

STATE OF MINNESOTA

Office of the State Auditor



Rebecca Otto
State Auditor

WINONA COUNTY
WINONA, MINNESOTA

YEAR ENDED DECEMBER 31, 2006

Description of the Office of the State Auditor

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

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

The State Auditor performs approximately 160 financial and compliance audits per year and has oversight responsibilities for over 3,300 local units of government throughout the state. The office currently maintains five divisions:

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

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

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

Pension - monitors investment, financial, and actuarial reporting for approximately 730 public pension funds; and

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

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

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**WINONA COUNTY
WINONA, MINNESOTA**

Year Ended December 31, 2006



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

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**WINONA COUNTY
WINONA, MINNESOTA**

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WINONA, MINNESOTA**

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**WINONA COUNTY
WINONA, MINNESOTA**

**ORGANIZATION
DECEMBER 31, 2006**

<u>Office</u>	<u>Name</u>	<u>Term Expires</u>
Commissioners		
First District	Duane M. Bell	January 2007
Second District	Dwayne Voegeli	January 2007
Third District	Jerry Heim	January 2009
Fourth District	David J. Stoltman	January 2009
Fifth District	Marcia Ward	January 2007
Officers		
Elected		
Attorney	Charles E. MacLean	January 2007
Auditor	Cherie MacLennan	January 2007
Recorder	Robert Bambenek	January 2007
Sheriff	Dave Brand	January 2007
Treasurer	Suzanne Rivers	January 2007
Appointed		
Administrator	Robert Reinert	Indefinite
Community Health Director	Lynn Theurer	Indefinite
County Assessor	Steven Hacken	December 2008
Environmental Services Director	Jill Johnson	Indefinite
Facility Manager	Michael Krage	Indefinite
Finance Director	Blake Pickart	Indefinite
Highway Engineer	David Kramer	May 2007
Human Services Director	W. Craig Brooks	Indefinite
Information Technology Director	Mark Anderson	Indefinite
Personnel Director	Maureen Holte	Indefinite
Planning Director	Brian Bender	Indefinite
Veterans Service Officer	Steven Johnson	June 2007

**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.

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REBECCA OTTO
STATE AUDITOR

STATE OF MINNESOTA

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INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Winona County

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Winona County, Minnesota, as of and for the year ended December 31, 2006, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Winona County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Winona County as of December 31, 2006, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and budgetary comparison information in Schedules 1 through 3 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise Winona County's basic financial statements. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Winona County. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 28, 2007, on our consideration of Winona County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

/s/Rebecca Otto

REBECCA OTTO
STATE AUDITOR

September 28, 2007

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

MANAGEMENT'S DISCUSSION AND ANALYSIS

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**WINONA COUNTY
WINONA, MINNESOTA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2006
(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, 2006. 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 2006, Winona County's assets exceeded liabilities by \$78.5 million (net assets). Of that amount, \$27.7 million is unrestricted net assets and may be used to meet the government's ongoing obligations to citizens and creditors. The remaining \$50.8 million is invested in capital assets or restricted by law.
- At the close of the current year, the ending fund balances for all governmental funds were \$29.4 million. This is an increase of \$1.4 million from the previous year. Of the combined ending fund balances, \$6.3 million is unreserved, undesignated fund balance available for spending by the County.
- At the end of the year, the General Fund's unreserved, undesignated fund balance was \$2.6 million. That amount represents 19.2 percent of the expenditures for the year.
- Total bonded debt decreased by \$730,000, or 8.0 percent, during the year. Debt was decreased by payments of principal.

OVERVIEW OF THE FINANCIAL STATEMENTS

The three main sections of this report are: introduction, financial, and supplementary. The introduction 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 presentation for the County's major funds. Other supplementary information is included to enhance reader understanding of County financial activity. An example is information about federal grant programs.

Government-Wide Financial Statements

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

The Statement of Activities presents information on the change in net assets 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. Governmental activities include:

- General Government
- Public Safety
- Roads and Bridges
- Human Services
- Health Services

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 the General Fund and all special revenue funds. A budgetary comparison statement has been provided for the General Fund and special revenue funds.

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 assets may be a useful indicator of a government's financial position over time. As of December 31, 2006, assets exceeded liabilities by \$78.5 million. The following table provides a summary of Winona County's governmental net assets.

	Governmental Activities		
	2006	2005	Percent Change (%)
Assets			
Current and other assets	\$ 32,207,719	\$ 31,330,597	3
Capital assets	57,906,650	56,178,083	3
Total Assets	\$ 90,114,369	\$ 87,508,680	3
Liabilities			
Current and other liabilities	\$ 2,195,574	\$ 2,138,988	3
Long-term liabilities	9,471,078	10,237,679	(7)
Total Liabilities	\$ 11,666,652	\$ 12,376,667	(6)
Net Assets			
Invested in capital assets, net of related debt	\$ 49,374,790	\$ 46,845,960	5
Restricted	1,346,074	1,522,203	(11)
Unrestricted	27,726,853	26,763,850	4
Total Net Assets	\$ 78,447,717	\$ 75,132,013	4

The largest portion of Winona County's net assets, 63 percent, or \$49.4 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 \$1.3 million of the County's net assets, or two percent, represents resources that are subject to external restrictions on how they may be used. Included in this category are items such as land acquisition and public safety projects.

The remaining \$27.7 million of net assets, or 35 percent, represents unrestricted net assets that may be used to meet ongoing obligations to citizens and creditors.

At the end of 2006, Winona County had positive balances in all categories of net assets, both for the government as a whole, as well as for its separate governmental activities.

Change in net assets--In 2006, government-wide revenue exceeded expenses by \$3.3 million, thereby increasing net assets. Net assets changed as follows:

	Changes in Net Assets		Percent Change (%)
	2006	2005	
Revenues			
Program revenues			
Charges for services	\$ 4,434,790	\$ 4,593,614	(3)
Operating grants and contributions	10,952,803	11,408,994	(4)
Capital grants and contributions	2,589,028	2,241,421	16
General revenues			
Property taxes	13,733,368	13,071,822	5
Unrestricted grants	4,306,402	4,321,960	(1)
Investment income	1,347,004	796,273	69
Other	644,067	1,031,026	(38)
Total Revenues	\$ 38,007,462	\$ 37,465,110	1
Expenses			
General government	\$ 6,905,846	\$ 5,462,193	26
Public safety	5,440,363	5,210,329	4
Highways and streets	8,287,346	6,826,732	22
Sanitation	900,035	776,952	16
Human services	9,050,078	9,498,541	(5)
Health	2,542,267	2,542,306	(1)
Interest on long-term debt	385,752	410,123	(6)
Other	1,180,071	861,353	37
Total Expenses	\$ 34,691,758	\$ 31,588,529	10
Increase in Net Assets	\$ 3,315,704	\$ 5,876,581	(43)
Net Assets – January 1	75,132,013	69,255,432	8
Net Assets – December 31	\$ 78,447,717	\$ 75,132,013	4

The following three statements depict relationships:

- Program revenues indicate the proportion of program revenue available to fund expenses. Program revenues derive from the program itself or outside the government's taxpayers or citizenry and help reduce the cost of the program.

- General revenue by source indicates the proportion of revenue obtained from various unrestricted sources. Most notable is the fact that property taxes supply only 36 percent of the total revenue for the County.
- Expense by function depicts the relationship between governmental activities functions. Property taxes of \$13.7 million are leveraged to provide \$34.7 million in services.

Governmental activities increased Winona County's net assets by \$3.0 million, which is 8.7 percent of current year revenues, 9.6 percent of current expenses, or 4.4 percent of beginning net assets. Following are the major components of this portion of the growth:

- Capital grants increased by 16 percent due to federal grants for voting equipment and funding.
- Property taxes increased 5 percent.
- Investment income nearly doubled due to higher interest rates for investments.

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, 2006, the combined ending fund balances of governmental funds were \$29.4 million. Approximately 89 percent, or \$26.3 million, of the combined ending fund balances consists of unreserved fund balances. Unreserved 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 reserved to indicate that it is not available for new spending because it is committed for the following purposes:

- inventories,
- acquisition of assets,
- debt service,
- forfeited property,
- donations,
- loans receivable, and
- restricted for specific purposes.

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

The General Fund is the primary operating fund of the Winona County government. The General Fund balance was \$12.7 million at the end of 2006. Of that amount, \$1.0 million is reserved for acquisition of assets, forfeited property, donations, and loans receivable. In addition, the Board of Commissioners has designated \$9.1 million for cash flow, compensated absences, recycling, and future expenditures. The remaining \$2.6 million is unreserved, undesignated, and available for spending on current and future needs. The comparison of fund balance to expenditures is useful for two purposes. The first purpose is to measure liquidity. Unreserved, undesignated fund balance is 19 percent of 2006 expenditures, while total fund balance is 92 percent of the same amount. The second purpose is to compare the unreserved 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 unreserved fund balance is sufficient to cover ten months of expenditures.

In 2006, the General Fund transferred out \$40,000 to the Capital Projects Fund for remodeling on the gun range.

When compared to 2005, ending General Fund balance increased by \$2.0 million. The change is due to several factors of more revenue received in 2006 than 2005. The following revenue categories increased significantly over 2005: property taxes, intergovernmental, charges for services, and interest on investments.

The Road and Bridge Special Revenue Fund accounts for maintenance and improvements to the infrastructure of the County. The fund had a \$5.4 million fund balance at the end of 2006 that represented a \$795,032, or 12.8 percent, decrease from 2005. The decrease in fund balance was mainly due to increased construction costs from higher fuel prices. Higher fuel costs increase cost for materials that are petroleum based and transportation costs to deliver materials.

The Social Services Special Revenue Fund exists to account for resources expended to operate income maintenance and social services programs supported by federal, state, and local taxpayer dollars. The fund had a \$5.5 million fund balance at the end of 2006 that represented a \$260,000 increase from 2005. The increase in fund balance was due to good management of receivables, identifying opportunities for revenue enhancement, and good management of costs.

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

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

General Fund Budgetary Highlights

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

For 2006, the Board of Commissioners adopted the following budget:

<u>General Fund</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Sources</u>
Board adopted	\$ 14,468,333	\$ 14,525,094	\$ 56,761
Interdepartmental revenue	(501,005)	(501,005)	-
Original Budget per Schedule 1	<u>\$ 13,967,328</u>	<u>\$ 14,024,089</u>	<u>\$ 56,761</u>

The adopted General Fund budget anticipated using \$56,761 of fund balance. There was \$24,853 in budget adjustments for the General Fund approved during the year. General Fund actual expenditures were \$251,807 below budget, and actual revenues were \$2,286,311 above budget. These positive variances combined for a budget to actual variance with an excess of revenues over expenditures of \$2.1 million.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Winona County's investment in capital assets for its governmental activities as of December 31, 2006, was \$57.9 million (net of accumulated depreciation). The investment in capital assets includes land, buildings, furniture and equipment, infrastructure, and construction in progress.

Additional information about capital assets can be found in Note 2.

