	1,306	1,649	13,244	834,649
12,451	53,240	114,083	1,967	2,193	21,284	1,229,502
4,550	19,456	73,236	749	1,680	2,064	497,344
821	3,509	21,348	153	480	2,760	108,758
123	525	1,678	20	12	56	12,847
11,993	40,326	88,416	1,206	2,400	5,448	903,224
<u>23,355</u>	<u>58,844</u>	<u>84,270</u>	<u>1,242</u>	<u>1,957</u>	<u>26,645</u>	<u>1,199,383</u>
<u>63,262</u>	<u>213,600</u>	<u>448,852</u>	<u>6,643</u>	<u>10,371</u>	<u>71,501</u>	<u>4,785,707</u>
<u>\$ 204,278</u>	<u>\$ 471,904</u>	<u>\$ 1,941,574</u>	<u>\$ 26,135</u>	<u>\$ 39,521</u>	<u>\$ 521,639</u>	<u>\$ 18,986,529</u>

CITY OF WINONA, MINNESOTA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2022

Federal Grantor/Pass-Through Grantor/Program Title	Grantor Entity Identifying Number	CFDA Number	2022 Expenditures
U.S. DEPARTMENT OF TRANSPORTATION—			
Passed through the MN Department of Transportation:			
Highway Planning and Construction - Broadway PED Improvemen	8521236	20.205	\$ 900,000
Highway Planning and Construction - Riverview Drive	8519132	20.205	3,236
Formula Grants for Other than Urbanized Areas-Operating	MN-2021-038-00	20.509	312,121
Total U.S. Department of Transportation			<u>1,215,357</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	310-22-003B-025	93.044	28,317
Special Programs for the Aging—Winona Chore Grant	310-22-003B-005	93.044	31,881
Total U.S. Department of Health and Human Services			<u>60,198</u>
U.S. DEPARTMENT OF AGRICULTURE—			
Passed through MN Department of Natural Resources:			
Sustainable Urban Forest Resilience Program	21-DG-11094200-121	10.675	<u>9,100</u>
U.S. DEPARTMENT OF THE INTERIOR—			
Passed through MN Historic Preservation Office:			
Preserve Minnesota Scholarship	0000197728	15.904	2,962
Historic Financial Incentives Education & Outreach Plan	196488/300-10788	15.904	10,000
Total US Department of the Interior			<u>12,962</u>
INSTITUTE OF MUSEUM AND LIBRARY SERVICES—			
Passed through MN Department of Education:			
ARPA-State Library Grant	LS-250219-OLS-21	45.310	<u>4,991</u>
U.S. DEPARTMENT OF THE TREASURY—			
Passed through MN Management & Budget:			
ARPA-Coronavirus State and Local Fiscal Recovery Funds			
Park Recreation Department: Lost Revenue	CITY-851300 ARPA_COVID19	21.027	250,000
Fire Department: Air Packs, Air Bottles and Turnout Gear	CITY-851300 ARPA_COVID19	21.027	81,339
Total US Department of the Treasury			<u>331,339</u>
U.S. DEPARTMENT OF JUSTICE—			
Police Body Cameras	MJF5NJDQ7C65	16.835	<u>78,000</u>
Total Expenditures of Federal Awards			<u>\$ 1,711,947</u>

CITY OF WINONA, MINNESOTA

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

TOTAL EXPENDITURES OF FEDERAL AWARDS	\$ 1,711,947
Total federal grant revenue—2022	<u>1,711,947</u>
Other intergovernmental revenues:	
Shared taxes	374,179
State sources	12,459,766
Local sources	<u>261,777</u>
Total other intergovernmental revenues	<u>13,095,722</u>
TOTAL INTERGOVERNMENTAL REVENUES—	
Governmental and proprietary funds (Primary Government)	<u>\$ 14,807,669</u>

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SECTION III
STATISTICAL SECTION

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CITY OF WINONA, MINNESOTA

STATISTICAL SECTION

(Unaudited)

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

Contents

Table

FINANCIAL TRENDS

I–XI

These tables contain trend information that may assist the reader in assessing the City's current financial performance by placing it in a historical perspective.

REVENUE CAPACITY

XII–XV

These tables contain information that may assist the reader in assessing the viability of the City's most significant own-source revenue source, which is property taxes.

DEBT CAPACITY

XVI–XXI

These tables contain information that may assist the reader in analyzing the affordability of the City's current levels of outstanding debt, and the City's ability to issue additional debt in the future.

DEMOGRAPHIC AND ECONOMIC INFORMATION

XXII–XXIV

These tables present demographic and economic information intended (1) to assist users in understanding the socioeconomic environment within which the City operates and (2) to provide information that facilitates comparisons of financial statement information over time and among cities.

OPERATING INFORMATION

XXV–XXVII

These tables contain service and infrastructure indicators that can inform one's understanding of how the information in the City's financial statements relates to the services the City provides, and the activities it performs.

PENSION INFORMATION

XXVIII–XXIX

These tables contain pension information to provide an overall understanding of the pension funding status and progress for PERA as a whole.

DATA SOURCE

Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial report for the applicable year. The City implemented GASB Statement No. 54 in 2011 (retrospective to 2010); therefore, tables presenting governmental fund financial information only reflect the adoption of GASB Statement No. 54 for 2010 and on.

CITY OF WINONA, MINNESOTA

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

	2013	2014	2015	2016
GOVERNMENTAL ACTIVITIES:				
Net investment in capital assets	\$ 39,475,110	\$ 39,590,760	\$ 38,105,916	\$ 41,149,166
Restricted (2)	19,720,934	19,876,212	21,613,037	18,732,791
Unrestricted (2)	<u>9,388,145</u>	<u>9,299,097</u>	<u>3,213,376</u>	<u>644,182</u>
Total	<u>\$ 68,584,189</u>	<u>\$ 68,766,069</u>	<u>\$ 62,932,329</u>	<u>\$ 60,526,139</u>
BUSINESS-TYPE ACTIVITIES:				
Net investment in capital assets	\$ 27,225,756	\$ 31,804,192	\$ 39,768,680	\$ 43,666,626
Restricted (3)	4,734,149	3,879,093	4,515,193	2,800,524
Unrestricted (3)	<u>19,496,518</u>	<u>21,058,230</u>	<u>20,897,820</u>	<u>21,221,418</u>
Total	<u>\$ 51,456,423</u>	<u>\$ 56,741,515</u>	<u>\$ 65,181,693</u>	<u>\$ 67,688,568</u>
TOTAL PRIMARY GOVERNMENT:				
Net investment in capital assets	\$ 66,700,866	\$ 71,394,952	\$ 77,874,596	\$ 84,815,792
Restricted (2) (3)	24,455,083	23,755,305	26,128,230	21,533,315
Unrestricted (2) (3)	<u>28,884,663</u>	<u>30,357,327</u>	<u>24,111,196</u>	<u>21,865,600</u>
Total	<u>\$ 120,040,612</u>	<u>\$ 125,507,584</u>	<u>\$ 128,114,022</u>	<u>\$ 128,214,707</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.
- (2) Beginning in 2021, net position of internal service funds that are only restricted for use within that fund are included in the unrestricted net position.
- (3) Beginning in 2021, net position of enterprise funds that are only restricted for use within that fund are included in the unrestricted net position.

Data Source—

Applicable years' annual comprehensive financial report.

TABLE I

December 31					
2017	2018	2019	2020	2021	2022
\$ 38,029,620	\$ 39,797,737	\$ 39,045,971	\$ 42,637,674	\$ 42,054,958	\$ 42,539,382
21,670,101	19,889,494	19,225,003	21,705,053	10,790,492	14,530,498
<u>(351,300)</u>	<u>(242,460)</u>	<u>1,309,645</u>	<u>72,490</u>	<u>13,474,189</u>	<u>10,321,533</u>
<u>\$ 59,348,421</u>	<u>\$ 59,444,771</u>	<u>\$ 59,580,619</u>	<u>\$ 64,415,217</u>	<u>\$ 66,319,639</u>	<u>\$ 67,391,413</u>
\$ 40,428,663	\$ 43,275,814	\$ 44,833,874	\$ 45,244,321	43,550,575	43,945,150
5,196,375	6,914,662	1,565,872	3,523,916	565,475	664,576
<u>24,205,700</u>	<u>20,351,642</u>	<u>25,781,276</u>	<u>24,120,986</u>	<u>28,107,602</u>	<u>26,956,433</u>
<u>\$ 69,830,738</u>	<u>\$ 70,542,118</u>	<u>\$ 72,181,022</u>	<u>\$ 72,889,223</u>	<u>\$ 72,223,652</u>	<u>\$ 71,566,159</u>
\$ 78,458,283	\$ 83,073,551	\$ 83,879,845	\$ 87,881,995	\$ 85,605,533	\$ 86,484,532
26,866,476	26,804,156	20,790,875	25,228,969	11,355,967	15,195,074
<u>23,854,400</u>	<u>20,109,182</u>	<u>27,090,921</u>	<u>24,193,476</u>	<u>41,581,791</u>	<u>37,277,966</u>
<u>\$ 129,179,159</u>	<u>\$ 129,986,889</u>	<u>\$ 131,761,641</u>	<u>\$ 137,304,440</u>	<u>\$ 138,543,291</u>	<u>\$ 138,957,572</u>

CITY OF WINONA, MINNESOTA

CHANGES IN NET POSITION—GOVERNMENTAL ACTIVITIES (Unaudited)

LAST TEN CALENDAR YEARS

(accrual basis of accounting)

	For The Calendar Year Ended December 31,			
	2013	2014	2015	2016
EXPENSES:				
General government	\$ 2,765,186	\$ 2,973,611	\$ 3,046,766	\$ 3,752,691
Public safety	7,647,157	7,744,276	8,464,231	10,330,117
Highways and streets	5,200,298	5,092,421	4,944,205	5,357,252
Sanitation and waste removal	48,993	37,585	50,975	38,655
Economic development	645,040	700,782	561,572	786,820
Culture/recreation	1,704,671	1,739,944	1,919,498	1,760,105
Interest and fiscal charges	67,716	38,315	18,836	103,964
Total expenses	<u>18,079,061</u>	<u>18,326,934</u>	<u>19,006,083</u>	<u>22,129,604</u>
PROGRAM REVENUES:				
Charges for services:				
General government	694,506	771,056	740,701	798,786
Public safety	263,241	239,939	238,467	254,008
Highways and streets	29,084	85,433	31,548	65,688
Economic development	46,697	9,660	46,756	90,350
Other	153,885	159,304	183,203	194,499
Operating grants and contributions	1,423,344	1,078,501	1,208,768	1,087,916
Capital grants and contributions	<u>1,252,059</u>	<u>1,010,378</u>	<u>2,692,813</u>	<u>1,319,137</u>
Total program revenues	<u>3,862,816</u>	<u>3,354,271</u>	<u>5,142,256</u>	<u>3,810,384</u>
NET EXPENSE	<u>(14,216,245)</u>	<u>(14,972,663)</u>	<u>(13,863,827)</u>	<u>(18,319,220)</u>
GENERAL REVENUES:				
Taxes:				
Property	5,220,064	5,202,393	5,651,870	5,961,916
Sales	47,176	-	-	-
Franchise	1,379,806	1,431,656	1,365,415	1,425,625
Unrestricted grants and contributions	8,100,124	8,637,847	8,638,784	8,690,751
Gain on sale of capital assets	-	-	44,550	12,500
Investment earnings	8,635	18,478	22,815	183,639
Premium on G.O. debt	-	-	-	-
Other	-	-	140,432	-
Total general revenues	<u>14,755,805</u>	<u>15,290,374</u>	<u>15,863,866</u>	<u>16,274,431</u>
NET TRANSFERS IN (OUT)	<u>24,900</u>	<u>(135,831)</u>	<u>(58,824)</u>	<u>(361,401)</u>
TOTAL NET TRANSFERS AND GENERAL REVENUES	<u>14,780,705</u>	<u>15,154,543</u>	<u>15,805,042</u>	<u>15,913,030</u>
CHANGE IN NET POSITION	<u>\$ 564,460</u>	<u>\$ 181,880</u>	<u>\$ 1,941,215</u>	<u>\$ (2,406,190)</u>

Data Source —

Applicable years' annual comprehensive financial report.

