State of Minnesota

Office of the State Auditor

Julie Blaha
State Auditor

Winona County
Winona, Minnesota

Year Ended December 31, 2019

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, 2019

Office of the State Auditor

Audit Practice Division
Office of the State Auditor
State of Minnesota

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WINONA COUNTY
WINONA, MINNESOTA

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WINONA COUNTY
WINONA, MINNESOTA

ORGANIZATION
DECEMBER 31, 2019

Office	Name	Term Expires
Commissioners		
First District	Chris Meyer	January 2023
Second District	Marie Kovecsi	January 2023
Third District	Steve Jacob	January 2021
Fourth District	Greg Olson	January 2021
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
Health and Human Services Director	Karen Sanness	Indefinite
County Assessor	Steven Hacken	December 2020
Planning & Environmental Services Director	Kay Qualley	Indefinite
Building Superintendent	Michael Krage	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.

Financial Section

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STATE OF MINNESOTA
OFFICE OF THE STATE AUDITOR

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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, 2019, 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 as of December 31, 2019, 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 Principles
As discussed in Note 1.E. to the financial statements, in 2019, the County changed the method of accounting for long-term receivables. Our opinion is not modified with respect to this matter.

Emphasis of Matter – Subsequent Event
As discussed in Note 5 to the financial statements, subsequent to year-end, the World Health Organization declared the outbreak of a coronavirus (COVID-19) to be a pandemic. A reduction of calendar year 2021 County State Aid from state-collected gasoline tax revenue is expected to occur. 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 Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise 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 July 23, 2020, 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), 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), is presented for purposes of additional analysis and is not a required part of the basic financial statements. The SEFA 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 SEFA is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

/s/Julie Blaha	*/s/Greg Hierlinger*
JULIE BLAHA STATE AUDITOR	GREG HIERLINGER, CPA DEPUTY STATE AUDITOR

July 23, 2020

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MANAGEMENT’S DISCUSSION AND ANALYSIS

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MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019
(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, 2019. 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 2019, Winona County's assets and deferred outflows of resources exceeded liabilities and deferred inflows by $89.5 million (net position). Of that amount, $8.1 million is restricted; ($1.7 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 $21.5 million. This is a decrease of $3.6 million from the previous year restated fund balance. Of the combined ending fund balances, $11.6 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 $11.6 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 decreased by $0.4 million, or 43.3 percent, during the year. The decrease was mainly due to reduction in principal.

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, 2019, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $89.5 million. The following table provides a summary of Winona County's governmental net position.

Governmental Net Position

	2019	2018	Percent Change (%)
Assets			
Current and other assets	$ 29,485,970	$ 33,664,165	(12)
Capital assets	83,949,029	82,799,784	1
Total Assets	$ 113,434,999	$ 116,463,949	(3)
Deferred Outflows of Resources			
Deferred OPEB outflows	$ 123,584	$ 136,419	(9)
Deferred pension outflows	2,749,654	4,979,040	(45)
Total Deferred Outflow of Resources	$ 2,873,238	$ 5,115,459	(44)
Liabilities			
Current and other liabilities	$ 2,984,725	$ 2,642,995	13
Long-term liabilities	18,382,042	18,838,956	(2)
Total Liabilities	$ 21,366,767	$ 21,481,951	(1)
Deferred Inflows of Resources			
Deferred OPEB inflows	$ 207,933	$ -	100
Deferred pension inflows	5,268,380	7,177,377	(27)
Advance allotments	-	29,508	(100)
Total Deferred Inflows of Resources	$ 5,476,313	$ 7,206,885	(24)
Net Position			
Net investment in capital assets	$ 83,119,970	$ 81,818,907	(2)
Restricted	8,066,960	11,481,541	(30)
Unrestricted	(1,721,773)	(409,876)	320
Total Net Position	$ 89,465,157	$ 92,890,572	(4)

The largest portion of Winona County's net position, 92.9 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 $8.1 million of the County's net position, or 9.0 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 ($1.7 million) of net position, or (1.9 percent), represents unrestricted net position that is needed to meet ongoing obligations to citizens and creditors.

Change in net position—In 2019, government-wide expenses exceeded revenues by $3.4 million, thereby decreasing net position. Net position changed as follows:

Change in Net Position

	2019	2018	Percent Change (%)
Revenues			
Program revenues			
Fees, charges, fines, and other	$ 4,764,841	$ 4,555,351	5
Operating grants and contributions	19,026,260	21,784,247	(13)
Capital grants and contributions	1,337,169	362,349	269
General revenues			
Property taxes	19,211,490	18,124,204	6
Grants and contributions not restricted to specific programs	3,314,767	3,291,605	1
Local sales tax	3,167,883	2,908,948	9
Unrestricted investment earnings	552,079	305,840	81
Other	598,239	638,140	(6)
Total Revenues	$ 51,972,728	$ 51,970,684	-
Expenses			
General government	$ 10,575,881	$ 9,811,162	8
Public safety	9,023,632	7,358,859	23
Highways and streets	15,257,159	13,207,822	16
Sanitation	1,331,527	1,290,545	3
Human services	15,948,770	15,974,184	-
Health	1,135,482	1,061,261	7
Interest	24,191	45,677	(47)
Other	2,101,501	1,453,219	45
Total Expenses	$ 55,398,143	$ 50,202,729	10

	2019	2018	Percent Change (%)
Change in Net Position	$ (3,425,415)	$ 1,767,955	(294)
Net Position – January 1, as restated (1)	92,890,572	91,122,617	2
Net Position – December 31	$ 89,465,157	$ 92,890,572	(4)

(1) 2018 beginning balance was restated for change in accounting principles

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 37.0 percent of the total revenue for the County.

- Expense by function depicts the relationship between governmental activities functions. Property taxes of $19.2 million are leveraged to provide $55.4 million in services.

Governmental activities decreased Winona County's net position by $3.4 million, which is (6.6) percent of current year revenues, (6.2) percent of current year expenses, or (3.7) percent of beginning net position. The following is the major component of this decrease:

- Overall, expenses increased by 10.0 percent from 2018 to 2019 due to Road and Bridge projects and increased expenses in General Government, Public Safety, Sanitation, Health, and other.

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, 2019, the combined ending fund balances of governmental funds were $21.5 million. Approximately 73.4 percent, or $15.8 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,
- missing heirs,
- debt service,
- forfeited property,
- donations,
- loans receivable, and
- other restricted for specific purposes.

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

(1) The General Fund is the primary operating fund of Winona County. The General Fund's fund balance was $13.4 million at the end of 2019. Of that amount, $1.6 million is restricted for such items as forfeited property and donations. Nonspendable fund balance of $204.1 thousand is for missing heirs and loans receivable. In addition, the Board of County Commissioners has assigned $75.7 thousand for employee wellness, tobacco settlement, and master gardeners. The comparison of fund balance to expenditures is useful for two purposes. The first purpose is to measure liquidity. Unassigned fund balance is $11,602,183, or 57.2 percent, of 2019 expenditures, while total fund balance is 66.2 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 2018, the ending fund balance of the General Fund decreased $483,169.

(2) The Road and Bridge Special Revenue Fund accounts for maintenance and improvements to the infrastructure of the County. The fund had a $5.9 million fund balance at the end of 2019 that represented a $2.8 million, or 32 percent, decrease from 2018. The decrease was due to a large transportation project that the County had been building up reserves for in prior years.

(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 $316 thousand fund balance at the end of 2019, representing a $49 thousand, or 18 percent, increase from the 2018 fund balance. The increase was due mainly to a property tax increase in the Health and Human Services Special Revenue Fund.

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 eight agency funds. Agency funds are custodial in nature and do not involve measurement of the results of operations.

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 2019, the Board of County Commissioners adopted the following budget:

General Fund	Revenues	Expenditures	Other Sources (Uses)
Board-adopted (Original)	$ 19,750,241	$ 20,968,002	$ 1,217,761
Board-adopted (Final)	19,750,241	20,968,002	1,217,761
Actual	19,716,141	20,300,094	100,784

The adopted budget anticipated revenues of $19,750,241 expenditures of $20,968,002, and other financing sources of $1,217,761.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Winona County's investment in capital assets for its governmental activities as of December 31, 2019, was $83.9 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				
		2019		2018	Percent Change (%)
Capital assets not depreciated					
Land	$	6,359,129	$	6,145,917	3
Construction in progress		3,289,043		304,535	980
Total capital assets not depreciated	$	9,648,172	$	6,450,452	50
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		10,473,302	-
Infrastructure		75,824,278		75,824,278	-
Total capital assets depreciated	$	112,125,572	$	112,153,966	-
Less: accumulated depreciation for					
Buildings	$	5,141,478	$	4,871,874	6
Improvements other than buildings		294,261		283,195	4
Machinery, furniture, and equipment		7,570,714		7,249,317	4
Infrastructure		24,818,262		23,400,248	6
Total accumulated depreciation	$	37,824,715	$	35,804,634	6
Total capital assets depreciated, net	$	74,300,857	$	76,349,332	(3)
Governmental Activities Capital Assets, Net	$	83,949,029	$	82,799,784	1

Outstanding Long-Term Debt

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

Outstanding Long-Term Debt

	Governmental Activities			
	2019		2018	
Capital leases	$	45,055	$	50,419
General obligation bonds		525,000		955,000
Total	$	570,055	$	1,005,419

The outstanding debt listed above for Winona County decreased $435,364, mainly due to principal reduction for the 2019 payment.

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 2019 for the U.S., Minnesota, and Winona County was 3.7 percent, 3.2 percent, and 2.9 percent, respectively. This compared to 2018 averages of 3.9 percent, 2.9 percent, and 2.6 percent.

New Construction

New construction for all of Winona County was valued at $32.4 million in 2019, which is payable in 2020.

State Financial Position

The state forecast is in a deficit due to the pandemic. 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 2021.

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

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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WINONA COUNTY
WINONA, MINNESOTA

EXHIBIT 1

STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2019

Assets		
Cash and pooled investments	$	21,043,556
Petty cash and change funds		2,950
Taxes receivable – delinquent		446,343
Special assessments receivable – delinquent		30,700
Accounts receivable – net		769,361
Accrued interest receivable		126,345
Loans receivable		841,874
Due from other governments		5,635,864
Inventories		588,977
Capital assets		
Non-depreciable		9,648,172
Depreciable – net of accumulated depreciation		74,300,857
Total Assets	**$**	**113,434,999**
Deferred Outflows of Resources		
Deferred other postemployment benefits outflows	$	123,584
Deferred pension outflows		2,749,654
Total Deferred Outflows of Resources	**$**	**2,873,238**
Liabilities		
Accounts payable	$	951,537
Salaries payable		968,950
Contracts payable		822,545
Due to other governments		220,705
Accrued interest payable		5,363
Customer deposits		15,625
Long-term liabilities		
Due within one year		575,440
Due in more than one year		2,501,957
Net pension liability		12,743,413
Other postemployment benefits liability		2,561,232
Total Liabilities	**$**	**21,366,767**

The notes to the financial statements are an integral part of this statement.

