

State of Minnesota



Office of the State Auditor

Julie Blaha
State Auditor

**Winona County
Winona, Minnesota**

Year Ended December 31, 2020

Description of the Office of the State Auditor

The mission of the Office of the State Auditor is to oversee local government finances for Minnesota taxpayers by helping to ensure financial integrity and accountability in local governmental financial activities.

Through financial, compliance, and special audits, the State Auditor oversees and ensures that local government funds are used for the purposes intended by law and that local governments hold themselves to the highest standards of financial accountability.

The State Auditor performs approximately 100 financial and compliance audits per year and has oversight responsibilities for over 3,300 local units of government throughout the state. The office currently maintains five divisions:

Audit Practice – conducts financial and legal compliance audits of local governments;

Government Information – collects and analyzes financial information for cities, towns, counties, and special districts;

Legal/Special Investigations – provides legal analysis and counsel to the Office and responds to outside inquiries about Minnesota local government law; as well as investigates allegations of misfeasance, malfeasance, and nonfeasance in local government;

Pension – monitors investment, financial, and actuarial reporting for Minnesota’s local public pension funds; and

Tax Increment Financing – promotes compliance and accountability in local governments’ use of tax increment financing through financial and compliance audits.

The State Auditor serves on the State Executive Council, State Board of Investment, Land Exchange Board, Public Employees Retirement Association Board, Minnesota Housing Finance Agency, and the Rural Finance Authority Board.

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**Winona County
Winona, Minnesota**

Year Ended December 31, 2020



Office of the State Auditor

**Audit Practice Division
Office of the State Auditor
State of Minnesota**

**WINONA COUNTY
WINONA, MINNESOTA**

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**WINONA COUNTY
WINONA, MINNESOTA**

**ORGANIZATION
DECEMBER 31, 2020**

Office	Name	Term Expires
Commissioners		
First District	Chris Meyer	January 2023
Second District	Marie Kovcesi	January 2023
Third District	Steve Jacob	January 2025
Fourth District	Greg Olson	January 2025
Fifth District	Marcia Ward	January 2023
Officers		
Elected		
Attorney	Karin Sonneman	January 2023
Recorder	Robert Bambenek	January 2023
Sheriff	Ron Ganrude	January 2023
Auditor/Treasurer	Sandra Suchla	January 2023
Appointed		
Administrator	Kenneth Fritz	Indefinite
Assistant County Administrator/ Personnel Director	Maureen Holte	Indefinite
Community Health Director	Karen Sanness	Indefinite
County Assessor	Steven Hacken	December 2024
Planning & Environmental Services Director	Kay Qualley	Indefinite
Building Superintendent	David Kramer	Indefinite
Finance Director	Patrick Moga	Indefinite
Highway Engineer	David Kramer	May 2023
Information Technology Director	Mark Anderson	Indefinite

**WINONA COUNTY
WINONA, MINNESOTA**

ORGANIZATION OF THE COUNTY

An elected Board of County Commissioners, officials appointed by the Board, and other elected officials manage Winona County. The Board of County Commissioners is elected by districts, while all other elected County officials are elected at large.

Elected officials are primarily responsible to the voters of Winona County and the State of Minnesota. They are also under certain jurisdiction of the County Board as defined in state statutes.



INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Winona County
Winona, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Winona County, Minnesota, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we

express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Winona County, Minnesota, as of December 31, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Change in Accounting

As discussed in Note 1.E to the financial statements, in 2020, the County adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, which represents a change in accounting principles. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Required Supplementary Information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the GASB, 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 Winona County's basic financial statements. The Supplementary Information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Supplementary 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to

the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 9, 2021, on our consideration of Winona County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Winona County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Winona County's internal control over financial reporting and compliance.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards (SEFA) is presented for purposes of additional analysis, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is 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 SEFA is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

/s/Julie Blaha

JULIE BLAHA
STATE AUDITOR

September 9, 2021

/s/Dianne Syverson

DIANNE SYVERSON, CPA
DEPUTY STATE AUDITOR

MANAGEMENT'S DISCUSSION AND ANALYSIS

**WINONA COUNTY
WINONA, MINNESOTA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020
(Unaudited)**

In the Management's Discussion and Analysis (MD&A), we will provide readers with a narrative overview and both a short-term and long-term analysis of the financial activities of Winona County, Minnesota, for the year ended December 31, 2020. We encourage readers to consider the information presented here in conjunction with the basic financial statements, including the notes, to enhance their understanding of the County's financial activity and performance. All amounts are expressed in dollars, unless specifically noted.

FINANCIAL HIGHLIGHTS

- At the end of 2020, Winona County's assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$95.3 million (net position). Of that amount, \$11.5 million is restricted; \$0.7 million is unrestricted net position and may be used to meet the County's ongoing obligations to citizens and creditors. The remaining \$83.1 million is the net investment in capital assets.
- At the close of the current year, the ending fund balances for all governmental funds were \$34.3 million. This is an increase of \$12.8 million from the previous year fund balance. Of the combined ending fund balances, \$13.9 million is unassigned fund balance available for spending by the County.
- At the end of the year, the General Fund's unassigned fund balance was \$13.9 million. The County is not able to assign for cash flow and compensated absences due to Governmental Accounting Standards Board (GASB) Statement 54. The County will pay for compensated absences and cash flow from the unassigned fund balance.
- Total long-term debt increased by \$10.2 million, or 1,942 percent, during the year. The increase was due to sale of a bond for the Law Enforcement Center.

OVERVIEW OF THE FINANCIAL STATEMENTS

The three main sections of this report are: introductory, financial, and supplementary. The introductory section contains the County's organizational structure and principal officials. The financial section includes the MD&A and is intended to serve as a roadmap of the basic financial statements. The basic financial statements have three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The

required supplementary information section contains the budget-to-actual presentations for the County's major special revenue funds and the General Fund. Other supplementary information is included to enhance reader understanding of the County's financial activity. An example is information about federal grant programs.

The government-wide financial statements are designed to provide the reader with a long-term and broad overview of the County's finances as a whole in a manner similar to a private-sector business. To accomplish this goal, transactions are valued on a full accrual basis.

The Statement of Net Position presents information on all County assets and deferred outflows of resources (what we own), and liabilities and deferred inflows of resources (what we owe). The difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources is reported as net position. Over time, changes in net position may be an indication of an improving or deteriorating County financial position.

The Statement of Activities presents information on the change in net position for the most recent year. Said changes are reported as soon as a financial event results in a change, regardless of the timing of related cash flows. Therefore, results reported will result in cash flows in a future period (for example, uncollected property taxes and earned, but unused vacation leave).

The principal support for governmental activities for Winona County is property taxes and intergovernmental revenue. Included in governmental activities are:

- general government,
- public safety,
- highways and streets,
- human services,
- health,
- sanitation,
- culture and recreation,
- conservation of natural resources, and
- economic development.

General government includes services such as general administration, courts, property assessment, records management, and tax collections. Additional information is included in the notes to the financial statements.

Budgetary comparisons—Winona County adopts an annual budget for all governmental funds, and budgetary comparison schedules are presented for each fund.

Notes to the financial statements—The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

A useful tool for analyzing financial statements is comparative information from previous years. Net position may be a useful indicator of a government’s financial position over time. As of December 31, 2020, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$95.3 million. The following table provides a summary of Winona County’s governmental net position.

Governmental Net Position			
	2020	2019	Percent Change (%)
Assets			
Current and other assets	\$ 44,411,607	\$ 29,485,970	51
Capital assets	84,214,705	83,949,029	-
Total Assets	\$ 128,626,312	\$ 113,434,999	13
Deferred Outflows of Resources			
Deferred OPEB outflows	\$ 358,598	\$ 123,584	190
Deferred pension outflows	2,417,758	2,749,654	(12)
Total Deferred Outflow of Resources	\$ 2,776,356	\$ 2,873,238	(3)
Liabilities			
Current and other liabilities	\$ 2,922,904	\$ 2,984,725	(2)
Long-term liabilities	30,783,791	18,382,042	67
Total Liabilities	\$ 33,706,695	\$ 21,366,767	58
Deferred Inflows of Resources			
Deferred OPEB inflows	\$ 173,276	\$ 207,933	(17)
Deferred pension inflows	2,226,763	5,268,380	(58)
Total Deferred Inflows of Resources	\$ 2,400,039	\$ 5,476,313	(56)
Net Position			
Net investment in capital assets	\$ 83,061,266	\$ 83,119,970	-
Restricted	11,473,154	8,066,960	42
Unrestricted	761,514	(1,721,773)	144
Total Net Position	\$ 95,295,934	\$ 89,465,157	7

The largest portion of Winona County’s net position, 87.2 percent, or \$83.1 million, represents investments in capital assets, less any related debt used to acquire those assets. Capital assets are investments in land, buildings, machinery and equipment, and roads and bridges. These assets are used to provide services and utilities to County citizens and, consequently, are not available for future spending. Capital assets are reported net of related debt; however, resources needed to repay the debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

An additional \$11.5 million of the County’s net position, or 12.0 percent, represents resources that are subject to external restrictions on how they may be used. Included in this category are items such as public safety projects.

The remaining \$0.7 million of net position, or 0.8 percent, represents unrestricted net position that is needed to meet ongoing obligations to citizens and creditors.

Change in net position—In 2020, government-wide expenses exceeded revenues by \$5.8 million, thereby increasing net position. Net position changed as follows:

Change in Net Position			
	<u>2020</u>	<u>2019</u>	<u>Percent Change (%)</u>
Revenues			
Program revenues			
Fees, charges, fines, and other	\$ 4,364,034	\$ 4,764,841	(8)
Operating grants and contributions	20,233,858	19,026,260	6
Capital grants and contributions	599,676	1,337,169	(55)
General revenues			
Property taxes	20,222,853	19,211,490	5
Grants and contributions not restricted to specific programs	9,721,107	3,314,767	193
Local sales tax	3,166,561	3,167,883	-
Unrestricted investment earnings	259,426	552,079	(53)
Other	579,852	598,239	(3)
Total Revenues	<u>\$ 59,147,367</u>	<u>\$ 51,972,728</u>	14
Expenses			
General government	\$ 10,929,734	\$ 10,575,881	3
Public safety	8,038,467	9,023,632	(11)
Highways and streets	11,162,902	15,257,159	(27)
Sanitation	1,374,511	1,331,527	3
Human services	15,875,382	15,948,770	-
Health	1,314,417	1,135,482	16
Interest	226,599	24,191	837
Other	4,394,578	2,101,501	109
Total Expenses	<u>\$ 53,316,590</u>	<u>\$ 55,398,143</u>	(4)

	2020	2019	Percent Change (%)
Change in Net Position	\$ 5,830,777	\$ (3,425,415)	270
Net Position – January 1	89,465,157	92,890,572	(4)
Net Position – December 31	\$ 95,295,934	\$ 89,465,157	7

The following three statements depict relationships:

- Program revenues indicate the proportion of program revenues available to fund expenses. Program revenues derive from the program itself or outside the County’s taxpayers or citizenry and help reduce the cost of the program.
- General revenues by source indicate the proportion of revenue obtained from various unrestricted sources. Most notable is the fact that property taxes supply only 34.2 percent of the total revenue for the County.
- Expense by function depicts the relationship between governmental activities functions. Property taxes of \$20.2 million are leveraged to provide \$53.3 million in services.

Governmental activities increased Winona County’s net position by \$5.8 million, which is 9.9 percent of current year revenues, 10.9 percent of current year expenses, or 6.5 percent of beginning net position. The following is the major component of this increase:

- Overall, expenses decreased by 4.0 percent from 2019 to 2020 due to Road and Bridge projects.

FUND LEVEL FINANCIAL ANALYSIS

The fund financial statements provide more detailed information than the government-wide statements. Using separate funds provides a way to ensure and demonstrate compliance with finance-related legal requirements.

The funds are separated into two categories: (1) governmental funds and (2) fiduciary funds.

Governmental funds are used to account for the same functions or programs reported as governmental activities in the government-wide financial statements, such as general government or human services. However, the governmental fund financial statements differ from the government-wide statements.

The focus of Winona County's governmental funds is to provide information on near-term inflows, outflows, and balances of available resources. Therefore, the timing of cash flows is taken into account on the governmental fund financial statements, while it is disregarded in the government-wide statements. This information may be useful in evaluating a government's near-term financing requirements as well as the available resources. Reconciliations of governmental funds to government-wide governmental activities appear in Exhibits 4 and 6.

For the year ended December 31, 2020, the combined ending fund balances of governmental funds were \$34.3 million. Approximately 49.8 percent, or \$17.1 million, of the combined ending fund balances consist of unassigned and assigned fund balances. Assigned fund balances are available as working capital and for current spending consistent with the purposes of each of the specific funds. The remainder of fund balance is nonspendable or restricted to indicate that it is not available for new spending because it is restricted or in nonspendable form for the following purposes:

- inventories,
- prepaids,
- missing heirs,
- debt service,
- forfeited property,
- donations,
- loans receivable, and
- other restricted for specific purposes.

Winona County has four major governmental funds. These funds are: (1) General Fund, (2) Road and Bridge Special Revenue Fund, (3) Health and Human Services Special Revenue Fund, and (4) Capital Projects Fund.

- (1) The General Fund is the primary operating fund of Winona County. The General Fund's fund balance was \$16.7 million at the end of 2020. Of that amount, \$2.5 million is restricted for such items as forfeited property and donations. Nonspendable fund balance of \$197.0 thousand is for missing heirs and loans receivable. In addition, the Board of County Commissioners has assigned \$55.4 thousand for employee wellness. The comparison of fund balance to expenditures is useful for two purposes. The first purpose is to measure liquidity. Unassigned fund balance is \$13,903,796, or 59.8 percent, of 2020 expenditures, while total fund balance is 71.6 percent of the same amount. The County is not able to assign fund balance for compensated absences and cash flow due to GASB 54. Winona County will use the unassigned amount to cover compensated absences and cash flow. A listing of

compensated absences can be obtained in Note 3.C.2 (Compensated Absences). The second purpose is to compare the unrestricted fund balance percentages to the recommended percentage given by the Office of the State Auditor. The recommendations are 35 to 50 percent of operating revenues, or no less than five months of expenditures. Winona County’s General Fund unrestricted fund balance is sufficient to cover almost seven months of expenditures.

When compared to 2019, the ending fund balance of the General Fund increased \$3,221,793.

- (2) The Road and Bridge Special Revenue Fund accounts for maintenance and improvements to the infrastructure of the County. The fund had a \$5.0 million fund balance at the end of 2020 that represented a \$0.9 million, or 15 percent, decrease from 2019. The decrease was due to a large transportation project.
- (3) The Health and Human Services Special Revenue Fund exists to account for resources expended to operate income maintenance and social services and health programs supported by federal, state, and local taxpayer dollars. The fund had a \$278 thousand fund balance at the end of 2020, representing a \$38 thousand, or 12 percent, decrease from the 2019 fund balance. The decrease was due mainly to increased out-of-home placement costs and Mental Health costs in the Health and Human Services Special Revenue Fund.
- (4) The Capital Projects Fund accounts for financial resources for capital acquisition, construction, or improvement of capital facilities. The fund had a \$10.5 million fund balance at the end of 2020 that represented a 2,200 percent increase from the 2019 fund balance. The increase was due to bond proceed for the construction of a new jail.

Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Since the resources of those funds are not available to support the County’s programs, these funds are not included in the government-wide financial statements. Winona County has fiduciary funds for a private-purpose trust and five custodial funds.

The basic fiduciary funds financial statements are Exhibits 7 and 8 of this report.

General Fund Budgetary Highlights

The Winona County Board of Commissioners approves the budget for all governmental funds for the next year during a December Board meeting. Approval is done by resolution. The most significant budgeted fund is the General Fund.

For 2020, the Board of County Commissioners adopted the following budget:

General Fund	Revenues	Expenditures	Other Sources (Uses)
Board-adopted (Original)	\$ 20,843,930	\$ 20,616,868	\$ 272,938
Board-adopted (Final)	20,843,930	20,616,868	272,938
Actual	26,976,813	23,262,456	(492,564)

(Unaudited)

The adopted budget anticipated revenues of \$20,843,930, expenditures of \$20,616,868, and other financing sources of \$272,938.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Winona County's investment in capital assets for its governmental activities as of December 31, 2020, was \$84.2 million (net of accumulated depreciation). The investment in capital assets includes land, buildings, furniture and equipment, infrastructure, and construction in progress.

Additional information about capital assets can be found in Note 3.A.3.

	Capital Assets		Percent Change (%)
	2020	2019	
Capital assets not depreciated			
Land	\$ 6,361,941	\$ 6,359,129	-
Construction in progress	5,389,946	3,289,043	64
Total capital assets not depreciated	\$ 11,751,887	\$ 9,648,172	22
Capital assets depreciated			
Buildings	\$ 25,370,745	\$ 25,370,745	-
Improvements other than buildings	485,641	485,641	-
Machinery, furniture, and equipment	10,516,132	10,444,908	1
Infrastructure	75,824,278	75,824,278	-
Total capital assets depreciated	\$ 112,196,796	\$ 112,125,572	-
Less: accumulated depreciation for			
Buildings	\$ 5,411,082	\$ 5,141,478	5
Improvements other than buildings	303,647	294,261	3
Machinery, furniture, and equipment	7,782,973	7,570,714	3
Infrastructure	26,236,276	24,818,262	6
Total accumulated depreciation	\$ 39,733,978	\$ 37,824,715	5
Total capital assets depreciated, net	\$ 72,462,818	\$ 74,300,857	(2)
Governmental Activities Capital Assets, Net	\$ 84,214,705	\$ 83,949,029	-

Outstanding Long-Term Debt

At the end of the current year, Winona County had two general obligation bond issue and capital leases.

Outstanding Long-Term Debt

	Governmental Activities	
	2020	2019
Capital leases	\$ 310,406	\$ 45,055
General obligation bonds	10,463,697	525,000
Total	<u>\$ 10,774,103</u>	<u>\$ 570,055</u>

The outstanding debt listed above for Winona County increased \$10,204,048, due to the issuance of the 2020A bond.

The most recent bond rating the County has received is AA.

Additional information about Winona County's long-term debt can be found in Notes 3.C.3 to 3.C.5 in the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Unemployment

The 12-month average for unemployment in 2020 for the U.S., Minnesota, and Winona County was 8.1 percent, 6.2 percent, and 4.5 percent, respectively. This compared to 2019 averages of 3.7 percent, 3.2 percent, and 2.9 percent.

New Construction

New construction for all of Winona County was valued at \$57.3 million in 2020, which is payable in 2021.

State Financial Position

The state forecast has improved related to the pandemic due to the Federal Revenue that is available from the Coronavirus Relief package. The county program aid for counties will have a slight increase for all counties. At the present time, counties do not have levy limits. There have been no significant mandate reliefs for counties.

Budgeting Approach

The Winona County Board of Commissioners continues to use a three-prong approach to budgeting. The budget is balanced using an approach to reduce expenditures where possible, increase revenue sources, and use cash reserves.