	Changes in Capital Assets		Percent Change (%)
	2006	2005	
Capital assets not depreciated			
Land			
General	\$ 1,476,635	\$ 1,476,635	-
Highway	50,085	50,085	-
Highway right-of-way	3,029,581	2,937,089	3
Construction in progress	1,767,543	1,509,334	17
Total capital assets not depreciated	\$ 6,323,844	\$ 5,973,143	6
Capital assets depreciated			
Buildings	\$ 18,744,433	\$ 17,937,191	5
Improvements other than buildings	448,368	429,989	4
Machinery, furniture, and equipment	7,228,027	6,599,987	10
Infrastructure	41,462,963	40,100,081	3
Total capital assets depreciated	\$ 67,883,791	\$ 65,067,248	4
Less: accumulated depreciation for			
Buildings	\$ 2,144,182	\$ 1,955,903	10
Improvements other than buildings	128,154	116,376	10
Machinery, furniture, and equipment	3,670,666	3,193,588	15
Infrastructure	10,357,983	9,596,441	8
Total accumulated depreciation	\$ 16,300,985	\$ 14,862,308	10
Total capital assets depreciated, net	\$ 51,582,806	\$ 50,204,940	3
Governmental Activities Capital Assets, Net	\$ 57,906,650	\$ 56,178,083	3

Capital Lease Agreement and Outstanding Bonds

At the end of the current year, Winona County had two general obligation bond issues and seven capital purchase lease agreements outstanding.

Outstanding Long-Term Debt

	Governmental Activities	
	2006	2005
Capital leases/installment purchases	\$ 181,861	\$ 251,986
General obligation notes	-	175,000
General obligation bonds	8,350,000	8,905,000
Total	<u>\$ 8,531,861</u>	<u>\$ 9,331,986</u>

The outstanding debt, listed above, of Winona County decreased by \$800,125 during 2006. The decrease was due to principal payments made during the year.

The most recent bond rating the County has received is Aa3.

Additional information about Winona County's long-term debt can be found in Note 2 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Unemployment

The 12-month average for unemployment in 2006 for the U.S., Minnesota, and Winona County was 4.6 percent, 4.0 percent, and 3.6 percent, respectively. This compared to 2005 of 5.1 percent, 4.0 percent, and 3.5 percent.

New Construction

New construction was valued at \$56.2 million in 2006. A decrease of 20.8 percent was experienced from the previous year.

State Financial Position

The Governor vetoed the Omnibus Tax Bill presented by the Legislature based in part on a provision to reinstate an inflation estimate to expenditures. Current thought is that the 2008 Legislature will pass the bill early in the 2008 session without the inflation provision in anticipation of the Governor signing the bill.

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 2008.

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 for additional financial information, should be addressed to Blake Pickart, Finance Director, 177 Main Street, Winona, Minnesota 55987, 507-457-6459.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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**WINONA COUNTY
WINONA, MINNESOTA**

EXHIBIT 1

**STATEMENT OF NET ASSETS
DECEMBER 31, 2006**

	Governmental Activities
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<u>Assets</u>	
Cash and pooled investments	\$ 15,924,380
Petty cash and change funds	3,195
Investments	10,727,687
Taxes receivable	
Current	185,755
Prior	102,533
Special assessments receivable	
Current	5,631
Prior	4,065
Accounts receivable - net	1,305,157
Accrued interest receivable	310,794
Loans receivable	239,693
Due from other governments	2,777,668
Inventories	621,161
Capital assets	
Non-depreciable	6,323,844
Depreciable - net of accumulated depreciation	51,582,806
	<hr/>
Total Assets	\$ 90,114,369
<hr/>	
<u>Liabilities</u>	
Accounts payable	\$ 837,784
Salaries payable	492,110
Accrued payroll taxes	68,292
Contracts payable	173,485
Due to other governments	460,545
Accrued interest payable	153,909
Unearned revenue	9,449
Long-term liabilities	
Due within one year	726,606
Due in more than one year	8,744,472
	<hr/>
Total Liabilities	\$ 11,666,652
<hr/>	
<u>Net Assets</u>	
Invested in capital assets - net of related debt	\$ 49,374,790
Restricted for	
Highways and streets	568,249
General government	400,915
Public safety	356,910
Conservation of natural resources	20,000
Unrestricted	27,726,853
	<hr/>
Total Net Assets	\$ 78,447,717
<hr/>	

**WINONA COUNTY
WINONA, MINNESOTA**

EXHIBIT 2

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2006**

			Program Revenues		Net (Expense)
		Fees, Charges, Fines, and Other	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
	Expenses				
<u>Functions/Programs</u>					
Governmental activities					
General government	\$ 6,905,846	\$ 1,404,329	\$ 282,167	\$ 458,551	\$ (4,760,799)
Public safety	5,440,363	415,877	656,291	-	(4,368,195)
Highways and streets	8,287,346	16,579	4,229,509	2,130,477	(1,910,781)
Sanitation	900,035	670,875	-	-	(229,160)
Human services	9,050,078	517,854	5,035,806	-	(3,496,418)
Health	2,542,267	1,394,823	604,793	-	(542,651)
Culture and recreation	389,693	-	-	-	(389,693)
Conservation of natural resources	450,107	14,453	144,237	-	(291,417)
Economic development	340,271	-	-	-	(340,271)
Interest	385,752	-	-	-	(385,752)
Total governmental activities	\$ 34,691,758	\$ 4,434,790	\$ 10,952,803	\$ 2,589,028	\$ (16,715,137)
General Revenues					
Property taxes					\$ 13,733,368
Mortgage registry and deed tax					38,176
Payments in lieu of tax					332,616
Grants and contributions not restricted to specific programs					4,306,402
Unrestricted investment earnings					1,347,004
Miscellaneous					273,275
Total general revenues					\$ 20,030,841
Change in Net Assets					\$ 3,315,704
Net Assets - Beginning					75,132,013
Net Assets - Ending					\$ 78,447,717

FUND FINANCIAL STATEMENTS

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GOVERNMENTAL FUNDS

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**WINONA COUNTY
WINONA, MINNESOTA**

EXHIBIT 3

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2006**

	<u>General</u>	<u>Road and Bridge</u>	<u>Social Services</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets</u>					
Cash and pooled investments	\$ 12,654,611	\$ 187,822	\$ 162,890	\$ 2,919,057	\$ 15,924,380
Petty cash and change funds	3,020	75	-	100	3,195
Investments	-	3,799,714	4,636,030	2,291,943	10,727,687
Taxes receivable					
Current	106,486	24,246	34,127	20,896	185,755
Prior	55,685	15,025	21,774	10,049	102,533
Special assessments receivable					
Current	5,631	-	-	-	5,631
Prior	4,065	-	-	-	4,065
Accounts receivable	12,476	1,855	802,915	487,911	1,305,157
Accrued interest receivable	234,028	17,989	26,581	32,196	310,794
Loans receivable	239,693	-	-	-	239,693
Due from other funds	8,405	6,445	-	30,255	45,105
Due from other governments	292,000	1,784,880	642,196	58,592	2,777,668
Inventories	-	621,161	-	-	621,161
Total Assets	<u>\$ 13,616,100</u>	<u>\$ 6,459,212</u>	<u>\$ 6,326,513</u>	<u>\$ 5,850,999</u>	<u>\$ 32,252,824</u>
<u>Liabilities and Fund Balances</u>					
Liabilities					
Accounts payable	\$ 290,162	\$ 188,866	\$ 337,956	\$ 20,800	\$ 837,784
Salaries payable	263,866	56,140	103,758	68,346	492,110
Accrued payroll taxes	34,596	6,772	13,510	13,414	68,292
Contracts payable	-	173,485	-	-	173,485
Due to other funds	6,798	36	38,271	-	45,105
Due to other governments	167,677	5,694	283,717	3,457	460,545
Deferred revenue - unavailable	113,257	594,158	44,141	27,924	779,480
Deferred revenue - unearned	-	-	-	9,449	9,449
Total Liabilities	<u>\$ 876,356</u>	<u>\$ 1,025,151</u>	<u>\$ 821,353</u>	<u>\$ 143,390</u>	<u>\$ 2,866,250</u>

**WINONA COUNTY
WINONA, MINNESOTA**

**EXHIBIT 3
(Continued)**

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2006**

	General	Road and Bridge	Social Services	Other Governmental Funds	Total Governmental Funds
<u>Liabilities and Fund Balances</u>					
(Continued)					
Fund Balances					
Inventories	\$ -	\$ 621,161	\$ -	\$ -	\$ 621,161
Apple Blossom Drive	20,000	-	-	-	20,000
Loans receivable	239,693	-	-	-	239,693
Recorder's equipment	177,364	-	-	-	177,364
Recorder's unallocated equipment	158,112	-	-	-	158,112
E-911	269,306	-	-	-	269,306
Sheriff's contingent advance	2,161	-	-	-	2,161
Sheriff's contingency	5,000	-	-	-	5,000
DARE	13,855	-	-	-	13,855
Sheriff's forfeited property	13,989	-	-	-	13,989
Attorney's forfeited property	63,707	-	-	-	63,707
Sheriff's posse operations	6,191	-	-	-	6,191
Gun permit	30,571	-	-	-	30,571
Police dog donations	15,837	-	-	-	15,837
Veterans' van donations	1,400	-	-	-	1,400
Debt service	-	-	-	1,452,913	1,452,913
Investments unrealized gains	332	-	-	-	332
Unreserved					
Designated for future expenditures	2,143,963	-	2,323,465	-	4,467,428
Designated for cash flows	5,599,000	1,195,000	1,840,000	-	8,634,000
Designated for capital improvements	-	2,000,000	-	-	2,000,000
Designated for compensated absences	487,833	106,532	142,569	-	736,934
Designated for retired employees' insurance	57,905	-	-	-	57,905
Designated for recycling	697,991	-	-	-	697,991
Designated for capital equipment	-	412,700	-	-	412,700
Designated for retiree insurance	18,296	-	-	-	18,296
Designated for wellness	71,499	-	-	-	71,499
Undesignated	2,645,739	1,098,668	1,199,126	-	4,943,533
Unreserved, reported in nonmajor					
Special revenue funds	-	-	-	1,870,106	1,870,106
Capital projects funds	-	-	-	2,384,590	2,384,590
Total Fund Balances	\$ 12,739,744	\$ 5,434,061	\$ 5,505,160	\$ 5,707,609	\$ 29,386,574
Total Liabilities and Fund Balances	\$ 13,616,100	\$ 6,459,212	\$ 6,326,513	\$ 5,850,999	\$ 32,252,824

**WINONA COUNTY
WINONA, MINNESOTA**

EXHIBIT 4

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO
THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS--GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2006**

Fund balances - total governmental funds (Exhibit 3)	\$ 29,386,574
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	57,906,650
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.	779,480
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 payable	\$ (8,350,000)
Capital leases payable	(181,861)
Compensated absences and retiree health insurance	(939,217)
Accrued interest payable	(153,909)
	<u>(9,624,987)</u>
Net assets of governmental activities (Exhibit 1)	<u>\$ 78,447,717</u>