WINONA COUNTY
WINONA, MINNESOTA

EXHIBIT 1
(Continued)

STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2019

Deferred Inflows of Resources		
Deferred other postemployment benefits inflows	$	207,933
Deferred pension inflows		5,268,380
Total Deferred Inflows of Resources	**$**	**5,476,313**
Net Position		
Net investment in capital assets	$	83,119,970
Restricted for		
General government		789,539
Public safety		681,826
Highways and streets		5,573,244
Debt service		278,487
Economic development		653,533
Conservation of natural resources		90,331
Unrestricted		(1,721,773)
Total Net Position	**$**	**89,465,157**

The notes to the financial statements are an integral part of this statement.

WINONA COUNTY
WINONA, MINNESOTA

EXHIBIT 2

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Expenses	Program Revenues: Fees, Charges, Fines, and Other	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Functions/Programs					
Primary government					
Governmental activities					
General government	$ 10,575,881	$ 1,722,030	$ 724,188	$ -	$ (8,129,663)
Public safety	9,023,632	728,473	670,449	-	(7,624,710)
Highways and streets	15,257,159	4,091	6,961,568	1,337,169	(6,954,331)
Sanitation	1,331,527	1,244,967	209,654	-	123,094
Human services	15,948,770	970,285	8,558,243	-	(6,420,242)
Health	1,135,482	10,546	916,759	-	(208,177)
Culture and recreation	347,563	3,259	4,800	-	(339,504)
Conservation of natural resources	928,725	49,349	353,600	-	(525,776)
Economic development	825,213	31,841	626,999	-	(166,373)
Interest	24,191	-	-	-	(24,191)
Total Governmental Activities	**$ 55,398,143**	**$ 4,764,841**	**$ 19,026,260**	**$ 1,337,169**	**$ (30,269,873)**

General Revenues	
Property taxes	$ 19,211,490
Mortgage registry and deed tax	37,815
Local option sales tax	3,167,883
Taxes – other	1,878
Payments in lieu of tax	329,890
Grants and contributions not restricted to specific programs	3,314,767
Unrestricted investment earnings	552,079
Miscellaneous	217,498
Gain on sale of capital assets	11,158
Total general revenues	**$ 26,844,458**
Change in net position	**$ (3,425,415)**
Net Position – Beginning	**92,890,572**
Net Position – Ending	**$ 89,465,157**

The notes to the financial statements are an integral part of this statement.

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FUND FINANCIAL STATEMENTS

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GOVERNMENTAL FUNDS

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WINONA COUNTY
WINONA, MINNESOTA

EXHIBIT 3

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019

	General	Special Revenue Funds: Road and Bridge	Special Revenue Funds: Health and Human Services	Other Governmental Funds	Total
Assets					
Cash and pooled investments	$ 13,495,520	$ 5,389,458	$ 127,583	$ 2,030,995	$ 21,043,556
Petty cash and change funds	2,850	-	100	-	2,950
Taxes receivable – delinquent	272,414	28,698	125,812	19,419	446,343
Special assessments – delinquent	-	-	-	30,700	30,700
Accounts receivable – net	344,435	1,648	355,055	68,223	769,361
Accrued interest receivable	126,345	-	-	-	126,345
Loans receivable	92,263	-	-	749,611	841,874
Due from other funds	57,000	-	-	-	57,000
Due from other governments	497,556	3,927,485	1,209,832	991	5,635,864
Inventories	-	588,977	-	-	588,977
Total Assets	**$ 14,888,383**	**$ 9,936,266**	**$ 1,818,382**	**$ 2,899,939**	**$ 29,542,970**
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities					
Accounts payable	$ 341,731	$ 23,923	$ 481,150	$ 104,733	$ 951,537
Salaries payable	500,706	121,140	336,313	10,791	968,950
Contracts payable	-	714,655	-	107,890	822,545
Due to other funds	-	-	57,000	-	57,000
Due to other governments	26,560	2,565	191,580	-	220,705
Customer deposits	15,625	-	-	-	15,625
Total Liabilities	**$ 884,622**	**$ 862,283**	**$ 1,066,043**	**$ 223,414**	**$ 3,036,362**
Deferred Inflows of Resources					
Unavailable revenue	**$ 560,022**	**$ 3,183,862**	**$ 436,358**	**$ 785,489**	**$ 4,965,731**

The notes to the financial statements are an integral part of this statement.

WINONA COUNTY
WINONA, MINNESOTA

EXHIBIT 3
(Continued)

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019

		Special Revenue Funds		Other	
	General	Road and Bridge	Health and Human Services	Governmental Funds	Total
Liabilities, Deferred Inflows of Resources, and Fund Balances (Continued)					
Fund Balances					
Nonspendable					
Inventories	$ -	$ 588,977	$ -	$ -	$ 588,977
Missing heirs	111,848	-	-	-	111,848
Loans receivable	92,263	-	-	-	92,263
Restricted for					
Debt service	-	-	-	278,487	278,487
Law library	111,085	-	-	-	111,085
Recorder's unallocated equipment purchases	139,247	-	-	-	139,247
Recorder's equipment purchases	440,436	-	-	-	440,436
Enhanced 911	353,033	-	-	-	353,033
Criminal justice coordination council	2,086	-	-	-	2,086
Restorative justice	39,553	-	-	-	39,553
Sheriff's contingency	4,603	-	-	-	4,603
DARE	11,303	-	-	-	11,303
Sheriff's forfeited property	13,829	-	-	-	13,829
Attorney's forfeited property	87,339	-	-	-	87,339
Explorer post	332	-	-	-	332
Police dog donations	2,566	-	-	-	2,566
Permits to carry	254,853	-	-	-	254,853
Local option sales tax projects	-	2,435,174	-	-	2,435,174
Drug court	11,100	-	-	-	11,100
Aquatic invasive species	90,331	-	-	-	90,331
Economic development	-	-	-	653,533	653,533
Assigned					
Master gardeners	8,645	-	-	-	8,645
Highways and streets	-	2,865,970	-	-	2,865,970
Capital improvements	-	-	-	454,949	454,949
Health and human services	-	-	315,981	-	315,981
Recycling and solid waste	-	-	-	504,067	504,067
Employee wellness	7,248	-	-	-	7,248
Tobacco settlement	59,856	-	-	-	59,856
Unassigned	11,602,183	-	-	-	11,602,183
Total Fund Balances	**$ 13,443,739**	**$ 5,890,121**	**$ 315,981**	**$ 1,891,036**	**$ 21,540,877**
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	**$ 14,888,383**	**$ 9,936,266**	**$ 1,818,382**	**$ 2,899,939**	**$ 29,542,970**

The notes to the financial statements are an integral part of this statement.

WINONA COUNTY
WINONA, MINNESOTA

EXHIBIT 4

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION—GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2019

Fund balances – total governmental funds (Exhibit 3)		**$ 21,540,877**
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.		83,949,029
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.		2,873,238
Other long-term assets are not available to pay for current period expenditures and, therefore, are unavailable in the governmental funds.		4,965,731
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	$ (525,000)	
Capital leases payable	(45,055)	
Other postemployment benefits liability	(2,561,232)	
Net pension liability	(12,743,413)	
Accrued interest payable	(5,363)	
Compensated absences	(2,507,342)	(18,387,405)
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.		(5,476,313)
Net Position of Governmental Activities (Exhibit 1)		**$ 89,465,157**

The notes to the financial statements are an integral part of this statement.

WINONA COUNTY
WINONA, MINNESOTA

EXHIBIT 5

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	General	Special Revenue Funds: Road and Bridge	Special Revenue Funds: Health and Human Services	Other Governmental Funds	Total
Revenues					
Taxes	$ 11,860,580	$ 4,270,258	$ 5,611,377	$ 679,095	$ 22,421,310
Special assessments	-	-	-	519,261	519,261
Licenses and permits	138,845	-	41,200	1,650	181,695
Intergovernmental	5,056,346	9,379,351	10,086,858	223,752	24,746,307
Charges for services	1,799,564	-	964,005	722,759	3,486,328
Fines and forfeits	16,217	-	-	-	16,217
Gifts and contributions	21,464	-	-	-	21,464
Investment earnings	552,985	-	-	24,104	577,089
Miscellaneous	270,140	124,620	244,278	243,473	882,511
Total Revenues	**$ 19,716,141**	**$ 13,774,229**	**$ 16,947,718**	**$ 2,414,094**	**$ 52,852,182**
Expenditures					
Current					
General government	$ 9,729,629	$ 50,167	$ -	$ 346,228	$ 10,126,024
Public safety	8,609,510	-	-	156,413	8,765,923
Highways and streets	-	16,195,093	-	249,823	16,444,916
Sanitation	-	-	-	1,314,964	1,314,964
Human services	-	-	15,768,799	-	15,768,799
Health	-	-	1,121,056	-	1,121,056
Culture and recreation	347,563	-	-	-	347,563
Conservation of natural resources	906,235	-	-	-	906,235
Economic development	680,078	-	-	145,135	825,213
Intergovernmental					
Highways and streets	-	291,087	-	-	291,087
Debt service					
Principal	24,606	6,414	-	430,000	461,020
Interest	2,473	-	-	27,600	30,073
Administrative (fiscal) charges	-	-	-	5,375	5,375
Total Expenditures	**$ 20,300,094**	**$ 16,542,761**	**$ 16,889,855**	**$ 2,675,538**	**$ 56,408,248**
Excess of Revenues Over (Under) Expenditures	**$ (583,953)**	**$ (2,768,532)**	**$ 57,863**	**$ (261,444)**	**$ (3,556,066)**
Other Financing Sources (Uses)					
Transfers in	$ 89,626	$ -	$ -	$ -	$ 89,626
Transfers out	-	-	(8,731)	(80,895)	(89,626)
Capital lease issued	-	25,656	-	-	25,656
Proceeds from sale of capital assets	11,158	-	-	-	11,158
Total Other Financing Sources (Uses)	**$ 100,784**	**$ 25,656**	**$ (8,731)**	**$ (80,895)**	**$ 36,814**
Change in Fund Balance	**$ (483,169)**	**$ (2,742,876)**	**$ 49,132**	**$ (342,339)**	**$ (3,519,252)**
Fund Balance – January 1, as restated (Note 1.E.)	**13,926,908**	**8,724,807**	**266,849**	**2,233,375**	**25,151,939**
Increase (decrease) in inventories	**-**	**(91,810)**	**-**	**-**	**(91,810)**
Fund Balance – December 31	**$ 13,443,739**	**$ 5,890,121**	**$ 315,981**	**$ 1,891,036**	**$ 21,540,877**

The notes to the financial statements are an integral part of this statement.