All of these factors are being considered in preparing the Winona County budget for 2022.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Winona County's finances for those with an interest in the government's financial activities. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to Patrick Moga, Finance Director, 202 West Third Street, Winona, Minnesota 55987. The telephone number is 507-457-8820.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**WINONA COUNTY
WINONA, MINNESOTA**

EXHIBIT 1

**STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2020**

Assets

Cash and pooled investments	\$ 33,189,331
Petty cash and change funds	2,950
Taxes receivable – delinquent	370,223
Special assessments receivable – delinquent	32,766
Accounts receivable – net	450,380
Accrued interest receivable	45,436
Loans receivable	407,735
Due from other governments	9,064,157
Inventories	750,404
Prepaid items	98,225
Capital assets	
Non-depreciable	11,751,887
Depreciable – net of accumulated depreciation	<u>72,462,818</u>
Total Assets	<u>\$ 128,626,312</u>

Deferred Outflows of Resources

Deferred other postemployment benefits outflows	\$ 358,598
Deferred pension outflows	<u>2,417,758</u>
Total Deferred Outflows of Resources	<u>\$ 2,776,356</u>

Liabilities

Accounts payable	\$ 1,310,168
Salaries payable	319,343
Contracts payable	604,296
Due to other governments	655,659
Accrued interest payable	17,813
Customer deposits	15,625
Long-term liabilities	
Due within one year	692,347
Due in more than one year	12,659,791
Net pension liability	14,476,073
Other postemployment benefits liability	<u>2,955,580</u>
Total Liabilities	<u>\$ 33,706,695</u>

WINONA COUNTY
WINONA, MINNESOTA

EXHIBIT 1
(Continued)

STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2020

Deferred Inflows of Resources

Deferred other postemployment benefits inflows	\$	173,276
Deferred pension inflows		<u>2,226,763</u>
Total Deferred Inflows of Resources	\$	<u>2,400,039</u>

Net Position

Net investment in capital assets	\$	83,061,266
Restricted for		
General government		762,924
Public safety		653,219
Highways and streets		7,581,610
Debt service		285,777
Economic development		2,099,595
Conservation of natural resources		90,029
Unrestricted		<u>761,514</u>
Total Net Position	\$	<u>95,295,934</u>

**WINONA COUNTY
WINONA, MINNESOTA**

EXHIBIT 2

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Program Revenues</u>			Net (Expense) Revenue and Changes in Net Position	
	<u>Expenses</u>	<u>Fees, Charges, Fines, and Other</u>	<u>Operating Grants and Contributions</u>		<u>Capital Grants and Contributions</u>
<u>Functions/Programs</u>					
Primary government					
Governmental activities					
General government	\$ 10,929,734	\$ 1,550,896	\$ 582,674	\$ 5,483	\$ (8,790,681)
Public safety	8,038,467	-	631,145	-	(7,407,322)
Highways and streets	11,162,902	9,680	8,304,086	594,193	(2,254,943)
Sanitation	1,374,511	1,263,436	200,839	-	89,764
Human services	15,875,382	1,382,568	7,855,764	-	(6,637,050)
Health	1,314,417	81,668	975,108	-	(257,641)
Culture and recreation	371,789	2,295	-	-	(369,494)
Conservation of natural resources	816,370	50,473	412,860	-	(353,037)
Economic development	3,206,419	23,018	1,271,382	-	(1,912,019)
Interest	226,599	-	-	-	(226,599)
Total Governmental Activities	<u>\$ 53,316,590</u>	<u>\$ 4,364,034</u>	<u>\$ 20,233,858</u>	<u>\$ 599,676</u>	<u>\$ (28,119,022)</u>
General Revenues					
Property taxes					\$ 20,222,853
Mortgage registry and deed tax					47,994
Local option sales tax					3,166,561
Taxes – other					3,711
Payments in lieu of tax					329,650
Grants and contributions not restricted to specific programs					9,721,107
Unrestricted investment earnings					259,426
Miscellaneous					190,497
Gain on sale of capital assets					8,000
Total general revenues					<u>\$ 33,949,799</u>
Change in net position					\$ 5,830,777
Net Position – Beginning					<u>89,465,157</u>
Net Position – Ending					<u>\$ 95,295,934</u>

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

**WINONA COUNTY
WINONA, MINNESOTA**

EXHIBIT 3

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020**

	<u>General</u>	<u>Special Revenue Funds</u>		<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
		<u>Road and Bridge</u>	<u>Health and Human Services</u>			
<u>Assets</u>						
Cash and pooled investments	\$ 15,811,173	\$ 4,692,206	\$ 399,195	\$ 10,354,762	\$ 1,931,995	\$ 33,189,331
Petty cash and change funds	2,850	-	100	-	-	2,950
Taxes receivable – delinquent	231,181	24,043	99,040	8,475	7,484	370,223
Special assessments – delinquent	-	-	-	-	32,766	32,766
Accounts receivable – net	146,127	937	193,726	18,000	91,590	450,380
Accrued interest receivable	45,436	-	-	-	-	45,436
Loans receivable	85,187	-	-	-	322,548	407,735
Due from other funds	32,468	-	-	-	-	32,468
Due from other governments	1,449,910	6,455,979	1,194,362	-	728	9,100,979
Prepaid Items	-	-	-	98,225	-	98,225
Inventories	-	750,404	-	-	-	750,404
Total Assets	\$ 17,804,332	\$ 11,923,569	\$ 1,886,423	\$ 10,479,462	\$ 2,387,111	\$ 44,480,897
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>						
Liabilities						
Accounts payable	\$ 605,270	\$ 122,595	\$ 485,599	\$ 13,081	\$ 83,623	\$ 1,310,168
Salaries payable	169,637	27,431	118,180	-	4,095	319,343
Contracts payable	-	604,296	-	-	-	604,296
Due to other funds	5,169	-	64,121	-	-	69,290
Due to other governments	68,740	3,257	560,336	-	23,326	655,659
Customer deposits	15,625	-	-	-	-	15,625
Total Liabilities	\$ 864,441	\$ 757,579	\$ 1,228,236	\$ 13,081	\$ 111,044	\$ 2,974,381
Deferred Inflows of Resources						
Unavailable revenue	\$ 274,359	\$ 6,170,229	\$ 380,559	\$ 5,087	\$ 355,397	\$ 7,185,631

**WINONA COUNTY
WINONA, MINNESOTA**

**EXHIBIT 3
(Continued)**

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020**

	General	Special Revenue Funds		Capital Projects	Other Governmental Funds	Total
		Road and Bridge	Health and Human Services			
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>						
(Continued)						
Fund Balances						
Nonspendable						
Inventories	\$ -	\$ 750,404	\$ -	\$ -	\$ -	\$ 750,404
Prepays	-	-	-	98,225	-	98,225
Missing heirs	111,848	-	-	-	-	111,848
Loans receivable	85,188	-	-	-	-	85,188
Restricted for						
Debt service	-	-	-	-	285,777	285,777
Law library	121,451	-	-	-	-	121,451
Capital projects	-	-	-	9,859,719	-	9,859,719
Recorder's unallocated equipment purchases	91,543	-	-	-	-	91,543
Recorder's equipment purchases	456,459	-	-	-	-	456,459
Enhanced 911	287,597	-	-	-	-	287,597
Criminal justice coordination council	2,486	-	-	-	-	2,486
Restorative justice	38,743	-	-	-	-	38,743
Sheriff's contingency	5,000	-	-	-	-	5,000
Sheriff's forfeited property	11,355	-	-	-	-	11,355
Attorney's forfeited property	77,188	-	-	-	-	77,188
Explorer post	332	-	-	-	-	332
Police dog donations	6,636	-	-	-	-	6,636
Permits to carry	303,888	-	-	-	-	303,888
Local option sales tax projects	-	2,442,862	-	-	-	2,442,862
Drug court	10,704	-	-	-	-	10,704
Covid relief funding	1,003,157	-	-	-	-	1,003,157
Aquatic invasive species	90,029	-	-	-	-	90,029
SE wellness grant	2,761	-	-	-	-	2,761
Economic development	-	-	-	-	1,096,438	1,096,438
Assigned						
Highways and streets	-	1,802,495	-	-	-	1,802,495
Capital improvements	-	-	-	503,350	-	503,350
Health and human services	-	-	277,628	-	-	277,628
Recycling and solid waste	-	-	-	-	538,455	538,455
Tobacco settlement	55,371	-	-	-	-	55,371
Unassigned	13,903,796	-	-	-	-	13,903,796
Total Fund Balances	\$ 16,665,532	\$ 4,995,761	\$ 277,628	\$ 10,461,294	\$ 1,920,670	\$ 34,320,885
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 17,804,332	\$ 11,923,569	\$ 1,886,423	\$ 10,479,462	\$ 2,387,111	\$ 44,480,897

**WINONA COUNTY
WINONA, MINNESOTA**

EXHIBIT 4

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO
THE GOVERNMENT-WIDE STATEMENT OF NET POSITION—GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2020**

Fund balances – total governmental funds (Exhibit 3)		\$ 34,320,885
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		84,214,705
Deferred outflows of resources resulting from pension and other postemployment benefits obligations are not available resources and, therefore, are not reported in the governmental funds.		2,776,356
Other long-term assets are not available to pay for current period expenditures and, therefore, are unavailable in the governmental funds.		7,185,631
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
General obligation bonds	\$ (10,463,697)	
Capital leases payable	(310,406)	
Other postemployment benefits liability	(2,955,580)	
Net pension liability	(14,476,073)	
Accrued interest payable	(17,813)	
Compensated absences	<u>(2,578,035)</u>	(30,801,604)
Deferred inflows resulting from pension and other postemployment obligations are not due and payable in the current period and, therefore, are not reported in the governmental funds.		<u>(2,400,039)</u>
Net Position of Governmental Activities (Exhibit 1)		<u>\$ 95,295,934</u>

**WINONA COUNTY
WINONA, MINNESOTA**

EXHIBIT 5

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	General	Special Revenue Funds		Capital Projects	Other Governmental Funds	Total
		Road and Bridge	Health and Human Services			
Revenues						
Taxes	\$ 12,942,247	\$ 4,348,521	\$ 5,424,301	\$ 462,758	\$ 272,146	\$ 23,449,973
Special assessments	-	-	-	-	518,925	518,925
Licenses and permits	195,558	-	19,100	-	1,725	216,383
Intergovernmental	11,724,504	6,315,156	9,629,673	13,927	214,183	27,897,443
Charges for services	1,539,494	291	1,103,482	-	739,439	3,382,706
Fines and forfeits	10,758	-	-	-	-	10,758
Gifts and contributions	17,095	-	60	-	-	17,155
Investment earnings	259,632	-	-	541	16,495	276,668
Miscellaneous	287,525	71,160	345,176	18,000	426,631	1,148,492
Total Revenues	\$ 26,976,813	\$ 10,735,128	\$ 16,521,792	\$ 495,226	\$ 2,189,544	\$ 56,918,503
Expenditures						
Current						
General government	\$ 10,532,801	\$ 50,875	\$ -	\$ 127,039	\$ -	\$ 10,710,715
Public safety	8,172,994	-	-	448,905	-	8,621,899
Highways and streets	-	11,447,147	-	190,482	-	11,637,629
Sanitation	-	-	-	-	1,354,793	1,354,793
Human services	130,781	-	15,815,045	-	-	15,945,826
Health	-	-	1,324,925	-	-	1,324,925
Culture and recreation	112,905	-	-	-	-	112,905
Conservation of natural resources	820,593	-	-	-	-	820,593
Economic development	3,206,419	-	-	-	-	3,206,419
Intergovernmental						
Highways and streets	-	303,233	-	-	-	303,233
Regional library	258,884	-	-	-	-	258,884
Debt service						
Principal	25,813	12,312	-	-	260,000	298,125
Interest	1,266	913	-	-	15,150	17,329
Bond issuance costs	-	-	-	195,625	-	195,625
Administrative (fiscal) charges	-	-	-	-	3,050	3,050
Total Expenditures	\$ 23,262,456	\$ 11,814,480	\$ 17,139,970	\$ 962,051	\$ 1,632,993	\$ 54,811,950
Excess of Revenues Over (Under) Expenditures	\$ 3,714,357	\$ (1,079,352)	\$ (618,178)	\$ (466,825)	\$ 556,551	\$ 2,106,553

**WINONA COUNTY
WINONA, MINNESOTA**

**EXHIBIT 5
(Continued)**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	General	Special Revenue Funds		Capital Projects	Other Governmental Funds	Total
		Road and Bridge	Health and Human Services			
Other Financing Sources (Uses)						
Transfers in	\$ 104,848	\$ -	\$ 597,412	\$ -	\$ -	\$ 702,260
Transfers out	(597,412)	(15,293)	(17,587)	-	(71,968)	(702,260)
Capital leases issued	-	30,858	-	274,473	-	305,331
Bonds issued	-	-	-	9,610,000	-	9,610,000
Premium on bonds issued	-	-	-	588,697	-	588,697
Proceeds from sale of capital assets	-	8,000	-	-	-	8,000
Total Other Financing Sources (Uses)	\$ (492,564)	\$ 23,565	\$ 579,825	\$ 10,473,170	\$ (71,968)	\$ 10,512,028
Change in Fund Balance	\$ 3,221,793	\$ (1,055,787)	\$ (38,353)	\$ 10,006,345	\$ 484,583	\$ 12,618,581
Fund Balance – January 1	13,443,739	5,890,121	315,981	454,949	1,436,087	21,540,877
Increase (decrease) in inventories	-	161,427	-	-	-	161,427
Fund Balance – December 31	\$ 16,665,532	\$ 4,995,761	\$ 277,628	\$ 10,461,294	\$ 1,920,670	\$ 34,320,885

**WINONA COUNTY
WINONA, MINNESOTA**

EXHIBIT 6

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES—GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020**

Net change in fund balance – total governmental funds (Exhibit 5) \$ 12,618,581

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

In the funds, under the modified accrual basis, receivables not available for expenditure are unavailable. In the statement of activities, those revenues are recognized when earned. The adjustment to revenue between the fund statements and the statement of activities is the increase or decrease in unavailable revenue.

Unavailable revenue – December 31	\$ 7,185,631	
Unavailable revenue – January 1	<u>(4,965,731)</u>	2,219,900

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In the statement of activities, the gain or loss on the disposal of assets is reported; in the governmental funds, proceeds from the sale increase financial resources. The difference is the net book value of the assets sold.

Expenditures for general capital assets and infrastructure	\$ 2,479,347	
Net book value of assets disposed of	(18,400)	
Current depreciation	<u>(2,195,271)</u>	265,676

Issuing long-term debt provides current financial resources to governmental funds, while the repayment of debt consumes current financial resources. Neither transaction, however, has any effect on net position.

Proceeds of new debt		
General obligation bonds issued	\$ (10,198,697)	
Capital lease issued	<u>(305,331)</u>	(10,504,028)

Principal repayments		
General obligation bonds	\$ 260,000	
Capital lease	<u>39,980</u>	299,980

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in other postemployment benefits liability	\$ (394,348)	
Change in accrued interest payable	(12,450)	
Change in compensated absences	(70,693)	
Change in net pension liability	(1,732,660)	
Change in pension and other postemployment benefits deferred outflows of resources	(96,882)	
Change in pension and other postemployment benefits deferred inflows of resources	3,076,274	
Change in inventories	<u>161,427</u>	<u>930,668</u>

Change in Net Position of Governmental Activities (Exhibit 2) \$ 5,830,777

FIDUCIARY FUNDS

**WINONA COUNTY
WINONA, MINNESOTA**

EXHIBIT 7

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2020**

	HC Garvin Private-Purpose Trust	Custodial Funds
<u>Assets</u>		
Cash and pooled investments	\$ -	\$ 1,389,245
Investments	47,715	-
Taxes receivable for other governments	-	804,996
Due from other funds	-	36,822
	\$ 47,715	\$ 2,231,063
<u>Liabilities</u>		
Due to other governments	\$ -	\$ 1,157,760
<u>Deferred Inflows of Resources</u>		
Prepaid Taxes	\$ -	\$ 110,209
<u>Net Position</u>		
Restricted for		
Individuals, organizations, other governments	\$ -	\$ 963,094
Net position, held in trust	47,715	-
	\$ 47,715	\$ 963,094

**WINONA COUNTY
WINONA, MINNESOTA**

EXHIBIT 8

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	HC Garvin Private-Purpose Trust	Custodial Funds
<u>Additions</u>		
Interest on investments	\$ 535	\$ -
Contributions from individuals	-	199,954
Property tax collections for other governments	-	60,987,772
Fees collected for state	-	2,119,682
Payments from state	-	166,884
	\$ 535	\$ 63,474,292
<u>Deductions</u>		
Payments in accordance with trust agreements	\$ 535	\$ -
Payments of property taxes to other governments	-	61,162,382
Payments to state	-	2,119,682
Payments to other entities	-	357,196
	\$ 535	\$ 63,639,260
Change in net position	\$ -	\$ (164,968)
Net Position – January 1, as restated (Note 1.E)	47,715	1,128,062
Net Position – December 31	\$ 47,715	\$ 963,094

**WINONA COUNTY
WINONA, MINNESOTA**

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2020

1. Summary of Significant Accounting Policies

The County’s financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) for the year ended December 31, 2020. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the County are discussed below.

A. Financial Reporting Entity

Winona County was established February 22, 1854, when Fillmore County was divided, and is an organized county having the powers, duties, and privileges granted counties by Minn. Stat. ch. 373. As required by accounting principles generally accepted in the United States of America, these financial statements present Winona County. The County is governed by a five-member Board of Commissioners elected from districts within the County. The Board is organized with a chair and vice chair elected at the annual meeting in January of each year. The County Administrator, appointed by the County Board, serves as the clerk of the Board of Commissioners, but has no vote.

Component Units

Blended component units are legally separate organizations so intertwined with the County that they are, in substance, the same as the County and, therefore, are reported as if they were part of the County.

<u>Component Unit</u>	<u>Component Unit Included in Reporting Entity Because</u>	<u>Separate Financial Statements</u>
The Winona County Economic Development Authority (EDA) provides for development within the County pursuant to Minn. Stat. § 469.1082.	The County appoints the EDA Board members, and management of the County has operational responsibility.	Separate financial statements are not prepared.

**WINONA COUNTY
WINONA, MINNESOTA**

1. Summary of Significant Accounting Policies

A. Financial Reporting Entity (Continued)

Joint Ventures, Jointly-Governed Organizations, and Related Organization

The County participates in joint ventures described in Note 4.C. The County also participates in jointly-governed organizations and a related organization described in Note 4.D and Note 4.E, respectively.

B. Basic Financial Statements

1. Government-Wide Statements

The government-wide financial statements (the statement of net position and the statement of activities) display information about the primary government. These statements include the financial activities of the overall County government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Governmental activities are activities normally supported by taxes and intergovernmental revenues. The County has no business-type activities to report.

In the government-wide statement of net position, the governmental activities column is presented on a consolidated basis and is reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

Winona County's net position is reported in three parts: (1) net investment in capital assets, (2) restricted net position, and (3) unrestricted net position. The County first utilizes restricted resources to finance qualifying activities.

The statement of activities demonstrates the degree to which the direct expenses of each function of the County's governmental activities are offset by program revenues. Direct expenses are those clearly identifiable with a specific function or activity. Program revenues include: (1) fees, fines, and charges paid by the recipients of goods, services, or privileges provided by a given function or activity; and (2) grants and contributions restricted to meeting the operational or capital requirements of a particular function or activity. Revenues not classified as program revenues, including all taxes, are presented as general revenues. The County does not allocate indirect expenses to functions within the financial statements.