TABLE II

2017	2018	2019	2020	2021	2022
\$ 3,531,369	\$ 3,344,377	\$ 3,595,492	\$ 3,256,537	\$ 3,190,944	\$ 4,042,242
9,786,944	9,827,324	10,289,817	10,547,133	10,005,365	10,863,999
5,774,474	5,502,132	4,572,968	5,843,961	5,233,885	5,169,896
52,130	52,481	26,325	55,276	51,818	48,374
536,327	322,818	401,143	507,382	479,008	340,738
1,887,323	1,964,055	2,336,745	2,260,568	2,528,172	3,010,104
64,910	54,100	45,500	36,700	27,750	21,564
<u>21,633,477</u>	<u>21,067,287</u>	<u>21,267,990</u>	<u>22,507,557</u>	<u>21,516,942</u>	<u>23,496,917</u>
830,294	874,844	983,416	918,956	1,263,244	1,082,415
274,383	296,348	304,649	264,369	187,650	194,255
27,314	34,930	33,520	27,720	88,556	20,322
28,648	14,396	93,822	164,857	129,723	12,446
179,346	207,603	135,101	2,825	257,341	251,587
1,075,042	926,070	1,042,133	3,123,212	1,026,649	1,472,006
<u>1,036,673</u>	<u>1,230,055</u>	<u>356,213</u>	<u>4,487,362</u>	<u>1,540,989</u>	<u>1,936,486</u>
<u>3,451,700</u>	<u>3,584,246</u>	<u>2,948,854</u>	<u>8,989,301</u>	<u>4,494,152</u>	<u>4,969,517</u>
<u>(18,181,777)</u>	<u>(17,483,041)</u>	<u>(18,319,136)</u>	<u>(13,518,256)</u>	<u>(17,022,790)</u>	<u>(18,527,400)</u>
6,669,530	6,902,318	7,375,944	7,565,355	7,884,682	8,386,515
-	-	-	-	-	-
1,470,411	1,485,669	1,446,196	1,416,801	1,518,837	1,655,693
8,689,990	8,835,032	8,845,516	8,990,060	9,052,055	9,120,616
-	-	-	-	-	127,950
216,980	573,241	763,890	203,216	19,993	305,758
172,738	-	-	-	-	-
-	-	-	-	-	-
<u>17,219,649</u>	<u>17,796,260</u>	<u>18,431,546</u>	<u>18,175,432</u>	<u>18,475,567</u>	<u>19,596,532</u>
<u>(215,590)</u>	<u>101,808</u>	<u>23,437</u>	<u>177,422</u>	<u>(136,355)</u>	<u>2,642</u>
<u>17,004,059</u>	<u>17,898,068</u>	<u>18,454,983</u>	<u>18,352,854</u>	<u>18,339,212</u>	<u>19,599,174</u>
<u>\$ (1,177,718)</u>	<u>\$ 415,027</u>	<u>\$ 135,847</u>	<u>\$ 4,834,598</u>	<u>\$ 1,316,422</u>	<u>\$ 1,071,774</u>

CITY OF WINONA, MINNESOTA

CHANGES IN NET POSITION—GOVERNMENTAL ACTIVITIES—

PERCENTAGE OF TOTAL (Unaudited)

LAST TEN CALENDAR YEARS

(accrual basis of accounting)

	2013	2014	2015	2016
EXPENSES:				
General government	15.3 %	16.2 %	16.0 %	16.9 %
Public safety	42.3	42.3	44.5	46.7
Highways and streets	28.7	27.8	26.0	24.2
Sanitation and waste removal	0.3	0.2	0.3	0.2
Economic development	3.6	3.8	3.0	3.6
Culture/recreation	9.4	9.5	10.1	7.9
Interest and fiscal charges	0.4	0.2	0.1	0.5
Total expenses	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
PROGRAM REVENUES:				
Charges for services:				
General government	18.0 %	14.4 %	14.4 %	21.0 %
Public safety	6.8	7.2	4.6	6.7
Highways and streets	0.8	2.5	0.6	1.7
Economic development	1.2	0.3	0.9	2.4
Other	4.0	4.7	3.6	5.1
Operating grants and contributions	36.8	32.2	23.5	28.5
Capital grants and contributions	32.4	30.1	52.4	34.6
Total program revenues	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
GENERAL REVENUES:				
Taxes:				
Property	35.4 %	34.0 %	35.6 %	36.6 %
Sales	0.3	-	-	-
Franchise	9.3	9.4	8.6	8.8
Unrestricted grants and contributions	54.9	56.5	54.5	53.4
Gain on sale of capital assets	-	-	0.3	0.1
Investment earnings	0.1	0.1	0.1	1.1
Premium on G.O. debt	-	-	-	-
Other	-	-	0.9	-
Total general revenues	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>

Data Source—Table II.

TABLE III

For the Calendar Year Ended December 31,					
2017	2018	2019	2020	2021	2022
16.3 %	15.9 %	16.9 %	14.5 %	14.8 %	17.2 %
45.2	46.6	48.4	46.9	46.5	46.2
26.7	26.1	21.5	26.0	24.3	22.0
0.3	0.2	0.1	0.2	0.3	0.2
2.5	1.5	1.9	2.2	2.2	1.5
8.7	9.4	11.0	10.0	11.8	12.8
0.3	0.3	0.2	0.2	0.1	0.1
<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
24.1 %	24.4 %	33.4 %	10.2 %	28.1 %	21.8 %
8.0	8.3	10.3	3.0	4.2	3.9
0.8	1.0	1.1	0.3	2.0	0.4
0.8	0.4	3.2	1.8	2.9	0.2
5.2	5.8	4.6	0.0	5.7	5.1
31.1	25.8	35.3	34.8	22.8	29.6
30.0	34.3	12.1	49.9	34.3	39.0
<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
38.7 %	38.8 %	40.0 %	41.6 %	42.7 %	42.8 %
-	-	-	-	-	-
8.5	8.4	7.9	7.8	8.2	8.4
50.5	49.6	48.0	49.5	49.0	46.5
-	-	-	-	-	0.7
1.3	3.2	4.1	1.1	0.1	1.6
1.0	-	-	-	-	-
-	-	-	-	-	-
<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)

LAST TEN CALENDAR YEARS

(accrual basis of accounting)

	For the Calendar Year Ended December 31,			
	2013	2014	2015	2016
EXPENSES:				
Water	\$ 2,400,217	\$ 2,337,243	\$ 2,417,436	\$ 2,454,012
Sanitary Sewer	2,472,995	2,813,212	2,957,252	2,927,234
Inspections	344,620	320,560	374,175	445,107
Airport	1,000,161	314,599	317,004	255,060
Public Transportation	780,964	800,341	725,671	748,522
Recreation	1,546,333	1,700,674	1,652,476	1,838,384
Library	1,053,224	1,035,774	1,086,920	1,156,984
Storm Sewer	230,614	227,480	213,250	187,363
Total expenses	9,829,128	9,549,883	9,744,184	10,012,666
PROGRAM REVENUES:				
Charges for services:				
Water	3,671,267	3,605,132	3,609,862	3,507,514
Sanitary Sewer	3,341,558	3,145,712	3,468,352	3,073,652
Inspections	397,566	459,849	558,614	641,470
Airport	41,157	37,425	37,448	34,402
Public Transportation	242,910	251,813	244,252	242,047
Recreation	420,102	413,629	462,250	487,358
Library	37,503	33,291	38,676	32,778
Storm Sewer	310,774	345,379	327,758	346,971
Operating grants and contributions	1,000,432	1,023,606	900,561	1,078,529
Capital grants and contributions	652,024	3,468,945	8,088,514	518,735
Total program revenues	10,115,293	12,784,781	17,736,287	9,963,456
NET REVENUE (EXPENSE)	286,165	3,234,898	7,992,103	(49,210)
GENERAL REVENUES:				
Property taxes	758,789	762,621	763,155	890,045
Unrestricted grants	1,124,850	1,124,850	1,181,271	1,187,280
Investment earnings	12,172	26,892	37,286	117,359
Premium on G.O. debt	-	-	-	-
Total general revenues	1,895,811	1,914,363	1,981,712	2,194,684
NET TRANSFERS (OUT) IN	(24,900)	135,831	58,824	361,401
Total net transfers and general revenues	1,870,911	2,050,194	2,040,536	2,556,085
CHANGE IN NET POSITION	\$ 2,157,076	\$ 5,285,092	\$ 10,032,639	\$ 2,506,875

Data Source —

Applicable years' annual comprehensive financial report.

TABLE IV

2017	2018	2019	2020	2021	2022
\$ 2,658,820	\$ 2,538,867	\$ 2,854,017	\$ 2,793,485	\$ 3,405,741	\$ 3,283,633
3,185,846	3,616,609	3,177,598	3,803,324	3,683,195	4,307,268
450,955	436,662	559,332	570,037	557,053	654,002
513,450	952,410	930,165	937,551	949,885	977,406
740,448	931,667	1,049,367	1,049,024	1,146,342	1,239,401
1,880,750	2,045,707	2,017,924	1,949,667	2,231,935	1,986,377
1,117,575	1,029,399	1,232,115	1,223,141	1,209,484	1,347,425
<u>273,604</u>	<u>239,978</u>	<u>273,280</u>	<u>363,470</u>	<u>373,770</u>	<u>368,989</u>
<u>10,821,448</u>	<u>11,791,299</u>	<u>12,093,798</u>	<u>12,689,699</u>	<u>13,557,405</u>	<u>14,164,501</u>
3,441,024	3,548,426	3,484,011	3,403,029	3,527,177	3,435,700
3,084,839	3,215,067	3,334,220	3,206,804	3,526,845	3,573,013
468,576	566,162	845,723	903,806	518,041	549,450
31,477	30,423	29,415	30,617	30,660	31,878
254,705	266,269	249,808	125,528	205,182	226,209
478,066	508,537	521,019	118,998	425,409	423,622
20,689	22,574	21,082	10,156	11,881	18,363
348,661	380,775	408,662	433,408	436,781	438,276
1,077,797	1,210,366	-	144,599	143,368	1,790,297
<u>966,191</u>	<u>129,844</u>	<u>1,589,359</u>	<u>2,148,843</u>	<u>1,134,984</u>	<u>-</u>
<u>10,202,025</u>	<u>9,878,443</u>	<u>10,483,299</u>	<u>10,525,788</u>	<u>9,960,328</u>	<u>10,486,808</u>
<u>(619,423)</u>	<u>(1,912,856)</u>	<u>(1,610,499)</u>	<u>(2,163,911)</u>	<u>(3,597,077)</u>	<u>(3,677,693)</u>
958,365	1,184,055	1,275,551	1,396,847	1,510,948	1,492,094
1,190,215	1,180,280	1,402,175	1,275,378	1,232,205	1,232,205
253,355	508,934	595,114	377,297	51,998	298,543
<u>11,740</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>2,413,675</u>	<u>2,873,269</u>	<u>3,272,840</u>	<u>3,049,522</u>	<u>2,795,151</u>	<u>3,022,842</u>
<u>347,918</u>	<u>(101,808)</u>	<u>(23,437)</u>	<u>(177,422)</u>	<u>136,355</u>	<u>(2,642)</u>
<u>2,761,593</u>	<u>2,771,461</u>	<u>3,249,403</u>	<u>2,872,100</u>	<u>2,931,506</u>	<u>3,020,200</u>
<u>\$ 2,142,170</u>	<u>\$ 858,605</u>	<u>\$ 1,638,904</u>	<u>\$ 708,189</u>	<u>\$ (665,571)</u>	<u>\$ (657,493)</u>

CITY OF WINONA, MINNESOTA

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

	For the Calendar Year Ended December 31,			
	2013	2014	2015	2016
EXPENSES:				
Governmental activities (1)	\$ 18,079,061	\$ 18,326,934	\$ 19,006,083	\$ 22,129,604
Business-type activities (2)	<u>9,829,128</u>	<u>9,549,883</u>	<u>9,744,184</u>	<u>10,012,666</u>
Total expenses	<u>18,079,061</u>	<u>27,876,817</u>	<u>28,750,267</u>	<u>32,142,270</u>
PROGRAM REVENUES:				
Governmental activities (1)	3,862,816	3,354,271	5,142,256	3,810,384
Business-type activities (2)	<u>10,115,293</u>	<u>12,784,781</u>	<u>17,736,287</u>	<u>9,963,456</u>
Total program revenues	<u>3,862,816</u>	<u>16,139,052</u>	<u>22,878,543</u>	<u>13,773,840</u>
NET EXPENSE	<u>(14,216,245)</u>	<u>(11,737,765)</u>	<u>(5,871,724)</u>	<u>(18,368,430)</u>
GENERAL REVENUES AND TRANSFERS:				
Governmental activities (1)	14,780,705	15,154,543	15,805,042	15,913,030
Business-type activities (2)	<u>1,870,911</u>	<u>2,050,194</u>	<u>2,040,536</u>	<u>2,556,085</u>
Total general revenues and transfers	<u>14,780,705</u>	<u>17,204,737</u>	<u>17,845,578</u>	<u>18,469,115</u>
CHANGE IN NET POSITION	<u>\$ 564,460</u>	<u>\$ 5,466,972</u>	<u>\$ 11,973,854</u>	<u>\$ 100,685</u>

Data Source:

(1) See Table II.