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, 2019

Net change in fund balance – total governmental funds (Exhibit 5)		**$ (3,519,252)**
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	$ 4,965,731	
Unavailable revenue – January 1, restated	(5,856,343)	(890,612)
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	$ 3,442,705	
Net book value of assets disposed of	(16,075)	
Current depreciation	(2,277,385)	1,149,245
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.		
Principal repayments		
General obligation bonds	$ 430,000	
Capital lease issued	(25,656)	
Capital lease	31,020	435,364
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	$ 157,559	
Change in accrued interest payable	11,257	
Change in compensated absences	(143,450)	
Change in net pension liability	7,441	
Change in pension and other postemployment benefits deferred outflows of resources	(2,242,221)	
Change in pension and other postemployment benefits deferred inflows of resources	1,701,064	
Change in inventories	(91,810)	(600,160)
Change in Net Position of Governmental Activities (Exhibit 2)		**$ (3,425,415)**

The notes to the financial statements are an integral part of this statement.

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FIDUCIARY FUNDS

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WINONA COUNTY
WINONA, MINNESOTA

EXHIBIT 7

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2019

	HC Garvin Private-Purpose Trust	Agency Funds
Assets		
Cash and pooled investments	$ -	$ 1,881,604
Investments	47,715	-
Total Assets	**$ 47,715**	**$ 1,881,604**
Liabilities		
Accounts payable	$ -	$ 873,629
Due to other governments	-	1,007,975
Total Liabilities	**$ -**	**$ 1,881,604**
Net Position		
Net position, held in trust	**$ 47,715**	

The notes to the financial statements are an integral part of this statement.

WINONA COUNTY
WINONA, MINNESOTA

EXHIBIT 8

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	HC Garvin Private-Purpose Trust
Additions	
Interest on investments	$ 537
Deductions	
Payments in accordance with trust agreements	537
Change in net position	**$ -**
Net Position – January 1	**47,715**
Net Position – December 31	**$ 47,715**

The notes to the financial statements are an integral part of this statement.

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, 2019. 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.

Component Unit	Component Unit Included in Reporting Entity Because	Separate Financial Statements
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.

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.

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.

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.

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

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.

         Agency 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.

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, 2019. 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 2019 were $454,821.

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 2019.

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

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.

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.

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:

Capital Asset Category	Useful Life (Years)
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.

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 2019.

      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.

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. 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 become available. The County also reports deferred inflows of resources associated with pension benefits and 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 and income from the investment of fund assets as administered by PERA.

1. Summary of Significant Accounting Policies

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

10. Classification of Net Position

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

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.

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)

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.

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.

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, 2019, the County changed its accounting for long-term loans receivable in the EDA Loan Special Revenue Fund. This change is due to clarifying guidance from the GASB regarding long-term receivables. The long-term portion of loans receivable was removed from fund balance and is now reported as deferred inflows of resources – unavailable revenue.

	EDA Loan Special Revenue Fund
Fund Balance, January 1, 2019, as previously reported	$ 1,524,175
Change in accounting principles	(993,056)
Fund Balance, January 1, 2019, as restated	$ 531,119

2. Stewardship, Compliance, and Accountability

Excess of Expenditures Over Budget

The Debt Service Fund expenditures of $462,975 exceeded the final budget of $462,350 by $625 due to administrative charges. The Capital Projects Fund expenditures of $752,464 exceed the final budget of $726,125 by $26,339 due to the purchase of a phone system.

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	$	21,043,556
Petty cash and change funds		2,950
Statement of fiduciary net position		
Private-purpose trust		
Investments		47,715
Agency		
Cash and pooled investments		1,881,604
Total Cash and Investments	$	22,975,825
Deposits	$	12,477,381
Petty cash and change funds	$	2,950
Investments		
Negotiable securities	$	7,622,582
Mutual funds		2,872,912
Total investments	$	10,495,494
Total Deposits, Petty Cash and Change Funds, and Investments	$	22,975,825

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.

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, 2019, $483,000 of the County’s deposits were 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;

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:

Maturity	
Less than three years	100%

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

b. Investments

Interest Rate Risk (Continued)

At December 31, 2019, the County had the following investments:

Investment Type	Fair Value	Less Than 1 Year	1 to 3 Years
Investments subject to interest rate risk			
Negotiable securities	$ 7,622,582	$ 4,134,000	$ 3,488,582
Investments not subject to interest rate risk			
Mutual funds	2,872,912		
Total Investments	$ 10,495,494		

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.

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, 2019, is as follows:

Not rated	$	2,872,912
Not rated		7,622,582
Total	$	10,495,494

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, 2019, 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.

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, 2019, the County had the following recurring fair value measurements.

		Fair Value Measurements Using		
	December 31, 2019	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	$ 7,622,582	$ -	$ 7,622,582	$ -
Investments measured at the net asset value (NAV)				
MAGIC Portfolio	$ 2,872,912			

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.

3. Detailed Notes on All Funds

A. Assets (Continued)

2. Receivables

Receivables as of December 31, 2019, 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:

	Receivable (Gross)	Less: Allowance for Uncollectibles	Total Receivables	Amounts Not Scheduled for Collection During the Subsequent Year
Governmental Activities				
Taxes	$ 446,343	$ -	$ 446,343	$ -
Special assessments	30,700	-	30,700	-
Accounts	8,077,182	(7,307,821)	769,361	-
Interest	126,345	-	126,345	-
Loans receivable	841,874	-	841,874	794,593
Due from other governments	5,635,864	-	5,635,864	-
Total Governmental Activities	$ 15,158,308	$ (7,307,821)	$ 7,850,487	$ 794,593

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 $749,611 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, $92,263 is still outstanding.

3. Detailed Notes on All Funds

A. Assets (Continued)

3. Capital Assets

Capital asset activity for the year ended December 31, 2019, was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	$ 6,145,917	$ 213,212	$ -	$ 6,359,129
Construction in progress	304,535	2,984,508	-	3,289,043
Total capital assets not depreciated	$ 6,450,452	$ 3,197,720	$ -	$ 9,648,172
Capital assets depreciated				
Buildings	$ 25,370,745	$ -	$	$ 25,370,745
Improvements other than buildings	485,641	-	-	485,641
Machinery, furniture, and equipment	10,473,302	244,985	273,379	10,444,908
Infrastructure	75,824,278	-	-	75,824,278
Total capital assets depreciated	$ 112,153,966	$ 244,985	$ 273,379	$ 112,125,572
Less: accumulated depreciation for				
Buildings	$ 4,871,874	$ 269,604	$ -	$ 5,141,478
Improvements other than buildings	283,195	11,066	-	294,261
Machinery, furniture, and equipment	7,249,317	578,701	257,304	7.570,714
Infrastructure	23,400,248	1,418,014	-	24,818,262
Total accumulated depreciation	$ 35,804,634	$ 2,277,385	$ 257,304	$ 37,824,715
Total capital assets depreciated, net	$ 76,349,332	$ (2,032,400)	$ 16,075	$ 74,300,857
Capital Assets, Net	$ 82,799,784	$ 1,165,320	$ 16,075	$ 83,949,029

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

Governmental Activities	
General government	$ 274,999
Public safety	190,438
Highways and streets, including depreciation of infrastructure assets	1,800,950
Health	1,372
Sanitation	5,120
Conservation of natural resources	4,506
Total Depreciation Expense – Governmental Activities	$ 2,277,385

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, 2019, is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Health and Human Services Special Revenue Fund	$ 57,000

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, 2019, consisted of the following:

Fund From	Fund To	Amount	
Health and Human Services Special Revenue Fund	General Fund	$ 8,731	Transfer retiree insurance
Recycling and Solid Waste Special Revenue Fund	General Fund	80,895	Transfer for rent
Total Transfers		$ 89,626	

C. Liabilities

1. Construction Commitments

The government has active construction projects as of December 31, 2019. The projects include the following:

	Spent-to-Date	Remaining Commitment
Governmental Activities		
Roads and bridges	$ 11,729,943	$ 4,283,127

3. Detailed Notes on All Funds

   C. Liabilities (Continued)

      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 2019 is $921,398. 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.

      3. Long-Term Debt

Bonds

Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2019
General obligation bonds					
2010 G.O. Capital Improvement Plan Bonds	2021	$225,000 - $265,000	2.00 - 4.00	$ 2,400,000	$ 525,000

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

3. Detailed Notes on All Funds

C. Liabilities

3. Long-Term Debt (Continued)

Capital Leases

The County has entered into a lease agreement as lessee for financing the acquisition of certain equipment. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date. The capital lease consists of the following at December 31, 2019.

	Maturity	Installment	Payment Amount	Original	Balance
L-3 video equipment	2020	Yearly	$ 27,080	$ 123,314	$ 25,813
Survey equipment	2022	Yearly	6,414	25,636	19,242
Total				$ 148,950	$ 45,055

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2019, were as follows:

Year Ending December 31	Governmental Activities
2020	$ 34,405
2021	7,038
2022	6,734
Less: amount representing interest	(3,122)
Present Value of Minimum Lease Payments	$ 45,055

The lease for L-3 video equipment is paid from the General Fund, and the survey equipment is paid from the Road and Bridge Special Revenue Fund.

3. Detailed Notes on All Funds

C. Liabilities (Continued)

4. Debt Service Requirements

Debt service requirements at December 31, 2019, were as follows:

Year Ending December 31	General Obligation Revenue Bonds Principal	General Obligation Revenue Bonds Interest
2020	$ 260,000	$ 15,150
2021	265,000	5,300
Total	$ 525,000	$ 20,450

5. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2019, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable					
General obligation bonds	$ 955,000	$ -	$ 430,000	$ 525,000	$ 260,000
Capital leases payable	50,419	25,656	31,020	45,055	32,227
Compensated absences	2,363,892	1,584,817	1,441,367	2,507,342	283,213
Governmental Activities Long-Term Liabilities	$ 3,369,311	$ 1,610,473	$ 1,902,387	$ 3,077,397	$ 575,440

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.

