

State of Minnesota



Office of the State Auditor

Julie Blaha
State Auditor

Winona County Winona, Minnesota

Year Ended December 31, 2022

Description of the Office of the State Auditor

The Office of the State Auditor (OSA) helps ensure financial integrity and accountability in local government financial activities. The OSA is the constitutional office that oversees more than \$40 billion in annual financial activity by local governments and approximately \$20 billion of federal funding financial activity.

The OSA performs around 90 financial and compliance audits per year and has oversight responsibilities for over 3,300 local units of government throughout the state. The office maintains the following seven divisions:

- **Audit Practice:** Helps ensure fiscal integrity by conducting financial and compliance audits of local governments and the federal compliance audit of the State of Minnesota.
- **Constitution:** Connects with the public via external communication, media relations, legislative coordination, and public engagements for the State Auditor.

This division also supports the State Auditor's service on the State Executive Council, State Board of Investment, Land Exchange Board, Public Employees Retirement Association Board, Minnesota Housing Finance Agency, the Minnesota Historical Society, and the Rural Finance Authority Board.

- **Government Information:** Collects, analyzes, and shares local government financial data to assist in policy and spending decisions; administers and supports financial tools including the Small Cities and Towns Accounting System (CTAS) software and infrastructure comparison tools.
- **Legal/Special Investigations:** Provides legal analysis and counsel to the OSA and responds to outside inquiries about Minnesota local law relevant to local government finances; investigates local government financial records in response to specific allegations of theft, embezzlement, or unlawful use of public funds or property.
- **Operations:** Ensures the office runs efficiently by providing fiscal management and technology support to the office.
- **Pension:** Analyzes investment, financial, and actuarial reporting for Minnesota's local public pension plans and monitors pension plan operations.
- **Tax Increment Financing (TIF):** Promotes compliance and accountability in local governments' use of tax increment financing through education, reporting, and compliance reviews.

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www.osa.state.mn.us

Winona County Winona, Minnesota

Year Ended December 31, 2022



Office of the State Auditor

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

Winona County Winona, Minnesota

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Winona, Minnesota

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Introductory Section

Winona County Winona, Minnesota

Organization December 31, 2022

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

Winona County Winona, Minnesota

Organization of the County

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

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

Financial Section



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, 2022, 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, 2022, 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 2022, the County adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, which represents a change in accounting principles. 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 General Fund, Road and Bridge Special Revenue Fund, and Health and Human Services 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 Capital Projects Fund – Budgetary Comparison Schedule, 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 September 11, 2023, on our consideration of the 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 the 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 the County's internal control over financial reporting and compliance.

/s/Julie Blaha

/s/Chad Struss

Julie Blaha
State Auditor

Chad Struss, CPA
Deputy State Auditor

September 11, 2023

Management's Discussion and Analysis

Winona County Winona, Minnesota

Management's Discussion and Analysis December 31, 2022 (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, 2022. 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 2022, Winona County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$98.6 million (net position). Of that amount, \$8.3 million is restricted; \$0.7 million is unrestricted net position and may be used to meet the County's ongoing obligations to citizens and creditors. The remaining \$89.6 million is the net investment in capital assets.
- At the close of the current year, the ending fund balances for all governmental funds were \$36.9 million. This is a decrease of \$3.8 million from the previous year fund balance. Of the combined ending fund balances, \$14.1 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 \$14.1 million. The County is not able to assign for cash flow and compensated absences due to Governmental Accounting Standards Board (GASB) Statement 54. The County will pay for compensated absences and cash flow from the unassigned fund balance.
- Total long-term debt increased by \$8.5 million, or 40.4 percent, during the year. The increase was due to sale of a bond for the Law Enforcement Center.

Overview of the Financial Statements

The three main sections of this report are: introductory, financial, and supplementary. The introductory section contains the County's organizational structure and principal officials. The financial section includes the MD&A and is intended to serve as a roadmap of the basic financial statements. The basic financial statements have three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The required supplementary information section contains the budget-to-actual presentations for the County's major special revenue funds and the General Fund. Other supplementary information is included to enhance reader understanding of the County's financial activity. An example is information about federal grant programs.

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

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

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

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

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

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

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

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

Government-Wide Financial Analysis

A useful tool for analyzing financial statements is comparative information from previous years. Net position may be a useful indicator of a government's financial position over time. As of December 31, 2022, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$98.6 million. The following table provides a summary of Winona County's governmental net position.

Governmental Net Position

	2022	2021	Percent Change (%)
Assets			
Current and other assets	\$ 48,196,466	\$ 56,693,323	(15)
Capital assets	107,148,142	89,355,565	20
Total Assets	\$ 155,344,608	\$ 146,048,888	6
Deferred Outflows of Resources			
Deferred other postemployment benefits outflows	\$ 522,839	\$ 644,524	(19)
Deferred pension outflows	10,785,678	9,498,975	14
Total Deferred Outflow of Resources	\$ 11,308,517	\$ 10,143,499	11
Liabilities			
Current and other liabilities	\$ 7,357,640	\$ 7,775,353	(5)
Long-term liabilities	60,017,915	36,871,529	63
Total Liabilities	\$ 67,375,555	\$ 44,646,882	51
Deferred Inflows of Resources			
Deferred other postemployment benefits inflows	\$ 103,962	\$ 138,619	(25)
Deferred pension inflows	529,410	12,046,546	(96)
Total Deferred Inflows of Resources	\$ 633,372	\$ 12,185,165	(95)
Net Position			
Net investment in capital assets	\$ 89,602,777	\$ 86,160,598	4
Restricted	8,294,184	9,107,082	(9)
Unrestricted	747,237	4,092,660	(82)
Total Net Position	\$ 98,644,198	\$ 99,360,340	(1)

The largest portion of Winona County's net position, 90.8 percent, or \$89.6 million, represents investments in capital assets, less any related debt used to acquire those assets. Capital assets are investments in land, buildings, machinery and equipment, and roads and bridges. These assets are used to provide services and utilities to County citizens and, consequently, are not available for future spending. Capital assets are reported net of related debt; however, resources needed to repay the debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

An additional \$8.3 million of the County's net position, or 8.4 percent, represents resources that are subject to external restrictions on how they may be used. Included in this category are items such as public safety projects.

The remaining \$0.7 million of net position, or 1.0 percent, represents unrestricted net position that is needed to meet ongoing obligations to citizens and creditors.

Change in net position—In 2022, government-wide expenses exceeded revenues by \$0.7 million, thereby increasing net position. Net position changed as follows:

Change in Net Position

	2022	2021	Percent Change (%)
Revenues			
Program revenues			
Fees, charges, fines, and other	\$ 4,821,566	\$ 7,007,989	(31)
Operating grants and contributions	20,552,790	18,894,965	9
Capital grants and contributions	822,834	1,996,353	(59)
General revenues			
Property taxes	20,844,247	20,322,210	3
Grants and contributions not restricted to specific programs	9,530,767	3,958,054	141
Local option sales tax	3,959,876	3,478,184	14
Unrestricted investment earnings	372,786	81,062	360
Other	823,608	675,776	22
Total Revenues	<u>\$ 61,728,474</u>	<u>\$ 56,414,593</u>	9
Expenses			
General government	\$ 11,249,025	\$ 9,627,347	17
Public safety	7,759,106	8,168,336	(5)
Highways and streets	14,793,185	11,915,833	24
Sanitation	1,416,784	1,344,573	5
Human services	17,188,847	16,762,837	3
Health	1,420,067	1,625,385	(13)
Culture and recreation	413,178	390,502	6
Conservation of natural resources	1,107,477	695,822	59
Economic developments	4,794,078	1,436,653	234
Other	792,330	382,899	107
Total Expenses	<u>\$ 60,934,077</u>	<u>\$ 52,350,187</u>	16
Current Net Position	\$ 794,397	\$ 4,064,406	(80)
Net Position – January 1, as restated ⁽¹⁾	97,849,801	95,295,934	3
Net Position – December 31	<u>\$ 98,644,198</u>	<u>\$ 99,360,340</u>	(1)

⁽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 33.7 percent of the total revenue for the County.
- Expense by function depicts the relationship between governmental activities functions. Property taxes of \$20.8 million are leveraged to provide \$60.9 million in services.

Governmental activities decreased Winona County's net position by \$0.8 million, which is 1.2 percent of current year revenues, 1.3 percent of current year expenses, or 0.8 percent of beginning net position. The following is the major component of this increase:

- Overall, expenses increased by 14.1 percent from 2022 to 2021 due to increase in spending related to America Rescue Plan 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, 2022, the combined ending fund balances of governmental funds were \$36.9 million. Approximately 50.0 percent, or \$18.4 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 \$15.8 million at the end of 2022. Of that amount, \$1.6 million is restricted for such items as forfeited property and donations. Nonspendable fund balance of \$158.9 thousand is for missing heirs. In addition, the Board of County Commissioners has assigned \$23.9 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 \$14,074,467, or 53.3 percent, of 2022 expenditures, while total fund balance is 59.9 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 2021, the ending fund balance of the General Fund increased \$1,224,902.

- (2) The Road and Bridge Special Revenue Fund accounts for maintenance and improvements to the infrastructure of the County. The fund had a \$6.7 million fund balance at the end of 2022 that represented a \$1.5 million, or 23.07 percent, increase from 2021. 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 \$1.0 million fund balance at the end of 2022, representing a \$80 thousand, or 7.9 percent, increase from the 2021 fund balance. The increase was due mainly to decreased 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 \$11.3 million fund balance at the end of 2022 that represented a 37.2 percent decrease from the 2021 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 2022, the Board of County Commissioners adopted the following budget:

General Fund Budgetary Highlights

General Fund	Revenues	Expenditures	Other Sources (Uses)
Board-adopted (Original)	\$ 21,135,569	\$ 21,330,042	\$ 194,473
Board-adopted (Final)	21,135,569	21,330,042	194,473
Actual	26,537,612	26,393,933	1,081,223

The adopted budget anticipated revenues of \$21,135,569, expenditures of \$21,330,042, and other financing sources of \$194,473.

Capital Assets and Debt Administration

Capital Assets

Winona County's investment in capital assets for its governmental activities as of December 31, 2022, was \$107.1 million (net of accumulated depreciation). The investment in capital assets includes land, buildings, furniture and equipment, infrastructure, and construction in progress.

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

Capital Assets			
	2022	2021	Percent Change (%)
Capital assets not depreciated			
Land	\$ 6,965,019	\$ 6,942,657	1
Construction in progress	27,166,035	10,959,182	148
Total capital assets not depreciated	\$ 34,131,054	\$ 17,901,839	91
Capital assets depreciated and amortized			
Buildings	\$ 25,321,245	\$ 25,370,745	(1)
Improvements other than buildings	485,641	485,641	-
Machinery, furniture, and equipment	10,787,492	10,385,114	4
Infrastructure	79,487,891	76,836,807	3
Lease assets	736,816	-	100
Total capital assets depreciated and amortized	\$ 116,819,085	113,078,307	3
Less: accumulated depreciation and amortization for			
Buildings	\$ 5,931,979	\$ 5,680,686	4
Improvements other than buildings	320,637	312,142	3
Machinery, furniture, and equipment	8,231,713	7,977,463	3
Infrastructure	29,091,345	27,654,290	5
Lease assets	226,323	-	100
Total accumulated depreciation and amortization	\$ 43,801,997	\$ 41,624,581	5
Total capital assets depreciated and amortized, net	\$ 73,017,088	\$ 71,453,726	2
Governmental Activities Capital Assets, Net	\$ 107,148,142	\$ 89,355,565	20

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

Outstanding Long-Term Debt		
	Governmental Activities	
	2022	2021
Capital leases	\$ -	\$ 211,229*
General obligation bonds	28,173,634	20,746,475
Leases payable	547,419	-
Loans payable	150,780	-
Financed purchase payable	550,000	-
Total	\$ 29,421,833	\$ 20,957,704

*See Note 1 Change in accounting principles.