(2) See Table IV.

TABLE V

2017	2018	2019	2020	2021	2022
\$ 21,633,477	\$ 21,067,287	\$ 21,267,990	\$ 22,507,557	\$ 21,516,942	\$ 23,496,917
<u>10,821,448</u>	<u>11,791,299</u>	<u>12,093,798</u>	<u>12,689,699</u>	<u>13,557,405</u>	<u>14,164,501</u>
<u>32,454,925</u>	<u>32,858,586</u>	<u>33,361,788</u>	<u>35,197,256</u>	<u>35,074,347</u>	<u>37,661,418</u>
3,451,700	3,584,246	2,948,854	8,989,301	4,494,152	4,969,517
<u>10,202,025</u>	<u>9,878,443</u>	<u>10,483,299</u>	<u>10,525,788</u>	<u>9,960,328</u>	<u>10,486,808</u>
<u>13,653,725</u>	<u>13,462,689</u>	<u>13,432,153</u>	<u>19,515,089</u>	<u>14,454,480</u>	<u>15,456,325</u>
<u>18,801,200</u>	<u>(19,395,897)</u>	<u>(19,929,635)</u>	<u>(15,682,167)</u>	<u>(20,619,867)</u>	<u>(22,205,093)</u>
17,004,059	17,898,068	18,454,983	18,352,854	18,339,212	19,599,174
<u>2,761,593</u>	<u>2,771,461</u>	<u>3,249,403</u>	<u>2,872,100</u>	<u>2,931,506</u>	<u>3,020,200</u>
<u>19,765,652</u>	<u>20,669,529</u>	<u>21,704,386</u>	<u>21,224,954</u>	<u>21,270,718</u>	<u>22,619,374</u>
\$ <u>964,452</u>	\$ <u>1,273,632</u>	\$ <u>1,774,751</u>	\$ <u>5,542,787</u>	\$ <u>650,851</u>	\$ <u>414,281</u>

CITY OF WINONA, MINNESOTA

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

	2013	2014	2015	2016
GENERAL FUND:				
Nonspendable	\$ 14,871	\$ 7,972	\$ 33,692	\$ 50,550
Restricted	1,748,415	2,104,271	455,305	82,204
Committed	2,059,077	1,342,200	1,635,533	1,899,807
Assigned	5,412,438	6,188,704	7,752,807	7,575,983
Subtotal general fund	9,234,801	9,643,147	9,877,337	9,608,544
GENERAL FUND PERCENTAGE CHANGE FROM PRIOR YEAR	8.1 %	4.4 %	2.4 %	(2.7)%
ALL OTHER GOVERNMENTAL FUNDS:				
Nonspendable	56,000	56,000	56,000	56,000
Restricted	5,948,793	5,995,870	9,224,284	6,391,435
Committed	639,315	669,812	721,156	541,734
Assigned	-	-	-	-
Unassigned	(33,931)	(36,563)	(36,711)	58,461
Subtotal all other Governmental Funds	6,610,177	6,685,119	9,964,729	6,930,708
ALL OTHER GOVERNMENTAL FUNDS PERCENTAGE CHANGE FROM PRIOR YEAR	0.4 %	1.1 %	49.1 %	(30.4)%
TOTAL GOVERNMENTAL FUNDS:				
Nonspendable	70,871	63,972	89,692	106,550
Restricted	7,697,208	8,100,141	9,679,589	6,473,639
Committed	2,698,392	2,012,012	2,356,689	2,441,541
Assigned	5,412,438	6,188,704	7,752,807	7,575,983
Unassigned	(33,931)	(36,563)	(36,711)	(58,461)
TOTAL GOVERNMENTAL FUNDS	\$ 15,844,978	\$ 16,328,266	\$ 19,842,066	\$ 16,539,252
ALL GOVERNMENTAL FUNDS PERCENTAGE CHANGE FROM PRIOR YEAR	4.8 %	3.1 %	21.5 %	(16.6)%

Data Source—Applicable years' annual comprehensive financial report.

TABLE VI

At December 31,					
2017	2018	2019	2020	2021	2022
\$ 72,962	\$ 73,523	\$ 101,176	\$ 100,240	\$ 85,138	\$ 205,718
44,230	53,500	61,238	57,694	64,464	163,755
2,672,133	2,348,548	3,265,228	4,156,702	3,034,671	2,705,072
<u>6,757,638</u>	<u>6,478,287</u>	<u>5,403,308</u>	<u>5,096,506</u>	<u>7,690,148</u>	<u>9,324,391</u>
<u>9,546,963</u>	<u>8,953,858</u>	<u>8,830,950</u>	<u>9,411,142</u>	<u>10,874,421</u>	<u>12,398,936</u>
<u>(0.6)%</u>	<u>(6.2)%</u>	<u>(1.4)%</u>	<u>6.6 %</u>	<u>15.5 %</u>	<u>14.0 %</u>
56,000	56,020	56,020	56,020	56,020	56,020
8,647,430	4,855,949	4,762,358	7,216,627	7,654,341	11,073,056
542,553	548,048	556,445	548,412	620,901	594,892
-	-	-	-	-	-
<u>(37,725)</u>	<u>(11,218)</u>	<u>(11,510)</u>	<u>(437,306)</u>	<u>(64,957)</u>	<u>(53,969)</u>
<u>9,208,258</u>	<u>5,448,799</u>	<u>5,363,313</u>	<u>7,383,753</u>	<u>8,266,305</u>	<u>11,669,999</u>
<u>32.9 %</u>	<u>(40.8)%</u>	<u>(1.6)%</u>	<u>37.7 %</u>	<u>12.0 %</u>	<u>41.2 %</u>
128,962	129,543	157,196	156,260	141,158	261,738
8,691,660	6,505,143	7,218,254	7,274,321	7,718,805	11,236,811
3,214,686	2,896,596	3,821,673	4,705,114	3,655,572	3,299,964
6,757,638	6,478,287	5,403,308	5,096,506	7,690,148	9,324,391
<u>(37,725)</u>	<u>(11,218)</u>	<u>(11,510)</u>	<u>(437,306)</u>	<u>(64,957)</u>	<u>(53,969)</u>
<u>\$ 18,755,221</u>	<u>\$ 15,998,351</u>	<u>\$ 16,588,921</u>	<u>\$ 16,794,895</u>	<u>\$ 19,140,726</u>	<u>\$ 24,068,935</u>
<u>13.4 %</u>	<u>(14.7)%</u>	<u>3.7 %</u>	<u>1.2 %</u>	<u>14.0 %</u>	<u>25.7 %</u>

CITY OF WINONA, MINNESOTA

GENERAL GOVERNMENTAL REVENUES BY SOURCE (Unaudited) (1)

LAST TEN CALENDAR YEARS

(Modified accrual basis of accounting)

	2013	2014	2015	2016
	Amount			
REVENUE SOURCE:				
Taxes (2)	\$ 6,627,765	\$ 6,645,411	\$ 7,010,216	\$ 7,335,151
Special assessments	210,542	173,440	147,448	106,000
Intergovernmental	10,177,666	10,488,089	10,475,964	10,893,470
Licenses and permits	174,982	177,642	172,154	171,077
Fines and forfeitures	168,112	162,011	162,745	177,413
Charges for services	891,743	983,587	1,113,391	1,036,813
Contributions	449,365	65,197	1,916,952	98,333
Investment earnings (3)	5,059	7,672	9,857	153,597
Lease earnings	-	-	-	-
Total revenues	<u>\$ 18,705,234</u>	<u>\$ 18,703,049</u>	<u>\$ 21,008,727</u>	<u>\$ 19,971,854</u>
PERCENTAGE CHANGE FROM PRIOR YEAR	<u>4.3 %</u>	<u>(0.1)%</u>	<u>12.3 %</u>	<u>(4.9)%</u>
Taxes (2)	35.4 %	35.5 %	33.4 %	36.7 %
Special assessments	1.1	0.9	0.7	0.5
Intergovernmental	54.4	56.1	49.9	54.5
Licenses and permits	0.9	0.9	0.8	0.9
Fines and forfeitures	0.9	0.9	0.7	0.9
Charges for services	4.8	5.3	5.3	5.2
Contributions	2.4	0.3	9.1	0.5
Investment earnings	0.1	0.1	0.1	0.8
Lease earnings	0.0	0.0	0.0	0.0
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 a breakdown of tax revenues, see Table VIII.

(3) In 2021, the investment earnings is negative due to the net decrease in fair value of investments exceeding the amount of investment earnings.

Data Source—

Applicable years' annual comprehensive financial report.

TABLE VII

For The Calendar Year Ended December 31,

2017	2018	2019	2020	2021	2022
\$ 8,186,954	\$ 8,339,541	\$ 8,735,845	\$ 9,057,287	\$ 9,513,966	\$ 10,000,613
93,238	127,590	12,664	476,232	271,995	130,796
10,401,417	10,511,025	10,041,266	15,728,773	11,441,374	11,979,768
185,143	198,675	203,249	121,739	186,244	181,399
179,987	192,157	180,579	139,603	138,307	168,701
1,016,426	1,038,844	1,120,254	971,465	1,597,044	1,211,902
307,051	352,542	189,932	375,630	64,175	394,503
157,881	445,098	534,278	47,470	(1,700)	186,591
-	-	-	-	-	8,150
<u>\$ 20,528,097</u>	<u>\$ 21,205,472</u>	<u>\$ 21,018,067</u>	<u>\$ 26,918,199</u>	<u>\$ 23,211,405</u>	<u>\$ 24,262,423</u>
<u>2.8 %</u>	<u>3.3 %</u>	<u>(0.9)%</u>	<u>28.1 %</u>	<u>(13.8)%</u>	<u>4.5 %</u>
Percentage of Total					
39.9 %	39.3 %	41.5 %	33.6 %	41.0 %	41.2 %
0.4	0.6	0.1	1.8	1.1	0.5
50.7	49.6	47.8	58.4	49.3	49.4
0.9	0.9	1.0	0.5	0.8	0.8
0.9	0.9	0.9	0.5	0.6	0.7
4.9	4.9	5.3	3.6	6.9	5.0
1.5	1.7	0.9	1.4	0.3	1.6
0.8	2.1	2.5	0.2	0.0	0.8
0.0	0.0	0.0	0.0	0.0	0.0
<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<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	Total
2013	\$5,247,958	\$ 1,379,807	\$ -	\$6,627,765
2014	5,213,756	1,431,655	-	6,645,411
2015	5,644,801	1,365,415	-	7,010,216
2016	5,909,526	1,425,625	-	7,335,151
2017	6,716,544	1,470,410	-	8,186,954
2018	6,853,872	1,485,669	-	8,339,541
2019	7,289,649	1,446,196	-	8,735,845
2020	7,640,486	1,416,801	-	9,057,287
2021	7,995,129	1,518,837	-	9,513,966
2022	8,344,920	1,655,693	-	10,000,613

	Percentage of Total			
	Property	Franchise	Sales	Total
2013	79.2 %	20.8 %	0.0 %	100.0 %
2014	78.5	21.5	-	100.0
2015	80.5	19.5	-	100.0
2016	80.6	19.4	-	100.0
2017	82.0	18.0	-	100.0
2018	83.4	16.6	-	100.0
2019	83.4	16.6	-	100.0
2020	84.4	15.6	-	100.0
2021	84.0	16.0	-	100.0
2022	83.4	16.6	-	100.0

Notes:

(1) Includes all governmental fund types.

Data Source—

Applicable years' annual comprehensive 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	2013	2014	2015	2016
CURRENT EXPENDITURES:				
General government	\$ 2,598,999	\$ 2,857,647	\$ 2,743,185	\$ 2,993,716
Public safety	6,644,687	6,845,541	7,016,825	7,869,498
Highways and streets	2,773,739	2,736,904	2,589,852	2,851,463
Sanitation and waste removal	48,993	37,585	50,975	38,655
Economic development	631,552	702,873	566,838	786,819
Park maintenance	1,508,534	1,579,981	1,608,680	1,730,687
Total current expenditures	14,206,504	14,760,531	14,576,355	16,270,838
PERCENTAGE CHANGE FROM PRIOR YEAR	(0.7)%	3.9 %	(1.2)%	11.6 %
CAPITAL OUTLAY	2,210,080	2,906,802	4,926,933	5,758,352
PERCENTAGE CHANGE FROM PRIOR YEAR	33.4 %	31.5 %	69.5 %	16.9 %
DEBT SERVICE:				
Principal	1,260,000	780,000	785,000	715,000
Interest and fees	69,512	43,989	79,239	106,129
Bond issuance costs	-	-	-	-
Total debt service	1,329,512	823,989	864,239	821,129
PERCENTAGE CHANGE FROM PRIOR YEAR	16.6 %	(38.0)%	4.9 %	(5.0)%
Total expenditures	\$ 17,746,096	\$ 18,491,322	\$ 20,367,527	\$ 22,850,319
PERCENTAGE CHANGE FROM PRIOR YEAR	3.8 %	4.2 %	10.1 %	12.2 %
DEBT SERVICES AS A PERCENT OF NONCAPITAL EXPENDITURES	8.6 %	5.3 %	5.6 %	4.8 %

Notes:

(1) Includes all governmental fund types.

