

State of Minnesota



Office of the State Auditor

Julie Blaha
State Auditor

Audit Practice Division

Winona County Winona, Minnesota

Annual Financial Report and
Management and Compliance Report

Year Ended December 31, 2023

Winona County Winona, Minnesota

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Introductory Section

Winona County Winona, Minnesota

Organization December 31, 2023

Office	Name	Term Expires
Commissioners		
First District	Chris Meyer	January 2027
Second District	Dwayne Voegeli	January 2025
Third District	Josh Elsing	January 2025
Fourth District	Greg Olson	January 2025
Fifth District	Marcia Ward	January 2027
Officers		
Elected		
Attorney	Karin Sonneman	January 2027
Recorder	Robert Bambenek	January 2027
Sheriff	Ron Ganrude	January 2027
Auditor-Treasurer	Chelsi Wilbright	January 2027
Appointed		
County Administrator	Maureen Holte	Indefinite
Interim Health and Human Services Director	Maureen Holte	Indefinite
County Assessor	John Conway	December 2024
Interim Planning and Environmental Services Director	Maureen Holte	Indefinite
Finance Director	Patrick Moga	Indefinite
Highway Engineer	David Kramer	May 2027
Information Technology Director	Chad Lang	Indefinite

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



Independent Auditor's Report

Board of County Commissioners
Winona County
Winona, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited 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, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Winona County as of December 31, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2023, the County adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, which represents a change in accounting principle. Our opinion is not modified with respect to this matter.

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit;
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed;
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements; and
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedules for the General Fund and each major special revenue fund, Schedule of Changes in Total OPEB Liability and Related Ratios – Other Postemployment Benefits, PERA retirement plan schedules, and Notes to the Required Supplementary Information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Winona County's basic financial statements. The Budgetary Comparison Schedule for the Capital Projects Fund,

combining statements for the nonmajor governmental funds, budgetary comparison schedules for the nonmajor governmental funds, combining statements for custodial funds, Schedule of Intergovernmental Revenue, and Schedule of Expenditures of Federal Awards and related notes, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information as identified above 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 February 7, 2025, 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.

/s/Julie Blaha

Julie Blaha
State Auditor

February 7, 2025

/s/Chad Struss

Chad Struss, CPA
Deputy State Auditor

Management's Discussion and Analysis

Winona County Winona, Minnesota

Management's Discussion and Analysis December 31, 2023 (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, 2023. 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 2023, Winona County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$105.8 million (net position). Of that amount, \$11.9 million is restricted; \$1.4 million is unrestricted net position and may be used to meet the County's ongoing obligations to citizens and creditors. The remaining \$92.5 million is the net investment in capital assets.
- At the close of the current year, the ending fund balances for all governmental funds were \$30.8 million. This is a decrease of \$6.1 million from the previous year's fund balance. Of the combined ending fund balances, \$15.4 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 \$15.4 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.

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

cashflows. 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 servi
- 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, 2023, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$105.8 million. The following table provides a summary of Winona County's governmental net position.

Governmental Net Position

	2023	2022	Percent Change (%)
Assets			
Current and other assets	\$ 39,382,732	\$ 48,196,466	(18)
Capital assets	120,168,154	107,148,142	12
Total Assets	\$ 159,550,886	\$ 155,344,608	3
Deferred Outflows of Resources			
Deferred other postemployment benefits outflows	\$ 474,455	\$ 522,839	(9)
Deferred pension outflows	7,602,081	10,785,678	(30)
Total Deferred Outflow of Resources	\$ 8,076,536	\$ 11,308,517	(29)
Liabilities			
Current and other liabilities	\$ 3,367,076	\$ 7,357,640	(54)
Long-term liabilities	48,868,151	60,017,915	(19)
Total Liabilities	\$ 52,235,227	\$ 67,375,555	(22)
Deferred Inflows of Resources			
Deferred other postemployment benefits inflows	\$ 898,371	\$ 103,962	764
Deferred pension inflows	8,740,270	529,410	1551
Total Deferred Inflows of Resources	\$ 9,638,641	\$ 633,372	1422
Net Position			
Net investment in capital assets	\$ 92,494,609	\$ 89,602,777	3
Restricted	11,863,300	8,294,184	43
Unrestricted	1,395,645	747,237	87
Total Net Position	\$ 105,753,554	\$ 98,644,198	7

The largest portion of Winona County’s net position, 87.4 percent, or \$92.5 million, represents investments in capital assets, less any related debt used to acquire those assets. Capital assets are investments in land, buildings, machinery and equipment, and roads and bridges. These assets are used to provide services and utilities to County citizens and, consequently, are not available for future spending. Capital assets are reported net of related debt; however, resources needed to repay the debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

An additional \$11.9 million of the County’s net position, or 11.2 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 \$1.4 million of net position, or 1.3 percent, represents unrestricted net position that is needed to meet ongoing obligations to citizens and creditors.

Change in net position—In 2023, government-wide revenues exceeded expenses by \$7 million, thereby increasing net position. Net position changed as follows:

Change in Net Position			
	2023	2022	Percent Change (%)
Revenues			
Program revenues			
Fees, charges, fines, and other	\$ 6,575,060	\$ 4,821,566	36
Operating grants and contributions	20,246,472	20,552,790	(1)
Capital grants and contributions	1,358,877	822,834	65
General revenues			
Property taxes	22,624,821	20,844,247	9
Grants and contributions not restricted to specific programs	6,082,072	9,530,767	(36)
Local option sales tax	3,860,544	3,959,876	(3)
Unrestricted investment earnings	1,593,936	372,786	328
Other	663,848	823,608	(19)
Total Revenues	\$ 63,005,630	\$ 61,728,474	2
Expenses			
General government	\$ 12,560,432	\$ 11,249,025	12
Public safety	10,428,753	7,759,106	34
Highways and streets	9,652,738	14,793,185	(35)
Sanitation	1,518,495	1,416,784	7
Human services	17,081,227	17,188,847	(1)
Health	1,135,896	1,420,067	(20)
Culture and recreation	412,574	413,178	-
Conservation of natural resources	1,005,162	1,107,477	(9)
Economic development	1,590,291	4,794,078	(67)
Other	600,207	792,330	(24)
Total Expenses	\$ 55,985,775	\$ 60,934,077	(8)
Current Net Position	\$ 7,019,855	\$ 794,397	784
Net Position – January 1, as restated⁽¹⁾	98,733,699	97,849,801	1
Net Position – December 31	\$ 105,753,554	\$ 98,644,198	7

⁽¹⁾Restated for change in accounting principles, see Note 1.

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 35.9 percent of the total revenue for the County.
- Expense by function depicts the relationship between governmental activities functions. Property taxes of \$22.6 million are leveraged to provide \$56 million in services.

Governmental activities increased Winona County's net position by \$7 million, which is 11 percent of current year revenues, 13 percent of current year expenses, or 7 percent of beginning net position. The following is the major component of this increase:

- Overall, expenses decreased by 8.1 percent from 2022 to 2023 due to a decrease in spending related to America Rescue Plan and Road & Bridge State Aid funds.

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, 2023, the combined ending fund balances of governmental funds were \$30.8 million. Approximately 65.0 percent, or \$20 million, of the combined ending fund balances consist of unassigned and assigned fund balances. Assigned fund balances are available as working capital and for current spending consistent with the purposes of each of the specific funds. The remainder of fund balance is nonspendable or restricted to indicate that it is not available for new spending because it is restricted or in nonspendable form for the following purposes:

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

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

- (1) The General Fund is the primary operating fund of Winona County. The General Fund's fund balance was \$17.3 million at the end of 2023. Of that amount, \$1.7 million is restricted for such items as forfeited property, opioid settlement, Recorder's equipment and donations. Nonspendable fund balance of \$158.9 thousand is for missing heirs. In addition, the Board of County Commissioners has assigned \$15.6 thousand for tobacco wellness. The comparison of fund balance to expenditures is useful for two purposes. The first

purpose is to measure liquidity. Unassigned fund balance is \$15,385,177, or 66.1 percent, of 2023 expenditures, while total fund balance is 66.1 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 (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 2022, the ending fund balance of the General Fund increased \$1,480,321.

- (2) The Road and Bridge Special Revenue Fund accounts for maintenance and improvements to the infrastructure of the County. The fund had a \$8.7 million fund balance at the end of 2023 that represented a \$2.0 million, or 30.1 percent, increase from 2022. The increase was due to decreased transportation projects.
- (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 \$700 thousand fund balance at the end of 2023, representing a \$311 thousand, or 30.9 percent, decrease from the 2022 fund balance. The decrease was due mainly to increased out-of-home placement costs in the Health and Human Services Special Revenue Fund.
- (4) The Capital Projects Fund accounts for financial resources for capital acquisition, construction, or improvement of capital facilities. The fund had a \$2.2 million fund balance at the end of 2023 that represented an 80.2 percent decrease from the 2022 fund balance. The decrease was due to spending bond proceeds for the construction of a new jail.

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

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

General Fund Budgetary Highlights

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

For 2023, the Board of County Commissioners adopted the following budget:

General Fund Budgetary Highlights			
General Fund	Revenues	Expenditures	Other Sources (Uses)
Board-adopted (Original)	\$ 22,302,097	\$ 23,359,754	\$ 401,591
Board-adopted (Final)	22,302,097	23,359,754	401,591
Actual	26,550,943	26,141,084	1,070,462

The adopted budget anticipated revenues of \$22,302,097 and expenditures of \$23,359,754.

Capital Assets and Debt Administration

Capital Assets

Winona County's investment in capital assets for its governmental activities as of December 31, 2023, was \$120.2 million (net of accumulated depreciation). The investment in capital assets includes land, buildings, furniture and equipment, infrastructure, subscription and leased assets and construction in progress.

Additional information about capital assets can be found in Note 3 – Capital Assets.

Capital Assets				Percent Change
		2023	2022	(%)
Capital assets not depreciated				
Land	\$	6,980,729	\$ 6,965,019	-
Construction in progress		30,836,640	27,166,035	14
Total capital assets not depreciated	\$	37,817,369	\$ 34,131,054	11
Capital assets depreciated and amortized				
Buildings	\$	25,415,477	\$ 25,321,245	-
Improvements other than buildings		485,641	485,641	-
Machinery, furniture, and equipment		11,216,655	10,787,492	4
Infrastructure		89,327,172	79,487,891	12
Lease assets and subscriptions		2,359,633	736,816	220
Total capital assets depreciated and amortized	\$	128,804,578	\$ 116,819,085	10
Less: accumulated depreciation and amortization for				
Buildings	\$	6,201,874	\$ 5,931,979	5
Improvements other than buildings		329,006	320,637	3
Machinery, furniture, and equipment		8,620,532	8,231,713	5
Infrastructure		30,575,880	29,091,345	5
Lease assets and subscriptions		726,501	226,323	221
Total accumulated depreciation and amortization	\$	46,453,793	\$ 43,801,997	6
Total capital assets depreciated and amortized, net	\$	82,350,785	\$ 73,017,088	13
Governmental Activities Capital Assets, Net	\$	120,168,154	\$ 107,148,142	12

Outstanding Long-Term Debt

At the end of the current year, Winona County had three general obligation bond issues, leases, financed purchase, and loans payable.

Outstanding Long-Term Debt		Governmental Activities	
		2023	2022
General obligation bonds	\$	27,326,815	\$ 28,173,634
Leases payable		467,566	547,419
Subscription-based information technology arrangements		1,021,953	-
Loans payable		150,780	150,780
Financed purchase payable		470,659	550,000
Total	\$	29,437,773	\$ 29,421,833

The outstanding debt listed above for Winona County increased \$1,021,953, due to the addition of GASB-96 Subscription-Based Information Technology Arrangements. No new bonds were issued in 2023.

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

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

Economic Factors and Next Year's Budget and Rates

Unemployment

The 12-month average for unemployment in 2023 for the U.S., Minnesota, and Winona County was 3.6 percent, 2.8 percent, and 2.3 percent, respectively. This compared to 2022 averages of 3.6 percent, 3.2 percent, and 2.6 percent.

State Financial Position

The state forecast has improved related to the pandemic due to the federal revenue that is available from the Coronavirus Relief package. County program aid increased 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 2025.

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 Charles Elliott, Finance Director, 202 West Third Street, Winona, Minnesota 55987. The telephone number is 507-457-6459.