**WINONA COUNTY
WINONA, MINNESOTA**

1. Summary of Significant Accounting Policies

B. Basic Financial Statements (Continued)

2. Fund Financial Statements

The fund financial statements provide information about the County's funds, including its fiduciary funds and blended component unit. Separate statements for each fund category—governmental and fiduciary—are presented. The emphasis of governmental fund financial statements is on major individual governmental funds, with each displayed as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor funds.

The County reports the following major governmental funds:

The General Fund is the County's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

The Road and Bridge Special Revenue Fund accounts for restricted revenues from the federal and state government, as well as property tax revenues used for the construction and maintenance of roads, bridges, and other projects affecting County roadways.

The Health and Human Services Special Revenue Fund accounts for restricted revenues from the federal and state government, and other oversight agencies, as well as property tax revenues used for economic assistance and community social services programs.

The Capital Projects Fund accounts for financial resources for capital acquisition, construction, or improvement of capital facilities.

Additionally, the County reports the following fund types:

The Debt Service Fund accounts for all financial resources restricted for the payment of principal, interest, and related costs of long-term bonded debt.

**WINONA COUNTY
WINONA, MINNESOTA**

1. Summary of Significant Accounting Policies

B. Basic Financial Statements

2. Fund Financial Statements (Continued)

The Private-Purpose Trust Fund accounts for resources legally held in trust for others.

Custodial funds are custodial in nature and do not present results of operations or have a measurement focus. These funds account for assets that the County holds for others in an agent capacity.

C. Measurement Focus and Basis of Accounting

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. 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. Winona County considers all revenues to be available if collected within 60 days after the end of the current period. Property and other taxes, licenses, and interest are all considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent that they have matured. Issuances of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

**WINONA COUNTY
WINONA, MINNESOTA**

1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity

1. Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the County Auditor/Treasurer for the purpose of increasing earnings through investment activities. Pooled and fund investments are reported at their fair value at December 31, 2020. A market approach is used to value all investments other than external investment pools, which are measured at the net asset value or fair value per share. Pursuant to Minn. Stat. § 385.07, investment earnings on cash and pooled investments are credited to the General Fund.

Winona County invests in an external investment pool, the Minnesota Association of Governments Investing for Counties (MAGIC) Fund, which is created under a joint powers agreement pursuant to Minn. Stat. § 471.59. The investment in the pool is measured at the net asset value per share provided by the pool.

Other funds received investment earnings based on other state statutes, grant agreements, contracts, and bond covenants. Pooled investment earnings for 2020 were \$257,793.

2. Receivables and Payables

Activity between funds representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either “due to/from other funds” (the current portion of interfund loans) or “advances to/from other funds” (the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.”

Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources. There were no advances in 2020.

**WINONA COUNTY
WINONA, MINNESOTA**

1. Summary of Significant Accounting Policies

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity

2. Receivables and Payables (Continued)

Property taxes are levied as of January 1 on property values assessed as of the same date. The tax levy notice is mailed in March with the first half payment due May 15 and the second half payment due October 15. Unpaid taxes at December 31 become liens on the respective property and are classified in the financial statements as delinquent taxes receivable.

Accounts receivable is shown net of an allowance for uncollectible balances.

3. Inventories and Prepaid Items

All inventories are valued at cost using an average cost method. Inventories in governmental funds are recorded as expenditures when purchased rather than when consumed. Inventories at the government-wide level are recorded as expenses when consumed.

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.

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (such as roads, bridges, and similar items), are reported in the governmental activities column in the government-wide financial statements. Capital assets, as defined by the government, are assets with an initial, individual cost of more than \$50,000, except for infrastructure and federal awards purchases, which are capitalized when more than \$5,000, and land and construction in progress are capitalized regardless of cost, and are assets with an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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.

**WINONA COUNTY
WINONA, MINNESOTA**

1. Summary of Significant Accounting Policies

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity

4. Capital Assets (Continued)

Property, plant, and equipment of the County are depreciated using the straight-line method over the following estimated useful lives:

<u>Capital Asset Category</u>	<u>Useful Life (Years)</u>
Building and building improvements	40 - 100
Machinery and equipment	5 - 15
Firearms and computer equipment	5
Maintenance equipment	5
Transportation equipment	5 - 40
Vehicles	5 - 10
Boats and trailers	20
Heavy construction equipment	15 - 30
Furniture and fixtures	20
Infrastructure	
Roads	50
Bridges	75

5. Compensated Absences

The liability for compensated absences reported in the financial statements consists of unpaid, accumulated annual, vacation, compensatory time, and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. Compensated absences are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The current portion is calculated using the average percentage of employee turnovers in the current and prior years.

**WINONA COUNTY
WINONA, MINNESOTA**

1. Summary of Significant Accounting Policies

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity
(Continued)

6. Unearned Revenue

All County funds and the government-wide financial statements defer revenue for resources that have been received, but not yet earned. There was no unearned revenue in 2020.

7. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expenditure/expense) until then. The County reports deferred outflows of resources only under the full accrual basis of accounting associated with pension plans and other postemployment benefits (OPEB) and, accordingly, are reported only in the statement of net position.

**WINONA COUNTY
WINONA, MINNESOTA**

1. Summary of Significant Accounting Policies

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity

8. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has two types of deferred inflows. The governmental funds report unavailable revenue from delinquent taxes receivable and grant receivables. Unavailable revenue arises only under the modified accrual basis of accounting and, accordingly, is reported only in the governmental funds balance sheet. The unavailable amount is deferred and recognized as an inflow of resources in the period the amount becomes available. The County also reports deferred inflows of resources associated with pension benefits and other postemployment benefits (OPEB). These inflows arise only under the full accrual basis of accounting and, accordingly, are reported only in the statement of net position.

9. Pension Plan

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/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. Plan investments are reported at fair value. Pension liability is liquidated from member and employer contributions by each fund with personal services and income from the investment of fund assets as administered by PERA.

10. Classification of Net Position

Net position in the government-wide financial statements is classified in the following categories:

**WINONA COUNTY
WINONA, MINNESOTA**

1. Summary of Significant Accounting Policies

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity

10. Classification of Net Position (Continued)

Net investment in capital assets – the amount of net position representing capital assets, net of accumulated depreciation, and reduced by outstanding debt attributed to the acquisition, construction, or improvement of the assets.

Restricted net position – the amount of net position for which external restrictions have been imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – the amount of net position that does not meet the definition of restricted or net investment in capital assets.

11. Classification of Fund Balances

Fund balance is divided into five classifications based primarily on the extent to which the County is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable – amounts that cannot be spent because they are not in spendable form or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

Restricted – amounts for which constraints have been placed on the use of resources either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation.

Committed – amounts that can be used only for the specific purposes imposed by formal action (resolution) of the County Board. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.

**WINONA COUNTY
WINONA, MINNESOTA**

1. Summary of Significant Accounting Policies

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity

11. Classification of Fund Balances (Continued)

Assigned – amounts the County intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the County Board or the County Administrator who has been delegated that authority by Board resolution.

Unassigned – unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other fund balance classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted or committed.

The County applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Minimum Fund Balance Policy

Winona County has adopted a Minimum Fund Balance Policy. Winona County shall maintain a minimum unrestricted fund balance for all funds, excluding fiduciary (trust and pension), special revenue, debt service, and permanent funds, of approximately five months of projected operating expenditures.

**WINONA COUNTY
WINONA, MINNESOTA**

1. Summary of Significant Accounting Policies

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (Continued)

12. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources; and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

E. Change in Accounting Principles

During the year ended December 31, 2020, the County adopted new accounting guidance by implementing the provisions of GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying and reporting fiduciary activities. The implementation of this statement has resulted in changing the presentation of the financial statements by including accruals and ending net position to custodial funds not previously required. Beginning net position has been restated to reflect this change.

	<u>Custodial Funds</u>
Net Position, January 1, 2020, as previously reported	\$ -
Change in accounting principles	<u>1,128,062</u>
Net Position, January 1, 2020, as restated	<u><u>\$ 1,128,062</u></u>

2. Stewardship, Compliance, and Accountability

Excess of Expenditures Over Budget

The Capital Projects Fund expenditures of \$962,051 exceeded the final budget of \$570,130 by \$391,921 due to the purchase of radios and Highway equipment that was paid in 2020.

**WINONA COUNTY
WINONA, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

Reconciliation of the County's total deposits, cash on hand, and investments to the basic financial statements follows:

Government-wide statement of net position	
Governmental activities	
Cash and pooled investments	\$ 33,189,331
Petty cash and change funds	2,950
Statement of fiduciary net position	
Private-purpose trust	
Investments	47,715
Custodial	
Cash and pooled investments	<u>1,389,245</u>
Total Cash and Investments	<u>\$ 34,629,241</u>
Deposits	<u>\$ 11,757,352</u>
Petty cash and change funds	<u>\$ 2,950</u>
Investments	
Negotiable securities	\$ 3,738,727
Mutual funds	<u>19,130,212</u>
Total investments	<u>\$ 22,868,939</u>
Total Deposits, Petty Cash and Change Funds, and Investments	<u>\$ 34,629,241</u>

a. Deposits

The County is authorized by Minn. Stat. §§ 118A.02 and 118A.04 to designate a depository for public funds and to invest in certificates of deposit. The County is required by Minn. Stat. § 118A.03 to protect deposits with insurance, surety bond, or collateral. The market value of collateral pledged shall be at least ten percent more than the amount on deposit at the close of the financial institution's banking day, not covered by insurance or bonds.

**WINONA COUNTY
WINONA, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

a. Deposits (Continued)

Authorized collateral includes treasury bills, notes and bonds; issues of U.S. government agencies; general obligations rated “A” or better and revenue obligations rated “AA” or better; irrevocable standby letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution not owned or controlled by the financial institution furnishing the collateral.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the County’s deposits may not be returned to it. The County’s policy is to follow state law, which requires that all deposits be insured or collateralized. As of December 31, 2020, the County’s deposits were not exposed to custodial credit risk.

b. Investments

The County may invest in the following types of investments as authorized by Minn. Stat. §§ 118A.04 and 118A.05:

- (1) securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as “high risk” by Minn. Stat. § 118A.04, subd. 6;
- (2) mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;

**WINONA COUNTY
WINONA, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

b. Investments (Continued)

- (3) general obligations of the State of Minnesota and its municipalities, and in certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by a national bond rating service;
- (4) bankers' acceptances of United States banks;
- (5) commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by two nationally recognized rating agencies and matures in 270 days or less; and
- (6) with certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. The County's investment policy is to invest in both short-term and long-term investments to limit exposure to interest rate risk. The County's investments with specified maturity dates mature as follows:

<u>Maturity</u>	
Less than three years	100%

**WINONA COUNTY
WINONA, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

b. Investments

Interest Rate Risk (Continued)

At December 31, 2020, the County had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1 to 3 Years</u>
Investments subject to interest rate risk			
Negotiable securities	\$ 3,738,727	<u>\$ 3,228,757</u>	<u>\$ 509,970</u>
Investments not subject to interest rate risk			
MAGIC Portfolio	8,191,598		
Money market mutual funds	<u>10,938,614</u>		
Total Investments	<u>\$ 22,868,939</u>		

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. It is the County's policy to invest only in securities that meet the ratings requirements set by state statute.

**WINONA COUNTY
WINONA, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

b. Investments

Credit Risk (Continued)

The County's exposure to credit risk as of December 31, 2020, is as follows:

AAA	\$ 10,938,614
Not rated	8,191,598
Not applicable	<u>3,738,727</u>
Total	<u>\$ 22,868,939</u>

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities in the possession of an outside party. The County's investment policy limits the dollar amount invested in securities that are uninsured, are not registered in the name of the government, and are held by either (a) the counterparty or (b) the counterparty's trust department or agent but not in the government's name to no more than ten percent at any time during the year. As of December 31, 2020, none of the County's investments were exposed to custodial credit risk.

Concentration of Credit Risk

The concentration of credit risk is the risk of loss that may be caused by the County's investment in a single issuer. It is the County's policy that U.S. Treasury securities, U.S. agency securities, and obligations backed by U.S. Treasury and/or U.S. agency securities, may be held without limit. There are no investments in a single issuer that have more than a five percent concentration of total investments.

**WINONA COUNTY
WINONA, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

b. Investments (Continued)

Fair Value Measurement

The County measures and records its investments using fair value measurement guidelines established by accounting principles generally accepted in the United States of America. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than quoted market prices; and
- *Level 3:* Unobservable inputs.

At December 31, 2020, the County had the following recurring fair value measurements.

	December 31, 2020	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value Level				
Debt securities				
Negotiable certificates of deposit	\$ 3,738,727	\$ -	\$ 3,738,727	\$ -
Investments measured at the net asset value (NAV)				
MAGIC Portfolio	\$ 8,191,598			
Money market mutual funds	10,938,614			
Total Investments measured at the NAV	\$ 19,130,212			

**WINONA COUNTY
WINONA, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

b. Investments

Fair Value Measurement (Continued)

All Level 2 debt securities are valued using a market approach based on the securities' relationship to benchmark quoted prices.

MAGIC is a local government investment pool which is quoted as a NAV. The County invests in this pool for the purpose of the joint investment of the County's money with those of other counties to enhance the investment earnings accruing to each member.

MAGIC Portfolio is valued using amortized costs. Shares of the MAGIC Portfolio are available to be redeemed upon proper notice without restrictions under normal operating conditions. There are no limits to the number of redemptions that can be made as long as the County has a sufficient number of shares to meet the redemption request. The Fund's Board of Trustees can suspend the right of withdrawal or postpone the date of payment if the Trustees determine that there is an emergency that makes the sale of a Portfolio's securities or determination of its NAV not reasonably practical.

The County invests in money market funds for the benefit of liquid investments that can be readily re-invested or made available for use. Money market funds held by the County seek a constant NAV of \$1.00 per share. The money market fund reserves the right to require one or more days' prior notice before permitting withdrawals.

**WINONA COUNTY
WINONA, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets (Continued)

2. Receivables

Receivables as of December 31, 2020, for Winona County's governmental activities, including the applicable allowances for uncollectibles (Health and Human Services Special Revenue Fund and General Fund) accounts, are as follows:

	<u>Receivable (Gross)</u>	<u>Less: Allowance for Uncollectibles</u>	<u>Total Receivables</u>	<u>Amounts Not Scheduled for Collection During the Subsequent Year</u>
Governmental Activities				
Taxes	\$ 370,223	\$ -	\$ 370,223	\$ -
Special assessments	32,766	-	32,766	-
Accounts	8,123,498	(7,673,118)	450,380	-
Interest	45,436	-	45,436	-
Loans receivable	407,735	-	407,735	235,422
Due from other governments	<u>9,064,157</u>	<u>-</u>	<u>9,064,157</u>	<u>-</u>
 Total Governmental Activities	 <u>\$ 18,043,815</u>	 <u>\$ (7,673,118)</u>	 <u>\$ 10,370,697</u>	 <u>\$ 235,422</u>

The principal and interest payments received from the 2007 disaster loans must be used to establish and maintain a revolving loan fund to further economic development in the County. The County has loaned out \$322,548 from the revolving loan fund.

Winona County received a broadband grant to install broadband in the Cedar Valley area. A vendor installed the broadband, and the County provided a \$100,000 match that will be paid back by the users. At the present time, \$85,187 is still outstanding.

**WINONA COUNTY
WINONA, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets (Continued)

3. Capital Assets

Capital asset activity for the year ended December 31, 2020, was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 6,359,129	\$ 2,812	\$ -	\$ 6,361,941
Construction in progress	3,289,043	2,100,903	-	5,389,946
Total capital assets not depreciated	\$ 9,648,172	\$ 2,103,715	\$ -	\$ 11,751,887
Capital assets depreciated				
Buildings	\$ 25,370,745	\$ -	\$ -	\$ 25,370,745
Improvements other than buildings	485,641	-	-	485,641
Machinery, furniture, and equipment	10,444,908	375,632	304,408	10,516,132
Infrastructure	75,824,278	-	-	75,824,278
Total capital assets depreciated	\$ 112,125,572	\$ 375,632	\$ 304,408	\$ 112,196,796
Less: accumulated depreciation for				
Buildings	\$ 5,141,478	\$ 269,604	\$ -	\$ 5,411,082
Improvements other than buildings	294,261	9,386	-	303,647
Machinery, furniture, and equipment	7,570,714	498,267	286,008	7,782,973
Infrastructure	24,818,262	1,418,014	-	26,236,276
Total accumulated depreciation	\$ 37,824,715	\$ 2,195,271	\$ 286,008	\$ 39,733,978
Total capital assets depreciated, net	\$ 74,300,857	\$ (1,819,639)	\$ 18,400	\$ 72,462,818
Capital Assets, Net	\$ 83,949,029	\$ 284,076	\$ 18,400	\$ 84,214,705

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities	
General government	\$ 259,791
Public safety	151,807
Highways and streets, including depreciation of infrastructure assets	1,777,819
Health	114
Sanitation	3,862
Conservation of natural resources	1,878
Total Depreciation Expense – Governmental Activities	\$ 2,195,271

**WINONA COUNTY
WINONA, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

B. Interfund Receivables, Payables, and Transfers

1. Due To/From Other Funds

The composition of interfund balances as of December 31, 2020, is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Health and Human Services Special Revenue Fund	\$ 32,468
State Revenue Custodial Fund	General Fund	5,169
Collaborative Custodial Fund	Health and Human Services Special Revenue Fund	31,653
Total Due To/From Other Funds		\$ 69,290

These balances reflect the interfund goods and services provided and not paid at year-end but expected to be paid in the subsequent year.

2. Interfund Transfers

Interfund transfers for the year ended December 31, 2020, consisted of the following:

Fund From	Fund To	Amount	
Road and Bridge Special Revenue Fund	General Fund	\$ 17,587	Transfer retiree insurance
Health and Human Services Special Revenue Fund	General Fund	15,293	Transfer retiree insurance
Recycling and Solid Waste Special Revenue Fund	General Fund	71,968	Transfer for rent
General Fund	Health and Human Services Special Revenue Fund	597,412	Transfer for operations
Total Transfers		\$ 702,260	

**WINONA COUNTY
WINONA, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

C. Liabilities

1. Construction Commitments

The government has active construction projects as of December 31, 2020. The projects include the following:

	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Governmental Activities		
Roads and bridges	\$ 9,943,076	\$ 1,575,252

2. Compensated Absences

Employees have the option to take a cash payout or to opt for the other postemployment benefits option. Employees who leave in good standing with more than ten years of service and who have a minimum accumulation of 920 hours of unused sick leave may opt for a cash option. This option does not apply to the Professionals Union, department heads, and nonunion employees.

The value of the compensated absences cash payout option for eligible employees at the end of 2020 is \$858,371. For governmental activities, compensated absences are liquidated by the General Fund and the Road and Bridge, Health and Human Services, and Recycling and Solid Waste Special Revenue Funds.

**WINONA COUNTY
WINONA, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities (Continued)

3. Long-Term Debt

Bonds

Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2020
General obligation bonds					
2010 G.O. Capital Improvement Plan Bonds	2021	\$225,000 - \$265,000	2.00 - 4.00	\$ 2,400,000	\$ 265,000
2020 G.O. Jail Bonds	2046	\$280,000 - \$495,000	2.00 - 3.00	9,610,000	9,610,000
Subtotal				<u>\$ 12,010,000</u>	9,875,000
Plus: unamortized premiums					<u>588,697</u>
Total General Obligation Bonds					<u>\$ 10,463,697</u>

Debt payments for the above debt are being made from the Debt Service Fund.