Data Source —

Applicable years' annual comprehensive financial report.

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

TABLE IX

2017	2018	2019	2020	2021	2022
\$ 3,156,399	\$ 3,244,297	\$ 3,389,184	\$ 3,510,177	\$ 3,526,845	\$ 3,808,672
8,031,135	8,674,315	9,005,573	10,255,039	10,049,466	9,502,101
2,815,893	2,815,196	3,262,294	2,937,676	2,950,517	3,112,602
52,130	52,481	26,326	55,277	51,818	48,374
523,577	337,158	383,157	459,453	467,483	333,138
1,621,909	1,877,356	2,066,434	2,081,589	2,011,982	2,152,446
16,201,043	17,000,803	18,132,968	19,299,211	19,058,111	18,957,333
(0.4)%	4.9 %	6.7 %	6.4 %	(1.2)%	(0.5)%
5,236,573	5,226,235	1,424,508	7,474,720	2,987,965	3,706,792
(9.1)%	(0.2)%	(72.7)%	424.7 %	(60.0)%	24.1 %
715,000	560,000	805,000	830,000	845,000	879,328
171,414	216,059	164,675	148,817	130,937	117,139
-	-	-	-	-	69,331
886,414	776,059	969,675	978,817	975,937	1,065,798
8.0 %	(12.4)%	24.9 %	0.9 %	(0.3)%	9.2 %
\$ 22,324,030	\$ 23,003,097	\$ 20,527,151	\$ 27,752,748	\$ 23,022,013	\$ 23,729,923
(2.3)%	3.0 %	(10.8)%	35.2 %	(17.0)%	3.1 %
5.2 %	4.4 %	5.1 %	4.8 %	4.9 %	5.0 %

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	Amounts				
	2013	2014	2015	2016	2017
CURRENT:					
General government	\$ 2,598,999	\$ 2,857,647	\$ 2,743,185	\$ 2,993,716	\$ 3,156,399
Public safety	6,644,687	6,845,541	7,016,825	7,869,498	8,031,135
Highways and streets	2,773,739	2,736,904	2,589,852	2,851,463	2,815,893
Sanitation and waste removal	48,993	37,585	50,975	38,655	52,130
Economic development	631,552	702,873	566,838	786,819	523,577
Park maintenance	<u>1,508,534</u>	<u>1,579,981</u>	<u>1,608,680</u>	<u>1,730,687</u>	<u>1,621,909</u>
Total current	<u>\$14,206,504</u>	<u>\$14,760,531</u>	<u>\$14,576,355</u>	<u>\$16,270,838</u>	<u>\$16,201,043</u>
	Percentage of				
	2013	2014	2015	2016	2017
CURRENT:					
General government	18.3 %	20.8 %	18.8 %	18.4 %	19.5 %
Public safety	46.8	45.2	48.1	48.4	49.6
Highways and streets	19.5	18.7	17.8	17.5	17.4
Sanitation and waste removal	0.4	0.3	0.4	0.3	0.3
Economic development	4.4	5.1	3.9	4.8	3.2
Park maintenance	<u>10.6</u>	<u>9.9</u>	<u>11.0</u>	<u>10.6</u>	<u>10.0</u>
Total current	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>

Notes:

(1) Includes all governmental fund types.

Data Source—Table IX.

TABLE X

2018	2019	2020	2021	2022
\$ 3,244,297	\$ 3,389,184	\$ 3,510,177	\$ 3,526,845	\$ 3,808,672
2,679,964	9,005,573	10,255,039	10,049,466	9,502,101
2,815,196	3,262,294	2,937,676	2,950,517	3,112,602
52,481	26,326	55,277	51,818	48,374
337,158	383,157	459,453	467,483	333,138
<u>1,877,356</u>	<u>2,066,434</u>	<u>2,081,589</u>	<u>2,011,982</u>	<u>2,152,446</u>
<u>\$17,006,452</u>	<u>\$18,132,968</u>	<u>\$19,299,211</u>	<u>\$19,058,111</u>	<u>\$ 18,957,333</u>
Total				
2018	2019	2020	2021	2022
19.1 %	18.7 %	18.2 %	18.5 %	20.1 %
51.0	49.7	53.1	52.7	50.1
16.6	18.0	15.2	15.5	16.4
-	0.1	0.3	0.3	0.2
2.0	2.1	2.4	2.4	1.8
<u>11.0</u>	<u>11.4</u>	<u>10.8</u>	<u>10.6</u>	<u>11.4</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	2013	2014	2015	2016
TOTAL REVENUES	\$ 18,705,234	\$ 18,703,049	\$ 21,008,727	\$ 19,971,854
TOTAL EXPENDITURES	<u>17,746,096</u>	<u>18,491,322</u>	<u>20,367,527</u>	<u>22,850,319</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>959,138</u>	<u>211,727</u>	<u>641,200</u>	<u>(2,878,465)</u>
OTHER FINANCING (USES) SOURCES:				
Debt proceeds	-	-	3,525,000	-
Premiums on bonds issued	-	-	-	-
Lease recognition	-	-	-	-
Sale of capital assets	-	-	-	-
Transfers in	1,397,826	1,092,050	3,590,462	1,761,702
Transfers out	<u>(1,633,662)</u>	<u>(820,489)</u>	<u>(4,242,862)</u>	<u>(2,186,051)</u>
Total other financing (uses) sources	<u>(235,836)</u>	<u>271,561</u>	<u>2,872,600</u>	<u>(424,349)</u>
NET CHANGE IN FUND BALANCES	723,302	483,288	3,513,800	(3,302,814)
FUND BALANCES—Beginning of year (3)	<u>15,121,676</u>	<u>15,844,978</u>	<u>16,328,266</u>	<u>19,842,066</u>
FUND BALANCES—End of year	<u>\$ 15,844,978</u>	<u>\$ 16,328,266</u>	<u>\$ 19,842,066</u>	<u>\$ 16,539,252</u>

Notes:

- (1) Includes all governmental fund types.
- (2) The City's nonexpendable trust funds are classified as permanent funds.
- (3) Beginning of year fund balance for 2021 is restated due to OPEB adjustment.

Data Source:

Applicable years' annual comprehensive financial report.

TABLE XI

2017	2018	2019	2020	2021	2022
\$ 20,528,097	\$ 21,205,469	\$ 21,018,067	\$ 26,918,199	\$ 23,211,405	\$ 24,262,423
<u>22,324,030</u>	<u>23,003,095</u>	<u>20,527,151</u>	<u>27,752,748</u>	<u>23,022,013</u>	<u>23,729,923</u>
<u>(1,795,933)</u>	<u>(1,797,626)</u>	<u>490,916</u>	<u>(834,549)</u>	<u>189,392</u>	<u>532,500</u>
4,977,738	-	-	-	-	3,185,000
-	-	-	-	-	180,245
-	-	-	-	-	180,609
-	-	-	-	-	127,950
2,192,990	1,331,129	950,003	3,535,616	2,370,642	1,887,021
<u>(3,158,826)</u>	<u>(2,290,374)</u>	<u>(850,349)</u>	<u>(2,495,093)</u>	<u>(1,520,991)</u>	<u>(1,165,116)</u>
<u>4,011,902</u>	<u>(959,245)</u>	<u>99,654</u>	<u>1,040,523</u>	<u>849,651</u>	<u>4,395,709</u>
2,215,969	(2,756,870)	590,570	205,974	1,039,043	4,928,209
<u>16,539,252</u>	<u>18,755,221</u>	<u>15,998,351</u>	<u>16,588,921</u>	<u>18,101,683</u>	<u>19,140,726</u>
<u>\$ 18,755,221</u>	<u>\$ 15,998,351</u>	<u>\$ 16,588,921</u>	<u>\$ 16,794,895</u>	<u>\$ 19,140,726</u>	<u>\$ 24,068,935</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
2014	\$ 16,751,603	\$ 1,505,797,000	\$ 419,392	\$ 21,413,600
2015	17,175,391	1,527,375,000	420,876	21,503,700
2016	17,626,461	1,562,609,600	461,422	23,424,000
2017	18,244,500	1,608,044,000	481,440	24,328,600
2018	19,714,747	1,722,022,600	514,265	26,071,400
2019	20,280,840	1,757,997,500	505,307	25,628,200
2020	21,012,945	1,813,145,700	518,228	26,275,900
2021	22,304,419	1,910,395,100	277,636	14,173,100
2022	23,844,511	2,036,787,900	341,858	17,369,000
2023	26,435,282	2,254,338,600	360,545	18,287,800

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.)

Data Source:

Winona County Assessor (2014-2023)

TABLE XII

Total Estimated Tax Capacity (1)	Total Direct Tax Rate (2)	Total Estimated Market Value	Ratio of Total Tax Capacity to Total Estimated Market Value	Annual Percentage Change In Total Estimated Market Value
\$ 17,170,995	34.71	\$ 1,527,210,600	1.12 %	0.3 %
17,596,267	36.60	1,548,878,700	1.14	1.4
18,087,883	38.02	1,586,033,600	1.14	2.4
18,725,940	40.95	1,632,372,600	1.15	2.9
20,229,012	40.53	1,748,094,000	1.16	7.1
20,786,147	41.60	1,783,625,700	1.17	2.0
21,531,173	41.85	1,839,421,600	1.17	3.1
22,582,055	42.03	1,924,568,200	1.17	4.6
24,186,369	41.46	2,054,156,900	1.18	6.7
26,795,827	40.88	2,272,626,400	1.18	10.6

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	Direct		Overlapping Rates		Total
	City Rate	Port Authority	School District (1)	Winona County	
2013	35.35 %	3.44 %	17.22 %	41.08 %	97.09 %
2014	34.71	3.17	15.97	38.43	92.28
2015	36.60	3.06	18.32	36.96	94.94
2016	38.02	2.93	20.34	37.40	98.69
2017	40.95	2.84	21.12	38.85	103.76
2018	40.53	2.79	20.05	38.51	101.88
2019	41.60	2.84	22.20	39.70	106.34
2020	41.85	2.22	20.47	39.10	103.64
2021	42.03	2.11	17.57	38.13	99.84
2022	41.46	2.02	16.92	37.08	97.48

Notes:

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

Data Source—

Winona County Auditor

TABLE XIV

CITY OF WINONA, MINNESOTA

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

For The Year Collected	Total Taxes Levied	Collected Within the Year of The Levy		Delinquent Collections	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2013	\$ 6,605,703	\$ 6,505,901	98.49 %	\$ 71,686	\$6,577,587	99.58 %
2014	6,513,266	6,450,367	99.03	55,431	6,505,798	99.89
2015	6,944,004	6,883,849	99.13	45,392	6,929,241	99.79
2016	7,367,185	7,245,056	98.34	108,985	7,354,041	99.82
2017	8,143,022	8,075,272	99.17	37,650	8,112,922	99.63
2018	8,712,334	8,558,168	98.23	116,024	8,674,192	99.56
2019	9,180,758	8,967,503	97.68	196,104	9,163,607	99.81
2020	9,417,231	9,307,335	98.83	92,743	9,400,078	99.82
2021	9,866,709	9,832,337	99.65	13,622	9,845,959	99.79
2022	10,371,337	10,291,505	99.23	-	10,291,505	99.23

Notes:

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

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, 2022 AND 2013

2022 (For Taxes Payable in 2023)				
Principal Taxpayer	Type of Business	Tax Capacity (1)	Rank	Percentage of Total Tax Capacity
Fastenal Company	Commercial/Industrial	\$ 725,182	1	2.71 %
Rivers Development	Commercial	370,793	2	1.38
Main Square Development LLC	Commercial/Residential	286,646	3	1.07
Northern States Power Co.	Utility	283,980	4	1.06
Mikrut Properties	Commercial/Industrial	280,107	5	1.05
Gundersen Lutheran	Commercial	268,742	6	1.00
Wal-Mart	Commercial	213,904	7	0.80
Broadstone HLC Midwest LLC (Hal Leonard-Tech Park)*	Industrial/Commercial	200,826	8	0.75
Automotive Enterprises LLC	Commercial	199,744	9	0.74
MSDJ LLC	Commercial/Industrial	193,460	10	0.72
Total Principal Taxpayers		3,023,384		11.28 %
All Other Taxpayers		23,772,443		88.72 %
Total		\$ 26,795,827		100.00 %
2013 (For Taxes Payable in 2014)				
Principal Taxpayer	Type of Business	Tax Capacity (1)	Rank	Percentage of Total Tax Capacity
Northern State Power Co.	Utility	\$ 388,966	1	2.25 %
Rivers Development	Commercial	309,073	2	1.79
Wal-Mart	Commercial	255,680	3	1.48
Fastenal Company	Commercial/ Industrial	222,091	5	1.28
Menards, Inc.	Commercial	214,694	4	1.24
Mikrut Properties	Commercial/ Industrial	150,286	8	0.87
Miller Waste Mills	Industrial/Commercial	150,024	6	0.87
Samia Realty Investors (Winona Mall)	Commercial	140,568	7	0.81
Innovation Partners LLC (Hal Leonard-Tech Park)*	Industrial/Commercial	130,606	9	0.75
Mills Properties	Commercial	114,962	10	0.66
Total Principal Taxpayers		2,076,950		12.00 %
All Other Taxpayers		15,237,247		88.00 %
Total		\$ 17,314,197		100.00 %

Notes:

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

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

* Hal Leonard is no longer in JobZ (lower property tax zone) in 2017

Data Source—Winona County Auditor

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CITY OF WINONA, MINNESOTA

RATIOS OF TOTAL DEBT OUTSTANDING BY TYPE (Unaudited) (5) LAST TEN CALENDAR YEARS

Calendar Year	Governmental Activities					Total
	General Obligation Bonds Supported by			General Obligation Equipment Certificates	Leases	
	Taxes (1)	Other Revenues	Special Assessments (2)			
2013	\$ 413,700	\$ -	\$ 571,300	\$1,170,000	\$ -	\$ 2,155,000
2014	207,900	-	287,100	880,000	-	1,375,000
2015	-	-	-	4,115,000	-	4,115,000
2016	-	-	-	3,400,000	-	3,400,000
2017	4,805,000	-	-	2,685,000	-	7,490,000
2018	4,670,000	-	-	2,260,000	-	6,930,000
2019	4,300,000	-	-	1,825,000	-	6,125,000
2020	3,915,000	-	-	1,380,000	-	5,295,000
2021	3,520,000	-	-	930,000	-	4,450,000
2022 (4)	3,120,000	-	-	3,835,245	161,281	7,116,526

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.
- (4) Effective 2022, General Obligation Bonds and General Obligation Equipment Certificates include unamortized premiums and discounts.

Data Source:

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

TABLE XVI

Business-type Activities		Percentage of Personal Income (6)	Population (6)	Total Debt Per Capita
General Obligation Bonds (3)	Total			
\$ 5,595,000	\$ 7,750,000	0.004	27,741	\$ 279
3,170,000	4,545,000	0.002	27,581	165
2,380,000	6,495,000	0.003	27,591	235
1,940,000	5,340,000	0.002	27,478	194
6,215,000	13,705,000	0.006	27,271	503
5,440,000	12,370,000	0.005	27,207	455
4,645,000	10,770,000	0.004	27,252	395
4,180,000	9,475,000	0.004	25,948	365
3,700,000	8,150,000	0.003	25,405	321
3,267,604	10,384,130	0.004	25,405	409

CITY OF WINONA, MINNESOTA

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING (Unaudited) (5) LAST TEN CALENDAR YEARS

Calendar Year	Governmental Activities			Business-type Activities	Total
	General Obligation Bonds Supported by				
	Taxes (1)	Other Revenues	Special Assessments (2)	General Obligation Bonds (3)	
2013	\$ 413,700	\$ -	\$ 571,300	\$ 5,595,000	\$ 6,580,000
2014	207,900	-	287,100	3,170,000	3,665,000
2015	-	-	-	2,380,000	2,380,000
2016	-	-	-	1,940,000	1,940,000
2017	4,805,000	-	-	6,215,000	11,020,000
2018	4,670,000	-	-	5,440,000	10,110,000
2019	4,300,000	-	-	4,645,000	8,945,000
2020	3,915,000	-	-	4,180,000	8,095,000
2021	3,520,000	-	-	3,700,000	7,220,000
2022 (4)	3,120,000	-	-	3,267,604	6,387,604

Notes:

- (1) These bonds are issued for construction of major capital improvements, and are backed by the full faith, credit, and taxing authority of the City.
- (2) These bonds are issued for local improvements of privately owned property, and are payable from special assessments levied on these improvements. However, the bonds are backed by full faith credit, and taxing authority of the City.
- (3) These bonds are general obligation water and sewer revenue bonds, and are being repaid from revenues from the appropriate enterprise fund. However, the bonds are backed by the full faith, credit, and taxing authority of the City.
- (4) Effective 2022, General Obligation Bonds and General Obligation Equipment Certificates include unamortized premiums and discounts.

Data Source:

- (5) Applicable years' annual comprehensive financial report.
- (6) Table XX.
- (7) Table XXII.

TABLE XVII

Less Restricted Assets To Repay Debt Principal	Net General Obligation Bonds	Percentage of Actual Taxable Value of Property (6)	Population (7)	Total General Obligation Debt Per Capita
\$ 2,460,344	\$ 4,119,656	0.26	27,741	149
293,810	3,371,190	0.22	27,581	122
525,331	1,854,669	0.12	27,591	67
642,563	1,297,437	0.08	27,478	47
1,165,897	9,854,103	0.60	27,271	361
1,287,089	8,822,911	0.50	27,207	324
967,025	7,977,975	0.45	27,252	293
1,456,562	6,638,438	0.36	25,948	256
1,730,456	5,489,544	0.29	25,405	216
2,646,810	3,740,794	0.18	25,405	147

CITY OF WINONA, MINNESOTA

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

Tax Year Collected	Estimated Population (4)	Market Value (5) (in \$1,000)	Gross Bonded Debt (1)	Less Debt Service Monies Available	Less Debt Payable From Port and Enterprise Revenues (2)
2013	27,741	\$ 1,523,278	\$ 9,605,000	\$ 991,247	\$ 4,470,000
2014	27,581	1,527,211	6,165,000	1,025,232	2,045,000
2015	27,591	1,548,879	7,880,000	1,627,070	1,355,000
2016	27,478	1,586,034	6,455,000	1,634,641	1,020,000
2017	27,271	1,632,373	14,545,000	1,636,657	5,405,000
2018	27,207	1,748,094	12,935,000	1,900,249	4,060,000
2019	27,252	1,783,626	11,055,000	1,976,587	4,055,000
2020	25,948	1,839,422	9,475,000	1,767,313	3,700,000
2021	25,405	1,924,568	8,150,000	1,832,900	3,335,000
2022	25,405	2,054,157	9,980,000	2,208,946	2,960,000

This table includes the primary government and the component unit.

Notes:

- (1) G.O. certificates are included in this schedule.
- (2) Excludes Port Authority G.O. Refunding Bonds of 2015A (Pelzer Street) and Port Authority G.O. Airport Bonds of 2013A, which will be retired with property taxes.
- (3) Net bonded debt is property tax supported debt. As compared to table XVII, this is the amount of debt that the City is actually retiring from property taxes.

Data Source:

- (4) Table XXII
- (5) Winona County Assessor (2013-2022)
- (6) City's Planning Department
City's Finance Department

TABLE XVIII

Less Debt Payable From Special Assessments	Less Debt Payable From Leased Properties	Net Bonded Debt (3)	Ratio of Net Bonded Debt To Market Value	Net Bonded Debt Per Capita
\$ 571,300	\$ -	\$3,572,453	0.0023	\$ 129
287,100	-	2,807,668	0.0018	102
-	-	4,897,930	0.0032	178
-	-	3,800,359	0.0024	138
-	-	7,503,343	0.0046	273
-	-	6,974,751	0.0040	256
-	-	5,023,413	0.0028	184
-	-	4,007,687	0.0022	154
-	-	2,982,100	0.0015	117
-	-	4,811,054	0.0023	189

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TABLE XIX

CITY OF WINONA, MINNESOTA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT (Unaudited)

DECEMBER 31, 2022

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
CITY DIRECT DEBT:			
General obligation bonds supported by property taxes	\$ 3,120,000	100.0 %	\$ 3,120,000
General obligation bonds supported by special assessments	-	100.0	-
General obligation equipment certificates	3,655,000	100.0	<u>3,655,000</u>
Total city direct debt			<u>6,775,000</u>
COMPONENT UNIT DEBT:			
General obligation bonds supported by Port Authority	245,000	100.0	<u>245,000</u>
Total component unit debt			
OVERLAPPING DEBT: (2)			
Debt repaid with property taxes:			
Independent School District No. 861—			
G.O. bonds	23,560,000	62.0	14,607,200
Winona County—			
General obligation bonds	26,690,000	42.9	<u>11,450,010</u>
Total overlapping debt			<u>26,057,210</u>
Total direct and overlapping debt			<u>\$ 32,832,210</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

	2013	2014	2015	2016
ASSESSED VALUE (5)	<u>\$ 1,523,278,300</u>	<u>\$ 1,527,210,600</u>	<u>\$ 1,548,878,700</u>	<u>\$ 1,586,033,600</u>
LEGAL DEBT MARGIN:				
Debt limit (3% of market value of taxable property) (1)	<u>\$ 45,698,349</u>	<u>\$ 45,816,318</u>	<u>\$ 46,466,361</u>	<u>\$ 47,581,008</u>
Debt applicable to limit:				
Gross debt (6)	7,750,000	4,545,000	6,495,000	5,340,000
Less exempt debt (2)				
Special assessment improvement bonds	(571,300)	(287,100)	-	-
G.O. bonds (3)	-	-	-	-
G.O. revenue bonds (4)	<u>(4,470,000)</u>	<u>(2,045,000)</u>	<u>(1,355,000)</u>	<u>(1,020,000)</u>
Debt subject to limit	<u>2,708,700</u>	<u>2,212,900</u>	<u>5,140,000</u>	<u>4,320,000</u>
Legal debt margin	<u>\$ 42,989,649</u>	<u>\$ 43,603,418</u>	<u>\$ 41,326,361</u>	<u>\$ 43,261,008</u>
Total net debt applicable to the limit as a percentage of the debt limit	<u>5.93 %</u>	<u>4.83 %</u>	<u>11.06 %</u>	<u>9.08 %</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).

(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) Winona County Assessor (2013-2022)

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

TABLE XX

2017	2018	2019	2020	2021	2022
<u>\$ 1,632,372,600</u>	<u>\$ 1,748,094,000</u>	<u>\$ 1,783,625,700</u>	<u>\$ 1,839,421,600</u>	<u>\$ 1,924,568,200</u>	<u>\$ 2,054,156,900</u>
<u>\$ 48,971,178</u>	<u>\$ 52,442,820</u>	<u>\$ 53,508,771</u>	<u>\$ 55,182,648</u>	<u>\$ 57,737,046</u>	<u>\$ 61,624,707</u>
13,705,000	12,370,000	10,770,000	9,475,000	8,150,000	9,980,000
-	-	-	-	-	-
<u>(5,405,000)</u>	<u>(4,740,000)</u>	<u>(4,055,000)</u>	<u>(3,700,000)</u>	<u>(3,335,000)</u>	<u>(2,960,000)</u>
<u>8,300,000</u>	<u>7,630,000</u>	<u>6,715,000</u>	<u>5,775,000</u>	<u>4,815,000</u>	<u>7,020,000</u>
<u>\$ 40,671,178</u>	<u>\$ 44,812,820</u>	<u>\$ 46,793,771</u>	<u>\$ 49,407,648</u>	<u>\$ 52,922,046</u>	<u>\$ 54,604,707</u>
<u>16.95 %</u>	<u>14.55 %</u>	<u>12.55 %</u>	<u>10.47 %</u>	<u>8.34 %</u>	<u>11.39 %</u>

TABLE XXI

CITY OF WINONA, MINNESOTA

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

Calendar Year	Sewer Revenue Bonds						
	Gross Revenues (2)	Less: Operating Expenses (3)	Net Available Revenues	Debt Service			Times Coverage
				Principal	Interest	Total	
2013	\$ 7,023,500	\$ 3,370,604	\$ 3,652,896	\$ 720,000	\$ 146,391	\$ 866,391	4.22
2014 (4)	6,792,298	4,374,720	2,417,578	2,425,000	109,583	2,534,583	0.95
2015	7,109,943	4,001,816	3,108,127	690,000	37,600	727,600	4.27
2016	6,661,576	3,939,462	2,722,114	335,000	23,750	358,750	7.59
2017	6,726,981	4,267,548	2,258,315	345,000	110,373	455,373	4.96
2018	7,132,003	4,528,529	2,603,474	665,000	179,660	844,660	3.08
2019	7,270,396	4,240,659	3,029,737	685,000	117,025	802,025	3.78
2020	3,334,794	2,753,452	581,342	355,000	103,125	458,125	1.27
2021	3,525,738	2,644,333	881,405	365,000	92,325	457,325	1.93
2022	3,671,085	3,214,101	456,984	375,000	81,225	456,225	1.00

Notes:

- (1) These revenue bonds are first secured by 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) \$1,680,000 in principal was paid from a refunding escrow account established for this purpose. Removing these principal payments would reduce principal payments to \$745,000 and increase the coverage ratio to 2.83.