Basic Financial Statements

Government-Wide Financial Statements

**Winona County
Winona, Minnesota**

Exhibit 1

**Statement of Net Position
Governmental Activities
December 31, 2023**

Assets

Cash and pooled investments	\$ 30,397,803
Petty cash and change funds	2,950
Taxes receivable – delinquent	283,063
Special assessments receivable – delinquent	38,997
Accounts receivable – net	557,160
Accrued interest receivable	143,940
Loans receivable	546,891
Due from other governments	6,481,679
Inventories	930,249
Capital assets	
Non-depreciable or amortizable	37,817,369
Depreciable and amortizable – net of accumulated depreciation and amortization	82,350,785
	\$ 159,550,886

Deferred Outflows of Resources

Deferred other postemployment benefits outflows	\$ 474,455
Deferred pension outflows	7,602,081
	\$ 8,076,536

Liabilities

Accounts payable	\$ 932,621
Salaries payable	534,147
Contracts payable	120,130
Due to other governments	399,857
Accrued interest payable	53,934
Unearned revenue	1,200,762
Customer deposits	125,625
Long-term liabilities	
Due within one year	1,841,973
Due in more than one year	29,993,363
Net pension liability	14,426,014
Other postemployment benefits liability	2,606,801
	\$ 52,235,227

Deferred Inflows of Resources

Deferred other postemployment benefits inflows	\$ 898,371
Deferred pension inflows	8,740,270
	\$ 9,638,641

**Winona County
Winona, Minnesota**

**Exhibit 1
(Continued)**

**Statement of Net Position
Governmental Activities
December 31, 2023**

Net Position

Net investment in capital assets	\$	92,494,609
Restricted for		
General government		734,661
Public safety		1,716,222
Highways and streets		8,040,981
Debt service		45,114
Economic development		1,236,885
Conservation of natural resources		89,437
Unrestricted		<u>1,395,645</u>
Total Net Position	\$	<u><u>105,753,554</u></u>

**Winona County
Winona, Minnesota**

Exhibit 2

**Statement of Activities
For the Year Ended December 31, 2023**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Fees, Charges, Fines, and Other	Operating Grants and Contributions		Capital Grants and Contributions
Functions/Programs					
Primary government					
Governmental activities					
General government	\$ 12,560,432	\$ 2,642,228	\$ 833,107	\$ 10,984	\$ (9,074,113)
Public safety	10,428,753	332,724	1,947,209	-	(8,148,820)
Highways and streets	9,652,738	19,317	7,124,276	1,347,893	(1,161,252)
Sanitation	1,518,495	1,440,095	185,171	-	106,771
Human services	17,081,227	1,606,835	8,284,565	-	(7,189,827)
Health	1,135,896	206,112	1,032,005	-	102,221
Culture and recreation	412,574	4,673	465	-	(407,436)
Conservation of natural resources	1,005,162	64,860	510,826	-	(429,476)
Economic development	1,590,291	258,216	328,848	-	(1,003,227)
Interest	600,207	-	-	-	(600,207)
Total Governmental Activities	\$ 55,985,775	\$ 6,575,060	\$ 20,246,472	\$ 1,358,877	\$ (27,805,366)
General Revenues					
Property taxes					\$ 22,624,821
Mortgage registry and deed tax					40,490
Local option sales tax					3,860,544
Taxes – other					14,940
Payments in lieu of tax					414,849
Grants and contributions not restricted to specific programs					6,082,072
Unrestricted investment earnings					1,593,936
Miscellaneous					156,797
Gain on sale of capital assets					36,772
Total general revenues					\$ 34,825,221
Change in net position					\$ 7,019,855
Net Position – Beginning					\$ 98,644,198
Restatement (Note 1)					89,501
Net Position – Beginning, as restated					\$ 98,733,699
Net Position – Ending					\$ 105,753,554

Fund Financial Statements

Governmental Funds

**Winona County
Winona, Minnesota**

**Balance Sheet
Governmental Funds
December 31, 2023**

	General	Special Road and Bridge
<u>Assets</u>		
Cash and pooled investments	\$ 18,554,075	\$ 7,503,039
Petty cash and change funds	2,950	-
Taxes receivable – delinquent	168,046	17,906
Special assessments – delinquent	-	-
Accounts receivable – net	180,975	2,738
Accrued interest receivable	143,940	-
Due from other funds	26,250	-
Due from other governments	565,802	4,487,924
Loans receivable	202,132	-
Inventories	-	930,249
	\$ 19,844,170	\$ 12,941,856
 <u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>		
Liabilities		
Accounts payable	\$ 355,963	\$ 59,033
Salaries payable	325,010	40,358
Contracts payable	-	120,130
Due to other funds	-	-
Due to other governments	68,940	-
Unearned revenue	1,200,762	-
Customer deposits	125,625	-
	\$ 2,076,300	\$ 219,521
Deferred Inflows of Resources		
Unavailable revenue	\$ 480,709	\$ 3,984,246

Exhibit 3

<u>Revenue Funds</u> Health and Human Services	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
\$ 246,240	\$ 2,253,524	\$ 1,840,925	\$ 30,397,803
-	-	-	2,950
74,506	7,309	15,296	283,063
-	-	38,997	38,997
292,477	285	80,685	557,160
-	-	-	143,940
-	-	-	26,250
1,425,226	-	2,727	6,481,679
-	-	344,759	546,891
-	-	-	930,249
<u>\$ 2,038,449</u>	<u>\$ 2,261,118</u>	<u>\$ 2,323,389</u>	<u>\$ 39,408,982</u>
\$ 415,777	\$ 9,097	\$ 92,751	\$ 932,621
163,909	-	4,870	534,147
-	-	-	120,130
59,881	-	-	59,881
297,286	-	-	366,226
-	-	-	1,200,762
-	-	-	125,625
<u>\$ 936,853</u>	<u>\$ 9,097</u>	<u>\$ 97,621</u>	<u>\$ 3,339,392</u>
<u>\$ 406,163</u>	<u>\$ 5,814</u>	<u>\$ 392,356</u>	<u>\$ 5,269,288</u>

**Winona County
Winona, Minnesota**

**Balance Sheet
Governmental Funds
December 31, 2023**

	General	Special Road and Bridge
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u> (Continued)		
Fund Balances		
Nonspendable		
Inventories	\$ -	\$ 930,249
Missing heirs	158,948	-
Restricted for		
Debt service	-	-
Law library	171,471	-
Capital projects	-	-
Recorder's unallocated equipment purchases	10,245	-
Recorder's equipment purchases	331,429	-
Enhanced 911	246,203	-
Criminal justice coordination council	1,874	-
Opioid settlement	410,738	-
Restorative justice	52,421	-
Sheriff's contingency	2,546	-
Public safety aid	183,589	-
Sheriff's forfeited property	15,044	-
Attorney's forfeited property	52,807	-
Explorer post	332	-
Permits to carry	149,835	-
Local option sales tax projects	-	4,724,898
Drug court	9,429	-
Aquatic invasive species	89,437	-
Housing	-	-
Economic development	-	-
Assigned		
Highways and streets	-	3,082,942
Capital improvements	-	-
Health and human services	-	-
Recycling and solid waste	-	-
Tobacco settlement	15,636	-
Unassigned	15,385,177	-
Total Fund Balances	\$ 17,287,161	\$ 8,738,089
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 19,844,170	\$ 12,941,856

Exhibit 3
(Continued)

<u>Revenue Funds</u> <u>Health and</u> <u>Human Services</u>	<u>Capital</u> <u>Projects</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 930,249
-	-	-	158,948
-	-	99,048	99,048
-	-	-	171,471
-	1,253,821	-	1,253,821
-	-	-	10,245
-	-	-	331,429
-	-	-	246,203
-	-	-	1,874
-	-	-	410,738
-	-	-	52,421
-	-	-	2,546
-	653,972	-	837,561
-	-	-	15,044
-	-	-	52,807
-	-	-	332
-	-	-	149,835
-	-	-	4,724,898
-	-	-	9,429
-	-	-	89,437
150,856	-	-	150,856
-	-	1,086,029	1,086,029
-	-	-	3,082,942
-	338,414	-	338,414
544,577	-	-	544,577
-	-	648,335	648,335
-	-	-	15,636
-	-	-	15,385,177
\$ 695,433	\$ 2,246,207	\$ 1,833,412	\$ 30,800,302
\$ 2,038,449	\$ 2,261,118	\$ 2,323,389	\$ 39,408,982

**Winona County
Winona, Minnesota**

Exhibit 4

**Reconciliation of Governmental Funds Balance Sheet to the
Government-Wide Statement of Net Position—Governmental Activities
December 31, 2023**

Fund balances – total governmental funds (Exhibit 3)		\$	30,800,302
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets, net of accumulated depreciation and amortization, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.			120,168,154
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.			8,076,536
Other long-term assets are not available to pay for current period expenditures and, therefore, are unavailable in the governmental funds.			5,269,288
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	\$	(25,905,000)	
Loans payable		(150,780)	
Bond premium		(1,421,815)	
Finance purchase payable		(470,659)	
Leases payable		(467,566)	
Subscription-based technology arrangements payable		(1,021,953)	
Other postemployment benefits liability		(2,606,801)	
Net pension liability		(14,426,014)	
Accrued interest payable		(53,934)	
Compensated absences		(2,397,563)	
		<u>(48,922,085)</u>	
Deferred inflows resulting from pension and other postemployment obligations are not due and payable in the current period and, therefore, are not reported in the governmental funds.			<u>(9,638,641)</u>
Net Position of Governmental Activities (Exhibit 1)		\$	<u>105,753,554</u>

**Winona County
Winona, Minnesota**

**Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2023**

	<u>General</u>	<u>Special Road and Bridge</u>
Revenues		
Taxes	\$ 13,447,679	\$ 5,237,656
Special assessments	15,078	-
Licenses and permits	146,949	-
Intergovernmental	8,907,080	7,873,522
Charges for services	2,635,919	-
Fines and forfeits	13,398	-
Gifts and contributions	21,319	2,730
Investment earnings	1,067,454	-
Miscellaneous	296,067	115,542
Total Revenues	\$ 26,550,943	\$ 13,229,450
Expenditures		
Current		
General government	\$ 13,073,923	\$ -
Public safety	9,373,596	-
Highways and streets	-	11,119,816
Sanitation	-	-
Human services	422,915	-
Health	10,000	-
Culture and recreation	153,690	-
Conservation of natural resources	836,775	-
Economic development	1,340,291	-
Intergovernmental		
Highways and streets	-	300,774
Culture and recreation	258,884	-
Debt service		
Principal	670,243	32,479
Interest	767	654
Administrative (fiscal) charges	-	-
Total Expenditures	\$ 26,141,084	\$ 11,453,723
Excess of Revenues Over (Under) Expenditures	\$ 409,859	\$ 1,775,727
Other Financing Sources (Uses)		
Transfers in	\$ 100,589	\$ -
Transfers out	(124,954)	-
Leases issued	132,104	-
Financed purchases issued	-	28,575
Software subscriptions issued	925,951	-
Proceeds from sale of capital assets	36,772	-
Total Other Financing Sources (Uses)	\$ 1,070,462	\$ 28,575
Change in Fund Balance	\$ 1,480,321	\$ 1,804,302
Fund Balance – January 1	15,806,840	6,718,882
Increase (decrease) in inventories	-	214,905
Fund Balance – December 31	\$ 17,287,161	\$ 8,738,089

Exhibit 5

Revenue Funds		Other	
Health and	Capital	Governmental	Total
Human Services	Projects	Funds	
\$ 5,732,325	\$ 613,740	\$ 1,494,600	\$ 26,526,000
-	-	524,515	539,593
38,402	-	2,175	187,526
9,805,095	665,250	212,686	27,463,633
1,256,074	-	911,179	4,803,172
-	-	-	13,398
919	-	-	24,968
-	527,368	1,486	1,596,308
444,058	27,586	15,709	898,962
\$ 17,276,873	\$ 1,833,944	\$ 3,162,350	\$ 62,053,560
\$ -	\$ -	\$ -	\$ 13,073,923
-	10,539,358	-	19,912,954
-	390,240	-	11,510,056
-	-	1,507,442	1,507,442
16,598,581	-	-	17,021,496
1,114,430	-	-	1,124,430
-	-	-	153,690
-	-	-	836,775
-	-	250,000	1,590,291
-	-	-	300,774
-	-	-	258,884
-	-	785,000	1,487,722
-	-	657,983	659,404
-	-	4,725	4,725
\$ 17,713,011	\$ 10,929,598	\$ 3,205,150	\$ 69,442,566
\$ (436,138)	\$ (9,095,654)	\$ (42,800)	\$ (7,389,006)
\$ 124,954	\$ -	\$ -	\$ 225,543
-	-	(100,589)	(225,543)
-	-	-	132,104
-	-	-	28,575
-	-	-	925,951
-	-	-	36,772
\$ 124,954	\$ -	\$ (100,589)	\$ 1,123,402
\$ (311,184)	\$ (9,095,654)	\$ (143,389)	\$ (6,265,604)
1,006,617	11,341,861	1,976,801	36,851,001
-	-	-	214,905
\$ 695,433	\$ 2,246,207	\$ 1,833,412	\$ 30,800,302

**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, 2023**

Net change in fund balance – total governmental funds (Exhibit 5) \$ (6,265,604)

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	\$ 5,269,288	
Unavailable revenue – January 1	<u>(4,043,862)</u>	1,225,426

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 and adjustments for general capital assets and infrastructure	\$ 15,169,672	
Current depreciation and amortization	<u>(2,718,012)</u>	12,451,660

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	\$ 785,000	
Amortization of premiums	<u>61,819</u>	846,819

Some capital asset additions are acquired through financing. In governmental funds, these arrangements are considered an other financing source, but in the statement of net position, the obligation is reported as a liability. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.

Leases issued	\$ (132,104)	
Subscription-based technology arrangements issued	(925,951)	
Financed purchases issued	<u>(28,575)</u>	(1,086,630)

Principal payments on leases	\$ 211,957	
Principal payments on subscription-based technology arrangements	382,849	
Principal payments on financed purchases	<u>107,916</u>	702,722

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	\$ 910,034	
Change in accrued interest payable	2,103	
Change in compensated absences	(49,909)	
Change in net pension liability	10,305,579	
Change in pension and other postemployment benefits deferred outflows of resources	(3,231,981)	
Change in pension and other postemployment benefits deferred inflows of resources	(9,005,269)	
Change in inventories	<u>214,905</u>	<u>(854,538)</u>

Change in Net Position of Governmental Activities (Exhibit 2) \$ 7,019,855

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

Fiduciary Funds

**Winona County
Winona, Minnesota**

Exhibit 7

**Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2023**

	HC Garvin Private-Purpose Trust	Custodial Funds
<u>Assets</u>		
Cash and pooled investments	\$ -	\$ 891,851
Investments	47,715	-
Taxes receivable for other governments	78	506,900
Due from other funds	-	33,631
	\$ 47,793	\$ 1,432,382
<u>Liabilities</u>		
Accounts payable	\$ 78	\$ -
Due to other governments	-	651,285
	\$ 78	\$ 651,285
<u>Deferred Inflows of Resources</u>		
Prepaid taxes	\$ -	\$ 106,629
<u>Net Position</u>		
Restricted for Individuals, organizations, and other governments	\$ -	\$ 674,468
Net position, held in trust	47,715	-
	\$ 47,715	\$ 674,468

**Winona County
Winona, Minnesota**

Exhibit 8

**Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2023**

	<u>HC Garvin Private-Purpose Trust</u>	<u>Custodial Funds</u>
<u>Additions</u>		
Interest on investments	\$ 187	\$ -
Contributions from individuals	-	172,914
Property tax collections for other governments	-	65,364,901
Fees collected for the state	-	1,828,304
Payments from the state	-	124,034
Total Additions	\$ 187	\$ 67,490,153
<u>Deductions</u>		
Payments in accordance with trust agreements	\$ 187	\$ -
Payments of property taxes to other governments	-	65,420,789
Payments to the state	-	1,828,304
Payments to other entities	-	302,450
Total Deductions	\$ 187	\$ 67,551,543
Change in net position	\$ -	\$ (61,390)
Net Position – January 1	47,715	735,858
Net Position – December 31	\$ 47,715	\$ 674,468

Winona County Winona, Minnesota

Notes to the Financial Statements As of and for the Year Ended December 31, 2023

Note 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) as of and for the year ended December 31, 2023. 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.