3. Detailed Notes on All Funds (Continued)

D. Deferred Outflows/Inflows of Resources

1. Deferred Outflows

Governmental funds did not report deferred outflows of resources for the year ended December 31, 2019.

2. Deferred Inflows

As of December 31, 2019, there were various components of unavailable revenue as follows:

Taxes	$	232,799
Special assessments		24,302
Intergovernmental		3,494,937
Loans receivable		749,611
Miscellaneous		464,082
Total Unavailable Revenue	$	4,965,731

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.

3. Detailed Notes on All Funds

   E. Pension Plans

      1. Defined Benefit Pension Plans

         a. Plan Description (Continued)

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 Basic Plan and Minneapolis Employees Retirement Fund members are not. The Basic Plan was closed to new members in 1967. The Minneapolis Employees Retirement 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.

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans (Continued)

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.

Beginning January 1, 2019, 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. For recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under the Rule of 90 are exempt from the delay to normal retirement.

Beginning January 1, 2019, 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. For recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

Beginning January 1, 2019, 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

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

b. Benefits Provided (Continued)

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. For recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

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

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

b. Benefits Provided (Continued)

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.

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 2019. Police and Fire Plan members were required to contribute 11.30 percent of their annual covered salary in 2019. Correctional Plan members were required to contribute 5.83 percent of their annual covered salary in 2019.

In 2019, 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	16.95
Correctional Plan	8.75

The Police and Fire Plan member and employer contribution rates increased 0.50 percent and 0.75 percent, respectively, from 2018.

The County's contributions for the year ended December 31, 2019, to the pension plans were:

General Employees Plan	$	1,091,067
Police and Fire Plan		268,102
Correctional Plan		141,873

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

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans (Continued)

d. Pension Costs

General Employees Plan

At December 31, 2019, the County reported a liability of $11,123,897 for its proportionate share of the General Employees Plan's net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2018, through June 30, 2019, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2019, the County's proportion was 0.2012 percent. It was 0.2024 percent measured as of June 30, 2018. The County recognized pension expense of $1,438,827 for its proportionate share of the General Employees Plan's pension expense.

The County also recognized $25,899 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's 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.

The County's proportionate share of the net pension liability	$	11,123,897
State of Minnesota's proportionate share of the net pension liability associated with the County		345,818
Total	$	11,469,715

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	$ 303,917	$ -
Changes in actuarial assumptions	-	862,479
Difference between projected and actual investment earnings	-	1,125,131
Changes in proportion	302,323	49,927
Contributions paid to PERA subsequent to the measurement date	552,047	-
Total	$ 1,158,287	$ 2,037,537

The $552,047 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, 2020. 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
2020	$ (431,067)
2021	(777,434)
2022	(240,722)
2023	17,926

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, 2019, the County reported a liability of $1,511,733 for its proportionate share of the Police and Fire Plan's net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2018, through June 30, 2019, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2019, the County's proportion was 0.142 percent. It was 0.131 percent measured as of June 30, 2018. The County recognized pension expense of $173,315 for its proportionate share of the Police and Fire Plan's pension expense.

The County also recognized $19,170 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. Legislation 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. In addition, the state will pay direct state aid of $4.5 million on October 1, 2018, and October 1, 2019, and $9 million by October 1 of each subsequent year until full funding is reached or July 1, 2048, whichever is earlier.

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:

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

d. Pension Costs

Police and Fire Plan (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 59,940	$ 209,333
Changes in actuarial assumptions	1,113,146	1,532,972
Difference between projected and actual investment earnings	-	287,881
Changes in proportion	164,806	78,226
Contributions paid to PERA subsequent to the measurement date	138,971	-
Total	$ 1,476,863	$ 2,108,412

The $138,971 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, 2020. 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
2020	$ (120,591)
2021	(189,949)
2022	(504,041)
2023	25,264
2024	18,797

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

d. Pension Costs (Continued)

Correctional Plan

At December 31, 2019, the County reported a liability of $107,783 for its proportionate share of the Correctional Plan's net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2018, through June 30, 2019, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2019, the County's proportion was 0.7785 percent. It was 0.7868 percent measured as of June 30, 2018. The County recognized pension expense of $201,847 for its proportionate share of the Correctional Plan's pension expense.

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	$ 4,001	$ 17,543
Changes in actuarial assumptions	-	964,215
Difference between projected and actual investment earnings	-	139,649
Changes in proportion	33,073	1,024
Contributions paid to PERA subsequent to the measurement date	77,430	-
Total	$ 114,504	$ 1,122,431

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

d. Pension Costs

Correctional Plan (Continued)

The $77,430 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, 2020. 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
2020	$ (558,740)
2021	(493,390)
2022	(34,274)
2023	1,047

Total Pension Expense

The total pension expense for all plans recognized by the County for the year ended December 31, 2019, was $1,813,989.

e. Actuarial Assumptions

The total pension liability in the June 30, 2019, actuarial valuation was determined using the individual entry-age normal actuarial cost method and the following additional actuarial assumptions:

Inflation	2.50 percent per year
Active member payroll growth	3.25 percent per year
Investment rate of return	7.50 percent

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

e. Actuarial Assumptions (Continued)

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants for all plans were based on RP-2014 tables for males or females, as appropriate, 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, 2019, valuation were based on the results of actuarial experience studies. The experience study for the General Employees Plan was dated June 30, 2015. 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 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 dated June 27, 2019.

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:

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

e. Actuarial Assumptions (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	35.50%	5.10%
International equity	17.50	5.30
Fixed income	20.00	0.75
Private markets	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 2019, which remained consistent with 2018. 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 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 2019:

General Employees Plan

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

Police and Fire Plan

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

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-2017 to MP-2018.

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%	$ 18,287,088	6.50%	$ 3,304,368	6.50%	$ 1,148,747
Current	7.50	11,123,897	7.50	1,511,733	7.50	107,783
1% Increase	8.50	5,209,259	8.50	29	8.50	(725,157)

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.

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, 2019, were:

	Employee	Employer
Contribution amount	$ 11,368	$ 11,368
Percentage of covered payroll	5.00%	5.00%

3. Detailed Notes on All Funds (Continued)

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 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, 2019, seven retirees were receiving health benefits from the County's health plan. As of year-end, the County has eight 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 four of GASB 75. The OPEB plan does not issue a stand-alone financial report.

3. Detailed Notes on All Funds

F. Other Postemployment Benefits (OPEB)

Plan Description (Continued)

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 one participant for part of the year in 2019.

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	283
Total	395

Total OPEB Liability

The County's total OPEB liability of $2,561,232 was measured as of January 1, 2019, and was determined by an actuarial valuation as of January 1, 2019.

The total OPEB liability in the fiscal year-end December 31, 2019, 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	3.25 percent (2.75 percent used to roll pay forward to the valuation date)
Health care cost trend	6.50 percent, decreasing 1.50 percent over six years

The current year discount rate is 3.80 percent, which is a change from the prior year rate of 3.30 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.

3. Detailed Notes on All Funds

F. Other Postemployment Benefits (OPEB)

Total OPEB Liability (Continued)

Mortality rates are based on RP-2014 White Collar Headcount-Weighted Mortality Tables with MP-2018 Generational Improvement Scale (with blue collar adjustment for police and fire personnel).

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at December 31, 2018	$ 2,718,791
Changes for the year	
Service cost	$ 129,683
Interest	91,767
Differences between expected and actual experience	(124,937)
Changes in assumptions	(117,653)
Benefit payments	(136,419)
Net change	$ (157,559)
Balance at December 31, 2019	$ 2,561,232

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.

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 one percentage point lower or one percentage point higher than the current discount rate:

	Discount Rate	Total OPEB Liability
1% Decrease	2.80%	$ 2,869,324
Current	3.80	2,561,232
1% Increase	4.80	2,303,322

3. Detailed Notes on All Funds

F. Other Postemployment Benefits (OPEB)

OPEB Liability Sensitivity (Continued)

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 one percentage point lower or one percentage point higher than the current health care cost trend rate:

	Health Care Trend Rate	Total OPEB Liability
1% Decrease	5.50% Decreasing to 4.00%	$ 2,390,350
Current	6.50% Decreasing to 5.00%	2,561,232
1% Increase	7.50% Decreasing to 6.00%	2,763,440

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

For the year ended December 31, 2019, the County recognized OPEB expense of $63,209. The County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ -	$ 107,088
Changes in actuarial assumptions	-	100,845
Contributions made subsequent to measurement date	123,584	-
Total	$ 123,584	$ 207,933

The $123,584 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, 2020.

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)

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
2020	$ (34,657)
2021	(34,657)
2022	(34,657)
2023	(34,657)
2024	(34,657)
2025	(34,648)

Changes in Actuarial Assumptions

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.

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 2019 and 2020. 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.

4. Summary of Significant Contingencies and Other Items (Continued)

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.

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 $146,679 in contributions to the operations of the HRA in 2019 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.

4. Summary of Significant Contingencies and Other Items

C. Joint Ventures (Continued)

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 $141,928 of expenditures in 2019.

Currently, the Collaborative does not prepare complete financial statements. Financial information can be obtained by contacting Sarah Slaby, 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 $6,000 to the Board.

4. Summary of Significant Contingencies and Other Items

C. Joint Ventures (Continued)

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.

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 2019.

4. Summary of Significant Contingencies and Other Items

D. Jointly-Governed Organizations (Continued)

Southeastern Libraries Cooperative

The Southeastern Libraries Cooperative provides library services to counties and cities in southeastern Minnesota. During the year, Winona County paid $251,344 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 $9,620 to SEMCAC.

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 $129,998 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.

4. Summary of Significant Contingencies and Other Items

D. Jointly-Governed Organizations (Continued)

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 $137,799.

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.

4. Summary of Significant Contingencies and Other Items

D. Jointly-Governed Organizations (Continued)

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 2019.

E. Related Organization

Winona County appoints Board members to Watershed Number One. The County has no other control over this Board. During 2019, Winona County settled with Watershed Number One for property taxes collected in the amount of $15,227.

5. Subsequent Event

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) to be a pandemic. Economic activity decreased in 2020, including gasoline sales taxes collected by the State of Minnesota used for funding County State Aid Highways (CSAH) revenue recorded in the County's Road and Bridge Special Revenue Fund. As a result, a decrease of approximately 15 percent of CSAH revenue is expected to be received for calendar year 2021.