Data Source—

Applicable years' annual comprehensive financial report.

TABLE XXII

CITY OF WINONA, MINNESOTA

DEMOGRAPHIC AND ECONOMIC FACTORS (Unaudited)
LAST TEN CALENDAR YEARS

Year	City Population (1)	City Metropolitan Area Population (2)	Personal Income (3) (thousands of dollars)	Per Capita Income (4)	City Unemployment Rate (5)	United States Unemployment Rate (6)
2013	27,741	51,232	\$ 2,014,822	\$ 39,327	4.3 %	6.7 %
2014	27,581	51,097	2,129,531	41,676	2.9	5.6
2015	27,591	50,885	2,189,781	43,034	3.0	5.0
2016	27,478	50,948	2,259,754	44,354	3.4	4.7
2017	27,271	50,873	2,419,600	47,561	2.4	4.1
2018	27,207	50,825	2,543,065	50,036	2.6	3.9
2019	27,252	50,484	2,494,520	49,412	2.8	3.5
2020 (7)	25,948	50,485	2,635,206	52,198	3.7	6.7
2021	25,405	49,630	2,791,191	56,240	2.0	3.9
2022	25,405	49,630	2,791,191	56,240	2.4	3.5

Data Source:

- (1) State demographer's estimate, except 2020, which is from 2020 Census. 2022 not available.
- (2) 2013–2021—U.S. Bureau of Economic Analysis - Winona, MN Metropolitan Area, <http://www.bea.gov/regional/index.htm>. 2022 not available.
- (3) 2013–2021—U.S. Bureau of Economic Analysis - Winona, MN Metropolitan Area, <http://www.bea.gov/regional/index.htm>. 2022 not available.
- (4) 2013–2021—U.S. Bureau of Economic Analysis - Winona, MN Metropolitan Area, <http://www.bea.gov/regional/index.htm>. 2022 not available.
- (5) Minnesota Department of Employment and Economic Development, (Rates are not seasonally adjusted.)
- (6) Minnesota Department of Employment and Economic Development (Rates are seasonally adjusted).
- (7) For 2020, City Population is lower due to the Census being completed during COVID-19.

TABLE XXIII

CITY OF WINONA, MINNESOTA

PRINCIPAL EMPLOYERS (Unaudited)
FOR THE CALENDAR YEARS ENDED DECEMBER 31, 2022 AND 2012

Employer (1)	Type of Business	2022		
		Number of Employees	Rank	Percentage of Total County Employment
Fastenal Company	Commercial/Industrial	1,618	1	5.84 %
Winona State University	Post-secondary education	1,050	2	3.79
Winona Health	Hospital/Clinic/Health Care	975	3	3.52
Independent School District No. 861	K-12 education	684	4	2.47
Saint Mary's University	Post-secondary education	550	5	1.99
Wincraft	Promotional materials	500	6	1.81
RTP Company	Industrial	486	7	1.75
BCS Automotive Interface Solutions	Industrial machinery	400	8	1.44
Wal-Mart	Commercial	300	9	1.08
Winona County	County Government	289	10	1.04
Total principal employers		6,852		24.73
Other employers		20,847		75.27
Total employers (4)		27,699		100.00 %

Employer (2)	Type of Business	2012		
		Number of Employees	Rank	Percentage of Total County Employment
Fastenal Company (3)	Commercial/Industrial	1,432	1	5.00 %
Winona Health	Hospital/Clinic/Health Care	1,200	2	4.19
Winona State University	Post-secondary education	1,029	3	3.59
Independent School District No. 861	K-12 education	631	4	2.20
Wincraft	Promotional materials	500	5	1.75
Saint Mary's University	Post-secondary education	450	6	1.57
TRW Automotive Electronics	Industrial machinery	400	7	1.40
RTP Company	Industrial	375	8	1.31
Winona County	County Government	300	9	1.05
Watlow Controls	Electronic Control manufacturer	289	10	1.01
Total principal employers		6,606		23.07
Other employers		22,019		76.93
Total employers (4)		28,625		100.00 %

Data Source:

(1) Official Statement - Bond Offering (City of Winona-November 2022)

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

(3) Fastenal Company information

(4) MN DEED, 2022 is at 12/2022 and 2012 is at 12/2012

TABLE XXIV

CITY OF WINONA, MINNESOTA

PROPERTY VALUES AND CONSTRUCTION (Unaudited)
LAST TEN CALENDAR YEARS

Tax Collection Year	Estimated Property Value (3)		Nonresidential Construction (4)		Residential Construction (4)	
	Taxable	Nontaxable (1)	Number of Permits	Value (2)	Number of Permits	Value
2013	\$ 1,523,278,300	\$ 625,833,300	115	\$ 12,119,264	802	\$ 9,186,331
2014	1,527,210,600	625,833,300	116	23,196,034	757	8,515,072
2015	1,548,878,700	625,833,300	140	27,246,499	637	12,079,801
2016	1,586,033,600	625,833,300	125	46,497,621	558	8,320,718
2017	1,632,372,600	665,990,100	104	16,287,543	560	10,019,568
2018	1,748,094,000	665,990,100	114	15,380,591	431	29,396,109
2019	1,783,625,700	665,990,100	109	73,975,522	455	9,349,378
2020	1,839,421,600	665,990,100	99	74,049,742	903	20,239,458
2021	1,924,568,200	665,990,100	81	17,387,203	914	23,189,355
2022	2,054,156,900	665,990,100	90	35,760,613	850	13,664,954

Notes:

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

(2) Listed below are a few of the higher value permits from each year:

2014 includes nonresidential includes the Dahl Auto new car dealership for \$4.9 million and Cytec expansion for \$4 million

2014 includes residential includes the Rivers Edge Condos development for \$853,000

2015 nonresidential includes WinCraft's new manufacturing facility (125,000 sq ft) and Dahl Automotive's construction of an addition/renovation of the Toyota dealership. Residential includes a major renovation to Morningside Terrace's apartment building, the new construction of Hiawatha Valley Mental Health's apartment home and a new 15-unit apartment building (Krause).

2016 nonresidential includes Saint Mary's University's construction of a new science building for \$11,725,589, Winona State University's construction of tunnels to connect the University and sports facilities for \$4,384,914, Pelzer Hospitality LLC's construction of a new four-story AmericInn for \$4,048,400, Automotive Enterprise's redevelopment and completion of an addition for a used car dealership for \$3,450,000, and Immaculate Heart Seminary's remodeling project for \$3,300,097.

2017 nonresidential includes Cytec Engineering's construction of a new concrete screen building for \$2,800,000, Immaculate Heart Seminary's construction of a 4 story addition and main entry elevator for \$1,900,000, Menard's enclosure of their garden center and mezzanine for \$1,800,000, Winona State University's updates to current buildings for \$1,309,000, Bluff Country Coop's store expansion for \$961,000 and Strifex LLC building an Arby's Restaurant for \$750,000.

2018 residential includes construction of the Fairfield Inn by Marriott for \$7,106,500, Bluffview Partners construction of a 76 unit senior apartment building for \$11,000,000, and Saint Mary's University's Residential Hall for \$4,720,000.

2019 nonresidential includes Gundersen Lutheran's renovation of a former Kmart store into a clinic for \$18,228,091, Main Square Development's construction of a residential and commercial building in downtown Winona and a build-out for Winona Health for \$18,190,000, and Winona Health's construction of a new YMCA on campus for \$17,328,473.

2020 nonresidential includes Fastenal's construction of a new downtown office building (90,000 sq ft) for \$16,944,422, Cotter School's renovation of Roger Bacon Hall and second floor classrooms in the high school and construction of new classrooms, cafeteria, and residence hall for \$11,940,000, and Saint Mary's University's renovation/addition to the science building and food court renovation for \$11,451,700.

2021 nonresidential includes Waters Edge's construction of a 41 unit apartment complex for \$7,217,360, ZRH Partnership's construction of a new Kwik Trip convenience store and car wash for \$3,500,000, and Hiatt Metal Forming LLC's construction of a new 25,000 square foot manufacturing facility for \$2,200,000.

2022 nonresidential includes Cotter Schools new elementary school for \$18,900,000, WREF Exchange's historic renovation of a five-story building into short and long term rental housing for \$5,350,000, and Solvay's construction of mezzanine and rehabilitation for \$1,326,700.

Data Source:

(3) Winona County Assessor

(4) City of Winona-Inspection Department

CITY OF WINONA, MINNESOTA

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

Function/Program	2013	2014	2015	2016	2017
GENERAL FUND:					
General government:					
City manager	2.000	2.000	2.000	2.000	2.000
City clerk	1.195	1.195	1.195	1.195	1.195
Finance	7.000	8.000	8.000	8.000	8.000
Human resources	1.500	1.500	1.500	1.700	1.700
Planning	2.375	1.875	1.875	2.875	2.375
Building maintenance	2.000	2.000	2.000	2.100	2.150
Public safety:					
Police	41.000	41.000	42.000	43.000	42.000
Fire	21.500	22.000	21.750	22.000	22.000
Safety and health coordinator	0.500	0.500	0.500	0.500	0.500
Highways and streets:					
Engineering	4.000	4.000	4.200	4.500	4.350
Streets and alleys	12.000	12.000	12.000	12.000	12.000
Central garage	4.000	4.000	4.000	4.000	4.000
Public works	0.400	0.400	0.400	0.400	0.400
Park maintenance—					
Park maintenance	15.000	15.000	11.500	12.400	12.150
Tree crew	-	-	4.000	4.000	4.000
Economic development:					
Community development	2.625	2.625	2.625	2.625	2.625
Community development-matching funds	0.625	0.750	0.750	0.750	1.000
Total general fund	117.720	118.845	120.295	124.045	122.445
Senior Advocacy Fund—					
Senior Advocacy	1.700	1.700	1.700	1.700	1.900
Central City Rehab Fund—					
Core Rehabilitation Program/East revitalization (beginning 2015)	0.375	0.250	0.250	0.250	-
Water and Sanitary Sewer Funds:					
Water power and pumping/water distribution	8.000	8.000	8.000	8.000	8.000
Water/sanitary sewer—administration and general	1.100	1.100	1.100	1.100	1.100
Sanitary Sewer—administration and general	12.000	12.000	12.000	12.000	12.000
Total water and sanitary sewer funds:	21.100	21.100	21.100	21.100	21.100
Public Transportation Fund—					
Transit—administration and general	1.105	0.105	0.105	0.105	0.105
Airport Fund—					
Airport—administration and general	1.000	1.000	1.000	1.000	1.000
Recreation Fund:					
Recreation administration	2.000	2.000	2.000	2.000	1.000
Community services	1.250	1.250	1.250	1.000	0.850
Recreation programs	2.000	2.000	2.500	2.500	5.850
Senior center	4.000	4.000	4.000	4.000	4.000
Total Recreation Fund	9.250	9.250	9.750	9.500	11.700
Library Fund—					
Library administration	11.625	11.625	11.625	11.375	11.375
Storm Sewer Fund	0.800	0.800	0.800	1.000	1.150
Inspections Fund—					
Inspections	3.500	3.500	3.750	4.000	4.000
TOTAL	168.175	168.175	170.375	174.075	174.775

Notes:

(1) Information presented in full-time equivalents.