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. 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 does not vote in its decisions.

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. Winona County has one blended component unit.

Component Units 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.

The activity for the EDA is reported in the EDA Loan Special Revenue Fund.

Joint Ventures, Jointly-Governed Organizations, and Related Organization

The County participates in joint ventures, jointly-governed organizations, and a related organization which are described in Note 4 – Summary of Significant Contingencies and Other Items.

Winona County

Winona, Minnesota

Basic Financial Statements

Government-Wide Statements

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

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

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

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

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.

Winona County

Winona, Minnesota

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

Additionally, the County reports the following fund types:

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

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

Custodial funds are safekeeping in nature. These funds account for monies the County holds for others in a fiduciary capacity.

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. Proceeds of long-term debt and acquisitions under 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.

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

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, 2023. 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.

Winona County

Winona, Minnesota

Other funds received investment earnings based on other state statutes, grant agreements, contracts, and bond covenants. Pooled investment earnings for 2023 were \$1,067,454.

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 when recorded in the General Fund to indicate they are not available for appropriation and are not expendable available financial resources. There were no advances in 2023.

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.

Inventories and Prepaid Items

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

Capital assets, which include property, plant, equipment, infrastructure assets (such as roads, bridges, and similar items), and right-to-use assets acquired under leasing or subscription-based information technology arrangements, 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. 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.

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Property, plant, and equipment of the County are depreciated using the straight-line method over the following estimated useful lives while right-to-use assets are amortized over the shorter of the underlying assets' estimated useful life or the term of the lease agreement or subscription arrangement:

Estimated Useful Lives of Capital Assets

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
Right-to-use buildings	2-5
Right-to-use equipment	2-5
Right-to-use subscription arrangements	2-5

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.

Unearned Revenue

Governmental funds and government-wide financial statements report unearned revenue in connection with resources that have been received, but not yet earned.

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

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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.

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 assets that applies to a future period(s) and will not be recognized as an outflow of resources (expenditure/expense) until that time. 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.

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 assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has two types of deferred inflows. The governmental funds report unavailable revenue from delinquent taxes receivable, special assessments receivable, grants receivable, and loans receivable. Unavailable revenue arises only under the modified accrual basis of accounting and, accordingly, is reported only in the governmental funds balance sheet. The unavailable amount is deferred and recognized as an inflow of resources in the period the amount becomes available. The County also reports deferred inflows of resources associated with pension benefits and OPEB. These inflows arise only under the full accrual basis of accounting and, accordingly, are reported only in the statement of net position.

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. The pension liability is liquidated from member and employer contributions by each fund with personal services and income from the investment of fund assets as administered by PERA.

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 amortization, 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.

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

Classification of Fund Balances

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

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

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

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

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.

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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.

Change in Accounting Principles

During the year ended December 31, 2023, Winona County adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) No. 96, *Subscription-Based Information Technology Arrangements*. The implementation of this statement resulted in restating beginning net position by \$89,501 and changing the presentation of the notes to the financial statements by increasing the beginning balances of capital assets and long-term liabilities by \$568,352 and \$478,851, respectively.

Note 2 – Stewardship, Compliance, and Accountability

Excess of Expenditures Over Budget

For the General Fund or major special revenue funds, any excess of expenditures over budget are discussed in the notes to the required supplementary information. The following is a summary of the individual fund that had expenditures in excess of budget for the year ended December 31, 2023, that is not included in the notes to the required supplementary information:

	Expenditures		
	Actual	Final Budget	Excess
EDA Loan Special Revenue Fund	\$ 250,000	\$ 23,871	\$ 226,129

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Note 3 – Detailed Notes

Assets

Deposits and Investments

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

Reconciliation of the County’s Total Deposits, Cash on Hand, and Investments to the Basic Financial Statements as of December 31, 2023	
Government-wide statement of net position	
Governmental activities	
Cash and pooled investments	\$ 30,397,803
Petty cash and change funds	2,950
Statement of fiduciary net position	
Private-purpose trust	
Investments	47,715
Custodial	
Cash and pooled investments	891,851
Total Cash and Investments	\$ 31,340,319
Deposits	\$ 5,971,980
Petty cash and change funds	\$ 2,950
Investments	
Negotiable certificates of deposit	\$ 5,127,738
Money markets	2,771,655
MAGIC Portfolio	17,465,996
Total investments	\$ 25,365,389
Total Deposits, Petty Cash and Change Funds, and Investments	\$ 31,340,319

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.

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.

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[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, 2023, the County's deposits were not exposed to custodial credit risk.

[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) 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) time deposits fully insured by the Federal Deposit Insurance Corporation, the National Credit Union Administration, or 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 mature in less than three years.

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At December 31, 2023, the County had the following investments:

Cash and Investments and Information Relating to Potential Investment Risk as of December 31, 2023

Investment Type	Fair Value	Less Than 1 Year	1 to 3 Years
Investments subject to interest rate risk			
Negotiable certificates of deposit	\$ 5,127,738	\$ 3,171,123	\$ 1,956,615
Money market funds	2,771,655	2,771,655	-
Total debt securities	\$ 7,899,393	\$ 5,942,778	\$ 1,956,615
Investments not subject to interest rate risk			
MAGIC Portfolio	17,465,996		
Total Investments	\$ 25,365,389		

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.

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, 2023, the County's investments were not 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. Investments in a single issuer that have more than a five percent concentration of total investments are as follows:

Concentration of Credit Risk

Issuer	Reported Amount
Negotiable certificates of deposit	\$ 5,127,738
Money markets	2,771,655
MAGIC Portfolio	17,465,996

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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, 2023, the County had the following recurring fair value measurements.

Recurring Fair Value Measurements as of December 31, 2023

	December 31, 2023	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Debt securities				
Negotiable certificates of deposit	\$ 5,127,738	\$ -	\$ 5,127,738	\$ -
Money market funds	2,771,655	-	2,771,655	-
Total debt securities	\$ 7,899,393	\$ -	\$ 7,899,393	\$ -
Investments measured at the net asset value (NAV)				
MAGIC Portfolio	17,465,996			
Total Investments	\$ 25,365,389			

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 at a NAV. The County invests in this pool for the purpose of the joint investment with other counties to enhance the investment earnings accruing to each member. The MAGIC fund currently consists of the MAGIC Portfolio.

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.

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Receivables

Receivables as of December 31, 2023, 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:

Governmental Activities’ Receivables as of December 31, 2023

	Receivable (Gross)	Less: Allowance for Uncollectibles	Total Receivables	Amounts Not Scheduled for Collection During the Subsequent Year
Governmental Activities				
Taxes	\$ 283,063	\$ -	\$ 283,063	\$ -
Special assessments	38,997	-	38,997	-
Accounts	8,642,889	(8,085,729)	557,160	-
Interest	143,940	-	143,940	-
Loans	546,891	-	546,891	27,518
Due from other governments	6,481,679	-	6,481,679	-
Total Governmental Activities	\$ 16,137,459	\$ (8,085,729)	\$ 8,051,730	\$ 27,518

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 \$344,759 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, \$66,430 is still outstanding.

Winona County provided a loan from the AgBMP loan program for an individual’s replacement of a septic system in the amount of \$150,780. The loan amount and interest are scheduled to be paid back over ten years at three percent interest. At December 31, 2023, \$135,702 is outstanding.

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Capital Assets

Capital asset activity for the year ended December 31, 2023, was as follows:

Changes in Capital Assets for the Year Ended December 31, 2023

	Beginning Balance, Restated*	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 6,965,019	\$ 15,710	\$ -	\$ 6,980,729
Construction in progress	27,166,035	10,314,955	6,644,350	30,836,640
Total capital assets not depreciated	\$ 34,131,054	\$ 10,330,665	\$ 6,644,350	\$ 37,817,369
Capital assets depreciated				
Buildings	\$ 25,321,245	\$ 94,232	\$ -	\$ 25,415,477
Improvements other than buildings	485,641	-	-	485,641
Machinery, vehicles, furniture, and equipment	10,787,492	495,379	66,216	11,216,655
Infrastructure	79,487,891	9,839,281	-	89,327,172
Total capital assets depreciated	\$ 116,082,269	\$ 10,428,892	\$ 66,216	\$ 126,444,945
Less: accumulated depreciation for				
Buildings	\$ 5,931,979	\$ 269,895	\$ -	\$ 6,201,874
Improvements other than buildings	320,637	8,369	-	329,006
Machinery, furniture, and equipment	8,231,713	455,035	66,216	8,620,532
Infrastructure	29,091,345	1,484,535	-	30,575,880
Total accumulated depreciation	\$ 43,575,674	\$ 2,217,834	\$ 66,216	\$ 45,727,292
Total capital assets depreciated, net	\$ 72,506,595	\$ 8,211,058	\$ -	\$ 80,717,653
Capital assets amortized				
Leased buildings and building space	\$ 134,378	\$ -	\$ -	\$ 134,378
Leased machinery, vehicles, furniture, and equipment	602,438	128,514	-	730,952
Subscription-based information technology arrangements	568,352	925,951	-	1,494,303
Total capital assets amortized	\$ 1,305,168	\$ 1,054,465	\$ -	\$ 2,359,633
Less: accumulated amortization				
Leased buildings and building space	\$ 26,876	\$ 26,876	\$ -	\$ 53,752
Leased machinery, vehicles, furniture, and equipment	199,447	199,480	-	398,927
Subscription-based information technology arrangements	-	273,822	-	273,822
Total accumulated amortization	\$ 226,323	\$ 500,178	\$ -	\$ 726,501
Total assets amortized, net	\$ 1,078,845	\$ 554,287	\$ -	\$ 1,633,132
Governmental Activities Capital Assets, Net	\$ 107,716,494	\$ 19,096,010	\$ 6,644,350	\$ 120,168,154

*See Change in Accounting Principles in Note 1.

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

Depreciation Expense and Amortization Charged to Functions/Programs

Governmental Activities	
General government	\$ 299,133
Public safety	326,266
Highways and streets, including depreciation of infrastructure assets	2,088,865
Sanitation	3,748
Total Depreciation Expense and Amortization – Governmental Activities	\$ 2,718,012

Interfund Receivables, Payables, and Transfers

Due To/From Other Funds

The composition of interfund balances as of December 31, 2023, is as follows:

Due to/From Other Funds as of December 31, 2023

Receivable Fund	Payable Fund	Amount
General Fund	Health and Human Services Special Revenue Fund	\$ 26,250
Collaborative Custodial Fund	Health and Human Services Special Revenue Fund	33,631
Total Due To/From Other Funds		\$ 59,881

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

Interfund Transfers

Interfund transfers for the year ended December 31, 2023, consisted of the following:

Interfund Transfers as of December 31, 2023

Fund From	Fund To	Amount	Purpose
Recycling and Solid Waste Special Revenue Fund	General Fund	\$ 100,589	Transfer for rent
General Fund	Health and Human Services Special Revenue Fund	124,954	Transfer retiree insurance
Total Interfund Transfers		\$ 225,543	

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Liabilities

Construction Commitments

The government has active construction projects as of December 31, 2023. The projects include the following:

Active Construction Projects as of December 31, 2023

	Spent-to-Date	Remaining Commitment
Governmental Activities		
Roads and bridges	\$ 8,799,482	\$ 2,534,808

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 2023 is \$733,417. 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.

Long-Term Debt

Bonds

Bonds Payable as of December 31, 2023

Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2023
General obligation bonds					
2020 G.O. Jail Bonds	2046	\$10,838- \$495,000	2.00-3.00	\$ 9,610,000	\$ 9,045,000
2021 G.O. Jail Bonds	2046	\$290,000- \$530,000	2.00-4.00	10,000,000	9,710,000
2022 G.O. Jail Bonds	2046	\$210,000- \$390,000	2.00-4.00	7,360,000	7,150,000
Subtotal				\$ 26,970,000	\$ 25,905,000
Plus: unamortized premiums					1,421,815
Total General Obligation Bonds					\$ 27,326,815

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

Winona County

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Leases

The County has entered into lease agreements as lessee for financing the acquisition of building space, equipment, and vehicles. Leases range from two to five years and have been recorded at the present value of their future minimum lease payments as of the inception date. Lease payments are paid by the General Fund and Road and Bridge Fund.

Future Minimum Lease Obligations and Present Value of Minimum Lease Payments as of December 31, 2023

Year Ending December 31	Principal	Interest
2024	\$ 177,931	\$ 6,321
2025	229,728	2,964
2026	59,907	389
Total	\$ 467,566	\$ 9,674

Subscription-Based Information Technology Arrangements

The County has entered into subscription-based contracts to use vendor-provided information technology. The subscription-based technology arrangements (SBITA) provide the County with access to IT software and associated capital assets in exchange for subscription payments. These SBITAs have been recorded at the present value of their future minimum payments as of the inception date. SBITA payments are paid from the General Fund.

Future Minimum Lease Obligations and Present Value of Minimum Lease Payments as of December 31, 2023

Year Ending December 31	Principal	Interest
2024	\$ 331,023	\$ 27,772
2025	334,774	18,820
2026	175,675	9,744
2027	180,481	4,938
Total	\$ 1,021,953	\$ 61,274

Loans Payable

The County entered into an agreement with the Minnesota Department of Agriculture and a local lending institution to jointly administer a loan program to individuals. The purpose of the funding is for the repair or replacement of failing septic systems and water wells. During 2022, the County issued loans of \$150,780 with semi-annual payments being made for ten years starting in 2024 at three percent. The \$150,780 will be paid back to the program with no interest. Payments on the loan will be made from the General Fund.

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Finance Purchases Payable

On June 1, 2022, Winona County entered into a five-year finance purchase with Motorola for dispatch equipment for \$550,000. Payments on the purchase will be made from the General Fund.

On April 11, 2023, Winona County entered into a five-year finance purchase of Survey equipment for \$28,575. Payments on the purchase will be made from the Road and Bridge Special Revenue Fund.