The outstanding debt listed above for Winona County increased \$8,464,129, due to the issuance of the 2022A bond, GASB 87 implementation, and new loans payable and financed purchase.

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 2022 for the U.S., Minnesota, and Winona County was 3.6 percent, 3.2 percent, and 2.6 percent, respectively. This compared to 2021 averages of 5.3 percent, 3.4 percent, and 3.0 percent.

New Construction

New construction for all of Winona County was valued at \$59.8 million in 2022, which is payable in 2023.

State Financial Position

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

Budgeting Approach

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

All of these factors are being considered in preparing the Winona County budget for 2024.

Requests for Information

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

Basic Financial Statements

Government-Wide Financial Statements

**Winona County
Winona, Minnesota**

Exhibit 1

**Statement of Net Position
Governmental Activities
December 31, 2022**

Assets

Cash and pooled investments	\$ 40,080,148
Petty cash and change funds	2,950
Taxes receivable – delinquent	274,912
Special assessments receivable – delinquent	36,412
Accounts receivable – net	685,530
Accrued interest receivable	47,548
Loans receivable	334,096
Due from other governments	5,921,301
Prepaid items	98,225
Inventories	715,344
Capital assets	
Non-depreciable or amortizable	34,131,054
Depreciable and amortizable – net of accumulated depreciation and amortization	<u>73,017,088</u>
Total Assets	<u>\$ 155,344,608</u>

Deferred Outflows of Resources

Deferred other postemployment benefits outflows	\$ 522,839
Deferred pension outflows	<u>10,785,678</u>
Total Deferred Outflows of Resources	<u>\$ 11,308,517</u>

Liabilities

Accounts payable	\$ 1,275,096
Salaries payable	461,112
Contracts payable	1,396,707
Due to other governments	426,034
Accrued interest payable	56,037
Unearned revenue	3,727,029
Customer deposits	15,625
Long-term liabilities	
Due within one year	1,425,899
Due in more than one year	30,343,588
Net pension liability	24,731,593
Other postemployment benefits liability	<u>3,516,835</u>
Total Liabilities	<u>\$ 67,375,555</u>

**Winona County
Winona, Minnesota**

**Exhibit 1
(Continued)**

**Statement of Net Position
Governmental Activities
December 31, 2022**

Deferred Inflows of Resources

Deferred other postemployment benefits inflows	\$ 103,962
Deferred pension inflows	<u>529,410</u>
Total Deferred Inflows of Resources	<u>\$ 633,372</u>

Net Position

Net investment in capital assets	\$ 89,602,777
Restricted for	
General government	739,610
Public safety	718,464
Highways and streets	5,403,014
Debt service	24,641
Economic development	1,318,848
Conservation of natural resources	89,607
Unrestricted	<u>747,237</u>
Total Net Position	<u>\$ 98,644,198</u>

**Winona County
Winona, Minnesota**

Exhibit 2

**Statement of Activities
For the Year Ended December 31, 2022**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Fees, Charges, Fines, and Other	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities					
General government	\$ 11,249,025	\$ 1,537,228	\$ 1,142,861	\$ 2,870	\$ (8,566,066)
Public safety	7,759,106	250,971	879,152	-	(6,628,983)
Highways and streets	14,793,185	11,446	7,884,921	819,964	(6,076,854)
Sanitation	1,416,784	1,347,047	198,655	-	128,918
Human services	17,188,847	1,592,069	8,324,657	-	(7,272,121)
Health	1,420,067	23,721	1,148,963	-	(247,383)
Culture and recreation	413,178	5,168	40	-	(407,970)
Conservation of natural resources	1,107,477	43,271	502,799	-	(561,407)
Economic development	4,794,078	10,645	470,742	-	(4,312,691)
Interest	792,330	-	-	-	(792,330)
Total Governmental Activities	\$ 60,934,077	\$ 4,821,566	\$ 20,552,790	\$ 822,834	\$ (34,736,887)
General Revenues					
Property taxes					\$ 20,844,247
Mortgage registry and deed tax					58,938
Local option sales tax					3,959,876
Taxes – other					17,983
Payments in lieu of tax					377,686
Grants and contributions not restricted to specific programs					9,530,767
Unrestricted investment earnings					372,786
Miscellaneous					352,208
Gain on sale of capital assets					16,793
Total general revenues					\$ 35,531,284
Change in net position					\$ 794,397
Net Position – Beginning					99,360,340
Restatement (Note 1)					(1,510,539)
Net Position – Beginning, as restated					97,849,801
Net Position – Ending					\$ 98,644,198

Fund Financial Statements

Governmental Funds

**Winona County
Winona, Minnesota**

Exhibit 3

**Balance Sheet
Governmental Funds
December 31, 2022**

		Special Revenue Funds				
	General	Road and Bridge	Health and Human Services	Capital Projects	Other Governmental Funds	Total
<u>Assets</u>						
Cash and pooled investments	\$ 19,449,934	\$ 6,041,557	\$ 292,125	\$ 12,282,156	\$ 2,014,376	\$ 40,080,148
Petty cash and change funds	2,950	-	-	-	-	2,950
Taxes receivable – delinquent	163,652	17,749	77,239	6,567	9,705	274,912
Special assessments – delinquent	-	-	-	-	36,412	36,412
Accounts receivable – net	345,305	19,943	252,584	2,492	65,206	685,530
Accrued interest receivable	47,548	-	-	-	-	47,548
Due from other funds	21,375	-	-	-	-	21,375
Due from other governments	873,092	3,532,550	1,512,468	-	3,191	5,921,301
Loans receivable	223,641	-	-	-	110,455	334,096
Prepaid Items	-	-	-	98,225	-	98,225
Inventories	-	715,344	-	-	-	715,344
Total Assets	\$ 21,127,497	\$ 10,327,143	\$ 2,134,416	\$ 12,389,440	\$ 2,239,345	\$ 48,217,841
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>						
Liabilities						
Accounts payable	\$ 637,421	\$ 118,666	\$ 416,062	\$ -	\$ 102,947	\$ 1,275,096
Salaries payable	239,855	47,455	167,095	-	6,707	461,112
Contracts payable	19,375	334,886	-	1,042,446	-	1,396,707
Due to other funds	75	-	51,422	-	-	51,497
Due to other governments	106,632	8,844	278,828	-	1,608	395,912
Unearned revenue	3,727,029	-	-	-	-	3,727,029
Customer deposits	15,625	-	-	-	-	15,625
Total Liabilities	\$ 4,746,012	\$ 509,851	\$ 913,407	\$ 1,042,446	\$ 111,262	\$ 7,322,978
Deferred Inflows of Resources						
Unavailable revenue	\$ 574,645	\$ 3,098,410	\$ 214,392	\$ 5,133	\$ 151,282	\$ 4,043,862

**Winona County
Winona, Minnesota**

Exhibit 3
(Continued)

**Balance Sheet
Governmental Funds
December 31, 2022**

		Special Revenue Funds				
	General	Road and Bridge	Health and Human Services	Capital Projects	Other Governmental Funds	Total
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u> (Continued)						
Fund Balances						
Nonspendable						
Inventories	\$ -	\$ 715,344	\$ -	\$ -	\$ -	\$ 715,344
Prepays	-	-	-	98,225	-	98,225
Missing heirs	158,948	-	-	-	-	158,948
Restricted for						
Debt service	-	-	-	-	24,641	24,641
Law library	154,421	-	-	-	-	154,421
Capital projects	-	-	-	11,176,228	-	11,176,228
Recorder's unallocated equipment purchases	35,225	-	-	-	-	35,225
Recorder's equipment purchases	475,527	-	-	-	-	475,527
Enhanced 911	460,880	-	-	-	-	460,880
Criminal justice coordination council	2,333	-	-	-	-	2,333
Restorative justice	47,501	-	-	-	-	47,501
Sheriff's contingency	5,000	-	-	-	-	5,000
Sheriff's forfeited property	11,065	-	-	-	-	11,065
Attorney's forfeited property	63,592	-	-	-	-	63,592
Explorer post	332	-	-	-	-	332
Police dog donations	50	-	-	-	-	50
Permits to carry	195,768	-	-	-	-	195,768
Local option sales tax projects	-	3,370,982	-	-	-	3,370,982
Drug court	8,180	-	-	-	-	8,180
Aquatic invasive species	89,607	-	-	-	-	89,607
Economic development	-	-	-	-	1,318,848	1,318,848
Assigned						
Highways and streets	-	2,632,556	-	-	-	2,632,556
Capital improvements	-	-	-	67,408	-	67,408
Health and human services	-	-	1,006,617	-	-	1,006,617
Recycling and solid waste	-	-	-	-	633,312	633,312
Tobacco settlement	23,944	-	-	-	-	23,944
Unassigned	14,074,467	-	-	-	-	14,074,467
Total Fund Balances	\$ 15,806,840	\$ 6,718,882	\$ 1,006,617	\$ 11,341,861	\$ 1,976,801	\$ 36,851,001
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 21,127,497	\$ 10,327,143	\$ 2,134,416	\$ 12,389,440	\$ 2,239,345	\$ 48,217,841

**Winona County
Winona, Minnesota**

Exhibit 4

**Reconciliation of Governmental Funds Balance Sheet to the
Government-Wide Statement of Net Position—Governmental Activities
December 31, 2022**

Fund balances – total governmental funds (Exhibit 3)	\$ 36,851,001
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.	107,148,142
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.	11,308,517
Other long-term assets are not available to pay for current period expenditures and, therefore, are unavailable in the governmental funds.	4,043,862
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	\$ (26,690,000)
Loans payable	(150,780)
Bond premium	(1,483,634)
Finance purchase payable	(550,000)
Leases payable	(547,419)
Other postemployment benefits liability	(3,516,835)
Net pension liability	(24,731,593)
Accrued interest payable	(56,037)
Compensated absences	(2,347,654)
	(60,073,952)
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.	(633,372)
Net Position of Governmental Activities (Exhibit 1)	\$ 98,644,198

**Winona County
Winona, Minnesota**

Exhibit 5

**Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2022**

	Special Revenue Funds			Capital Projects	Other Governmental Funds	Total
	General	Road and Bridge	Health and Human Services			
Revenues						
Taxes	\$ 12,337,835	\$ 5,269,755	\$ 5,856,994	\$ 505,454	\$ 852,165	\$ 24,822,203
Special assessments	-	-	-	-	520,282	520,282
Licenses and permits	139,354	-	24,948	-	2,300	166,602
Intergovernmental	11,457,459	11,276,724	10,275,712	9,620	214,905	33,234,420
Charges for services	1,664,714	-	1,263,221	-	819,679	3,747,614
Fines and forfeits	18,139	-	-	-	-	18,139
Gifts and contributions	20,176	-	1,050	-	-	21,226
Investment earnings	241,792	-	-	132,110	4,213	378,115
Miscellaneous	658,143	134,263	318,943	2,492	36,308	1,150,149
Total Revenues	\$ 26,537,612	\$ 16,680,742	\$ 17,740,868	\$ 649,676	\$ 2,449,852	\$ 64,058,750
Expenditures						
Current						
General government	\$ 10,638,946	\$ -	\$ -	\$ 156,436	\$ -	\$ 10,795,382
Public safety	8,881,516	-	-	14,773,826	-	23,655,342
Highways and streets	-	14,641,112	-	36,789	-	14,677,901
Sanitation	-	-	-	-	1,396,371	1,396,371
Human services	400,884	-	16,303,684	-	-	16,704,568
Health	20,000	-	1,357,652	-	-	1,377,652
Culture and recreation	154,294	-	-	-	-	154,294
Conservation of natural resources	1,197,983	-	-	-	-	1,197,983
Economic development	4,714,786	-	-	-	-	4,714,786
Intergovernmental						
Highways and streets	-	416,698	-	-	-	416,698
Culture and recreation	258,884	-	-	-	-	258,884
Debt service						
Principal	126,640	72,889	-	-	280,000	479,529
Interest	-	1,278	-	6,495	627,657	635,430
Bond issuance costs	-	-	-	177,283	-	177,283
Administrative (fiscal) charges	-	-	-	-	7,225	7,225
Total Expenditures	\$ 26,393,933	\$ 15,131,977	\$ 17,661,336	\$ 15,150,829	\$ 2,311,253	\$ 76,649,328
Excess of Revenues Over (Under)						
Expenditures	\$ 143,679	\$ 1,548,765	\$ 79,532	\$ (14,501,153)	\$ 138,599	\$ (12,590,578)