REQUIRED SUPPLEMENTARY INFORMATION

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WINONA COUNTY
WINONA, MINNESOTA

EXHIBIT A-1

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 12,019,278	$ 12,019,278	$ 11,860,580	$ (158,698)
Licenses and permits	141,705	141,705	138,845	(2,860)
Intergovernmental	4,288,140	4,288,140	5,056,346	768,206
Charges for services	2,710,916	2,710,916	1,799,564	(911,352)
Fines and forfeits	24,766	24,766	16,217	(8,549)
Gifts and contributions	10,800	10,800	21,464	10,664
Investment earnings	180,020	180,020	552,985	372,965
Miscellaneous	374,616	374,616	270,140	(104,476)
Total Revenues	**$ 19,750,241**	**$ 19,750,241**	**$ 19,716,141**	**$ (34,100)**
Expenditures				
Current				
General government				
Commissioners	$ 196,656	$ 196,656	$ 170,890	$ 25,766
Courts	185,301	185,301	266,556	(81,255)
Law library	45,000	45,000	23,094	21,906
Drug court	93,880	93,880	90,892	2,988
County administration	415,971	415,971	403,345	12,626
County auditor/treasurer	275,081	275,081	294,246	(19,165)
Non-department	372,363	372,363	329,758	42,605
License bureau	318,175	239,301	299,151	(59,850)
Assessor	668,615	668,615	672,233	(3,618)
Insurances	357,359	357,359	296,659	60,700
Elections	19,975	19,975	23,191	(3,216)
Accounting and auditing	738,486	695,486	680,003	15,483
Data processing	1,714,937	1,757,937	1,059,113	698,824
Personnel	790,325	790,325	722,579	67,746
Attorney	1,712,328	1,712,328	1,402,213	310,115
Recorder	703,934	703,934	517,728	186,206
Vital statistics	-	78,874	81,641	(2,767)
Planning and zoning	291,415	291,415	324,586	(33,171)
Maintenance	1,717,472	1,717,472	1,851,628	(134,156)
Veterans service officer	199,571	199,571	220,123	(20,552)
Total general government	**$ 10,816,844**	**$ 10,816,844**	**$ 9,729,629**	**$ 1,087,215**

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

WINONA COUNTY
WINONA, MINNESOTA

EXHIBIT A-1
(Continued)

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Expenditures				
Current (Continued)				
Public safety				
Sheriff	$ 2,813,868	$ 2,813,868	$ 2,869,867	$ (55,999)
Boat and water safety	41,429	41,429	35,773	5,656
Emergency services	151,912	151,912	173,938	(22,026)
E-911 system	384,607	384,607	171,219	213,388
County jail	2,974,869	2,974,869	3,162,548	(187,679)
Law enforcement center	1,315,105	1,315,105	1,113,819	201,286
Probation and parole	879,347	879,347	1,082,346	(202,999)
Total public safety	**$ 8,561,137**	**$ 8,561,137**	**$ 8,609,510**	**$ (48,373)**
Culture and recreation				
Historical society	$ 57,250	$ 57,250	$ 57,250	$ -
Parks	34,891	34,891	38,969	(4,078)
Regional library	251,344	251,344	251,344	-
Total culture and recreation	**$ 343,485**	**$ 343,485**	**$ 347,563**	**$ (4,078)**
Conservation of natural resources				
County extension	$ 177,218	$ 177,218	$ 174,141	$ 3,077
Soil and water conservation	123,000	123,000	123,000	-
Feedlot	105,968	105,968	94,610	11,358
Agricultural inspection	8,433	8,433	28,393	(19,960)
Wetland challenge	30,275	30,275	28,157	2,118
Other	467,556	467,556	431,384	36,172
Agricultural society/County fair	26,550	26,550	26,550	-
Total conservation of natural resources	**$ 939,000**	**$ 939,000**	**$ 906,235**	**$ 32,765**
Economic development				
Other	**$ 280,456**	**$ 280,456**	**$ 680,078**	**$ (399,622)**
Debt service				
Principal	$ 24,607	$ 24,607	$ 24,606	$ 1
Interest	2,473	2,473	2,473	-
Total debt service	**$ 27,080**	**$ 27,080**	**$ 27,079**	**$ 1**
Total Expenditures	**$ 20,968,002**	**$ 20,968,002**	**$ 20,300,094**	**$ 667,908**

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

WINONA COUNTY
WINONA, MINNESOTA

EXHIBIT A-1
(Continued)

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Excess of Revenues Over (Under) Expenditures	**$ (1,217,761)**	**$ (1,217,761)**	**$ (583,953)**	**$ 633,808**
Other Financing Sources (Uses)				
Transfers in	$ 1,271,320	$ 1,271,320	$ 89,626	$ (1,181,694)
Transfers out	(58,559)	(58,559)	-	58,559
Proceeds from sale of capital assets	5,000	5,000	11,158	6,158
Total Other Financing Sources (Uses)	**$ 1,217,761**	**$ 1,217,761**	**$ 100,784**	**$ (1,116,977)**
Change in Fund Balance	**$ -**	**$ -**	**$ (483,169)**	**$ (483,169)**
Fund Balance – January 1	**13,926,908**	**13,926,908**	**13,926,908**	**-**
Fund Balance – December 31	**$ 13,926,908**	**$ 13,926,908**	**$ 13,443,739**	**$ (483,169)**

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

WINONA COUNTY
WINONA, MINNESOTA

EXHIBIT A-2

BUDGETARY COMPARISON SCHEDULE
ROAD AND BRIDGE SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 3,807,198	$ 3,807,198	$ 4,270,258	$ 463,060
Intergovernmental	9,042,904	9,042,904	9,379,351	336,447
Miscellaneous	120,200	120,200	124,620	4,420
Total Revenues	**$ 12,970,302**	**$ 12,970,302**	**$ 13,774,229**	**$ 803,927**
Expenditures				
Current				
General government				
Surveyor	**$ 50,100**	**$ 50,100**	**$ 50,167**	**$ (67)**
Highways and streets				
Administration	$ 400,329	$ 400,329	$ 416,062	$ (15,733)
Maintenance	2,120,917	2,120,917	2,096,225	24,692
Construction	10,787,586	10,787,586	12,573,490	(1,785,904)
Equipment maintenance and shop	622,564	622,564	760,081	(137,517)
Materials and services for resale	313,100	313,100	349,235	(36,135)
Total highways and streets	**$ 14,244,496**	**$ 14,244,496**	**$ 16,195,093**	**$ (1,950,597)**
Intergovernmental	**$ 304,000**	**$ 304,000**	**$ 291,087**	**$ 12,913**
Debt service				
Principal	**$ -**	**$ -**	**$ 6,414**	**$ (6,414)**
Total Expenditures	**$ 14,598,596**	**$ 14,598,596**	**$ 16,542,761**	**$ (1,944,165)**
Excess of Revenues Over (Under) Expenditures	**$ (1,628,294)**	**$ (1,628,294)**	**$ (2,768,532)**	**$ (1,140,238)**
Other Financing Sources (Uses)				
Transfers in	$ 1,210,000	$ 1,210,000	$ -	$ (1,210,000)
Capital lease issued	-	-	25,656	25,656
Total Other Financing Sources (Uses)	**$ 1,210,000**	**$ 1,210,000**	**$ 25,656**	**$ (1,184,344)**
Change in Fund Balance	**$ (418,294)**	**$ (418,294)**	**$ (2,742,876)**	**$ (2,324,582)**
Fund Balance – January 1	**8,724,807**	**8,724,807**	**8,724,807**	**-**
Increase (decrease) in inventories	**-**	**-**	**(91,810)**	**(91,810)**
Fund Balance – December 31	**$ 8,306,513**	**$ 8,306,513**	**$ 5,890,121**	**$ (2,416,392)**

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

WINONA COUNTY
WINONA, MINNESOTA

EXHIBIT A-3

BUDGETARY COMPARISON SCHEDULE
HEALTH AND HUMAN SERVICES SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 5,688,808	$ 5,688,808	$ 5,611,377	$ (77,431)
Licenses and permits	32,000	32,000	41,200	9,200
Intergovernmental	8,868,329	8,868,329	10,086,858	1,218,529
Charges for services	951,419	951,419	964,005	12,586
Miscellaneous	242,550	242,550	244,278	1,728
Total Revenues	**$ 15,783,106**	**$ 15,783,106**	**$ 16,947,718**	**$ 1,164,612**
Expenditures				
Current				
Human services				
Income maintenance	$ 4,581,636	$ 4,581,636	$ 4,835,634	$ (253,998)
Social services	10,069,364	10,069,364	10,933,165	(863,801)
Total human services	**$ 14,651,000**	**$ 14,651,000**	**$ 15,768,799**	**$ (1,117,799)**
Health				
Nurse services	$ 318,478	$ 318,478	$ 261,582	$ 56,896
Maternal and child health	532,647	532,647	516,608	16,039
County health officer	280,981	280,981	342,866	(61,885)
Total health	**$ 1,132,106**	**$ 1,132,106**	**$ 1,121,056**	**$ 11,050**
Total Expenditures	**$ 15,783,106**	**$ 15,783,106**	**$ 16,889,855**	**$ (1,106,749)**
Excess of Revenues Over (Under) Expenditures	**$ -**	**$ -**	**$ 57,863**	**$ 57,863**
Other Financing Sources (Uses)				
Transfers out	-	-	(8,731)	(8,731)
Change in Fund Balance	**$ -**	**$ -**	**$ 49,132**	**$ 49,132**
Fund Balance – January 1	**266,849**	**266,849**	**266,849**	**-**
Fund Balance – December 31	**$ 266,849**	**$ 266,849**	**$ 315,981**	**$ 49,132**

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

EXHIBIT A-4

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
OTHER POSTEMPLOYMENT BENEFITS
DECEMBER 31, 2019

	2019	2018
Total OPEB Liability		
Service cost	$ 129,683	$ 139,791
Interest	91,767	89,239
Differences between expected and actual experience	(124,937)	-
Changes of assumption or other inputs	(117,653)	-
Benefit payments	(136,419)	(148,106)
Net change in total OPEB liability	**$ (157,559)**	**$ 80,924**
Total OPEB Liability – Beginning	**2,718,791**	**2,637,867**
Total OPEB Liability – Ending	**$ 2,561,232**	**$ 2,718,791**
Covered-employee payroll	$ 17,500,082	$ 15,411,720
Total OPEB liability (asset) as a percentage of covered-employee payroll	14.64%	17.64%

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

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

WINONA COUNTY
WINONA, MINNESOTA

EXHIBIT A-5

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
PERA GENERAL EMPLOYEES RETIREMENT PLAN
DECEMBER 31, 2019

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
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	78.20

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

EXHIBIT A-6

SCHEDULE OF CONTRIBUTIONS
PERA GENERAL EMPLOYEES RETIREMENT PLAN
DECEMBER 31, 2019

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)
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, 2019

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
2019	0.1420 %	$ 1,511,733	$ 1,469,561	102.87 %	89.26 %
2018	0.1310	1,393,127	1,274,787	109.28	88.84
2017	0.1280	1,728,152	1,360,161	127.05	85.43
2016	0.1260	5,056,599	1,218,131	415.11	63.88
2015	0.1400	1,590,728	1,297,172	122.63	86.60

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.

