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CITY OF WINONA, MISSISSIPPI

**FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

**CITY OF WINONA, MISSISSIPPI
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TAYLOR, POWELL, WILSON & HARTFORD, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
POST OFFICE BOX 9369
GREENWOOD, MISSISSIPPI 38930
662-453-6432

INDEPENDENT AUDITOR'S REPORT

To the Board of Alderman
City of Winona, MS
Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of City of Winona, MS, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City of Winona, MS, as of September 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-7 and 39-41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Winona, MS's basic financial statements. The other supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.



CITY OF WINONA, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020
UNAUDITED

This Discussion and Analysis of The City of Winona, Mississippi's financial performance provides an overall review of the City's financial activities for the year ended September 30, 2020. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers should also review the basic financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for 2020 were as follows:

Total net position increased \$514,538, or 7.27%, from 2019.

Total assets, including deferred outflows of resources, increased by \$1,486,783, or 9.62%, from 2019.

Total liabilities, including deferred inflows of resources, increased by \$972,245, or 11.61%, from 2019.

In total, cash and investments increased \$416,534, or 44.12% from 2019.

Net capital assets increased \$676,545, or 5.42%, from 2019.

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the City of Winona as a financial whole or as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial conditions.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole City, presenting both an aggregate view of the City's finances and a longer-term view of those assets. Major fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what dollars remain for future spending. The fund financial statements also look at the City's most significant funds with all other non-major funds presented in total in one column.

REPORTING THE CITY OF WINONA AS A WHOLE

Statement of Net Position and the Statement of Activities

While this document contains information about the funds used by the City to provide services to our citizens, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2019?" The Statement of Net Position and the Statement of Activities answer this question.

These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

These two statements report the City's net position and the changes in its position. This change in position is important because it tells the reader whether, for the City as a whole, the financial position of the City has improved or diminished. However, in evaluating the overall position of the City, non-financial information such as changes in the City's tax base and the condition of City capital assets will also need to be evaluated.

In the Statement of Net Position and the Statement of Activities, all of the City's activities are reported as Governmental Activities or Business-type Activities. Governmental Activities include all of the City's governmental type services including police, fire, streets, administration, and other similar departments. Business-type Activities include the City Water and Sewer Department and Solid Waste Department.

CITY OF WINONA, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020
UNAUDITED

REPORTING THE CITY OF WINONA, MISSISSIPPI'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The analysis of the City's major funds begins on Page 10. Fund financial reports provide detailed information about the City's major funds. Based on restrictions on the use of monies, the City has established several funds, which account for the multitude of services provided to the City's residents. However, these fund financial statements focus on the City's most significant funds. In the case of the City of Winona, the City's major funds are the General, City Bond, and Enterprise Water and Sewer Funds. There were no non-major funds during the year ended September 30, 2020.

Governmental Funds

All of the City's governmental type activities are reported in the governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future on services provided to the City's residents. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary Funds

All of the City's business-type activities are reported in the proprietary funds. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. These funds are reported using an accounting method called accrual accounting which records revenues when earned and expenses when incurred. The reporting entity includes the Water and Sewer Fund. The basis of accounting is the same as used in the Statement of Net Position and the Statement of Activities, so no reconciliation of differences is necessary.

The City of Winona as a Whole

Recall that the Statement of Net Position looks at the City as a whole. The following table provides a summary of the City's net position for 2020 compared to 2019.

	<u>September 30,</u>	
	<u>2020</u>	<u>2019</u>
Assets:		
Current and other assets	\$ 3,442,461	\$ 2,900,104
Capital assets, net	<u>13,165,111</u>	<u>12,488,566</u>
Total assets	16,607,572	15,338,670
Deferred outflows	329,461	111,580
Liabilities:		
Current and other liabilities	735,116	858,167
Long-term liabilities:		
Due within one year	476,021	367,924
Due in more than one year	<u>6,903,696</u>	<u>5,839,586</u>
Total liabilities	<u>8,114,833</u>	<u>7,065,677</u>
Deferred inflows	<u>1,229,274</u>	<u>1,306,185</u>
Net position:		
Invested in capital assets net of debt	10,653,082	10,736,614
Restricted	421,562	436,535
Unrestricted	<u>(3,481,718)</u>	<u>(4,094,761)</u>
Total net position	<u>\$ 7,592,926</u>	<u>\$ 7,078,388</u>

CITY OF WINONA, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020
UNAUDITED

Total assets for governmental activities increased \$500,388 from 2019. Total assets for business-like activities decreased \$131,008 from 2019.

Net position of the City's governmental activities increased by \$350,267 from 2019 and net position for business-like activities increased \$164,271 from 2019.

The table below shows the Changes in Net Position for the year ended September 30, 2020, as compared to the year ended September 30, 2019.

	<u>Changes in Net Position</u>	
	<u>For the Year Ended September 30,</u>	
	<u>2020</u>	<u>2019</u>
Revenues:		
Program revenues:		
Charges for services	\$ 2,046,702	\$ 1,786,021
Operating grants and contributions	8,805	36,260
Capital grants and contributions	<u>228,982</u>	<u>432,225</u>
Total program revenues	<u>2,284,489</u>	<u>2,254,506</u>
General revenues:		
Property taxes	1,198,779	1,173,813
Other taxes and licenses	1,340,479	1,260,421
Fines and forfeitures	66,425	78,892
Grants and contributions not restricted to specific programs	574,969	304,070
Investment and other revenues, (losses)	<u>61,256</u>	<u>41,774</u>
Total general revenues	<u>3,241,908</u>	<u>2,858,970</u>
Total revenues	<u>5,526,397</u>	<u>5,113,476</u>
Program expenses:		
General government	446,999	427,545
Public safety	1,484,968	1,415,081
Highways and streets	691,014	670,112
Sanitation	514,623	431,783
Health and welfare	46,005	39,008
Culture and recreation	425,625	422,515
Non-departmental	40,042	30,748
Interest and fiscal charges	34,826	9,779
Water and sewer	<u>1,327,754</u>	<u>1,237,396</u>
Total expense	<u>5,011,856</u>	<u>4,683,967</u>
Increase, (decrease) in net position	<u>\$ 514,541</u>	<u>\$ 429,509</u>

Governmental Activities

Several revenue sources fund our Governmental Activities. Under the accrual basis of accounting, the City property tax accounted for \$1,198,779, or 29.71%, of gross governmental revenue; revenues from charges for services and operating grants and contributions accounted for \$601,347, or 14.91%, of gross governmental revenue; state sales and gas taxes accounted for \$1,003,466, or 24.87%, of gross governmental revenue and tourism taxes accounted for \$180,190, or 4.47%, of gross governmental revenue. The City property tax millage rate of 49.5 mills was approved by the City Board of Aldermen.

The City's major expense activity is public safety which includes police and fire. These expenses totaled \$1,484,968, or 40.31%, of total governmental activity expenses.

CITY OF WINONA, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020
UNAUDITED

Business-type Activities

Charges for services fund our Business-type activities. Our proprietary fund includes the Water and Sewer Fund. Total operating revenues increased \$242,167, or 16.23%, from 2019. Total operating expenses increased \$90,358, or 7.30%, from 2019.

The City's Funds

Information about the City's major governmental funds begins on page 10. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$5,234,368, including bond and loan proceeds. This was an increase of \$1,365,736 over the prior year. Total revenues for the General Fund increased \$165,893 from 2019. Total expenditures for the General Fund increased \$39,287, or 1.01%, from 2019. The fund balance of the General Fund showed an increase of \$81,991 during the year, from \$330,426 at September 30, 2019, to \$412,417 at September 30, 2020.

Information about the City's proprietary fund begins on Page 14. This fund is accounted for using the accrual basis of accounting. The basis of accounting for this fund is the same as for the city as a whole and the results of operations are discussed above under "Business-type Activities."