**Winona County
Winona, Minnesota**

Exhibit 5
(Continued)

**Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2022**

		Special Revenue Funds			Other	
	General	Road and Bridge	Health and Human Services	Capital Projects	Governmental Funds	Total
Other Financing Sources (Uses)						
Transfers in	\$ 118,434	\$ -	\$ -	\$ -	\$ -	\$ 118,434
Transfers out	-	(10,059)	-	-	(108,375)	(118,434)
Proceeds from leases	209,172	-	-	-	-	209,172
Proceeds from financed purchases	550,000	-	-	-	-	550,000
Bonds issued	-	-	-	7,360,000	-	7,360,000
Premium on bonds issued	-	-	-	408,978	-	408,978
Proceeds from loans issued	150,780	-	-	-	-	150,780
Proceeds from sale of capital assets	52,837	-	-	-	-	52,837
Total Other Financing Sources (Uses)	\$ 1,081,223	\$ (10,059)	\$ -	\$ 7,768,978	\$ (108,375)	\$ 8,731,767
Change in Fund Balance	\$ 1,224,902	\$ 1,538,706	\$ 79,532	\$ (6,732,175)	\$ 30,224	\$ (3,858,811)
Fund Balance – January 1	14,581,938	5,168,691	927,085	18,074,036	1,946,577	40,698,327
Increase (decrease) in inventories	-	11,485	-	-	-	11,485
Fund Balance – December 31	\$ 15,806,840	\$ 6,718,882	\$ 1,006,617	\$ 11,341,861	\$ 1,976,801	\$ 36,851,001

**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, 2022**

Net change in fund balance – total governmental funds (Exhibit 5)	\$	(3,858,811)
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Amounts reported for governmental activities in the statement of activities are different because:

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

Unavailable revenue – December 31	\$ 4,043,862	
Unavailable revenue – January 1, restated	<u>(6,398,659)</u>	(2,354,797)

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	\$ 19,674,380	
Net book value of assets disposed of	(36,044)	
Current depreciation and amortization	<u>(2,383,535)</u>	17,254,801

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

Proceeds of new debt		
General obligation bonds issued	(7,360,000)	
Bond premium	(408,978)	
Financed purchases issued	(550,000)	
Leases issued	(209,172)	
Loans payable issued	<u>(150,780)</u>	(8,678,930)

Principal repayments		
General obligation bonds	\$ 280,000	
Leases	199,529	
Amortization of premiums	<u>61,819</u>	541,348

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	\$ (90,430)	
Change in accrued interest payable	(34,211)	
Change in compensated absences	1,595	
Change in net pension asset	(121,042)	
Change in net pension liability	(14,593,422)	
Change in pension and other postemployment benefits deferred outflows of resources	1,165,018	
Change in pension and other postemployment benefits deferred inflows of resources	11,551,793	
Change in inventories	<u>11,485</u>	<u>(2,109,214)</u>

Change in Net Position of Governmental Activities (Exhibit 2)	\$	<u>794,397</u>
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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, 2022**

	HC Garvin Private-Purpose Trust	Custodial Funds
	<u> </u>	<u> </u>
<u>Assets</u>		
Cash and pooled investments	\$ -	\$ 732,935
Investments	47,715	-
Taxes receivable for other governments	20	562,718
Due from other funds	-	30,122
	<u> </u>	<u> </u>
Total Assets	<u>\$ 47,735</u>	<u>\$ 1,325,775</u>
<u>Liabilities</u>		
Accounts payable	\$ 20	\$ -
Due to other governments	-	503,518
	<u> </u>	<u> </u>
Total Liabilities	<u>\$ 20</u>	<u>\$ 503,518</u>
<u>Deferred Inflows of Resources</u>		
Prepaid taxes	\$ -	\$ 86,399
	<u> </u>	<u> </u>
<u>Net Position</u>		
Restricted for		
Individuals, organizations, and other governments	\$ -	\$ 735,858
Net position, held in trust	47,715	-
	<u> </u>	<u> </u>
Total Net Position	<u>\$ 47,715</u>	<u>\$ 735,858</u>

**Winona County
Winona, Minnesota**

Exhibit 8

**Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2022**

	HC Garvin Private-Purpose Trust	Custodial Funds
<u>Additions</u>		
Interest on investments	\$ 109	\$ -
Contributions from individuals	-	172,232
Property tax collections for other governments	-	62,722,435
Fees collected for the state	-	2,452,975
Payments from the state	-	118,034
Total Additions	\$ 109	\$ 65,465,676
<u>Deductions</u>		
Payments in accordance with trust agreements	\$ 109	\$ -
Payments of property taxes to other governments	-	62,586,854
Payments to the state	-	2,452,975
Payments to other entities	-	287,444
Total Deductions	\$ 109	\$ 65,327,273
Change in net position	\$ -	\$ 138,403
Net Position – January 1	47,715	597,455
Net Position – December 31	\$ 47,715	\$ 735,858

Winona County Winona, Minnesota

Notes to the Financial Statements As of and for the Year Ended December 31, 2022

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, 2022. 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 of the EDA is recorded in the General Fund of the County, except for the EDA's loan activity, which is recorded 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 custodial in nature and do not present results of operations or have a measurement focus. These funds account for assets that the County holds for others in an agent capacity.

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, 2022. A market approach is used to value all investments other than external investment pools, which are measured at the net asset value or fair value per share. Pursuant to Minn. Stat. § 385.07, investment earnings on cash and pooled investments are credited to the General Fund.

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

Other funds received investment earnings based on other state statutes, grant agreements, contracts, and bond

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covenants. Pooled investment earnings for 2022 were \$241,792.

Receivables and Payables

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

Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources. There were no advances in 2022.

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 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 lease term:

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

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 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.

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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 then. The County reports deferred outflows of resources only under the full accrual basis of accounting associated with pension plans and other postemployment benefits (OPEB) and, accordingly, are reported only in the statement of net position.

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 other postemployment benefits (OPEB). These inflows arise only under the full accrual basis of accounting and, accordingly, are reported only in the statement of net position.

Pension Plan

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA, except that PERA's fiscal year-end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates, and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Plan investments are reported at fair value. Pension liability is liquidated from member and employer contributions by each fund with personal services and income from the investment of fund assets as administered by PERA.

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.

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

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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.

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

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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, 2022, Winona County adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) No. 87, *Leases*, which establishes criteria for accounting and financial reporting for leases. The implementation of this statement resulted in changing the presentation of the government-wide financial statements by increasing the beginning balances of the right-to-use capital assets and the leases liability by \$537,776. The implementation also resulted in a prior period restatement of \$211,229, to remove capital leases payable, which are no longer considered under GASB No. 87.

Change in Accounting Guidance

During the year ended December 31, 2022, Winona County restated due from other governments and deferred inflow of resources by \$1,721,768 as a result of a change in GASB's opinion on the reporting of the National Opioid settlement. Funds received in connection with this settlement should not be considered funds of Winona County until each annual distribution is made.

Note 2 – Stewardship, Compliance, and Accountability

Excess of Expenditures Over Budget

The Debt Service Fund expenditures of \$914,882 exceeded the final budget of \$826,650 by \$88,232 due to timing of debt payments to debt schedules.

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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, 2022**

Government-wide statement of net position	
Governmental activities	
Cash and pooled investments	\$ 40,080,148
Petty cash and change funds	2,950
Statement of fiduciary net position	
Private-purpose trust	
Investments	47,715
Custodial	
Cash and pooled investments	732,935
Total Cash and Investments	<u>\$ 40,863,748</u>
Deposits	<u>\$ 24,278,355</u>
Petty cash and change funds	<u>\$ 2,950</u>
Investments	
Negotiable certificates of deposit	\$ 1,948,159
U.S. Treasury securities	7,168,508
U.S. Government bonds	1,872,400
Municipal bonds	1,300,358
Money markets	4,293,018
Total investments	<u>\$ 16,582,443</u>
Total Deposits, Petty Cash and Change Funds, and Investments	<u>\$ 40,863,748</u>

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

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institution furnishing the collateral.

[Custodial Credit Risk](#)

Custodial credit risk is the risk that in the event of a financial institution failure, the County's deposits may not be returned to it. The County's policy is to follow state law, which requires that all deposits be insured or collateralized. As of December 31, 2022, \$738,327 of the County's deposits were 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) 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, 2022, the County had the following investments:

Cash and Investments and Information Relating to Potential Investment Risk as of December 31, 2022

Investment Type	Fair Value	Less Than 1 Year	1 to 3 Years
Investments subject to interest rate risk			
Negotiable certificates of deposit	\$ 1,948,159	\$ 976,956	\$ 971,203
U.S. Treasury securities	7,168,508	7,168,508	-
U.S. Government bonds	1,872,400	1,872,400	-
Municipal bonds	1,300,358	1,300,358	-
Money market funds	4,161,674	4,161,674	-
Total debt securities	<u>\$ 16,451,099</u>	<u>\$ 15,479,896</u>	<u>\$ 971,203</u>
Investments not subject to interest rate risk			
MAGIC Portfolio	<u>\$ 131,344</u>		
Total Investments	<u>\$ 16,582,443</u>		

Credit Risk

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

The County's exposure to credit risk as of December 31, 2022, is as follows:

Credit Risk of Investments – Fair Value

	S&P/Moody's
AA+/Aaa	\$ 6,373,545
AAAm/Aaa	2,004,674
A-1+/Aaa	495,795
AA+/Aa1	246,268
AA-/NA	59,780
A-1+/P-1	1,921,796
NA/NA	994,310
Not rated	<u>\$ 4,486,275</u>
Total	<u>\$ 16,582,443</u>

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities in the possession of an outside party. The County's investment policy limits the dollar amount invested in securities that are uninsured, are not registered in the name of the government, and are held by either (a) the counterparty or (b) the counterparty's trust department or agent but not in the government's name, to no more than ten percent at any time during the year. As of December 31, 2022, the County's investments were not exposed to custodial credit risk.

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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
U.S. Treasury	\$ 5,428,908
Federal Home Loan Bank (FHLB)	1,534,829
Federal Home Loan Mortgage Corp.	2,077,172
Jersey City, NJ Redevelopment agency taxable project	
Hudson County Community College	994,310

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, 2022, the County had the following recurring fair value measurements.