EXHIBIT A-8

SCHEDULE OF CONTRIBUTIONS
PERA PUBLIC EMPLOYEES POLICE AND FIRE PLAN
DECEMBER 31, 2019

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)
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, 2019

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
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	96.90

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, 2019

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)
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.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2019

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 Road and Bridge Special Revenue Fund expenditures of $16,542,761 exceeded the final budget of $14,598,596 by $1,944,165 due to a large transportation project. The Health and Human Services Special Revenue Fund expenditures of $16,889,855 exceeded the final budget of $15,783,106 by $1,106,749 due to increased out-of-home placements, adult mental health, and case management.

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.

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 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

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.

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

General Employees Retirement Plan

2018 (Continued)

- 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.

- 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.

- 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.

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

General Employees Retirement Plan (Continued)

2017

- 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.

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

2019

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

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

Public Employees Police and Fire Plan (Continued)

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.

- 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.

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

Public Employees Police and Fire Plan

2017 (Continued)

- 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.

- 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.

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

Public Employees Police and Fire Plan (Continued)

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.

Public Employees Local Government Correctional Service Retirement Plan

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.

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

Public Employees Local Government Correctional Service Retirement Plan

2018 (Continued)

- 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.

- 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

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

Public Employees Local Government Correctional Service Retirement Plan (Continued)

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.

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SUPPLEMENTARY INFORMATION

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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.

CAPITAL PROJECTS FUND

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

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WINONA COUNTY
WINONA, MINNESOTA

EXHIBIT B-1

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2019

	EDA Loan Special Revenue	Recycling and Solid Waste Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds (Exhibit 3)
Assets					
Cash and pooled investments	$ 653,533	$ 517,633	$ 277,101	$ 582,728	$ 2,030,995
Taxes receivable – delinquent	-	-	9,551	9,868	19,419
Special assessments – delinquent	-	30,700	-	-	30,700
Accounts receivable	-	68,223	-	-	68,223
Due from other governments	-	991	-		991
Loans receivable	749,611	-	-	-	749,611
Total Assets	**$ 1,403,144**	**$ 617,547**	**$ 286,652**	**$ 592,596**	**$ 2,899,939**
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities					
Accounts payable	$ -	$ 78,387	$ 1,775	$ 24,571	$ 104,733
Salaries payable	-	10,791	-	-	10,791
Contracts payable	-	-	-	107,890	107,890
Total Liabilities	**$ -**	**$ 89,178**	**$ 1,775**	**$ 132,461**	**$ 223,414**
Deferred Inflows of Resources					
Unavailable revenue	**$ 749,611**	**$ 24,302**	**$ 6,390**	**$ 5,186**	**$ 785,489**
Fund Balances					
Restricted for					
Debt service	$ -	$ -	$ 278,487	$ -	$ 278,487
Economic development	653,533	-	-	-	653,533
Assigned					
Recycling and solid waste	-	504,067	-	-	504,067
Capital projects	-	-	-	454,949	454,949
Total Fund Balances	**$ 653,533**	**$ 504,067**	**$ 278,487**	**$ 454,949**	**$ 1,891,036**
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	**$ 1,403,144**	**$ 617,547**	**$ 286,652**	**$ 592,596**	**$ 2,899,939**

WINONA COUNTY
WINONA, MINNESOTA

EXHIBIT B-2

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	EDA Loan Special Revenue	Recycling and Solid Waste Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds (Exhibit 5)
Revenues					
Taxes	$ -	$ -	$ 269,059	$ 410,036	$ 679,095
Special assessments	-	519,261	-	-	519,261
Licenses and permits	-	1,650	-	-	1,650
Intergovernmental	-	209,654	5,560	8,538	223,752
Charges for services	-	722,759	-	-	722,759
Investment earnings	24,104	-	-	-	24,104
Miscellaneous	243,445	28	-	-	243,473
Total Revenues	**$ 267,549**	**$ 1,453,352**	**$ 274,619**	**$ 418,574**	**$ 2,414,094**
Expenditures					
Current					
General government	$ -	$ -	$ -	$ 346,228	$ 346,228
Public safety	-	-	-	156,413	156,413
Highways and streets	-	-	-	249,823	249,823
Sanitation	-	1,314,964	-	-	1,314,964
Economic development	145,135	-	-	-	145,135
Debt service					
Principal	-	-	430,000	-	430,000
Interest	-	-	27,600	-	27,600
Administrative (fiscal) charges	-	-	5,375	-	5,375
Total Expenditures	**$ 145,135**	**$ 1,314,964**	**$ 462,975**	**$ 752,464**	**$ 2,675,538**
Excess of Revenues Over (Under) Expenditures	**$ 122,414**	**$ 138,388**	**$ (188,356)**	**$ (333,890)**	**$ (261,444)**
Other Financing Sources (Uses)					
Transfers out	-	(80,895)	-	-	(80,895)
Net Change in Fund Balance	**$ 122,414**	**$ 57,493**	**$ (188,356)**	**$ (333,890)**	**$ (342,339)**
Fund Balance – January 1, as restated (Note 1.E.)	**531,119**	**446,574**	**466,843**	**788,839**	**2,233,375**
Fund Balance – December 31	**$ 653,533**	**$ 504,067**	**$ 278,487**	**$ 454,949**	**$ 1,891,036**

WINONA COUNTY
WINONA, MINNESOTA

EXHIBIT B-3

BUDGETARY COMPARISON SCHEDULE
EDA LOAN SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts		Actual	Variance with
	Original	**Final**	**Amounts**	**Final Budget**
Revenues				
Investment earnings	$ 36,068	$ 36,068	$ 24,104	$ (11,964)
Miscellaneous	107,000	107,000	243,445	136,445
Total Revenues	**$ 143,068**	**$ 143,068**	**$ 267,549**	**$ 124,481**
Expenditures				
Current				
Economic development				
Other economic development	143,068	143,068	145,135	(2,067)
Change in Fund Balance	**$ -**	**$ -**	**$ 122,414**	**$ 122,414**
Fund Balance – January 1, as restated (Note 1.E.)	**531,119**	**531,119**	**531,119**	**-**
Fund Balance – December 31	**$ 531,119**	**$ 531,119**	**$ 653,533**	**$ 122,414**

WINONA COUNTY
WINONA, MINNESOTA

EXHIBIT B-4

BUDGETARY COMPARISON SCHEDULE
RECYCLING AND SOLID WASTE SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Special assessments	$ 512,000	$ 512,000	$ 519,261	$ 7,261
Licenses and permits	1,750	1,750	1,650	(100)
Intergovernmental	229,005	229,005	209,654	(19,351)
Charges for services	672,700	672,700	722,759	50,059
Miscellaneous	4,000	4,000	28	(3,972)
Total Revenues	**$ 1,419,455**	**$ 1,419,455**	**$ 1,453,352**	**$ 33,897**
Expenditures				
Current				
Sanitation				
Sustainability	$ 31,213	$ 31,213	$ 29,081	$ 2,132
Recycling	1,388,242	1,388,242	1,285,883	102,359
Total Expenditures	**$ 1,419,455**	**$ 1,419,455**	**$ 1,314,964**	**$ 104,491**
Excess of Revenues Over (Under) Expenditures	**$ -**	**$ -**	**$ 138,388**	**$ 138,388**
Other Financing Sources (Uses)				
Transfers out	-	-	(80,895)	(80,895)
Change in Fund Balance	**$ -**	**$ -**	**$ 57,493**	**$ 57,493**
Fund Balance – January 1	**446,574**	**446,574**	**446,574**	**-**
Fund Balance – December 31	**$ 446,574**	**$ 446,574**	**$ 504,067**	**$ 57,493**

WINONA COUNTY
WINONA, MINNESOTA

EXHIBIT B-5

BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts		Actual	Variance with
	Original	**Final**	**Amounts**	**Final Budget**
Revenues				
Taxes	$ 268,674	$ 268,674	$ 269,059	$ 385
Intergovernmental	6,901	6,901	5,560	(1,341)
Total Revenues	**$ 275,575**	**$ 275,575**	**$ 274,619**	**$ (956)**
Expenditures				
Debt service				
Principal	$ 430,000	$ 430,000	$ 430,000	$ -
Interest	27,600	27,600	27,600	-
Administrative (fiscal) charges	4,750	4,750	5,375	(625)
Total Expenditures	**$ 462,350**	**$ 462,350**	**$ 462,975**	**$ (625)**
Excess of Revenues Over (Under) Expenditures	**$ (186,775)**	**$ (186,775)**	**$ (188,356)**	**$ (1,581)**
Other Financing Sources (Uses)				
Transfers in	186,775	186,775	-	(186,775)
Change in Fund Balance	**$ -**	**$ -**	**$ (188,356)**	**$ (188,356)**
Fund Balance – January 1	**466,843**	**466,843**	**466,843**	**-**
Fund Balance – December 31	**$ 466,843**	**$ 466,843**	**$ 278,487**	**$ (188,356)**

WINONA COUNTY
WINONA, MINNESOTA

EXHIBIT B-6

BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 419,715	$ 419,715	$ 410,036	$ (9,679)
Intergovernmental	1,360	1,360	8,538	7,178
Total Revenues	**$ 421,075**	**$ 421,075**	**$ 418,574**	**$ (2,501)**
Expenditures				
Current				
General government	$ 260,050	$ 260,050	$ 346,228	$ (86,178)
Public safety	219,075	219,075	156,413	62,662
Highways and streets	247,000	247,000	249,823	(2,823)
Total Expenditures	**$ 726,125**	**$ 726,125**	**$ 752,464**	**$ (26,339)**
Excess of Revenues Over (Under) Expenditures	**$ (305,050)**	**$ (305,050)**	**$ (333,890)**	**$ (28,840)**
Other Financing Sources (Uses)				
Transfers in	305,050	305,050	-	(305,050)
Change in Fund Balance	**$ -**	**$ -**	**$ (333,890)**	**$ (333,890)**
Fund Balance – January 1	**788,839**	**788,839**	**788,839**	**-**
Fund Balance – December 31	**$ 788,839**	**$ 788,839**	**$ 454,949**	**$ (333,890)**

FIDUCIARY FUNDS

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AGENCY FUNDS

The Employee Benefit Plans Fund accounts for an Internal Revenue Service § 125 health benefit plan.