**WINONA COUNTY
WINONA, MINNESOTA**

EXHIBIT 5

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	General	Road and Bridge	Social Services	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 8,075,457	\$ 1,810,441	\$ 2,548,728	\$ 1,359,289	\$ 13,793,915
Special assessments	234,920	-	-	-	234,920
Licenses and permits	178,935	-	10,300	17,850	207,085
Intergovernmental	4,137,072	7,274,838	6,053,504	1,265,477	18,730,891
Charges for services	1,980,654	6,753	223,748	1,288,471	3,499,626
Fines and forfeits	53,292	-	-	225	53,517
Gifts and contributions	30,517	-	14,683	1,550	46,750
Interest on investments	798,953	248,707	191,168	108,176	1,347,004
Miscellaneous	236,804	179,168	283,806	13,139	712,917
Total Revenues	\$ 15,726,604	\$ 9,519,907	\$ 9,325,937	\$ 4,054,177	\$ 38,626,625
Expenditures					
Current					
General government	\$ 6,073,627	\$ 206,026	\$ -	\$ 30,135	\$ 6,309,788
Public safety	5,440,859	-	-	-	5,440,859
Highways and streets	-	9,926,809	-	-	9,926,809
Sanitation	892,877	-	-	-	892,877
Human services	-	-	9,062,465	-	9,062,465
Health	-	-	-	2,526,553	2,526,553
Culture and recreation	389,693	-	-	-	389,693
Conservation of natural resources	475,460	-	-	-	475,460
Economic development	340,271	-	-	-	340,271
Capital outlay	-	-	-	464,569	464,569
Debt service					
Principal	171,088	1,718	2,475	731,838	907,119
Interest	13,260	731	441	374,102	388,534
Administrative (fiscal) charges	-	-	-	862	862
Total Expenditures	\$ 13,797,135	\$ 10,135,284	\$ 9,065,381	\$ 4,128,059	\$ 37,125,859
Excess of Revenues Over (Under) Expenditures	\$ 1,929,469	\$ (615,377)	\$ 260,556	\$ (73,882)	\$ 1,500,766
Other Financing Sources (Uses)					
Transfers in	\$ -	\$ -	\$ -	\$ 39,927	\$ 39,927
Transfers out	(39,927)	-	-	-	(39,927)
Lease purchase	106,994	-	-	-	106,994
Proceeds from sale of capital assets	7,950	13,118	-	-	21,068
Total Other Financing Sources (Uses)	\$ 75,017	\$ 13,118	\$ -	\$ 39,927	\$ 128,062

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

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**WINONA COUNTY
WINONA, MINNESOTA**

***EXHIBIT 5
(Continued)***

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>General</u>	<u>Road and Bridge</u>	<u>Social Services</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Net Change in Fund Balance	\$ 2,004,486	\$ (602,259)	\$ 260,556	\$ (33,955)	\$ 1,628,828
Fund Balance - January 1	10,735,258	6,229,093	5,244,604	5,741,564	27,950,519
Increase (decrease) in reserved for inventories	<u>-</u>	<u>(192,773)</u>	<u>-</u>	<u>-</u>	<u>(192,773)</u>
Fund Balance - December 31	<u>\$ 12,739,744</u>	<u>\$ 5,434,061</u>	<u>\$ 5,505,160</u>	<u>\$ 5,707,609</u>	<u>\$ 29,386,574</u>

**WINONA COUNTY
WINONA, MINNESOTA**

EXHIBIT 6

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES--GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2006**

Net Change in Fund Balances - Total Governmental Funds (Exhibit 5) **\$ 1,628,828**

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 deferred. In the statement of activities, those revenues are recognized when earned. The adjustment to revenues between the fund statements and the statement of activities is the increase (decrease) in revenues deferred as unavailable.

Deferred revenue - December 31	\$ 779,480	
Deferred revenue - January 1	(1,398,643)	(619,163)

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, only the gain or loss on the disposal of capital assets is reported; whereas, in the governmental funds, the proceeds from the sale increase financial resources. Therefore, the change in net assets differs from the change in fund balance by the net book value of the assets sold.

Expenditures for capital assets and infrastructure	\$ 3,316,069	
Current year depreciation	(1,563,689)	
Net book value of assets disposed of	(23,813)	1,728,567

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the net effect of issuance costs, premiums, discounts, and similar items when the debt is first issued; whereas, these amounts are deferred and amortized in the statement of activities.

Capital leases entered into		(106,994)
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Principal repayments		
General obligation bonds	\$ 555,000	
General obligation notes	175,000	
Capital leases	177,119	907,119

Amortization of deferred debt issuance costs		(3,334)
--	--	---------

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 accrued interest payable	\$ 6,978	
Change in inventories	(192,773)	
Change in compensated absences and retiree health insurance payable	(33,524)	(219,319)

Change in Net Assets of Governmental Activities (Exhibit 2) **\$ 3,315,704**

FIDUCIARY FUNDS

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**WINONA COUNTY
WINONA, MINNESOTA**

EXHIBIT 7

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2006**

	HC Garvin Private-Purpose Trust	Agency
	<hr/>	<hr/>
<u>Assets</u>		
Cash and pooled investments	\$ 1,258	\$ 899,935
Investments	47,715	-
Receivables		
Interest	168	-
	<hr/>	<hr/>
Total Assets	<u>\$ 49,141</u>	<u>\$ 899,935</u>
<u>Liabilities</u>		
Accounts payable		\$ 43,251
Due to other governments		856,684
		<hr/>
Total Liabilities		<u>\$ 899,935</u>
<u>Net Assets</u>		
Net assets held in trust	<u>\$ 49,141</u>	

**WINONA COUNTY
WINONA, MINNESOTA**

EXHIBIT 8

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>HC Garvin Private-Purpose Trust</u>
<u>Additions</u>	
Interest on investments	\$ 1,228
<u>Deductions</u>	
Payments in accordance with trust agreements	<u>1,267</u>
Change in Net Assets	\$ (39)
Net Assets--Beginning of the Year	<u>49,180</u>
Net Assets--End of the Year	<u><u>\$ 49,141</u></u>

**WINONA COUNTY
WINONA, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2006**

1. Summary of Significant Accounting Policies

The County's financial statements are prepared in accordance with generally accepted accounting principles (GAAP) for the year ended December 31, 2006. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board issued through November 30, 1989, (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the County are discussed below.

A. Financial Reporting Entity

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

Component Units

The Regional Railroad Authority (RRA) was created to monitor the preservation or improvement of rail transportation within the County. The County Commissioners are the members of the RRA Board. The RRA does not prepare financial statements, because currently the RRA is for informational purposes only and had no financial transactions in 2006.

Joint Ventures

The County participates in joint ventures which are described in Note 4.C. The County also participates in jointly-governed organizations which are described in Note 4.D.

**WINONA COUNTY
WINONA, MINNESOTA**

1. Summary of Significant Accounting Policies (Continued)

B. Basic Financial Statements

1. Government-Wide Statements

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

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

Winona County's net assets are reported in three parts: (1) invested in capital assets, net of related debt; (2) restricted net assets; and (3) unrestricted net assets. 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.

2. Fund Financial Statements

The fund financial statements provide information about the County's funds, including its fiduciary funds. 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.

**WINONA COUNTY
WINONA, MINNESOTA**

1. Summary of Significant Accounting Policies

B. Basic Financial Statements

2. Fund Financial Statements (Continued)

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 requiring a separate fund.

The Road and Bridge Special Revenue Fund is used to account for revenues and expenditures of the County Highway Department that is responsible for the construction and maintenance of roads, bridges, and other projects affecting County roadways.

The Social Services Special Revenue Fund is used to account for economic assistance and community social services programs.

Additionally, the County reports the following fund types:

Debt service funds are used to account for the accumulation of resources for the payment of principal, interest, and related costs of long-term bonded debt.

Capital project funds are used to account for financial resources used for the construction of major capital expenditures.

Private-purpose trust funds are used to account for resources legally held in trust for others.

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

**WINONA COUNTY
WINONA, MINNESOTA**

1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the 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 they are 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 general long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent that they have matured. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the County Treasurer for the purpose of increasing earnings through investment activities. Pooled and fund investments are reported at their fair value at December 31, 2006, based on market prices. Pursuant to Minn. Stat. § 385.07, investment earnings on cash and pooled investments are credited to the General Fund. Other funds received investment earnings based on other state statutes, grant agreements, contracts, and bond covenants. Pooled investment earnings for 2006 were \$798,953.

**WINONA COUNTY
WINONA, MINNESOTA**

1. Summary of Significant Accounting Policies

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments (Continued)

Winona County invests in an external investment pool, the Minnesota Association of Governments Investing for Counties (MAGIC) Fund, created under a joint powers agreement pursuant to Minn. Stat. § 471.59. The MAGIC Fund is not registered with the Securities and Exchange Commission (SEC), but does operate in a manner consistent with Rule 2a-7 prescribed by the SEC pursuant to the Investment Company Act of 1940 (17 C.F.R. § 270.2a-7). Therefore, the fair value of the County's position in the pool is the same as the value of the pool shares.

2. Receivables and Payables

Activity between funds that is 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 fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

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.

3. Inventories

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

**WINONA COUNTY
WINONA, MINNESOTA**

1. Summary of Significant Accounting Policies

D. Assets, Liabilities, and Net Assets or Equity (Continued)

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (such as roads, bridges, and similar items), are reported in the governmental activities column in the government-wide financial statements. Capital assets as defined by the government are assets with an initial, individual cost of more than \$5,000 and 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 estimated fair market 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.

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

<u>Capital Asset Category</u>	<u>Useful Life (Years)</u>
Land improvements	40 - 50
Building and building improvements	40 - 100
Machinery and equipment	5 - 15
Computer equipment	5 - 12
Maintenance equipment	5
Transportation equipment	5 - 40
Vehicles	5 - 15
Boats and trailers	20 - 40
Heavy construction equipment	15 - 30
Furniture and fixtures	20 - 40
Infrastructure	
Roads	50
Bridges	75

**WINONA COUNTY
WINONA, MINNESOTA**

1. Summary of Significant Accounting Policies

D. Assets, Liabilities, and Net Assets or Equity (Continued)

5. Compensated Absences

The liability for compensated absences reported in the financial statements consists of unpaid, accumulated annual, 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.

6. Deferred Revenue

All County funds and the government-wide financial statements defer revenue for resources that have been received, but not yet earned. Governmental funds also report deferred revenue in connection with receivables for revenues not considered to be available to liquidate liabilities of the current period

7. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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.

**WINONA COUNTY
WINONA, MINNESOTA**

1. Summary of Significant Accounting Policies

D. Assets, Liabilities, and Net Assets or Equity (Continued)

8. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts not available for appropriation or legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans subject to change.