Capital Leases

The County has entered into lease agreements as lessee for financing the acquisition of certain equipment. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date. The capital leases consist of the following at December 31, 2020.

	Maturity	Installment	Payment Amount	Original	Balance
Survey Equipment	2022	Yearly	6,414	\$ 25,636	\$ 11,885
Survey Equipment	2024	Yearly	6,810	30,858	24,048
Radios	2023	Yearly	98,225	<u>274,473</u>	<u>274,473</u>
Total				<u>\$ 330,967</u>	<u>\$ 310,406</u>

**WINONA COUNTY
WINONA, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities

3. Long-Term Debt (Continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2020, were as follows:

Year Ending December 31	Governmental Activities
2021	\$ 111,449
2022	111,449
2023	105,035
2024	6,810
Less: amount representing interest	(24,337)
Present Value of Minimum Lease Payments	\$ 310,406

The lease for the radio equipment is paid from the General Fund, and the survey equipment is paid from the Road and Bridge Special Revenue Fund.

4. Debt Service Requirements

Debt service requirements at December 31, 2020, were as follows:

Year Ending December 31	General Obligation Revenue Bonds	
	Principal	Interest
2021	\$ 265,000	\$ 224,007
2022	280,000	224,315
2023	285,000	215,915
2024	295,000	207,365
2025	305,000	198,515
2026-2030	1,665,000	849,775
2031-2035	1,895,000	622,775
2036-2040	2,085,000	425,875
2041-2045	2,305,000	205,720
2046	495,000	11,138
Total	\$ 9,875,000	\$ 3,185,400

**WINONA COUNTY
WINONA, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities (Continued)

5. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2020, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds payable					
General obligation bonds	\$ 525,000	\$ 9,610,000	\$ 260,000	\$ 9,875,000	\$ 265,000
Plus: deferred amounts for premiums	-	588,697	-	588,697	-
Total bonds payable	525,000	10,198,697	260,000	10,463,697	265,000
Capital leases payable	45,055	305,331	39,980	310,406	99,177
Compensated absences	2,507,342	1,426,221	1,355,528	2,578,035	328,170
Governmental Activities Long-Term Liabilities	<u>\$ 3,077,397</u>	<u>\$ 11,930,249</u>	<u>\$ 1,655,508</u>	<u>\$ 13,352,138</u>	<u>\$ 692,347</u>

6. Conduit Debt

The Southeast Minnesota Multi-County Housing and Redevelopment Authority (HRA) issued \$2,095,000 Housing Development Revenue Refunding Bonds (Winona County, Minnesota Unlimited Tax General Obligation), Series 2016A, on October 12, 2016. The purpose of the issuance was to refund the HRA's \$1,960,000 Housing Development Revenue Refunding Bonds (Winona County, Minnesota Unlimited Tax General Obligation), Series 2007A.

D. Deferred Outflows/Inflows of Resources

1. Deferred Outflows

Governmental funds did not report deferred outflows of resources for the year ended December 31, 2020.

**WINONA COUNTY
WINONA, MINNESOTA**

3. Detailed Notes on All Funds

D. Deferred Outflows/Inflows of Resources (Continued)

2. Deferred Inflows

As of December 31, 2020, there were various components of unavailable revenue as follows:

Taxes	\$ 223,945
Special assessments	27,428
Intergovernmental	6,474,411
Loans receivable	322,548
Miscellaneous	<u>137,299</u>
Total Unavailable Revenue	<u>\$ 7,185,631</u>

E. Pension Plans

1. Defined Benefit Pension Plans

a. Plan Description

All full-time and certain part-time employees of Winona County are covered by defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Plan (the General Employees Plan), the Public Employees Police and Fire Plan (the Police and Fire Plan), and the Public Employees Local Government Correctional Service Retirement Plan (the Correctional Plan), which are cost-sharing, multiple-employer retirement plans. These plans are established and administered in accordance with Minn. Stat. chs. 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

The General Employees Plan (accounted for in the General Employees Fund) has multiple benefit structures with members belonging to the Coordinated Plan, the Basic Plan, or the Minneapolis Employees Retirement Fund. Coordinated Plan members are covered by Social Security, and the Basic Plan and Minneapolis Employees Retirement Fund members are not. The Basic Plan was closed to new members in 1967. The Minneapolis Employees Retirement

**WINONA COUNTY
WINONA, MINNESOTA**

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

a. Plan Description (Continued)

Fund was closed to new members during 1978 and merged into the General Employees Plan in 2015. All new members must participate in the Coordinated Plan, for which benefits vest after five years of credited service. No Winona County employees belong to either the Basic Plan or the Minneapolis Employees Retirement Fund.

Police officers, firefighters, and peace officers who qualify for membership by statute are covered by the Police and Fire Plan (accounted for in the Police and Fire Fund). For members first hired after June 30, 2010, but before July 1, 2014, benefits vest on a prorated basis starting with 50 percent after five years and increasing ten percent for each year of service until fully vested after ten years. Benefits for members first hired after June 30, 2014, vest on a prorated basis from 50 percent after ten years and increasing five percent for each year of service until fully vested after 20 years.

Local government employees of a county-administered facility who are responsible for the direct security, custody, and control of the county correctional facility and its inmates are covered by the Correctional Plan (accounted for in the Correctional Fund). For members hired after June 30, 2010, benefits vest on a prorated basis starting with 50 percent after five years and increasing ten percent for each year of service until fully vested after ten years.

b. Benefits Provided

PERA provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefit provisions are established by state statute and can be modified only by the state legislature. Benefit increases are provided to benefit recipients each January.

**WINONA COUNTY
WINONA, MINNESOTA**

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

b. Benefits Provided (Continued)

General Employees Plan benefit recipients will receive a post-retirement increase equal to 50 percent of the cost of living adjustment announced by the Social Security Administration, with a minimum increase of at least 1.00 percent and maximum of 1.50 percent. 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. 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 the Rule of 90 are exempt from the delay to normal retirement.

Police and Fire Plan benefit recipients will receive a 1.00 percent post-retirement increase. 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. 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.

Correctional Plan benefit recipients will receive a post-retirement increase equal to 100 percent of the cost of living adjustment announced by the Social Security Administration, with a minimum increase of at least 1.00 percent and maximum of 2.50 percent. If the Correctional Plan's funding status declines to 85 percent or below for two consecutive years or 80 percent for one year, the maximum will be lowered from 2.50 percent to 1.50 percent. 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. 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.

**WINONA COUNTY
WINONA, MINNESOTA**

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

b. Benefits Provided (Continued)

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

Benefits are based on a member's highest average salary for any 60 consecutive months of allowable service, age, and years of credit at termination of service. In the General Employees Plan, two methods are used to compute benefits for Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Coordinated Plan member is 1.20 percent of average salary for each of the first ten years of service and 1.70 percent of average salary for each remaining year. Under Method 2, the annuity accrual rate is 1.70 percent for Coordinated Plan members for each year of service. Only Method 2 is used for members hired after June 30, 1989. For Police and Fire Plan members, the annuity accrual rate is 3.00 percent of average salary for each year of service. For Correctional Plan members, the annuity accrual rate is 1.90 percent of average salary for each year of service.

For General Employees Plan 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. For Police and Fire Plan and Correctional Plan members, normal retirement age is 55, and for members who were hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90. Disability benefits are available for vested members and are based on years of service and average high-five salary.

**WINONA COUNTY
WINONA, MINNESOTA**

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans (Continued)

c. Contributions

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Rates for employer and employee contributions are set by Minn. Stat. ch. 353. These statutes are established and amended by the state legislature. General Employees Plan members were required to contribute 6.50 percent of their annual covered salary in 2020. Police and Fire Plan members were required to contribute 11.80 percent of their annual covered salary in 2020. Correctional Plan members were required to contribute 5.83 percent of their annual covered salary in 2020.

In 2020, the County was required to contribute the following percentages of annual covered salary:

General Employees Plan – Coordinated Plan members	7.50%
Police and Fire Plan	17.70
Correctional Plan	8.75

The Police and Fire Plan member and employer contribution rates increased 0.50 percent and 0.75 percent, respectively, from 2019.

The County's contributions for the year ended December 31, 2020, to the pension plans were:

General Employees Plan	\$	1,115,359
Police and Fire Plan		286,485
Correctional Plan		148,148

The contributions are equal to the statutorily required contributions as set by state statute.

**WINONA COUNTY
WINONA, MINNESOTA**

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans (Continued)

d. Pension Costs

General Employees Plan

At December 31, 2020, the County reported a liability of \$12,410,596 for its proportionate share of the General Employees Plan's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019, through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2020, the County's proportion was 0.2070 percent. It was 0.2012 percent measured as of June 30, 2019. The County recognized pension expense of \$799,575 for its proportionate share of the General Employees Plan's pension expense.

The County also recognized \$33,309 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's expense related to its contribution to the General Employees Plan, which qualifies as a special funding situation. Legislation requires the State of Minnesota to contribute \$16 million to the General Employees Plan annually until September 15, 2031.

The County's proportionate share of the net pension liability	\$ 12,410,596
State of Minnesota's proportionate share of the net pension liability associated with the County	<u>382,729</u>
Total	<u>\$ 12,793,325</u>

**WINONA COUNTY
WINONA, MINNESOTA**

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

d. Pension Costs

General Employees Plan (Continued)

The County reported its proportionate share of the General Employees Plan'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	\$ 110,010	\$ 46,956
Changes in actuarial assumptions	-	453,608
Difference between projected and actual investment earnings	256,294	-
Changes in proportion	360,201	33,286
Contributions paid to PERA subsequent to the measurement date	563,890	-
	\$ 1,290,395	\$ 533,850
Total		

The \$563,890 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. 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	Pension Expense Amount
2021	\$ (479,748)
2022	56,954
2023	315,605
2024	299,844

**WINONA COUNTY
WINONA, MINNESOTA**

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

d. Pension Costs (Continued)

Police and Fire Plan

At December 31, 2020, the County reported a liability of \$1,846,668 for its proportionate share of the Police and Fire Plan's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019, through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2020, the County's proportion was 0.1401 percent. It was 0.1420 percent measured as of June 30, 2019. The County recognized pension expense of \$204,822 for its proportionate share of the Police and Fire Plan's pension expense.

The State of Minnesota also contributed \$13.5 million to the Police and Fire Plan in the plan fiscal year ended June 30, 2020. The contribution consisted of \$4.5 million in direct state aid that meets the definition of a special funding situation and \$9 million in supplemental state aid that does not meet the definition of a special funding situation.

Legislation required the State of Minnesota to pay direct state aid of \$4.5 million on October 1, 2019, and to pay \$9 million by October 1 of each subsequent year until full funding is reached, or July 1, 2048, whichever is earlier. The County recognized an additional \$13,384 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's pension expense related to the special funding situation.

The County's proportionate share of the net pension liability	\$ 1,846,668
State of Minnesota's proportionate share of the net pension liability associated with the County	<u>43,504</u>
Total	<u>\$ 1,890,172</u>

**WINONA COUNTY
WINONA, MINNESOTA**

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

d. Pension Costs

Police and Fire Plan (Continued)

Legislation also requires the State of Minnesota to contribute \$9 million to the Police and Fire Plan each year, starting in fiscal year 2014, until the plan is 90 percent funded, or until the State Patrol Plan is 90 percent funded, whichever occurs later. The County also recognized \$12,609 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's on-behalf contribution to the Police and Fire Plan.

The County reported its proportionate share of the Police and Fire Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 79,256	\$ 78,871
Changes in actuarial assumptions	556,574	1,057,167
Difference between projected and actual investment earnings	77,875	-
Changes in proportion	125,278	43,389
Contributions paid to PERA subsequent to the measurement date	151,483	-
	<u> </u>	<u> </u>
Total	<u>\$ 990,466</u>	<u>\$ 1,179,427</u>

**WINONA COUNTY
WINONA, MINNESOTA**

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

d. Pension Costs

Police and Fire Plan (Continued)

The \$151,483 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31</u>	<u>Pension Expense Amount</u>
2021	\$ (112,057)
2022	(426,153)
2023	103,156
2024	96,686
2025	(2,076)

Correctional Plan

At December 31, 2020, the County reported a liability of \$218,809 for its proportionate share of the Correctional Plan's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019, through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2020, the County's proportion was 0.8064 percent. It was 0.7785 percent measured as of June 30, 2019. The County recognized pension expense of (\$372,163) for its proportionate share of the Correctional Plan's pension expense.

**WINONA COUNTY
WINONA, MINNESOTA**

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

d. Pension Costs

Correctional Plan (Continued)

The County reported its proportionate share of the Correctional Plan'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	\$ 2,001	\$ 80,258
Changes in actuarial assumptions	-	432,546
Difference between projected and actual investment earnings	45,756	-
Changes in proportion	14,867	682
Contributions paid to PERA subsequent to the measurement date	74,273	-
	\$ 136,897	\$ 513,486
Total		

The \$74,273 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. 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	Pension Expense Amount
2021	\$ (481,297)
2022	(22,177)
2023	13,139
2024	39,473

**WINONA COUNTY
WINONA, MINNESOTA**

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

d. Pension Costs (Continued)

Total Pension Expense

The total pension expense for all plans recognized by the County for the year ended December 31, 2020, was \$632,234.

e. Actuarial Assumptions

The total pension liability in the June 30, 2020, actuarial valuation was determined using the individual entry-age normal actuarial cost method and the following additional actuarial assumptions:

	General Employees Fund	Police and Fire Fund	Correctional Fund
Inflation	2.25% per year	2.50% per year	2.50% per year
Active Member Payroll Growth	3.00% per year	3.25% per year	3.25% per year
Investment Rate of Return	7.50%	7.50%	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants were based on the Pub-2010 General Employee Mortality Table for the General Employees Plan and the RP-2014 mortality tables for the Police and Fire and the Correctional Plans, with slight adjustments. Cost of living benefit increases for retirees are assumed to be 1.25 percent for the General Employees Plan and 2.00 percent for the Correctional Plan. For the Police and Fire Plan, cost of living benefit increases for retirees are 1.00 percent as set by state statute.

Actuarial assumptions used in the June 30, 2020, valuation were based on the results of actuarial experience studies. The experience study for the General Employees Plan was dated June 27, 2019. The experience study for the Police and Fire Plan was dated August 30, 2016. The experience study for the Correctional Plan was dated February 2012. The mortality assumption for the

**WINONA COUNTY
WINONA, MINNESOTA**

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

e. Actuarial Assumptions (Continued)

Correctional Plan is based on the Police and Fire Plan experience study. Inflation and investment assumptions for all plans were reviewed in the experience study report for the General Employees Plan.

The long-term expected rate of return on pension plan investments is 7.50 percent. The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. equities	35.50%	5.10%
Broad international stock pool	17.50	5.30
Bond pool	20.00	0.75
Alternatives	25.00	5.90
Cash equivalents	2.00	0.00

f. Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent in 2020, which remained consistent with 2019. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the fiduciary net positions of the General Employees Plan, the Police and Fire Plan, and the Correctional Plan were projected to be available to make all projected future benefit payments of current active and inactive

**WINONA COUNTY
WINONA, MINNESOTA**

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

f. Discount Rate (Continued)

employees. 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.

g. Changes in Actuarial Assumptions and Plan Provisions

The following changes in actuarial assumptions occurred in 2020:

General Employees Plan

- The price inflation assumption was decreased from 2.50 percent to 2.25 percent.
- The payroll growth assumption was decreased from 3.25 percent to 3.00 percent.
- Assumed salary increase rates were changed as recommended in the June 30, 2019, experience study. The net effect is assumed rates that average 0.25 percent less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019, experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019, experience study. The new rates are based on service and are generally lower than the previous rates for years two to five and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019, experience study. The changes result in fewer predicted disability retirements for males and females.

**WINONA COUNTY
WINONA, MINNESOTA**

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

g. Changes in Actuarial Assumptions and Plan Provisions

General Employees Plan (Continued)

- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Employee Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 Disabled Annuitant Mortality table to the Pub-2010 General/Teacher Disabled Retiree Mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100 percent Joint and Survivor option changed from 35 percent to 45 percent. The assumed number of married female new retirees electing the 100 percent Joint and Survivor option changed from 15 percent to 30 percent. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.
- Augmentation for current privatized members was reduced to 2.00 percent for the period July 1, 2020, through December 31, 2023, and 0.00 percent thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

Police and Fire Plan

- The mortality projection scale was changed from MP-2018 to MP-2019.

**WINONA COUNTY
WINONA, MINNESOTA**

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

g. Changes in Actuarial Assumptions and Plan Provisions (Continued)

Correctional Plan

- The mortality projection scale was changed from MP-2018 to MP-2019.

h. Pension Liability Sensitivity

The following presents the County's proportionate share of the net pension liability calculated using the discount rate previously disclosed, as well as what the County'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:

	Proportionate Share of the					
	General Employees Plan		Police and Fire Plan		Correctional Plan	
	Discount Rate	Net Pension Liability	Discount Rate	Net Pension Liability	Discount Rate	Net Pension Liability
1% Decrease	6.50%	\$ 19,889,881	6.50%	\$ 3,680,675	6.50%	\$ 1,359,873
Current	7.50	12,410,596	7.50	1,846,668	7.50	218,809
1% Increase	8.50	6,240,787	8.50	329,348	8.50	(694,786)

i. Pension Plan Fiduciary Net Position

Detailed information about the 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 at 60 Empire Drive, Suite 200, St. Paul, Minnesota 55103-2088; or by calling 651-296-7460 or 1-800-652-9026.

**WINONA COUNTY
WINONA, MINNESOTA**

3. Detailed Notes on All Funds

E. Pension Plans (Continued)

2. Defined Contribution Plan

Four Board members and one elected official of Winona County are covered by the Public Employees Defined Contribution Plan, a multiple-employer deferred compensation plan administered by PERA. The plan is established and administered in accordance with Minn. Stat. ch. 353D, which may be amended by the state legislature. The plan 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. For those qualified personnel who elect to participate, Minn. Stat. § 353D.03 specifies plan provisions, including the employee and employer contribution rates. An eligible elected official who decides to participate contributes five percent of salary, which is matched by the employer. Employee and employer 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 0.25 percent of the assets in each member account annually.

Total contributions by dollar amount and percentage of covered payroll made by Winona County during the year ended December 31, 2020, were:

	<u>Employee</u>	<u>Employer</u>
Contribution amount	\$ 11,732	\$ 11,732
Percentage of covered payroll	5.00%	5.00%

F. Other Postemployment Benefits (OPEB)

Plan Description

The County provides health insurance benefits for qualifying retired employees under a single-employer, defined benefit, self-insured plan, financed and administered by Winona County and the Southeast Service Cooperative. Blue Cross and Blue Shield of Minnesota, under contract with the Southeast Service Cooperative, is the claims

**WINONA COUNTY
WINONA, MINNESOTA**

3. Detailed Notes on All Funds

F. Other Postemployment Benefits (OPEB)

Plan Description (Continued)

administrator. The County provides benefits for retirees as required by Minn. Stat. § 471.61, subd. 2b. Active employees, who retire from the County when eligible to receive a retirement benefit from PERA (or similar plan) and do not participate in any other health benefits program providing coverage similar to that herein described, will be eligible to continue coverage with respect to both themselves and their eligible dependent(s) under the County’s health benefits program.