CAPITAL ASSETS AND LONG-TERM OBLIGATIONS

Capital Assets

	<u>Capital Assets Net of Depreciation</u>	
	<u>September 30,</u>	
	<u>2020</u>	<u>2019</u>
Governmental Activities:		
Land	\$ 160,099	\$ 160,099
Buildings	1,060,342	1,068,688
Improvements other than buildings	2,176,380	2,144,923
Machinery and equipment	2,307,173	2,354,978
Infrastructure (includes construction in progress)	<u>1,805,370</u>	<u>881,154</u>
Total governmental activities	<u>7,509,364</u>	<u>6,609,842</u>
Business-type Activities:		
Land	40,930	40,930
Water system	1,988,798	2,092,826
Sewer system	3,542,725	3,680,509
Machinery and equipment	<u>83,294</u>	<u>64,459</u>
Total business-type activities	<u>5,655,747</u>	<u>5,878,724</u>
Total	<u>\$ 13,165,11</u>	<u>\$ 12,488,566</u>

Long-Term Obligations

At September 30, 2020, the City of Winona had \$2,691,587 in outstanding General Obligation Bonds, Notes, Revenue Bonds and Compensated absences (this does not include Net Pension Liability). The following table shows the total outstanding long-term obligations of the City:

CITY OF WINONA, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020
UNAUDITED

	<u>Long-Term Obligations at Year End</u>	
	<u>2020</u>	<u>2019</u>
Governmental Activities:		
General obligation bonds	\$ 1,275,000	\$ 99,000
Notes payable	80,000	124,327
Compensated absences	<u>88,588</u>	<u>82,295</u>
Total governmental activities	<u>1,443,588</u>	<u>305,622</u>
Business-type Activities:		
Revenue bonds	965,000	1,190,000
Notes payable	264,029	338,626
Compensated absences	<u>18,970</u>	<u>17,489</u>
Total business-type activities	<u>1,247,999</u>	<u>1,546,115</u>
 Total long-term obligations	 <u>\$ 2,691,587</u>	 <u>\$ 1,851,737</u>

CURRENT FINANCIAL RELATED ACTIVITIES

Prior to fiscal year 2019, the City collected Winona Separate School District's ad valorem taxes in conjunction with the City's taxes. On July 1, 2016, Senate Bill 2495 went into effect requiring the Winona Separate School District and the Montgomery County School District to consolidate. The senate bill set forth guidelines on how and when the consolidation was to take place. The Winona Separate School District was dissolved as of January 1, 2018, and the Winona-Montgomery Consolidated School Board was formed. As of January 1, 2018, Montgomery County is responsible for assessing, collecting, and dispersing school taxes for the newly formed school district.

The City of Winona no longer collects any school taxes unless they are past due real taxes from a property not sold due to bankruptcy, past due personal property, privilege taxes or utility taxes from years before 2018. Taxes on past due older years will be dispersed to the new school district upon collection.

CONTACTING THE CITY'S FINANCE DEPARTMENT

This financial report is designed to provide our citizens, taxpayers, creditors, and investors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the City Clerk at 662-283-1232.

CITY OF WINONA, MISSISSIPPI
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash	\$ 829,574	\$ 90,241	\$ 919,815
Investments		19,179	19,179
Receivables (net)	1,351,344	159,906	1,511,250
Due from other governments	402,750		402,750
Due from other funds		138,153	138,153
Inventory		29,752	29,752
Restricted assets:			
Cash	148,337		148,337
Investments		273,225	273,225
Capital assets:			
Non-depreciable	160,099	40,930	201,029
Depreciable, net	7,349,265	5,614,817	12,964,082
Total assets	<u>10,241,369</u>	<u>6,366,203</u>	<u>16,607,572</u>
 Deferred outflows of resources:			
Deferred outflows - pensions	<u>268,588</u>	<u>60,873</u>	<u>329,461</u>
Total assets and deferred outflows of resources	<u>10,509,957</u>	<u>6,427,076</u>	<u>16,937,033</u>
 Liabilities:			
Accounts payable	372,496	43,390	415,886
Accrued liabilities	25,822	12,011	37,833
Due to other funds	138,153		138,153
Customer refundable meter deposits		143,244	143,244
Non-current liabilities:			
Due within one year:			
Bonds and loans payable	169,000	307,021	476,021
Due in more than one year:			
Bonds and loans payable	1,186,000	922,008	2,108,008
Compensated absences	88,589	18,969	107,558
Net pension liability	3,821,932	866,198	4,688,130
Total liabilities	<u>5,801,992</u>	<u>2,312,841</u>	<u>8,114,833</u>
 Deferred inflows of resources:			
Deferred property taxes	1,227,728		1,227,728
Deferred pensions			
Premium on revenue refunding bonds, Series 2011		1,546	1,546
Total deferred inflows of resources	<u>1,227,728</u>	<u>1,546</u>	<u>1,229,274</u>
Total liabilities and deferred inflows of resources	<u>7,029,720</u>	<u>2,314,387</u>	<u>9,344,107</u>
 Net Position:			
Invested in capital assets, net of related debt	6,226,364	4,426,718	10,653,082
Restricted	148,337	273,225	421,562
Unrestricted	<u>(2,894,464)</u>	<u>(587,254)</u>	<u>(3,481,718)</u>
Total net position	<u>\$ 3,480,237</u>	<u>\$ 4,112,689</u>	<u>\$ 7,592,926</u>

See Notes to Financial Statements.

CITY OF WINONA, MISSISSIPPI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Function/Program Activities:							
Governmental Activities:							
General government	\$ 446,999	\$	\$	\$ 170,600	(276,399)	\$	(276,399)
Public safety	1,484,968	35,000	8,805	24,600	(1,416,563)		(1,416,563)
Highways and streets	691,014			33,782	(657,232)		(657,232)
Sanitation	514,623	407,884			(106,739)		(106,739)
Health and welfare	46,005	325			(45,680)		(45,680)
Culture and recreation	425,625	140,983			(284,642)		(284,642)
Non-departmental	40,042	8,350			(31,692)		(31,692)
Interest and fees	34,826				(34,826)		(34,826)
Total governmental activities	<u>3,684,102</u>	<u>592,542</u>	<u>8,805</u>	<u>228,982</u>	<u>(2,853,773)</u>		<u>(2,853,773)</u>
Business-type Activities:							
Water and Sewer	1,327,754	1,454,160				126,406	126,406
Total business-type activities	<u>1,327,754</u>	<u>1,454,160</u>				<u>126,406</u>	<u>126,406</u>
Total	<u>\$ 5,011,856</u>	<u>\$ 2,046,702</u>	<u>\$ 8,805</u>	<u>\$ 228,982</u>	<u>(2,853,773)</u>	<u>126,406</u>	<u>(2,727,367)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes					\$ 1,172,503		\$ 1,172,503
Property taxes, levied for debt service					26,276		26,276
Sales, Use, and gas taxes					1,003,466		1,003,466
Tourism tax					180,190		180,190
Occupational licenses and franchise fees					156,823		156,823
Fines and forfeitures					66,425		66,425
Grants and contributions not restricted to specific programs:							
Homestead exemption reimbursement					95,834		95,834
Other intergovernmental revenues and grants					479,135		479,135
Investment earnings (loss)					531	3,332	3,863
Miscellaneous					22,857	33,787	56,644
Amortization of premium on bonds						749	749
Total general revenues					<u>3,204,040</u>	<u>37,868</u>	<u>3,241,908</u>
Changes in net position					350,267	164,274	514,541
Net position - beginning					<u>3,129,970</u>	<u>3,948,415</u>	<u>7,078,385</u>
Net position - ending					<u>\$ 3,480,237</u>	<u>\$ 4,112,689</u>	<u>\$ 7,592,926</u>

See Notes to Financial Statements.

CITY OF WINONA, MISSISSIPPI
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020

	<u>General</u>	<u>City Bond</u>	<u>Total Governmental Funds</u>
Assets and Deferred Outflows of Resources:			
Assets:			
Cash	\$ 393,128	\$ 584,783	\$ 977,911
Due from other funds			
Due from other governments:			
Property taxes - auto	18,838	428	19,266
State sales taxes	169,868		169,868
Tourism tax	32,062		32,062
Motor vehicle privilege tax			
Road maintenance tax	2,149		2,149
COPS grant	8,805		8,805
HOME grant	170,600		170,600
Mont. County Rail Car tax			
Parks Trail grant			
Other receivables:			
Property taxes receivable	1,175,308	52,420	1,227,728
Garbage fees	67,585		67,585
Franchise tax	31,624		31,624
Fines			
Privilege tax	1,728		1,728
Penalties & interest	169		169
Payments in lieu of taxes	19,593		19,593
Local fire runs	2,917		2,917
Total Assets	<u>\$ 2,094,374</u>	<u>\$ 637,631</u>	<u>\$ 2,732,005</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable	\$ 372,496	\$	\$ 372,496
Due to other funds	134,153	4,000	138,153
Total liabilities	<u>506,649</u>	<u>4,000</u>	<u>510,649</u>
Deferred inflow of resources:			
Deferred property taxes	<u>1,175,308</u>	<u>52,420</u>	<u>1,227,728</u>
Fund Balances:			
Restricted for:			
Debt service		6,399	6,399
Tourism fund	44,755		44,755
Fire protection	97,183		97,183
Unassigned for:			
General fund	<u>270,479</u>	<u>574,812</u>	<u>845,291</u>
Total Fund Balances	<u>412,417</u>	<u>581,211</u>	<u>993,628</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,094,374</u>	<u>\$ 637,631</u>	<u>\$ 2,732,005</u>

See Notes to Financial Statements.

CITY OF WINONA, MISSISSIPPI
RECONCILIATION OF THE BALANCE SHEET TO THE
STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Fund balances - total governmental funds	\$	993,628
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds

Governmental capital assets	\$ 10,164,627		
Less accumulated depreciation	<u>(2,655,263)</u>		7,509,364

Some liabilities, including bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds

Governmental bonds payable	(1,275,000)		
Tax incremental financing bonds payable	(80,000)		
Notes Payable			
Compensated absences	(88,589)		
Accrued interest payable on bonds and notes payable	(25,822)		
Net pension liability	<u>(3,821,932)</u>		(5,291,343)

Deferred outflows and inflows of resources are applicable to future periods and, therefore, are not reported in the funds

Deferred outflows of resources related to pensions	268,588		
Deferred inflows of resources related to pensions	<u> </u>		<u>268,588</u>
Net position of governmental activities		\$	<u>3,480,237</u>

See Notes to Financial Statements.