Data Source—

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

TABLE XXV

2018	2019	2020	2021	2022
2.000	2.000	2.000	2.000	2.000
1.160	1.160	1.160	1.160	1.660
8.000	8.000	8.000	7.000	7.000
1.700	1.700	1.700	1.700	1.700
2.375	2.375	2.375	2.375	2.375
2.150	2.150	2.150	2.150	2.150
43.000	43.000	43.000	41.000	41.625
22.000	23.000	24.000	24.000	24.000
0.500	0.500	0.500	0.500	0.500
4.350	4.350	4.350	4.350	4.350
12.000	12.000	12.000	11.000	11.000
4.000	4.000	4.000	4.000	4.000
0.400	0.400	0.400	0.400	0.400
13.150	13.150	13.150	13.150	13.150
5.000	5.000	5.000	4.000	4.000
2.625	2.625	2.625	2.575	2.575
1.000	1.000	1.000	-	-
<u>125.410</u>	<u>126.410</u>	<u>127.410</u>	<u>121.360</u>	<u>122.485</u>
<u>1.900</u>	<u>2.000</u>	<u>2.000</u>	<u>2.000</u>	<u>2.000</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
8.000	8.000	8.000	8.000	8.000
1.100	1.100	1.100	1.100	1.100
<u>12.000</u>	<u>12.000</u>	<u>12.000</u>	<u>12.000</u>	<u>12.000</u>
<u>21.100</u>	<u>21.100</u>	<u>21.100</u>	<u>21.100</u>	<u>21.100</u>
<u>0.140</u>	<u>0.140</u>	<u>0.140</u>	<u>0.140</u>	<u>0.640</u>
<u>1.000</u>	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>
1.000	1.000	1.000	1.000	1.000
0.850	0.850	0.850	0.850	0.850
5.850	5.850	5.850	4.850	4.350
<u>4.000</u>	<u>4.000</u>	<u>4.000</u>	<u>4.000</u>	<u>3.500</u>
<u>11.700</u>	<u>11.700</u>	<u>11.700</u>	<u>10.700</u>	<u>9.700</u>
<u>11.000</u>	<u>11.000</u>	<u>10.875</u>	<u>10.500</u>	<u>10.500</u>
<u>1.150</u>	<u>1.150</u>	<u>1.150</u>	<u>1.150</u>	<u>1.150</u>
<u>5.000</u>	<u>5.000</u>	<u>6.000</u>	<u>6.050</u>	<u>6.050</u>
<u><u>178.400</u></u>	<u><u>179.500</u></u>	<u><u>181.375</u></u>	<u><u>174.000</u></u>	<u><u>174.625</u></u>

CITY OF WINONA, MINNESOTA

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

Function/Program	2013	2014	2015	2016	2017
Public safety:					
Fire:					
Number of emergency responses	2,134	2,021	2,218	2,237	2,312
Number of inspections	158	64	474	409	489
Police:					
Calls for service	N/A	16,398	20,544	20,904	22,389
Crime clearance	63 %	62 %	60 %	54 %	60 %
Sanitary Sewage system:					
Daily average treatment (in gallons)	4,559,000	4,730,000	4,730,000	4,730,000	4,730,000
Maximum daily of capacity of treatment plant (in gallons)	9,600,000	9,600,000	9,600,000	9,600,000	9,600,000
Water system:					
Daily average consumption (in gallons)	2,890,000	2,910,000	2,818,000	2,674,484	2,642,941
Maximum daily capacity of plant (in gallons)	10,300,000	10,300,000	10,300,000	10,300,000	10,300,000

Data Source—
The City's various departments

TABLE XXVI

2018	2019	2020	2021	2022
2,411 396	2,483 708	2,306 26	2,372 243	2,742 308
22,616 60 %	22,443 64 %	18,277 64 %	18,681 47 %	19,863 47 %
4,730,000	6,221,000	4,019,000	3,244,000	3,705,000
9,600,000	9,600,000	9,600,000	9,600,000	9,600,000
3,118,995	2,811,362	2,643,717	2,833,506	2,909,962
10,300,000	10,300,000	10,300,000	10,300,000	10,300,000

CITY OF WINONA, MINNESOTA

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

Function/Program	2013	2014	2015	2016
Public safety:				
Fire stations	2	2	2	2
Police stations	1	1	1	1
Streets and highways:				
Streets (miles)	115	115	115	115
Culture and recreation:				
Acreage	3,000	3,000	3,000	3,000
Number of bandshells	1	1	1	1
Number of parks	30	30	30	30
Number of community centers	2	2	2	2
Number of swimming pools	1	1	1	1
Number of tennis courts	16	13	13	13
Sanitary sewage system:				
Miles of sanitary sewers	113	113	113	113
Miles of storm sewers	89	89	89	89
Number of treatment plants	1	1	1	1
Water system:				
Miles of water mains	133	133	133	133
Number of accounts	8,370	8,408	8,430	8,444
Number of fire hydrants	1,505	1,510	1,514	1,516

Data Source—

The City's various departments.

TABLE XXVII

2017	2018	2019	2020	2021	2022
2	2	2	2	2	2
1	1	1	1	1	1
115	115	115	115	115	115
3,000	3,000	3,000	3,000	3,000	3,000
1	1	1	1	1	1
30	30	30	30	30	30
2	2	2	2	2	2
1	1	1	1	1	1
13	13	13	13	14	12
113	113	124	125	125	125
89	89	84	90	90	90
1	1	1	1	1	1
133	133	135	140	140	140
8,471	8,494	8,526	8,565	8,573	8,590
1,516	1,520	1,528	1,544	1,567	1,567

TABLE XXVIII

CITY OF WINONA, MINNESOTA

**SCHEDULE OF FUNDING PROGRESS FOR
GENERAL EMPLOYEES RETIREMENT FUND (in thousands)
LAST TEN CALENDAR YEARS**

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, 2022	\$ 26,397,045	\$ 30,189,649	\$ 3,792,604	87.4 %	\$ 7,042,154	53.9 %
June 30, 2021	24,909,060	29,215,560	4,306,500	85.3	6,761,354	63.7
June 30, 2020	22,792,333	28,626,916	5,834,583	79.6	6,698,754	87.1
June 30, 2019	21,979,022	27,969,744	5,990,722	78.6	6,523,754	91.8
June 30, 2018	21,129,746	27,101,067	5,971,321	78.0	6,298,815	94.8
June 30, 2017	19,916,322	25,615,722	5,699,400	77.8	6,156,985	92.6
June 30, 2016	18,765,863	24,848,409	6,082,546	75.5	5,773,708	105.3
June 30, 2015	17,974,439	23,560,951	5,586,512	76.3	5,549,255	100.7
June 30, 2014	15,644,540	21,282,504	5,637,964	73.5	5,351,920	105.3
June 30, 2013	14,113,295	19,379,769	5,266,474	72.8	5,246,928	100.4

Notes:

- (1) The primary funding objectives of PERA are to establish contribution rates which, when expressed as a percentage of active members' payroll, will remain level from generation to generation, and 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 full funding levels using the entry age normal actuarial cost method.

Data Source—

Public Employees Retirement Association's Annual Comprehensive Financial Report

TABLE XXIX

CITY OF WINONA, MINNESOTA

**SCHEDULE OF FUNDING PROGRESS FOR
PUBLIC EMPLOYEES POLICE AND FIRE FUND (in thousands)
LAST TEN CALENDAR YEARS**

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, 2022	\$ 10,563,877	\$ 11,351,467	\$ 787,590	93.1 %	\$ 1,127,314	69.9 %
June 30, 2021	9,931,003	10,793,845	862,842	92.0	1,096,195	78.7
June 30, 2020	9,036,069	10,291,567	1,255,498	87.8	1,069,481	117.4
June 30, 2019	8,661,613	9,909,153	1,247,540	87.4	1,011,421	123.3
June 30, 2018	8,320,094	9,552,804	1,232,710	87.1	976,657	126.2
June 30, 2017	7,840,549	9,199,208	1,358,659	85.2	944,296	143.9
June 30, 2016	7,385,777	8,417,621	1,031,844	87.7	881,222	117.1
June 30, 2015	7,076,271	8,460,477	1,384,206	83.6	845,076	163.8
June 30, 2014	6,525,019	8,151,328	1,626,309	80.0	820,333	198.2
June 30, 2013	5,932,945	7,304,032	1,371,087	81.2	796,188	172.2

Notes:

- (1) The primary funding objectives of PERA are to establish contribution rates which, when expressed as a percentage of active members' payroll, will remain level from generation to generation, and 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 full funding levels using the entry age normal actuarial cost method.

Data Source—

Public Employees Retirement Association's Annual Comprehensive Financial Report

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THE CITY HAS AUTHORIZED BAKER TILLY MUNICIPAL ADVISORS, LLC TO NEGOTIATE THIS ISSUE ON ITS BEHALF. PROPOSALS WILL BE RECEIVED ON THE FOLLOWING BASIS:

TERMS OF PROPOSAL

\$2,585,000*

CITY OF WINONA, MINNESOTA

GENERAL OBLIGATION EQUIPMENT CERTIFICATES OF INDEBTEDNESS, SERIES 2024A

(BOOK ENTRY ONLY)

Proposals for the above-referenced obligations (the "Certificates") will be received by the City of Winona, Minnesota (the "City") on Tuesday, January 16, 2024 (the "Sale Date") until 10:30 A.M., Central Time (the "Sale Time") at the offices of Baker Tilly Municipal Advisors, LLC ("Baker Tilly MA"), 30 East 7th Street, Suite 3025, Saint Paul, MN 55101, after which time proposals will be opened and tabulated. Consideration for award of the Certificates will be by the City Council at its meeting commencing at 6:30 P.M., Central Time, of the same day.

SUBMISSION OF PROPOSALS

Baker Tilly MA will assume no liability for the inability of a bidder or its proposal to reach Baker Tilly MA prior to the Sale Time, and neither the City nor Baker Tilly MA shall be responsible for any failure, misdirection or error in the means of transmission selected by any bidder. All bidders are advised that each proposal shall be deemed to constitute a contract between the bidder and the City to purchase the Certificates regardless of the manner in which the proposal is submitted.

(a) **Sealed Bidding.** Completed, signed proposals may be submitted to Baker Tilly MA by email to bids@bakertilly.com, and must be received prior to the Sale Time.

OR

(b) **Electronic Bidding.** Proposals may also be received via PARITY®. For purposes of the electronic bidding process, the time as maintained by PARITY® shall constitute the official time with respect to all proposals submitted to PARITY®. *Each bidder shall be solely responsible for making necessary arrangements to access PARITY® for purposes of submitting its electronic proposal in a timely manner and in compliance with the requirements of the Terms of Proposal.* Neither the City, its agents, nor PARITY® shall have any duty or obligation to undertake registration to bid for any prospective bidder or to provide or ensure electronic access to any qualified prospective bidder, and neither the City, its agents, nor PARITY® shall be responsible for a bidder's failure to register to bid or for any failure in the proper operation of, or have any liability for any delays or interruptions of or any damages caused by the services of PARITY®. The City is using the services of PARITY® solely as a communication mechanism to conduct the electronic bidding for the Certificates, and PARITY® is not an agent of the City.

If any provisions of this Terms of Proposal conflict with information provided by PARITY®, this Terms of Proposal shall control. Further information about PARITY®, including any fee charged, may be obtained from:

PARITY®, 1359 Broadway, 2nd Floor, New York, New York 10018
Customer Support: (212) 849-5000

*Preliminary; subject to change.

Baker Tilly Municipal Advisors, LLC is a registered municipal advisor and controlled subsidiary of Baker Tilly US, LLP, an accounting firm. Baker Tilly US, LLP trading as Baker Tilly is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities. © 2023 Baker Tilly Municipal Advisors, LLC.

DETAILS OF THE CERTIFICATES

The Certificates will be dated as of the date of delivery and will bear interest payable on February 1 and August 1 of each year, commencing August 1, 2024. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

The Certificates will mature February 1, 2025 in the years and amounts* as follows:

2025	\$220,000	2027	\$235,000	2029	\$250,000	2031	\$270,000	2033	\$295,000
2026	\$225,000	2028	\$245,000	2030	\$260,000	2032	\$280,000	2034	\$305,000

*The City reserves the right, after proposals are opened and prior to award, to increase or reduce the principal amount of the Certificates or the amount of any maturity or maturities in multiples of \$5,000. In the event the amount of any maturity is modified, the aggregate purchase price will be adjusted to result in the same gross spread per \$1,000 of Certificates as that of the original proposal. Gross spread for this purpose is the differential between the price paid to the City for the new issue and the prices at which the proposal indicates the securities will be initially offered to the investing public.

BOOK ENTRY SYSTEM

The Certificates will be issued by means of a book entry system with no physical distribution of Certificates made to the public. The Certificates will be issued in fully registered form and one Certificate, representing the aggregate principal amount of the Certificates maturing in each year, will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the Certificates. Individual purchases of the Certificates may be made in the principal amount of \$5,000 or any multiple thereof of a single maturity through book entries made on the books and records of DTC and its participants. Principal and interest are payable by the registrar to DTC or its nominee as registered owner of the Certificates. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants will be the responsibility of such participants and other nominees of beneficial owners. The lowest bidder (the "Purchaser"), as a condition of delivery of the Certificates, will be required to deposit the Certificates with DTC.