Debt Service Requirements

Debt service requirements at December 31, 2023, were as follows:

Debt Service Requirements as of December 31, 2023

Year Ending December 31	General Obligation Bonds	
	Principal	Interest
2024	\$ 815,000	\$ 629,433
2025	845,000	599,782
2026	880,000	569,033
2027	910,000	536,982
2028	940,000	503,832
2029-2033	5,195,000	2,030,813
2034-2038	5,785,000	1,437,212
2039-2043	6,385,000	834,543
2044-2045	4,150,000	179,445
Total	\$ 25,905,000	\$ 7,321,075

Debt Service Requirements as of December 31, 2023

Year Ending December 31	Loans Payable	
	Principal	Interest
2024	\$ 6,520	\$ -
2025	13,335	-
2026	13,738	-
2027	14,153	-
2028	14,581	-
2029-2033	79,789	-
2034	8,664	-
Total	\$ 150,780	\$ -

Debt Service Requirements as of December 31, 2023

Year Ending December 31	Finance Purchases	
	Principal	Interest
2024	\$ 105,594	\$ 19,314
2025	120,279	14,775
2026	119,932	10,049
2027	124,854	5,126
Total	\$ 470,659	\$ 49,264

Winona County Winona, Minnesota

Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2023, was as follows:

Changes in Long-Term Liabilities for the Year Ended December 31, 2023

	Beginning Balance, as restated*	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable					
General obligation bonds	\$ 26,690,000	\$ -	\$ 785,000	\$ 25,905,000	\$ 815,000
Plus: deferred amounts for premiums	1,483,634	-	61,819	1,421,815	-
Total bonds payable	\$ 28,173,634	\$ -	\$ 846,819	\$ 27,326,815	\$ 815,000
Leases payable	547,419	132,104	211,957	467,566	177,926
Software subscriptions payable	478,851	925,951	382,849	1,021,953	331,023
Loans payable	150,780	-	-	150,780	6,520
Finance purchases payable	550,000	28,575	107,916	470,659	105,594
Compensated absences	2,347,654	2,331,896	2,281,987	2,397,563	405,910
Governmental Activities Long-Term Liabilities	\$ 32,248,338	\$ 3,418,526	\$ 3,831,528	\$ 31,835,336	\$ 1,841,973

*See Change in Accounting Principles in Note 1.

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. The County is not obligated in any manner for repayment of the notes. Accordingly, they are not reported as a liability in the accompanying financial statements.

Deferred Outflows/Inflows of Resources

Deferred Outflows of Resources

Governmental funds did not report deferred outflows of resources for the year ended December 31, 2023.

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Deferred Inflows of Resources – Unavailable Revenue

As of December 31, 2023, there were various components of unavailable revenue as follows:

Governmental Funds Deferred Inflows of Resources as of December 31, 2023		
Taxes	\$	230,829
Special assessments		35,672
Intergovernmental		4,213,361
Loans receivable		344,759
Miscellaneous		444,667
Total Unavailable Revenue	\$	<u>5,269,288</u>

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. Blue Cross and Blue Shield of Minnesota, under contract with the County, 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, 2023, nine retirees were receiving health benefits from the County's health plan. As of year-end, the County has 12 participants. Some employees who leave in good standing with more than ten years of service and who have a minimum accumulation of 100 days of unused sick leave may convert it to paid health insurance for the employee only, according to the following schedule:

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

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

After completing two full terms as an elected County Commissioner and being at least 50 years of age, a Commissioner may receive one year of single health insurance. This benefit is provided pursuant to County Board Resolution 2016-88. The County had no participants for 2023.

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As of the January 1, 2023, actuarial valuation, the following employees were covered by the benefit terms:

Employees Covered by the OPEB Benefit Terms As of the January 1, 2023, Actuarial Valuation

Inactive employees or beneficiaries currently receiving benefit payments	119
Active plan participants	261
Total	380

Total OPEB Liability

The County's total OPEB liability of \$2,606,801 was measured as of January 1, 2023, and was determined by an actuarial valuation as of January 1, 2023.

The total OPEB liability in the fiscal year-end December 31, 2023, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

OPEB Actuarial Assumptions and Other Inputs

Inflation	2.50 percent
Salary increases	Service graded table; varies by service and contract group
Health care cost trend	6.50 percent, decreasing to 5.00 percent over six years and then to 4.00 percent over the next 48 years.

The current year discount rate is 4.00 percent. For the current valuation, the discount rate was set by considering published rate information for 20-year high quality, tax-exempt, general obligation municipal bonds as of the measurement date.

Mortality rates are based on Pub-2010 Public Retirement Plans Headcount-Weighted Mortality tables (General, Safety) with MP-2021 Generational Improvement Scale.

Changes in the Total OPEB Liability

Changes in the Total OPEB Liability For the Year Ended December 31, 2023

Balance at December 31, 2022	\$ 3,516,835
Changes for the year	
Service cost	\$ 136,598
Interest	71,567
Assumption changes	(591,690)
Differences between expected and actual experience	(375,555)
Benefit payments	(150,954)
Net change	\$ (910,034)
Balance at December 31, 2023	\$ 2,606,801

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Other postemployment benefits are liquidated by the General Fund and 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:

Sensitivity of the Total OPEB Liability to Changes In the Discount Rate as of December 31, 2023

	Discount Rate		Total OPEB Liability
1% Decrease	3.00%	\$	2,898,738
Current	4.00%		2,606,801
1% Increase	5.00%		2,357,984

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:

Sensitivity of the Total OPEB Liability to Changes In the Health Care Trend Rates as of December 31, 2023

	Health Care Trend Rate		Total OPEB Liability
1% Decrease	5.50% Decreasing to 4.00%	\$	2,426,979
Current	6.50% Decreasing to 5.00%		2,606,801
1% Increase	7.50% Decreasing to 6.00%		2,818,584

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

For the year ended December 31, 2023, the County recognized OPEB expense of (\$67,241). The County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB as of December 31, 2023

	Deferred Outflows of Resources		Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 59,560	\$	357,596
Changes in actuarial assumptions	230,556		540,775
Contributions made subsequent to the measurement date	184,339		-
Total	\$ 474,455	\$	898,371

The \$184,339 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, 2024. Amounts reported as deferred outflows of resources and deferred inflows of resources

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related to OPEB will be recognized in OPEB expense as follows:

Schedule of Amortization of Deferred Outflows and Inflows of Resources Related to OPEB As of December 31, 2023

Year Ended December 31	OPEB Expense Amount
2024	\$ (91,067)
2025	(91,058)
2026	(56,410)
2027	(93,370)
2028	(138,179)
2029	(138,171)

Changes in Actuarial Assumptions

- The health care trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality tables (General, Safety) with MP-2020 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality tables (General, Safety) with MP-2021 Generational Improvement Scale.
- The retirement, withdrawal, and salary increase rates for public safety employees were updated to reflect the latest experience study.
- The inflation rate changed from 2.00 percent to 2.50 percent.
- The discount rate changed from 2.00 percent to 4.00 percent.

Pension Plans

Defined Benefit Pension Plans

Plan Description

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

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

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Employees Retirement Fund was closed to new members in 1978 and merged into the General Employees Plan in 2015. All new members must participate in the Coordinated Plan, for which benefits vest after three 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, 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.

Local government employees of a county-administered facility who are responsible for the direct security, custody, and control of the 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.

[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.

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 a maximum of 1.50 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

Police and Fire Plan benefit recipients will receive a 1.00 percent post-retirement increase. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

Correctional Plan benefit recipients will receive a post-retirement increase equal to 100 percent of the cost-of-living adjustment announced by the Social Security Administration, with a minimum increase of at least 1.00 percent and a maximum of 2.50 percent. If the Correctional Plan's funding status declines to 85 percent or below for two consecutive years, or 80 percent for one year, the maximum will be lowered from 2.50 percent to 1.50 percent. If on January 1, after the year of the 1.50 percent increase, the funding level increases above the applicable 85 percent or 80 percent funding status, the increase returns to 2.50 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

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

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

For General Employees Plan members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90, and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66. For Police and Fire Plan and Correctional Plan members, normal retirement age is 55, and for members who were hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90. Disability benefits are available for vested members and are based on years of service and average high-five salary.

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. Rates did not change from 2022.

Member and Employer Required Contribution Rates

	Member Required Contribution	Employer Required Contribution
General Employees Plan – Coordinated Plan members	6.50%	7.50%
Police and Fire Plan	11.80%	17.70%
Correctional Plan	5.83%	8.75%

Employer Contributions for the Year Ended December 31, 2023

General Employees Plan	\$	1,227,568
Police and Fire Plan		357,613
Correctional Plan		120,023

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

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[Pension Costs](#)

General Employees Plan

At December 31, 2023, the County reported a liability of \$11,737,373 for its proportionate share of the General Employees Plan's net pension liability. The net pension liability was measured as of June 30, 2023, 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, 2022, through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2023, the County's proportion was 0.2099 percent. It was 0.2110 percent measured as of June 30, 2022. The County recognized pension expense of \$1,522,972 for its proportionate share of the General Employees Plan's pension expense.

Legislation requires the State of Minnesota to contribute \$16 million to the General Employees Plan annually until September 15, 2031. The County recognized an additional \$1,453 as grant revenue and pension expense for its proportionate share of the State of Minnesota's pension expense related to the special funding situation.

**General Employees Plan
Employer's Share of the Net Pension Liability and the State's Related Liability
As of December 31, 2023**

The County's proportionate share of the net pension liability	\$	11,737,373
State of Minnesota's proportionate share of the net pension liability associated with the County		323,429
Total	\$	12,060,802

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:

**General Employees Plan
Deferred Outflows of Resources and Deferred Inflows of Resources
As of December 31, 2023**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 385,944	\$ 81,550
Changes in actuarial assumptions	1,916,158	3,217,114
Difference between projected and actual investment earnings	-	455,817
Changes in proportion	70,447	80,286
Contributions paid to PERA subsequent to the measurement date	617,971	-
Total	\$ 2,990,520	\$ 3,834,767

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The \$617,971 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, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

**General Employees Plan
Schedule of Amortization of
Deferred Outflows and Inflows of Resources
As of December 31, 2023**

Year Ended December 31	Pension Expense Amount
2024	\$ 330,499
2025	(1,798,232)
2026	260,139
2027	(254,624)

Police and Fire Plan

At December 31, 2023, the County reported a liability of \$2,472,878 for its proportionate share of the Police and Fire Plan's net pension liability. The net pension liability was measured as of June 30, 2023, 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, 2022, through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2023, the County's proportion was 0.1432 percent. It was 0.1427 percent measured as of June 30, 2022. The County recognized pension expense of \$720,942 for its proportionate share of the Police and Fire Plan's pension expense.

The State of Minnesota also contributed \$18 million to the Police and Fire Plan in the plan fiscal year ended June 30, 2023. The contribution consisted of \$9 million in direct state aid that meets the definition of a special funding situation and \$9 million in supplemental state aid that does not meet the definition of a special funding situation.

Legislation requires the State of Minnesota to pay direct state aid of \$9 million on October 1 each year until full funding is reached, or July 1, 2048, whichever is earlier. The County recognized an additional (\$6,001) as grant revenue and pension expense for its proportionate share of the State of Minnesota's pension expense related to the special funding situation.

**Police and Fire Plan
Employer's Share of the Net Pension Liability and the State's Related Liability
As of December 31, 2023**

The County's proportionate share of the net pension liability	\$ 2,472,878
State of Minnesota's proportionate share of the net pension liability associated with the County	99,631
Total	\$ 2,572,509

Legislation also requires the State of Minnesota to contribute \$9 million to the Police and Fire Plan each year, until the plan is 90 percent funded, or until the State Patrol Plan is 90 percent funded, whichever occurs later. The

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County also recognized \$12,888 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota’s on-behalf contribution to the Police and Fire Plan.

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

**Police and Fire Plan
Deferred Outflows of Resources and Deferred Inflows of Resources
As of December 31, 2023**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 680,243	\$ -
Changes in actuarial assumptions	2,856,153	3,476,599
Difference between projected and actual investment earnings	-	116,743
Changes in proportion	54,617	6,750
Contributions paid to PERA subsequent to the measurement date	199,649	-
Total	\$ 3,790,662	\$ 3,600,092

The \$199,649 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, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

**Police and Fire Plan
Schedule of Amortization of
Deferred Outflows and Inflows of Resources
As of December 31, 2023**

Year Ended December 31	Pension Expense Amount
2024	\$ 129,211
2025	30,447
2026	603,918
2027	(162,745)
2028	(609,910)

Correctional Plan

At December 31, 2023, the County reported a liability of \$215,763 for its proportionate share of the Correctional Plan’s net pension liability. The net pension liability was measured as of June 30, 2023, 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, 2022, through June 30, 2023, relative to the total employer contributions received from all of PERA’s participating employers. At June 30, 2023, the County’s proportion was 0.4773 percent. It was 0.5447 percent measured as of June 30, 2022. The County recognized pension expense of \$173,705 for its proportionate share of the Correctional Plan’s pension expense.

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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:

Correctional Plan Deferred Outflows of Resources and Deferred Inflows of Resources As of December 31, 2023

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 83,103	\$ 23,457
Changes in actuarial assumptions	652,142	984,341
Difference between projected and actual investment earnings	-	143,534
Changes in proportion	10,520	154,079
Contributions paid to PERA subsequent to the measurement date	75,134	-
Total	\$ 820,899	\$ 1,305,411

The \$75,134 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, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Correctional Plan Schedule of Amortization of Deferred Outflows and Inflows of Resources As of December 31, 2023

Year Ended December 31	Pension Expense Amount
2024	\$ 7,199
2025	(666,760)
2026	122,685
2027	(22,770)

Total Pension Expense

The total pension expense for all plans recognized by the County for the year ended December 31, 2023, was \$2,417,619.

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Actuarial Assumptions

The total pension liability in the June 30, 2023, actuarial valuation was determined using the individual entry-age normal actuarial cost method and the following additional actuarial assumptions:

Actuarial Assumptions for the Year Ended June 30, 2023

	General Employees Fund	Police and Fire Fund	Correctional Fund
Inflation	2.25% per year	2.25% per year	2.25% per year
Active Member Payroll Growth	3.00% per year	3.00% per year	3.00% per year
Investment Rate of Return	7.00%	7.00%	7.00%

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

Actuarial assumptions used in the June 30, 2023, valuations were based on the results of actuarial experience studies. The experience study for the General Employees Plan was dated June 27, 2019. The experience study for the Police and Fire Plan was dated July 14, 2020. The experience study for the Correctional Plan was dated July 10, 2020. For all plans, a review of inflation and investment assumptions dated June 29, 2023, was utilized.