9. 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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

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

Government-wide statement of net assets	
Governmental activities	
Cash and pooled investments	\$ 15,924,380
Petty cash and change funds	3,195
Investments	10,727,687
Statement of fiduciary net assets	
Private-purpose trust	
Cash and pooled investments	1,258
Investments	47,715
Agency	899,935
	<hr/>
Total Cash and Investments	\$ 27,604,170
	<hr/>

**WINONA COUNTY
WINONA, MINNESOTA**

2. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments (Continued)

Deposits	\$ 8,830,913
Petty cash and change funds	3,195
Investments	15,040,379
Mutual funds	<u>3,729,683</u>
 Total Deposits, Cash on Hand, and Investments	 <u>\$ 27,604,170</u>

a. Deposits

Minn. Stat. §§ 118A.02 and 118A.04 authorize the County to designate a depository for public funds and to invest in certificates of deposit. Minn. Stat. § 118A.03 requires that all County deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged shall be at least ten percent more than the amount on deposit plus accrued interest 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, 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 that is not owned or controlled by the financial institution furnishing the collateral.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the County's deposits may not be returned to it. The County's investment policy limits the dollar amount of securities in custodial category #3 to no more than ten percent at any time during the year. As of December 31, 2006, the County's deposits were not exposed to custodial credit risk.

**WINONA COUNTY
WINONA, MINNESOTA**

2. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments (Continued)

b. Investments

Minn. Stat. §§ 118A.04 and 118A.05 generally authorize the following types of investments as available to the County:

- (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.

**WINONA COUNTY
WINONA, MINNESOTA**

2. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

b. Investments (Continued)

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 investment maturities are limited as follows:

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

At December 31, 2006, the County had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1 to 3 Years</u>
U.S. Treasuries	\$ 2,100,695	\$ 1,101,045	\$ 999,650
Commercial paper	6,913,684	6,913,684	-
Negotiable certificates	6,026,000	4,790,000	1,236,000
Total Investments	<u>\$ 15,040,379</u>	<u>\$ 12,804,729</u>	<u>\$ 2,235,650</u>

Credit Risk

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

**WINONA COUNTY
WINONA, MINNESOTA**

2. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

b. Investments

Credit Risk (Continued)

The County's exposure to credit risk as of December 31, 2006, is as follows:

<u>Standard & Poor's Rating</u>	<u>Fair Value</u>
AAA	\$ 2,122,363
A-1+/P-1	6,913,684
Not rated	3,708,015
Total	<u>\$ 12,744,062</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 of repurchase agreements to no more than ten percent at any time during the year.

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 by any one issuer that represent five percent or more of the County's investments are as follows:

<u>Issuer</u>	<u>Reported Amount</u>
Federal Home Loan Bank	\$ 2,100,695
American General	990,595
Citigroup Fund	992,704
GE	1,731,101
HSBC Finance	1,477,575
Prdential Funding LLC	1,721,709

**WINONA COUNTY
WINONA, MINNESOTA**

2. Detailed Notes on All Funds

A. Assets (Continued)

2. Receivables

Receivables as of December 31, 2006, for Winona County's governmental activities, including the applicable allowances for uncollectible (Social Services and Health Service Special Revenue Funds) accounts, are as follows:

Accounts receivable	\$ 3,603,851
Less: allowance for uncollectible	<u>(2,298,694)</u>
Net Accounts Receivable	<u>\$ 1,305,157</u>

3. Capital Assets

Capital asset activity for the year ended December 31, 2006, was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land				
General	\$ 1,476,635	\$ -	\$ -	\$ 1,476,635
Highway	50,085	-	-	50,085
Highway right-of-way	2,937,089	92,492	-	3,029,581
Construction in progress				
General	841,585	131,246	919,022	53,809
Highway	<u>667,749</u>	<u>2,408,566</u>	<u>1,362,581</u>	<u>1,713,734</u>
Total capital assets not depreciated	<u>\$ 5,973,143</u>	<u>\$ 2,632,304</u>	<u>\$ 2,281,603</u>	<u>\$ 6,323,844</u>
Capital assets depreciated				
Buildings	\$ 17,937,191	\$ 807,242	\$ -	\$ 18,744,433
Improvements other than buildings	429,989	18,379	-	448,368
Machinery, furniture, and equipment	6,599,987	776,865	148,825	7,228,027
Infrastructure	<u>40,100,081</u>	<u>1,362,882</u>	<u>-</u>	<u>41,462,963</u>
Total capital assets depreciated	<u>\$ 65,067,248</u>	<u>\$ 2,965,368</u>	<u>\$ 148,825</u>	<u>\$ 67,883,791</u>
Less: accumulated depreciation for				
Buildings	\$ 1,955,903	\$ 188,279	\$ -	\$ 2,144,182
Improvements other than buildings	116,376	11,778	-	128,154
Machinery, furniture, and equipment	3,193,588	602,090	125,012	3,670,666
Infrastructure	<u>9,596,441</u>	<u>761,542</u>	<u>-</u>	<u>10,357,983</u>
Total accumulated depreciation	<u>\$ 14,862,308</u>	<u>\$ 1,563,689</u>	<u>\$ 125,012</u>	<u>\$ 16,300,985</u>
Total capital assets depreciated, net	<u>\$ 50,204,940</u>	<u>\$ 1,401,679</u>	<u>\$ 23,813</u>	<u>\$ 51,582,806</u>
Governmental Activities Capital Assets, Net	<u>\$ 56,178,083</u>	<u>\$ 4,033,983</u>	<u>\$ 2,305,416</u>	<u>\$ 57,906,650</u>

**WINONA COUNTY
WINONA, MINNESOTA**

2. Detailed Notes on All Funds

A. Assets

3. Capital Assets (Continued)

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

Governmental Activities	
General government	\$ 300,517
Public safety	184,105
Highways and streets, including depreciation of infrastructure assets	1,050,703
Human services	2,916
Health	4,704
Sanitation	7,158
Conservation	13,586
	<hr/>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,563,689</u>

B. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2006, is as follows:

1. Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Social Services Special Revenue	\$ 8,369
	Road and Bridge Special Revenue	36
		<hr/>
Total due to General Fund		<u>\$ 8,405</u>
Road and Bridge Special Revenue	General Fund	<u>\$ 6,445</u>
Health Service Special Revenue	Social Services Special Revenue	\$ 29,902
	General	353
		<hr/>
Total due to other governmental funds		<u>\$ 30,255</u>
Total Due To/From Other Funds		<u>\$ 45,105</u>

**WINONA COUNTY
WINONA, MINNESOTA**

2. Detailed Notes on All Funds

B. Interfund Receivables, Payables, and Transfers (Continued)

2. Interfund Transfers

Interfund transfers for the year ended December 31, 2006, consisted of the following:

Transfers to Capital Projects Fund from General Fund	\$ 29,774	Gun range storage building
Transfers to Health Service Special Revenue Fund from General Fund	<u>10,153</u>	Vital Statistics office coverage
Total Transfers to Other Governmental Funds	<u>\$ 39,927</u>	

C. Liabilities

1. Construction Commitments

The government has active construction projects as of December 31, 2006. The projects include the following:

	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Governmental Activities Roads and bridges	\$ 6,554,200	\$ 173,485

**WINONA COUNTY
WINONA, MINNESOTA**

2. Detailed Notes on All Funds

C. Liabilities (Continued)

2. Other Postemployment Benefits

Retirees or Terminating Employees

Employees who leave in good standing with more than ten years of service, 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 unused sick leave equals one-month paid-up insurance for employees only.

As of year-end, the County has 26 eligible participants. The County finances the plan on a pay-as-you-go basis. During 2006, the County expended \$17,449 for these benefits.

Elected Officials

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 95-27. The County did not have any former commissioners participating in 2006.

3. Capital Leases/Installment Purchases

The County has entered into lease agreements as lessee for financing the acquisition of certain equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. These capital leases consist of the following at December 31, 2006:

**WINONA COUNTY
WINONA, MINNESOTA**

2. Detailed Notes on All Funds

C. Liabilities

3. Capital Leases/Installment Purchases (Continued)

<u>Lease</u>	<u>Maturity</u>	<u>Installment</u>	<u>Payment Amount</u>	<u>Original</u>	<u>Balance</u>
Governmental Activities					
Sheriff's cars	2008	Semi-annually	\$ 19,288	\$ 108,994	\$ 71,268
Dispatch equipment	2007	Annually	36,467	207,540	34,059
Sheriff's cars	2007	Semi-annually	18,161	103,264	35,156
Copier	2009	Monthly	736	38,997	22,646
Copier	2009	Monthly	204	9,012	4,767
Copier	2009	Monthly	324	10,560	6,487
Copier	2009	Monthly	243	12,877	7,478
Total Governmental Activities Capital Leases					<u>\$ 181,861</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2006, were as follows:

<u>Year Ending December 31</u>	<u>Governmental Activities</u>
2007	\$ 129,448
2008	56,660
2009	10,395
Total minimum lease payments	\$ 196,503
Less: amount representing interest	(14,642)
Present Value of Minimum Lease Payments	<u>\$ 181,861</u>

4. Bonded Debt

<u>Types of Indebtedness</u>	<u>Final Maturity</u>	<u>Installment Amounts</u>	<u>Interest Rate (%)</u>	<u>Original Issue Amount</u>	<u>Outstanding Balance December 31, 2006</u>
General obligation bonds					
2001A G.O. Capital Improvement Bonds	2017	\$135,000 - \$465,000	3.20 - 5.00	\$ 5,000,000	\$ 4,055,000
2002A G.O. Capital Improvement Bonds	2018	\$160,000 - \$450,000	3.00 - 4.60	5,000,000	4,295,000
Total General Obligation Bonds and Notes				<u>\$ 10,000,000</u>	<u>\$ 8,350,000</u>

**WINONA COUNTY
WINONA, MINNESOTA**

2. Detailed Notes on All Funds

C. Liabilities

4. Bonded Debt (Continued)

Debt service requirements at December 31, 2006, were as follows:

Year Ending December 31	General Obligation Bonds	
	Principal	Interest
2007	\$ 575,000	\$ 349,879
2008	600,000	327,749
2009	620,000	304,308
2010	650,000	279,106
2011	675,000	251,784
2012 - 2016	3,885,000	775,669
2017 - 2018	1,345,000	52,350
Total	<u>\$ 8,350,000</u>	<u>\$ 2,340,845</u>

5. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2006, was as follows:

	Restated Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable					
General obligation bonds	\$ 8,905,000	\$ -	\$ (555,000)	\$ 8,350,000	\$ 575,000
General obligation capital notes	175,000	-	(175,000)	-	-
Total bonds payable	\$ 9,080,000	\$ -	\$ (730,000)	\$ 8,350,000	\$ 575,000
Capital leases	251,986	106,994	(177,119)	181,861	118,547
Compensated absences	865,701	1,049,704	(1,034,093)	881,312	31,021
Retiree health insurance	39,993	17,912	-	57,905	2,038
Governmental Activity Long-Term Liabilities	<u>\$ 10,237,680</u>	<u>\$ 1,174,610</u>	<u>\$ 1,941,212</u>	<u>\$ 9,471,078</u>	<u>\$ 726,606</u>

**WINONA COUNTY
WINONA, MINNESOTA**

3. Pension Plans

A. Defined Benefit 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). The PERA administers the Public Employees Retirement Fund, the Public Employees Police and Fire Fund, and the Public Employees Correctional Fund, which are cost sharing, multiple-employer retirement plans. These plans are established and administered in accordance with Minn. Stat. chs. 353 and 356.