REGISTRAR/PAYING AGENT

Computershare Trust Company, National Association, Minneapolis, Minnesota will serve as Registrar/Paying Agent (the "Registrar") for the Certificates, and shall be subject to applicable regulations of the Securities and Exchange Commission. The City will pay for the services of the Registrar.

OPTIONAL REDEMPTION

The City may elect on February 1, 2032, and on any day thereafter, to redeem Certificates due on or after February 1, 2033. Redemption may be in whole or in part and if in part at the option of the City and in such manner as the City shall determine. If less than all Certificates of a maturity are called for redemption, the City will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. All redemptions shall be at a price of par plus accrued interest.

SECURITY AND PURPOSE

The Certificates will be general obligations of the City for which the City will pledge its full faith and credit and power to levy direct general ad valorem taxes. The proceeds of the Certificates will be used to finance the purchase of various items of capital equipment.

BANK QUALIFIED TAX-EXEMPT OBLIGATIONS

The City will designate the Certificates as qualified tax-exempt obligations for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

BIDDING PARAMETERS

Proposals shall be for not less than \$2,559,150 plus accrued interest, if any, on the total principal amount of the Certificates. Rates shall be in integral multiples of 1/100 or 1/8 of 1%. The initial price to the public for each maturity as stated on the proposal must be 98.0% or greater.

Proposals for the Certificates may contain a maturity schedule providing for a combination of serial bonds and term bonds. All term bonds shall be subject to mandatory sinking fund redemption at a price of par plus accrued interest to the date of redemption scheduled to conform to the maturity schedule set forth herein. In order to designate term bonds, the proposal must specify "Years of Term Maturities" in the spaces provided on the proposal form.

No proposal can be withdrawn or amended after the time set for receiving proposals on the Sale Date unless the meeting of the City scheduled for award of the Certificates is adjourned, recessed, or continued to another date without award of the Certificates having been made. Certificates of the same maturity shall bear a single rate from the date of the Certificates to the date of maturity. No conditional proposals will be accepted.

ESTABLISHMENT OF ISSUE PRICE

In order to provide the City with information necessary for compliance with Section 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder (collectively, the "Code"), the Purchaser will be required to assist the City in establishing the issue price of the Certificates and shall complete, execute, and deliver to the City prior to the closing date, a written certification in a form acceptable to the Purchaser, the City, and Bond Counsel (the "Issue Price Certificate") containing the following for each maturity of the Certificates (and, if different interest rates apply within a maturity, to each separate CUSIP number within that maturity): (i) the interest rate; (ii) the reasonably expected initial offering price to the "public" (as said term is defined in Treasury Regulation Section 1.148-1(f) (the "Regulation")) or the sale price; and (iii) pricing wires or equivalent communications supporting such offering or sale price. Any action to be taken or documentation to be received by the City pursuant hereto may be taken or received on behalf of the City by Baker Tilly MA.

The City intends that the sale of the Certificates pursuant to this Terms of Proposal shall constitute a "competitive sale" as defined in the Regulation based on the following:

- (i) the City shall cause this Terms of Proposal to be disseminated to potential bidders in a manner that is reasonably designed to reach potential bidders;
- (ii) all bidders shall have an equal opportunity to submit a bid;
- (iii) the City reasonably expects that it will receive bids from at least three bidders that have established industry reputations for underwriting municipal bonds such as the Certificates; and
- (iv) the City anticipates awarding the sale of the Certificates to the bidder who provides a proposal with the lowest true interest cost, as set forth in this Terms of Proposal (See "AWARD" herein).

Any bid submitted pursuant to this Terms of Proposal shall be considered a firm offer for the purchase of the Certificates, as specified in the proposal. The Purchaser shall constitute an "underwriter" as said term is defined in the Regulation. By submitting its proposal, the Purchaser confirms that it shall require any agreement among underwriters, a selling group agreement, or other agreement to which it is a party relating to the initial sale of the Certificates, to include provisions requiring compliance with the provisions of the Code and the Regulation regarding the initial sale of the Certificates.

If all of the requirements of a "competitive sale" are not satisfied, the City shall advise the Purchaser of such fact prior to the time of award of the sale of the Certificates to the Purchaser. **In such event, any proposal submitted will not be subject to cancellation or withdrawal.** Within twenty-four (24) hours of the notice of award of the sale of the Certificates, the Purchaser shall advise the City and Baker Tilly MA if 10% of any maturity of the Certificates (and, if different interest rates apply within a maturity, to each separate CUSIP number within that maturity) has been sold to the public and the price at which it was sold. The City will treat such sale price as the "issue price" for such maturity, applied on a maturity-by-maturity basis. The City will not require the Purchaser to comply with that portion of the Regulation commonly described as the "hold-the-offering-price" requirement for the remaining maturities, but the Purchaser may elect such option. If the Purchaser exercises such option, the City will apply the initial offering price to the public provided in the proposal as the issue price for such maturities. If the Purchaser does not exercise that option, it shall thereafter promptly provide the City and Baker Tilly MA the prices at which 10% of such maturities are sold to the public; provided such determination shall be made and the City and Baker Tilly MA notified of such prices whether or not the closing date has occurred, until the 10% test has been satisfied as to each maturity of the Certificates or until all of the Certificates of a maturity have been sold.

GOOD FAITH DEPOSIT

To have its proposal considered for award, the Purchaser is required to submit a good faith deposit via wire transfer to the City in the amount of \$25,850 (the "Deposit") no later than 1:30 P.M., Central Time on the Sale Date. The Purchaser shall be solely responsible for the timely delivery of its Deposit, and neither the City nor Baker Tilly MA have any liability for delays in the receipt of the Deposit. If the Deposit is not received by the specified time, the City may, at its sole discretion, reject the proposal of the lowest bidder, direct the second lowest bidder to submit a Deposit, and thereafter award the sale to such bidder.

A Deposit will be considered timely delivered to the City upon submission of a federal wire reference number by the specified time. Wire transfer instructions will be available from Baker Tilly MA following the receipt and tabulation of proposals. The successful bidder must send an e-mail including the following information: (i) the federal reference number and time released; (ii) the amount of the wire transfer; and (iii) the issue to which it applies.

Once an award has been made, the Deposit received from the Purchaser will be retained by the City and no interest will accrue to the Purchaser. The amount of the Deposit will be deducted at settlement from the purchase price. In the event the Purchaser fails to comply with the accepted proposal, said amount will be retained by the City.

AWARD

The Certificates will be awarded on the basis of the lowest interest rate to be determined on a true interest cost (TIC) basis calculated on the proposal prior to any adjustment made by the City. The City's computation of the interest rate of each proposal, in accordance with customary practice, will be controlling.

The City will reserve the right to: (i) waive non-substantive informalities of any proposal or of matters relating to the receipt of proposals and award of the Certificates, (ii) reject all proposals without cause, and (iii) reject any proposal that the City determines to have failed to comply with the terms herein.

BOND INSURANCE AT PURCHASER'S OPTION

The City has **not** applied for or pre-approved a commitment for any policy of municipal bond insurance with respect to the Certificates. If the Certificates qualify for municipal bond insurance and a bidder desires to purchase a policy, such indication, the maturities to be insured, and the name of the desired insurer must be set forth on the bidder's proposal. The City specifically reserves the right to reject any bid specifying municipal bond insurance, even though such bid may result in the lowest TIC to the City. All costs associated with the issuance and administration of such policy and associated ratings and expenses (other than any independent rating requested by the City) shall be paid by the successful bidder. Failure of the municipal bond insurer to issue the policy after the award of the Certificates shall not constitute cause for failure or refusal by the successful bidder to accept delivery of the Certificates.

CUSIP NUMBERS

If the Certificates qualify for the assignment of CUSIP numbers such numbers will be printed on the Certificates; however, neither the failure to print such numbers on any Certificate nor any error with respect thereto will constitute cause for failure or refusal by the Purchaser to accept delivery of the Certificates. Baker Tilly MA will apply for CUSIP numbers pursuant to Rule G-34 implemented by the Municipal Securities Rulemaking Board. The CUSIP Service Bureau charge for the assignment of CUSIP identification numbers shall be paid by the Purchaser.

SETTLEMENT

On or about February 15, 2024, the Certificates will be delivered without cost to the Purchaser through DTC in New York, New York. Delivery will be subject to receipt by the Purchaser of an approving legal opinion of Taft Stettinius & Hollister, LLP, of Minneapolis, Minnesota, and of customary closing papers, including a no-litigation certificate. On the date of settlement, payment for the Certificates shall be made in federal, or equivalent, funds that shall be received at the offices of the City or its designee not later than 12:00 Noon, Central Time. Unless compliance with the terms of payment for the Certificates has been made impossible by action of the City, or its agents, the Purchaser shall be liable to the City for any loss suffered by the City by reason of the Purchaser's non-compliance with said terms for payment.

CONTINUING DISCLOSURE

On the date of actual issuance and delivery of the Certificates, the City will execute and deliver a Continuing Disclosure Undertaking (the "Undertaking") whereunder the City will covenant for the benefit of the owners of the Certificates to provide certain financial and other information about the City and notices of certain occurrences to information repositories as specified in and required by SEC Rule 15c2-12(b)(5).

OFFICIAL STATEMENT

The City has authorized the preparation of a Preliminary Official Statement containing pertinent information relative to the Certificates, and said Preliminary Official Statement has been deemed final by the City as of the date thereof within the meaning of Rule 15c2-12 of the Securities and Exchange Commission. For an electronic copy of the Preliminary Official Statement or for any additional information prior to sale, any prospective purchaser is referred to the Municipal Advisor to the City, Baker Tilly Municipal Advisors, LLC, by telephone (651) 223-3000, or by email bids@bakertilly.com. The Preliminary Official Statement will also be made available at <https://bondcalendar.bakertilly.com/>.

A Final Official Statement (as that term is defined in Rule 15c2-12) will be prepared, specifying the maturity dates, principal amounts, and interest rates of the Certificates, together with any other information required by law. By awarding the Certificates to the Purchaser, the City agrees that, no more than seven business days after the date of such award, it shall provide to the Purchaser an electronic copy of the Final Official Statement. The City designates the Purchaser as its agent for purposes of distributing the Final Official Statement to each syndicate member, if applicable. The Purchaser agrees that if its proposal is accepted by the City, (i) it shall accept designation and (ii) it shall enter into a contractual relationship with its syndicate members for purposes of assuring the receipt of the Final Official Statement by each such syndicate member.

Dated December 18, 2024

BY ORDER OF THE CITY COUNCIL

/s/ Monica Hennessy Mohan
City Clerk

CITY OF WINONA, MINNESOTA
\$2,585,000* General Obligation Equipment Certificates of Indebtedness, Series 2024A

For the Certificates of this Issue which shall mature and bear interest at the respective annual rates, as follow, we offer a price of \$_____ (which may not be less than \$2,559,150) plus accrued interest, if any, to the date of delivery.

<u>Year</u>	<u>Interest Rate (%)</u>	<u>Yield (%)</u>	<u>Dollar Price</u>	<u>Year</u>	<u>Interest Rate (%)</u>	<u>Yield (%)</u>	<u>Dollar Price</u>
2025	_____ %	_____ %	_____ %	2030	_____ %	_____ %	_____ %
2026	_____ %	_____ %	_____ %	2031	_____ %	_____ %	_____ %
2027	_____ %	_____ %	_____ %	2032	_____ %	_____ %	_____ %
2028	_____ %	_____ %	_____ %	2033	_____ %	_____ %	_____ %
2029	_____ %	_____ %	_____ %	2034	_____ %	_____ %	_____ %

Designation of Term Maturities

Years of Term Maturities _____

In making this offer on the sale date of January 16, 2024 we accept all of the terms and conditions of the Terms of Proposal published in the Preliminary Official Statement dated January 5, 2024 including the City's right to modify the principal amount of the Certificates. (See "Terms of Proposal" herein.) In the event of failure to deliver these Certificates in accordance with said Terms of Proposal, we reserve the right to withdraw our offer, whereupon the deposit accompanying it will be immediately returned. All blank spaces of this offer are intentional and are not to be construed as an omission.

By submitting this proposal, we confirm that we have an established industry reputation for underwriting municipal bonds such as the Certificates.

Not as a part of our offer, the above quoted prices being controlling, but only as an aid for the verification of the offer, we have made the following computations:

NET INTEREST COST: \$ _____

TRUE INTEREST RATE: _____ %

The Bidder ☐ will not ☐ will purchase municipal bond insurance from _____.

Account Members

Account Manager

By: _____

Phone: _____

.....
The foregoing proposal has been accepted by the City.

Attest: _____

Date: _____

Phone: 651-223-3000

* Preliminary; subject to change.

Email: bids@bakertilly.com