The long-term expected rate of return on pension plan investments is 7.00 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.

Pension Plan Investment Target Allocation and Best Estimates of Geometric Real Rates of Return for Each Major Asset Class

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equities	33.50%	5.10%
International equities	16.50%	5.30%
Fixed income	25.00%	0.75%
Private markets	25.00%	5.90%

Discount Rate

The discount rate used to measure the total pension liability was 7.00 percent in 2023. This was an increase from the 6.50 percent, 5.40 percent, and 5.42 percent used in 2022 for the General Employees Plan, the Police and Fire Plan, and the Correctional Plan, respectively. 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 position of the General Employees Plan, the Police and Fire Plan, and the

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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.

[Changes in Actuarial Assumptions and Plan Provisions](#)

The following changes in actuarial assumptions occurred in 2023:

[General Employees Plan](#)

- The investment return assumption and single discount rate were changed from 6.50 percent to 7.00 percent.
- A one-time direct state aid contribution of \$170.1 million occurred on October 1, 2023.
- The vesting period for those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- For Basic Plan members, a one-time, non-compounding benefit increase of 4.00 percent, minus the actual 2024 adjustment, will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- For Coordinated Plan members, a one-time, non-compounding benefit increase of 2.50 percent, minus the actual 2024 adjustment, will be payable in a lump sum for calendar year 2024 by March 31, 2024.

[Police and Fire Plan](#)

- The investment return assumption was changed from 6.50 percent to 7.00 percent.
- The single discount rate changed from 5.40 percent to 7.00 percent.
- A one-time direct state aid contribution of \$19.4 million occurred on October 1, 2023.
- The vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a graded ten-year vesting schedule, with 50 percent vesting after five years, increasing incrementally to 100 percent after ten years.
- A one-time, non-compounding benefit increase of 3.00 percent will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation.
- A total and permanent duty disability benefit was added effective July 1, 2023.

[Correctional Plan](#)

- The investment return rate was changed from 6.50 percent to 7.00 percent.

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- The single discount rate changed from 5.42 percent to 7.00 percent.
- A one-time direct state aid contribution of \$5.3 million occurred on October 1, 2023.
- A one-time, non-compounding benefit increase of 2.50 percent, minus the actual 2024 adjustment, will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- The maximum benefit increase will revert back to 2.50 percent, if the maximum increase is 1.50 percent and the Plan’s funding ratio improves to 85 percent for two consecutive years on a market value of assets basis.

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.

Sensitivity of the Employer’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate As of December 31, 2023

	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 (Asset)
1% Decrease	6.00%	\$ 20,764,355	6.00%	\$ 4,906,485	6.00%	\$ 1,137,315
Current	7.00%	11,737,373	7.00%	2,472,878	7.00%	215,763
1% Increase	8.00%	4,312,337	8.00%	472,128	8.00%	(519,517)

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.

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

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percent of the assets in each member account annually.

Total Contributions by Dollar Amount and Percentage of Covered Payroll Made by the Employer For the Year Ended December 31, 2023

	Employee	Employer
Contribution amount	\$ 11,987	\$ 11,987
Percentage of covered payroll	5.00%	5.00%

Note 4 – Summary of Significant Contingencies and Other Items

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 2023 and 2024. 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.

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.

Winona County

Winona, Minnesota

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 \$174,423 in contributions to the operations of the HRA in 2023 in the form of a tax levy.

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

Winona County Family Service Collaborative

Winona County has created the Winona County Family Service Collaborative pursuant to an interagency agreement and Minn. Stat. § 124D.23. The Collaborative is represented by the following: Winona County; the City of Winona; Independent School Districts 861, 857, and 858; Department of Economic Security Workforce Center; Southeastern Minnesota Community Action Council; 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 \$133,584 of expenditures in 2023.

Currently, the Collaborative does not prepare complete financial statements. Financial information can be obtained by contacting Kristy Millering, Winona Area Public Schools Business Manager, or Chuck Elliott, 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 \$20,000 to the Board.

Winona County

Winona, Minnesota

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 \$7,879 to the Enforcement Team.

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

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 2023.

Southeastern Libraries Cooperative

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

Southeastern Minnesota Community Action Council

The Southeastern Minnesota Community Action Council (SEMCCAC) 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. SEMCCAC provides services in Dodge, Fillmore, Freeborn, Houston, Mower, Steele, and Winona Counties. During the year, Winona County made payments of \$151,416 to SEMCCAC.

Minnesota Counties Computer Cooperative

Under Minnesota Joint Powers Law, Minn. Stat. § 471.59, Minnesota counties have created the 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 \$262,041 to the MCCC.

Winona County

Winona, Minnesota

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.

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 \$38,814.

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, the Minnesota Department of Public Safety, and the Bureau of Criminal Apprehension to carry out criminal justice. During the year, Winona County made no payments to the joint powers.

Southeast Minnesota Immunization Connection

The Southeast Minnesota Immunization Connection (SEMIC) Joint Powers Board promotes an implementation and maintenance of a regional immunization information system to ensure age-appropriate immunizations through complete and accurate records. Winona County did not contribute to the SEMIC during 2023.

Related Organization

Winona County appoints Board members to Watershed Number One. The County has no other control over this Board.

Required Supplementary Information

**Winona County
Winona, Minnesota**

Exhibit A-1

**Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 13,532,580	\$ 13,532,580	\$ 13,447,679	\$ (84,901)
Special assessments	-	-	15,078	15,078
Licenses and permits	166,020	166,020	146,949	(19,071)
Intergovernmental	5,137,377	5,137,377	8,907,080	3,769,703
Charges for services	2,765,601	2,765,601	2,635,919	(129,682)
Fines and forfeits	18,000	18,000	13,398	(4,602)
Gifts and contributions	13,600	13,600	21,319	7,719
Investment earnings	150,035	150,035	1,067,454	917,419
Miscellaneous	518,884	518,884	296,067	(222,817)
Total Revenues	\$ 22,302,097	\$ 22,302,097	\$ 26,550,943	\$ 4,248,846
Expenditures				
Current				
General government				
Commissioners	\$ 172,785	\$ 172,785	\$ 145,322	\$ 27,463
Courts	237,554	237,554	321,642	(84,088)
Law library	45,000	45,000	28,866	16,134
Drug court	106,135	106,135	111,653	(5,518)
County administration	521,016	521,016	437,554	83,462
County auditor/treasurer	323,946	323,946	311,059	12,887
Non-department	492,054	492,054	1,312,858	(820,804)
License bureau	423,886	423,886	436,614	(12,728)
Assessor	711,027	711,027	659,168	51,859
Land survey	50,100	50,100	50,400	(300)
Insurances	383,841	383,841	348,549	35,292
Elections	27,394	27,394	94,191	(66,797)
Accounting and auditing	854,872	854,872	826,020	28,852
Data processing	1,967,658	1,967,658	2,595,157	(627,499)
Personnel	731,716	731,716	590,368	141,348
Attorney	2,096,239	2,096,239	2,403,854	(307,615)
Recorder	762,248	762,248	693,126	69,122
Vital statistics	61,115	61,115	53,647	7,468
Planning and zoning	604,561	604,561	349,323	255,238
Maintenance	1,153,813	1,153,813	1,074,940	78,873
Veterans service officer	227,773	227,773	229,612	(1,839)
Total general government	\$ 11,954,733	\$ 11,954,733	\$ 13,073,923	\$ (1,119,190)
Public safety				
Sheriff	\$ 3,676,020	\$ 3,676,020	\$ 3,832,741	\$ (156,721)
Boat and water safety	45,390	45,390	23,987	21,403
Emergency services	185,010	185,010	194,601	(9,591)
E-911 system	255,575	255,575	474,812	(219,237)
County jail	3,190,633	3,190,633	2,636,518	554,115
Law enforcement center	1,417,349	1,417,349	1,298,030	119,319
Probation and parole	877,501	877,501	912,907	(35,406)
Total public safety	\$ 9,647,478	\$ 9,647,478	\$ 9,373,596	\$ 273,882

**Winona County
Winona, Minnesota**

**Exhibit A-1
(Continued)**

**Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Expenditures				
Current (Continued)				
Human services				
Social services	\$ -	\$ -	\$ 422,915	\$ (422,915)
Health				
Nurse services	\$ -	\$ -	\$ 10,000	\$ (10,000)
Culture and recreation				
Historical society	\$ 57,250	\$ 57,250	\$ 57,250	\$ -
Parks	240,210	240,210	96,440	143,770
Total culture and recreation	\$ 297,460	\$ 297,460	\$ 153,690	\$ 143,770
Conservation of natural resources				
County extension	\$ 185,441	\$ 185,441	\$ 191,132	\$ (5,691)
Soil and water conservation	140,000	140,000	140,000	-
Feedlot	119,295	119,295	108,331	10,964
Agricultural inspection	5,317	5,317	2,853	2,464
Wetland challenge	22,700	22,700	13,884	8,816
Other	236,881	236,881	154,311	82,570
Agricultural society/County fair	26,550	26,550	226,264	(199,714)
Total conservation of natural resources	\$ 736,184	\$ 736,184	\$ 836,775	\$ (100,591)
Economic development				
Other	\$ 424,815	\$ 424,815	\$ 1,340,291	\$ (915,476)
Intergovernmental				
Culture and recreation				
Regional library	\$ 258,884	\$ 258,884	\$ 258,884	\$ -
Debt service				
Principal	\$ 40,200	\$ 40,200	\$ 670,243	\$ (630,043)
Interest	-	-	767	(767)
Total debt service	\$ 40,200	\$ 40,200	\$ 671,010	\$ (630,810)
Total Expenditures	\$ 23,359,754	\$ 23,359,754	\$ 26,141,084	\$ (2,781,330)
Excess of Revenues Over (Under)				
Expenditures	\$ (1,057,657)	\$ (1,057,657)	\$ 409,859	\$ 1,467,516

**Winona County
Winona, Minnesota**

**Exhibit A-1
(Continued)**

**Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Other Financing Sources (Uses)				
Transfers in	\$ 396,591	\$ 396,591	\$ 100,589	\$ (296,002)
Transfers out	-	-	(124,954)	(124,954)
Leases issued	-	-	132,104	132,104
Software subscriptions issued	-	-	925,951	925,951
Proceeds from sale of capital assets	5,000	5,000	36,772	31,772
Total Other Financing Sources (Uses)	\$ 401,591	\$ 401,591	\$ 1,070,462	\$ 668,871
Change in Fund Balance	\$ (656,066)	\$ (656,066)	\$ 1,480,321	\$ 2,136,387
Fund Balance – January 1	15,806,840	15,806,840	15,806,840	-
Fund Balance – December 31	\$ 15,150,774	\$ 15,150,774	\$ 17,287,161	\$ 2,136,387

**Winona County
Winona, Minnesota**

Exhibit A-2

**Budgetary Comparison Schedule
Road and Bridge Special Revenue Fund
For the Year Ended December 31, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 4,255,019	\$ 4,255,019	\$ 5,237,656	\$ 982,637
Intergovernmental	12,106,738	12,106,738	7,873,522	(4,233,216)
Charges for services	100	100	-	(100)
Gifts and contributions	-	-	2,730	2,730
Miscellaneous	167,800	167,800	115,542	(52,258)
Total Revenues	\$ 16,529,657	\$ 16,529,657	\$ 13,229,450	\$ (3,300,207)
Expenditures				
Current				
Highways and streets				
Administration	\$ 410,244	\$ 410,244	\$ 405,873	\$ 4,371
Maintenance	2,418,122	2,418,122	2,390,365	27,757
Construction	12,651,618	12,651,618	7,120,194	5,531,424
Equipment maintenance and shop	734,463	806,700	872,018	(65,318)
Materials and services for resale	497,400	497,400	331,366	166,034
Total highways and streets	\$ 16,711,847	\$ 16,784,084	\$ 11,119,816	\$ 5,664,268
Intergovernmental	\$ 305,000	\$ 305,000	\$ 300,774	\$ 4,226
Debt service				
Principal	\$ 11,435	\$ 11,435	\$ 32,479	\$ (21,044)
Interest	1,375	1,375	654	721
Total debt service	\$ 12,810	\$ 12,810	\$ 33,133	\$ (20,323)
Total Expenditures	\$ 17,029,657	\$ 17,101,894	\$ 11,453,723	\$ 5,648,171
Excess of Revenues Over (Under) Expenditures	\$ (500,000)	\$ (572,237)	\$ 1,775,727	\$ 2,347,964
Other Financing Sources (Uses)				
Transfers in	\$ -	\$ 72,237	\$ -	\$ (72,237)
Financed purchases issued	-	-	28,575	28,575
Total Other Financing Sources (Uses)	\$ -	\$ 72,237	\$ 28,575	\$ (43,662)
Change in Fund Balance	\$ (500,000)	\$ (500,000)	\$ 1,804,302	\$ 2,304,302
Fund Balance – January 1	6,718,882	6,718,882	6,718,882	-
Increase (decrease) in inventories	-	-	214,905	214,905
Fund Balance – December 31	\$ 6,218,882	\$ 6,218,882	\$ 8,738,089	\$ 2,519,207