Retirees are required to pay 100 percent of the total group rate. The premium is a blended rate determined on the entire active and retiree population. The retirees, whose cost is statistically higher than the group average, are receiving an implicit rate “subsidy.” As of January 1, 2020, eight retirees were receiving health benefits from the County’s health plan. As of year-end, the County has 12 participants. Some employees who leave in good standing with more than ten years of service and who have a minimum accumulation of 100 days of unused sick leave may convert it to paid-up health insurance for the employee only, according to the following schedule:

- Each ten days of unused sick leave equals one month’s paid-up insurance for employees only.

No assets have been accumulated in a trust that meets the criteria in paragraph 4 of GASB 75. The OPEB plan does not issue a stand-alone financial report.

After completing two full terms as an elected County Commissioner and being at least 50 years of age, a Commissioner may receive one year of single health insurance. This benefit is provided pursuant to County Board Resolution 2016-88. The County had no participants for 2020.

As of the January 1, 2019, actuarial valuation, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	112
Active plan participants	<u>283</u>
Total	<u>395</u>

**WINONA COUNTY
WINONA, MINNESOTA**

3. Detailed Notes on All Funds

F. Other Postemployment Benefits (OPEB) (Continued)

Total OPEB Liability

The County's total OPEB liability of \$2,955,580 was measured as of January 1, 2020, and was determined by an actuarial valuation as of January 1, 2019.

The total OPEB liability in the fiscal year-end December 31, 2020, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50 percent
Salary increases	3.0 percent, (2.75% used to roll pay forward to the valuation date)
Health care cost trend	6.25 percent, decreasing 1.25 percent over 5 years

The current year discount rate is 2.90 percent, which is a change from the prior year rate of 3.80 percent. For the current valuation, the discount rate was set by considering published rate information for 20-year high quality, tax-exempt, general obligation municipal bonds as of the Measurement Date.

Mortality rates are based on RP-2014 (Blue Collar for Public Safety, White Collar for others) with MP-2018 Generational Improvement Scale.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at December 31, 2019	\$ 2,561,232
Changes for the year	
Service cost	\$ 158,227
Interest	101,013
Changes in assumptions	258,692
Benefit payments	<u>(123,584)</u>
Net change	\$ 394,348
Balance at December 31, 2020	<u>\$ 2,955,580</u>

Other postemployment benefits are liquidated by the General Fund and the Road and Bridge, Health and Human Services, and Recycling and Solid Waste Special Revenue Funds.

**WINONA COUNTY
WINONA, MINNESOTA**

3. Detailed Notes on All Funds

F. Other Postemployment Benefits (OPEB) (Continued)

OPEB Liability Sensitivity

The following presents the total OPEB liability of the County, calculated using the discount rate previously disclosed, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1.0 percentage point lower or 1.0 percentage point higher than the current discount rate:

	Discount Rate	Total OPEB Liability
1% Decrease	1.90%	\$ 3,332,918
Current	2.90	2,955,580
1% Increase	3.90	2,642,442

The following presents the total OPEB liability of the County, calculated using the health care cost trend previously disclosed, as well as what the County's total OPEB liability would be if it were calculated using health care cost trend rates that are 1.0 percentage point lower or 1.0 percentage point higher than the current health care cost trend rate:

	Health Care Trend Rate	Total OPEB Liability
1% Decrease	5.25% Decreasing to 4.0%	\$ 2,738,604
Current	6.25% Decreasing to 5.0%	2,955,580
1% Increase	7.25% Decreasing to 6.0%	3,214,677

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to OPEB

For the year ended December 31, 2020, the County recognized OPEB expense of \$124,857. The County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

**WINONA COUNTY
WINONA, MINNESOTA**

3. Detailed Notes on All Funds

F. Other Postemployment Benefits (OPEB)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to OPEB (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 89,239
Changes in actuarial assumptions	221,736	84,037
Contributions made subsequent to measurement date	136,862	-
Total	\$ 358,598	\$ 173,276

The \$136,862 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2021.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31	OPEB Expense Amount
2021	\$ 2,299
2022	2,299
2023	2,299
2024	2,299
2025	2,308
2026	36,956

Changes in Actuarial Assumptions

The following changes in actuarial assumptions occurred in 2020:

- The discount rate used changed from 3.80 percent to 2.90 percent.

**WINONA COUNTY
WINONA, MINNESOTA**

3. Detailed Notes on All Funds

F. Other Postemployment Benefits (OPEB)

Changes in Actuarial Assumptions (Continued)

The following changes in actuarial assumptions occurred in 2019:

- The discount rate used changed from 3.30 percent to 3.80 percent.
- The health care trend rates were changed to better anticipate short-term and long-term medical increases. The rates changed from 6.25 percent decreases to 5.00 percent over five years to 6.50 percent decreasing to 5.00 percent over six years.
- The mortality tables were updated from the RP-2014 White Collar Headcount-Weighted Mortality Tables with MP-2016 Generational Improvement Scale (with blue collar adjustment for police and fire personnel) to the RP-2014 White Collar Headcount-Weighted Mortality Tables with MP-2018 Generational Improvement Scale (with blue collar adjustment for police and fire personnel).
- The retirement and withdrawal tables for police and fire personnel were updated.

4. Summary of Significant Contingencies and Other Items

A. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. The County has entered into a joint powers agreement with other Minnesota counties to form the Minnesota Counties Intergovernmental Trust (MCIT). The County is a member of both the MCIT Workers' Compensation and Property and Casualty Divisions. The County self-insures for employee dental coverage. For other risk, the County carries commercial insurance. There were no significant reductions in insurance from the prior year. The amount of settlements did not exceed insurance coverage for the past three fiscal years.

**WINONA COUNTY
WINONA, MINNESOTA**

4. Summary of Significant Contingencies and Other Items

A. Risk Management (Continued)

The Workers' Compensation Division of MCIT is self-sustaining based on the contributions charged, so that total contributions plus compounded earnings on these contributions will equal the amount needed to satisfy claims liabilities and other expenses. MCIT participates in the Workers' Compensation Reinsurance Association with coverage at \$500,000 per claim in 2020 and 2021. If any insurance and self-insurance is exhausted, the shares of all remaining insurance and self-insurance will be equal until the loss is paid.

The Property and Casualty Division of MCIT is self-sustaining, and the County pays an annual premium to cover current and future losses. MCIT carries reinsurance for its property lines to protect against catastrophic losses. Should the MCIT Property and Casualty Division liabilities exceed assets, MCIT may assess the County in a method and amount to be determined by MCIT.

Premiums are paid by the fund receiving the benefits.

The Southeast Service Cooperative provides financial risk management services that embody the concept of pooling risks for the purpose of stabilizing and/or reducing costs. Group employee benefits shall include, but not be limited to, health benefits coverage. Other employee benefits for life insurance, disability insurance, and flexible spending programs are administered by the County's Personnel Department through separate vendors. The County also administers a dental program for employees. The County's responsibility is limited to collecting the premiums and disbursing enrolled employee premiums.

B. Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of the expenditures that may be disallowed by the grantor cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

**WINONA COUNTY
WINONA, MINNESOTA**

4. Summary of Significant Contingencies and Other Items

B. Contingent Liabilities (Continued)

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the County Attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the County.

C. Joint Ventures

Southeast Minnesota Multi-County HRA

Wabasha and Goodhue Counties formed the Southeast Minnesota Multi-County HRA for the purposes of providing housing and redevelopment services to southeastern Minnesota counties pursuant to Minn. Stat. § 471.59. Winona and Dodge Counties later joined the HRA. The governing body consists of an eight-member Board of Commissioners. Two Commissioners were appointed by each of the County Boards. The HRA adopts its own budget.

In 1994, the Dodge County Commissioners appointed a member to the HRA Board for a five-year term expiring in 1999. The County has not appointed a member for the vacancy starting in 1999. Dodge County has requested to be released from this HRA. Winona County made \$159,584 in contributions to the operations of the HRA in 2020 in the form of a tax levy.

Financial statements for the HRA may be obtained at its office at 134 East 2nd Street, Wabasha, Minnesota 55981.

Winona County Family Service Collaborative

Winona County has created the Winona County Family Service Collaborative pursuant to an interagency agreement and Minn. Stat. § 124D.23. The Collaborative is represented by the following: Winona County; the City of Winona; Independent School Districts 861, 857, and 858; Department of Economic Security Workforce Center; SEMCAC; and Hiawatha Valley Mental Health Center. The Collaborative Board consists of 21 members, of which Winona County appoints two.

The Collaborative was established to support and nurture individuals and families through prevention and intervention so as to ensure success for every child. The Collaborative had \$8,943 of expenditures in 2020.

**WINONA COUNTY
WINONA, MINNESOTA**

4. Summary of Significant Contingencies and Other Items

C. Joint Ventures

Winona County Family Service Collaborative (Continued)

Currently, the Collaborative does not prepare complete financial statements. Financial information can be obtained by contacting Kristy Millering, Winona Area Public School Business Manager, or Pat Moga, Winona County Finance Director.

Southeast Minnesota Regional Emergency Communications Board

The Southeast Minnesota Regional Emergency Communications Board was established April 16, 2008, as provided by Minn. Stat. §§ 403.39 and 471.59. This joint powers between Dodge, Fillmore, Freeborn, Goodhue, Houston, Mower, Olmsted, Rice, Steele, Wabasha, and Winona Counties and the City of Rochester serves to provide regional administration of enhancement to the allied Radio Matrix for Emergency Response (ARMER) system owned and operated by the State of Minnesota and enhance and improve interoperable public safety communications.

Control of the Southeast Minnesota Regional Emergency Communications Board is vested in a Joint Powers Board that is composed of one County Commissioner from each of the participating counties and one City Council member from the participating city.

The financial activities of the Board are accounted for by Olmsted County as fiscal agent. During the year, Winona County paid \$16,000 to the Board.

Southeast Minnesota Violent Crime Enforcement Team

The Southeast Minnesota Violent Crime Enforcement Team was established under the authority of the Joint Powers Act, pursuant to Minn. Stat. § 471.59, and includes Dodge, Fillmore, Goodhue, Houston, Mower, Olmsted, Wabasha, and Winona Counties, along with the Cities of Austin, Kasson, Lake City, Red Wing, and Winona. The Enforcement Team's mission is to work cooperatively in the enforcement of controlled substance laws and violent crime-related offenses.

The Enforcement Team is governed by a governing board with members consisting of the chief law enforcement officer from each member, or his or her designee, and an attorney appointed by the governing board.

During the year, Winona County paid \$7,649 to the Enforcement Team.

**WINONA COUNTY
WINONA, MINNESOTA**

4. Summary of Significant Contingencies and Other Items

C. Joint Ventures

Southeast Minnesota Violent Crime Enforcement Team (Continued)

Separate financial information can be obtained from Southeast Minnesota Violent Crime Enforcement Team, 101 – 4th Street Southeast, Rochester, Minnesota 55904.

D. Jointly-Governed Organizations

Winona County, in conjunction with other governmental entities and various private organizations, has formed the jointly-governed organizations listed below.

Southeast Minnesota Emergency Medical Services

The Southeast Minnesota Emergency Medical Services (SEEMS) Joint Powers Board consists of Dodge, Fillmore, Freeborn, Goodhue, Houston, Mower, Olmsted, Rice, Steele, Wabasha, and Winona Counties. The purpose of SEEMS is to ensure quality patient care is available throughout the 11-county area by maximizing the response capabilities of emergency medical personnel and to promote public education on injury prevention and appropriate response during a medical emergency. Each member county appoints one member for the Joint Powers Board. Winona County contributed \$5,000 to SEEMS in 2020.

Southeastern Libraries Cooperative

The Southeastern Libraries Cooperative provides library services to counties and cities in southeastern Minnesota. During the year, Winona County paid \$258,884 to the Southeastern Libraries Cooperative.

Southeastern Minnesota Community Action Council

The Southeastern Minnesota Community Action Council (SEMCAC) provides various services on behalf of member counties to assist people to achieve or maintain independence and self-reliance through their own and community resources. SEMCAC provides services in Dodge, Fillmore, Freeborn, Houston, Mower, Steele, and Winona Counties. During the year, Winona County made payments of \$6,166 to SEMCAC.

**WINONA COUNTY
WINONA, MINNESOTA**

4. Summary of Significant Contingencies and Other Items

D. Jointly-Governed Organizations (Continued)

Minnesota Counties Computer Cooperative

Under Minnesota Joint Powers Law, Minn. Stat. § 471.59, Minnesota counties have created Minnesota Counties Computer Cooperative (MCCC) to jointly provide for the establishment, operation, and maintenance of data processing systems, facilities, and management information systems. During the year, Winona County expended \$87,743 to MCCC.

Whitewater Joint Powers Board

The Whitewater Joint Powers Board is composed of three counties and three county soil and water conservation boards. It provides soil and water conservation services to its members. During the year, Winona County made a \$7,906 payment to the Joint Powers Board.

Southeast Service Cooperative

The Southeast Service Cooperative delivers numerous services to support administrative and instructional functions to its members and to improve learning opportunities. During the year, Winona County made payments of \$350 to the Cooperative.

Sentencing to Service Program

Winona County, in conjunction with other local governments, participates in the State of Minnesota's Sentencing to Service (STS) program. STS is a project of the State Department of Administration's Strive Toward Excellence in Performance (STEP) program. STEP's goal is a statewide effort to make positive improvements in public services. It gives the courts an alternative to jail or fines for the nonviolent offenders who can work on a variety of community or state projects. Private funding, funds from various foundations and initiative funds, as well as the Minnesota Departments of Corrections and Natural Resources, provide the funds needed to operate the STS program. Although Winona County has no operational or financial control over the STS program, Winona County budgets 75 percent of the program cost for the STS program. During the year, Winona County made payments of \$142,622.

**WINONA COUNTY
WINONA, MINNESOTA**

4. Summary of Significant Contingencies and Other Items

D. Jointly-Governed Organizations (Continued)

Region One – Southeast Minnesota Homeland Security Emergency Management Organization

The Region One – Southeast Minnesota Homeland Security Emergency Management Organization was established to provide for regional coordination of planning, training, purchase of equipment, and allocating emergency services and staff in order to better respond to emergencies and natural or other disasters within the region. There are 16 counties participating, with one member from each entity being represented on the Joint Powers Board. Winona County's responsibility does not extend beyond making this appointment.

Minnesota Criminal Justice Data Communications Network

The Minnesota Criminal Justice Data Communications Network joint powers agreement exists to create access for the County Sheriff and County Attorney to systems and tools available from the State of Minnesota, Minnesota Department of Public Safety, and the Bureau of Criminal Apprehension to carry out criminal justice. During the year, Winona County made no payments to the joint powers.

Southeast Minnesota Immunization Connection

The Southeast Minnesota Immunization Connection (SEMIC) Joint Powers Board promotes an implementation and maintenance of a regional immunization information system to ensure age-appropriate immunizations through complete and accurate records. Winona County did not contribute to the SEMIC during 2020.

E. Related Organization

Winona County appoints Board members to Watershed Number One. The County has no other control over this Board. During 2020, Winona County settled with Watershed Number One for property taxes collected in the amount of \$15,732.

**WINONA COUNTY
WINONA, MINNESOTA**

5. Subsequent Event

On March 11, 2021, the President of the United States signed an amended version of the COVID Relief Package, the American Rescue Plan, which includes \$65.1 billion in direct, flexible aid for counties in America. The U.S Department of Treasury will oversee and administer payments of the State and Local Coronavirus Recovery Funds to state and local governments, for which every County is eligible to receive a direct allocation from the Treasury. Counties will receive funds in two tranches – 50 percent in 2021 and the remaining 50 percent no earlier than 12 month from the first payment. The U.S. Treasury is required to pay the first tranche to Counties no later than 60 – days after enactment. Winona County’s projected allocation of the State and Local Coronavirus Recovery Funds is \$9,805,925. Winona County received \$4,902,962 on June 10, 2021.

REQUIRED SUPPLEMENTARY INFORMATION

**WINONA COUNTY
WINONA, MINNESOTA**

EXHIBIT A-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 12,822,548	\$ 12,822,548	\$ 12,942,247	\$ 119,699
Licenses and permits	141,800	141,800	195,558	53,758
Intergovernmental	4,544,491	4,544,491	11,724,504	7,180,013
Charges for services	2,642,123	2,642,123	1,539,494	(1,102,629)
Fines and forfeits	24,400	24,400	10,758	(13,642)
Gifts and contributions	12,700	12,700	17,095	4,395
Investment earnings	290,150	290,150	259,632	(30,518)
Miscellaneous	365,718	365,718	287,525	(78,193)
Total Revenues	\$ 20,843,930	\$ 20,843,930	\$ 26,976,813	\$ 6,132,883
Expenditures				
Current				
General government				
Commissioners	\$ 173,080	\$ 173,080	\$ 162,883	\$ 10,197
Courts	207,016	207,016	187,640	19,376
Law library	45,000	45,000	23,321	21,679
Drug court	106,241	106,241	97,574	8,667
County administration	418,969	418,969	413,495	5,474
County auditor/treasurer	299,609	299,609	279,751	19,858
Non-department	374,541	374,541	1,654,741	(1,280,200)
License bureau	332,483	332,483	374,667	(42,184)
Assessor	691,875	691,875	674,368	17,507
Insurances	365,982	365,982	334,858	31,124
Elections	77,715	77,715	162,661	(84,946)
Accounting and auditing	726,614	726,614	690,226	36,388
Data processing	1,795,275	1,795,275	1,161,947	633,328
Personnel	722,199	722,199	672,495	49,704
Attorney	1,668,290	1,668,290	1,258,162	410,128
Recorder	646,615	646,615	589,773	56,842
Vital statistics	76,871	76,871	77,934	(1,063)
Planning and zoning	304,933	304,933	256,895	48,038
Maintenance	977,979	977,979	1,274,836	(296,857)
Veterans service officer	197,460	197,460	184,574	12,886
Total general government	\$ 10,208,747	\$ 10,208,747	\$ 10,532,801	\$ (324,054)

**WINONA COUNTY
WINONA, MINNESOTA**

**EXHIBIT A-1
(Continued)**

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Expenditures				
Current (Continued)				
Public safety				
Sheriff	\$ 3,046,096	\$ 3,046,096	\$ 2,929,205	\$ 116,891
Boat and water safety	44,872	44,872	43,037	1,835
Emergency services	163,264	163,264	330,860	(167,596)
E-911 system	134,607	134,607	248,206	(113,599)
County jail	3,067,776	3,067,776	2,903,404	164,372
Law enforcement center	1,345,152	1,345,152	861,879	483,273
Probation and parole	928,915	928,915	856,403	72,512
Total public safety	\$ 8,730,682	\$ 8,730,682	\$ 8,172,994	\$ 557,688
Human services				
Social services	\$ -	\$ -	\$ 130,781	\$ (130,781)
Culture and recreation				
Historical society	\$ 57,250	\$ 57,250	\$ 57,250	\$ -
Parks	49,875	49,875	55,655	(5,780)
Total culture and recreation	\$ 107,125	\$ 107,125	\$ 112,905	\$ (5,780)
Conservation of natural resources				
County extension	\$ 177,423	\$ 177,423	\$ 151,193	\$ 26,230
Soil and water conservation	140,000	140,000	160,350	(20,350)
Feedlot	144,036	144,036	132,941	11,095
Agricultural inspection	7,677	7,677	24,213	(16,536)
Wetland challenge	25,264	25,264	25,449	(185)
Other	337,032	337,032	299,897	37,135
Agricultural society/County fair	26,550	26,550	26,550	-
Total conservation of natural resources	\$ 857,982	\$ 857,982	\$ 820,593	\$ 37,389
Economic development				
Other	\$ 426,369	\$ 426,369	\$ 3,206,419	\$ (2,780,050)
Intergovernmental				
Regional library	\$ 258,884	\$ 258,884	\$ 258,884	\$ -