CITY OF WINONA, MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	General	City Bond	Total Governmental Funds
Revenues:			
Property taxes	\$ 1,172,503	\$ 26,276	\$ 1,198,779
Licenses and permits	156,823		156,823
Intergovernmental revenues	1,994,281	2,130	1,996,411
Charges for services	592,542		592,542
Fines and forfeits	66,425		66,425
Miscellaneous	23,384	4	23,388
	<u>4,005,958</u>	<u>28,410</u>	<u>4,034,368</u>
Total revenues			
Expenditures:			
General government	384,197		384,197
Public safety	1,362,605		1,362,605
Highways and streets	615,573		615,573
Sanitation	514,623		514,623
Health and welfare	43,843		43,843
Culture and recreation	365,434		365,434
Non-departmental	29,911		29,911
Capital outlay	557,325	618,339	1,175,664
Debt service:			
Principal retirement	44,327	24,000	68,327
Interest and other	6,129	5,234	11,363
	<u>3,923,967</u>	<u>647,573</u>	<u>4,571,540</u>
Total expenditures			
Excess (Deficiency) of Revenues Over Expenditures	<u>81,991</u>	<u>(619,163)</u>	<u>(537,172)</u>
Other Financing Sources and (Uses):			
Transfers In(Out)			
Bond and loan proceeds		1,200,000	1,200,000
		<u>1,200,000</u>	<u>1,200,000</u>
Total other financing sources, (uses)			
Net change in fund balances	81,991	580,837	662,828
Fund balances - beginning of year	<u>330,426</u>	<u>374</u>	<u>330,800</u>
Fund balances - end of year	<u>\$ 412,417</u>	<u>\$ 581,211</u>	<u>\$ 993,628</u>

See Notes to Financial Statements.

CITY OF WINONA, MISSISSIPPI
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Net change in fund balances - total governmental funds	\$	\$ 662,828
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Amounts reported for governmental activities in the statement
of activities are different because:

Governmental funds report capital outlays as expenditures.
However, in the statement of activities, the cost of those assets
is depreciated over their estimated useful lives.

Expenditures for capital assets	1,206,087	
Less current year depreciation	<u>(306,564)</u>	899,523

Bond and loan proceeds provide current financial resources to
governmental funds, but issuing debt increases long-term liabilities
in the statement of net position. Repayment of bond and note principal
is an expenditure in the governmental funds, but the repayment
reduces long-term liabilities in the statement of net position. This is the
amount by which proceeds exceeded repayments. (1,131,673)

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

Increase in accrual for compensated absences		(6,294)
--	--	---------

Governmental funds do not report a liability for accrued interest
until it is due and payable. Accrued interest is reported as a
liability in the statement of activities.

Increase in accrued interest liability		(23,463)
--	--	----------

The statement of activities reports an expense equal to the City's
proportionate share of the collective net pension expense for the cost-sharing
pension plan. However, in the governmental funds, the cost-sharing expenses
are measured by the amount of current contributions made to the plan.
This is the amount by which expenditures exceeded current contributions.

(50,654)

Change in net position - governmental activities	\$	<u>350,267</u>
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See Notes to Financial Statements.

**CITY OF WINONA, MISSISSIPPI
PROPRIETARY FUND
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020**

	<u>Business - Type Activity</u> <u>Enterprise Water & Sewer Fund</u>
Current Assets:	
Cash	\$ 90,241
Investments	19,179
Accounts receivables less allowance for uncollectible accounts	127,833
Unbilled revenue	32,073
Due from other funds	138,153
Inventory	<u>29,752</u>
Total Current Assets	<u>437,231</u>
Non-current Assets:	
Restricted:	
Cash - Meter deposits	
Investments:	
Meter deposits	
Bond debt depr. & cont.	10,000
Bond debt service reserve	263,225
Capital Assets:	
Land	40,930
Building and improvements	33,138
Water and sewer system	12,617,935
Equipment	778,662
Vehicles	84,805
Office equipment, furniture and fixtures	57,458
Less accumulated depreciation	<u>(7,957,181)</u>
Total Non-current Assets	<u>5,928,972</u>
 Total assets	 <u>6,366,203</u>
Deferred outflows of resources:	
Deferred outflows - pensions	<u>60,873</u>
 Total assets and deferred outflows of resources	 <u>6,427,076</u>
Current Liabilities:	
Accounts payable	43,390
Due to Other Funds	
Bonds, notes, and loans payable (current)	307,021
Accrued interest	12,011
Meter deposits	<u>143,244</u>
Total Current Liabilities	<u>505,666</u>

See Notes to Financial Statements.

**CITY OF WINONA, MISSISSIPPI
PROPRIETARY FUND
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020**

(Cont'd)

	<u>Business - Type Activity Enterprise Water & Sewer Fund</u>
Non-current Liabilities:	
Bonds, notes, and loans payable	\$ 922,008
Compensated absences	18,969
Net pension liability	<u>866,198</u>
Total Non-current Liabilities	<u>1,807,175</u>
 Total Liabilities	 <u>2,312,841</u>
 Deferred inflow of resources:	
Deferred inflow - pensions	
Premium on revenue refunding bonds, Series 2011	<u>1,546</u>
Total Deferred Inflow of Resources	<u>1,546</u>
 Total liabilities and deferred inflows of resources	 <u>2,314,387</u>
 Net Position:	
Invested in Capital Assets, net of related debt	4,426,718
Restricted:	
Debt Service	273,225
Unrestricted	<u>(587,254)</u>
 Total Net Position	 <u>\$ 4,112,689</u>

See Notes to Financial Statements.

CITY OF WINONA, MISSISSIPPI
PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Business - Type Activity</u> <u>Enterprise Water & Sewer Fund</u>
Operating Revenue:	
Water sales	\$ 881,146
Sewer charges	573,014
Other revenues	<u>33,787</u>
Total operating revenues	<u>1,487,947</u>
Operating Expenses:	
General administration	260,577
Maintenance - buildings, grounds & equip.	103,964
Water line transmission & distribution	305,149
Treatment & purification	68,032
Sewage collection	223,077
Sewage treatment	55,888
Depreciation	<u>262,515</u>
Total operating expenses	<u>1,279,202</u>
Operating income, loss (-)	<u>208,745</u>
Non-Operating Revenues, Expenses (-):	
Investment income	3,332
Gain, loss (-) on sale of fixed assets	
Capital grants	
Interest and fiscal charges	(48,552)
Bond discount/premium amortization	<u>749</u>
Total non-operating revenues, expenses (-)	<u>(44,471)</u>
Changes in net position	164,274
Net position - Beginning	<u>3,948,415</u>
Net position - Ending	<u>\$ 4,112,689</u>

See Notes to Financial Statement.

CITY OF WINONA, MISSISSIPPI
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
YEAR ENDED SEPTEMBER 30, 2020

Cash Flows From Operating Activities:	
Cash received from customers	\$ 1,462,613
Cash payments for goods & services	(717,238)
Cash payments for payroll, payroll taxes and retirement	(350,547)
Net cash provided by operating activities	<u>394,828</u>
 Cash Flows From Capital and Related Financing Activities:	
Capital grants received	
Proceeds from sale of capital assets	
Acquisition and construction of capital assets	(39,537)
Principal payments on loans	(74,597)
Interest payments	(8,711)
Retirement of revenue bonds	(225,000)
Interest and agent fees paid on revenue bonds	(42,225)
Net cash used by capital and related financing activities	<u>(390,070)</u>
 Cash Flows From Investing Activities:	
Interest received on cash and investments	1,116
Proceeds from sale of investments	
Purchase of investments	
Net cash provided by investing activities	<u>1,116</u>
 Net increase in cash and cash equivalents	 5,874
 Cash and cash equivalents at beginning of year	 <u>84,367</u>
 Cash and cash equivalents at end of year	 <u>\$ 90,241</u>
 Reconciliation of Income From Operations to Net Cash Provided by Operating Activities:	
Income (Loss) from operations	\$ 208,745
Adjustments to reconcile income from operations to net cash provided by operating activities:	
Depreciation	262,515
Changes in assets, liabilities, deferred outflows and inflows of resources:	
Decrease in accounts receivable, net of allowance for uncollectibles	(23,625)
Decrease in unbilled revenues	(3,255)
Decrease in inventory	(7,498)
Decrease in accounts payable	(6,559)
Decrease in due from other funds	(50,000)
Increase in compensated absences liability	1,480
Increase in customer meter deposits	1,545
Decrease in deferred outflows	(40,257)
Decrease in deferred inflows	(9,671)
Decrease in net pension liability	<u>61,408</u>
 Net cash provided by operating activities	 <u>\$ 394,828</u>

See Notes to Financial Statements.