Public Employees Retirement Fund members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security, and Basic Plan members are not. All new employees must participate in the Coordinated Plan. All police officers, firefighters, and peace officers who qualify for membership by statute are covered by the Public Employees Police and Fire Fund. Members who are employed in a county correctional institution and have direct contact with inmates are covered by the Public Employees Correctional Fund.

The PERA provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefits are established by state statute and vest after three years of credited service. The defined retirement benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service.

Two methods are used to compute benefits for Coordinated and Basic Plan members. The retiring member receives 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 Basic Plan member is 2.2 percent of average salary for each of the first ten years of service and 2.7 percent for each year thereafter. For a Coordinated Plan member, the annuity accrual rate is 1.2 percent of average salary for each of the first ten years and 1.7 percent for each successive year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For Public Employees Police and Fire Fund members, the annuity accrual rate is 3.0 percent for each year of service. For Public Employees Correctional Fund members, the annuity accrual rate is 1.9 percent for each year of service.

**WINONA COUNTY
WINONA, MINNESOTA**

3. Pension Plans

A. Defined Benefit Plans

Plan Description (Continued)

For all Public Employees Retirement Fund members whose annuity is calculated using Method 1, and for all Public Employees Police and Fire Fund and Public Employees Correctional Fund members, a full annuity is available when age plus years of service equal 90. A reduced retirement annuity is also available to eligible members seeking early retirement.

The benefit provisions stated in the previous paragraphs 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 public service.

The PERA issues a publicly available financial report that includes financial statements and required supplementary information for the Public Employees Retirement Fund, the Public Employees Police and Fire Fund, and the Public Employees Correctional Fund. That report may be obtained on the internet at www.mnpera.org, by writing to PERA at 60 Empire Drive, Suite 200, St. Paul, Minnesota 55103-2088, or by calling 651-296-7460 or 1-800-652-9026.

Funding Policy

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Minn. Stat. ch. 353 sets the rates for employer and employee contributions. These statutes are established and amended by the State Legislature. The County makes annual contributions to the pension plans equal to the amount required by state statutes. Public Employees Retirement Fund Basic Plan members and Coordinated Plan members are required to contribute 9.10 and 5.50 percent, respectively, of their annual covered salary in 2006. Contribution rates in the Coordinated Plan increased for 2007 to 5.75 percent. Public Employees Police and Fire Fund members are required to contribute 7.00 percent of their annual covered salary in 2006. That rate increased to 7.80 percent in 2007. Public Employees Correctional Fund members are required to contribute 5.83 percent of their annual covered salary.

**WINONA COUNTY
WINONA, MINNESOTA**

3. Pension Plans

A. Defined Benefit Plans

Funding Policy (Continued)

The County is required to contribute the following percentages of annual covered payroll in 2006 and 2007:

	<u>2006</u>	<u>2007</u>
Public Employees Retirement Fund		
Basic Plan members	11.78%	11.78%
Coordinated Plan members	6.00	6.25
Public Employees Police and Fire Fund	10.50	11.70
Public Employees Correctional Fund	8.75	8.75

The County's contributions for the years ending December 31, 2006, 2005, and 2004, for the Public Employees Retirement Fund, the Public Employees Police and Fire Fund, and the Public Employees Correctional Fund, were:

	<u>Public Employees Retirement Fund</u>	<u>Public Employees Police and Fire Fund</u>	<u>Public Employees Correctional Fund</u>
2006	\$ 586,847	\$ 105,975	\$ 87,219
2005	513,110	93,124	72,751
2004	488,783	87,719	48,288

These contribution amounts are equal to the contractually required contributions for each year as set by state statute.

B. Defined Contribution Plan

The Public Employees Defined Contribution Plan is a multiple-employer deferred compensation plan for local government officials, except elected county sheriffs. The plan is established and administered in accordance with Minn. Stat. ch. 353D. 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.

**WINONA COUNTY
WINONA, MINNESOTA**

3. Pension Plans

B. Defined Contribution Plan (Continued)

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Minn. Stat. § 353D.03 specifies the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes five percent of salary, which is matched by the employer.

No vesting period is required to receive benefits in the Defined Contribution Plan. At the time of retirement or termination, the market value of the member's account is distributed to the member or another qualified plan.

The County's contributions for the years ending December 31, 2006, 2005, and 2004, were \$3,563, \$3,467, and \$3,818, respectively, equal to the contractually required contributions for each year as set by state statute.

4. Summary of Significant Contingencies and Other Items

A. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters for which the County carries commercial insurance. The County has entered into a joint powers agreement with other Minnesota counties to form the Minnesota Counties Insurance 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 \$390,000 per claim in 2006 and \$400,000 per claim in 2007. 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.

**WINONA COUNTY
WINONA, MINNESOTA**

4. Summary of Significant Contingencies and Other Items

A. Risk Management (Continued)

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

Premiums are paid by the fund receiving the benefits.

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

B. Contingent Liabilities

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

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

**WINONA COUNTY
WINONA, MINNESOTA**

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

C. Joint Ventures

Southeastern Minnesota Multi-County HRA

Winona County is a member of the Southeastern Minnesota Multi-County Housing and Redevelopment Authority (HRA) that provides housing and redevelopment services to the County. Each member county appoints members to the governing body that consists of a Board of Commissioners. The HRA approves its own budget. Winona County did not contribute to the operations of the HRA in 2006. However, the Board of Commissioners approves the levy for the HRA each year.

Complete financial statements for the HRA can be obtained at 730 West Sixth Street, Wabasha, Minnesota 55981.

Family Service Collaborative

Winona County has created the Winona Family Service Collaborative pursuant to an interagency agreement and Minn. Stat. § 124D.23. The Collaborative is represented by the following: Winona County; City of Winona; Independent School Districts 861, 857, and 858; Department of Economic Security Workforce Center; SEMCAC; Hiawatha Valley Mental Health Center; and Hiawatha Valley Education District. 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. Winona County is the fiscal agent for the Collaborative. The Collaborative had \$593,673 of expenditures in 2006 for the benefit of County services.

D. Jointly-Governed Organizations

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

Southeast Minnesota Water Resources Board

The Southeast Minnesota Water Resources Board provides regional water quality services to several counties. During the year, the County did not make any disbursements to the Board.

**WINONA COUNTY
WINONA, MINNESOTA**

4. Summary of Significant Contingencies and Other Items

D. Jointly-Governed Organizations (Continued)

Southeast Minnesota Emergency Management Services

Southeast Minnesota Emergency Management Services provides various health services to several counties. During the year, the County did not make any disbursements to this organization.

Southeastern Minnesota Narcotics Task Force

The Southeastern Minnesota Narcotics Task Force provides drug investigation services for member organizations. During the year, Winona County paid \$5,000 to the Task Force.

Southeastern Libraries Cooperative

The Southeastern Libraries Cooperative provides library services within the County. The County contributed \$11,370 during the year.

Southeastern Community Action Council

The Southeastern Community Action Council provides services for various social programs. During the year, Winona County did not make any payments to the Council.

Minnesota Counties Computer Cooperative

The Minnesota Counties Computer Cooperative was established to provide computer programming to member counties. During the year, Winona County expended \$75,865 to the Cooperative.

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 \$6,235 payment to the Joint Powers Board.

**WINONA COUNTY
WINONA, MINNESOTA**

4. Summary of Significant Contingencies and Other Items

D. Jointly-Governed Organizations (Continued)

Southeastern Minnesota Recyclers' Exchange

The Southeastern Minnesota Recyclers' Exchange provides recycling services. During the year, Winona County did not make any payments to the Exchange.

E. Related Organizations

Winona County appoints Board members to Watershed Number One. The County has no other control over this Board. During 2006, the County settled with the Watershed for property taxes collected in the amount of \$3,415.

REQUIRED SUPPLEMENTARY INFORMATION

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**WINONA COUNTY
WINONA, MINNESOTA**

Schedule 1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 7,955,972	\$ 7,955,972	\$ 8,075,457	\$ 119,485
Special assessments	260,000	260,000	234,920	(25,080)
Licenses and permits	200,651	199,561	178,935	(20,626)
Intergovernmental	3,061,605	3,061,605	4,137,072	1,075,467
Charges for services	1,555,382	1,556,472	1,980,654	424,182
Fines and forfeits	6,000	6,000	53,292	47,292
Gifts and contributions	5,000	5,000	30,517	25,517
Investment earnings	300,000	300,000	798,953	498,953
Miscellaneous	95,683	95,683	236,804	141,121
Total Revenues	\$ 13,440,293	\$ 13,440,293	\$ 15,726,604	\$ 2,286,311
Expenditures				
Current				
General government				
Commissioners	\$ 178,658	\$ 178,658	\$ 178,622	\$ 36
Courts	76,850	76,850	91,148	(14,298)
Court services	38,266	38,266	39,904	(1,638)
Law library	23,821	23,821	42,935	(19,114)
County administration	310,758	310,758	259,597	51,161
County auditor	198,928	198,928	202,416	(3,488)
License bureau	208,173	208,173	203,153	5,020
County treasurer	120,128	120,128	124,365	(4,237)
County assessor	405,280	405,280	415,977	(10,697)
Elections	38,650	38,650	50,309	(11,659)
Accounting and auditing	239,981	239,981	189,312	50,669
Data processing	609,007	609,007	434,473	174,534
Personnel	438,200	438,200	327,614	110,586
Attorney	932,437	932,437	956,983	(24,546)
Recorder	220,101	220,101	232,002	(11,901)
Vital statistics	67,848	67,848	52,686	15,162
Planning and zoning	641,399	641,399	754,041	(112,642)
Telecommunications	160,665	160,665	160,629	36
Maintenance	927,841	927,841	852,852	74,989
Veterans service officer	130,912	130,912	135,397	(4,485)
Cost allocation	(60,000)	(60,000)	-	(60,000)
Other general government	1,331,771	1,264,771	369,212	895,559
Total general government	\$ 7,239,674	\$ 7,172,674	\$ 6,073,627	\$ 1,099,047

**WINONA COUNTY
WINONA, MINNESOTA**

Schedule 1
(Continued)