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

The End of Year Liabilities Fund accounts for employee payroll liabilities due as of the end of the year but not disbursed until the following year.

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

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

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

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

The Social Welfare Account Fund accounts for the collection and disbursement of funds held on behalf of individuals in the Social Welfare Program.

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WINONA COUNTY
WINONA, MINNESOTA

EXHIBIT C-1

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Balance January 1	Additions	Deductions	Balance December 31
EMPLOYEE BENEFIT PLANS				
Assets				
Cash and pooled investments	**$ 89,165**	**$ 959,784**	**$ 985,771**	**$ 63,178**
Liabilities				
Accounts payable	**$ 89,165**	**$ 959,784**	**$ 985,771**	**$ 63,178**
COLLABORATIVE				
Assets				
Cash and pooled investments	**$ 98,966**	**$ 139,687**	**$ 148,352**	**$ 90,301**
Liabilities				
Accounts payable	**$ 98,966**	**$ 139,687**	**$ 148,352**	**$ 90,301**
END OF YEAR LIABILITIES				
Assets				
Cash and pooled investments	**$ 579,704**	**$ 720,150**	**$ 579,704**	**$ 720,150**
Liabilities				
Accounts payable	**$ 579,704**	**$ 720,150**	**$ 579,704**	**$ 720,150**

WINONA COUNTY
WINONA, MINNESOTA

EXHIBIT C-1
(Continued)

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Balance January 1	Additions	Deductions	Balance December 31
SETTLEMENT				
Assets				
Cash and pooled investments	$ 558,319	$ 58,610,654	$ 58,443,304	$ 725,669
Liabilities				
Due to other governments	$ 558,319	$ 58,610,654	$ 58,443,304	$ 725,669
STATE REVENUE				
Assets				
Cash and pooled investments	$ 115,626	$ 1,641,804	$ 1,605,194	$ 152,236
Liabilities				
Due to other governments	$ 115,626	$ 1,641,804	$ 1,605,194	$ 152,236
TAXES AND PENALTIES				
Assets				
Cash and pooled investments	$ 104,723	$ 108,043	$ 132,471	$ 80,295
Liabilities				
Due to other governments	$ 104,723	$ 108,043	$ 132,471	$ 80,295

WINONA COUNTY
WINONA, MINNESOTA

EXHIBIT C-1
(Continued)

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Balance January 1	Additions	Deductions	Balance December 31
SHERIFF PRISONER ACCOUNT				
Assets				
Cash and pooled investments	**$ 43,867**	**$ 484,707**	**$ 478,799**	**$ 49,775**
Liabilities				
Due to other governments	**$ 43,867**	**$ 484,707**	**$ 478,799**	**$ 49,775**
SOCIAL WELFARE ACCOUNT				
Assets				
Cash and pooled investments	**$ 726**	**$ 9,712**	**$ 10,438**	**$ -**
Liabilities				
Due to other governments	**$ 726**	**$ 9,712**	**$ 10,438**	**$ -**
TOTAL ALL AGENCY FUNDS				
Assets				
Cash and pooled investments	**$ 1,591,096**	**$ 62,674,541**	**$ 62,384,033**	**$ 1,881,604**
Liabilities				
Accounts payable	$ 767,835	$ 1,819,621	$ 1,713,827	$ 873,629
Due to other governments	823,261	60,854,920	60,670,206	1,007,975
Total Liabilities	**$ 1,591,096**	**$ 62,674,541**	**$ 62,384,033**	**$ 1,881,604**

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OTHER SCHEDULES

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WINONA COUNTY
WINONA, MINNESOTA

EXHIBIT D-1

SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2019

Appropriations and Shared Revenue		
State		
Highway users tax	$	7,679,260
PERA contribution		45,069
PERA rate reimbursement		54,309
Disparity reduction aid		42,635
Police aid		169,451
County program aid		2,835,867
County program aid – aquatic		90,331
Riparian protection aid		71,966
Agricultural conservation credit		37,060
Market value credit		292,715
Enhanced 911		134,607
SCORE grant		144,380
Performance aid credit		7,112
Total appropriations and shared revenue	**$**	**11,604,762**
Reimbursement for Services		
State		
Minnesota Department of Health	$	97,218
Minnesota Department of Human Services		3,003,423
Total reimbursement for services	**$**	**3,100,641**
Payments		
Local		
Local contributions	$	8,625
Payments in lieu of taxes		329,890
Total payments	**$**	**338,515**
Grants		
State		
Minnesota Department/Board of		
Public Safety	$	34,658
Health		383,574
Employment and Economic Development		403,291
Natural Resources		132,932
Trial Courts		86,445
Human Services		1,748,269
Corrections		124,816
Transportation		1,240,426
Water and Soil Resources		112,645
Veterans Affairs		10,000
Agriculture		19,120
Peace Officer Standards and Training Board		18,889
Pollution Control Agency		130,099
Total state	**$**	**4,445,164**

WINONA COUNTY
WINONA, MINNESOTA

EXHIBIT D-1
(Continued)

SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2019

Grants (Continued)		
Federal		
Department of		
Agriculture	$	646,904
Commerce		2,422
Justice		195,934
Labor		252,733
Transportation		167,405
Education		1,296
Health and Human Services		3,957,115
Homeland Security		33,416
Total federal	**$**	**5,257,225**
Total state and federal grants	**$**	**9,702,389**
Total Intergovernmental Revenue	**$**	**24,746,307**

WINONA COUNTY
WINONA, MINNESOTA

EXHIBIT D-2

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019

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	$ 137,797	$ -
WIC Grants to States (WGS)	10.578	12-700-00102	11,896	-
Passed Through Minnesota Department of Human Services				
SNAP Cluster				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	192MN101S2514	497,211	-
Total U.S. Department of Agriculture			**$ 646,904**	**$ -**
U.S. Department of Commerce				
Passed Through Minnesota Department of Public Safety				
State and Local Implementation Grant Program	11.549	27-10-S18027	**$ 2,422**	**$ -**
U.S. Department of Justice				
Direct				
Bulletproof Vest Partnership Program	16.607		$ 5,951	$ -
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745		66,488	-
Passed Through Minnesota Department of Public Safety				
Missing Children's Assistance	16.543	153481	1,850	-
Crime Victim Assistance	16.575	F-CVS-2018-WINONAAO	50,896	-
Violence Against Women Formula Grants	16.588	F-SMART-2018 & 2019 WINONAAO	13,000	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	F-JAGRE-2017-WINONACO	44,149	-
Total U.S. Department of Justice			**$ 182,334**	**$ -**
U.S. Department of Labor				
Passed Through Minnesota Department of Employment and Economic Development				
WIOA Cluster				
WIOA Adult Program	17.258	DEED-PY18	$ 86,803	$ 78,945
WIOA Youth Activities	17.259	DEED-PY18	112,850	99,718
WIOA Dislocated Worker Formula Grants	17.278	DEED-PY18	26,237	23,370
Total U.S. Department of Labor			**$ 225,890**	**$ 202,033**

EXHIBIT D-2
(Continued)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019

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				
Passed Through Minnesota Department of Public Safety				
Highway Safety Cluster				
State and Community Highway Safety	20.600	F-ENFRC19-2019 WINONASO	$ 20,279	$ -
National Priority Safety Programs	20.616	F-ENFRC19-2019 WINONASO	5,632	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	F-ENFRC19-2019 WINONASO	9,219	-
Total U.S. Department of Transportation			**$ 35,130**	**$ -**
U.S. Department of Education				
Passed Through Minnesota Department of Health				
Special Education – Grants for Infants and Families	84.181	12-700-00102	**$ 1,296**	**$ -**
U.S. Department of Health and Human Services				
Passed Through Minnesota Department of Health				
Public Health Emergency Preparedness	93.069	12-700-00102	$ 43,642	$ -
Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program	93.314	12-700-00102	225	-
TANF Cluster				
Temporary Assistance for Needy Families	93.558	1901MNTANF	64,078	-
(Total Temporary Assistance for Needy Families 93.558 $470,212)				
Maternal and Child Health Services Block Grant to the States	93.994	12-700-00102	84,479	-
Passed Through Minnesota Department of Human Services				
Promoting Safe and Stable Families	93.556	G-1801MNFPSS	8,150	-
TANF Cluster				
Temporary Assistance for Needy Families	93.558	1901MNTANF	406,134	-
(Total Temporary Assistance for Needy Families 93.558 $470,212)				
Child Support Enforcement	93.563	1901MNCEST	548,504	-
Child Support Enforcement	93.563	1901MNCSES	181,230	-
(Total Child Support Enforcement 93.563 $729,734)				
Refugee and Entrant Assistance – State Administered Programs	93.566	1901MNRCMA	578	-
Community-Based Child Abuse Prevention Grants	93.590	G-1801MNBCAP	22,758	-
CCDF Cluster				
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	G1901MNCCDF	18,147	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-1801MNCWSS	8,036	-
Foster Care – Title IV-E	93.658	1901MNFOST	651,993	-
Social Services Block Grant	93.667	G-1901MNSOSR	245,226	-
Child Abuse and Neglect State Grants	93.669	G-1901MNNCAN	1,940	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	G-1901MNCILP	1,094	-
Children's Health Insurance Program	93.767	1905MN5021	480	-
Medicaid Cluster				
Medical Assistance Program	93.778	1905MN5ADM	1,701,752	-
Medical Assistance Program	93.778	1905MN5MAP	17,726	-
(Total Medical Assistance Program 93.778 $1,719,478)				

WINONA COUNTY
WINONA, MINNESOTA

EXHIBIT D-2
(Continued)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019

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 (Continued)				
Passed Through Rice County, Minnesota				
Maternal, Infant, and Early Childhood Home Visiting Grant	93.870	Not provided	64,767	-
Total U.S. Department of Health and Human Services			**$ 4,070,939**	**$ -**
U.S. Department of Homeland Security				
Passed Through Minnesota Department of Natural Resources				
Boating Safety Financial Assistance	97.012	Winona FBP-100919	$ 7,051	$ -
Passed Through Southeast Minnesota Regional Emergency Communications Board				
Homeland Security Grant Program	97.067	A-DECN-SECB-2019-SEECB-2	885	-
Total U.S. Department of Homeland Security			**$ 7,936**	**$ -**
Total Federal Awards			**$ 5,172,851**	**$ 202,033**

Totals by Cluster	
Total expenditures for SNAP Cluster	$ 497,211
Total expenditures for WIOA Cluster	225,890
Total expenditures for Highway Safety Cluster	25,911
Total expenditures for TANF Cluster	470,212
Total expenditures for CCDF Cluster	18,147
Total expenditures for Medicaid Cluster	1,719,478

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

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WINONA COUNTY
WINONA, MINNESOTA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019

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, 2019. 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.