CITY OF WINONA, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Winona, Mississippi (the "City") have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") applicable to state and local governments. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting and reporting policies and practices used by the City are described below.

1.A. FINANCIAL REPORTING ENTITY

The City's financial reporting entity comprises the following:

Primary Government: City of Winona

In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*, and includes all component units of which the City appointed a voting majority of the units' board; the City is either able to impose its will on the unit or a financial benefit or burden relationship exists.

Blended Component Units

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the City Board of Aldermen or the component unit provides services entirely to the City. These component units' funds are blended into those of the City's by appropriate activity type to compose the primary government presentation. Currently, the City has no blended presented component units.

Discretely Presented Component Units

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending. Currently, the City has no discretely presented component units.

1.B. BASIS OF PRESENTATION

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

CITY OF WINONA, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

1.B. BASIS OF PRESENTATION (Cont'd)

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Governmental Funds

General Funds

The General Fund is the primary operating fund of the City and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes.

Capital Project Funds

Capital Project Funds are used to account for resources restricted for the acquisition or construction of specific capital projects or items.

Debt Service Funds

Debt Service Funds account for the accumulation of financial resources for the payment of interest and principle on the general long-term debt of the city other than debt service payments made by enterprise funds. Ad valorem taxes are levied for the payment of principle and interest on the City's general long-term debt.

CITY OF WINONA, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

1.B. BASIS OF PRESENTATION (Cont'd)

Proprietary Fund

Enterprise Fund

Enterprise Funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the Winona Water and Sewer Fund.

Fiduciary Funds (Not included in governmental-wide statements)

Agency Funds

Agency funds account for assets held by the City in a purely custodial capacity. The reporting entity includes three agency funds. Since agency funds are custodial in nature (i.e., assets equal liabilities) they do not involve the measurement of results of operations. The agency funds are as follows:

Fund	Brief Description
Accounts Payable Clearing	Accounts for funds transferred in to pay claims of the City. Funds are transferred in monthly from Governmental and Proprietary type funds and disbursements are made to the City's vendors.
Payroll Fund	Accounts for disbursement of payroll checks for City. Funds are transferred in monthly from Governmental and Proprietary type funds and payroll checks are disbursed to employees.
Tax Collector's Fund	All property taxes collected are deposited to this fund. Settlements are made monthly from this fund to the various governmental funds which the taxes were levied.

Major and Non-major Funds

The funds further classified as major or non-major are as follows:

Fund	Brief Description
Major:	
General	See above for description.
Enterprise Funds:	
Water and Sewer	See above for description

CITY OF WINONA, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

1.B. BASIS OF PRESENTATION (Cont'd)

Major and Non-major Funds (Cont'd)

Fund	Brief Description
<i>Non-major:</i>	
Debt Service Fund:	
City Bond Fund	See above for description.

1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus refers to the type of resources being measured such as current financial resources or economic resources. The basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.
- c. Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

CITY OF WINONA, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Cont'd)

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds and agency funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available". Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year-end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

1.D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND EQUITY

Cash and Investments

For the purpose of the Statement of Net Position, "cash" includes all demand, savings accounts, and certificates of deposits of the City. For the purpose of the proprietary fund Statement of Cash Flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds". Short-term interfund loans are reported as "interfund receivables and payables". Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds". Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. See Note 12 for details of interfund transactions, including receivables and payables at year-end.

CITY OF WINONA, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

1.D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND EQUITY

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include sales and use taxes, franchise taxes, grants, and police fines. Business-type activities report utilities and interest earnings as their major receivables.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Non-exchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the governmental-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Utility accounts receivable and interest earnings compose the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

Unbilled Revenues

An estimated amount has been recorded for utility services provided but not billed as of the end of the year.

Inventory

Inventory is valued at cost which, in management's opinion, approximates fair market value. The inventory in the Water and Sewer Enterprise Fund of \$29,752 consists of expendable supplies held for consumption.

Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position

Deferred Outflows of Resources

Deferred outflows of resources is a consumption of net assets by the government that is applicable to a future reporting period. It has a positive effect on net position, similar to assets.

Deferred Inflows of Resources

Deferred inflows of resources is an acquisition of net assets by the government that is applicable to a future reporting period. It has a negative effect on net position, similar to liabilities.

Deferred outflows should be reported in a separate section following assets, and deferred inflows should be reported in a separate section following liabilities. The statement then arrives at net position which includes the net effects of assets, deferred outflows of resources, liabilities, and deferred inflows of resources.

CITY OF WINONA, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

1.D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND EQUITY (Cont'd)

Capital Assets

The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide Statements

In the government-wide financial statements, general capital assets including major general infrastructure assets acquired during the current year are accounted for as capital assets. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Assets capitalized, not including infrastructure assets, have an estimated useful life of over three years. All infrastructure asset additions are capitalized.

Prior to October 1, 2003, and the implementation of GASB 34, governmental fund's major general infrastructure assets were not capitalized. In accordance with the provisions of GASB 34, the City has elected not to report major general infrastructure assets acquired before the adoption of GASB 34, or October 1, 2003. Accordingly, those assets and depreciation thereon have not been reported in these financial statements.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	25-50 years
Improvements	10-50 years
Machinery and Equipment	3-20 years
Utility System	25-50 years
Infrastructure	25-50 years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Restricted Assets

Restricted assets include cash that is legally restricted as to their use. The primary restricted assets are related to revenue bond reserve accounts, fire protection funds, and unexpended tourism tax revenues.

CITY OF WINONA, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

1.D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND EQUITY (Cont'd)

Long-term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of general obligation bonds, revenue bonds, notes payable and accrued compensated absences.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principle and interest reported as expenditures. The accounting for proprietary fund is the same in the fund statements as it is in the government-wide statements.

Compensated Absences

The City's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred.

Equity Classifications

Government-wide Statements

Equity is classified as net position and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted – All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

CITY OF WINONA, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

1.D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND EQUITY (Cont'd)

Equity Classifications (Cont'd)

Fund Statements

Governmental fund equity is classified as fund balance. In the Balance Sheet of governmental funds, fund balance is reported in five possible classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in those funds can be spent. The classifications are as follows:

Nonspendable

The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash (e.g. inventories and prepaid assets).

Restricted

Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation.

Committed

The committed fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City's highest level of decision making authority.

Assigned Fund Balance

The assigned fund balance includes amounts constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned Fund Balance

The unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned. Expenditures may be incurred for purposes for which both restricted, if any, and unrestricted (committed, assigned, or unassigned) amounts are available. Composition of the ending fund balance will be determined by applying the following: In those instances where both restricted and unrestricted amounts are available, restricted amounts will be considered to have been spent first, followed by committed amounts, followed by assigned amounts, and then unassigned amounts.

Proprietary fund equity is classified the same as in the government-wide statements.

CITY OF WINONA, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

1.E. REVENUES, EXPENDITURES AND EXPENSES

Property Tax

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied by the following October 1 and are payable by the following February 1. The City bills and collects its own property taxes except for automobile taxes, which are collected by the county and remitted to the city.

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenses are classified as follows:

Governmental Funds – By Character: Current (further classified by function)
 Debt Service
 Capital Outlay

Proprietary Fund – By Operating and Non-operating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Interfund Transfers

Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

NOTE 2: PROPERTY TAXES COLLECTED FOR SEPARATE SCHOOL DISTRICT

Beginning with the current fiscal year, the Winona Separate School District was consolidated with Montgomery County Schools. Therefore, the City no longer collects taxes for the Winona School District.

NOTE 3: CASH AND CASH EQUIVALENTS

A summary of cash balances including bank account deposits and cash on hand at September 30, 2019, follows:

	General Fund	Debt Service Fund	Water and Sewer Fund	Total
Petty cash on hand	\$ 1,025	\$	\$ 842	\$ 1,867
Bank deposits – unrestricted	250,165	578,384	89,399	917,948
Bank deposits – restricted	141,938	6,399		148,337
Total bank deposits	392,103	584,783	89,399	1,066,285
Total cash	\$ 393,128	\$ 584,783	\$ 90,241	\$ 1,068,152

CITY OF WINONA, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 3: CASH AND CASH EQUIVALENTS (Cont'd)

In accordance with state statutes, the City maintains deposits within approved limits at those depositories authorized by the Board of Aldermen. State statutes require that all of the City's deposits be protected by collateral or insurance equal to 105% of the total deposits not covered by insurance. The City's deposits are collateralized through the Statewide Collateral Pool Program sponsored by the State of Mississippi Treasury Department.