**WINONA COUNTY
WINONA, MINNESOTA**

***EXHIBIT A-1
(Continued)***

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Debt service				
Principal	\$ 24,606	\$ 24,606	\$ 25,813	\$ (1,207)
Interest	2,473	2,473	1,266	1,207
Total debt service	<u>\$ 27,079</u>	<u>\$ 27,079</u>	<u>\$ 27,079</u>	<u>\$ -</u>
Total Expenditures	<u>\$ 20,616,868</u>	<u>\$ 20,616,868</u>	<u>\$ 23,262,456</u>	<u>\$ (2,645,588)</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 227,062</u>	<u>\$ 227,062</u>	<u>\$ 3,714,357</u>	<u>\$ 3,487,295</u>
Other Financing Sources (Uses)				
Transfers in	\$ 327,438	\$ 327,438	\$ 104,848	\$ (222,590)
Transfers out	(59,500)	(59,500)	(597,412)	(537,912)
Proceeds from sale of capital assets	5,000	5,000	-	(5,000)
Total Other Financing Sources (Uses)	<u>\$ 272,938</u>	<u>\$ 272,938</u>	<u>\$ (492,564)</u>	<u>\$ (765,502)</u>
Change in Fund Balance	<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ 3,221,793</u>	<u>\$ 2,721,793</u>
Fund Balance – January 1	<u>13,443,739</u>	<u>13,443,739</u>	<u>13,443,739</u>	<u>-</u>
Fund Balance – December 31	<u>\$ 13,943,739</u>	<u>\$ 13,943,739</u>	<u>\$ 16,665,532</u>	<u>\$ 2,721,793</u>

**WINONA COUNTY
WINONA, MINNESOTA**

EXHIBIT A-2

**BUDGETARY COMPARISON SCHEDULE
ROAD AND BRIDGE SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 4,029,740	\$ 4,029,740	\$ 4,348,521	\$ 318,781
Intergovernmental	7,126,904	7,126,904	6,315,156	(811,748)
Charges for services	-	-	291	291
Miscellaneous	142,400	142,400	71,160	(71,240)
Total Revenues	\$ 11,299,044	\$ 11,299,044	\$ 10,735,128	\$ (563,916)
Expenditures				
Current				
General government				
Surveyor	\$ 50,100	\$ 50,100	\$ 50,875	\$ (775)
Highways and streets				
Administration	\$ 433,251	\$ 433,251	\$ 446,305	\$ (13,054)
Maintenance	2,131,943	2,131,943	1,980,769	151,174
Construction	7,870,541	7,870,541	7,977,585	(107,044)
Equipment maintenance and shop	700,850	700,850	860,042	(159,192)
Materials and services for resale	306,200	306,200	182,446	123,754
Total highways and streets	\$ 11,442,785	\$ 11,442,785	\$ 11,447,147	\$ (4,362)
Intergovernmental	\$ 294,000	\$ 294,000	\$ 303,233	\$ (9,233)
Debt service				
Principal	\$ 10,183	\$ 10,183	\$ 12,312	\$ (2,129)
Interest	1,976	1,976	913	1,063
Total debt service	\$ 12,159	\$ 12,159	\$ 13,225	\$ (1,066)
Total Expenditures	\$ 11,799,044	\$ 11,799,044	\$ 11,814,480	\$ (15,436)
Excess of Revenues Over (Under) Expenditures	\$ (500,000)	\$ (500,000)	\$ (1,079,352)	\$ (579,352)

**WINONA COUNTY
WINONA, MINNESOTA**

**EXHIBIT A-2
(Continued)**

**BUDGETARY COMPARISON SCHEDULE
ROAD AND BRIDGE SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Other Financing Sources (Uses)				
Transfers out	\$ -	\$ -	\$ (15,293)	\$ (15,293)
Proceeds from sale of capital assets	-	-	8,000	8,000
Capital lease issued	-	-	30,858	30,858
	<u>-</u>	<u>-</u>	<u>30,858</u>	<u>30,858</u>
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,565</u>	<u>\$ 23,565</u>
Change in Fund Balance	\$ (500,000)	\$ (500,000)	\$ (1,055,787)	\$ (555,787)
Fund Balance – January 1	5,890,121	5,890,121	5,890,121	-
Increase (decrease) in inventories	<u>-</u>	<u>-</u>	<u>161,427</u>	<u>161,427</u>
Fund Balance – December 31	<u><u>\$ 5,390,121</u></u>	<u><u>\$ 5,390,121</u></u>	<u><u>\$ 4,995,761</u></u>	<u><u>\$ (394,360)</u></u>

**WINONA COUNTY
WINONA, MINNESOTA**

EXHIBIT A-3

**BUDGETARY COMPARISON SCHEDULE
HEALTH AND HUMAN SERVICES SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 5,471,444	\$ 5,471,444	\$ 5,424,301	\$ (47,143)
Licenses and permits	31,650	31,650	19,100	(12,550)
Intergovernmental	9,477,962	9,477,962	9,629,673	151,711
Charges for services	1,212,287	1,212,287	1,103,482	(108,805)
Gifts and contributions	-	-	60	60
Miscellaneous	254,200	254,200	345,176	90,976
Total Revenues	\$ 16,447,543	\$ 16,447,543	\$ 16,521,792	\$ 74,249
Expenditures				
Current				
Human services				
Income maintenance	\$ 4,534,973	\$ 4,534,973	\$ 4,522,060	\$ 12,913
Social services	10,725,504	10,725,504	11,292,985	(567,481)
Total human services	\$ 15,260,477	\$ 15,260,477	\$ 15,815,045	\$ (554,568)
Health				
Nurse services	\$ 297,158	\$ 297,158	\$ 333,451	\$ (36,293)
Maternal and child health	555,861	555,861	491,664	64,197
County health officer	334,047	334,047	499,810	(165,763)
Total health	\$ 1,187,066	\$ 1,187,066	\$ 1,324,925	\$ (137,859)
Total Expenditures	\$ 16,447,543	\$ 16,447,543	\$ 17,139,970	\$ (692,427)
Excess of Revenues Over (Under)				
Expenditures	\$ -	\$ -	\$ (618,178)	\$ (618,178)
Other Financing Sources (Uses)				
Transfers in	\$ -	\$ -	\$ 597,412	\$ 597,412
Transfers out	-	-	(17,587)	(17,587)
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ 579,825	\$ 579,825
Change in Fund Balance	\$ -	\$ -	\$ (38,353)	\$ (38,353)
Fund Balance – January 1	315,981	315,981	315,981	-
Fund Balance – December 31	\$ 315,981	\$ 315,981	\$ 277,628	\$ (38,353)

The notes to the required supplementary information are an integral part of this schedule.

**WINONA COUNTY
WINONA, MINNESOTA**

EXHIBIT A-4

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
OTHER POSTEMPLOYMENT BENEFITS
DECEMBER 31, 2020**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service cost	\$ 158,227	\$ 129,683	\$ 139,791
Interest	101,013	91,767	89,239
Differences between expected and actual experience	-	(124,937)	-
Changes of assumption or other inputs	258,692	(117,653)	-
Benefit payments	<u>(123,584)</u>	<u>(136,419)</u>	<u>(148,106)</u>
Net change in total OPEB liability	\$ 394,348	\$ (157,559)	\$ 80,924
Total OPEB Liability – Beginning	<u>2,561,232</u>	<u>2,718,791</u>	<u>2,637,867</u>
Total OPEB Liability – Ending	<u>\$ 2,955,580</u>	<u>\$ 2,561,232</u>	<u>\$ 2,718,791</u>
Covered-employee payroll	\$ 18,025,084	\$ 17,500,082	\$ 15,411,720
Total OPEB liability (asset) as a percentage of covered-employee payroll	16.40%	14.64%	17.64%

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

**WINONA COUNTY
WINONA, MINNESOTA**

EXHIBIT A-5

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
PERA GENERAL EMPLOYEES RETIREMENT PLAN
DECEMBER 31, 2020**

Measurement Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	State's Proportionate Share of the Net Pension Liability Associated with Winona County (b)	Employer's Proportionate Share of the Net Pension Liability and the State's Related Share of the Net Pension Liability (Asset) (a + b)	Covered Payroll (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2020	0.2070 %	\$ 12,410,596	\$ 382,729	\$ 12,793,325	\$ 14,708,351	84.38 %	79.06 %
2019	0.2012	11,123,897	345,818	11,469,715	14,374,494	77.39	80.23
2018	0.2024	11,228,322	368,240	11,596,562	12,604,902	89.08	79.53
2017	0.1949	12,442,287	4,518	12,446,805	13,396,073	92.88	75.90
2016	0.1918	15,573,209	60,645	15,633,854	11,896,295	130.91	68.91
2015	0.1965	10,183,649	N/A	10,183,649	11,761,141	86.59	78.19

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.
The measurement date for each year is June 30.
N/A – Not Applicable

**WINONA COUNTY
WINONA, MINNESOTA**

EXHIBIT A-6

**SCHEDULE OF CONTRIBUTIONS
PERA GENERAL EMPLOYEES RETIREMENT PLAN
DECEMBER 31, 2020**

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b - a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
2020	\$ 1,115,359	\$ 1,115,359	\$ -	\$ 14,870,011	7.50 %
2019	1,091,067	1,091,067	-	14,541,447	7.50
2018	1,028,687	1,028,687	-	13,706,743	7.50
2017	981,984	981,984	-	13,090,442	7.50
2016	940,629	940,629	-	12,541,727	7.50
2015	860,121	860,121	-	11,468,280	7.50

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.
The County's year-end is December 31.

**WINONA COUNTY
WINONA, MINNESOTA**

EXHIBIT A-7

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
PERA PUBLIC EMPLOYEES POLICE AND FIRE PLAN
DECEMBER 31, 2020**

Measurement Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	State's Proportionate Share of the Net Pension Liability Associated with Winona County (b)	Employer's Proportionate Share of the Net Pension Liability and the State's Related Share of the Net Pension Liability (Asset) (a + b)	Covered Payroll (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2020	0.1401 %	\$ 1,846,668	\$ 43,504	\$ 1,890,172	\$ 1,582,939	119.41 %	87.19 %
2019	0.1420	1,511,733	N/A	1,511,733	1,469,561	102.87	89.26
2018	0.1310	1,393,127	N/A	1,393,127	1,274,787	109.28	88.84
2017	0.1280	1,728,152	N/A	1,728,152	1,360,161	127.05	85.43
2016	0.1260	5,056,599	N/A	5,056,599	1,218,131	415.11	63.88
2015	0.1400	1,590,728	N/A	1,590,728	1,297,172	122.63	86.61

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.
The measurement date for each year is June 30.

**WINONA COUNTY
WINONA, MINNESOTA**

EXHIBIT A-8

**SCHEDULE OF CONTRIBUTIONS
PERA PUBLIC EMPLOYEES POLICE AND FIRE PLAN
DECEMBER 31, 2020**

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b - a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
2020	\$ 286,485	\$ 286,485	\$ -	\$ 1,618,556	17.70 %
2019	268,102	268,102	-	1,582,050	16.95
2018	215,176	215,176	-	1,328,650	16.20
2017	218,147	218,147	-	1,346,587	16.20
2016	202,823	202,823	-	1,251,995	16.20
2015	199,539	199,539	-	1,231,722	16.20

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.
The County's year-end is December 31.

**WINONA COUNTY
WINONA, MINNESOTA**

EXHIBIT A-9

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
PERA PUBLIC EMPLOYEES LOCAL GOVERNMENT CORRECTIONAL SERVICE RETIREMENT PLAN
DECEMBER 31, 2020**

Measurement Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	Covered Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2020	0.8064 %	\$ 218,809	\$ 1,724,005	12.69 %	96.67 %
2019	0.7785	107,783	1,596,577	6.75	98.17
2018	0.7868	129,405	1,467,327	8.82	97.64
2017	0.7700	2,194,508	1,602,695	136.93	67.89
2016	0.7600	2,776,386	1,438,813	192.96	58.16
2015	0.7600	117,496	1,363,519	8.62	96.95

This schedule is intended to show information for ten years. Additional years will be displayed as they become available. The measurement date for each year is June 30.

**WINONA COUNTY
WINONA, MINNESOTA**

EXHIBIT A-10

**SCHEDULE OF CONTRIBUTIONS
PERA PUBLIC EMPLOYEES LOCAL GOVERNMENT CORRECTIONAL SERVICE RETIREMENT PLAN
DECEMBER 31, 2020**

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b - a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
2020	\$ 148,148	\$ 148,148	\$ -	\$ 1,692,218	8.75 %
2019	141,873	141,873	-	1,620,499	8.75
2018	140,389	140,389	-	1,604,563	8.75
2017	134,455	134,455	-	1,536,632	8.75
2016	129,902	129,902	-	1,484,596	8.75
2015	123,879	123,879	-	1,415,760	8.75

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.
The County's year-end is December 31.

**WINONA COUNTY
WINONA, MINNESOTA**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2020**

1. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year-end.

On or before mid-June of each year, all departments and agencies submit requests for appropriations to the Finance Director so that a budget can be prepared. The Finance Director, County Administrator, and Assistant County Administrator take the requests to the Board by the end of August. The proposed budget is presented to the County Board for review and preliminary approval. The Board holds public hearings, and a final budget must be prepared and adopted no later than December 31.

The appropriated budget is prepared by fund, function, and department. The County Administrator may make changes of appropriations within a department. The County Administrator has been given authority by the Board to make line-item adjustments that have a zero effect on the budget in total. Adjustments to the budget that increase the budget require approval of the County Board. The legal level of budgetary control (the level at which expenditures may not legally exceed appropriations) is the fund level.

2. Excess of Expenditures Over Budget

The General Fund expenditures of \$23,262,456 exceeded the final budget of \$20,616,868 by \$2,645,588 due to additional COVID expenditures. Road and Bridge Special Revenue Fund expenditures of \$11,814,480 exceeded the final budget of \$11,799,044 by \$15,436 due to a large transportation project. The Health and Human Services Special Revenue Fund expenditures of \$17,139,970 exceeded the final budget of \$16,447,543 by \$692,427 due to increased out-of-home placements, adult mental health, Cost Effective Health Insurance and Medicare Part B payments.

3. Other Postemployment Benefits

In 2018, Winona County implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. See Note 3.F in the notes to the financial statements for additional information regarding Winona County's other postemployment benefits.

**WINONA COUNTY
WINONA, MINNESOTA**

4. Employer Contributions to Other Postemployment Benefits

Assets have not been accumulated in a trust that meets the criteria in paragraph four of GASB Statement 75 to pay related benefits.

The following changes in actuarial assumptions occurred in 2020:

- The discount rate used changed from 3.80 percent to 2.90 percent.

The following changes in actuarial assumptions occurred in 2019:

- The discount rate used changed from 3.30 percent to 3.80 percent.
- The health care trend rates were changed to better anticipate short-term and long-term medical increases. The rates changed from 6.25 percent decreasing to 5.00 percent over five years to 6.50 percent decreasing to 5.00 percent over six years.
- The mortality tables were updated from the RP-2014 White Collar Headcount-Weighted Mortality Tables with MP-2016 Generational Improvement Scale (with blue collar adjustment for police and fire personnel) to the RP-2014 White Collar Headcount-Weighted Mortality Tables with MP-2018 Generational Improvement Scale (with blue collar adjustment for police and fire personnel).
- The retirement and withdrawal tables for police and fire personnel were updated.

The following change in actuarial assumptions occurred in 2018:

- The discount rate used changed from 3.50 percent to 3.30 percent.

5. Defined Benefit Pension Plans – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions

The following changes were reflected in the valuation performed on behalf of the Public Employees Retirement Association for the fiscal year June 30:

General Employees Retirement Plan

2020

- The price inflation assumption was decreased from 2.50 percent to 2.25 percent.

**WINONA COUNTY
WINONA, MINNESOTA**

5. Defined Benefit Pension Plans – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions

General Employees Retirement Plan

2020 (Continued)

- The payroll growth assumption was decreased from 3.25 percent to 3.00 percent.
- Assumed salary increase rates were changed as recommended in the June 30, 2019, experience study. The net effect is assumed rates that average 0.25 percent less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019, experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019, experience study. The new rates are based on service and are generally lower than the previous rates for years two to five and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019, experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Employee Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 Disabled Annuitant Mortality table to the Pub-2010 General/Teacher Disabled Retiree Mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.

**WINONA COUNTY
WINONA, MINNESOTA**

5. Defined Benefit Pension Plans – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions

General Employees Retirement Plan

2020 (Continued)

- The assumed number of married male new retirees electing the 100 percent Joint and Survivor option changed from 35 percent to 45 percent. The assumed number of married female new retirees electing the 100 percent Joint and Survivor option changed from 15 percent to 30 percent. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.
- Augmentation for current privatized members was reduced to 2.00 percent for the period July 1, 2020, through December 31, 2023, and 0.00 percent thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019

- The mortality projection scale was changed from MP-2017 to MP-2018.

2018

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase rate was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter, to 1.25 percent per year.
- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.

**WINONA COUNTY
WINONA, MINNESOTA**

5. Defined Benefit Pension Plans – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions

General Employees Retirement Plan

2018 (Continued)

- Post-retirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90 percent funding to 50 percent of the Social Security cost of living adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to the Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017

- The Combined Service Annuity (CSA) loads were changed from 0.80 percent for active members and 60 percent for vested and non-vested deferred members (30 percent for deferred Minneapolis Employees Retirement Fund members). The revised CSA loads are now 0.00 percent for active member liability, 15 percent for vested deferred member liability, and 3.00 percent for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year for all years to 1.00 percent per year through 2044 and 2.50 percent per year thereafter.
- Minneapolis Employees Retirement Fund plan provisions change the employer supplemental contribution to \$21 million in calendar years 2017 and 2018 and returns to \$31 million through calendar year 2031. The state's required contribution is \$16 million in PERA's fiscal years 2018 and 2019 and returns to \$6 million annually through calendar year 2031.

**WINONA COUNTY
WINONA, MINNESOTA**

5. Defined Benefit Pension Plans – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions

General Employees Retirement Plan (Continued)

2016

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2035 and 2.50 percent per year thereafter, to 1.00 percent for all future years.
- The assumed investment rate was changed from 7.90 percent to 7.50 percent. The single discount rate was also changed from 7.90 percent to 7.50 percent.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed payroll growth and inflation were decreased by 0.25 percent. Payroll growth was reduced from 3.50 percent to 3.25 percent. Inflation was reduced from 2.75 percent to 2.50 percent.

Public Employees Police and Fire Plan

2020

- The mortality projection scale was changed from MP-2018 to MP-2019.

2019

- The mortality projection scale was changed from MP-2017 to MP-2018.