**Winona County
Winona, Minnesota**

Exhibit A-3

**Budgetary Comparison Schedule
Health and Human Services Special Revenue Fund
For the Year Ended December 31, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 5,806,173	\$ 5,806,173	\$ 5,732,325	\$ (73,848)
Licenses and permits	31,300	31,300	38,402	7,102
Intergovernmental	10,330,107	10,330,107	9,805,095	(525,012)
Charges for services	1,134,097	1,134,097	1,256,074	121,977
Gifts and contributions	-	-	919	919
Miscellaneous	321,756	321,756	444,058	122,302
Total Revenues	\$ 17,623,433	\$ 17,623,433	\$ 17,276,873	\$ (346,560)
Expenditures				
Current				
Human services				
Income maintenance	\$ 5,146,767	\$ 5,146,767	\$ 5,252,333	\$ (105,566)
Social services	11,127,591	11,127,591	11,346,248	(218,657)
Total human services	\$ 16,274,358	\$ 16,274,358	\$ 16,598,581	\$ (324,223)
Health				
Nurse services	\$ 384,321	\$ 384,321	\$ 394,088	\$ (9,767)
Maternal and child health	556,628	556,628	376,548	180,080
County health officer	408,126	408,126	343,794	64,332
Total health	\$ 1,349,075	\$ 1,349,075	\$ 1,114,430	\$ 234,645
Total Expenditures	\$ 17,623,433	\$ 17,623,433	\$ 17,713,011	\$ (89,578)
Excess of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ (436,138)	\$ (436,138)
Other Financing Sources (Uses)				
Transfers in	-	-	124,954	124,954
Change in Fund Balance	\$ -	\$ -	\$ (311,184)	\$ (311,184)
Fund Balance – January 1	1,006,617	1,006,617	1,006,617	-
Fund Balance – December 31	\$ 1,006,617	\$ 1,006,617	\$ 695,433	\$ (311,184)

**Winona County
Winona, Minnesota**

**Schedule of Changes in Total OPEB Liability and Related Ratios
Other Postemployment Benefits
December 31, 2023**

	<u>2023</u>	<u>2022</u>
Total OPEB Liability		
Service cost	\$ 136,598	\$ 210,463
Interest	71,567	70,838
Changes of benefit terms	-	-
Differences between expected and actual experience	(375,555)	-
Changes of assumption or other inputs	(591,690)	-
Benefit payments	(150,954)	(190,871)
Other changes	-	-
	<hr/>	<hr/>
Net change in total OPEB liability	\$ (910,034)	\$ 90,430
	<hr/>	<hr/>
Total OPEB Liability – Beginning	3,516,835	3,426,405
	<hr/>	<hr/>
Total OPEB Liability – Ending	<u>\$ 2,606,801</u>	<u>\$ 3,516,835</u>
	<hr/>	<hr/>
Covered-employee payroll	\$ 18,765,614	\$ 19,143,868
Total OPEB liability (asset) as a percentage of covered-employee payroll	13.89%	18.37%

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

Exhibit A-4

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
\$ 204,333	\$ 158,227	\$ 129,683	\$ 139,791
89,667	101,013	91,767	89,239
104,233	-	(124,937)	-
209,454	258,692	(117,653)	-
-	-	-	-
(136,862)	(123,584)	(136,419)	(148,106)
-	-	-	-
<u>\$ 470,825</u>	<u>\$ 394,348</u>	<u>\$ (157,559)</u>	<u>\$ 80,924</u>
<u>2,955,580</u>	<u>2,561,232</u>	<u>2,718,791</u>	<u>2,637,867</u>
<u>\$ 3,426,405</u>	<u>\$ 2,955,580</u>	<u>\$ 2,561,232</u>	<u>\$ 2,718,791</u>
\$ 18,586,280	\$ 18,025,084	\$ 17,500,082	\$ 15,411,720
18.44%	16.40%	14.64%	17.64%

**Winona County
Winona, Minnesota**

Exhibit A-5

**Schedule of Proportionate Share of Net Pension Liability
PERA General Employees Retirement Plan
December 31, 2023**

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
2023	0.2099 %	\$ 11,737,373	\$ 323,429	\$ 12,060,802	\$ 16,627,214	70.59 %	83.10 %
2022	0.2110	16,711,270	489,956	17,201,226	15,807,202	105.72	76.67
2021	0.2117	9,040,538	276,124	9,316,662	15,242,290	59.31	87.00
2020	0.2070	12,410,596	382,729	12,793,325	14,708,351	84.38	79.06
2019	0.2012	11,123,897	345,818	11,469,715	14,374,494	77.39	80.23
2018	0.2024	11,228,322	368,240	11,596,562	12,604,902	89.08	79.53
2017	0.1949	12,442,287	4,518	12,446,805	13,396,073	92.88	75.90
2016	0.1918	15,573,209	60,645	15,633,854	11,896,295	130.91	68.91
2015	0.1965	10,183,649	N/A	10,183,649	11,761,141	86.59	78.19

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

The measurement date for each year is June 30.

N/A – Not Applicable

**Winona County
Winona, Minnesota**

Exhibit A-6

**Schedule of Contributions
PERA General Employees Retirement Plan
December 31, 2023**

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)
2023	\$ 1,227,568	\$ 1,227,568	\$ -	\$ 16,363,739	7.50 %
2022	1,191,758	1,191,758	-	15,890,066	7.50
2021	1,210,572	1,210,572	-	16,140,738	7.50
2020	1,115,359	1,115,359	-	14,870,011	7.50
2019	1,091,067	1,091,067	-	14,541,447	7.50
2018	1,028,687	1,028,687	-	13,706,743	7.50
2017	981,984	981,984	-	13,090,442	7.50
2016	940,629	940,629	-	12,541,727	7.50
2015	860,121	860,121	-	11,468,280	7.50

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

**Winona County
Winona, Minnesota**

Exhibit A-7

**Schedule of Proportionate Share of Net Pension Liability
PERA Public Employees Police and Fire Plan
December 31, 2023**

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
2023	0.1432 %	\$ 2,472,878	\$ 99,631	\$ 2,572,509	\$ 1,880,482	131.50 %	86.47 %
2022	0.1427	6,209,740	271,214	6,480,954	1,732,904	358.34	70.53
2021	0.1422	1,097,633	49,349	1,146,982	1,609,312	68.21	93.66
2020	0.1401	1,846,668	43,504	1,890,172	1,582,939	116.66	87.19
2019	0.1420	1,511,733	N/A	1,511,733	1,469,561	102.87	89.26
2018	0.1310	1,393,127	N/A	1,393,127	1,274,787	109.28	88.84
2017	0.1280	1,728,152	N/A	1,728,152	1,360,161	127.05	85.43
2016	0.1260	5,056,599	N/A	5,056,599	1,218,131	415.11	63.88
2015	0.1400	1,590,728	N/A	1,590,728	1,297,172	122.63	86.61

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

The measurement date for each year is June 30.

N/A – Not Applicable

**Winona County
Winona, Minnesota**

Exhibit A-8

**Schedule of Contributions
PERA Public Employees Police and Fire Plan
December 31, 2023**

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)
2023	\$ 357,613	\$ 357,613	\$ -	\$ 2,020,407	17.70 %
2022	313,889	313,889	-	1,772,906	17.70
2021	309,640	309,640	-	1,749,011	17.70
2020	286,485	286,485	-	1,618,556	17.70
2019	268,102	268,102	-	1,582,050	16.95
2018	215,176	215,176	-	1,328,650	16.20
2017	218,147	218,147	-	1,346,587	16.20
2016	202,823	202,823	-	1,251,995	16.20
2015	199,539	199,539	-	1,231,722	16.20

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

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Exhibit A-9

**Schedule of Proportionate Share of Net Pension Liability
PERA Public Employees Local Government Correctional Service Retirement Plan
December 31, 2023**

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
2023	0.4773 %	\$ 215,763	\$ 1,118,252	19.29 %	95.94 %
2022	0.5447	1,810,583	1,216,798	148.80	74.58
2021	0.7368	(121,042)	1,624,499	(7.45)	101.61
2020	0.8064	218,809	1,724,005	12.69	96.67
2019	0.7785	107,783	1,596,577	6.75	98.17
2018	0.7868	129,405	1,467,327	8.82	97.64
2017	0.7700	2,194,508	1,602,695	136.93	67.89
2016	0.7600	2,776,386	1,438,813	192.96	58.16
2015	0.7600	117,496	1,363,519	8.62	96.95

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

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Exhibit A-10

**Schedule of Contributions
PERA Public Employees Local Government Correctional Service Retirement Plan
December 31, 2023**

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)
2023	\$ 120,023	\$ 120,023	\$ -	\$ 1,371,484	8.75 %
2022	91,773	91,773	-	1,049,000	8.75
2021	133,344	133,344	-	1,523,915	8.75
2020	148,148	148,148	-	1,692,218	8.75
2019	141,873	141,873	-	1,620,499	8.75
2018	140,389	140,389	-	1,604,563	8.75
2017	134,455	134,455	-	1,536,632	8.75
2016	129,902	129,902	-	1,484,596	8.75
2015	123,879	123,879	-	1,415,760	8.75

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

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Notes to the Required Supplementary Information For the Year Ended December 31, 2023

Note 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, County Administrator, and Assistant County Administrator 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. Adjustment 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.

Note 2 – Excess of Expenditures Over Budget

The following major funds had expenditures in excess of final budgets for the year ended December 31, 2023:

	Excess of Expenditures Over Budget		
	Expenditures	Budget	Excess
General Fund	\$ 26,141,084	\$ 23,359,754	\$ 2,781,330
Health and Human Services Special Revenue Fund	17,713,011	17,623,433	89,578

Note 3 – Other Postemployment Benefits Funded Status

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

Note 4 – Other Postemployment Benefits – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions

The following changes occurred:

2023

- The health care trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality tables (General, Safety) with MP-2020 Generational Improvement Scale to the Pub-2010 Public

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Retirement Plans Headcount-Weighted Mortality tables (General, Safety) with MP-2021 Generational Improvement Scale.

- The retirement, withdrawal, and salary increase rates for public safety employees were updated to reflect the latest experience study.
- The inflation rate changed from 2.00 percent to 2.50 percent.
- The discount rate was changed from 2.00 percent to 4.00 percent.

2022

- No changes.

2021

- The discount rate used changed from 2.90 percent to 2.00 percent.
- The inflation rate changed from 2.50 percent to 2.00 percent.
- The salary increase rates were changed from a flat 3.00 percent per year for all employees to rates which vary by service and contract group.
- 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 and then to 4.00 percent over the next 48 years.
- The mortality tables were updated from the RP-2014 Mortality tables (Blue Collar for Public Safety, White Collar for Others) with MP-2018 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality tables (General Safety) with MP-2020 Generational Improvement Scale.
- The retirement and withdrawal tables for non-public safety employees were updated.

2020

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

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

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Scale (with blue collar adjustment for police and fire personnel).

- The retirement and withdrawal tables for the Police and Fire Personnel were updated.

2018

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

Note 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

2023

- The investment return assumption and single discount rate were changed from 6.50 percent to 7.00 percent.
- A one-time direct state aid contribution of \$170.1 million occurred on October 1, 2023.
- The vesting period for those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- For Basic Plan members, a one-time, non-compounding benefit increase of 4.00 percent, minus the actual 2024 adjustment, will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- For Coordinated Plan members, a one-time, non-compounding benefit increase of 2.50 percent, minus the actual 2024 adjustment, will be payable in a lump sum for calendar year 2024 by March 31, 2024.

2022

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

2021

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

2020

- The price inflation assumption was decreased from 2.50 percent to 2.25 percent.
- The payroll growth assumption was decreased from 3.25 percent to 3.00 percent.

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- Assumed salary increase rates were changed as recommended in the June 30, 2019, experience study. The net effect is assumed rates that average 0.25 percent less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019, experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019, experience study. The new rates are based on service and are generally lower than the previous rates for years two to five and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019, experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Employee Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 Disabled Annuitant Mortality table to the Pub-2010 General/Teacher Disabled Retiree Mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100 percent Joint and Survivor option changed from 35 percent to 45 percent. The assumed number of married female new retirees electing the 100 percent Joint and Survivor option changed from 15 percent to 30 percent. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.
- Augmentation for current privatized members was reduced to 2.00 percent for the period July 1, 2020, through December 31, 2023, and 0.00 percent thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019

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

2018

- The mortality projection scale was changed from Scale MP-2015 to Scale MP-2017.
- The assumed benefit increase rate was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter, to 1.25 percent per year.
- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.

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- 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.

2017

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

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

2023

- The investment return assumption was changed from 6.50 percent to 7.00 percent.
- The single discount rate changed from 5.40 percent to 7.00 percent.

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- A one-time direct state aid contribution of \$19.4 million occurred on October 1, 2023.
- The vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a graded ten-year vesting schedule, with 50 percent vesting after five years, increasing incrementally to 100 percent after ten years.
- A one-time, non-compounding benefit increase of 3.00 percent will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation.
- A total and permanent duty disability benefit was added effective July 1, 2023.

2022

- The single discount rate changed from 6.50 percent to 5.40 percent.
- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

2021

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent.
- The inflation assumption was changed from 2.50 percent to 2.25 percent.
- The payroll growth assumption was changed from 3.25 percent to 3.00 percent.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 Healthy Annuitant Mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety Disabled Annuitant Mortality table (with future mortality improvement according to Scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 14, 2020, experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 14, 2020, experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.
- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.
- Assumed percent married for active female members was changed from 60 percent to 70 percent. Minor

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changes to form of payment assumptions were applied.

2020

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

2019

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

2018

- The mortality projection scale was changed from Scale MP-2016 to Scale 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.
- 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.

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- The assumed percentage of married female members was decreased from 65 percent to 60 percent.
- The assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing joint and survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter.
- The single discount rate was changed from 5.60 percent per annum to 7.50 percent per annum.

2016

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

Public Employees Local Government Correctional Service Retirement Plan

2023

- The investment return rate was changed from 6.50 percent to 7.00 percent.
- The single discount rate changed from 5.42 percent to 7.00 percent.
- A one-time direct state aid contribution of \$5.3 million occurred on October 1, 2023.
- A one-time, non-compounding benefit increase of 2.50 percent, minus the actual 2024 adjustment, will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- The maximum benefit increase will revert back to 2.50 percent, if the maximum increase is 1.50 percent and the Plan's funding ratio improves to 85 percent for two consecutive years on a market value of assets basis.

2022

- The single discount rate changed from 6.50 percent to 5.42 percent.
- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.
- The benefit increase assumption was changed from 2.00 percent per annum to 2.00 percent per annum through December 31, 2054, and 1.50 percent per annum thereafter.

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2021

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent.
- The inflation assumption was changed from 2.50 percent to 2.25 percent.
- The payroll growth assumption was changed from 3.25 percent to 3.00 percent.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 Healthy Annuitant Mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety Disabled Annuitant Mortality table (with future mortality improvement according to Scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 10, 2020, experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 10, 2020, experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed as recommended in the July 10, 2020, experience study. The new rates predict more terminations, both in the three-year select period (based on service) and the ultimate rates (based on age).
- Assumed rates of disability were lowered.
- Assumed percent married for active members was lowered from 85 percent to 75 percent.
- Minor changes to form of payment assumptions were applied.