At September 30, 2020 all of the City's funds on deposit in financial institutions were insured or collateralized per the schedule below:

	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Total</u>
Carrying amount per books	\$ 250,000	\$ 816,285	\$	\$ 1,066,285
Balance per bank	\$ 250,000	\$ 1,053,643	\$	\$ 1,303,643

The categories of risk are described as follows:

Category 1 - Insured by Federal Deposit Insurance Corporation

Category 2 - Collateralized with securities held by the pledging financial institution's agent in the City's name

Category 3 – Uncollateralized

Cash and cash equivalents at September 30, 2020 is shown on the Statement of Cash Flows – Proprietary Fund as \$90,241. This amount is shown on the Statement of Net Position – Proprietary Fund as current asset cash balance of \$90,241 – all unrestricted.

NOTE 4: INVESTMENTS:

State statutes, City bond ordinances and city resolutions authorize the City's investments. Generally, the City is authorized to invest in bonds or other direct obligations of the U.S. Government or the State of Mississippi, or of any county, municipality, or school district of this state meeting certain qualifications or in obligations issued or guaranteed in full as to principal and interest by the U.S. Government.

Water and Sewer Enterprise Fund investments consist of the following at September 30, 2019:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
292,404 units Federated US Treasury Cash Reserve Fund	\$ 19,179	\$ 273,225	\$ 292,404

All of the above investments at September 30, 2020, were held by a bank trust department in the City's name (Category 2).

NOTE 5: ACCOUNTS RECEIVABLE, NET OF ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

At September 30, 2020, accounts receivable were as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Property taxes	\$ 1,227,728	\$	\$ 1,227,728
Penalties and interest	169		169
Franchise taxes receivable	31,624		31,624
Court fines	19,593		19,593
Privilege taxes	1,728		1,728
Water, sewer and garbage	67,585	165,906	233,491
Local fire runs	2,917		2,917
(Allowance for uncollectible accounts)		(6,000)	(6,000)
Net accounts receivable	<u>\$ 1,351,344</u>	<u>\$ 159,906</u>	<u>\$ 1,511,250</u>

CITY OF WINONA, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 6: CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental activities:				
Non-depreciable assets:				
Land	\$ 160,099	\$	\$	\$ 160,099
Depreciable assets:				
Buildings	1,118,089			1,118,089
Improvements	2,832,121	144,340		2,976,461
Machinery and equipment	3,667,205	98,192		3,765,397
Infrastructure	<u>1,181,027</u>	<u>963,554</u>		<u>2,144,581</u>
Totals at historical cost	<u>8,958,541</u>	<u>1,206,086</u>		<u>10,164,627</u>
Less accumulated depreciation for:				
Buildings	49,401	8,346		57,747
Improvements	687,198	112,883		800,081
Machinery and equipment	1,312,226	145,998		1,458,224
Infrastructure	<u>299,874</u>	<u>39,337</u>		<u>339,211</u>
Total accumulated depreciation	<u>2,348,699</u>	<u>306,564</u>		<u>2,655,263</u>
Governmental activities capital assets, net	<u>\$ 6,609,842</u>	<u>\$ 899,522</u>	<u>\$</u>	<u>\$ 7,509,364</u>
Business-type activities:				
Non-depreciable assets:				
Land	\$ 40,930	\$	\$	\$ 40,930
Depreciable assets:				
Buildings	33,138			33,138
Water system	5,208,712			5,208,712
Sewer system	7,409,222			7,409,222
Machinery and equipment	<u>881,389</u>	<u>39,537</u>		<u>920,926</u>
Totals at historical cost	<u>13,573,391</u>	<u>39,537</u>		<u>13,612,928</u>
Less accumulated depreciation for:				
Buildings	33,138			33,138
Water system	3,115,888	104,028		3,219,916
Sewer system	3,728,713	137,784		3,866,497
Machinery and equipment	<u>816,927</u>	<u>20,703</u>		<u>837,630</u>
Total accumulated depreciation	<u>7,694,666</u>	<u>262,515</u>		<u>7,957,181</u>
Business-type activities capital assets, net	<u>\$ 5,878,725</u>	<u>\$ (222,978)</u>	<u>\$</u>	<u>\$ 5,655,747</u>
Depreciation expense was charged to governmental functions as follows:				
General government			\$	50,980
Public safety – police				47,215
Public safety – fire				42,903
Streets and sanitation				98,585
Culture and recreation				56,749
Non-departmental				<u>10,132</u>
Total depreciation expense			<u>\$</u>	<u>306,564</u>

CITY OF WINONA, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 7: LONG-TERM DEBT

<u>Date Issued</u>	<u>Definition and Purpose</u>	<u>Beginning Balance Oct. 1, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance Sept. 30, 2020</u>	<u>Amounts Due within One Year</u>
GOVERNMENTAL ACTIVITIES:						
GENERAL OBLIGATION BONDS:						
12-12-12	\$231,000 Building Bonds. Payable in annual installments of \$21,000 to \$26,000 on March 1. Final installment due 3-1-33. Interest payable on March 1 and September 1 at 2.25%.	\$ 99,000	\$	\$ 24,000	\$ 75,000	\$ 24,000
10-15-19	\$1,200,000 Trustmark-Public Improvement Bonds, Series 2019. Payable in annual principal installments of \$105,000 to \$135,000 on December 1. Final installment due 12-1-29. Interest payable on June 1 and December 1 at 2.60%.		1,200,000		1,200,000	105,000
TAX INCREMENT FINANCING REVENUE BONDS:						
3-2-11	\$355,000 T.I.F. bonds for infrastructure executed with Trustmark National Bank. Interest payable in semi-annual installments at 4.5% on 11-1 and interest and principal installments on 5-1, beginning with final installment 5-1-22.	115,000		35,000	80,000	40,000
NOTES PAYABLE:						
4-12-16	\$53,867.80 Bank of Winona - Excavator note payable. Payable in monthly installments of \$1,180.50, including principal and interest at the rate of 2.50%. Payments beginning 5-12-16 with final payment on 4-12-20.		9,327	9,327		
10-1-08	\$221,000 Musco Finance note payable. Payable in annual installments of \$28,739, starting 10-1-09 at a rate of 4.97%					
	Total notes payable	9,327		9,327		
OTHER LIABILITIES:						
	Compensated absences	82,295	6,294		88,589	
	Total Governmental Activities Long-term liabilities	\$ 305,622	\$ 1,206,294	\$ 68,327	\$ 1,443,589	\$ 169,000
BUSINESS-TYPE ACTIVITIES:						
REVENUE BONDS:						
3-1-01	\$2,815,000 Combined Water & Sewer System Revenue Refunding Bonds Series 2011. Payable in annual installments of varying amounts from \$190,000 to \$255,000 starting 12-1-11. Final payment 6-1-24. Interest payable on 6-1 and 12-1 at various rates from 2.00% to 3.625%.	\$ 1,190,000	\$	\$ 225,000	\$ 965,000	\$ 230,000

CITY OF WINONA, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 7: LONG-TERM DEBT (Cont'd)

<u>Date Issued</u>	<u>Definition and Purpose</u>	<u>Beginning Balance Oct. 1, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance Sept. 30, 2020</u>	<u>Amounts Due within One Year</u>
OTHER NOTES PAYABLE:						
5-19-11	Automated Meter Reading System with Regions Equipment Finance Corporation. Due in annual installments of \$44,623.06 including principal and interest at the rate of 3.996%. Payments beginning 5-19-12 with final payment on 5-19-21.	\$ 84,168	\$	\$ 41,260	\$ 42,908	\$ 42,908
9-9-11	Automated Meter Reading System with Regions Equipment Finance Corporation. Due in annual installments of \$6,098.60 including principal and interest at the rate of 3.996%. Payments beginning 9-9-12 with final payment on 9-9-21.	11,504		5,639	5,865	5,865
7-25-11	SRF Loan# DWI-L490010-02-0. Loan payable in 120 monthly installments of \$1,676.77, including principal and interest at the rate of 1.95%. Payments beginning 10-2012 with final payment 9-2022.	58,586		19,149	39,437	19,526
9-25-15	State of Mississippi Capital Improvements Loan not to exceed \$200,285. Interest will be at 2.0% with 240 monthly estimated payments of \$1,013.21 beginning 11-2017.	<u>184,369</u>		<u>8,549</u>	<u>175,820</u>	<u>8,722</u>
	Total other notes payable	<u>338,627</u>		<u>74,597</u>	<u>264,030</u>	<u>77,021</u>
	Compensated absences	<u>17,489</u>	<u>1,480</u>		<u>18,969</u>	
	Total Business-type activities long-term debt	<u>\$ 1,546,116</u>	<u>\$ 1,480</u>	<u>\$ 299,597</u>	<u>\$ 1,247,999</u>	<u>\$ 307,021</u>

The annual debt service requirements to maturity, including principal and interest, for long-term debt as of September 30, 2020, are as follows:

<u>Year Ended September 30,</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2021	\$ 169,000	\$ 51,930	\$ 307,021	\$ 39,206	\$ 567,157
2022	175,000	30,691	263,808	29,222	498,721
2023	136,000	25,403	254,077	20,900	436,380
2024	115,000	22,072	264,261	12,142	413,475
2025	120,000	18,900	9,448	2,711	151,059
2026-2030	640,000	44,145	50,176	10,616	744,937
2031-2035			55,449	5,344	60,793
2036-2040			<u>24,790</u>	<u>540</u>	<u>25,330</u>
Total	<u>\$ 1,355,000</u>	<u>\$ 193,141</u>	<u>\$ 1,229,030</u>	<u>\$ 120,681</u>	<u>\$ 2,897,852</u>