2018

- The mortality projection scale was changed from MP-2016 to MP-2017.
- Post-retirement benefit increases changed to 1.00 percent for all years, with no trigger.
- An end date of July 1, 2048, was added to the existing \$9.0 million state contribution. Additionally, annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter, until the plan reaches 100 percent funding, or July 1, 2048, if earlier.

**WINONA COUNTY
WINONA, MINNESOTA**

5. Defined Benefit Pension Plans – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions

Public Employees Police and Fire Plan

2018 (Continued)

- Member contributions were changed effective January 1, 2019, and January 1, 2020, from 10.80 percent to 11.30 and 11.80 percent of pay, respectively. Employer contributions were changed effective January 1, 2019, and January 1, 2020, from 16.20 percent to 16.95 and 17.70 percent of pay, respectively. Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017

- The assumed salary increases were changed as recommended in the June 30, 2016, experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.
- The assumed rates of retirement were changed, resulting in fewer retirements.
- The CSA load was 30 percent for vested and non-vested, deferred members. The CSA load has been changed to 33 percent for vested members and 2.00 percent for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality table assumed for healthy retirees.

**WINONA COUNTY
WINONA, MINNESOTA**

5. Defined Benefit Pension Plans – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions

Public Employees Police and Fire Plan

2017 (Continued)

- The assumed termination rates were decreased to 3.00 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- The assumed percentage of married female members was decreased from 65 percent to 60 percent.
- The assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing joint and survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter.
- The single discount rate was changed from 5.60 percent per annum to 7.50 percent per annum.

2016

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2037 and 2.50 percent per year thereafter, to 1.00 percent for all future years.
- The assumed investment rate was changed from 7.90 percent to 7.50 percent. The single discount rate was changed from 7.90 percent to 5.60 percent.
- The assumed payroll growth and inflation were decreased by 0.25 percent. Payroll growth was reduced from 3.50 percent to 3.25 percent. Inflation was reduced from 2.75 percent to 2.50 percent.

**WINONA COUNTY
WINONA, MINNESOTA**

5. Defined Benefit Pension Plans – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions (Continued)

Public Employees Local Government Correctional Service Retirement Plan

2020

- The mortality projection scale was changed from MP-2018 to MP-2019.

2019

- The mortality projection scale was changed from MP-2017 to MP-2018.

2018

- The single discount rate was changed from 5.96 percent per annum to 7.50 percent per annum.
- The mortality projection scale was changed from MP-2016 to MP-2017.
- The assumed post-retirement benefit increase was changed from 2.50 percent per year to 2.00 percent per year.
- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Post-retirement benefit increases were changed from 2.50 percent per year with a provision to reduce to 1.00 percent if the funding status declines to a certain level, to 100 percent of the Social Security cost of living adjustment, not less than 1.00 percent and not more than 2.50 percent, beginning January 1, 2019. If the funding status declines to 85 percent for two consecutive years, or 80 percent for one year, the maximum increase will be lowered to 1.50 percent.

**WINONA COUNTY
WINONA, MINNESOTA**

5. Defined Benefit Pension Plans – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions

Public Employees Local Government Correctional Service Retirement Plan

2018 (Continued)

- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017

- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016 and is applied to healthy and disabled members. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the RP-2014 disabled annuitant mortality table (with future mortality improvement according to Scale MP-2016).
- The CSA load was 30 percent for vested and non-vested, deferred members. The CSA load has been changed to 35 percent for vested members and 1.00 percent for non-vested members.
- The single discount rate was changed from 5.31 percent per annum to 5.96 percent per annum.

2016

- The assumed investment rate was changed from 7.90 percent to 7.50 percent. The single discount rate was changed from 7.90 percent to 5.31 percent.
- The assumed payroll growth and inflation were decreased by 0.25 percent. Payroll growth was reduced from 3.50 percent to 3.25 percent. Inflation was reduced from 2.75 percent to 2.50 percent.

SUPPLEMENTARY INFORMATION

**WINONA COUNTY
WINONA, MINNESOTA**

EXHIBIT B-1

**BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 568,770	\$ 568,770	\$ 462,758	\$ (106,012)
Intergovernmental	1,360	1,360	13,927	12,567
Investment earnings	-	-	541	541
Miscellaneous	-	-	18,000	18,000
Total Revenues	\$ 570,130	\$ 570,130	\$ 495,226	\$ (74,904)
Expenditures				
Current				
General government	\$ 123,114	\$ 123,114	\$ 127,039	\$ (3,925)
Public safety	100,000	100,000	448,905	(348,905)
Highways and streets	190,000	190,000	190,482	(482)
Debt service				
Bond issuance costs	-	-	195,625	(195,625)
Principal	157,016	157,016	-	157,016
Total Expenditures	\$ 570,130	\$ 570,130	\$ 962,051	\$ (391,921)
Excess of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ (466,825)	\$ (466,825)
Other Financing Sources (Uses)				
Capital lease issued	-	-	274,473	274,473
Bonds issued	-	-	9,610,000	9,610,000
Premiums on bonds issued	-	-	588,697	588,697
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ 10,473,170	\$ 10,473,170
Change in Fund Balance	\$ -	\$ -	\$ 10,006,345	\$ 10,006,345
Fund Balance – January 1	454,949	454,949	454,949	-
Fund Balance – December 31	\$ 454,949	\$ 454,949	\$ 10,461,294	\$ 10,006,345

**WINONA COUNTY
WINONA, MINNESOTA**

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

The EDA Loan Special Revenue Fund accounts for restricted revenues from federal agencies to provide assistance, in the form of loans, with flood-related expenditures after the 2007 flood.

The Recycling and Solid Waste Special Revenue fund accounts for restricted and assigned revenues from special assessments, state government, and hauler fees. These revenues are used for recycling and solid waste expenses.

DEBT SERVICE FUND

The Debt Service Fund accounts for all financial resources restricted for the payment of principal, interest, and related costs of long-term bonded debt.

**WINONA COUNTY
WINONA, MINNESOTA**

EXHIBIT B-2

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2020**

	EDA Loan Special Revenue	Recycling and Solid Waste Special Revenue	Debt Service	Total Nonmajor Governmental Funds (Exhibit 3)
<u>Assets</u>				
Cash and pooled investments	\$ 1,096,438	\$ 550,143	\$ 285,414	\$ 1,931,995
Taxes receivable – delinquent	-	-	7,484	7,484
Special assessments – delinquent	-	32,766	-	32,766
Accounts receivable	-	91,590	-	91,590
Due from other governments	-	728	-	728
Loans receivable	322,548	-	-	322,548
	\$ 1,418,986	\$ 675,227	\$ 292,898	\$ 2,387,111
 <u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>				
Liabilities				
Accounts payable	\$ -	\$ 81,923	\$ 1,700	\$ 83,623
Salaries payable	-	4,095	-	4,095
Due to other governments	-	23,326	-	23,326
	\$ -	\$ 109,344	\$ 1,700	\$ 111,044
 Deferred Inflows of Resources				
Unavailable revenue	\$ 322,548	\$ 27,428	\$ 5,421	\$ 355,397
 Fund Balances				
Restricted for				
Debt service	\$ -	\$ -	\$ 285,777	\$ 285,777
Economic development	1,096,438	-	-	1,096,438
Assigned				
Recycling and solid waste	-	538,455	-	538,455
	\$ 1,096,438	\$ 538,455	\$ 285,777	\$ 1,920,670
 Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,418,986	\$ 675,227	\$ 292,898	\$ 2,387,111

**WINONA COUNTY
WINONA, MINNESOTA**

EXHIBIT B-3

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	EDA Loan Special Revenue	Recycling and Solid Waste Special Revenue	Debt Service	Total Nonmajor Governmental Funds (Exhibit 5)
Revenues				
Taxes	\$ -	\$ -	\$ 272,146	\$ 272,146
Special assessments	-	518,925	-	518,925
Licenses and permits	-	1,725	-	1,725
Intergovernmental	-	200,839	13,344	214,183
Charges for services	-	739,439	-	739,439
Investment earnings	16,495	-	-	16,495
Miscellaneous	426,410	221	-	426,631
	\$ 442,905	\$ 1,461,149	\$ 285,490	\$ 2,189,544
Expenditures				
Current				
Sanitation	\$ -	\$ 1,354,793	\$ -	\$ 1,354,793
Debt service				
Principal	-	-	260,000	260,000
Interest	-	-	15,150	15,150
Administrative (fiscal) charges	-	-	3,050	3,050
	\$ -	\$ 1,354,793	\$ 278,200	\$ 1,632,993
Excess of Revenues Over (Under) Expenditures	\$ 442,905	\$ 106,356	\$ 7,290	\$ 556,551
Other Financing Sources (Uses)				
Transfers out	-	(71,968)	-	(71,968)
Net Change in Fund Balance	\$ 442,905	\$ 34,388	\$ 7,290	\$ 484,583
Fund Balance – January 1	653,533	504,067	278,487	1,436,087
Fund Balance – December 31	\$ 1,096,438	\$ 538,455	\$ 285,777	\$ 1,920,670

**WINONA COUNTY
WINONA, MINNESOTA**

EXHIBIT B-4

**BUDGETARY COMPARISON SCHEDULE
EDA LOAN SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment earnings	\$ 27,461	\$ 27,461	\$ 16,495	\$ (10,966)
Miscellaneous	94,252	94,252	426,410	332,158
Total Revenues	\$ 121,713	\$ 121,713	\$ 442,905	\$ 321,192
Expenditures				
Current				
Economic development				
Other economic development	121,713	121,713	-	121,713
Change in Fund Balance	\$ -	\$ -	\$ 442,905	\$ 442,905
Fund Balance – January 1	653,533	653,533	653,533	-
Fund Balance – December 31	\$ 653,533	\$ 653,533	\$ 1,096,438	\$ 442,905

**WINONA COUNTY
WINONA, MINNESOTA**

EXHIBIT B-5

**BUDGETARY COMPARISON SCHEDULE
RECYCLING AND SOLID WASTE SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Special assessments	\$ 512,000	\$ 512,000	\$ 518,925	\$ 6,925
Licenses and permits	1,700	1,700	1,725	25
Intergovernmental	201,000	201,000	200,839	(161)
Charges for services	694,000	694,000	739,439	45,439
Miscellaneous	-	-	221	221
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Revenues	\$ 1,408,700	\$ 1,408,700	\$ 1,461,149	\$ 52,449
Expenditures				
Current				
Sanitation				
Sustainability	\$ 20,296	\$ 20,296	\$ 19,546	\$ 750
Recycling	1,434,942	1,434,942	1,335,247	99,695
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Expenditures	\$ 1,455,238	\$ 1,455,238	\$ 1,354,793	\$ 100,445
Excess of Revenues Over (Under)				
Expenditures	\$ (46,538)	\$ (46,538)	\$ 106,356	\$ 152,894
Other Financing Sources (Uses)				
Transfers in	\$ 116,314	\$ 116,314	\$ -	\$ (116,314)
Transfers out	(69,776)	(69,776)	(71,968)	(2,192)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Other Financing Sources (Uses)	\$ 46,538	\$ 46,538	\$ (71,968)	\$ (118,506)
Change in Fund Balance	\$ -	\$ -	\$ 34,388	\$ 34,388
Fund Balance – January 1	504,067	504,067	504,067	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund Balance – December 31	\$ 504,067	\$ 504,067	\$ 538,455	\$ 34,388

**WINONA COUNTY
WINONA, MINNESOTA**

EXHIBIT B-6

**BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 269,850	\$ 269,850	\$ 272,146	\$ 2,296
Intergovernmental	6,800	6,800	13,344	6,544
Total Revenues	\$ 276,650	\$ 276,650	\$ 285,490	\$ 8,840
Expenditures				
Debt service				
Principal	\$ 260,000	\$ 260,000	\$ 260,000	\$ -
Interest	15,150	15,150	15,150	-
Administrative (fiscal) charges	1,500	1,500	3,050	(1,550)
Total Expenditures	\$ 276,650	\$ 276,650	\$ 278,200	\$ (1,550)
Excess of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ 7,290	\$ 7,290
Fund Balance – January 1	278,487	278,487	278,487	-
Fund Balance – December 31	\$ 278,487	\$ 278,487	\$ 285,777	\$ 7,290

FIDUCIARY FUNDS

**WINONA COUNTY
WINONA, MINNESOTA**

CUSTODIAL FUNDS

The Collaborative Fund accounts for grant revenue received and expended by the Family Services Collaborative.

The Settlement Fund accounts for the collection and distribution of property taxes (current and delinquent) for various agencies.

The State Revenue Fund accounts for the money received from and due to the state.

The Sheriff Prisoner Account Fund accounts for the collection and payment of money for prisoner use of canteen goods.

The Taxes and Penalties Fund accounts for the collection and distribution of prepaid taxes and proceeds from the sale of property for unpaid taxes.

**WINONA COUNTY
WINONA, MINNESOTA**

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS – CUSTODIAL FUNDS
DECEMBER 31, 2020**

	Custodial Funds	
	Collaborative	Settlement
<u>Assets</u>		
Cash and pooled investments	\$ 216,590	\$ 731,062
Taxes receivable for other governments	-	804,996
Due from other funds	31,653	-
Total Assets	\$ 248,243	\$ 1,536,058
<u>Liabilities</u>		
Due to other governments	\$ 106,696	\$ 731,062
<u>Deferred Inflows of Resources</u>		
Prepaid Taxes	\$ -	\$ -
<u>Net Position</u>		
Restricted for individuals, organizations, and other governments	\$ 141,547	\$ 804,996

EXHIBIT C-1

<u>State Revenue</u>	<u>Sheriff Prisoner</u>	<u>Taxes and Penalties</u>	<u>Total Custodial Funds</u>
\$ 314,833	\$ 8,171	\$ 118,589	\$ 1,389,245
-	-	-	804,996
<u>5,169</u>	<u>-</u>	<u>-</u>	<u>36,822</u>
<u>\$ 320,002</u>	<u>\$ 8,171</u>	<u>\$ 118,589</u>	<u>\$ 2,231,063</u>
<u>\$ 320,002</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,157,760</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 110,209</u>	<u>\$ 110,209</u>
<u>\$ -</u>	<u>\$ 8,171</u>	<u>\$ 8,380</u>	<u>\$ 963,094</u>

**WINONA COUNTY
WINONA, MINNESOTA**

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS – CUSTODIAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Custodial Funds	
	Collaborative	Settlement
<u>Additions</u>		
Contributions from individuals	\$ -	\$ -
Property tax collections for other governments	-	60,900,356
Fees collected for state	-	-
Payments from state	166,884	-
	\$ 166,884	\$ 60,900,356
Total Additions	\$ 166,884	\$ 60,900,356
<u>Deductions</u>		
Payments of property tax to other governments	\$ -	\$ 61,003,051
Payments to state	-	-
Payments to other entities	115,638	-
	\$ 115,638	\$ 61,003,051
Total Deductions	\$ 115,638	\$ 61,003,051
Change in Net Position	\$ 51,246	\$ (102,695)
Net Position – January 1, as previously reported	\$ -	\$ -
Net Position – Restatement (Note 1.E)	90,301	907,691
Net Position – January 1, as restated	\$ 90,301	\$ 907,691
Net Position – December 31	\$ 141,547	\$ 804,996

EXHIBIT C-2

<u>State Revenue</u>	<u>Sheriff Prisoner</u>	<u>Taxes and Penalties</u>	<u>Total Custodial Funds</u>
\$ -	\$ 199,954	\$ -	\$ 199,954
-	-	87,416	60,987,772
2,119,682	-	-	2,119,682
-	-	-	166,884
<u>\$ 2,119,682</u>	<u>\$ 199,954</u>	<u>\$ 87,416</u>	<u>\$ 63,474,292</u>
\$ -	\$ -	\$ 159,331	\$ 61,162,382
2,119,682	-	-	2,119,682
-	241,558	-	357,196
<u>\$ 2,119,682</u>	<u>\$ 241,558</u>	<u>\$ 159,331</u>	<u>\$ 63,639,260</u>
<u>\$ -</u>	<u>\$ (41,604)</u>	<u>\$ (71,915)</u>	<u>\$ (164,968)</u>
\$ -	\$ -	\$ -	\$ -
-	49,775	80,295	1,128,062
<u>\$ -</u>	<u>\$ 49,775</u>	<u>\$ 80,295</u>	<u>\$ 1,128,062</u>
<u>\$ -</u>	<u>\$ 8,171</u>	<u>\$ 8,380</u>	<u>\$ 963,094</u>

OTHER SCHEDULES

**WINONA COUNTY
WINONA, MINNESOTA**

EXHIBIT D-1

**SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2020**

Appropriations and Shared Revenue

State

Highway users tax	\$ 5,372,799
PERA contribution	58,338
Disparity reduction aid	40,731
Police aid	189,021
County program aid	3,057,375
County program aid – aquatic	90,029
Riparian protection aid	71,939
Agricultural conservation credit	33,437
Market value credit	291,107
Enhanced 911	134,607
SCORE grant	145,061
Performance aid credit	7,116
	7,116

Total appropriations and shared revenue **\$ 9,491,560**

Reimbursement for Services

State

Minnesota Department of Health	\$ 131,348
Minnesota Department of Human Services	2,199,503
	2,199,503

Total reimbursement for services **\$ 2,330,851**

Payments

Local

Local contributions	\$ 7,400
Payments in lieu of taxes	329,650
	329,650

Total payments **\$ 337,050**

Grants

State

Minnesota Department/Board of Public Safety	\$ 56,366
Health	496,883
Employment and Economic Development	1,127,235
Natural Resources	94,988
Trial Courts	72,819
Human Services	1,723,553
Corrections	120,371
Transportation	309,898
Water and Soil Resources	55,177
Veterans Affairs	10,000
Agriculture	26,581
Peace Officer Standards and Training Board	19,759
Secretary of State	5,483
Pollution Control Agency	216,044
	216,044

Total state **\$ 4,335,157**

**WINONA COUNTY
WINONA, MINNESOTA**

**EXHIBIT D-1
(Continued)**

**SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2020**

Grants (Continued)

Federal

Department of	
Agriculture	\$ 486,461
Justice	119,052
Labor	140,244
Transportation	235,357
Treasury	6,232,039
Education	2,761
Health and Human Services	4,125,568
Homeland Security	61,343
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Total federal	\$ 11,402,825
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Total state and federal grants	\$ 15,737,982
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Total Intergovernmental Revenue	\$ 27,897,443
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**WINONA COUNTY
WINONA, MINNESOTA**