2020

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

2019

- The mortality projection scale was changed from Scale MP-2017 to Scale 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 Scale MP-2016 to Scale MP-2017.
- The assumed post-retirement benefit increase was changed from 2.50 percent per year to 2.00 percent per year.

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

2017

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

2016

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

Supplementary Information

**Winona County
Winona, Minnesota**

Exhibit B-1

**Budgetary Comparison Schedule
Capital Projects Fund
For the Year Ended December 31, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 622,248	\$ 622,248	\$ 613,740	\$ (8,508)
Intergovernmental	1,360	1,360	665,250	663,890
Investment earnings	-	-	527,368	527,368
Miscellaneous	-	-	27,586	27,586
Total Revenues	\$ 623,608	\$ 623,608	\$ 1,833,944	\$ 1,210,336
Expenditures				
Current				
General government	\$ 45,000	\$ 45,000	\$ -	\$ 45,000
Public safety	12,446,608	12,446,608	10,539,358	1,907,250
Highways and streets	492,000	762,000	390,240	371,760
Total Expenditures	\$ 12,983,608	\$ 13,253,608	\$ 10,929,598	\$ 2,324,010
Excess of Revenues Over (Under) Expenditures	\$ (12,360,000)	\$ (12,630,000)	\$ (9,095,654)	\$ 3,534,346
Other Financing Sources (Uses)				
Transfers in	12,360,000	12,630,000	-	(12,630,000)
Change in Fund Balance	\$ -	\$ -	\$ (9,095,654)	\$ (9,095,654)
Fund Balance – January 1	11,341,861	11,341,861	11,341,861	-
Fund Balance – December 31	\$ 11,341,861	\$ 11,341,861	\$ 2,246,207	\$ (9,095,654)

**Winona County
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Nonmajor Governmental Funds

Special Revenue Funds

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.

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 expenditures.

Debt Service Fund

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

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Exhibit B-2

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2023**

	<u>EDA Loan Special Revenue</u>	<u>Recycling and Solid Waste Special Revenue</u>	<u>Debt Service</u>	<u>Total Nonmajor Governmental Funds (Exhibit 3)</u>
<u>Assets</u>				
Cash and pooled investments	\$ 1,086,029	\$ 659,219	\$ 95,677	\$ 1,840,925
Taxes receivable – delinquent	-	-	15,296	15,296
Special assessments – delinquent	-	38,997	-	38,997
Accounts receivable – net	-	80,685	-	80,685
Due from other governments	-	2,727	-	2,727
Loans receivable	344,759	-	-	344,759
Total Assets	<u>\$ 1,430,788</u>	<u>\$ 781,628</u>	<u>\$ 110,973</u>	<u>\$ 2,323,389</u>
 <u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>				
Liabilities				
Accounts payable	\$ -	\$ 92,751	\$ -	\$ 92,751
Salaries payable	-	4,870	-	4,870
Total Liabilities	<u>\$ -</u>	<u>\$ 97,621</u>	<u>\$ -</u>	<u>\$ 97,621</u>
Deferred Inflows of Resources				
Unavailable revenue	\$ 344,759	\$ 35,672	\$ 11,925	\$ 392,356
Fund Balances				
Restricted for				
Debt service	\$ -	\$ -	\$ 99,048	\$ 99,048
Economic development	1,086,029	-	-	1,086,029
Assigned				
Recycling and solid waste	-	648,335	-	648,335
Total Fund Balances	<u>\$ 1,086,029</u>	<u>\$ 648,335</u>	<u>\$ 99,048</u>	<u>\$ 1,833,412</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,430,788</u>	<u>\$ 781,628</u>	<u>\$ 110,973</u>	<u>\$ 2,323,389</u>

**Winona County
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Exhibit B-3

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2023**

	EDA Loan Special Revenue	Recycling and Solid Waste Special Revenue	Debt Service	Total Nonmajor Governmental Funds (Exhibit 5)
Revenues				
Taxes	\$ -	\$ -	\$ 1,494,600	\$ 1,494,600
Special assessments	-	524,515	-	524,515
Licenses and permits	-	2,175	-	2,175
Intergovernmental	-	185,171	27,515	212,686
Charges for services	-	911,179	-	911,179
Investment earnings	1,486	-	-	1,486
Miscellaneous	15,695	14	-	15,709
Total Revenues	\$ 17,181	\$ 1,623,054	\$ 1,522,115	\$ 3,162,350
Expenditures				
Current				
Sanitation	\$ -	\$ 1,507,442	\$ -	\$ 1,507,442
Economic development	250,000	-	-	250,000
Debt service				
Principal	-	-	785,000	785,000
Interest	-	-	657,983	657,983
Administrative (fiscal) charges	-	-	4,725	4,725
Total Expenditures	\$ 250,000	\$ 1,507,442	\$ 1,447,708	\$ 3,205,150
Excess of Revenues Over (Under) Expenditures	\$ (232,819)	\$ 115,612	\$ 74,407	\$ (42,800)
Other Financing Sources (Uses)				
Transfers out	-	(100,589)	-	(100,589)
Change in Fund Balance	\$ (232,819)	\$ 15,023	\$ 74,407	\$ (143,389)
Fund Balance – January 1	1,318,848	633,312	24,641	1,976,801
Fund Balance – December 31	\$ 1,086,029	\$ 648,335	\$ 99,048	\$ 1,833,412

**Winona County
Winona, Minnesota**

Exhibit B-4

**Budgetary Comparison Schedule
EDA Loan Special Revenue Fund
For the Year Ended December 31, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Investment earnings	\$ 3,909	\$ 3,909	\$ 1,486	\$ (2,423)
Miscellaneous	19,962	19,962	15,695	(4,267)
Total Revenues	\$ 23,871	\$ 23,871	\$ 17,181	\$ (6,690)
Expenditures				
Current				
Economic development				
Other economic development	23,871	23,871	250,000	(226,129)
Change in Fund Balance	\$ -	\$ -	\$ (232,819)	\$ (232,819)
Fund Balance – January 1	1,318,848	1,318,848	1,318,848	-
Fund Balance – December 31	\$ 1,318,848	\$ 1,318,848	\$ 1,086,029	\$ (232,819)

**Winona County
Winona, Minnesota**

Exhibit B-5

**Budgetary Comparison Schedule
Recycling and Solid Waste Special Revenue Fund
For the Year Ended December 31, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Special assessments	\$ 527,280	\$ 527,280	\$ 524,515	\$ (2,765)
Licenses and permits	2,300	2,300	2,175	(125)
Intergovernmental	206,500	206,500	185,171	(21,329)
Charges for services	789,500	789,500	911,179	121,679
Miscellaneous	-	-	14	14
Total Revenues	\$ 1,525,580	\$ 1,525,580	\$ 1,623,054	\$ 97,474
Expenditures				
Current				
Sanitation				
Sustainability	\$ 9,147	\$ 9,147	\$ -	\$ 9,147
Recycling	1,571,058	1,571,058	1,507,442	63,616
Total Expenditures	\$ 1,580,205	\$ 1,580,205	\$ 1,507,442	\$ 72,763
Excess of Revenues Over (Under) Expenditures	\$ (54,625)	\$ (54,625)	\$ 115,612	\$ 170,237
Other Financing Sources (Uses)				
Transfers in	\$ 157,665	\$ 157,665	\$ -	\$ (157,665)
Transfers out	(103,040)	(103,040)	(100,589)	2,451
Total Other Financing Sources (Uses)	\$ 54,625	\$ 54,625	\$ (100,589)	\$ (155,214)
Change in Fund Balance	\$ -	\$ -	\$ 15,023	\$ 15,023
Fund Balance – January 1	633,312	633,312	633,312	-
Fund Balance – December 31	\$ 633,312	\$ 633,312	\$ 648,335	\$ 15,023

**Winona County
Winona, Minnesota**

Exhibit B-6

**Budgetary Comparison Schedule
Debt Service Fund
For the Year Ended December 31, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 1,516,207	\$ 1,516,207	\$ 1,494,600	\$ (21,607)
Intergovernmental	6,800	6,800	27,515	20,715
Total Revenues	\$ 1,523,007	\$ 1,523,007	\$ 1,522,115	\$ (892)
Expenditures				
Debt service				
Principal	\$ 785,000	\$ 785,000	\$ 785,000	\$ -
Interest	657,983	657,983	657,983	-
Administrative (fiscal) charges	7,500	7,500	4,725	2,775
Total Expenditures	\$ 1,450,483	\$ 1,450,483	\$ 1,447,708	\$ 2,775
Change in Fund Balance	\$ 72,524	\$ 72,524	\$ 74,407	\$ 1,883
Fund Balance – January 1	24,641	24,641	24,641	-
Fund Balance – December 31	\$ 97,165	\$ 97,165	\$ 99,048	\$ 1,883

Fiduciary Funds

Winona County Winona, Minnesota

Custodial Funds

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

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

State Revenue Fund – accounts for the collection and payment of the state’s share of fees, fines, and mortgage registry and state deed taxes collected by the County.

Sheriff Prisoner Fund – accounts for inmate deposits, inmate canteen purchases, and fees paid to various agencies.

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

**Winona County
Winona, Minnesota**

**Combining Statement of Fiduciary Net Position
Fiduciary Funds – Custodial Funds
December 31, 2023**

	Collaborative	Settlement
<u>Assets</u>		
Cash and pooled investments	\$ 95,853	\$ 533,564
Taxes receivable for other governments	-	506,900
Due from other funds	33,631	-
Total Assets	\$ 129,484	\$ 1,040,464
<u>Liabilities</u>		
Due to other governments	\$ 2,928	\$ 533,564
<u>Deferred Inflows of Resources</u>		
Prepaid taxes	\$ -	\$ -
<u>Net Position</u>		
Restricted for individuals, organizations, and other governments	\$ 126,556	\$ 506,900

Exhibit C-1

<u>State Revenue</u>	<u>Sheriff Prisoner</u>	<u>Taxes and Penalties</u>	<u>Total Custodial Funds</u>
\$ 114,793	\$ 33,089	\$ 114,552	\$ 891,851
-	-	-	506,900
<u>-</u>	<u>-</u>	<u>-</u>	<u>33,631</u>
<u>\$ 114,793</u>	<u>\$ 33,089</u>	<u>\$ 114,552</u>	<u>\$ 1,432,382</u>
<u>\$ 114,793</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 651,285</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 106,629</u>	<u>\$ 106,629</u>
<u>\$ -</u>	<u>\$ 33,089</u>	<u>\$ 7,923</u>	<u>\$ 674,468</u>

**Winona County
Winona, Minnesota**

**Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds – Custodial Funds
For the Year Ended December 31, 2023**

	Collaborative	Settlement
<u>Additions</u>		
Contributions from individuals	\$ -	\$ -
Property tax collections for other governments	-	65,152,738
Fees collected for the state	-	-
Payments from the state	124,034	-
Total Additions	\$ 124,034	\$ 65,152,738
<u>Deductions</u>		
Payments of property taxes to other governments	\$ -	\$ 65,208,556
Payments to the state	-	-
Payments to other entities	132,224	-
Total Deductions	\$ 132,224	\$ 65,208,556
Change in Net Position	\$ (8,190)	\$ (55,818)
Net Position – January 1	134,746	562,718
Net Position – December 31	\$ 126,556	\$ 506,900

Exhibit C-2

<u>State Revenue</u>	<u>Sheriff Prisoner</u>	<u>Taxes and Penalties</u>	<u>Total Custodial Funds</u>
\$ -	\$ 172,914	\$ -	\$ 172,914
-	-	212,163	65,364,901
1,828,304	-	-	1,828,304
-	-	-	124,034
<u>\$ 1,828,304</u>	<u>\$ 172,914</u>	<u>\$ 212,163</u>	<u>\$ 67,490,153</u>
\$ -	\$ -	\$ 212,233	\$ 65,420,789
1,828,304	-	-	1,828,304
-	170,226	-	302,450
<u>\$ 1,828,304</u>	<u>\$ 170,226</u>	<u>\$ 212,233</u>	<u>\$ 67,551,543</u>
\$ -	\$ 2,688	\$ (70)	\$ (61,390)
-	30,401	7,993	735,858
<u>\$ -</u>	<u>\$ 33,089</u>	<u>\$ 7,923</u>	<u>\$ 674,468</u>

Other Schedules

**Winona County
Winona, Minnesota**

Exhibit D-1

**Schedule of Intergovernmental Revenue
For the Year Ended December 31, 2023**

Appropriations and Shared Revenue

State

Highway users tax	\$	5,863,624
PERA contribution		469,248
Disparity reduction aid		40,730
Police aid		216,881
County program aid		3,104,663
Aquatic invasive species		89,437
Riparian protection aid		72,024
Agricultural conservation credit		35,011
Market value credit		310,094
Enhanced 911		261,963
Next generation E-911 aid		65,465
SCORE grant		143,471
Public safety aid		837,561
Local homeless prevention aid		17,971
Affordable housing aid		132,885
Performance aid credit		6,967
		6,967

Total appropriations and shared revenue **\$ 11,667,995**

Reimbursement for Services

State

Minnesota Department of Human Services	\$	2,891,660
		2,891,660

Payments

Local

Local contributions	\$	15,500
Payments in lieu of taxes		414,849
		414,849

Total payments **\$ 430,349**

Grants

State

Minnesota Department/Board of		
Public Safety	\$	531,744
Health		465,961
Employment and Economic Development		147,651
Natural Resources		125,449
Trial Courts		83,996
Human Services		1,775,922
Corrections		282,740
Transportation		834,229
Water and Soil Resources		193,480
Veterans Affairs		10,000
Peace Officer Standards and Training Board		22,224
Secretary of State		10,984
Pollution Control Agency		229,931
		229,931

Total state **\$ 4,714,311**

**Winona County
Winona, Minnesota**

**Exhibit D-1
(Continued)**

**Schedule of Intergovernmental Revenue
For the Year Ended December 31, 2023**

Grants (Continued)

Federal

Department of Agriculture	\$ 661,951
Justice	328,292
Labor	181,264
Transportation	499,021
Treasury	2,576,267
Education	1,202
Health and Human Services	3,501,728
Homeland Security	9,593