CITY OF WINONA, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 7: LONG-TERM DEBT (Cont'd)

\$231,000 GENERAL OBLIGATION BUILDING BONDS OF 12/12/12

<u>Year ended September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Interest Rate</u>
2021	\$ 24,000	\$ 1,417	2.25%
2022	25,000	866	2.25%
2023	<u>26,000</u>	<u>293</u>	2.25%
Total	<u>\$ 75,000</u>	<u>\$ 2,576</u>	

\$1,200,000 GENERAL OBLIGATION BONDS OF 10/15/2016

<u>Year ended September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Interest Rate</u>
2021	\$ 105,000	\$ 46,913	2.60%
2022	110,000	28,025	2.60%
2023	110,000	25,110	2.60%
2024	115,000	22,073	2.60%
2025	120,000	18,900	2.60%
2026 - 2030	<u>640,000</u>	<u>44,145</u>	2.60%
Total	<u>\$ 1,200,000</u>	<u>\$ 185,165</u>	

\$355,000 TAX INCREMENT FINANCE REVENUE BONDS 3/2/11

<u>Year ended September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Interest Rate</u>
2021	\$ 40,000	\$ 3,600	4.50%
2022	<u>40,000</u>	<u>1,800</u>	4.50%
Total	<u>\$ 80,000</u>	<u>\$ 5,400</u>	

GENERAL NOTES PAYABLE:

COMBINED WATER AND SEWER SYSTEM REVENUE REFUNDING BOND OF 09/22/11

<u>Year ended September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Interest Rate</u>
2021	\$ 230,000	\$ 33,225	2.50%
2022	235,000	25,750	2.50%
2023	245,000	17,819	2.50%
2024	<u>255,000</u>	<u>9,244</u>	2.50%
Total	<u>\$ 965,000</u>	<u>\$ 86,038</u>	

AUTOMATED METER READING SYSTEM - REGIONS EQUIPMENT FINANCE OF 05/19/11

<u>Year ended September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Interest Rate</u>
2021	<u>\$ 42,908</u>	<u>\$ 1,715</u>	3.996%

AUTOMATED METER READING SYSTEM - REGIONS EQUIPMENT FINANCE OF 09/09/11

<u>Year ended September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Interest Rate</u>
2021	<u>\$ 5,864</u>	<u>\$ 234</u>	3.996%

CITY OF WINONA, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 7: LONG-TERM DEBT (Cont'd)

SRF-LOAN #DWI-L490010-02-0

<u>Year ended September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Interest Rate</u>
2021	\$ 19,526	\$ 595	1.95%
2022	19,911	211	1.95%
Total	<u>\$ 39,437</u>	<u>\$ 806</u>	

CAP LOAN #15-389

<u>Year ended September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Interest Rate</u>
2021	\$ 8,722	\$ 3,437	2.00%
2022	8,898	3,261	2.00%
2023	9,077	3,081	2.00%
2024	9,260	2,898	2.00%
2025	9,448	2,711	2.00%
2026 - 2030	50,176	10,616	2.00%
2031 - 2035	55,449	5,344	2.00%
2036 - 2040	24,790	541	2.00%
Total	<u>\$ 175,820</u>	<u>\$ 31,889</u>	

NOTE 8: DEFINED BENEFIT PENSION PLAN

Plan Description: The City of Winona, MS contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Plan provisions are established by State law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employee Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201 or by calling (601) 359-3589 or 1-800-444-PERS.

Funding Policy: PERS members are required to contribute 9% of their annual covered salary and the City of Winona, MS is required to contribute at an actuarially determined rate. The current rate of employer contributions is 17.40% for annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The City of Winona, MS's contributions to PERS for the years ending September 30, 2020 and 2019 were \$284,270 and \$258,508, respectively, and these accounts equal the required contributions for each year.

Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years of creditable service for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the

CITY OF WINONA, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 8: DEFINED BENEFIT PENSION PLAN (Cont'd)

member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A Cost of Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired plan member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

At September 30, 2020, the City of Winona, MS reported a liability of \$4,688,130 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City of Winona, MS's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to projected contributions of all participating entities, actuarially determined. At June 30, 2020, the City of Winona, MS's proportion was .24217 percent.

For the year ended September 30, 2020, the City of Winona, MS recognized pension expense of \$346,404. At September 30, 2020, the City's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 40,694	\$
Changes of assumptions	26,226	
Net difference between projected and actual earnings on pension plan investments	192,570	
Changes of assumptions		
City of Winona contributions subsequent to the measurement date	<u>69,971</u>	<u></u>
Totals	<u>\$ 329,461</u>	<u>\$</u>

\$69,971 reported as deferred outflows of resources related to pensions resulting from the City of Winona, MS's contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:

2021	\$ 16,571
2022	89,562
2023	91,303
2024	<u>62,053</u>
	<u>\$ 259,489</u>

CITY OF WINONA, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 8: DEFINED BENEFIT PENSION PLAN (Cont'd)

Actuarial Assumptions. The total pension liability as of June 30, 2019, and a measurement date determined of June 30, 2020, using standard roll forward techniques, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Salary increase	3.00 - 18.25 percent, including inflation
Investment rate of return	7.75 percent, net of pension investment expense, including inflation

Mortality rates were based on the PubS.H-2010(B) Retiree Table with the following adjustments. For males 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119. For females 85% of the female rates from ages 16 to 65 scaled up to 102% for ages 75 to 119. Mortality rates will be projected generationally using the MP-2018 projection scale to account for future improvements in life expectancy.

The actuarial assumptions are based on the experience investigation for the four-year period ending June 30, 2018.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	27.00%	4.90%
International Equity	22.00	4.75
Global Equity	12.00	5.00
Debt Securities	20.00	.50
Real Assets	10.00	4.00
Private Equity	8.00	6.25
Cash	1.00	
Total	<u>100.00%</u>	

Discount Rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at the current employer contribution rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF WINONA, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 8: DEFINED BENEFIT PENSION PLAN (Cont'd)

Sensitivity of the City of Winona, MS's proportionate share of the net pension liability to changes in the discount rate. The following presents the City of Winona, MS's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the City of Winona, MS's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	<u>1% Decrease (6.75%)</u>	<u>Current Discount rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
City of Winona's proportionate share of the net pension liability	\$ 6,068,208	\$ 4,688,130	\$ 3,549,011

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

NOTE 9: BOND PREMIUMS

The unamortized bond premiums at September 30, 2020 were \$1,546.

NOTE 10: RISK MANAGEMENT

The City of Winona has entered into a joint and several relationships with other public entities in the Mississippi Municipal Worker's Compensation Group and the Mississippi Municipal Liability Group. Each member shares responsibility for premium contribution based on payroll and their own loss experiences as well as assessments needed for fund inadequacies. They also share the benefit of fund surplus in the form of dividends when applicable.

The City of Winona is a member of the Mississippi Municipal Association Unemployment Compensation Group Account with Unemployment Compensation Control Systems, Inc., of Mississippi as its agent.

NOTE 11: COMMITMENTS AND CONTINGENCIES

The City participates in federally assisted grant programs, principal of which are Community Development Block Grants and HOME grants. These programs are subject to program compliance audits by grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or applicable fund. The City expects amounts disallowed, if any, to be immaterial.

The City is occasionally involved in various other legal actions arising in the normal course of business. Any such cases would be turned over to the City's insurer's attorneys, who would handle the defense of these claims. In the opinion of management, there were currently no such matters outstanding that would have a material effect upon the financial position of the City.

NOTE 12: INTERFUND RECEIVABLES AND PAYABLES

The following schedule as of September 30, 2020 represents interfund receivables and payables:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental Funds:		
Due to proprietary funds, net	\$	\$ 138,153
Proprietary Funds:		
Due from governmental funds	<u>138,153</u>	<u></u>
Total	<u>\$ 138,153</u>	<u>\$ 138,153</u>

CITY OF WINONA, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 13: RESTRICTED ASSETS

Certain resources the City's Debt Service Fund (City Bond) are restricted for payment of General Obligation Bond Debt as referenced in note 7.

Fire protection funds are restricted for fire department maintenance and capital outlay (fixed assets).

The tourism tax funds are restricted for tourism promotion, recreational improvements and city beautification.