EXHIBIT D-2

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Federal Grantor Pass-Through Agency Program or Cluster Title	Federal CFDA Number	Pass-Through Grant Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Agriculture				
Passed Through Minnesota Department of Health Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	12-700-00102	\$ 102,428	\$ -
Passed Through Minnesota Department of Human Services SNAP Cluster State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	202MN101S2514	384,033	-
Total U.S. Department of Agriculture			\$ 486,461	\$ -
U.S. Department of Justice				
Direct				
Bulletproof Vest Partnership Program	16.607		\$ 6,481	\$ -
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745		55,270	-
Passed Through Minnesota Department of Public Safety Missing Children's Assistance	16.543	153481	2,546	-
Crime Victim Assistance	16.575	F-CVS-2020- WINONAAO	43,156	-
Violence Against Women Formula Grants	16.588	F-SMART-2019 & 2020 WINONAAO	12,999	-
Total U.S. Department of Justice			\$ 120,452	\$ -
U.S. Department of Labor				
Passed Through Minnesota Department of Employment and Economic Development WIOA Cluster				
WIA Adult Program	17.258	DEED-PY18, 19 & 20	\$ 65,220	\$ 15,549
WIA Youth Activities	17.259	DEED-PY18, 19 & 20	45,976	43,626
WIA Dislocated Worker Formula Grants	17.278	DEED-PY18, 19 & 20	32,951	15,300
Total U.S. Department of Labor			\$ 144,147	\$ 74,475
U.S. Department of Transportation				
Passed Through Minnesota Department of Transportation Highway Planning and Construction Cluster				
Highway Planning and Construction	20.205	1035533	\$ 246,602	\$ -
Highway Planning and Construction	20.205	1044162	181,350	-
Highway Planning and Construction	20.205	1044163	177,659	-
(Total Highway Planning and Construction CFDA 20.205 \$605,611)				

**WINONA COUNTY
WINONA, MINNESOTA**

**EXHIBIT D-2
(Continued)**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Federal Grantor Pass-Through Agency Program or Cluster Title	Federal CFDA Number	Pass-Through Grant Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Transportation (Continued)				
Passed Through Minnesota Department of Public Safety Highway Safety Cluster				
State and Community Highway Safety	20.600	F-ENFRC20-2020 WINONASO	15,867	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	F-ENFRC20-2020 WINONASO	10,534	-
Highway Safety Cluster				
National Priority Safety Programs	20.616	F-ENFRC20-2020 WINONASO	7,071	-
Passed Through Southeast Minnesota Emergency Communications Board				
E-911 Grant Program	20.615	A-DECN-CPE-2019- SEECB-3	33,109	-
Total U.S. Department of Transportation			\$ 672,192	\$ -
U.S. Department of Treasury				
Passed Through Minnesota Department of Management and Budget				
COVID-19 – Coronavirus Relief Fund	21.019	SLT0016	\$ 6,232,039	\$ 2,944,710
U.S. Department of Education				
Passed Through Minnesota Department of Health				
Special Education – Grants for Infants and Families	84.181	12-700-00102	\$ 2,761	\$ -
U.S. Department of Health and Human Services				
Passed Through Minnesota Department of Health				
Public Health Emergency Preparedness	93.069	12-700-00102	\$ 1,195	\$ -
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements				
Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program	93.314	12-700-00102	225	-
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families 93.558 \$434,210)	93.558	2001MNTANF	38,974	-
Maternal and Child Health Services Block Grant to the States	93.994	12-700-00102	50,607	-
Passed Through Minnesota Department of Human Services				
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	93.104	H79SM080155	67,062	-
Promoting Safe and Stable Families	93.556	2001MNFPS	14,086	-
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families 93.558 \$434,210)	93.558	2001MNTANF	395,236	-

**WINONA COUNTY
WINONA, MINNESOTA**

**EXHIBIT D-2
(Continued)**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Federal Grantor Pass-Through Agency Program or Cluster Title	Federal CFDA Number	Pass-Through Grant Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Health and Human Services				
Passed Through Minnesota Department of Human Services (Continued)				
Child Support Enforcement	93.563	2001MNCEST	570,758	-
Child Support Enforcement (Total Child Support Enforcement 93.563 \$650,918)	93.563	2001MNCSES	80,160	-
Refugee and Entrant Assistance – State Administered Programs	93.566	2001MNRDMA	659	-
CCDF Cluster				
Child Care and Development Block Grant	93.575	2001MNCCDF	15,468	-
Community-Based Child Abuse Prevention Grants	93.590	1901MNBCAP	32,942	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	2001MNCWSS	12,478	-
Foster Care – Title IV-E	93.658	2001MNFOST	805,741	-
Social Services Block Grant	93.667	2001MNSOSR	241,875	-
Child Abuse and Neglect State Grants	93.669	2001MNNCAN	2,700	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	2001MNCILP	10,000	-
Children's Health Insurance Program	93.767	2005MN5021	904	-
Medicaid Cluster				
Medical Assistance Program	93.778	2005MN5ADM	1,471,203	-
Medical Assistance Program (Total Medical Assistance Program 93.778 \$1,598,234)	93.778	2005MN5MAP	127,031	-
Passed Through Rice County, Minnesota				
Maternal, Infant, and Early Childhood Home Visiting Grant	93.870	Not provided	42,554	-
Total U.S. Department of Health and Human Services			\$ 3,999,076	\$ -
U.S. Department of Homeland Security				
Passed Through Minnesota Department of Natural Resources				
Boating Safety Financial Assistance	97.012	R29G70CGFFY18	\$ 19,021	\$ -
Passed Through Minnesota Department of Public Safety				
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	2000-15956/3000011730	42,322	-
Total U.S. Department of Homeland Security			\$ 61,343	\$ -
Total Federal Awards			\$ 11,718,471	\$ 3,019,185
Totals by Cluster				
Total expenditures for SNAP Cluster			\$ 384,033	
Total expenditures for WIOA Cluster			144,147	
Total expenditures for Highway Planning and Construction Cluster			605,611	
Total expenditures for Highway Safety Cluster			22,938	
Total expenditures for CCDF Cluster			15,468	
Total expenditures for Medicaid Cluster			1,598,234	

**WINONA COUNTY
WINONA, MINNESOTA**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

1. Summary of Significant Accounting Policies

A. Reporting Entity

The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by Winona County. The County's reporting entity is defined in Note 1 to the financial statements.

B. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Winona County under programs of the federal government for the year ended December 31, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Winona County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Winona County.

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

2. De Minimis Cost Rate

Winona County has elected not to use the ten percent de minimis indirect cost rate allowed under the Uniform Guidance.

**WINONA COUNTY
WINONA, MINNESOTA**

3. Reconciliation to Schedule of Intergovernmental Revenue

Federal grant revenue per Schedule of Intergovernmental Revenue (Exhibit D-1)	\$ 11,402,825
Deferred in 2019, recognized as revenue in 2020	
WIA Youth Activities (CFDA No. 17.259)	(508)
Child Care and Development Block Grant (CFDA No. 93.575)	(1,611)
Foster Care Title IV-E (CFDA No. 93.658)	(136,874)
Temporary Assistance for Needy Families (CFDA No. 93.558)	(83,963)
John H. Chafee Foster Care Program for Successful Transition to Adulthood (CFDA No. 93.674)	(268)
Maternal and Child Health Services Block Grant to the States (CFDA No. 93.994)	(46,205)
Grants received more than 60 days after year-end, deferred in 2020	
WIA Dislocated Worker (CFDA No. 17.278)	4,411
Highway Planning and Construction (CFDA No. 20.205)	436,835
Temporary Assistance for Needy Families (CFDA No. 93.558)	104,841
Stephanie Tubbs Jones Child Welfare Services Program (CFDA No. 93.645)	1,586
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED) (CFDA No. 93.104)	29,055
Maternal, Infant, and Early Childhood Home Visiting Grant (CFDA No. 93.870)	6,947
Bulletproof Vest Partnership Program (CFDA No. 16.607)	1,400
	<hr/>
Expenditures per Schedule of Expenditures of Federal Awards (Exhibit D-2)	<u>\$ 11,718,471</u>



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Independent Auditor's Report

Board of County Commissioners
Winona County
Winona, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Winona County, Minnesota, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated September 9, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Winona County's internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit the attention of those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Winona County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Minnesota Legal Compliance

In connection with our audit, nothing came to our attention that caused us to believe that Winona County failed to comply with the provisions of the contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, and miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide for Counties*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the County's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting, compliance, and the provisions of the *Minnesota Legal Compliance Audit Guide for Counties* and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

/s/Julie Blaha

JULIE BLAHA
STATE AUDITOR

/s/Dianne Syverson

DIANNE SYVERSON, CPA
DEPUTY STATE AUDITOR

September 9, 2021



**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE**

Independent Auditor's Report

Board of County Commissioners
Winona County
Winona, Minnesota

Report on Compliance for Each Major Federal Program

We have audited Winona County's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2020. Winona County's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Winona County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Winona County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Basis for Qualified Opinion on Medical Assistance Program (CFDA No. 93.778)

As described in the accompanying Schedule of Findings and Questioned Costs, Winona County did not comply with requirements regarding CFDA No. 93.778, Medical Assistance Program as described in finding number 2020-001 for Eligibility. Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

Qualified Opinion on Medical Assistance Program (CFDA No. 93.778)

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Winona County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Medical Assistance Program for the year ended December 31, 2020.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, Winona County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the year ended December 31, 2020.

Other Matters

The results of our auditing procedures disclosed an other instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2020-002. Our opinion on each major federal program is not modified with respect to this matter.

Winona County's responses to the noncompliance findings identified in our audit are described in the accompanying Corrective Action Plan. The County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of Winona County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit the attention of those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a deficiency in internal control over compliance, described in the accompanying Schedule of Findings and Questioned Costs as item 2020-001, that we consider to be a material weakness, and deficiency 2020-002 that we consider to be a significant deficiency.

Winona County's responses to the internal control over compliance findings identified in our audit are described in the accompanying Corrective Action Plan. The County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

/s/Julie Blaha

JULIE BLAHA
STATE AUDITOR

/s/Dianne Syverson

DIANNE SYVERSON, CPA
DEPUTY STATE AUDITOR

September 9, 2021

**WINONA COUNTY
WINONA, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: **Unmodified**

Internal control over financial reporting:

- Material weaknesses identified? **No**
- Significant deficiencies identified? **None reported**

Noncompliance material to the financial statements noted? **No**

Federal Awards

Internal control over major programs:

- Material weaknesses identified? **Yes**
- Significant deficiencies identified? **Yes**

Type of auditor's report issued on compliance for major federal programs: **Unmodified, except for the Medicaid Cluster, which is qualified.**

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **Yes**

The major federal programs are:

COVID-19 Coronavirus Relief Fund	CFDA No. 21.019
Foster Care – Title IV-E	CFDA No. 93.658
Medicaid Cluster	CFDA No. 93.778

The threshold for distinguishing between Types A and B programs was \$750,000.

Winona County qualified as a low-risk auditee? **No**

**WINONA COUNTY
WINONA, MINNESOTA**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020

II. FINDINGS RELATED TO FINANCIAL STATEMENTS AUDITED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

None.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARD PROGRAMS

Finding Number: 2020-001

Prior Year Finding Number: 2019-002

Repeat Finding Since: 2013

Eligibility Intake Function

Program: Medical Assistance Program, CFDA No. 93.778, U.S. Department of Health and Human Services, Award Nos. 2005MN5ADM and 2005MN5MAP, 2020

Pass-Through Agency: Minnesota Department of Human Services (DHS)

Criteria: Title 2 U.S. *Code of Federal Regulations* § 200.303 states that the auditee must establish and maintain internal control over the federal award that provides reasonable assurance that the auditee is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Condition: The Minnesota DHS maintains the computer systems, MAXIS and METS, which are used by the County to support the eligibility determination process. In the case files tested for compliance with eligibility requirements, not all documentation was available or input correctly to support participant eligibility. The following exceptions were noted in a sample of 80 cases tested:

- six case files did not have updated asset information in MAXIS;
- five case files did not have verification of citizenship in MAXIS; and
- three case files did not have income verification in METS.

**WINONA COUNTY
WINONA, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020**

Questioned Costs: Not applicable. The County administers the program, but benefits to participants in this program are paid by the State of Minnesota.

Context: The State of Minnesota contracts with the County to perform the “intake function” (meeting with the social service participant to determine income and categorical eligibility), while the Minnesota DHS maintains the MAXIS and METS systems, which support the eligibility determination process and actually pay the benefits to the participants. The County does have a formalized written supervisory case file review process in place but only one case file a month is reviewed.

The sample size was based on guidance from chapter 11 of the AICPA Audit Guide, *Government Auditing Standards and Single Audits*.

Effect: The improper input or updating of information into MAXIS or METS and lack of verification or follow-up of eligibility-determining factors increases the risk that a program participant will receive benefits when they are not eligible.

Cause: The County indicated the information was not entered appropriately and, in some instances, not verified by the worker due to error. The County also indicated that due to increased demands, staff have not been able to perform supervisory reviews on a consistent basis.

Recommendation: We recommend the County implement additional procedures to provide reasonable assurance that all necessary documentation to support eligibility determinations exists and is properly input into MAXIS or METS and issues are followed up in a timely manner. The County should also review the supervisory review policy to determine if one review per month is sufficient.

View of Responsible Official: Concur

**WINONA COUNTY
WINONA, MINNESOTA**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020

Finding Number: 2020-002

Prior Year Finding Number: N/A

Repeat Finding Since: N/A

Activities Allowed or Unallowed and Allowable Costs/Cost Principles

Program: Coronavirus Relief Fund (CRF), CFDA No. 21.019, U.S. Department of the Treasury, Award No. SLT0016, 2020.

Pass-Through Agency: The State of Minnesota Office of Management and Budget

Criteria: Title 2 U.S. Code of Federal Regulations § 200.303 states that the auditee must establish and maintain effective internal control over the federal award that provides reasonable assurance that the auditee is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Section 5001(d) of the *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act) provides the eligible purposes for which Coronavirus Relief Fund payments may be used and generally requires that payments are necessary expenditures incurred due to the public health emergency during the covered period.

Condition: The County incorrectly reported payroll costs to the CRF program of \$33,988. The County did not document what duties were being performed to divert salaries of \$51,272 for one employee.

Questioned Costs: \$33,988 incorrectly reported payroll costs and \$51,272 of undocumented costs.

Context: The County included \$23,953 twice for the same payroll period and included \$10,035 of undocumented hours worked. The County did not document the duties performed to the CRF program for one employee. The sample size was based on guidance from chapter 11 of the AICPA Audit Guide, *Government Auditing Standards and Single Audits*.

**WINONA COUNTY
WINONA, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020**

Effect: The County identified expenditures as relating to the CRF program which are not in compliance with the activities allowed or unallowed, allowable costs/cost principles.

Cause: The County indicated a limited spending timeframe resulted in reduced time to double check expenditures made to the program.

Recommendation: We recommend that the County implement procedures to follow the guidance related to the CRF, CFDA No. 21.019 and claim documented actual costs incurred under the grant.

View of Responsible Official: Concur

IV. PREVIOUSLY REPORTED ITEMS RESOLVED

2019-001 Departmental Segregation of Duties
2019-003 Insufficient Collateral



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Winona, Minnesota 55987

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**REPRESENTATION OF WINONA COUNTY
WINONA, MINNESOTA**

**CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 2020**

Finding Number: 2020-001

Finding Title: Eligibility Intake Function

Program: Medical Assistance Program (CFDA No. 93.778)

Name of Contact Person Responsible for Corrective Action:

Naomi Morris, Financial Supervisor III and Karen Sanness, Health and Human Services Director

Corrective Action Planned:

Winona County Income Maintenance department will continue to discuss appropriate verifications as well as the importance of updating MAXIS with the information on file with all eligibility staff.

Winona County Income Maintenance department will also implement more 2nd party case reviews as well as Supervisory desk reviews to ensure accuracy of the case as well as appropriate documentation on file.

Health Care staff are also pulling cases, as time allows, to ensure appropriate citizenship verification is on file for all existing cases.

Winona County Income Maintenance is in the final stages of hiring a second Financial Assistance Supervisor who will assist with Supervising staff, monitor peer quality assurance reviews, conduct supervisory quality assurance desk reviews, data analysis and subsequent training for staff. The current Supervisor has 32 staff and no ability to conduct Supervisory QA desk reviews. With a second Supervisor, staff supervision will be cut in half, allowing for far more time to conduct case reviews and trainings.

County Board of Commissioners

First District
Chris M. Meyer

Second District
Marie H. Kovecsi

Third District
Steven E. Jacob

Fourth District
Gregory D. Olson

Fifth District
Marcia L. Ward

Winona County expects to see an increase in accuracy for case audits.

Anticipated Completion Date:

December 31, 2021

Finding Number: 2020-002

Finding Title: Activities Allowed or Unallowed and Allowable Costs/Cost Principles

Program: COVID-19 Coronavirus Relief Fund (CFDA No. 21.019)

Name of Contact Person Responsible for Corrective Action:

Patrick Moga, Finance Director

Corrective Action Planned:

In future, Winona County will verify time cards when a re-code is done. This will help to ensure that the correct time is recoded to the appropriate program. Also Winona County will come up with a rational when charging a percentage of time and check periodically to ensure that the rational holds true.

Anticipated Completion Date:

12/31/2021



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**REPRESENTATION OF WINONA COUNTY
WINONA, MINNESOTA**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Finding Number: 2019-001

Finding Title: Departmental Segregation of Duties

Summary of Condition: Due to the limited number of personnel within several Winona County offices, segregation of accounting duties necessary to ensure adequate internal accounting control is not possible. The smaller fee offices generally have one staff person who is responsible for billing, collecting, recording, and depositing receipts as well as reconciling bank accounts. Specifically, this issue is noted in the receipting procedures in the Solid Waste Office.

Summary of Corrective Action Previously Reported: Winona County will need to review the cost benefit of hiring additional staff to correct the segregation of duties.

Status: Fully Corrected. Corrective Action was taken.

Was corrective action taken significantly different than the action previously reported?

Yes _____ No X

Finding Number: 2019-002

Finding Title: Eligibility Intake Function

Program: Medicaid Cluster (CFDA No. 93.778)

Summary of Condition: The Minnesota DHS maintains the computer system, MAXIS and METS, which is used by the County to support the eligibility determination process. In the case files tested for compliance with eligibility requirements, not all documentation was available or input correctly to support participant eligibility. The following exceptions were noted in a sample of 50 cases tested:

County Board of Commissioners

First District
Chris M. Meyer

Second District
Marie H. Kovecsi

Third District
Steven E. Jacob

Fourth District
Gregory D. Olson

Fifth District
Marcia L. Ward

- four case files did not have updated asset information in MAXIS;
- one case file did not have verification of citizenship in MAXIS; and
- six case files did not have updated income information entered into MAXIS or did not have support for the income, and one case file did not have income verification in METS.

Summary of Corrective Action Previously Reported: Winona County Income Maintenance department will continue to discuss appropriate verifications as well as the importance of updating MAXIS with the information on file with eligibility staff.

Winona County Income Maintenance department will also implement 2nd party case reviews to ensure accuracy of the case as well as documentation on file.

Winona County Income Maintenance is in the final stages of hiring a lead worker who will specialize in quality assurance reviews, data analysis and subsequent training for staff.

Winona County expects to see an increase in accuracy for case audits.

Status: Not Corrected. Staff will continue to be trained, more cases will be pulled and reviewed for quality control, and a new supervisor is being hired to focus on health care cases and programs. All of these will assist in correcting the audit finding.

Was corrective action taken significantly different than the action previously reported?
 Yes _____ No X

Finding Number: 2019-003

Finding Title: Insufficient Collateral

Summary of Condition: The fair market value of collateral pledged to secure uninsured deposits was not sufficient to meet the 110 percent requirement for May and December of 2019.

Summary of Corrective Action Previously Reported: Sandra J. Suchla, County Auditor-Treasurer will more closely monitor county deposits.

Status: Fully Corrected. Corrective Action was taken.

Was corrective action taken significantly different than the action previously reported?
 Yes X No _____