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Expenditures				
Current (Continued)				
Public safety				
Sheriff	\$ 1,732,827	\$ 1,799,827	\$ 1,971,445	\$ (171,618)
Boat and water safety	39,911	39,911	22,155	17,756
Emergency services	70,761	70,761	114,184	(43,423)
E-911 system	-	-	11,311	(11,311)
County jail	1,654,312	1,654,312	1,923,870	(269,558)
Law enforcement center	873,222	873,222	892,777	(19,555)
Probation and parole	736,953	736,953	500,050	236,903
DARE program	-	-	2,832	(2,832)
Other	6,500	6,500	2,235	4,265
Total public safety	\$ 5,114,486	\$ 5,181,486	\$ 5,440,859	\$ (259,373)
Sanitation				
Recycling	\$ 854,304	\$ 876,784	\$ 892,877	\$ (16,093)
Other sanitation	181,867	184,240	-	184,240
Total sanitation	\$ 1,036,171	\$ 1,061,024	\$ 892,877	\$ 168,147
Culture and recreation				
Historical society	\$ 50,000	\$ 50,000	\$ 50,000	\$ -
Parks	38,780	38,780	23,273	15,507
Regional library	225,316	225,316	225,316	-
Other	-	-	91,104	(91,104)
Total culture and recreation	\$ 314,096	\$ 314,096	\$ 389,693	\$ (75,597)
Conservation of natural resources				
County extension	\$ 143,381	\$ 143,381	\$ 140,764	\$ 2,617
Soil and water conservation	80,531	80,531	128,409	(47,878)
Environmental services	7,000	7,000	179,287	(172,287)
Agricultural society/County fair	27,000	27,000	27,000	-
Total conservation of natural resources	\$ 257,912	\$ 257,912	\$ 475,460	\$ (217,548)
Economic development				
Other	\$ 61,750	\$ 61,750	\$ 340,271	\$ (278,521)
Debt service				
Principal	\$ -	\$ -	\$ 171,088	\$ (171,088)
Interest	\$ -	\$ -	\$ 13,260	\$ (13,260)
Total Expenditures	\$ 14,024,089	\$ 14,048,942	\$ 13,797,135	\$ 251,807

**WINONA COUNTY
WINONA, MINNESOTA**

Schedule 1
(Continued)

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Excess of Revenues Over (Under) Expenditures	\$ (583,796)	\$ (608,649)	\$ 1,929,469	\$ 2,538,118
Other Financing Sources (Uses)				
Transfers in	\$ 497,531	\$ 522,384	\$ -	\$ (522,384)
Transfers out	-	-	(39,927)	(39,927)
Capital lease issued	-	-	106,994	106,994
Proceeds from sale of assets	29,504	29,504	7,950	(21,554)
Total Other Financing Sources (Uses)	\$ 527,035	\$ 551,888	\$ 75,017	\$ (476,871)
Net Change in Fund Balance	\$ (56,761)	\$ (56,761)	\$ 2,004,486	\$ 2,061,247
Fund Balance - January 1	10,735,258	10,735,258	10,735,258	-
Fund Balance - December 31	\$ 10,678,497	\$ 10,678,497	\$ 12,739,744	\$ 2,061,247

**WINONA COUNTY
WINONA, MINNESOTA**

Schedule 2

**BUDGETARY COMPARISON SCHEDULE
ROAD AND BRIDGE SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 1,798,270	\$ 1,798,270	\$ 1,810,441	\$ 12,171
Intergovernmental	6,808,698	6,808,698	7,274,838	466,140
Charges for services	5,000	5,000	6,753	1,753
Investment earnings	80,000	80,000	248,707	168,707
Miscellaneous	118,500	118,500	179,168	60,668
Total Revenues	\$ 8,810,468	\$ 8,810,468	\$ 9,519,907	\$ 709,439
Expenditures				
Current				
General government				
Surveyor	\$ 161,685	\$ 161,685	\$ 206,026	\$ (44,341)
Highways and streets				
Administration	\$ 434,158	\$ 434,158	\$ 440,053	\$ (5,895)
Maintenance	2,241,767	2,241,767	2,039,738	202,029
Construction	5,609,161	5,609,161	6,666,329	(1,057,168)
Equipment maintenance and shop	383,697	383,697	780,664	(396,967)
Materials and services for resale	-	-	25	(25)
Total highways and streets	\$ 8,668,783	\$ 8,668,783	\$ 9,926,809	\$ (1,258,026)
Debt service				
Principal	\$ -	\$ -	\$ 1,718	\$ (1,718)
Interest	\$ -	\$ -	\$ 731	\$ (731)
Total Expenditures	\$ 8,830,468	\$ 8,830,468	\$ 10,135,284	\$ (1,304,816)
Excess of Revenues Over (Under)				
Expenditures	\$ (20,000)	\$ (20,000)	\$ (615,377)	\$ (595,377)
Other Financing Sources (Uses)				
Proceeds from sale of assets	20,000	20,000	13,118	(6,882)
Net Change in Fund Balance	\$ -	\$ -	\$ (602,259)	\$ (602,259)
Fund Balance - January 1	6,229,093	6,229,093	6,229,093	-
Increase (decrease) in reserved for inventories	-	-	(192,773)	(192,773)
Fund Balance - December 31	\$ 6,229,093	\$ 6,229,093	\$ 5,434,061	\$ (795,032)

**WINONA COUNTY
WINONA, MINNESOTA**

Schedule 3

**BUDGETARY COMPARISON SCHEDULE
SOCIAL SERVICES SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 2,541,689	\$ 2,541,689	\$ 2,548,728	\$ 7,039
Licenses and permits	15,000	15,000	10,300	(4,700)
Intergovernmental	6,886,011	6,886,011	6,053,504	(832,507)
Charges for services	227,934	227,934	223,748	(4,186)
Gifts and contributions	-	-	14,683	14,683
Interest on investments	50,025	50,025	191,168	141,143
Miscellaneous	-	-	283,806	283,806
Total Revenues	\$ 9,720,659	\$ 9,720,659	\$ 9,325,937	\$ (394,722)
Expenditures				
Current				
Human services				
Income maintenance	\$ 3,022,519	\$ 3,022,519	\$ 2,811,653	\$ 210,866
Social services	6,891,842	6,887,042	6,250,812	636,230
Total human services	\$ 9,914,361	\$ 9,909,561	\$ 9,062,465	\$ 847,096
Debt service				
Principal	-	-	2,475	(2,475)
Interest	-	-	441	(441)
Total Expenditures	\$ 9,914,361	\$ 9,909,561	\$ 9,065,381	\$ 844,180
Excess of Revenues Over (Under)				
Expenditures	\$ (193,702)	\$ (188,902)	\$ 260,556	\$ 449,458
Other Financing Sources (Uses)				
Transfers in	188,902	188,902	-	(188,902)
Net Change in Fund Balance	\$ (4,800)	\$ -	\$ 260,556	\$ 260,556
Fund Balance - January 1	5,244,604	5,244,604	5,244,604	-
Fund Balance - December 31	\$ 5,239,804	\$ 5,244,604	\$ 5,505,160	\$ 260,556

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**WINONA COUNTY
WINONA, MINNESOTA**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2006**

1. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and all special revenue funds. The capital projects funds adopt project-length budgets. All annual appropriations lapse at fiscal year-end.

On or before mid-June of each year, all departments and agencies submit requests for appropriations to the Finance Director so that a budget can be prepared. The Finance Director takes the requests to the Budget Committee who makes a recommendation to the Board. Before October 31, the proposed budget is presented to the County Board for review. 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 affect on the budget in total. Adjustments to the budget that increase the budget require approval of the County Board. The legal level of budgetary control (the level at which expenditures may not legally exceed appropriations) is the fund level. During the year, the Board made supplemental budgetary appropriations for the General Fund.

Encumbrance accounting is employed in governmental funds. Encumbrances (for example, purchase orders or contracts) outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reapportioned and honored during the subsequent year.

2. Excess of Expenditures Over Appropriations

For the year ended December 31, 2006, expenditures exceeded appropriations in the Road and Bridge Special Revenue Fund by \$1,304,816. These over-expenditures were funded by intergovernmental revenues received in excess of budget.

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SUPPLEMENTARY INFORMATION

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**WINONA COUNTY
WINONA, MINNESOTA**

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Fund

The Health Service Fund accounts for the activities of the County Health Department.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for and the payment of principal, interest, and related costs of the general long-term debt for:

- 2001 Government Building Capital Improvement Bonds for courthouse renovations.
- 2002 Government Building Capital Improvement Bonds for courthouse renovations.
- 2003 General Obligation Equipment Notes for equipment purchases.

Capital Projects Fund

The Capital Projects Fund is used to account for the financial resources to be used for the acquisition or construction of major capital facilities and equipment.

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**WINONA COUNTY
WINONA, MINNESOTA**

Statement 1

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2006**

	Health Service Special Revenue	Debt Service	Capital Projects	Total
<u>Assets</u>				
Cash and pooled investments	\$ 1,402,715	\$ 1,446,442	\$ 69,900	\$ 2,919,057
Petty cash and change funds	100	-	-	100
Investments	-	-	2,291,943	2,291,943
Taxes receivable				
Current	6,535	14,361	-	20,896
Prior	4,208	5,841	-	10,049
Accounts receivable	487,911	-	-	487,911
Accrued interest receivable	-	-	32,196	32,196
Due from other funds	30,255	-	-	30,255
Due from other governments	58,592	-	-	58,592
Total Assets	<u>\$ 1,990,316</u>	<u>\$ 1,466,644</u>	<u>\$ 2,394,039</u>	<u>\$ 5,850,999</u>
<u>Liabilities and Fund Balances</u>				
Liabilities				
Accounts payable	\$ 20,800	\$ -	\$ -	\$ 20,800
Salaries payable	68,346	-	-	68,346
Accrued vacation	13,414	-	-	13,414
Due to other governments	3,457	-	-	3,457
Deferred revenue - unavailable	14,193	13,731	-	27,924
Deferred revenue - unearned	-	-	9,449	9,449
Total Liabilities	<u>\$ 120,210</u>	<u>\$ 13,731</u>	<u>\$ 9,449</u>	<u>\$ 143,390</u>
Fund Balances				
Reserved for debt service	\$ -	\$ 1,452,913	\$ -	\$ 1,452,913
Unreserved	-	-	-	-
Designated for future expenditures	130,000	-	-	130,000
Designated for cash flows	229,000	-	-	229,000
Designated for capital improvements	-	-	2,384,590	2,384,590
Designated for compensated absences	144,378	-	-	144,378
Undesignated	1,366,728	-	-	1,366,728
Total Fund Balances	<u>\$ 1,870,106</u>	<u>\$ 1,452,913</u>	<u>\$ 2,384,590</u>	<u>\$ 5,707,609</u>
Total Liabilities and Fund Balances	<u>\$ 1,990,316</u>	<u>\$ 1,466,644</u>	<u>\$ 2,394,039</u>	<u>\$ 5,850,999</u>