	<u>Cash</u>	<u>Investments</u>	<u>Total</u>
Governmental Activities:			
Restricted for:			
Bond Fund	\$ 6,399		\$ 6,399
Fire Protection	97,183		97,183
Tourism Fund	<u>44,755</u>		<u>44,755</u>
Totals	<u>\$ 148,337</u>		<u>\$ 148,337</u>

Certain cash and investments in the City can be restricted as to use by donors or bond ordinances. The Enterprise Fund 2011 Revenue Refunding Bond ordinance requires that the City provide and maintain a Bond Fund, Depreciation Fund and a Contingent Fund. The Bond Fund requires a Debt Service Account and a Debt Service Reserve Account. The Debt Service Account is established for the City to set aside on a monthly basis an amount which will provide a sum for the payment of the semi-annual interest and annual principal payments on the refunding bonds when they become due. The Debt Service Reserve Account was required by the 2011 Revenue Refunding Bond ordinance to be funded with a portion of the sale proceeds of the 2011 bonds. Moneys in the Debt Service Reserve Account can only be used for the purpose of paying maturing principal or interest on the Bonds when the moneys in the Debt Service Account are insufficient and for no other purpose. In the event that amounts credited to the Debt Service Reserve Account are used to pay maturing principal or interest on the Bonds when moneys on hand in the Debt Service Account are insufficient, the City shall restore the amounts credited to the Debt Service Reserve Account to the amount of the Reserve Account requirement. The Debt Service Reserve Account requirement is equal to the lesser of (1) 10% of the principal amount of all bonds, (2) the maximum annual debt service requirement on a bond year basis or (3) 125% of the average annual debt service on a bond year basis. The Depreciation Fund is to be maintained with a balance of \$5,000 and shall be used for the purpose of paying the cost of repairing the system when needed. The Contingent Fund is to be maintained with a balance of \$5,000 and shall be used for the purpose of paying the cost of unforeseen contingencies arising in the operation and maintenance of the system, including the construction of reasonable and proper improvements.

	<u>Cash</u>	<u>Investments</u>	<u>Total</u>
Business-type Activities:			
Revenue Refunding Bond Reserves:			
Bond Fund:			
Debt Service Accounts	\$ 263,225		\$ 263,225
Depreciation Fund	5,000		5,000
Contingent Fund	<u>5,000</u>		<u>5,000</u>
Totals	<u>\$ 273,225</u>		<u>\$ 273,225</u>

CITY OF WINONA, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 15: SUBSEQUENT EVENTS

Subsequent events have been evaluated through September 1, 2021, which is the date the financial statements were available to be issued.

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVIS-19) a pandemic. As a result, economic uncertainties could arise which could likely negatively affect future revenue streams for the City. Currently, management is unable to quantify the potential effects of the pandemic on its future finances.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WINONA, MISSISSIPPI
Budget Comparison Schedule
Cash Budgetary Basis
Year Ended September 30, 2020
Unaudited

		Original Amounts	Final Amounts after Amendments	Actual Amounts	Variance With final Budget Positive (Negative)
GENERAL FUND					
Beginning Fund Resources, Cash in Bank		\$ 556,728	\$ 669,003	\$ 565,017	\$ (103,986)
RECEIPTS:					
Licenses and permits		157,400	157,400	142,126	(15,274)
Inter-governmental revenue		238,600	239,677	249,341	9,664
Federal grants		522,790	546,172	105,831	(440,341)
Federal shared revenues					
Federak payment/lieu of taxes		5,100	5,100		(5,100)
State grants					
State shared revenues		1,316,125	1,582,395	1,566,242	(16,153)
Grants from local governments					
Charges for services		16,100	16,100	9,900	(6,200)
General government					
Public safety		2,000	2,000	1,543	(457)
Highways and streets					
Sanitation		415,000	415,000	407,861	(7,139)
Welfare		200	325	325	
Culture and recreation		164,000	164,000	140,983	(23,017)
Other		26,009	26,009	6,839	(19,170)
Fines and forfeits		104,000	104,000	77,183	(26,817)
Miscellaneous		5,695	17,420	17,382	(38)
Total Ad Valorem		<u>1,175,250</u>	<u>1,175,250</u>	<u>1,171,898</u>	<u>(3,352)</u>
Total receipts and beginning resources		<u>\$ 4,704,997</u>	<u>\$ 5,119,851</u>	<u>4,462,471</u>	<u>\$ (553,394)</u>
DISBURSEMENTS:					
DISBURSEMENTS GENERAL GOVERNMENT EXPENSES:					
Personal services		\$ 227,065	\$ 235,027	\$ 235,521	\$ (494)
Supplies		13,750	15,150	16,139	(989)
Other services and charges		162,469	165,917	144,662	21,255
Capital outlay		<u>585,975</u>	<u>839,703</u>	<u>116,136</u>	<u>723,567</u>
Total general government expenses		<u>989,259</u>	<u>1,255,797</u>	<u>512,458</u>	<u>743,339</u>
DISBURSEMENTS FOR PUBLIC SAFETY/POLICE AND FIRE:					
Personal services		1,162,189	1,159,904	1,128,607	31,297
Supplies		102,300	118,093	100,426	17,667
Other services and charges		120,040	118,180	113,497	4,683
Capital outlay		<u>133,559</u>	<u>132,059</u>	<u>74,798</u>	<u>57,261</u>
Total public safety/police and fire		<u>1,518,088</u>	<u>1,528,236</u>	<u>1,417,328</u>	<u>110,908</u>
DISBURSEMENTS FOR STREET DEPARTMENT ADMINISTRATION:					
Personal services		355,345	340,664	319,918	20,746
Supplies		148,500	146,233	122,814	23,419
Other services and charges		656,150	669,695	673,954	(4,259)
Capital outlay		<u>426,070</u>	<u>432,788</u>	<u>424,238</u>	<u>8,550</u>
Total street department administration		<u>1,586,065</u>	<u>1,589,380</u>	<u>1,540,924</u>	<u>48,456</u>
DISBURSEMENTS FOR HEALTH/WELFARE/ANIMAL CONTROL:					
Personal services		25,308	30,031	32,165	(2,134)
Supplies		5,100	5,100	5,418	(318)
Other services and charges		5,425	3,710	3,918	(208)
Capital outlay		<u>500</u>			
Total health/welfare/animal control		<u>36,333</u>	<u>38,841</u>	<u>41,501</u>	<u>(2,660)</u>

CITY OF WINONA, MISSISSIPPI
Budget Comparison Schedule
Cash Budgetary Basis
Year Ended September 30, 2020
Unaudited

GENERAL FUND	Original Amounts	Final Amounts after Amendments	Actual Amounts	Variance With final Budget Positive (Negative)
(CONTINUED)				
DISBURSEMENTS FOR CULTURE AND RECREATION:				
Personal services	\$ 106,756	\$ 106,255	\$ 110,368	\$ (4,113)
Supplies	85,100	89,000	86,626	2,374
Other services and charges	129,396	252,242	185,559	66,683
Capital outlay	<u>235,500</u>	<u>242,100</u>	<u>205,871</u>	<u>36,229</u>
Total culture and recreation	<u>556,752</u>	<u>689,597</u>	<u>588,424</u>	<u>101,173</u>
DISBURSEMENTS FOR AIRPORT:				
Personal services				
Supplies				
Other services and charges	13,500	13,500	14,209	(709)
Capital outlay	<u>5,000</u>	<u>4,500</u>	<u>4,500</u>	
Total airport	<u>18,500</u>	<u>18,000</u>	<u>18,709</u>	<u>(709)</u>
Total disbursements	<u>\$ 4,704,997</u>	<u>\$ 5,119,851</u>	<u>4,119,344</u>	<u>\$ 1,000,507</u>
Budgetary Fund Excess (Deficiency) of revenues over expenditures			343,127	
Reconciliation of Differences: Budget to GAAP				
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes				(565,017)
Accrued revenues - end of year			525,938	
Accrued revenues - beginning of year			(410,676)	
Accrued expenditures prior year			561,115	
Accrued expenditures current year			<u>(372,496)</u>	
Excess (Deficiency) of revenues and other financing sources over expenditures and other financing uses			81,991	
Beginning Fund Balance - GAAP Oct. 1, 2019			<u>330,426</u>	
Ending Fund Balance - GAAP Sept. 30, 2020			<u>\$ 412,417</u>	

CITY OF WINONA, MISSISSIPPI
 Budget Comparison Schedule
 Cash Budgetary Basis
 Year Ended September 30, 2020
 Unaudited

	Original Amounts	Final Amounts after Amendments	Actual Amounts	Variance With final Budget Positive (Negative)
CITY BOND FUND				
Beginning Fund Resources, Cash in Bank	\$	\$	\$ 3,951	\$ 3,951
RECEIPTS:				
Bond Proceeds		1,200,000	1,200,000	
Miscellaneous		6	5	(1)
Advalorem Taxes	28,025	28,025	28,400	375
TOTAL RECEIPTS	\$ 28,025	\$ 1,228,031	1,232,356	\$ 4,325
DISBURSEMENTS FOR DEBT SERVICE:				
BOND REDEMPTION	\$ 24,000	\$ 24,000	24,000	\$
INTEREST PAID	4,025	4,031	5,234	(1,203)
CAPITAL OUTLAY		1,200,000	618,339	581,661
TOTAL DISBURSEMENTS	\$ 28,025	\$ 1,228,031	647,573	\$ 580,458
 Budgetary Fund Excess (Deficiency) of revenues over expenditures			584,783	
 Reconciliation of Differences: Budget to GAAP				
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes			(3,951)	
Accrued revenues - end of year			428	
Accrued revenues - beginning of year			(423)	
 Excess (Deficiency) of revenues and other financing sources over expenditures and other financing uses			580,837	
Beginning Fund Balance - GAAP Oct. 1, 2019			374	
Ending Fund Balance - GAAP Sept. 30, 2020			<u>\$ 581,211</u>	