Recurring Fair Value Measurements as of December 31, 2022

	December 31, 2022	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	\$ 1,948,159	\$ -	\$ 1,948,159	\$ -
U.S. Treasury securities	7,168,508	-	7,168,508	-
U.S. Government bonds	1,872,400	-	1,872,400	-
Municipal bonds	1,300,358	-	1,300,358	-
Money Market Funds	4,161,674	2,004,674	2,157,000	-
Total debt securities	<u>\$ 16,451,099</u>	<u>\$ 2,004,674</u>	<u>\$ 14,446,425</u>	<u>\$ -</u>
Investments measured at the net asset value (NAV)				
MAGIC Portfolio	<u>\$ 131,344</u>			
Total Investments	<u>\$ 16,582,443</u>			

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

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

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

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

Receivables

Receivables as of December 31, 2022, 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, 2022

	Receivable (Gross)	Less: Allowance for Uncollectibles	Total Receivables	Amounts Not Scheduled for Collection During the Subsequent Year
Governmental Activities				
Taxes	\$ 274,912	\$ -	\$ 274,912	\$ -
Special assessments	36,412	-	36,412	-
Accounts	8,270,680	(7,585,150)	685,530	-
Interest	47,548	-	47,548	-
Loans	334,096	-	334,096	308,765
Due from other governments	5,921,301	-	5,921,301	-
Total Governmental Activities	<u>\$ 14,884,949</u>	<u>\$ (7,585,150)</u>	<u>\$ 7,299,799</u>	<u>\$ 308,765</u>

The principal and interest payments received from the 2007 disaster loans must be used to establish and maintain a revolving loan fund to further economic development in the County. The County has loaned out \$110,455 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, \$72,861 is still outstanding.

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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 10 years at 3 percent interest. The collection will begin in 2023.

Capital Assets

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

Changes in Capital Assets for the Year Ended December 31, 2022

	Beginning Balance, Restated*	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 6,942,657	\$ 22,362	\$ -	\$ 6,965,019
Construction in progress	10,959,182	18,186,847	1,979,994	27,166,035
Total capital assets not depreciated	\$ 17,901,839	\$ 18,209,209	\$ 1,979,994	\$ 34,131,054
Capital assets depreciated				
Buildings	\$ 25,370,745	\$ -	\$ 49,500	\$ 25,321,245
Improvements other than buildings	485,641	-	-	485,641
Machinery, vehicles, furniture, and equipment	10,385,114	584,500	182,122	10,787,492
Infrastructure	76,836,807	2,651,084	-	79,487,891
Total capital assets depreciated	\$ 113,078,307	\$ 3,235,584	\$ 231,622	\$ 116,082,269
Less: accumulated depreciation for				
Buildings	\$ 5,680,686	\$ 269,603	\$ 18,310	\$ 5,931,979
Improvements other than buildings	312,142	8,495	-	320,637
Machinery, furniture, and equipment	7,977,463	431,518	177,268	8,231,713
Infrastructure	27,654,290	1,437,055	-	29,091,345
Total accumulated depreciation	\$ 41,624,581	\$ 2,146,671	\$ 195,578	\$ 43,575,674
Total capital assets depreciated, net	\$ 71,453,726	\$ 1,088,913	\$ 36,044	\$ 72,506,595
Capital assets amortized				
Leased buildings and building space	\$ 134,378	\$ -	\$ -	\$ 134,378
Leased machinery, vehicles, furniture, and equipment	403,398	209,581	10,541	602,438
Total capital assets amortized	\$ 537,776	\$ 209,581	\$ 10,541	\$ 736,816
Less: accumulated amortization				
Leased buildings and building space	\$ -	\$ 26,876	\$ -	\$ 26,876
Leased machinery, vehicles, furniture, and equipment	-	209,988	10,541	199,447
Total accumulated amortization	\$ -	\$ 236,864	\$ 10,541	\$ 226,323
Total lease assets amortized, net	\$ 537,776	\$ (27,283)	\$ -	\$ 510,493
Governmental Activities Capital Assets, Net	\$ 89,893,341	\$ 19,270,839	\$ 2,016,038	\$ 107,148,142

*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	\$ 36,158
Public safety	272,076
Highways and streets, including depreciation of infrastructure assets	2,071,554
Sanitation	3,747
Total Depreciation Expense and Amortization – Governmental Activities	<u>\$ 2,383,535</u>

Interfund Receivables, Payables, and Transfers

Due To/From Other Funds

The composition of interfund balances as of December 31, 2022, is as follows:

Due to/From Other Funds as of December 31, 2022

Receivable Fund	Payable Fund	Amount
General Fund	Health and Human Services Special Revenue Fund	\$ 21,375
State Revenue Custodial Fund	General Fund	75
Collaborative Custodial Fund	Health and Human Services Special Revenue Fund	30,047
Total Due To/From Other Funds		<u>\$ 51,497</u>

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, 2022, consisted of the following:

Interfund Transfers as of December 31, 2022

Fund From	Fund To	Amount	Purpose
Road and Bridge Special Revenue Fund	General Fund	\$ 10,059	Transfer retiree insurance
Recycling and Solid Waste Special Revenue Fund	General Fund	<u>108,375</u>	Transfer for rent
Total Interfund Transfers		<u>\$ 118,434</u>	

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Liabilities

Construction Commitments

The government has active construction projects as of December 31, 2022. The projects include the following:

	Spent-to-Date	Remaining Commitment
Governmental Activities		
Roads and bridges	\$ 13,162,616	\$ 262,786
Public Safety	16,586,359	10,298,576

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 2022 is \$709,131. 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, 2022

Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2022
General obligation bonds					
2020 G.O. Jail Bonds	2046	\$10,838- \$495,000- \$290,000-	2.00-3.00	\$ 9,610,000	\$ 9,330,000
2021 G.O. Jail Bonds	2046	\$530,000- \$210,000-	2.00-4.00	10,000,000	10,000,000
2022 G.O. Jail Bonds	2046	\$390,000	2.00-4.00	7,360,000	7,360,000
Subtotal				<u>\$ 26,970,000</u>	<u>\$ 26,690,000</u>
Plus: unamortized premiums					1,483,634
Total General Obligation Bonds					<u>\$ 28,173,634</u>

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

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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, 2022**

Year Ending December 31	Governmental Activities
2023	\$ 198,039
2024	132,616
2025	187,935
2026	39,253
Less: amount representing interest	(10,424)
Governmental Activities – Present Value of Minimum Lease Payments	<u>\$ 547,419</u>

[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. While the County is not liable for the repayment of the loans in any manner, it does have certain responsibilities under the agreement. During 2022, the County loaned out \$150,780 with semi-annual payments being made for 10 years starting in 2024 at 3 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.

[Finance Purchases Payable](#)

On June 1, 2022, Winona County entered into a five-year lease purchase with Motorola for dispatch equipment. Payments on the purchase will be made from the General Fund. The equipment was also added as a capital asset at a value of \$550,000.

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Debt Service Requirements

Debt service requirements at December 31, 2022, were as follows:

Debt Service Requirements as of December 31, 2022

Year Ending December 31	General Obligation Bonds	
	Principal	Interest
2023	\$ 785,000	\$ 657,983
2024	815,000	629,432
2025	845,000	599,782
2026	880,000	569,032
2027	910,000	536,983
2028-2032	5,045,000	2,180,063
2033-2037	5,670,000	1,550,613
2038-2042	6,260,000	960,190
2043-2046	5,480,000	294,980
Total	<u>\$ 26,690,000</u>	<u>\$ 7,979,058</u>

Debt Service Requirements as of December 31, 2022

Year Ending December 31	Loans Payable	
	Principal	Interest
2023	\$ -	\$ -
2024	6,520	-
2025	13,335	-
2026	13,738	-
2027	14,153	-
2028-2032	77,448	-
2033-2034	25,586	-
Total	<u>\$ 150,780</u>	<u>\$ -</u>

Debt Service Requirements as of December 31, 2022

Year Ending December 31	Finance Purchases	
	Principal	Interest
2023	\$ 101,521	\$ 22,065
2024	105,594	17,992
2025	109,830	13,756
2026	114,236	9,350
2027	118,819	4,767
Total	<u>\$ 550,000</u>	<u>\$ 67,930</u>

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Changes in Long-Term Liabilities

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

Changes in Long-Term Liabilities for the Year Ended December 31, 2022

	Beginning Balance, as restated*	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable					
General obligation bonds	\$ 19,610,000	\$ 7,360,000	\$ 280,000	\$ 26,690,000	\$ 785,000
Plus: deferred amounts for premiums	1,136,475	408,978	61,819	1,483,634	-
Total bonds payable	\$ 20,746,475	\$ 7,768,978	\$ 341,819	\$ 28,173,634	\$ 785,000
Leases payable	537,776	209,172	199,529	547,419	192,705
Loans payable	-	150,780	-	150,780	-
Finance purchases payable	-	550,000	-	550,000	101,521
Compensated absences	2,349,249	2,357,775	2,359,370	2,347,654	346,673
Governmental Activities Long-Term Liabilities	\$ 23,633,500	\$ 11,036,075	\$ 2,900,718	\$ 31,769,487	\$ 1,425,899

*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, 2022.

Deferred Inflows of Resources – Unavailable Revenue

As of December 31, 2022, there were various components of unavailable revenue as follows:

Governmental Funds Deferred Inflows of Resources as of December 31, 2022	
Taxes	\$ 216,034
Special assessments	33,460
Intergovernmental	3,210,819
Loans receivable	261,235
Miscellaneous	322,314
Total Unavailable Revenue	<u>\$ 4,043,862</u>

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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, and the Basic Plan and Minneapolis Employees Retirement Fund members are not. The Basic Plan was closed to new members in 1967. The Minneapolis Employees Retirement Fund was closed to new members during 1978 and merged into the General Employees Plan in 2015. All new members must participate in the Coordinated Plan, for which benefits vest after five years of credited service. No Winona County employees belong to either the Basic Plan or the Minneapolis Employees Retirement Fund.

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

Local government employees of a county-administered facility who are responsible for the direct security, custody, and control of the 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 maximum of 1.50 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024,

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or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under the Rule of 90 are exempt from the delay to normal retirement.

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

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

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 2021.

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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, 2022

General Employees Plan	\$ 1,191,758
Police and Fire Plan	313,889
Correctional Plan	91,773

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

[Pension Costs](#)

[General Employees Plan](#)

At December 31, 2022, the County reported a liability of \$16,711,270 for its proportionate share of the General Employees Plan's net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The 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, 2021, through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2022, the County's proportion was 0.2110 percent. It was 0.2117 percent measured as of June 30, 2021. The County recognized pension expense of \$2,403,269 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 \$73,211 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, 2022

The County's proportionate share of the net pension liability	\$ 16,711,270
State of Minnesota's proportionate share of the net pension liability associated with the County	<u>489,956</u>
Total	<u>\$ 17,201,226</u>

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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, 2022

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 139,585	\$ 178,752
Changes in actuarial assumptions	3,794,230	66,680
Difference between projected and actual investment earnings	256,220	-
Changes in proportion	221,061	22,420
Contributions paid to PERA subsequent to the measurement date	637,383	-
Total	<u>\$ 5,048,479</u>	<u>\$ 267,852</u>

The \$637,383 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, 2023. 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, 2022

Year Ended December 31	Pension Expense Amount
2023	\$ 1,597,402
2024	1,581,643
2025	(547,086)
2026	1,511,285

Police and Fire Plan

At December 31, 2022, the County reported a liability of \$6,209,740 for its proportionate share of the Police and Fire Plan's net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The 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, 2021, through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2022, the County's proportion was 0.1427 percent. It was 0.1422 percent measured as of June 30, 2021. The County recognized pension expense of \$622,511 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, 2022. 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.