3. Reconciliation to Schedule of Intergovernmental Revenue

Federal grant revenue per Schedule of Intergovernmental Revenue (Exhibit D-1)	$ 5,257,225
Deferred in 2018, recognized as revenue in 2019	
Crime Victim Assistance (CFDA No. 16.575)	(10,935)
Violence Against Women Formula Grants (CFDA No. 16.588)	(2,665)
WIOA Youth Activities (CFDA No. 17.259)	(19,314)
WIOA Dislocated Worker Formula Grants (CFDA No. 17.278)	(8,037)
Highway Planning and Construction (CFDA No. 20.205)	(132,275)
Promoting Safe and Stable Families (CFDA No. 93.556)	(3,381)
Temporary Assistance for Needy Families (CFDA No. 93.558)	(105,525)
Community-Based Child Abuse Prevention Grant (CFDA No. 93.590)	(7,803)
Stephanie Tubbs Jones Child Welfare Services Program (CFDA No. 93.645)	(3,142)
John H. Chafee Foster Care Program for Successful Transition to Adulthood (CFDA No. 93.674)	(1,478)
Emergency Management Performance Grant (CFDA No. 97.042)	(25,480)
Maternal, Infant, and Early Childhood Home Visiting Grant (CFDA No. 93.870)	(33,768)
Grants received more than 60 days after year-end, deferred in 2019	
Temporary Assistance for Needy Families (CFDA No. 93.558)	83,963
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CFDA No. 93.596)	1,611
Foster Care Title IV-E (CFDA No. 93.658)	136,874
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
WIOA Youth Activities (CFDA No. 17.259)	508
Expenditures per Schedule of Expenditures of Federal Awards (Exhibit D-2)	$ 5,172,851

Management and Compliance Section

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JULIE BLAHA
STATE AUDITOR

STATE OF MINNESOTA
OFFICE OF THE STATE AUDITOR

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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, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated July 23, 2020.

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 to determine the 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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify a deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs as item 2019-001, that we consider to be a significant deficiency.

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 determination of financial statement amounts. 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, except as described in the Schedule of Findings and Questioned Costs as item 2019-003. 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.

Winona County's Response to Findings

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

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 — */s/Greg Hierlinger*

JULIE BLAHA
STATE AUDITOR

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

July 23, 2020

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STATE OF MINNESOTA
OFFICE OF THE STATE AUDITOR

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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, 2019. 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 2019-002 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, 2019.

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 its other major federal program identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the year ended December 31, 2019.

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 2019-002, that we consider to be a material weakness.

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

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	*/s/Greg Hierlinger*
JULIE BLAHA STATE AUDITOR	GREG HIERLINGER, CPA DEPUTY STATE AUDITOR

July 23, 2020

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WINONA COUNTY
WINONA, MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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? **None reported**
- Significant deficiencies identified? **Yes**

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

Federal Awards

Internal control over major programs:
- Material weaknesses identified? **Yes**
- Significant deficiencies identified? **None reported**

Type of auditor's report issued on compliance for the 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:

Child Support Enforcement	CFDA No. 93.563
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**

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

INTERNAL CONTROL

Finding Number: 2019-001

Prior Year Finding Number: 2015-001

Repeat Finding Since: 2015

Departmental Segregation of Duties

Criteria: Management is responsible for establishing and maintaining internal control. Adequate segregation of duties is a key internal control in preventing and detecting errors or irregularities. To protect County assets, proper segregation of the record-keeping, custody, and authorization functions should be in place; and, where management decides segregation of duties may not be cost effective, compensating controls should be in place.

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 was noted in a review of receipting procedures in the Solid Waste Office.

Context: This is not unusual in operations the size of Winona County; however, the County's management should constantly be aware of this condition and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from an internal control point of view.

Effect: Inadequate segregation of duties could adversely affect the County's ability to detect misstatements in a timely period by employees in the normal course of performing their assigned functions.

Cause: The County does not have the economic resources needed to hire additional accounting staff in order to segregate duties in every department.

Recommendation: We recommend Winona County's elected officials and management be mindful that limited staffing increases the risks in safeguarding the County's assets and the proper recording of its financial activity and, where possible, implement oversight procedures to ensure that internal control policies and procedures are being followed by staff.

View of Responsible Official: Concur

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARD PROGRAMS

Finding Number: 2019-002

Prior Year Finding Number: 2013-003

Repeat Finding Since: 2013

Eligibility Intake Function

Program: U.S. Department of Health and Human Services' Medical Assistance Program (CFDA No. 93.778), Award No. 1905MN5ADM, 2019

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. These controls should include a review process for case files to ensure the intake function related to eligibility requirements is met.

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 50 cases tested:

- 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.

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 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, not due to lack of knowledge about the program. The increase in caseload demands has caused errors.

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.

View of Responsible Official: Concur

IV. OTHER FINDINGS AND RECOMMENDATIONS

MINNESOTA LEGAL COMPLIANCE

Finding Number: 2019-003

Prior Year Finding Number: 2017-002

Repeat Finding Since: 2017

Insufficient Collateral

Criteria: Government entities are required by Minn. Stat. § 118A.03, subd. 3, to obtain collateral to secure deposits to the extent funds on deposit exceed available federal deposit insurance at the close of the financial institution's banking day. The market value of the collateral should be at least ten percent more than the uninsured and unbonded amount on deposit, unless the collateral is an irrevocable letter of credit issued by Federal Home Loan Banks, which requires an amount at least equal to the amount on deposit.

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.

Context: Deposits in excess of Federal Deposit Insurance Corporation coverage were $241,686 on May 31, 2019, and $483,000 on December 31, 2019.

Effect: When a County has insufficient collateral with a bank, the County may not receive all deposits in the event of bank default.

Cause: The County did not see that an investment was already made with the financial institution when a certificate of deposit was renewed.

Recommendation: We recommend the County establish procedures to monitor all County deposits to determine there is adequate collateral pledged to secure deposits in accordance with Minn. Stat. § 118A.03.

View of Responsible Official: Concur

WINONA COUNTY
WINONA, MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2019

V. PREVIOUSLY REPORTED ITEMS RESOLVED

2018-001 Suspension and Debarment (CFDA No. 93.778)
2018-002 Procurement (CFDA No. 93.778)

Make it a Great Day to Live in Winona County!

202 West Third Street **Winona, Minnesota 55987** **Phone (507) 457-6350**

REPRESENTATION OF WINONA COUNTY
WINONA, MINNESOTA

CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 2019

Finding Number: 2019-001
Finding Title: Departmental Segregation of Duties

Name of Contact Person Responsible for Corrective Action:

Patrick Moga, Finance Director

Corrective Action Planned:

Winona County will need to review the cost benefit of hiring additional staff to correct the segregation of duties.

Anticipated Completion Date:

December 31, 2020

Finding Number: 2019-002
Finding Title: Eligibility Intake Function
Program: Medical Assistance Program (CFDA No. 93.778)

Name of Contact Person Responsible for Corrective Action:

Naomi Morris, Fiscal 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 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.

Anticipated Completion Date:

December 31, 2020

Finding Number: 2019-003
Finding Title: Insufficient Collateral

Name of Contact Person Responsible for Corrective Action:

Sandra Suchla, Auditor/Treasurer

Corrective Action Planned:

Sandra J. Suchla, County Auditor-Treasurer will more closely monitor county deposits.

Anticipated Completion Date:

December 31, 2020

REPRESENTATION OF WINONA COUNTY
WINONA, MINNESOTA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2019

Finding Number: 2015-001
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: Not Corrected. Winona County will need to review the cost benefit of hiring additional staff to correct the segregation of duties.

Was corrective action taken significantly different than the action previously reported?
Yes _______ No ___X___

Finding Number: 2013-003
Finding Title: Program Eligibility Intake Function
Program: Medicaid Cluster (CFDA No. 93.778)

Summary of Condition: The Minnesota DHS maintains the computer system, MAXIS, which is used by the County to support the eligibility determination process. The County could not provide documentation for any supervisory case file reviews. 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 40 cases tested:

- one case file did not have updated asset information;
- one application was not complete; and
- three case files did not have correct other insurance coverage or supporting documentation was not requested for other insurance coverage.

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 expects to see an increase in accuracy for case audits.

Status: Not Corrected. The County will work to correct in this 2020 and 2021. During the year, staff will be trained to ensure that MAXIS and the supporting documentation are the same.

Was corrective action taken significantly different than the action previously reported?
Yes _______ No ___X___

Finding Number: 2018-001
Finding Title: Suspension and Debarment
Program: Medicaid Cluster (CFDA No. 93.778)

Summary of Condition: The County entered into contracts with vendors that were federally funded. Documentation was not retained for the two contracts tested to show that the County suspension and debarment procedures were performed at the time of the contract.

Summary of Corrective Action Previously Reported: The County will need to develop a procedure to ensure suspended and debarred vendors are reviewed when entering into a contract.

Status: Corrected. Corrective action was taken.
Was corrective action taken significantly different than the action previously reported?
Yes _______ No ___X___

Finding Number: 2018-002
Finding Title: Procurement
Program: Medicaid Cluster (CFDA No. 93.778)

Summary of Condition: Two of three procurements tested did not have written documentation to support the rationale for the method of procurement, provide full and open competition, and provide the rationale to limit competition.

Summary of Corrective Action Previously Reported: This is a new requirement with Uniform Guidance. The County will need to develop a procedure to ensure they are reviewed and documented.

Status: Corrected. Corrective action was taken.
Was corrective action taken significantly different than the action previously reported?
Yes _______ No ___X___

Finding Number: 2017-002
Finding Title: Insufficient Collateral

Summary of Condition: At year-end, the County had deposits with Eagle Bank that were not adequately covered by Federal Deposit Insurance Corporation. Winona County had a negotiable certificate of deposit (CD) through Wells Fargo Advisors and also a CD at Eagle Bank in the insured cash sweep account.

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

Status: Not Corrected. Winona County will develop a procedure to ensure all funds are collateralized per Minnesota statutes.

Was corrective action taken significantly different than the action previously reported?
Yes _______ No ___X___