CITY OF WINONA, MISSISSIPPI
SCHEDULE OF THE CITY OF WINONA, MS'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
SEPTEMBER 30, 2020

	September 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
The City of Winona, MS's proportion of the net pension liability				.024217%	.024760%	.025856%	.023996%	.022429%	.022988%	.023721%
The City of Winona, MS's proportionate share of the net pension liability				\$ 4,688,130	\$ 4,355,773	\$ 4,300,621	\$ 3,988,950	\$ 4,006,379	\$ 3,553,491	\$ 2,879,295
The City of Winona, MS's covered-employee payroll				\$ 1,633,734	\$ 1,603,479	\$ 1,635,181	\$ 1,545,467	\$ 1,446,692	\$ 1,419,177	\$ 1,451,517
The City of Winona, MS's proportionate share of the net pension liability as a percentage of its covered-employee payroll				286.96%	271.65%	263.01%	258.11%	276.93%	250.39%	198.36%
Plan fiduciary net position as a percentage of the total pension liability				58.97%	61.59%	62.54%	61.49%	57.47%	61.70%	67.21%

See Notes to the Required Supplementary Information.

CITY OF WINONA, MISSISSIPPI
SCHEDULE OF THE CITY OF WINONA, MS'S CONTRIBUTIONS
SEPTEMBER 30, 2020

	September 30,									
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution				\$ 284,270	\$ 258,508	\$ 257,541	\$ 243,411	\$ 227,854	\$ 223,235	\$ 229,190
Contributions in relation to the contractually required contributions				<u>(284,270)</u>	<u>(258,508)</u>	<u>(257,541)</u>	<u>(243,411)</u>	<u>(227,854)</u>	<u>(223,235)</u>	<u>(229,190)</u>
Contribution deficiency, (excess)				<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
The City of Winona, MS's covered-employee payroll				<u>\$ 1,633,734</u>	<u>\$ 1,603,479</u>	<u>\$ 1,635,181</u>	<u>\$ 1,545,467</u>	<u>\$ 1,446,692</u>	<u>\$ 1,419,177</u>	<u>\$ 1,451,517</u>
Contribution as a percentage of covered-employee payroll				<u>* 17.40%</u>	<u>* 16.12%</u>	<u>15.75%</u>	<u>15.75%</u>	<u>15.75%</u>	<u>15.75%</u>	<u>15.75%</u>

* PERS employer matching contribution percentage increased from 15.75% to 17.40% on July 1, 2019.

See Notes to the Required Supplementary Information.

CITY OF WINONA, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED SEPTEMBER 30, 2020

NOTE 1 - SCHEDULE OF THE CITY OF WINONA, MS'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

The amounts presented for each fiscal year were determined as of the measurement date of June 30 of the fiscal year presented.

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASS 68 was implemented in the fiscal year ended September 30, 2015, and, until a full 10-year trend is compiled, the Commission has only presented information for the years in which information is available.

NOTE 2 - SCHEDULE OF THE CITY OF WINONA, MS'S CONTRIBUTIONS

The amounts presented for each fiscal year were determined as of the measurement date of June 30 of the fiscal year presented.

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in the fiscal year ended September 30, 2015, and, until a full 10-year trend is compiled, the Commission has only presented information for the years in which information is available.

NOTE 3 - BUDGETS AND BUDGETARY ACCOUNTING

Budgets are adopted on the cash basis of accounting.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to September 15, the City Clerk submits to the Mayor and Board of Aldermen a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. As required by State law, the City conducts public hearings on the budget.
3. The budget as submitted is reviewed by the Mayor and Board of Aldermen and necessary revisions are made to the budget. Then the budget is approved prior to September 15.
4. The budget is formally revised no later than July of each year or any time a deficit is indicated.
5. Budgetary comparisons are employed by management as a management control device during the year for all governmental funds and Water and Sewer Enterprise Fund. The budget and actual comparisons are formally presented in the financial statements to the Mayor and Board of Aldermen. Budgetary control over other funds is achieved through applicable state law, bond ordinances, or other restrictions imposed when the fund is created.

Budgeted amounts are as originally adopted or as amended by the Board of Aldermen as of September 30, 2019.

The City's budget is adopted on the cash basis of accounting modified to include recognition of expenditures paid within 30 days after year-end as required by the State of Mississippi. This method is not consistent with U.S. generally accepted accounting principles ("GAAP").

The Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis) presents the original legally adopted budget, the final legally adopted budget, actual amounts on a budgetary (non-GAAP) basis and variances between the final budget and the actual amounts. The schedule is presented for the general fund and city bond and interest fund only.

OTHER SUPPLEMENTARY INFORMATION

CITY OF WINONA, MISSISSIPPI
SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS
SEPTEMBER 30, 2020

<u>NAME</u>	<u>POSITION</u>	<u>COMPANY</u>	<u>BOND</u>
Jerry Flowers	Mayor	Travelers Casualty & Surety Co.	\$ 90,000
Kelvin Winbush	Alderman	Travelers Casualty & Surety Co.	90,000
William Travis Johnson	Alderman	Travelers Casualty & Surety Co.	90,000
Michael Austin	Alderman	Travelers Casualty & Surety Co.	90,000
William Ware	Alderman	Travelers Casualty & Surety Co.	90,000
Sara Miniweather	Alderperson	Travelers Casualty & Surety Co.	90,000
June Williams	City Clerk	Liberty Mutual Surety	67,500
Tiffany Everett	Deputy Asst. City Clerk	Travelers Casualty & Surety Co.	50,000
Dorothy Washington	Deputy Clerk	Travelers Casualty & Surety Co.	50,000
Kelly Fox	Deputy Court Clerk	Travelers Casualty & Surety Co.	50,000
Rachele Heath	Court Clerk	Travelers Casualty & Surety Co.	50,000
Tommy Bibbs	Police Chief	Travelers Casualty & Surety Co.	50,000
Police Officers (7)	Police Officer(s)	Travelers Casualty & Surety Co.	(each) 25,000
Michael Narmour	Recreational Director	Travelers Casualty & Surety Co.	50,000

CITY OF WINONA, MISSISSIPPI
RECONCILIATION OF ORIGINAL AD VALOREM TAX ROLLS TO FUND COLLECTIONS
YEAR ENDED SEPTEMBER 30, 2020

	<u>Municipal</u>	<u>Tax</u>	
ASSESSED VALUATION AND MILLAGE:			
Realty	\$ 17,960,179	\$	
Personal - other than auto	2,479,127		
Public Utilities	1,927,385		
Personal - auto (remitted by county)	<u>4,927,662</u>		
 Total municipal at 49.50 mills	 <u>\$ 27,294,353</u>	 1,351,070	
COLLECTION ADJUSTMENTS:			
Add: Municipal homestead reimbursement	95,834		
Prior year tax collections	10,034		
Penalties and interest on delinquent taxes	<u>12,882</u>	118,750	
 Less: Cost of collections	(11,881)		
Special homestead exemption allowed	<u>(145,660)</u>	<u>(157,541)</u>	
 Total to be accounted for		 <u>\$ 1,312,279</u>	
	<u>Taxes</u>	<u>Homestead</u>	<u>Total</u>
CREDITS:			
Collections allocated to:			
General Fund	\$ 1,106,510	\$ 87,897	\$ 1,194,407
City Bond Fund	26,276	2,130	28,406
Library Fund	<u>71,646</u>	<u>5,808</u>	<u>77,454</u>
 Totals	 <u>\$ 1,204,432</u>	 <u>\$ 95,835</u>	 \$ 1,300,267
Balance represented by:			
Unpaid personal taxes			13,443
Unpaid real property taxes			5,489
Unaccounted for - (over) under			<u>(6,920)</u>
 Total accounted for			 <u>\$ 1,312,279</u>

TAYLOR, POWELL, WILSON & HARTFORD, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
POST OFFICE BOX 9369
GREENWOOD, MISSISSIPPI 38930-9369
662-453-6432

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

To the Honorable Mayor and
Board of Aldermen
City of Winona, Mississippi

We have audited the basic financial statements of the City of Winona, MS as of and for the year ended September 30, 2020 and have issued our report dated September 1, 2021. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America.

As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain state laws and regulations. However, providing an opinion on compliance with state laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of those procedures and our audit of the general purpose financial statements disclosed no material instances of noncompliance with state laws and regulations.

This report is intended for the information of the City's management and the Office of the State Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Taylor, Powell, Wilson & Hartford, P.A.

Greenwood, Mississippi
September 1, 2021