**WINONA COUNTY
WINONA, MINNESOTA**

Statement 2

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Health Service Special Revenue	Debt Service	Capital Projects	Total
Revenues				
Taxes	\$ 488,018	\$ 871,271	\$ -	\$ 1,359,289
Licenses and permits	17,850	-	-	17,850
Intergovernmental	675,330	120,783	469,364	1,265,477
Charges for services	1,288,471	-	-	1,288,471
Fines and forfeits	225	-	-	225
Gifts and contributions	1,550	-	-	1,550
Investment earnings	-	-	108,176	108,176
Miscellaneous	13,139	-	-	13,139
Total Revenues	\$ 2,484,583	\$ 992,054	\$ 577,540	\$ 4,054,177
Expenditures				
Current				
General government	\$ -	\$ -	\$ 30,135	\$ 30,135
Health	2,526,553	-	-	2,526,553
Capital outlay	-	-	464,569	464,569
Debt service				
Principal	1,838	730,000	-	731,838
Interest	2,050	372,052	-	374,102
Administrative (fiscal) charges	-	862	-	862
Total Expenditures	\$ 2,530,441	\$ 1,102,914	\$ 494,704	\$ 4,128,059
Excess of Revenues Over (Under) Expenditures	\$ (45,858)	\$ (110,860)	\$ 82,836	\$ (73,882)
Other Financing Sources (Uses)				
Transfers in	10,153	-	29,774	39,927
Net Change in Fund Balance	\$ (35,705)	\$ (110,860)	\$ 112,610	\$ (33,955)
Fund Balance - January 1	1,905,811	1,563,773	2,271,980	5,741,564
Fund Balance - December 31	\$ 1,870,106	\$ 1,452,913	\$ 2,384,590	\$ 5,707,609

**WINONA COUNTY
WINONA, MINNESOTA**

Schedule 4

**BUDGETARY COMPARISON SCHEDULE
HEALTH SERVICE SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 486,738	\$ 481,938	\$ 488,018	\$ 6,080
Licenses and permits	18,000	18,000	17,850	(150)
Intergovernmental	918,168	918,168	675,330	(242,838)
Charges for services	1,247,874	1,247,874	1,288,471	40,597
Fines and forfeits	1,000	1,000	225	(775)
Gifts and contributions	-	-	1,550	1,550
Miscellaneous	30,000	30,000	13,139	(16,861)
Total Revenues	\$ 2,701,780	\$ 2,696,980	\$ 2,484,583	\$ (212,397)
Expenditures				
Current				
Health				
Nursing service	\$ 1,503,960	\$ 1,499,160	\$ 1,550,350	\$ (51,190)
Maternal and child health	140,389	140,389	374,932	(234,543)
County health officer	44,600	44,600	39,087	5,513
Health center	1,024,130	1,024,130	562,184	461,946
Total health	\$ 2,713,079	\$ 2,708,279	\$ 2,526,553	\$ 181,726
Debt service				
Principal	-	-	1,838	(1,838)
Interest	-	-	2,050	(2,050)
Total Expenditures	\$ 2,713,079	\$ 2,708,279	\$ 2,530,441	\$ 177,838
Excess of Revenues Over (Under) Expenditures	\$ (11,299)	\$ (11,299)	\$ (45,858)	\$ (34,559)
Other Financing Sources (Uses)				
Transfers in	11,299	11,299	10,153	(1,146)
Net Change in Fund Balance	\$ -	\$ -	\$ (35,705)	\$ (35,705)
Fund Balance - January 1	1,905,811	1,905,811	1,905,811	-
Fund Balance - December 31	\$ 1,905,811	\$ 1,905,811	\$ 1,870,106	\$ (35,705)

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FIDUCIARY FUNDS

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**WINONA COUNTY
WINONA, MINNESOTA**

AGENCY FUNDS

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

The Winona County Family Collaborative Fund accounts for the Collaborative's funds on deposit with the County.

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

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

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

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**WINONA COUNTY
WINONA, MINNESOTA**

Statement 3

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Balance January 1	Additions	Deductions	Balance December 31
<u>EMPLOYEE BENEFIT PLANS</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 47,123	\$ 616,287	\$ 620,159	\$ 43,251
<u>Liabilities</u>				
Accounts payable	\$ 47,123	\$ 616,287	\$ 620,159	\$ 43,251
 <u>WINONA COUNTY FAMILY COLLABORATIVE</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 615,078	\$ 403,420	\$ 593,672	\$ 424,826
<u>Liabilities</u>				
Due to other governments	\$ 615,078	\$ 403,420	\$ 593,672	\$ 424,826
 <u>SETTLEMENT</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 317,043	\$ 45,762,175	45,740,835	\$ 338,383
<u>Liabilities</u>				
Due to other governments	\$ 317,043	\$ 45,762,175	\$ 45,740,835	\$ 338,383

**WINONA COUNTY
WINONA, MINNESOTA**

Statement 3
(Continued)

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Balance January 1	Additions	Deductions	Balance December 31
<u>STATE REVENUE</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 140,274	\$ 1,556,342	\$ 1,610,444	\$ 86,172
<u>Liabilities</u>				
Due to other governments	\$ 140,274	\$ 1,556,342	\$ 1,610,444	\$ 86,172
<u>TAXES AND PENALTIES</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 35,046	\$ 40,711	68,454	\$ 7,303
<u>Liabilities</u>				
Due to other governments	\$ 35,046	\$ 40,711	\$ 68,454	\$ 7,303
<u>TOTAL ALL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 1,154,564	\$ 48,378,935	\$ 48,633,564	\$ 899,935
<u>Liabilities</u>				
Accounts payable	\$ 47,123	\$ 616,287	\$ 620,159	\$ 43,251
Due to other governments	1,107,441	47,762,648	48,013,405	856,684
Total Liabilities	\$ 1,154,564	\$ 48,378,935	\$ 48,633,564	\$ 899,935

OTHER SCHEDULES

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**WINONA COUNTY
WINONA, MINNESOTA**

Schedule 5

**SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2006**

Shared Revenue

State

Highway users tax	\$ 6,011,569
HACA	2,362,630
Market value credit	1,816,580
PERA rate reimbursement	54,309
Disparity reduction aid	29,181
Police aid	93,124
Agricultural conservation credit	28,247
Enhanced 911	137,616

Total Shared Revenue	<u>\$ 10,533,256</u>
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Reimbursement for Services

Minnesota Department of Human Services	<u>\$ 2,534,771</u>
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Payments

Local

Local contributions	\$ 15,455
Payments in lieu of taxes	332,616

Total Payments	<u>\$ 348,071</u>
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Grants

State

Minnesota Department of	
Corrections	\$ 12,744
Public Safety	62,872
Health	218,202
Natural Resources	51,420
Human Services	1,886,748
Veterans Services	4,200
Soil and Water Resources Board	92,817
Pollution Control Agency	111,083

Total State	<u>\$ 2,440,086</u>
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Federal

Department of	
Agriculture	\$ 138,994
Housing and Urban Development	253,168
Justice	10,476
Transportation	874,323
Education	15,573
Health and Human Services	1,067,848
Homeland Security	55,774
Election Assistance Commission	458,551

Total Federal	<u>\$ 2,874,707</u>
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Total State and Federal Grants	<u>\$ 5,314,793</u>
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Total Intergovernmental Revenue	<u><u>\$ 18,730,891</u></u>
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**WINONA COUNTY
WINONA, MINNESOTA**

**SCHEDULE OF INVESTMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>December 31, 2006</u>	<u>30 Days</u>
Financial institution investments		
Certificates of deposit	\$ 6,162,715	\$ 1,700,000
Negotiable certificates of deposit	<u>6,026,000</u>	<u>960,000</u>
Total financial institution investments	<u>\$ 12,188,715</u>	<u>\$ 2,660,000</u>
Other investments		
U.S. government securities	\$ 2,103,328	\$ -
Commercial paper	6,913,684	2,472,632
Mutual funds	<u>3,729,683</u>	<u>3,729,683</u>
Total other investments	<u>\$ 12,746,695</u>	<u>\$ 6,202,315</u>
Total all investments	<u>\$ 24,935,410</u>	<u>\$ 8,862,315</u>
Deposits	2,668,198	2,668,198
Petty cash	<u>3,195</u>	<u>3,195</u>
Totals	<u><u>\$ 27,606,803</u></u>	<u><u>\$ 11,533,708</u></u>

Schedule 6

Mature Within				
60 Days	90 Days	180 Days	One Year	More Than One Year
\$ 1,747,715 960,000	\$ 750,000 1,920,000	\$ 1,000,000 480,000	\$ 665,000 757,000	\$ 300,000 949,000
\$ 2,707,715	\$ 2,670,000	\$ 1,480,000	\$ 1,422,000	\$ 1,249,000
\$ - 1,731,100 -	\$ - 1,728,749 -	\$ 302,700 981,203 -	\$ 1,000,000 - -	\$ 800,628 - -
\$ 1,731,100	\$ 1,728,749	\$ 1,283,903	\$ 1,000,000	\$ 800,628
\$ 4,438,815	\$ 4,398,749	\$ 2,763,903	\$ 2,422,000	\$ 2,049,628
\$ 4,438,815	\$ 4,398,749	\$ 2,763,903	\$ 2,422,000	\$ 2,049,628

**WINONA COUNTY
WINONA, MINNESOTA**

Schedule 7

**TAX CAPACITY, TAX RATES, LEVIES, AND PERCENTAGE OF COLLECTIONS
FOR CALENDAR YEARS 2005 THROUGH 2007**

	<u>Tax Year 2005</u>		<u>Tax Year 2006</u>		<u>Tax Year 2007</u>	
	<u>Net Tax</u> <u>Capacity</u>	<u>Tax Capacity</u> <u>Rate</u> <u>Percent (%)</u>	<u>Net Tax</u> <u>Capacity</u>	<u>Tax Capacity</u> <u>Rate</u> <u>Percent (%)</u>	<u>Net Tax</u> <u>Capacity</u>	<u>Tax Capacity</u> <u>Rate</u> <u>Percent (%)</u>
Tax Capacity						
Real property	\$ 30,993,883		\$ 34,030,799		\$ 37,924,515	
Personal property	411,612		441,082		460,003	
Tax increment financing	(774,645)		(303,456)		(293,097)	
Net Tax Capacity	\$ 30,630,850		\$ 34,168,425		\$ 38,091,421	
Tax Levied for County						
County Revenue	\$ 7,924,515	26.845	\$ 8,977,104	27.093	\$ 9,664,998	27.089
Road and Bridge	2,045,930	6.679	2,045,930	5.988	2,164,722	5.889
Human Services	2,819,581	9.205	2,879,625	8.428	3,043,593	8.279
Community Health	531,450	1.735	551,450	1.614	381,405	1.038
Capital Improvement Bond	-	-	-	-	-	-
Internal Services	-	-	-	-	-	-
Honeywell Bond G.O.	28,354	0.093	-	-	-	-
Chse Bond 2001	499,195	1.630	498,523	1.458	502,245	1.365
Chse Bond 2002	482,013	1.574	483,851	1.415	483,877	1.315
2003 CIP Debt	370,374	1.209	-	-	-	-
Net Tax Levy	\$ 14,701,412	48.970	\$ 15,436,483	45.996	\$ 16,240,840	44.975
	<u>Tax Capacity</u>	<u>Market Value</u>	<u>Tax Capacity</u>	<u>Market Value</u>	<u>Tax Capacity</u>	<u>Market Value</u>
Taxable Valuations						
Light and power tax						
Transmission lines	\$ 32,232	\$ 1,649,100	\$ 32,952	\$ 1,685,100	\$ 35,110	\$ 1,793,000
Distribution lines	10,764	575,700	11,148	594,900	11,896	632,300
Total Taxable Valuations - Light and Power	\$ 42,996	\$ 2,224,800	\$ 44,100	\$ 2,280,000	\$ 47,006	\$ 2,425,300
Light and Power Tax Levy						
Transmission lines	\$ 47,320	\$ 1,554	\$ 46,232	\$ 4,278	\$ 47,570	\$ 4,797
Distribution lines	15,483	542	15,640	1,510	16,110	1,691
Total Light and Power Tax Levy	\$ 62,803	\$ 2,096	\$ 61,872	\$ 5,788	\$ 63,680	\$ 6,488
Percentage of Tax Collections for All Purposes	99.19%		98.65%		98.41%	