Total federal **\$ 7,759,318**

Total state and federal grants **\$ 12,473,629**

Total Intergovernmental Revenue **\$ 27,463,633**

**Winona County
Winona, Minnesota**

Exhibit D-2

**Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023**

Federal Grantor Pass-Through Agency Program or Cluster Title	Assistance Listing Number	Pass-Through Grant Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Agriculture				
Passed Through Minnesota Department of Health WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	202792	\$ 114,258	\$ -
Passed Through Minnesota Department of Human Services SNAP Cluster State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	232MN101S2514	<u>540,944</u>	<u>-</u>
Total U.S. Department of Agriculture			\$ 655,202	\$ -
U.S. Department of Justice				
Direct				
Bulletproof Vest Partnership Program	16.607		\$ 7,092	\$ -
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745		260,869	-
Passed Through Minnesota Department of Public Safety Missing Children's Assistance	16.543	153345 F-CVS-2022-	3,050	-
Crime Victim Assistance	16.575	WINONAAO F-SART-2023	48,593	-
Violence Against Women Formula Grants	16.588	WINONAAO	<u>8,688</u>	<u>-</u>
Total U.S. Department of Justice			\$ 328,292	\$ -
U.S. Department of Labor				
Passed Through Minnesota Department of Employment and Economic Development WIOA Cluster				
WIOA Adult Program	17.258	DEED-PY22 & 23	\$ 42,051	\$ 37,851
WIOA Youth Activities	17.259	DEED-PY21 & 22	85,827	62,766
WIOA Dislocated Worker Formula Grants	17.278	DEED-PY22, 23, & 24	<u>53,319</u>	<u>51,096</u>
Total U.S. Department of Labor			\$ 181,197	\$ 151,713
U.S. Department of Transportation				
Passed Through Minnesota Department of Transportation Highway Planning and Construction	20.205	1035533	\$ 676,454	\$ -
Passed Through Minnesota Department of Public Safety Highway Safety Cluster				
State and Community Highway Safety	20.600	F-SAFE23-2023- WINONACH	52,699	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	F-ENFRC23-2023- WINONASO	3,663	-
Highway Safety Cluster				
National Priority Safety Programs	20.616	F-OFFICR23-2023- WINONASO	<u>68,139</u>	<u>-</u>
Total U.S. Department of Transportation			\$ 800,955	\$ -

**Winona County
Winona, Minnesota**

**Exhibit D-2
(Continued)**

**Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023**

Federal Grantor Pass-Through Agency Program or Cluster Title	Assistance Listing Number	Pass-Through Grant Number	Expenditures	Passed Through to Subrecipients
U.S. Department of the Treasury				
Direct				
COVID-19 – Coronavirus State and Local Fiscal Recovery Funds	21.027		\$ 2,526,267	\$ -
COVID-19 – Local Assistance and Tribal Consistency Fund	21.032		50,000	-
Total U.S. Department of the Treasury			\$ 2,576,267	\$ -
U.S. Department of Education				
Passed Through Minnesota Department of Health				
Special Education – Grants for Infants and Families	84.181	12-700-00102	\$ 1,202	\$ -
U.S. Department of Health and Human Services				
Passed Through Minnesota Department of Health				
Public Health Emergency Preparedness	93.069	162133	\$ 45,294	\$ -
Immunization Cooperative Agreements	93.268	191934	366	-
COVID-19 – Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	191934	109,293	-
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families 93.558 \$566,184)	93.558	2201MNTANF	43,224	-
Centers for Disease Control and Prevention Collaboration with Academia to Strengthen Public Health	93.967	225645	15,367	-
Maternal and Child Health Services Block Grant to the States	93.994	256680	62,754	-
Passed Through Minnesota Department of Human Services				
Marylee Allen Promoting Safe and Stable Families Program	93.556	2201MNFPS	3,280	-
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families 93.558 \$566,184)	93.558	2301MNTANF	522,960	-
Child Support Services	93.563	2201MNCSES	665,325	-
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	2301MNRCA	1,737	-
CCDF Cluster				
Child Care and Development Block Grant	93.575	2301MNCCDF	16,291	-
Community-Based Child Abuse Prevention Grants	93.590	2202MNBCAP	26,016	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	2201MNCWSS	5,201	-
Foster Care Title IV-E	93.658	2301MNFOST	398,162	-
Social Services Block Grant	93.667	2301MNSOSR	247,843	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	2301MNCILP	4,918	-
Children's Health Insurance Program	93.767	2305MN5021	2,168	-
Medicaid Cluster				
Medical Assistance Program	93.778	2305MN5MAP	17,062	-
Medical Assistance Program (Total Medical Assistance Program 93.778 \$1,449,680)	93.778	2305MN5ADM	1,432,618	-
Passed Through Rice County, Minnesota				
Maternal, Infant and Early Childhood Home Visiting Grant	93.870	12-700-00095	29,152	-
Total U.S. Department of Health and Human Services			\$ 3,649,031	\$ -

**Winona County
Winona, Minnesota**

**Exhibit D-2
(Continued)**

**Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023**

Federal Grantor Pass-Through Agency Program or Cluster Title	Assistance Listing Number	Pass-Through Grant Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Homeland Security				
Passed Through Minnesota Department of Natural Resources				
Boating Safety Financial Assistance	97.012	R29CG70CBLA21	\$ 9,593	\$ -
Total Federal Awards			\$ 8,201,739	\$ 151,713
Totals by Cluster				
Total expenditures for SNAP Cluster			\$ 540,944	
Total expenditures for WIOA Cluster			181,197	
Total expenditures for Highway Safety Cluster			120,838	
Total expenditures for CCDF Cluster			16,291	
Total expenditures for Medicaid Cluster			1,449,680	

Winona County

Winona, Minnesota

Notes to the Schedule of Expenditures of Federal Awards As of and for the Year Ended December 31, 2023

Note 1 – Summary of Significant Accounting Policies

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.

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, 2023. 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 of Expenditures of Federal Awards 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.

Note 2 – De Minimis Cost Rate

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

Note 3 – Reconciliation to Schedule of Intergovernmental Revenue

Reconciliation to Schedule of Intergovernmental Revenue	
Federal grant revenue per Schedule of Intergovernmental Revenue	\$ 7,759,318
Grants received more than 60 days after year-end, considered unavailable revenue in 2023	
Highway Planning and Construction (AL No. 20.205)	581,826
Marylee Allen Promoting Safe and Stable Families Program (AL No. 93.556)	820
Temporary Assistance for Needy Families (AL No. 93.558)	153,954
Stephanie Tubbs Jones Child Welfare Services Program (AL No. 93.645)	816
Unavailable revenue in 2022, recognized as revenue in 2023	
WIC Special Supplemental Nutrition Program for Women, Infants, and Children (AL No. 10.557)	(6,749)
WIOA Youth Activities (AL No. 17.259)	(67)
Highway Planning and Construction (AL No. 20.205)	(279,892)
Temporary Assistance for Needy Families (AL No. 93.558)	(3,250)
Community-Based Child Abuse Prevention Grants (AL No. 93.590)	(1,195)
Stephanie Tubbs Jones Child Welfare Services Program (AL No. 93.645)	(2,461)
John H. Chafee Foster Care Program for Successful Transition to Adulthood (AL No. 93.674)	(1,381)
Expenditures per Schedule of Expenditures of Federal Awards	<u>\$ 8,201,739</u>

Management and Compliance Section



**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, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated February 7, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Winona County's internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our 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 a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Winona County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial

statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Minnesota Legal Compliance

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

Purpose of This Report

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

/s/Julie Blaha

Julie Blaha
State Auditor

February 7, 2025

/s/Chad Struss

Chad Struss, CPA
Deputy State Auditor



**Report on Compliance for Each Major Federal Program and Report on Internal
Control Over Compliance Required by the Uniform Guidance**

Independent Auditor's Report

Board of County Commissioners
Winona County
Winona, Minnesota

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Winona County's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on Winona County's major federal program for the year ended December 31, 2023. Winona County's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, Winona County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2023.

Basis for Opinion on the Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Winona County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of Winona County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Winona County's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Winona County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Winona County's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit;
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Winona County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances; and
- obtain an understanding of Winona County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances, 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 Winona County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance, and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001. Our opinion on the major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on Winona County's response to the noncompliance finding identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. Winona County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

However, as discussed below, we did identify a deficiency in internal control over compliance that we consider to be a significant deficiency.

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 a 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 a 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 attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on Winona County's response to the internal control over compliance finding identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. Winona County's response was not subjected to the other 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

Julie Blaha
State Auditor

/s/Chad Struss

Chad Struss, CPA
Deputy State Auditor

February 7, 2025

Winona County Winona, Minnesota

Schedule of Findings and Questioned Costs For the Year Ended December 31, 2023

Section 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 generally accepted accounting principles: **Unmodified**

Internal control over financial reporting:

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

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

Federal Awards

Internal control over the major federal program:

- Material weaknesses identified? **No**
- Significant deficiencies identified? **Yes**

Type of auditor’s report issued on compliance for the major federal program: **Unmodified**

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

Identification of the major federal program:

Assistance Listing Number	Name of Federal Program or Cluster
21.027	COVID-19 – State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000.

Winona County qualified as a low-risk auditee? **Yes**

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

2023-001 Suspension and Debarment

Prior Year Finding Number: 2022-001

Year of Finding Origination: 2022

Type of Finding: Internal Control Over Compliance and Compliance

Severity of Deficiency: Significant Deficiency and Other Matter

Winona County

Winona, Minnesota

Federal Agency: U.S. Department of the Treasury

Program: 21.027 COVID-19 – Coronavirus State and Local Fiscal Recovery Funds

Award Number and Year: SLFRP3269; 2021

Pass-Through Agency: N/A – Direct

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

Federal requirements prohibit non-federal entities from contracting with or making subawards under covered transactions to parties that are suspended or debarred. Title 2 U.S. *Code of Federal Regulations* § 180.300 describes a required verification process. Prior to entering into the transaction, one of the following must be performed: (1) checking SAM.gov exclusions, (2) collecting a certification, or (3) adding a clause or condition to the covered transaction.

The County's procurement policy requires verification that vendors are not suspended or debarred.

Condition: For both covered transactions selected for testing, the County did not perform the verification for suspended or debarred vendors prior to entering into the covered transactions.

Questioned Costs: None.

Context: There were nine covered transactions during the year. In addition, neither of the vendors tested were listed as suspended or debarred on SAM.gov at the time of the audit.

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

Effect: Failure to verify vendors are not suspended, debarred, or otherwise excluded prior to entering into a covered transaction may result in the County entering into a transaction with a vendor that is not authorized to provide goods and services under the grant.

Cause: The County has procedures in place to perform verification and retain documentation, but not all employees are aware of the procedures or federal requirements.

Recommendation: We recommend the County maintain documentation to demonstrate that vendors were not debarred, suspended, or otherwise excluded from conducting business with the County; the County should complete this documentation prior to entering into a covered transaction. In addition, the County should consider providing additional training to employees to ensure staff are aware of federal requirements and County procedures.

View of Responsible Official: Concur



*Administration
Department
County Administrator
Maureen L. Holte*

Providing Effective Efficient Government

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Winona, Minnesota 55987

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**Representation of Winona County
Winona, Minnesota**

Corrective Action Plan
For the Year Ended December 31, 2023

Finding Number: 2023-001

Finding Title: Suspension and Debarment

Program: 21.027 COVID-19 – Coronavirus State and Local Fiscal Recovery Funds

Name of Contact Person Responsible for Corrective Action:

Charles Elliott

Corrective Action Planned:

Winona County will review subsequent contracts and payments to ensure that suspension and debarment verification is attached to the appropriate payments.

Anticipated Completion Date:

12/31/2024

County Board of Commissioners

First District
Chris M. Meyer

Second District
Dwayne A. Voegeli

Third District
Josh D. Elsing

Fourth District
Gregory D. Olson

Fifth District
Marcia L. Ward



*Administration
Department
County Administrator
Maureen L. Holte*

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Winona, Minnesota**

Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2023

Finding Number: 2022-001

Year of Finding Origination: 2022

Finding Title: Suspension and Debarment

Program: 21.027 COVID-19 – Coronavirus State and Local Fiscal Recovery Funds

Summary of Condition: For two covered transactions tested, the verification for suspension or debarred vendors was not performed before entering into the covered transactions.

Summary of Corrective Action Previously Reported: Winona County will be reviewing 2023 payments to ensure that Suspension and Debarment is attached to the appropriate payments.

Status: Not Corrected. Winona County Finance Department had a change of Finance Directors in mid year and the previous corrective action was not implemented as a result. Going forward, the county will ensure covered transactions are verified for suspended or debarred vendors.

Finding Number: 2021-001

Year of Finding Origination: 2013

Finding Title: Eligibility Intake Function

Program: 93.778 Medicaid Cluster

Summary of Condition: The Minnesota DHS maintains the computer system, MAXIS, which is used by Winona County to support the eligibility determination process. In the case files reviewed for eligibility, not all documentation was available or input correctly into MAXIS. The following was noted in a sample of 40 MAXIS case files tested for Medical Assistance eligibility:

- One case file had the incorrect income listed.
- One case file had a bank account balance that was entered incorrectly.

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 all eligibility staff.

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

Health Care staff are also conducting peer-reviewed cases, as time allows, to ensure appropriate citizenship verification is on file for all existing cases. This may be impacted should the pandemic waivers expire.

Winona County has not hired a second Financial Assistance Supervisor as stated in previous corrective action plans to assist with supervising staff, monitor peer quality assurance reviews, conduct supervisory quality assurance desk reviews, data analysis, and subsequent training for staff. The current Supervisor has 32 staff, which hinders the ability to conduct Supervisory QA desk reviews. The current staffing plan is to hire an Administrative Services Supervisor that will supervise office support specialists, child support officers, and three income maintenance interviewers. This will reduce the number of employees that the current Financial Assistance Supervisor has, to twenty.

Winona County has seen an increase in accuracy for case audits results for 2021 and is hopeful that there will be an increased reduction in case errors.

Status: Not Corrected. Winona County Income Maintenance department had several changes in 2023 including a supervisor leaving the department as well as the department head. With the shortage in staff some of the preventive work was not able to be completed.