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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 \$52,608 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, 2022

The County's proportionate share of the net pension liability	\$ 6,209,740
State of Minnesota's proportionate share of the net pension liability associated with the County	<u>271,214</u>
Total	<u>\$ 6,480,954</u>

Legislation also requires the State of Minnesota to contribute \$9 million to the Police and Fire Plan each year, starting in fiscal year 2014, until the plan is 90 percent funded, or until the State Patrol Plan is 90 percent funded, whichever occurs later. The County also recognized \$12,843 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, 2022

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 377,987	\$ -
Changes in actuarial assumptions	3,650,852	36,104
Difference between projected and actual investment earnings	86,266	-
Changes in proportion	67,892	10,125
Contributions paid to PERA subsequent to the measurement date	<u>174,883</u>	<u>-</u>
Total	<u>\$ 4,357,880</u>	<u>\$ 46,229</u>

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The \$174,883 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, 2023. 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, 2022

Year Ended December 31	Pension Expense Amount
2023	\$ 815,731
2024	809,261
2025	710,499
2026	1,283,970
2027	517,307

Correctional Plan

At December 31, 2022, the County reported a liability of \$1,810,583 for its proportionate share of the Correctional Plan's net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The 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, 2021, through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2022, the County's proportion was 0.5447 percent. It was 0.7368 percent measured as of June 30, 2021. The County recognized pension expense of \$620,927 for its proportionate share of the Correctional Plan's pension expense.

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

Correctional Plan Deferred Outflows of Resources and Deferred Inflows of Resources As of December 31, 2022

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 71,272
Changes in actuarial assumptions	1,304,283	3,986
Difference between projected and actual investment earnings	-	130,629
Changes in proportion	22,005	9,442
Contributions paid to PERA subsequent to the measurement date	53,031	-
Total	<u>\$ 1,379,319</u>	<u>\$ 215,329</u>

The \$53,031 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, 2023. Other amounts reported as deferred outflows and inflows of resources related to

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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, 2022

Year Ended December 31	Pension Expense Amount
2023	\$ 528,931
2024	555,265
2025	(118,692)
2026	145,455

Total Pension Expense

The total pension expense for all plans recognized by the County for the year ended December 31, 2022, was \$3,646,707.

Actuarial Assumptions

The total pension liability in the June 30, 2022, 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, 2022

	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	6.50%	6.50%	6.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants were based on the Pub-2010 General Employee Mortality table for the General Employees Plan and the 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 per year through December 31, 2054, and 1.50 percent per year thereafter. 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, 2022, 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 July 12, 2022, was utilized.

The long-term expected rate of return on pension plan investments is 6.50 percent. The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce

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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 6.50 percent for the General Employees Plan in 2022, which remained consistent with 2021. 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 was 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.

In the Police and Fire Plan and Correctional Plan, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through June 30, 2060, and June 30, 2061, respectively. Beginning in fiscal year ended June 30, 2061, for the Police and Fire Plan and June 30, 2062, for the Correctional Plan, projected benefit payments exceed the funds' projected fiduciary net position. Benefit payments projected after were discounted at the municipal bond rate of 3.69 percent, based on the weekly rate closest to but not later than the measurement date of the Fidelity 20-Year Municipal GO AA Index. An equivalent single discount rate of 5.40 percent for the Police and Fire Plan and 5.42 percent for the Correctional Plan was determined that produced approximately the same present value of projected benefits when applied to all years of projected benefits as the present value of projected benefits using 6.50 percent applied to all years of projected benefits to the point of asset depletion and 3.69 percent thereafter.

Changes in Actuarial Assumptions and Plan Provisions

The following changes in actuarial assumptions occurred in 2022:

General Employees Plan

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

Police and Fire Plan

- 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.

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Correctional Plan

- 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.

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, 2022

	Proportionate Share of the					
	General Employees Plan		Police and Fire Plan		Correctional Plan	
	Discount Rate	Net Pension Liability	Discount Rate	Net Pension Liability	Discount Rate	Net Pension Liability
1% Decrease	5.50%	\$ 26,396,326	4.40%	\$ 9,397,645	4.42%	\$ 3,189,251
Current	6.50%	16,711,270	5.40%	6,209,740	5.42%	1,810,583
1% Increase	7.50%	8,768,029	6.40%	3,632,510	6.42%	726,641

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 percent of the assets in each member account annually.

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Total Contributions by Dollar Amount and Percentage of Covered Payroll Made by the Employer For the Year Ended December 31, 2022

	Employee	Employer
Contribution amount	\$ 12,525	\$ 12,525
Percentage of covered payroll	5.00%	5.00%

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, 2022, nine retirees were receiving health benefits from the County's health plan. As of year-end, the County has nine participants. Some employees who leave in good standing with more than ten years of service and who have a minimum accumulation of 100 days of unused sick leave may convert it to paid-up health insurance for the employee only, according to the following schedule:

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

No assets have been accumulated in a trust that meets the criteria in paragraph 4 of GASB 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 2022.

As of the January 1, 2021, actuarial valuation, the following employees were covered by the benefit terms:

Employees Covered by the OPEB Benefit Terms As of the January 1, 2021, Actuarial Valuation

Inactive employees or beneficiaries currently receiving benefit payments	123
Active plan participants	286
Total	<u>409</u>

Total OPEB Liability

The County's total OPEB liability of \$3,516,835 was measured as of January 1, 2022, and was determined by an actuarial valuation as of January 1, 2021.

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The total OPEB liability in the fiscal year-end December 31, 2022, 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	2.00 percent
Salary increases	Service graded table; varies by service and contract group
Health care cost trend	6.25 percent, decreasing to 5.00 percent over five years and then to 4.00 percent over the next 48 years.

The current year discount rate is 2.00 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-2020 Generational Improvement Scale.

Changes in the Total OPEB Liability

Changes in the Total OPEB Liability For the Year Ended December 31, 2022

	Total OPEB Liability
Balance at December 31, 2021	\$ 3,426,405
Changes for the year	
Service cost	\$ 210,463
Interest	70,838
Benefit payments	(190,871)
Net change	\$ 90,430
Balance at December 31, 2022	\$ 3,516,835

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, 2022

	Discount Rate	Total OPEB Liability
1% Decrease	1.90%	\$ 3,969,799
Current	2.90%	3,516,835
1% Increase	3.90%	3,141,363

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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, 2022

	Health Care Trend Rate	Total OPEB Liability
1% Decrease	5.25% Decreasing to 4.00%	\$ 3,267,045
Current	6.25% Decreasing to 5.00%	3,516,835
1% Increase	7.25% Decreasing to 6.00%	3,815,226

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

For the year ended December 31, 2022, the County recognized OPEB expense of \$177,458. 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, 2022

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 74,451	\$ 53,541
Changes in actuarial assumptions	297,434	50,421
Contributions made subsequent to the measurement date	150,954	-
Total	<u>\$ 522,839</u>	<u>\$ 103,962</u>

The \$150,954 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, 2023. Amounts reported as deferred outflows of resources and deferred inflows of resources 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, 2022

Year Ended December 31	OPEB Expense Amount
2023	\$ 47,111
2024	47,111
2025	47,120
2026	81,769
2027	44,812

Changes in Actuarial Assumptions

No changes in actuarial assumptions occurred in 2022.

Winona County

Winona, Minnesota

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 2022 and 2023. 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.

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.

Winona County Winona, Minnesota

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 \$163,606 in contributions to the operations of the HRA in 2022 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 \$129,649 of expenditures in 2022.

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

Southeast Minnesota Regional Emergency Communications Board

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

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

The financial activities of the Board are accounted for by Olmsted County as fiscal agent. During the year, Winona County paid \$19,500 to the Board.

Southeast Minnesota Violent Crime Enforcement Team

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

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

Winona County

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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 2022.

Southeastern Libraries Cooperative

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

Southeastern Minnesota Community Action Council

The Southeastern Minnesota Community Action Council (SEMCAC) provides various services on behalf of member counties to assist people to achieve or maintain independence and self-reliance through their own and community resources. SEMCAC provides services in Dodge, Fillmore, Freeborn, Houston, Mower, Steele, and Winona Counties. During the year, Winona County made payments of \$19,719 to SEMCAC.

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 \$284,505 to the MCCC.

Whitewater Joint Powers Board

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

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

Winona County

Winona, Minnesota

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 \$115,165.

Region One – Southeast Minnesota Homeland Security Emergency Management Organization

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

Minnesota Criminal Justice Data Communications Network

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

Southeast Minnesota Immunization Connection

The Southeast Minnesota Immunization Connection (SEMIC) Joint Powers Board promotes an implementation and maintenance of a regional immunization information system to ensure age-appropriate immunizations through complete and accurate records. Winona County did not contribute to the SEMIC during 2022.

Related Organization

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

National Opioid Settlement

Winona County is a participating government in the opioid settlement with pharmaceutical manufacturers, distributors, and pharmacy chains. The County is expected to receive up to \$2,904,581 over the next 18 years. The majority of the funds are intended for opioid abatement. The *Minnesota Opioids State-Subdivision Memorandum of Agreement (MOA)* identifies the requirements for Minnesota governments participating in the settlement. Pursuant to the terms of MOA the county created a special revenue fund. Funds are restricted until expended. The MOA requires that the county recognize the settlement revenues when the annual distribution is made to the participating governments. Therefore, the County does not record a receivable for the settlement. See change in accounting guidance note above for prior period restatement. For the year ended December 31, 2022, the County received \$348,289 as part of the settlement.

The County has combined the Opioid Settlement Fund with the General Fund for financial reporting.

Required Supplementary Information

**Winona County
Winona, Minnesota**

Exhibit A-1

**Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2022**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 12,492,579	\$ 12,492,579	\$ 12,337,835	\$ (154,744)
Licenses and permits	179,905	179,905	139,354	(40,551)
Intergovernmental	4,766,460	4,766,460	11,457,459	6,690,999
Charges for services	3,061,320	3,061,320	1,664,714	(1,396,606)
Fines and forfeits	16,675	16,675	18,139	1,464
Gifts and contributions	9,500	9,500	20,176	10,676
Investment earnings	180,150	180,150	241,792	61,642
Miscellaneous	428,980	428,980	658,143	229,163
Total Revenues	\$ 21,135,569	\$ 21,135,569	\$ 26,537,612	\$ 5,402,043
Expenditures				
Current				
General government				
Commissioners	\$ 173,422	\$ 173,422	\$ 167,309	\$ 6,113
Courts	297,244	297,244	211,656	85,588
Law library	45,000	45,000	27,964	17,036
Drug court	99,838	99,838	110,512	(10,674)
County administration	468,292	468,292	302,670	165,622
County auditor/treasurer	328,805	328,805	331,328	(2,523)
Non-department	380,173	380,173	441,875	(61,702)
License bureau	406,476	406,476	405,633	843
Assessor	688,742	688,742	667,368	21,374
Land survey	50,100	50,100	50,493	(393)
Insurances	405,938	405,938	365,178	40,760
Elections	96,195	96,195	137,292	(41,097)
Accounting and auditing	816,268	816,268	773,096	43,172
Data processing	1,773,528	1,773,528	2,074,177	(300,649)
Personnel	721,514	721,514	728,767	(7,253)
Attorney	2,149,603	2,149,603	1,789,682	359,921
Recorder	580,288	580,288	562,403	17,885
Vital statistics	81,726	81,726	72,034	9,692
Planning and zoning	407,780	407,780	404,025	3,755
Maintenance	1,121,695	1,121,695	792,126	329,569
Veterans service officer	218,169	218,169	223,358	(5,189)
Total general government	\$ 11,310,796	\$ 11,310,796	\$ 10,638,946	\$ 671,850

**Winona County
Winona, Minnesota**

Exhibit A-1
(Continued)

**Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2022**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Expenditures				
Current (Continued)				
Public safety				
Sheriff	\$ 3,370,493	\$ 3,370,493	\$ 3,607,698	\$ (237,205)
Boat and water safety	43,579	43,579	21,794	21,785
Emergency services	164,663	164,663	182,266	(17,603)
E-911 system	113,103	113,103	769,223	(656,120)
County jail	2,480,832	2,480,832	2,457,732	23,100
Law enforcement center	1,389,719	1,389,719	1,248,389	141,330
Probation and parole	891,231	891,231	594,414	296,817
Total public safety	\$ 8,453,620	\$ 8,453,620	\$ 8,881,516	\$ (427,896)
Human services				
Social services	\$ -	\$ -	\$ 400,884	\$ (400,884)
Health				
Nurse services	\$ -	\$ -	\$ 20,000	\$ (20,000)
Culture and recreation				
Historical society	\$ 57,250	\$ 57,250	\$ 57,250	\$ -
Parks	118,628	118,628	97,044	21,584
Total culture and recreation	\$ 175,878	\$ 175,878	\$ 154,294	\$ 21,584
Conservation of natural resources				
County extension	\$ 173,283	\$ 173,283	\$ 182,630	\$ (9,347)
Soil and water conservation	140,000	140,000	140,000	-
Feedlot	110,741	110,741	103,748	6,993
Agricultural inspection	9,878	9,878	8,801	1,077
Wetland challenge	24,564	24,564	21,153	3,411
Other	284,061	284,061	564,815	(280,754)
Agricultural society/County fair	26,550	26,550	176,836	(150,286)
Total conservation of natural resources	\$ 769,077	\$ 769,077	\$ 1,197,983	\$ (428,906)
Economic development				
Other	\$ 263,562	\$ 263,562	\$ 4,714,786	\$ (4,451,224)
Intergovernmental				
Culture and recreation				
Regional library	\$ 258,884	\$ 258,884	\$ 258,884	\$ -

**Winona County
Winona, Minnesota**

Exhibit A-1
(Continued)

**Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
Debt service				
Principal	\$ 98,225	\$ 98,225	\$ 126,640	\$ (28,415)
Total Expenditures	<u>\$ 21,330,042</u>	<u>\$ 21,330,042</u>	<u>\$ 26,393,933</u>	<u>\$ (5,063,891)</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (194,473)</u>	<u>\$ (194,473)</u>	<u>\$ 143,679</u>	<u>\$ 338,152</u>
Other Financing Sources (Uses)				
Transfers in	\$ 189,473	\$ 189,473	\$ 118,434	\$ (71,039)
Proceeds from leases	-	-	209,172	209,172
Proceeds from financed purchases	-	-	550,000	550,000
Proceeds from loans issued	-	-	150,780	150,780
Proceeds from sale of capital assets	5,000	5,000	52,837	47,837
Total Other Financing Sources (Uses)	<u>\$ 194,473</u>	<u>\$ 194,473</u>	<u>\$ 1,081,223</u>	<u>\$ 886,750</u>
Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,224,902</u>	<u>\$ 1,224,902</u>
Fund Balance – January 1	<u>14,581,938</u>	<u>14,581,938</u>	<u>14,581,938</u>	<u>-</u>
Fund Balance – December 31	<u><u>\$ 14,581,938</u></u>	<u><u>\$ 14,581,938</u></u>	<u><u>\$ 15,806,840</u></u>	<u><u>\$ 1,224,902</u></u>

**Winona County
Winona, Minnesota**

Exhibit A-2

**Budgetary Comparison Schedule
Road and Bridge Special Revenue Fund
For the Year Ended December 31, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 4,517,858	\$ 4,517,858	\$ 5,269,755	\$ 751,897
Intergovernmental	9,395,854	9,395,854	11,276,724	1,880,870
Charges for services	100	100	-	(100)
Miscellaneous	127,300	127,300	134,263	6,963
Total Revenues	\$ 14,041,112	\$ 14,041,112	\$ 16,680,742	\$ 2,639,630
Expenditures				
Current				
Highways and streets				
Administration	\$ 408,812	\$ 408,812	\$ 402,880	\$ 5,932
Maintenance	2,101,537	2,101,537	2,076,363	25,174
Construction	11,669,884	11,669,884	11,105,396	564,488
Equipment maintenance and shop	738,618	738,618	699,216	39,402
Materials and services for resale	298,450	298,450	357,257	(58,807)
Total highways and streets	\$ 15,217,301	\$ 15,217,301	\$ 14,641,112	\$ 576,189
Intergovernmental	\$ 280,000	\$ 280,000	\$ 416,698	\$ (136,698)
Debt service				
Principal	\$ 12,077	\$ 12,077	\$ 72,889	\$ (60,812)
Interest	1,285	1,285	1,278	7
Total debt service	\$ 13,362	\$ 13,362	\$ 74,167	\$ (60,805)
Total Expenditures	\$ 15,510,663	\$ 15,510,663	\$ 15,131,977	\$ 378,686
Excess of Revenues Over (Under) Expenditures	\$ (1,469,551)	\$ (1,469,551)	\$ 1,548,765	\$ 3,018,316
Other Financing Sources (Uses)				
Transfers in	\$ 930,000	\$ 930,000	\$ -	\$ (930,000)
Transfers out	-	-	(10,059)	(10,059)
Total Other Financing Sources (Uses)	\$ 930,000	\$ 930,000	\$ (10,059)	\$ (940,059)

**Winona County
Winona, Minnesota**

Exhibit A-2
(Continued)

**Budgetary Comparison Schedule
Road and Bridge Special Revenue Fund
For the Year Ended December 31, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Change in Fund Balance	\$ (539,551)	\$ (539,551)	\$ 1,538,706	\$ 2,078,257
Fund Balance – January 1	5,168,691	5,168,691	5,168,691	-
Increase (decrease) in inventories	-	-	11,485	11,485
Fund Balance – December 31	<u>\$ 4,629,140</u>	<u>\$ 4,629,140</u>	<u>\$ 6,718,882</u>	<u>\$ 2,089,742</u>

**Winona County
Winona, Minnesota**

Exhibit A-3

**Budgetary Comparison Schedule
Health and Human Services Special Revenue Fund
For the Year Ended December 31, 2022**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 5,931,995	\$ 5,931,995	\$ 5,856,994	\$ (75,001)
Licenses and permits	31,800	31,800	24,948	(6,852)
Intergovernmental	10,377,812	10,377,812	10,275,712	(102,100)
Charges for services	1,183,227	1,183,227	1,263,221	79,994
Gifts and contributions	-	-	1,050	1,050
Miscellaneous	339,076	339,076	318,943	(20,133)
Total Revenues	\$ 17,863,910	\$ 17,863,910	\$ 17,740,868	\$ (123,042)
Expenditures				
Current				
Human services				
Income maintenance	\$ 4,837,166	\$ 4,837,166	\$ 5,042,182	\$ (205,016)
Social services	11,700,145	11,700,145	11,261,502	438,643
Total human services	\$ 16,537,311	\$ 16,537,311	\$ 16,303,684	\$ 233,627
Health				
Nurse services	\$ 378,522	\$ 378,522	\$ 477,289	\$ (98,767)
Maternal and child health	488,434	488,434	429,930	58,504
County health officer	459,643	459,643	450,433	9,210
Total health	\$ 1,326,599	\$ 1,326,599	\$ 1,357,652	\$ (31,053)
Total Expenditures	\$ 17,863,910	\$ 17,863,910	\$ 17,661,336	\$ 202,574
Change in Fund Balance	\$ -	\$ -	\$ 79,532	\$ 79,532
Fund Balance – January 1	927,085	927,085	927,085	-
Fund Balance – December 31	\$ 927,085	\$ 927,085	\$ 1,006,617	\$ 79,532

**Winona County
Winona, Minnesota**

Exhibit A-4

**Schedule of Changes in Total OPEB Liability and Related Ratios
Other Postemployment Benefits
December 31, 2022**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability					
Service cost	\$ 210,463	\$ 204,333	\$ 158,227	\$ 129,683	\$ 139,791
Interest	70,838	89,667	101,013	91,767	89,239
Changes of benefit terms	-	104,233	-	(124,937)	-
Differences between expected and actual experience	-	209,454	258,692	(117,653)	-
Changes of assumption or other inputs	-	-	-	-	-
Benefit payments	(190,871)	(136,862)	(123,584)	(136,416)	(148,106)
Other changes	-	-	-	-	-
Net change in total OPEB liability	\$ 90,430	\$ 470,825	\$ 394,348	\$ (157,556)	\$ 80,924
Total OPEB Liability – Beginning	<u>3,426,405</u>	<u>2,955,580</u>	<u>2,561,232</u>	<u>2,718,791</u>	<u>2,637,867</u>
Total OPEB Liability – Ending	<u>\$ 3,516,835</u>	<u>\$ 3,426,405</u>	<u>\$ 2,955,580</u>	<u>\$ 2,561,235</u>	<u>\$ 2,718,791</u>
 Covered-employee payroll	 \$ 19,143,868	 \$ 18,586,280	 \$ 18,025,084	 \$ 17,500,082	 \$ 15,411,720
 Total OPEB liability (asset) as a percentage of covered-employee payroll	 18.37%	 18.44%	 16.40%	 14.64%	 17.64%

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

**Winona County
Winona, Minnesota**

Exhibit A-5

**Schedule of Proportionate Share of Net Pension Liability
PERA General Employees Retirement Plan
December 31, 2022**

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
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, 2022**

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)
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.

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Exhibit A-7

**Schedule of Proportionate Share of Net Pension Liability
PERA Public Employees Police and Fire Plan
December 31, 2022**

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
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.

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Exhibit A-8

**Schedule of Contributions
PERA Public Employees Police and Fire Plan
December 31, 2022**

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)
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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Winona, Minnesota**

Exhibit A-9

**Schedule of Proportionate Share of Net Pension Liability
PERA Public Employees Local Government Correctional Service Retirement Plan
December 31, 2022**

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
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, 2022**

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)
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, 2022

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 individual major funds had expenditures in excess of final budgets for the year ended December 31, 2022:

	Expenditures	Budget	Excess
General Fund	\$ 26,393,933	\$ 21,330,042	\$ 5,063,891

The excess expenditures over budget is due to not budgeting for spending of COVID-19 State and Local Fiscal Recovery Funds.

Note 3 – Other Postemployment Benefits

In 2018, Winona County implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

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 – Employer Contributions to Other Postemployment Benefits

The following changes in actuarial assumptions occurred:

2022

- No changes

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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 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:

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General Employees Retirement Plan

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.
- 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.

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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.
- 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.

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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

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.

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- Assumed percent married for active female members was changed from 60 percent to 70 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 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

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beyond the select period of three years were adjusted, resulting in more expected terminations overall.

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

2016

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

Public Employees Local Government Correctional Service Retirement Plan

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.

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.