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**WINONA COUNTY
WINONA, MINNESOTA**

Schedule 8

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2006**

I. SUMMARY OF AUDITOR'S RESULTS

- A. Our report expresses unqualified opinions on the basic financial statements of Winona County.
- B. Deficiencies in internal control were disclosed by the audit of financial statements of Winona County and are reported in the "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*." None were material weaknesses.
- C. No instances of noncompliance material to the financial statements of Winona County were disclosed during the audit.
- D. No matters involving internal control over compliance relating to the audit of the major federal award programs were reported in the "Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133."
- E. The Auditor's Report on Compliance for the major federal award programs for Winona County expresses an unqualified opinion.
- F. No findings were disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
- G. The major programs are:

Highway Planning and Construction	CFDA #20.205
Help America Vote Act	CFDA #90.401
- H. The threshold for distinguishing between Types A and B programs was \$300,000.
- I. Winona County was determined to be a low-risk auditee.

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

INTERNAL CONTROL

ITEMS ARISING THIS YEAR

06-1 Investment Oversight

The Winona County Treasurer purchases, sells, and exchanges investments for the County. Investments are not reviewed or approved by anyone other than the County Treasurer.

We recommend someone other than the County Treasurer periodically review investment purchases. The investments should be reviewed for both legality and appropriateness.

Client's Response:

The County Treasurer will provide a schedule of the investment portfolio each month to the County Administrator and Finance Director. The schedule will include investments maturing in the following month.

06-2 Audit Adjustments

A control deficiency 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 misstatements of the financial statements on a timely basis. Statement on Auditing Standards (SAS) No. 112 states that one control deficiency that shall be regarded as at least a significant deficiency is identification by the auditor of a material misstatement in the financial statements that was not initially identified by the entity's internal controls, even if management subsequently corrects the misstatement.

During our audit, we identified material misstatements in the General Fund and the Road and Bridge, Social Services, and Health Service Special Revenue Funds. There were also several classification errors in revenues.

Proposed audit adjustments were reviewed and approved by the appropriate staff and are reflected in the financial statements. By definition, however, independent external auditors cannot be considered part of the County's internal control.

We recommend the County establish internal procedures to ensure the trial balances are correct.

Client's Response:

To correct the identified control deficiency the County Finance Director will provide training to the accounting team to become proficient and accurate with accruals and revenue classifications. The proficiency will include proper development of work papers to aid the verification of values on the financial statements. In addition, the responsibility for creating the work papers and populating the trial balances will be shifted to the major departments. The Finance Director will review the work papers and trial balances prior to their submission to the state auditors.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARD PROGRAMS

None.

IV. OTHER ITEM FOR CONSIDERATION

Other Postemployment Benefits (OPEB)

The Governmental Accounting Standards Board (GASB) recently issued Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which establishes financial reporting for OPEB plans, and Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which governs employer accounting and financial reporting for OPEB. These standards, similar to what GASB Statements 25 and 27 did for government employee pension benefits and plans, provide the accounting and reporting standards for the various other postemployment benefits many local governments offer to their employees. OPEB can include many different benefits offered to retirees such as health, dental, life, and long-term care insurance coverage.

If retirees are included in an insurance plan and pay a rate similar to that paid for younger active employees, this implicit subsidy is considered OPEB. In fact, local governments may be required to continue medical insurance coverage pursuant to Minn. Stat. § 471.61, subd. 2b. This benefit is common when accumulated sick leave is used to pay for retiree medical insurance. Under the new GASB statements, accounting for OPEB is now similar to the accounting used by governments for pension plans.

Some of the issues that the County Board will need to address in order to comply with the statements are:

- determine if employees are provided OPEB;
- if OPEB are being provided, the County Board will have to determine whether it will advance fund the benefits or pay for them on a pay-as-you-go basis;
- if OPEB are being provided, and the County Board determines that the establishment of a trust is desirable in order to fund the OPEB, the County Board will have to wait until legislation is enacted authorizing the creation of an OPEB trust and establishing an applicable investment standard; and
- in order to determine annual costs and liabilities that need to be recognized, the County Board will have to decide whether to hire an actuary.

If applicable for Winona County, GASB Statements 43 and 45 would be implemented for the years ending December 31, 2007 and 2008, respectively.



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

Board of County Commissioners
Winona County

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Winona County as of and for the year ended December 31, 2006, and have issued our report thereon dated September 28, 2007. 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.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record,

process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control. We considered the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 06-1 and 06-2 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Winona County's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe neither of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

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

Minnesota Legal Compliance

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the *Minnesota Legal Compliance Audit Guide for Local Government*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65. Accordingly, the audit included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The *Minnesota Legal Compliance Audit Guide for Local Government* contains six categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, and miscellaneous provisions. Our study included all of the listed categories.

The results of our tests indicate that, for the items tested, Winona County complied with the material terms and conditions of applicable legal provisions.

Also included in the Schedule of Findings and Questioned Costs is an other item for consideration. We believe this recommendation and information to be of benefit to Winona County and it is reported for that purpose.

Winona County's written response to the significant deficiencies identified in our audit have not been subjected to any auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of County Commissioners, management, others within Winona County, and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than those specified parties.

/s/Rebecca Otto

REBECCA OTTO
STATE AUDITOR

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

September 28, 2007

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of County Commissioners
Winona County

Compliance

We have audited the compliance of Winona County with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2006. Winona County's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Winona County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, Winona County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2006.

Internal Control Over Compliance

The management of Winona County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A control deficiency in internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by Winona County's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Winona County as of and for the year ended December 31, 2006, and have issued our report thereon dated September 28, 2007. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Winona County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Commissioners, management, others within the County, and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than those specified parties.

/s/Rebecca Otto

REBECCA OTTO
STATE AUDITOR

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

September 28, 2007

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**WINONA COUNTY
WINONA, MINNESOTA**

Schedule 9

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures
U.S. Department of Agriculture		
Passed Through Minnesota Department of Health Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	\$ 133,942
Passed Through Minnesota Department of Human Services Food Stamps	10.561	8,162
Total U.S. Department of Agriculture		\$ 142,104
U.S. Department of Housing and Urban Development		
Passed Through Minnesota Department of Employment and Economic Development Community Development Block Grant/State's Program	14.228	\$ 194,668
Lead Hazard Mitigation Grant	14.905	58,500
Total U.S. Department of Housing and Urban Development		\$ 253,168
U.S. Department of Justice		
Passed Through Minnesota Department of Public Safety Violence Against Women	16.588	\$ 10,476
U.S. Department of Transportation		
Passed Through Minnesota Department of Transportation Boating Safety Financial Assistance	20.005	\$ 8,570
Highway Planning and Construction	20.205	516,000
Grants-in-Aid Railroad Safety	20.303	259,557
Passed Through Minnesota Department of Public Safety State and Community Highway Safety	20.600	90,196
Total U.S. Department of Transportation		\$ 874,323
U.S. Department of Education		
Passed Through Minnesota Department of Natural Resources Adult Education	84.002	\$ 15,573
U.S. Election Assistance Commission		
Passed Through Minnesota Office of Secretary of State Help America Vote Act Requirements Payments	90.401	\$ 458,551

**WINONA COUNTY
WINONA, MINNESOTA**

Schedule 9
(Continued)

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures
U.S. Department of Health and Human Services		
Passed Through Minnesota Department of Health		
Center for Disease Control and Prevention - Investigations and Technical Assistance	93.283	\$ 78,276
Temporary Assistance for Needy Families	93.558	32,462
Maternal and Child Health Services Block Grant	93.994	52,040
 Passed Through Minnesota Department of Human Services		
Family Preservation and Support Services	93.556	127,347
Temporary Assistance for Needy Families	93.558	250,318
Child Care Development Block Grant	93.575	33,843
Child Welfare Services - State Grants	93.645	8,051
Foster Care Title IV-E	93.658	150,021
Social Services Block Grant Title XX	93.667	271,419
Chafee Foster Care Independent Living	93.674	8,501
Community Mental Health Services Block Grant	93.958	25,452
 Total U.S. Department of Health and Human Services		\$ 1,037,730
U.S. Department of Homeland Security		
Passed Through Minnesota Department of Public Safety		
State Domestic Preparedness	97.004	\$ 38,000
Emergency Management Performance Grant	97.042	17,774
 Total U.S. Department of Homeland Security		\$ 55,774
 Total Federal Awards		\$ 2,847,699

**WINONA COUNTY
WINONA, MINNESOTA**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

1. 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.

2. Basis of Presentation

The accounting records for grant programs are maintained on the modified accrual basis of accounting. Under the modified accrual basis, revenues are recorded when susceptible to accrual--when both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Winona County considers all revenues to be available if they are collected within 60 days of the current period. Expenditures are recorded when the liability is incurred.

The information in the schedule is presented in accordance with the requirements of Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

3. Reconciliation to Schedule of Intergovernmental Revenues

Federal grant revenue per Schedule of Intergovernmental Revenues	\$ 2,874,707
Special Supplemental Nutrition for Women, Infants, and Children grant deferred in 2005 and recognized in 2006 (CFDA #10.557)	(3,944)
Temporary Assistance for Needy families grant deferred in 2005 and recognized in 2006 (CFDA #93.558)	(16,518)
Child Welfare Services - State Grants deferred in 2005 and recognized in 2006 (CFDA #93.645)	(15,871)
Special Supplemental Nutrition for Women, Infants, and Children grant deferred in 2006 (CFDA #10.557)	7,054
Chafee Foster Care Independent Living grant deferred in 2006 (CFDA #93.674)	2,271
	<hr/>
Expenditures per Schedule of Expenditures of Federal Awards	<u>\$ 2,847,699</u>

**WINONA COUNTY
WINONA, MINNESOTA**

4. Passed Through to Subrecipients

During 2006, Winona County did not pass any federal money to subrecipients.

5. Pass-Through Grant Numbers

Pass-through grant numbers were not assigned by the pass-through agencies.