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- 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.
- 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

Winona County Winona, Minnesota

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, 2022**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 513,579	\$ 513,579	\$ 505,454	\$ (8,125)
Intergovernmental	1,360	1,360	9,620	8,260
Investment earnings	-	-	132,110	132,110
Miscellaneous	-	-	2,492	2,492
Total Revenues	\$ 514,939	\$ 514,939	\$ 649,676	\$ 134,737
Expenditures				
Current				
General government	\$ -	\$ 140,000	\$ 156,436	\$ (16,436)
Public safety	22,000,000	22,000,000	14,773,826	7,226,174
Highways and streets	265,000	345,000	36,789	308,211
Debt service				
Principal	249,939	249,939	-	249,939
Interest	-	-	6,495	(6,495)
Bond issuance costs	-	-	177,283	(177,283)
Total Expenditures	\$ 22,514,939	\$ 22,734,939	\$ 15,150,829	\$ 7,584,110
Excess of Revenues Over (Under) Expenditures	\$ (22,000,000)	\$ (22,220,000)	\$ (14,501,153)	\$ 7,718,847
Other Financing Sources (Uses)				
Transfers in	\$ 14,000,000	\$ 14,220,000	\$ -	\$ (14,220,000)
Bonds issued	8,000,000	8,000,000	7,360,000	(640,000)
Premium on bonds issued	-	-	408,978	408,978
Total Other Financing Sources (Uses)	\$ 22,000,000	\$ 22,220,000	\$ 7,768,978	\$ (14,451,022)
Change in Fund Balance	\$ -	\$ -	\$ (6,732,175)	\$ (6,732,175)
Fund Balance – January 1	18,074,036	18,074,036	18,074,036	-
Fund Balance – December 31	\$ 18,074,036	\$ 18,074,036	\$ 11,341,861	\$ (6,732,175)

**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.

**Winona County
Winona, Minnesota**

Exhibit B-2

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2022**

	EDA Loan Special Revenue	Recycling and Solid Waste Special Revenue	Debt Service	Total Nonmajor Governmental Funds (Exhibit 3)
<u>Assets</u>				
Cash and pooled investments	\$ 1,318,848	\$ 670,725	\$ 24,803	\$ 2,014,376
Taxes receivable – delinquent	-	-	9,705	9,705
Special assessments – delinquent	-	36,412	-	36,412
Accounts receivable – net	-	65,206	-	65,206
Due from other governments	-	3,191	-	3,191
Loans receivable	110,455	-	-	110,455
Total Assets	\$ 1,429,303	\$ 775,534	\$ 34,508	\$ 2,239,345
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>				
Liabilities				
Accounts payable	\$ -	\$ 100,447	\$ 2,500	\$ 102,947
Salaries payable	-	6,707	-	6,707
Due to other governments	-	1,608	-	1,608
Total Liabilities	\$ -	\$ 108,762	\$ 2,500	\$ 111,262
Deferred Inflows of Resources				
Unavailable revenue	\$ 110,455	\$ 33,460	\$ 7,367	\$ 151,282
Fund Balances				
Restricted for				
Debt service	\$ -	\$ -	\$ 24,641	\$ 24,641
Economic development	1,318,848	-	-	1,318,848
Assigned				
Recycling and solid waste	-	633,312	-	633,312
Total Fund Balances	\$ 1,318,848	\$ 633,312	\$ 24,641	\$ 1,976,801
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,429,303	\$ 775,534	\$ 34,508	\$ 2,239,345

**Winona County
Winona, Minnesota**

Exhibit B-3

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2022**

	EDA Loan Special Revenue	Recycling and Solid Waste Special Revenue	Debt Service	Total Nonmajor Governmental Funds (Exhibit 5)
Revenues				
Taxes	\$ -	\$ -	\$ 852,165	\$ 852,165
Special assessments	-	520,282	-	520,282
Licenses and permits	-	2,300	-	2,300
Intergovernmental	-	198,655	16,250	214,905
Charges for services	-	819,679	-	819,679
Investment earnings	4,213	-	-	4,213
Miscellaneous	36,229	79	-	36,308
Total Revenues	\$ 40,442	\$ 1,540,995	\$ 868,415	\$ 2,449,852
Expenditures				
Current				
Sanitation	\$ -	\$ 1,396,371	\$ -	\$ 1,396,371
Debt service				
Principal	-	-	280,000	280,000
Interest	-	-	627,657	627,657
Administrative (fiscal) charges	-	-	7,225	7,225
Total Expenditures	\$ -	\$ 1,396,371	\$ 914,882	\$ 2,311,253
Excess of Revenues Over (Under) Expenditures	\$ 40,442	\$ 144,624	\$ (46,467)	\$ 138,599
Other Financing Sources (Uses)				
Transfers out	-	(108,375)	-	(108,375)
Change in Fund Balance	\$ 40,442	\$ 36,249	\$ (46,467)	\$ 30,224
Fund Balance – January 1	1,278,406	597,063	71,108	1,946,577
Fund Balance – December 31	\$ 1,318,848	\$ 633,312	\$ 24,641	\$ 1,976,801

**Winona County
Winona, Minnesota**

Exhibit B-4

**Budgetary Comparison Schedule
EDA Loan Special Revenue Fund
For the Year Ended December 31, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
Revenues				
Investment earnings	\$ 4,527	\$ 4,527	\$ 4,213	\$ (314)
Miscellaneous	19,344	19,344	36,229	16,885
Total Revenues	\$ 23,871	\$ 23,871	\$ 40,442	\$ 16,571
Expenditures				
Current				
Economic development				
Other economic development	23,871	23,871	-	23,871
Change in Fund Balance	\$ -	\$ -	\$ 40,442	\$ 40,442
Fund Balance – January 1	1,278,406	1,278,406	1,278,406	-
Fund Balance – December 31	\$ 1,278,406	\$ 1,278,406	\$ 1,318,848	\$ 40,442

**Winona County
Winona, Minnesota**

Exhibit B-5

**Budgetary Comparison Schedule
Recycling and Solid Waste Special Revenue Fund
For the Year Ended December 31, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
Revenues				
Special assessments	\$ 519,000	\$ 519,000	\$ 520,282	\$ 1,282
Licenses and permits	1,650	1,650	2,300	650
Intergovernmental	202,500	202,500	198,655	(3,845)
Charges for services	739,500	739,500	819,679	80,179
Miscellaneous	-	-	79	79
Total Revenues	\$ 1,462,650	\$ 1,462,650	\$ 1,540,995	\$ 78,345
Expenditures				
Current				
Sanitation				
Sustainability	\$ 4,333	\$ 4,333	\$ -	\$ 4,333
Recycling	1,463,687	1,463,687	1,396,371	67,316
Total Expenditures	\$ 1,468,020	\$ 1,468,020	\$ 1,396,371	\$ 71,649
Excess of Revenues Over (Under)				
Expenditures	\$ (5,370)	\$ (5,370)	\$ 144,624	\$ 149,994
Other Financing Sources (Uses)				
Transfers in	\$ 91,457	\$ 91,457	\$ -	\$ (91,457)
Transfers out	(86,087)	(86,087)	(108,375)	(22,288)
Total Other Financing Sources (Uses)	\$ 5,370	\$ 5,370	\$ (108,375)	\$ (113,745)
Change in Fund Balance	\$ -	\$ -	\$ 36,249	\$ 36,249
Fund Balance – January 1	597,063	597,063	597,063	-
Fund Balance – December 31	\$ 597,063	\$ 597,063	\$ 633,312	\$ 36,249

**Winona County
Winona, Minnesota**

Exhibit B-6

**Budgetary Comparison Schedule
Debt Service Fund
For the Year Ended December 31, 2022**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 864,184	\$ 864,184	\$ 852,165	\$ (12,019)
Intergovernmental	6,800	6,800	16,250	9,450
Total Revenues	\$ 870,984	\$ 870,984	\$ 868,415	\$ (2,569)
Expenditures				
Debt service				
Principal	\$ 280,000	\$ 280,000	\$ 280,000	\$ -
Interest	540,650	540,650	627,657	(87,007)
Administrative (fiscal) charges	6,000	6,000	7,225	(1,225)
Total Expenditures	\$ 826,650	\$ 826,650	\$ 914,882	\$ (88,232)
Change in Fund Balance	\$ 44,334	\$ 44,334	\$ (46,467)	\$ (90,801)
Fund Balance – January 1	71,108	71,108	71,108	-
Fund Balance – December 31	\$ 115,442	\$ 115,442	\$ 24,641	\$ (90,801)

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, 2022**

	<u>Collaborative</u>	<u>Settlement</u>
<u>Assets</u>		
Cash and pooled investments	\$ 108,987	\$ 377,567
Taxes receivable for other governments	-	562,718
Due from other funds	<u>30,047</u>	<u>-</u>
Total Assets	<u>\$ 139,034</u>	<u>\$ 940,285</u>
<u>Liabilities</u>		
Due to other governments	<u>\$ 4,288</u>	<u>\$ 377,567</u>
<u>Deferred Inflows of Resources</u>		
Prepaid taxes	<u>\$ -</u>	<u>\$ -</u>
<u>Net Position</u>		
Restricted for individuals, organizations, and other governments	<u>\$ 134,746</u>	<u>\$ 562,718</u>

Exhibit C-1

State Revenue	Sheriff Prisoner	Taxes and Penalties	Total Custodial Funds
\$ 121,588	\$ 30,401	\$ 94,392	\$ 732,935
-	-	-	562,718
75	-	-	30,122
\$ 121,663	\$ 30,401	\$ 94,392	\$ 1,325,775
\$ 121,663	\$ -	\$ -	\$ 503,518
\$ -	\$ -	\$ 86,399	\$ 86,399
\$ -	\$ 30,401	\$ 7,993	\$ 735,858

**Winona County
Winona, Minnesota**

**Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds – Custodial Funds
For the Year Ended December 31, 2022**

	<u>Collaborative</u>	<u>Settlement</u>
<u>Additions</u>		
Contributions from individuals	\$ -	\$ -
Property tax collections for other governments	-	62,418,324
Fees collected for the state	-	-
Payments from the state	118,034	-
	<u>118,034</u>	<u>-</u>
Total Additions	\$ 118,034	\$ 62,418,324
<u>Deductions</u>		
Payments of property taxes to other governments	\$ -	\$ 62,282,456
Payments to the state	-	-
Payments to other entities	122,757	-
	<u>122,757</u>	<u>-</u>
Total Deductions	\$ 122,757	\$ 62,282,456
Change in Net Position	\$ (4,723)	\$ 135,868
Net Position – January 1	<u>139,469</u>	<u>426,850</u>
Net Position – December 31	<u>\$ 134,746</u>	<u>\$ 562,718</u>

Exhibit C-2

State Revenue	Sheriff Prisoner	Taxes and Penalties	Total Custodial Funds
\$ -	\$ 172,232	\$ -	\$ 172,232
-	-	304,111	62,722,435
2,452,975	-	-	2,452,975
-	-	-	118,034
\$ 2,452,975	\$ 172,232	\$ 304,111	\$ 65,465,676
\$ -	\$ -	\$ 304,398	\$ 62,586,854
2,452,975	-	-	2,452,975
-	164,687	-	287,444
\$ 2,452,975	\$ 164,687	\$ 304,398	\$ 65,327,273
\$ -	\$ 7,545	\$ (287)	\$ 138,403
-	22,856	8,280	597,455
\$ -	\$ 30,401	\$ 7,993	\$ 735,858

Other Schedules

**Winona County
Winona, Minnesota**

Exhibit D-1

**Schedule of Intergovernmental Revenue
For the Year Ended December 31, 2022**

Appropriations and Shared Revenue

State

Highway users tax	\$ 9,915,766
PERA contribution	59,446
Disparity reduction aid	40,729
Police aid	191,982
County program aid	3,184,749
County program aid – aquatic	89,607
Riparian protection aid	71,959
Agricultural conservation credit	35,593
Market value credit	294,184
Enhanced 911	258,769
SCORE grant	144,554
Performance aid credit	6,862

Total appropriations and shared revenue	\$ 14,294,200
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Reimbursement for Services

State

Minnesota Department of Health	\$ 62,958
Minnesota Department of Human Services	2,892,149

Total reimbursement for services	\$ 2,955,107
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Payments

Local

Local contributions	\$ 3,000
Payments in lieu of taxes	377,686

Total payments	\$ 380,686
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Grants

State

Minnesota Department/Board of	
Public Safety	\$ 19,716
Health	453,479
Employment and Economic Development	206,075
Natural Resources	74,706
Trial Courts	93,646
Human Services	1,707,148
Corrections	113,941
Transportation	546,986
Water and Soil Resources	38,027
Veterans Affairs	10,000
Agriculture	184,691
Peace Officer Standards and Training Board	43,637
Secretary of State	2,870
Pollution Control Agency	184,463

Total state	\$ 3,679,385
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**Winona County
Winona, Minnesota**

Exhibit D-1
(Continued)

**Schedule of Intergovernmental Revenue
For the Year Ended December 31, 2022**

Grants (Continued)

Federal

Department of	
Agriculture	\$ 631,283
Justice	323,385
Labor	268,962
Transportation	621,712
Treasury	5,846,100
Education	2,999
Health and Human Services	4,105,057
Homeland Security	89,667
Election Assistance Commission	35,877
Total federal	\$ 11,925,042
Total state and federal grants	\$ 15,604,427
Total Intergovernmental Revenue	\$ 33,234,420

**Winona County
Winona, Minnesota**

Exhibit D-2

**Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022**

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 Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	202792	\$ 102,542	\$ -
Passed Through Minnesota Department of Human Services SNAP Cluster State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	222MN101S2514	535,490	-
Total U.S. Department of Agriculture			\$ 638,032	\$ -
U.S. Department of Justice				
Direct				
Bulletproof Vest Partnership Program	16.607		\$ 4,118	\$ -
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745		226,613	-
Passed Through Minnesota Department of Public Safety Missing Children's Assistance	16.543	153345	2,150	-
Crime Victim Assistance	16.575	F-CVS-2022- WINONAAO	75,697	-
Violence Against Women Formula Grants	16.588	F-SMART-2021 WINONAAO	14,807	-
Total U.S. Department of Justice			\$ 323,385	\$ -
U.S. Department of Labor				
Passed Through Minnesota Department of Employment and Economic Development WIOA Cluster				
WIA Adult Program	17.258	DEED-PY21 & 22	\$ 58,637	\$ 28,583
WIA Youth Activities	17.259	DEED-PY20 & 21	154,189	65,231
WIA Dislocated Worker Formula Grants	17.278	DEED-PY21, 22, & 23	56,203	34,968
Total U.S. Department of Labor			\$ 269,029	\$ 128,782
U.S. Department of Transportation				
Passed Through Minnesota Department of Transportation Highway Planning and Construction Cluster Highway Planning and Construction	20.205	1044162	\$ 5,412	\$ -

**Winona County
Winona, Minnesota**

Exhibit D-2
(Continued)

**Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022**

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 Transportation (Continued)				
Passed Through Minnesota Department of Public Safety Highway Safety Cluster				
State and Community Highway Safety	20.600	F-SAFE22-2022- WINONACH	19,798	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	F-OFFICR22-2022- WINONASO	53,957	-
Highway Safety Cluster				
National Priority Safety Programs	20.616	F-OFFICR22-2022- WINONASO	33,715	-
Passed Through Southeast Minnesota Emergency Communications Board				
E-911 Grant Program	20.615	A-DECN-CPE-2019- SEECB-3	29,720	-
Total U.S. Department of Transportation			\$ 142,602	\$ -
U.S. Department of the Treasury				
Direct				
COVID-19 – Coronavirus State and Local Fiscal Recovery Funds	21.027		\$ 5,779,988	\$ -
COVID-19 – Local Assistance and Tribal Consistency Fund	21.032		50,000	-
Passed Through Minnesota Department of Health				
COVID-19 – Coronavirus State and Local Fiscal Recovery Funds	21.027	Not provided	16,112	-
Total U.S. Department of the Treasury			\$ 5,846,100	\$ -
U.S. Department of Education				
Passed Through Minnesota Department of Health				
Special Education – Grants for Infants and Families	84.181	12-700-00102	\$ 2,999	\$ -
U.S. Election Assistance Commission				
Passed Through Office of the Minnesota Secretary of State				
2018 HAVA Election Security Grants	90.404	Not provided	\$ 7,290	\$ -
U.S. Department of Health and Human Services				
Passed Through Minnesota Department of Health				
Public Health Emergency Preparedness	93.069	162133	\$ 29,372	\$ -
COVID-19 – Immunization Cooperation Agreements	93.268	191934	168,470	17,761
Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program	93.314	12-700-00102	3,477	-
COVID-19 – Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	191934	20,501	-
COVID-19 – Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	204351	27,449	-

**Winona County
Winona, Minnesota**

Exhibit D-2
(Continued)

**Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022**

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 Health and Human Services				
Passed Through Minnesota Department of Health (Continued)				
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families 93.558 \$501,423)	93.558	2201MNTANF	16,234	-
Maternal and Child Health Services Block Grant to the States	93.994	12-700-00102	41,507	-
Passed Through Minnesota Department of Human Services				
Promoting Safe and Stable Families	93.556	2101MNFPS	5,064	-
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families 93.558 \$501,423)	93.558	2201MNTANF	485,189	-
Child Support Enforcement	93.563	2201MNCEST	495,278	-
Child Support Enforcement (Total Child Support Enforcement 93.563 \$698,892)	93.563	2201MNCSES	203,614	-
Refugee and Entrant Assistance – State Administered Programs	93.566	2201MNRMA	903	-
CCDF Cluster				
Child Care and Development Block Grant	93.575	2201MNCDF	18,169	-
Community-Based Child Abuse Prevention Grants	93.590	2102MNBCAP	23,547	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	2101MNCWSS	5,815	-
Foster Care – Title IV-E	93.658	2201MNFOS	441,045	-
Social Services Block Grant	93.667	2201MNSOSR	256,385	-
Child Abuse and Neglect State Grants	93.669	2101MNNCAN	7,383	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	2201MNCILP	13,896	-
Children's Health Insurance Program	93.767	2205MN5021	2,910	-
Medicaid Cluster				
Medical Assistance Program	93.778	2205MN5ADM	1,492,759	-
Medical Assistance Program (Total Medical Assistance Program 93.778 \$1,510,020)	93.778	2205MN5MAP	17,261	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959	Not provided	1,600	-
Passed Through Rice County, Minnesota				
Maternal, Infant and Early Childhood Home Visiting Grant	93.870	Not provided	129,354	-
Total U.S. Department of Health and Human Services			\$ 3,907,182	\$ 17,761
U.S. Department of Homeland Security				
Passed Through Minnesota Department of Natural Resources				
Boating Safety Financial Assistance	97.012	209250	\$ 4,840	\$ -
Passed Through Minnesota Department of Public Safety				
COVID-19 – Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	DR4531/663416 F-EMPG-2020-	27,982	-
Emergency Management Performance Grants	97.042	WINONACO	56,845	-
Total U.S. Department of Homeland Security			\$ 89,667	\$ -
Total Federal Awards			\$ 11,226,286	\$ 146,543

**Winona County
Winona, Minnesota**

Exhibit D-2
(Continued)

**Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022**

Federal Grantor Pass-Through Agency Program or Cluster Title	Assistance Listing Number	Pass-Through Grant Number	Expenditures	Passed Through to Subrecipients
Totals by Cluster				
Total expenditures for SNAP Cluster			\$ 535,490	
Total expenditures for WIOA Cluster			269,029	
Total expenditures for Highway Planning and Construction Cluster			5,412	
Total expenditures for Highway Safety Cluster			53,513	
Total expenditures for CCDF Cluster			18,169	
Total expenditures for Medicaid Cluster			1,510,020	

Winona County Winona, Minnesota

Notes to the Schedule of Expenditure of Federal Awards As of and for the Year Ended December 31, 2022

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, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Winona County, it is not intended to and does not present the financial position or changes in net position 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.

Winona County
Winona, Minnesota

Note 3 – Reconciliation to Schedule of Intergovernmental Revenue

Reconciliation to Schedule of Intergovernmental Revenue	
Federal grant revenue per Schedule of Intergovernmental Revenue	\$ 11,925,042
Grants deferred in 2021, recognized as revenue in 2022	
Promoting Safe and Stable Families (AL No. 93.556)	(419)
Highway Planning and Construction (AL No. 20.205)	(532,204)
Temporary Assistance for Needy Families (AL No. 93.558)	(162,136)
Stephanie Tubbs Jones Child Welfare Services Program (AL No. 93.645)	(381)
Community-Based Child Abuse Prevention Grants (AL No. 93.590)	(6,130)
Maternal, Infant and Early Childhood Home Visiting Grant (AL No. 93.870)	(33,665)
Children's Health Insurance Program (AL No. 93.767)	(1,747)
Child Abuse and Neglect State Grants (AL No. 93.669)	(1,684)
Revenue received in 2022, not spent	
2018 HAVA Election Security Grants (AL No. 90.404)	(28,587)
Grants received more than 60 days after year-end, unavailable in 2022	
Special Supplemental Nutrition Program for Women, Infants, and Children (AL No. 10.557)	6,749
WIA Youth Activities (AL No. 17.259)	67
Highway Planning and Construction (AL No. 20.205)	53,094
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>\$ 11,226,286</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, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated September 11, 2023.

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 an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, 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 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, 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

September 11, 2023

/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

County Board of 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, 2022. 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, 2022.

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 2022-001. Our opinion on the major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Winona County's response to the noncompliance findings 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 2022-001, 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

/s/Chad Struss

Julie Blaha
State Auditor

Chad Struss, CPA
Deputy State Auditor

September 11, 2023

Winona County Winona, Minnesota

Schedule of Findings and Questioned Costs For the Year Ended December 31, 2022

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s 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 programs: **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 – Coronavirus State and Local Fiscal Recovery Funds

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

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

Section II – Financial Statement Findings

None.

Section III – Federal Award Findings and Questioned Costs

2022-001 Suspension and Debarment

Prior Year Finding Number: N/A

Repeat Finding Since: N/A

Type of Finding: Internal Control Over Compliance and Compliance

Severity of Deficiency: Significant Deficiency and Other Matter

Federal Agency: U.S. Department of the Treasury

Winona County

Winona, Minnesota

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

Criteria: 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 suspension and debarment requirements apply to covered transaction amounts over \$25,000.

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

Questioned Costs: None.

Context: The County entered into a total of nine covered transactions over the \$25,000 threshold for this grant. For the two vendors that were not verified, total expenditures with them for this grant during 2022 were \$2,092,821 and \$828,461. In addition, after this was brought to the County's attention, the County verified that these vendors were not suspended or debarred.

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 or debarred may result in the County entering into a transaction with a vendor that is not authorized to provide goods and services to the grant.

Cause: The County has procedures in place to perform verification and retain documentation, but not all department heads 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; this documentation should be completed prior to entering into a covered transaction. In addition, consideration should be given to providing additional training to department heads 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

202 W. 3rd Street

Winona, Minnesota 55987

Phone (507) 457-6353

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**Representation of Winona County
Winona, Minnesota**

Corrective Action Plan
For the Year Ended December 31, 2022

Finding Number: 2022-001

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:

Patrick Moga, Finance Director

Corrective Action Planned:

Winona County will be reviewing 2023 payments to ensure that Suspension and Debarment is attached to the appropriate payments.

Anticipated Completion Date:

12/31/2023

County Board of Commissioners

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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

Providing Effective Efficient Government

202 West Third Street

Winona, Minnesota 55987

Phone (507) 457-6350

Representation of Winona County

Winona, Minnesota

Summary Schedule of Prior Audit Findings

For the Year Ended December 31, 2022

Finding Number: 2021-001

Year of Finding Origination: 2013

Finding Title: Eligibility Intake Function

Program: Medicaid Cluster (Assistance Listing #93.778)

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

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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 2022 including a supervisor leaving the department. With the shortage in staff some of the preventive work was not able to be completed.

Corrective action taken was not significantly different than the action previously reported.